

**CITY OF CLARKSVILLE, TENNESSEE**  
**COMPREHENSIVE ANNUAL FINANCIAL REPORT**

**JUNE 30, 2010**



CITY OF CLARKSVILLE, TENNESSEE  
COMPREHENSIVE ANNUAL FINANCIAL REPORT  
JUNE 30, 2010

Table of Contents

INTRODUCTORY SECTION

Letter of Transmittal	i
Schedule of Officials	iv
Organizational Chart	v

FINANCIAL SECTION

Independent Auditor's Report	1
Management Discussion and Analysis	3
Basic Financial Statements:	
Government-Wide Financial Statements	
Statement of Net Assets	16
Statement of Activities	18
Fund Financial Statements	
Governmental Fund Financial Statements	
Balance Sheet	20
Reconciliation of the Balance Sheet of Governmental Funds To the Statement of Net Assets	21
Statement of Revenues, Expenditures, and Changes in Fund Balances	22
Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balances of Governmental Funds to the Statement of Activities	23
Budgetary Comparison Schedules-General Fund	24
Proprietary Fund Financial Statements	
Statement of Net Assets	29
Statement of Revenues, Expenses, and Changes in Fund Net Assets	32
Combining Statement of Cash Flows	34
Notes to Financial Statements	37
Required Supplementary Information:	
Schedule of Funding Progress for Pension Plan	73
Modified Approach for Street Network Infrastructure Capital Assets	77
Budgetary Information	76
Combining Financial Statements and Schedules:	
Non-Major Funds:	
Combining Balance Sheet-Non-Major Governmental Funds	77
Combining Statement of Revenue, Expenditures and Changes in Fund Balances –Non-Major Governmental Funds	78
Combining Balance Sheet-Special Revenue Funds	79
Combining Statement of Revenue, Expenditures and Changes in Fund Balances-Special Revenue Funds	80
Combining Statement of Revenue, Expenditures and Changes in Fund Balances-Budget and Actual-Non-Major Governmental Funds	81

Proprietary Funds:

Combining Statement of Net Assets-Non Major Proprietary Funds	85
Combining Statement of Revenue, Expenses and Changes in Fund Net Assets-Non Major Proprietary Funds	87
Combining Statement of Cash Flows-Non Major Proprietary Funds	88
Internal Service Funds	
Combining Statement of Net Assets-Internal Service Funds	90
Combining Statement of Revenue, Expenditures and Changes in Fund Net Assets-Internal Service Funds	91
Combining Statement of Cash Flows-Internal Service Funds	92
<u>INTERNAL CONTROL AND COMPLIANCE SECTION</u>	
Schedule of Expenditures of Federal Awards	94
Schedule of Expenditures of State Awards	98
Notes to the schedule of Federal and State Awards	100
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	102
Report on Compliance with Requirements Applicable to each Major Program and Internal Control over Compliance in Accordance with OMB Circular A-133	104
Schedule of Findings and Questioned Costs	106
<u>STATISTICAL SECTION</u>	108

COMPREHENSIVE ANNUAL FINANCIAL REPORT  
LETTER OF TRANSMITTAL

December 23, 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, 2010 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, 2010, 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, 2010, 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 2010 estimated population of 124,565, which represents a 20.4% 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, and 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 final phases 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. The project encompasses three phases, including the renovation of Fairgrounds Park, increased access to the river 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 and is on target to open in 2011.

Clarksville Greenways, which was originally dubbed "Rails-to-Trails" in 1999 was completed during the 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. The success of the trail has led to planned additional expansion and won the city accolades from the State for increasing the quality of life for Clarksville citizens.

Strawberry Alley, formally known as Legion Street, has continued to be a major downtown attraction and is a downtown venue which attracts many visitors, and enhances both the beauty and access for local residents and tourists to better enjoy Clarksville's historic and attractive downtown.

Trailway construction and an "interpretive center" are under construction 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. Clarksville is no stranger to natural disasters and was one of several Tennessee communities that suffered severe losses in the May, 2010 flood. However, the City has quickly recovered and suffered no long-term financial hardships, except for the loss of our wastewater treatment plant. The treatment plant was a complete loss and cost to rebuild the facility is approximately \$100 million. The City is working closely with FEMA and TEMA officials to minimize the costs to the city and expects to receive approximately \$70 million in financial aid reimbursement from these disaster recovery agencies.

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, CGFM,  
Finance Director  
City of Clarksville

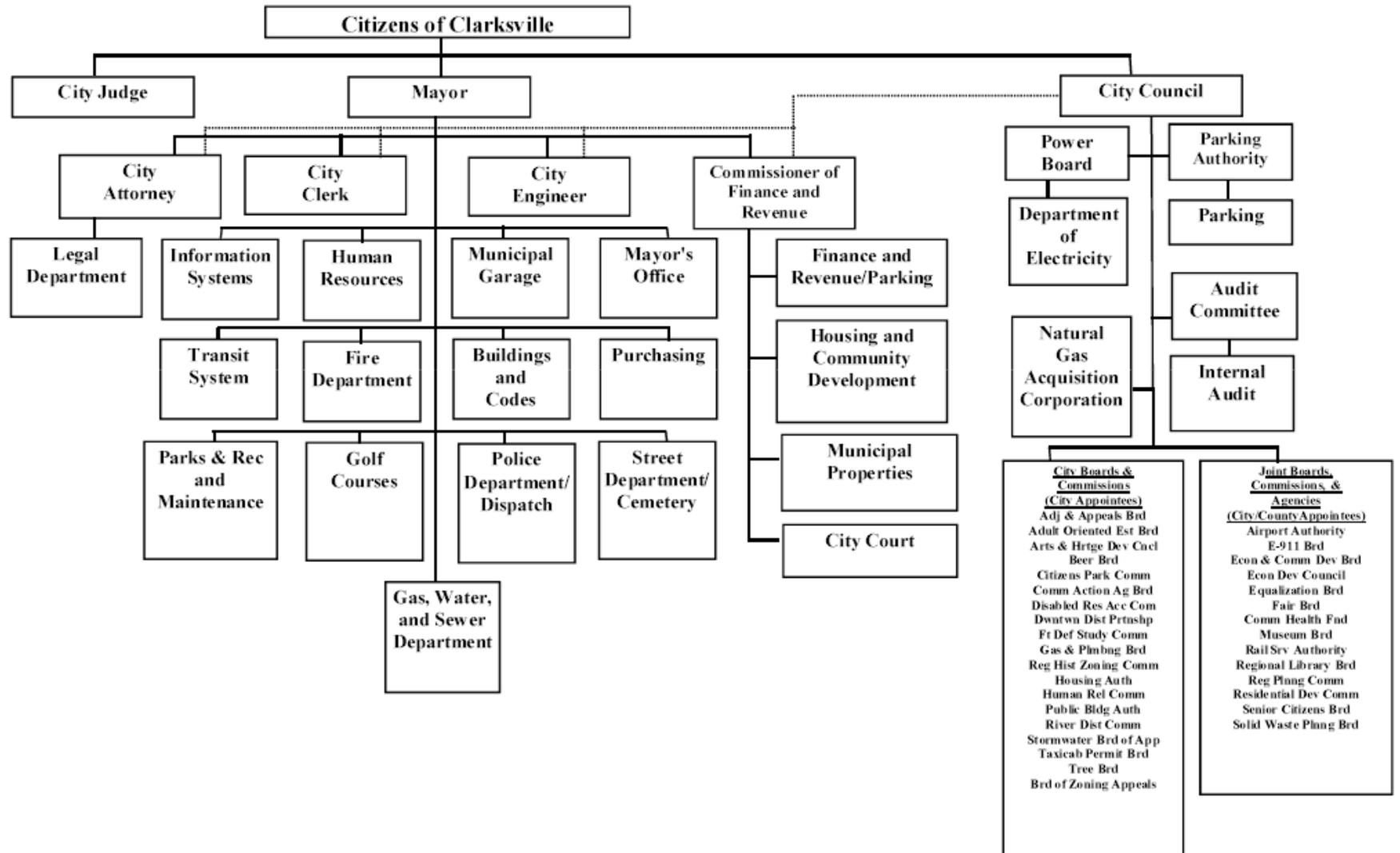


CITY OF CLARKSVILLE  
SCHEDULE OF OFFICIALS  
JUNE 30, 2010

Mayor, 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
Finance Director, Ben Griffin	Appointed by the City Council

Ward	Council Member	Term Expires
1	Barbara Johnson	December 31, 2010
2	Deana M. McLaughlin	December 31, 2014
3	James R. Lewis	December 31, 2012
4	Wallace Redd	December 31, 2012
5	Candy Johnson	December 31, 2012
6	Marc Harris	December 31, 2014
7	Geno Grubbs	December 31, 2014
8	David Allen	December 31, 2012
9	Joel Wallace	December 31, 2012
10	Bill Summers	December 31, 2014
11	William Forrester	December 31, 2010
12	Jeff Burkhart	December 31, 2012

ORGANIZATIONAL CHART





*This page has been intentionally left blank.*



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

Members

American Institute of  
Certified Public Accountants

Tennessee Society of  
Certified Public Accountants

Kentucky Society of  
Certified Public Accountants

INDEPENDENT AUDITOR'S REPORT

To the Mayor and City Council  
City of Clarksville, Tennessee

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, as of and for the year ended June 30, 2010, which collectively comprise the City's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the City of Clarksville, Tennessee's management. Our responsibility is to express opinions on these financial statements based on our audit. We did not audit the financial statements of the Clarksville-Montgomery County Museum, which represents one hundred percent of the assets, net assets, and revenues of the City's discretely presented component unit. Those financial statements were audited by other auditors whose report thereon has been furnished to us, and our opinion, insofar as it relates to the amounts included for the Clarksville-Montgomery County Museum, is based on the report of the other auditors.

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

In our opinion, based on our audit and the report of the other auditors, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the City of Clarksville, Tennessee, as of June 30, 2010, and the respective changes in financial position, cash flows, and budgetary comparison schedule for the general fund, thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

As described in Note U to the financial statements, the City of Clarksville adopted the provisions of GASB Statement Number 53, *Accounting and Financial Reporting for Derivative Instruments*, in 2010.

In accordance with *Government Auditing Standards*, we have also issued our report dated November 12, 2010, on our consideration of the City of Clarksville, Tennessee's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, on pages 3 through 14, and certain required supplementary information, on pages 72 through 75, be presented to supplement the basic financial statements. Such information, although not a part of

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

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

*Thurman Campbell Group, PLC*

Clarksville, Tennessee

November 12, 2010

## MANAGEMENT'S DISCUSSION AND ANALYSIS

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, 2010. 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 \$599.3 million in 2009 to \$627.7 million in 2010 with the most significant changes occurring as follows:
  - The General government net assets increased from \$324 million in 2009 to \$337.2 million in 2010 as the city began construction of its "Marina" project and completed a large greenways project.
  - The net assets of the Gas, Water & Sewer department increased from \$198.2 million in 2009 to \$200.4 million in 2010.
  - The net assets of the Electric department increased from \$65.6 million in 2009 to \$77.8 million in 2010 as a result of continued infrastructure investments, funded partially by new debt. The department's Broadband division (previously called the Telecommunications division) had ending net assets of (\$9.7) funded by the Electric department, but is meeting its business plan goals and projecting to reach a breakeven point in 2012.
- **Fund Balance** – The total fund balance of the governmental funds decreased from \$31.2 million in 2009 to \$29.1 million in 2010 as a result of an increase in Capital Projects and the ongoing Marina Project.
- **Capital Assets** – The City had \$896.7 million (net of depreciation) invested in a broad range of capital assets at the end of 2010. These capital assets include police and fire equipment, buildings, park facilities, roads, bridges, utility plant, and water and sewer lines. This compared to \$850.8 million at the end of 2009.
- **Debt** – The City's total debt was \$559.7 million at the end of 2010.
- **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 16 through 19 of this report.

*Fund Financial Statements:* A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The City, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds of the City of Clarksville can be divided into 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 2010. 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 General Fund and the Capital Project Fund, which are considered to be major 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 24 through 28 and for the special revenue funds and for non-major governmental funds on pages 81 through 85 to demonstrate compliance with this budget.

The *basic governmental fund financial statements* can be found on pages 20 through 28 of this report.

*Proprietary Funds:* The City of Clarksville maintains five major and two non-major proprietary funds. An enterprise fund is used to report the same functions presented in the business-type activities in the government-wide financial statements. The City uses the enterprise funds to account for its electric and broadband operations and for its gas, water, and sewer operations and the Natural Gas Acquisition Corporation.. The City has three (3) internal service funds – dental, health, and self-insurance – to account for the revenues and expenses of services funded through employee 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, broadband, gas, water, and sewer fund, and NGAC which are considered to be major funds. The *basic proprietary fund financial statements* can be found on pages 29 through 36 of this report.

*Fiduciary Funds:* A fiduciary fund is used to account for resources held for the benefit of parties outside the government. The City uses 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.

*Notes to the Financial Statements:* The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements can be found on pages 37 through 71 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 \$627.7 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)	
	2010	2009	2010	2009	2010	2009
Current and other assets	75.5	73.9	335.3	308.2	410.8	382.1
Capital assets	398.9	368.8	497.8	482	896.7	850.8
Total assets	474.4	442.7	833.1	790.2	1307.5	1232.9
Current and other liabilities	56.1	46.1	56.8	60.3	112.9	106.4
Noncurrent liabilities	81.1	72.6	485.8	454.6	566.9	527.2
Total liabilities	137.2	118.7	542.6	514.9	679.8	633.6
Net assets	336.4	324	290.5	275.3	626.9	599.3
Invested in capital assets, net of related debt	317.4	300.3	247.4	236.8	564.8	537.1
Restricted net assets	3.6	2.9	22.3	15.4	25.9	18.3
Unrestricted net assets	16.2	20.8	20.8	23.1	37.0	43.9
Total net assets	337.2	324	290.5	275.3	627.7	599.3

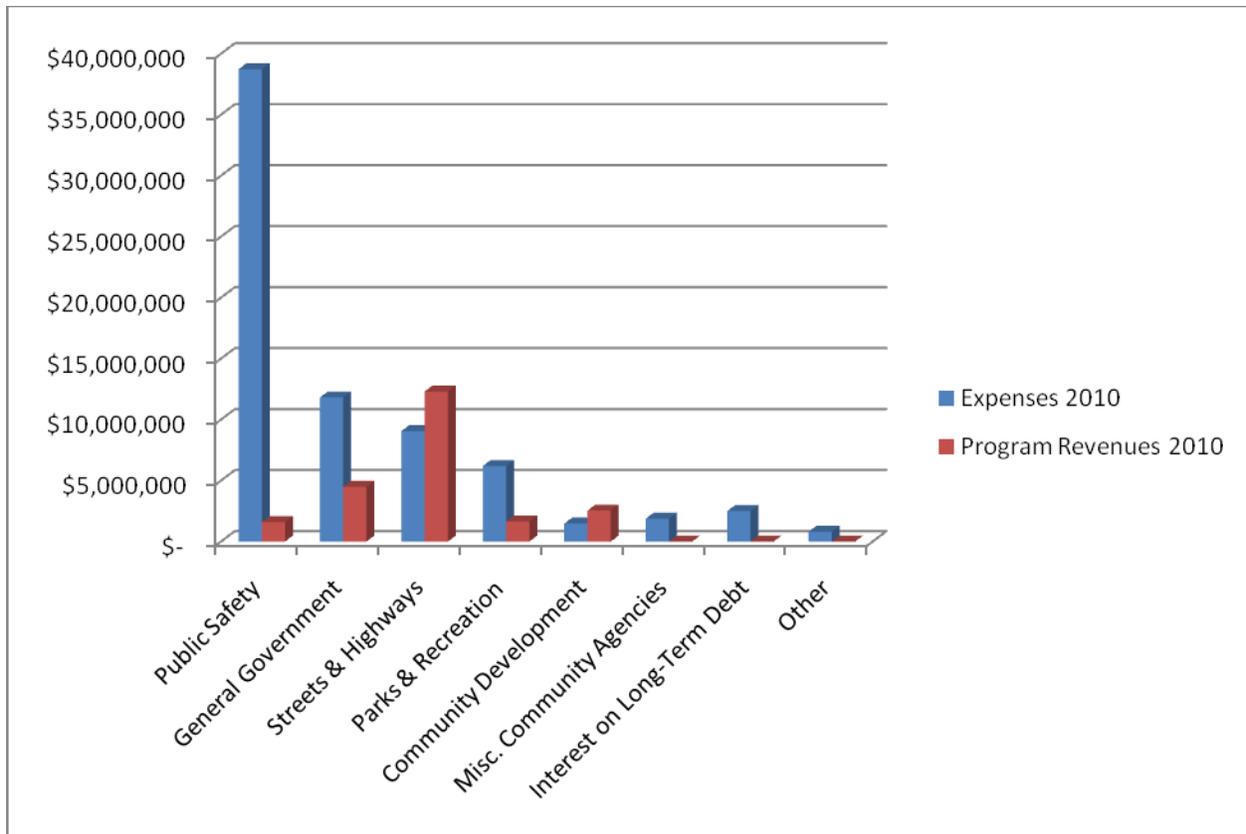
The largest portion of the City's net assets, \$564,755,036 or 90.0%, reflects its investment in capital assets (e.g., land, buildings, machinery and equipment), less any related debt used to acquire those assets that is still outstanding. The City uses these capital assets to provide services to citizens. 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, \$22,321,872 or 3.6% represents resources that are subject to external restrictions on how they may be used. The remaining balance of unrestricted net assets, \$37,016,683 or 5.9%, may be used to meet the governments ongoing obligations to citizens and creditors.

**Governmental Activities**

The City's net assets increased by \$13,190,805, as a result of investment in the marina, Clarksville Greenway and other long-term investment projects which will improve both the quality of life for our citizens and attract tourism and jobs to our city. Clarksville was one of the few areas in the state to see tax revenues increase and home prices remain steady again in 2010, as in 2009.

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

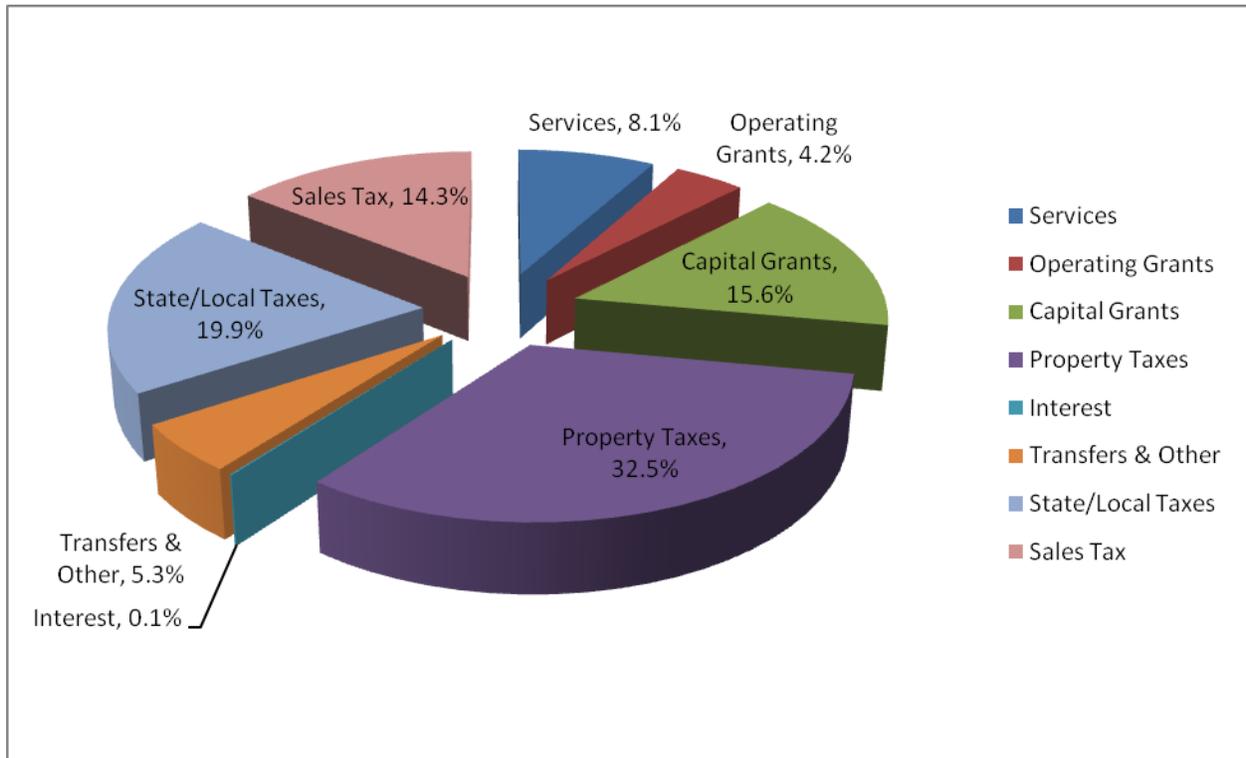
	Governmental Activities		Business-Type Activities		Total Primary Government	
	2010	2009	2010	2009	2010	2009
Program Revenues						
Charges for services	\$ 6.6	\$ 5.6	253.8	\$ 262.9	\$ 260.4	\$ 268.5
Operating grants, capital grants and contributions	16.2	14.8	20.4	11.1	36.6	25.9
General Revenues						-
Property Taxes	26.4	24.8	-	-	26.4	24.8
Other taxes	18.7	18.3	-	-	18.7	18.3
State shared taxes	9.2	9.4	-	-	9.2	9.4
Interest	0.1	0.3	12.6	13.7	12.7	14.0
Other revenues	(.3)	(0.1)	-	-	(.3)	(0.1)
Transfers(net)	4.6	4.1	(4.7)	(4.1)	(.1)	-
Total Revenues	81.5	77.2	282.1	283.6	363.6	360.8
Expenses						
General government	11.8	18.3	-	-	11.8	18.3
Public Safety	38.5	36.2	-	-	38.5	36.2
Highways and streets	9.0	12.0	-	-	9.0	12.0
Recreation	6.2	4.7	-	-	6.2	4.7
Community development	1.5	2.0	-	-	1.5	2.0
Drug enforcement	0.2	0.2	-	-	0.2	0.2
Other appropriations	0.8	1.0	-	-	0.8	1.0
Misc. community agencies	1.9	1.5	-	-	1.9	1.5
Interest on long term debt	2.5	1.6	-	-	2.5	1.6
Electric Division	-	-	119.6	128.4	119.6	128.4
Broadband Division	-	-	9.2	6.4	9.2	6.4
Gas Department	-	-	35.5	40.6	35.5	40.6
Parking Authority	-	-	0.1	0.1	0.1	0.1
Clarksville Transit System	-	-	5.6	5.2	5.6	5.2
Water and Sewer Dept.	-	-	41.1	39.1	41.1	39.1
Natural Gas Acquisition Corp.	-	-	44.5	49.0	44.5	49.0
Total expenses before extraordinary item	72.4	77.5	255.6	268.8	328	346.3
Extraordinary item			13.5		13.5	
Change in net assets	9.1	(0.3)	12.8	14.8	21.9	14.5
Beginning net assets	324.0	324.3	276.2	261.4	600.2	585.7
Prior period adjustment	4.1	-	1.5	-	5.6	-
Ending net assets	\$ 337.2	\$ 324.0	\$ 290.5	\$ 276.2	\$ 627.7	\$ 600.2



	<u>Expenses- 2009</u>	<u>Expenses-2010</u>	<u>Program Revenues - 2010</u>
Public Safety	\$ 36,228,980	\$ 38,722,642	\$ 1,576,653
General Government	\$ 18,341,799	\$ 11,811,412	\$ 4,487,152
Streets & Highways	\$ 11,195,600	\$ 9,050,234	\$ 12,304,537
Parks & Recreation	\$ 4,710,640	\$ 6,193,574	\$ 1,646,057
Community Development	\$ 1,946,176	\$ 1,473,740	\$ 2,539,860
Misc. Community Agencies	\$ 1,549,929	\$ 1,874,409	\$ -
Interest on Long-Term Debt	\$ 1,614,428	\$ 2,491,624	\$ -
Other	\$ 1,130,390	\$ 809,532	\$ -

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.

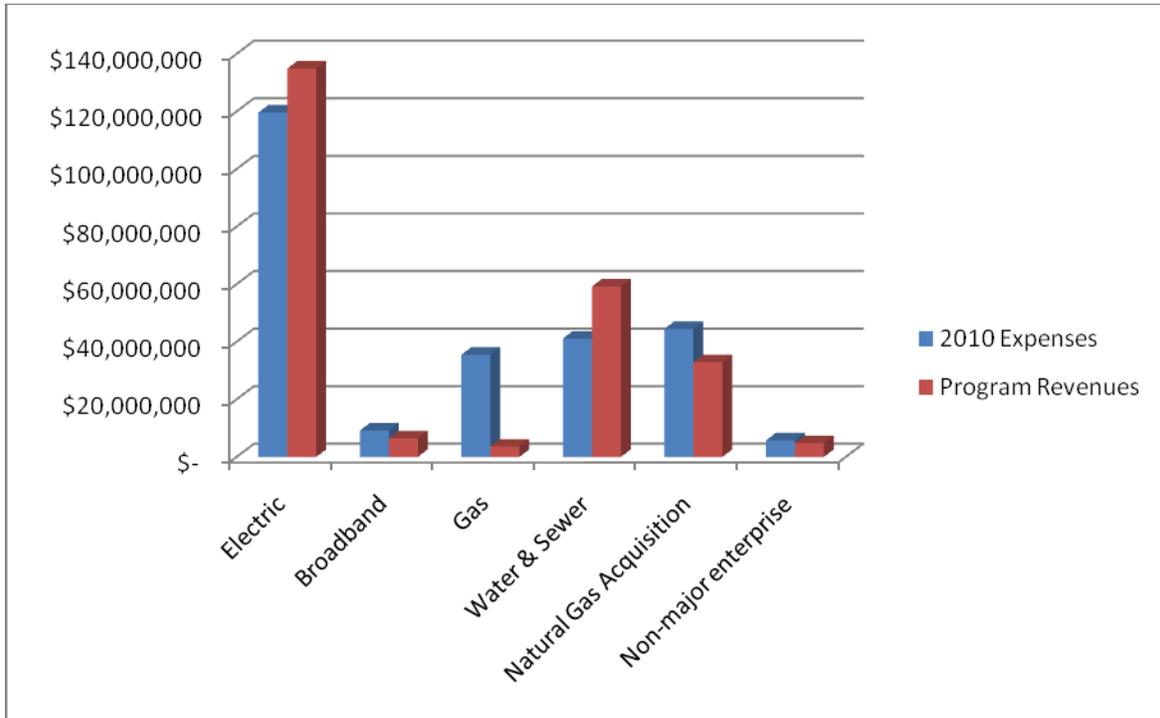
**Revenues by Source – Governmental Activities**



	2010		2009	
Services	6,616,423	8.1%	5,568,617	7.2%
Operating Grants	3,449,818	4.2%	3,760,569	4.9%
Capital Grants	12,737,611	15.6%	11,026,832	14.3%
Property Taxes	26,361,548	32.5%	24,758,862	32.1%
Interest	81,348	0.1%	278,982	20.0%
Transfers & Other	4,390,805	5.3%	4,033,325	5.2%
State/Local Taxes	16,169,550	19.9%	16,603,818	21.5%
Sales Tax	11,697,999	14.3%	11,251,021	14.6%
	<u>\$ 81,505,102</u>	<u>100.0%</u>	<u>\$ 77,282,026</u>	<u>100.0%</u>

Overall revenues were up by \$4.1 million, with grants up \$1.7 million and the \$.5 million increase in sales tax and the \$1.5 million increase in property taxes showing continued positive indicators that the City’s economy was performing slightly better than the state economy. The \$.4 million reduction in state revenues was a direct result of that weak economy, while \$3.8 million of the \$4 million in reduced revenues was the result of disposing of various general government assets.

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



	<u>2010 - Expenses</u>	<u>2009 - Expenses</u>	<u>Program Revenues</u>
Electric	\$ 119,630,224	\$ 132,476,213	\$ 134,916,061
Broadband	\$ 9,159,839	\$ 6,553,801	\$ 6,452,512
Gas	\$ 35,487,759	\$ 41,268,514	\$ 35,888,235
Water & Sewer	\$ 41,120,880	\$ 41,717,746	\$ 59,196,112
Natural Gas Acquisition	\$ 44,494,960	\$ 49,032,836	\$ 32,885,757
Non-major enterprise	\$ 5,725,894	\$ 5,514,508	\$ 4,799,484

The City’s total charges for services (governmental and business-type activities) decreased from \$268.4 million in FY 2009 to \$260.4 million in FY 2010, a decrease of \$8 million, or a 3.0% decrease. As the City of Clarksville Changes in Net Assets table indicates, the total revenues of the governmental activities increased from \$77.3 million to \$81.5 million and the business type activities’ revenues decreased from \$283.6 million to \$282.2 million. The governmental activities’ program revenues increased from \$5.6 million in FY 2009 to \$6.6 million in FY 2010.

**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, 2010 – the City's governmental funds reported combined ending fund balances of \$29,086,832, a decrease of \$2,106,466 over the prior year balance. The decrease 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.

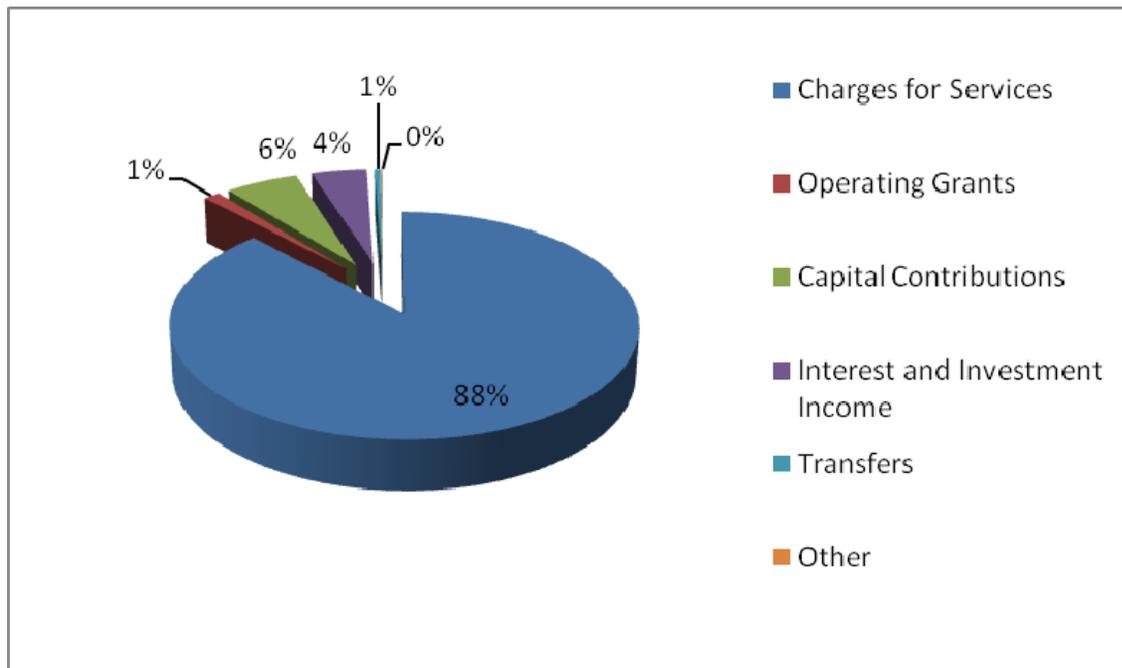
The General Fund is the chief operating fund of the City of Clarksville. The General Fund had a year-end balance of \$19,469,301, all of which was considered unreserved and is available for spending at the government's discretion. As a measure of the general fund's liquidity, it may be useful to compare unreserved fund balance to total fund expenditures. For 2010 the unreserved fund balance represents 28.1% of total fiscal year 2010 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%. 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.

### Business-Type Activities Revenues by Source



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

	Operating Revenues	Operating Expenses	Operating Income (Loss)	Non-Operating Income (Expense)	Capital Contributions special items & others	Interfund Transfers	Change in Net assets
Electric	\$ 134.8	\$ 116.0	\$ 18.8	\$ (3.2)	\$ -	\$ (2.9)	\$ 12.7
Broadband	6.5	8.9	(2.4)	(0.3)	-	(0.1)	(2.8)
Gas	33.8	34.8	(1.0)	(0.6)	-	(0.7)	(0.2)
Water & Sewer	44.6	34.2	10.4	(6.8)	8.4	(2.1)	2.5
Natural Gas Acquisition Corp.	32.2	33.6	(1.4)	1.8	-	-	0.4
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)
Total	\$ 253.0	\$ 232.8	\$ 20.2	\$ (6.4)	\$ (8.4)	\$ (4.8)	\$ 12.1

### General Fund Budgetary Highlights

The original budgeted revenues were increased by approximately \$.7 million in anticipation of increased sales tax. However actual revenues ended approximately \$.3 million below the original budget. Budgeted expenditures were reduced by approximately \$1.6 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 \$.6 million in miscellaneous agencies. This resulted in the City ending the year with a general fund balance slightly lower than had been expected at \$19,469,301.

### 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, 2010 is \$896,709,459 (net of accumulated depreciation). This investment in capital assets includes land, buildings, machinery and equipment, park facilities, roads, highways and bridges.

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

- The City continued construction of a new marina to be completed in 2011, after being delayed by the flood.
- Under the City's multi-year commitment to improve quality of live through better pedestrian accessibility, \$2.7 million was spent to build or repair sidewalks
- Contractors contributed \$16.6 million in capital assets to the Gas & Water and Sewer Department
- The Electric Department's plant and equipment increased \$34.7 million and construction-in-progress decreased to \$2.2 million as a result of the department's continued investment in the fiber optic network, benefitting both the electric and broadband divisions.

## City of Clarksville Capital Assets

	Governmental Activities	Business-Type Activities	Total
Land and Easements	\$ 33,017,534	\$ 4,451,409	\$ 37,468,943
Buildings and Utility Plant	57,635,196	545,310,242	602,945,438
Vehicles	15,175,933	8,867,785	24,043,718
Equipment and Furniture	18,476,248	73,092,837	91,569,085
Construction in Progress	30,452,556	25,361,293	55,813,849
Infrastructure	297,052,916	-	297,052,916
Total Capital Assets	451,810,383	657,083,566	1,108,893,949
Less Accumulated Depreciation	52,965,499	159,227,991	212,184,490
Net Capital Assets	\$ 398,853,884	\$ 497,855,575	\$ 896,709,459

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 47.

### Long-term bonded debt

At the end of the current fiscal year, the City of Clarksville had total long-term bonded debt outstanding of \$551,179,493. Of this amount, \$81,476,767 comprises debt backed by the full faith and credit (general obligation) of the City and \$470,504,188 comprises bonds secured solely by specified revenue sources (i.e. revenue bonds).

#### City of Clarksville Outstanding Debt General Obligation and Revenue Bonds June 30, 2010 and 2009

	Governmental Activities		Business-Type Activities		Total	
	2010	2009	2010	2009	2010	2009
General Obligation Bonds	\$81,476,767	\$68,547,352	\$ -	\$ -	\$81,476,767	\$68,547,352
Revenue and Tax Bonds	-	-	470,504,188	457,089,335	470,504,188	457,089,335
Total	\$81,476,767	\$68,547,352	\$470,504,188	\$457,089,335	\$551,179,493	\$525,636,687

The City's long-term bonded debt increased by \$26.0 million in 2010, despite substantial principal payments including \$14.5 million paid by the Natural Gas Acquisition Corporation, \$11.1 million paid by the Gas & Water Department, and \$3.7 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 issued \$28.6 million in new debt to refinance a revenue anticipation note and financing to complete its Fiber Optic Ring and construction of several power sub-stations.

The City's \$21.8 million marina project was pushed back to a completion date of early 2011 because of the flood of 2010, but after the initial delay the project is progressing as planned under the new schedule.

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

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

The City of Clarksville considered the fragile overall state economy, as well as the possibility of continued deployment of soldiers from Fort Campbell, Kentucky in preparing its budget for 2010. The proposed budget focused on meeting the needs of our continued growth, while maintaining a very conservative approach to our revenue streams, resulting in maintain the 2009 property tax rates of \$1.24 per one-hundred valuation dollars.

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 completing construction of the marina in early 2011 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



*This page has been intentionally left blank.*

CITY OF CLARKSVILLE, TENNESSEE  
STATEMENT OF NET ASSETS  
JUNE 30, 2010

	Primary Government			Component Unit- Museum
	Governmental Activities	Business-Type Activities	Total	
<u>ASSETS</u>				
Current Assets				
Cash and cash equivalents	\$ 26,304,264	\$ 38,678,542	\$ 64,982,806	\$ 407,899
Accounts and taxes receivable	32,344,248	19,247,165	51,591,413	6,041
Notes receivable	324,736	-	324,736	-
Grants receivable	323,388	356,669	680,057	-
Due from component units	209,389	-	209,389	-
Due from other governments	2,858,809	-	2,858,809	-
Inventory	949,731	5,396,642	6,346,373	40,925
Prepaid expenses	388,333	556,621	944,954	-
Prepaid gas supplies	-	11,967,925	11,967,925	-
<b>Total Current Assets</b>	<b>63,702,898</b>	<b>76,203,564</b>	<b>139,906,462</b>	<b>454,865</b>
Noncurrent Assets/restricted assets:				
Cash and cash equivalents	6,054,283	53,703,238	59,757,521	35,610
Certificates in progress	-	-	-	-
Investments	-	-	-	1,218,289
<b>Total Restricted Assets</b>	<b>6,054,283</b>	<b>53,703,238</b>	<b>59,757,521</b>	<b>1,253,899</b>
Capital Assets:				
Assets not depreciated	262,939,791	27,547,649	290,487,440	-
Construction in progress	30,452,556	2,295,516	32,748,072	-
Assets net of accumulated depreciation	105,461,537	467,093,674	572,555,211	2,209,867
<b>Total Capital Assets</b>	<b>398,853,884</b>	<b>496,936,839</b>	<b>895,790,723</b>	<b>2,209,867</b>
Unamortized plant acquisition adjustments and plant held for sale				
	-	918,736	918,736	-
<b>Net Capital Assets</b>	<b>398,853,884</b>	<b>497,855,575</b>	<b>896,709,459</b>	<b>2,209,867</b>
Other assets:				
Notes receivable	5,109,788	-	5,109,788	-
Receivables- TVA Residential energy services program	-	4,317,382	4,317,382	-
Prepaid gas supplies	-	185,465,770	185,465,770	-
Unamortized debt expense	630,425	6,202,239	6,832,664	-
Cash value of life insurance	-	307,568	307,568	-
Deferred in lieu of transfer	-	603,857	603,857	-
Deferred Swap Liability	-	8,004,425	8,004,425	-
Other	-	76,533	76,533	-
<b>Total other assets</b>	<b>5,740,213</b>	<b>204,977,774</b>	<b>210,717,987</b>	<b>-</b>
<b>Total noncurrent assets</b>	<b>410,648,380</b>	<b>756,536,587</b>	<b>1,167,184,967</b>	<b>3,463,766</b>
<b>Total assets</b>	<b>\$ 474,351,278</b>	<b>\$ 832,740,151</b>	<b>\$ 1,307,091,429</b>	<b>\$ 3,918,631</b>

See notes to financial statements and auditor's report.

CITY OF CLARKSVILLE, TENNESSEE  
STATEMENT OF NET ASSETS- CONTINUED  
JUNE 30, 2010

	Primary Government			Component Unit- Museum
	Governmental Activities	Business-Type Activities	Total	
<b>LIABILITIES</b>				
<b>Current Liabilities</b>				
Accounts payable	\$ 4,470,223	\$ 24,790,946	\$ 29,261,169	\$ 5,436
Contracts and retainage payable	-	671,305	671,305	-
Accrued liabilities	3,589,073	65,497	3,654,570	10,384
Interest payable	236,710	3,814,444	4,051,154	-
Interest payable - City of Clarksville	-	-	-	3,499
Deferred revenue	35,089,618	350,916	35,440,534	-
Internal balances	50,375	(50,375)	-	-
Short term bond payable	-	-	-	-
Current portion of long term debt	11,092,700	23,208,260	34,300,960	15,280
Current portion of deferred connection fee revenue	-	2,058,307	2,058,307	-
Current portion of accrued sick pay and annual leave	1,473,564	699,838	2,173,402	14,706
Payable to other governments	21,348	-	21,348	-
Other	-	908,702	908,702	-
<b>Total Current Liabilities</b>	<b>56,023,611</b>	<b>56,517,840</b>	<b>112,541,451</b>	<b>49,305</b>
<b>Noncurrent liabilities:</b>				
Accrued sick pay and annual leave	795,662	1,789,057	2,584,719	-
OPEB liability	9,943,996	3,867,707	13,811,703	-
Customer deposits	-	7,576,574	7,576,574	-
Advances- TVA residential energy services program	-	4,426,756	4,426,756	-
Notes payable- City of Clarksville	-	-	-	183,258
Notes payable	36,401,117	43,150,929	79,552,046	-
Bond payable	33,982,950	411,874,051	445,857,001	-
Deferred Revenue	-	5,013,349	5,013,349	-
Derivative swap liability	-	8,004,425	8,004,425	-
Other payable	-	30,148	30,148	-
<b>Total noncurrent liabilities</b>	<b>81,123,725</b>	<b>485,732,996</b>	<b>566,856,721</b>	<b>183,258</b>
<b>Total liabilities</b>	<b>137,147,336</b>	<b>542,250,836</b>	<b>679,398,172</b>	<b>232,563</b>
<b>NET ASSETS</b>				
Invested in capital assets, net of related debt	317,377,117	247,377,919	564,755,036	2,209,867
Restricted for:				
Special Revenue	3,599,666	-	3,599,666	-
Debt service	-	22,321,872	22,321,872	1,253,899
Unrestricted	16,227,159	20,789,524	37,016,683	222,302
<b>Total net assets</b>	<b>\$ 337,203,942</b>	<b>\$ 290,489,315</b>	<b>\$ 627,693,257</b>	<b>\$ 3,686,068</b>

See notes to financial statements and auditor's report.

CITY OF CLARKSVILLE  
STATEMENT OF ACTIVITIES  
FOR THE YEAR ENDED JUNE 30, 2010

	Net(Expense) Revenue and Changes in Net Assets							Component Unit-Museum
	Program Revenues			Primary Government			Total	
	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-Type Activities	Total		
Expenses								
Primary Government:								
Governmental activities								
General government	\$ 11,811,412	\$ 2,989,138	\$ 390,383	\$ 1,107,631	\$ (7,324,260)	\$ -	\$ (7,324,260)	\$ -
Public safety	38,553,625	1,158,580	434	417,639	(36,976,972)	-	(36,976,972)	-
Highways and streets	9,050,234	58,105	2,969,949	9,276,483	3,254,303	-	3,254,303	-
Recreation	6,193,574	1,537,177	89,052	19,828	(4,547,518)	-	(4,547,517)	-
Community Development	1,473,740	623,830	-	1,916,030	1,066,120	-	1,066,120	-
Drug enforcement	169,017	249,592	-	-	80,575	-	80,575	-
Other appropriations	809,532	-	-	-	(809,532)	-	(809,532)	-
Misc. Community Agencies	1,874,409	-	-	-	(1,874,409)	-	(1,874,409)	-
Interest on long term debt	2,491,624	-	-	-	(2,491,624)	-	(2,490,124)	-
<b>Total governmental activities</b>	<b>72,427,167</b>	<b>6,616,422</b>	<b>3,449,818</b>	<b>12,737,611</b>	<b>(49,623,317)</b>	<b>-</b>	<b>(49,623,316)</b>	<b>-</b>
Business-type activities								
Electric Division	119,630,224	134,916,061	-	-	-	15,285,837	15,285,837	-
Telecommunications Division	9,159,839	6,452,512	-	-	-	(2,707,327)	(2,707,327)	-
Gas Department	35,487,759	33,767,293	-	2,120,942	-	400,476	400,476	-
Parking Authority	125,761	396,179	-	-	-	270,418	270,418	-
Clarksville Transit System	5,600,133	649,089	3,744,811	-	-	(1,206,233)	(1,206,233)	-
Water and Sewer Department	41,120,880	44,699,913	-	14,496,199	-	18,075,232	18,075,232	-
Natural Gas Acquisition Corp.	44,494,960	32,885,757	-	-	-	(11,609,203)	(11,609,203)	-
<b>Total business-type activities</b>	<b>255,619,556</b>	<b>253,766,804</b>	<b>3,744,811</b>	<b>16,617,141</b>	<b>-</b>	<b>18,509,200</b>	<b>18,509,200</b>	<b>-</b>
<b>Total primary government</b>	<b>\$ 328,046,723</b>	<b>\$ 260,383,226</b>	<b>\$ 7,194,629</b>	<b>\$ 29,354,752</b>	<b>\$ (49,623,317)</b>	<b>\$ 18,509,200</b>	<b>\$ (31,114,116)</b>	<b>\$ -</b>

See notes to financial statements and auditor's report.

CITY OF CLARKSVILLE  
STATEMENT OF ACTIVITIES - CONTINUED  
FOR THE YEAR ENDED JUNE 30, 2010

	Net (Expense) Revenue and Changes in Net Assets							
	Program Revenues				Primary Government			
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-Type Activities	Total	Component Unit-Museum
Component Unit:								
Clarksville-Montgomery County Museum	\$ 1,329,120	\$ 78,547	\$ 1,015,119	\$ -	\$ -	\$ -	\$ -	\$ (235,454)
General revenues:								
Taxes:								
Property taxes, levied for general purpose					26,361,548	-	26,361,548	-
State taxes					9,207,652	-	9,207,652	-
Franchise/business taxes					2,802,646	-	2,802,646	-
Wholesale beer and liquor taxes					3,555,602	-	3,555,602	-
Sales tax					11,697,999	-	11,697,999	-
In lieu of taxes					52,315	-	52,315	-
Other taxes					579,133	-	551,335	-
Interest and investment income					81,348	12,594,192	12,675,540	54,751
Gain(loss) on sale of property					(254,015)	(24,885)	(278,900)	-
Net change in fair value of investments					-	-	-	104,322
Transfers(net)					4,644,820	(4,644,820)	(183,802)	-
					58,729,048	7,924,487	66,441,935	159,073
Extraordinary Item					-	(13,548,778)	(13,548,778)	-
Change in net assets					9,105,731	12,789,560	21,895,291	(76,381)
Net assets, beginning of the year, as previously reported					324,012,191	276,216,285	600,228,476	3,762,449
Prior period adjustment, as discussed in Note R					4,086,020	1,483,470	5,569,490	-
Net assets, beginning of the year, as restated					328,098,211	277,699,755	605,797,966	3,762,449
Net assets - end of year					\$ 337,203,942	\$ 290,489,315	\$ 627,693,257	\$ 3,686,068

See notes to financial statements and auditor's report.

CITY OF CLARKSVILLE, TENNESSEE  
BALANCE SHEET  
GOVERNMENTAL FUNDS  
JUNE 30, 2010

	<u>General Fund</u>	<u>Non-Major Governmental Funds</u>	<u>Total Governmental Funds</u>
<b><u>ASSETS</u></b>			
Cash and cash equivalents	\$ 19,786,714	\$ 3,072,958	\$ 22,859,672
Receivables	30,429,002	1,915,245	32,344,247
Notes receivable	-	5,434,524	5,434,524
Grant receivable	-	323,388	323,388
Due from other governments	2,437,022	421,787	2,858,809
Due from component units	209,389	-	209,389
Due from other funds of the primary government	4,207,861	5,368,513	9,576,374
Prepaid expenses	251,479	36,854	288,333
Inventory	186,057	763,674	949,731
Restricted assets:			
Cash and cash equivalents	-	6,054,283	6,054,283
	<hr/>	<hr/>	<hr/>
Total assets	\$ 57,507,524	\$ 23,391,226	\$ 80,898,750
	<hr/>	<hr/>	<hr/>
<b><u>LIABILITIES</u></b>			
Accounts payable	\$ 3,058,269	\$ 1,219,155	\$ 4,277,424
Due to other funds of the primary government	7,928,026	4,024,437	11,952,463
Payable to other governments	21,348	-	21,348
Accrued expenses	470,015	1,050	471,065
Deferred revenue	26,560,565	8,529,053	35,089,618
	<hr/>	<hr/>	<hr/>
Total liabilities	38,038,223	13,773,695	51,811,918
	<hr/>	<hr/>	<hr/>
<b><u>FUND BALANCES:</u></b>			
Reserved for:			
Special revenue	-	3,599,666	3,599,666
Unreserved, reported in:			
Capital projects	-	5,050,826	5,050,826
General fund	19,469,301	-	19,469,301
Debt service funds	-	967,039	967,039
	<hr/>	<hr/>	<hr/>
Total fund balances	19,469,301	9,617,531	29,086,832
	<hr/>	<hr/>	<hr/>
Total liabilities and fund balances	\$ 57,507,524	\$ 23,391,226	\$ 80,898,750
	<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, 2010

Total fund balances of governmental funds	\$ 29,086,832
Amounts reported for governmental activities in the statement of net assets are different because:	
Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds.	398,853,884
Internal service funds are used by management to charge the costs of certain activities to other funds. The assets and liabilities of the internal service funds are included as governmental activities in the statement of net assets.	2,559,501
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.	(93,689,990)
Accrued interest payable, and unamortized bond expense are recorded in government-wide but not in governmental activities	<u>393,715</u>
Net assets of governmental activities	<u>\$ 337,203,942</u>

See notes to financial statements and auditor's report.

CITY OF CLARKSVILLE, TENNESSEE  
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES  
GOVERNMENTAL FUNDS  
FOR THE YEAR ENDED JUNE 30, 2010

	General Fund	Non-Major Governmental Funds	Total Governmental Funds
<b><u>REVENUES</u></b>			
Local taxes	\$ 43,802,473	\$ 1,218,972	\$ 45,021,445
State taxes	12,177,601	-	12,177,601
Licenses and permits	1,170,820	-	1,170,820
Fines and forfeitures	650,074	972,209	1,622,284
Contributions	-	69,315	69,315
Federal and state grants	324,783	3,512,545	3,837,328
Program income	-	577,399	577,399
Fees for services	1,763,899	-	1,763,899
Interest	60,723	12,487	73,210
E-911 transfer	-	392,743	392,743
Miscellaneous	<u>277,025</u>	<u>812,254</u>	<u>1,089,279</u>
 Total revenues	 <u>60,227,399</u>	 <u>7,567,924</u>	 <u>67,795,321</u>
<b><u>EXPENDITURES</u></b>			
Current:			
General government	7,843,598	-	7,843,598
Public safety	33,553,253	521,355	34,074,608
Highway and streets	9,663,703	-	9,663,703
Recreation	4,798,180	395,636	5,193,816
Community development	-	1,473,740	1,473,740
Drug enforcement	-	134,264	134,264
Other appropriations	809,532	-	809,532
Miscellaneous community agencies	1,874,409	-	1,874,409
Other	455,055	222,843	677,898
Debt service:			
Principal	-	3,723,300	3,723,300
Interest and other charges	-	2,198,658	2,198,658
Capital outlay	<u>2,387,097</u>	<u>21,054,749</u>	<u>23,441,846</u>
 Total expenditures	 <u>61,384,827</u>	 <u>29,724,545</u>	 <u>91,109,372</u>
Excess (deficiency) of revenues over expenditures	 <u>(1,157,429)</u>	 <u>(22,156,621)</u>	 <u>(23,314,050)</u>
<b><u>OTHER FINANCING SOURCES (USES)</u></b>			
Bond proceeds	-	16,651,219	16,651,219
Transfers in	6,535,944	7,426,815	13,962,759
Transfers out	<u>(7,730,473)</u>	<u>(1,675,920)</u>	<u>(9,406,393)</u>
Total other financing sources and (uses)	<u>(1,194,529)</u>	<u>22,402,114</u>	<u>21,207,585</u>
Net change in fund balances	<u>(2,351,958)</u>	<u>245,493</u>	<u>(2,106,465)</u>
 <b><u>FUND BALANCES, BEGINNING OF YEAR</u></b>	 <u>21,821,259</u>	 <u>9,372,039</u>	 <u>31,193,298</u>
<b><u>FUND BALANCES- END OF YEAR</u></b>	<u>\$ 19,469,301</u>	<u>\$ 9,617,532</u>	<u>\$ 29,086,833</u>

See notes to financial statements and auditor's report.

CITY OF CLARKSVILLE, TENNESSEE  
RECONCILIATION OF THE STATEMENT OF REVENUE, EXPENDITURES  
AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS  
TO THE STATEMENT OF ACTIVITIES  
FOR THE YEAR ENDED JUNE 30, 2010

Net change in fund balances-total governmental funds \$ (2,106,465)

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	22,497,554
Depreciation expense	(4,946,054)
Net carrying value of governmental capital assets disposed of	(254,015)

Contributions of infrastructure assets	9,310,838
--	-----------

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	(16,651,219)
Bond principal repayments	3,723,300

Governmental funds report the effect of issuance costs, premiums, discounts,  
and similar items when debt is first issued, whereas these amounts are deferred  
and amortized in the statement of activities for:

Amortization of bond issue costs	(292,966)
----------------------------------	-----------

Increase in accrued sick pay and annual leave	(19,732)
---	----------

Increase in OPEB liability	(3,585,103)
----------------------------	-------------

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.

1,429,593

Change in net assets of governmental activities	<u>\$ 9,105,731</u>
---	---------------------

CITY OF CLARKSVILLE, TENNESSEE  
 BUDGETARY COMPARISON SCHEDULE  
 GENERAL FUND  
 FOR THE YEAR ENDED JUNE 30, 2010

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual Amounts</u>	Variance With Final Budget Favorable/ <u>(Unfavorable)</u>
<b><u>REVENUES</u></b>				
Local taxes:				
Property taxes	\$ 26,008,634	\$ 26,140,769	\$ 25,142,576	\$ (998,193)
Local sales tax	11,485,688	11,498,254	11,697,999	199,745
Beer and liquor taxes	3,333,792	3,621,304	3,555,602	(65,702)
Business taxes	1,843,632	1,798,629	1,522,588	(276,041)
Cable TV franchise fee	1,037,973	1,208,591	1,280,058	71,467
Hotel and motel taxes	241,867	276,724	296,221	19,497
In lieu of tax payments:				
Clarksville Housing Authority	3,101	3,101	15,111	12,010
South Central Village	7,370	7,370	7,370	-
IDB	5,095	-	-	-
Trane	-	29,834	29,834	-
Weed bills/demolition	50,389	148,341	244,350	96,009
Litigation Tax	<u>9,832</u>	<u>10,447</u>	<u>10,765</u>	<u>318</u>
Total local taxes	<u>44,027,373</u>	<u>44,743,364</u>	<u>43,802,473</u>	<u>(940,891)</u>
State shared revenues:				
Sales tax	6,666,640	6,510,000	6,618,639	108,639
Income tax	426,772	426,772	432,858	6,086
Beer tax	53,797	51,268	51,268	-
Liquor tax	623,434	614,555	597,307	(17,248)
TVA replacement taxes	1,023,170	1,138,104	1,138,105	1
Excise tax	161,372	107,298	107,298	-
Telecommunication tax	14,974	8,539	8,976	437
Training supplement- police officers	148,200	140,400	140,400	-
Training supplement- firefighters	115,200	112,800	112,800	-
Training supplement- park ranger	1,800	-	-	-
State street aid	2,634,999	2,764,448	2,747,814	(16,634)
Streets and transportation system	<u>222,428</u>	<u>222,144</u>	<u>222,135</u>	<u>(9)</u>
Total state shared revenue	<u>12,092,786</u>	<u>12,096,328</u>	<u>12,177,601</u>	<u>81,273</u>
Licenses and permits:				
Building and codes enforcement permits	633,298	843,414	856,126	12,712
Plumbing permits	150,245	190,500	192,963	2,463
Fireworks permits	12,900	19,200	19,200	-
Other permits	<u>89,199</u>	<u>102,296</u>	<u>102,531</u>	<u>235</u>
Total licenses and permits	<u>885,642</u>	<u>1,155,410</u>	<u>1,170,820</u>	<u>15,410</u>
Fines and forfeitures	<u>609,004</u>	<u>644,180</u>	<u>650,074</u>	<u>5,894</u>
Charges for services	<u>1,697,270</u>	<u>1,728,043</u>	<u>1,763,899</u>	<u>35,856</u>
Miscellaneous revenues:				
Interest	194,479	100,590	60,723	(39,867)
Grants	810,858	498,374	324,783	(173,591)
Sales of general capital assets	10,240	23,621	24,181	560
Other	<u>182,353</u>	<u>242,024</u>	<u>252,844</u>	<u>10,820</u>
Total other revenues	<u>1,197,930</u>	<u>864,609</u>	<u>662,531</u>	<u>(202,078)</u>
Total revenues	<u>60,510,005</u>	<u>61,231,934</u>	<u>60,227,399</u>	<u>(1,004,535)</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, 2010

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual Amounts</u>	<u>Variance With Final Budget Favorable/ (Unfavorable)</u>
<b>EXPENDITURES</b>				
<u>General government:</u>				
<u>Mayor's office:</u>				
Salaries	324,918	307,844	305,588	2,256
Fringe benefits	101,785	85,043	86,987	(1,944)
Other	194,171	191,489	163,766	27,723
Capital outlay	-	-	-	-
Total Mayor's office	<u>620,874</u>	<u>584,376</u>	<u>556,342</u>	<u>28,034</u>
<u>City court:</u>				
Salaries	148,847	147,600	147,598	2
Fringe benefits	66,592	57,207	57,204	3
Other	67,630	60,282	58,227	2,055
Capital outlay	-	-	-	-
Total city court	<u>283,069</u>	<u>265,089</u>	<u>263,029</u>	<u>2,060</u>
<u>Building Codes:</u>				
Salaries	807,590	801,407	801,379	28
Fringe benefits	334,333	325,457	326,733	(1,276)
Other	244,486	260,316	256,002	4,314
Capital outlay	16,208	15,437	15,436	1
Total building codes	<u>1,402,617</u>	<u>1,402,617</u>	<u>1,399,550</u>	<u>3,067</u>
<u>Finance and revenue:</u>				
Salaries	699,976	601,432	601,366	66
Fringe benefits	235,959	190,592	190,053	539
Other	147,749	210,439	174,520	35,919
Capital outlay	-	-	-	-
Total finance and revenue	<u>1,083,684</u>	<u>1,002,463</u>	<u>965,938</u>	<u>36,525</u>
<u>Parking:</u>				
Salaries	145,534	123,514	124,807	(1,293)
Fringe benefits	64,868	51,286	50,377	909
Other	49,888	77,985	48,637	29,348
Capital outlay	33,000	20,513	20,318	195
Total parking	<u>293,290</u>	<u>273,298</u>	<u>244,139</u>	<u>29,159</u>
<u>Legal:</u>				
Salaries	182,523	168,576	168,576	0
Fringe benefits	55,876	48,112	48,052	60
Other	116,215	54,083	83,381	(29,298)
Capital outlay	3,080	3,080	3,237	(157)
Total legal	<u>357,694</u>	<u>273,851</u>	<u>303,245</u>	<u>(29,394)</u>
<u>Garage:</u>				
Salaries	465,700	478,562	478,174	388
Fringe benefits	200,820	204,200	201,840	2,360
Other	126,262	118,520	141,380	(22,860)
Capital outlay	61,500	53,000	44,870	8,130
Total garage	<u>854,282</u>	<u>854,282</u>	<u>866,265</u>	<u>(11,983)</u>
<u>Human resources:</u>				
Salaries	319,777	270,361	270,023	338
Fringe benefits	135,875	121,134	114,440	6,694
Other	155,650	147,563	86,435	61,128
Capital outlay	-	13,500	8,714	4,786
Total human resources	<u>611,302</u>	<u>552,558</u>	<u>479,611</u>	<u>72,947</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, 2010

	Original Budget	Final Budget	Actual Amounts	Variance With Final Budget Favorable/ (Unfavorable)
<u>Information Systems:</u>				
Salaries	451,386	385,928	385,927	1
Fringe benefits	166,172	142,180	142,063	117
Other	618,697	580,697	540,625	40,072
Capital outlay	<u>181,500</u>	<u>201,000</u>	<u>197,367</u>	<u>3,633</u>
Total information system	<u>1,417,755</u>	<u>1,309,805</u>	<u>1,265,982</u>	<u>43,823</u>
<u>Internal Audit:</u>				
Salaries	90,252	90,252	89,275	977
Fringe benefits	29,872	29,775	29,571	204
Other	95,873	94,663	84,250	10,413
Capital outlay	<u>-</u>	<u>700</u>	<u>-</u>	<u>700</u>
Total internal audit	<u>215,997</u>	<u>215,390</u>	<u>203,095</u>	<u>12,295</u>
<u>Municipal properties:</u>				
Salaries	59,543	59,543	59,543	-
Fringe benefits	22,899	22,599	21,098	1,501
Other	525,970	525,970	449,209	76,761
Capital outlay	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total municipal properties	<u>608,412</u>	<u>608,112</u>	<u>529,850</u>	<u>78,262</u>
<u>Legislative:</u>				
Salaries	179,416	139,417	139,416	1
Fringe benefits	43,738	29,404	29,400	4
Other	589,354	796,466	766,059	30,407
Capital outlay	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total legislative	<u>812,508</u>	<u>965,287</u>	<u>934,875</u>	<u>30,412</u>
<u>Purchasing:</u>				
Salaries	74,752	74,752	74,751	1
Fringe benefits	32,032	31,969	31,968	1
Other	18,686	15,592	14,899	693
Capital outlay	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total purchasing	<u>125,470</u>	<u>122,313</u>	<u>121,618</u>	<u>695</u>
Total general government	<u>8,686,954</u>	<u>8,429,441</u>	<u>8,133,541</u>	<u>295,900</u>
<u>Public Safety:</u>				
<u>Fire Department:</u>				
Salaries	8,359,230	8,347,113	8,357,866	(10,753)
Fringe benefits	3,611,911	3,525,265	3,523,312	1,953
Other	681,958	731,068	705,850	25,218
Capital outlay	<u>199,971</u>	<u>217,596</u>	<u>206,328</u>	<u>11,268</u>
Total fire department	<u>12,853,070</u>	<u>12,821,042</u>	<u>12,793,355</u>	<u>27,687</u>
<u>Police Department:</u>				
Salaries	11,629,257	11,262,272	11,136,633	125,639
Fringe benefits	4,966,306	4,737,590	4,617,238	120,352
Other	4,042,711	3,973,180	3,972,600	580
Capital outlay	<u>1,478,977</u>	<u>1,395,318</u>	<u>1,389,489</u>	<u>5,829</u>
Total police department	<u>22,117,251</u>	<u>21,368,360</u>	<u>21,115,960</u>	<u>252,400</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, 2010

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual Amounts</u>	<u>Variance With Final Budget Favorable/ (Unfavorable)</u>
<u>Dispatch:</u>				
Salaries	970,024	855,695	840,453	15,242
Fringe benefits	436,768	375,304	368,904	6,400
Other	41,792	35,164	30,397	4,767
Capital outlay	<u>28,338</u>	<u>28,638</u>	<u>28,639</u>	<u>(1)</u>
Total dispatch	<u>1,476,922</u>	<u>1,294,801</u>	<u>1,268,393</u>	<u>26,408</u>
Total public safety	<u>36,447,243</u>	<u>35,484,203</u>	<u>35,177,708</u>	<u>306,495</u>
<u>Highways and Streets:</u>				
Salaries	3,086,974	3,101,600	3,079,735	21,865
Fringe benefits	1,426,200	1,372,731	1,372,822	(91)
Other	5,082,365	5,236,365	5,211,146	25,219
Capital outlay	<u>396,000</u>	<u>337,000</u>	<u>331,636</u>	<u>5,364</u>
Total highway and streets	<u>9,991,539</u>	<u>10,047,696</u>	<u>9,995,339</u>	<u>52,357</u>
<u>Recreation:</u>				
<u>Recreation-general:</u>				
Salaries	2,045,190	1,990,785	1,987,285	3,500
Fringe benefits	777,301	679,560	672,674	6,886
Other	990,264	1,263,073	1,251,244	11,829
Capital outlay	<u>66,978</u>	<u>131,787</u>	<u>115,033</u>	<u>16,754</u>
Total recreation-general	<u>3,879,733</u>	<u>4,065,205</u>	<u>4,026,236</u>	<u>38,969</u>
<u>Golf courses- Mason Rudolph:</u>				
Salaries	98,552	94,880	90,730	4,150
Fringe benefits	24,048	22,942	22,191	751
Other	85,051	87,201	80,712	6,489
Capital outlay	<u>12,000</u>	<u>12,000</u>	<u>9,850</u>	<u>2,150</u>
Total Mason Rudolph	<u>219,651</u>	<u>217,023</u>	<u>203,483</u>	<u>13,540</u>
<u>Golf courses- Swan Lake:</u>				
Salaries	281,619	279,192	284,044	(4,852)
Fringe benefits	108,155	102,557	101,876	681
Other	226,001	267,218	307,424	(40,206)
Capital outlay	<u>18,000</u>	<u>16,180</u>	<u>16,180</u>	<u>-</u>
Total Swan Lake	<u>633,775</u>	<u>665,147</u>	<u>709,524</u>	<u>(44,377)</u>
Total recreation	<u>4,733,159</u>	<u>4,947,375</u>	<u>4,939,243</u>	<u>8,132</u>
<u>Other Appropriations:</u>				
Other retirement benefits	774,723	664,492	701,365	(36,873)
State unemployment insurance	60,000	75,000	70,631	4,369
Pension payments	22,136	19,578	19,578	-
River district	10,025	10,025	10,003	22
HRC general supplies	2,500	2,500	2,253	247
BOZA general supplies	5,200	5,200	4,191	1,009
Tree board	<u>8,700</u>	<u>3,700</u>	<u>1,511</u>	<u>2,189</u>
Total other appropriations	<u>883,284</u>	<u>780,495</u>	<u>809,532</u>	<u>(29,037)</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, 2010

	Original <u>Budget</u>	Final <u>Budget</u>	Actual <u>Amounts</u>	Variance With Final Budget Favorable/ <u>(Unfavorable)</u>
<u>Miscellaneous Community Agencies</u>				
State of Tennessee's share of taxes	282,177	118,042	118,042	-
Regional Planning Commission	342,929	342,929	334,526	8,403
County's share of taxes	302,007	305,717	303,817	1,900
Senior Citizens Center	275,000	275,000	275,000	-
Regional airport	834,412	468,153	485,178	(17,025)
GIS(APSU, Montgomery County and City of Clarksville)	80,000	80,000	80,000	-
Property reappraisal	54,072	54,072	54,072	-
E911	47,581	47,581	47,581	-
Arts & Culture Commission	36,000	36,000	36,000	-
Salvation army shelter	10,000	10,000	10,000	-
Roxy Theater	20,000	20,000	20,000	-
Humane Society	20,000	20,000	20,000	-
Korean American Association	11,500	11,500	11,500	-
Crime Stoppers	8,500	8,500	8,500	-
Habitat for Humanities	5,000	5,000	4,654	346
Other non-profit charitable organizations	115,500	65,541	65,540	1
Total community agencies	<u>2,444,678</u>	<u>1,868,035</u>	<u>1,874,409</u>	<u>(6,374)</u>
Total expenditures	<u>63,186,857</u>	<u>61,557,245</u>	<u>60,929,772</u>	<u>627,473</u>
<u>FINANCING SOURCES</u>				
Transfer from other funds:				
In lieu of tax payment-CDE	3,051,867	2,968,437	3,118,436	149,999
In lieu of tax payment-gas, water, and sewer departments	2,795,046	2,787,377	2,787,378	1
Transfer from other city funds	644,908	363,596	363,596	(0)
Transfer from parking authority	260,191	246,732	266,534	19,802
Total financing sources	<u>6,752,012</u>	<u>6,366,142</u>	<u>6,535,944</u>	<u>169,802</u>
<u>FINANCING USES</u>				
Transfer to Debt Service	4,805,394	4,620,394	4,620,394	-
Transfer to Transit System	1,401,633	1,370,632	1,370,632	-
Transfer to Museum	455,055	455,055	455,055	-
Transfer to Gas & Water (Revenue)	160,000	102,000	95,349	6,651
Transfer to CDE (deferred)	150,000	150,000	150,000	-
Other transfers out of general fund	2,500	2,500	1,373	1,127
Transfers to capital projects	1,482,725	1,492,725	1,492,725	-
Total financing uses	<u>8,457,307</u>	<u>8,193,306</u>	<u>8,185,528</u>	<u>7,778</u>
Net financing sources (uses)	<u>(1,705,295)</u>	<u>(1,827,164)</u>	<u>(1,649,584)</u>	<u>177,580</u>
<u>NET CHANGE IN FUND BALANCE</u>	<u>\$ (4,382,147)</u>	<u>(2,152,475)</u>	<u>(2,351,958)</u>	<u>\$ (199,483)</u>
<u>FUND BALANCE-BEGINNING OF YEAR</u>			21,821,259	
<u>FUND BALANCE-END OF YEAR</u>			<u>\$ 19,469,301</u>	

See notes to financial statements and auditor's report.

CITY OF CLARKSVILLE, TENNESSEE  
STATEMENT OF NET ASSETS  
PROPRIETARY FUNDS  
JUNE 30, 2010

	Business-Type Activities/Enterprise Funds						Total	Governmental Activities Internal Service Funds
	Department of Electricity		Gas Department	Water and Sewer Department	Natural Gas Acquisition Corporation	Non-Major Enterprise Funds		
	Electric Division	Broadband Division						
<b>ASSETS</b>								
Current assets:								
Cash and cash equivalents	\$ 10,158,997	\$ 598,506	\$ 18,476,081	\$ 8,472,984	\$ 254,720	\$ 717,254	\$ 38,678,542	\$ 3,444,593
Accounts receivable	10,551,986	1,260,831	2,501,226	3,876,515	1,021,520	19,941	19,232,019	-
Interest receivable	-	-	-	-	15,146	-	15,146	-
Due from other funds of the primary government	-	-	-	-	-	323,971	323,971	2,325,716
Inventory	3,916,427	297,378	382,675	700,907	-	99,255	5,396,642	-
Prepaid gas supplies	-	-	-	-	11,967,925	-	11,967,925	-
Grants receivable	-	-	-	-	-	356,669	356,669	-
Prepaid expenses and other	251,916	196,486	15,221	63,476	2,135	27,387	556,621	100,000
Total current assets	<u>24,879,326</u>	<u>2,353,201</u>	<u>21,375,203</u>	<u>13,113,882</u>	<u>13,261,446</u>	<u>1,544,477</u>	<u>76,527,535</u>	<u>5,870,309</u>
Noncurrent assets:								
Restricted assets:								
Cash and cash equivalents	27,533,203	-	561,111	8,802,320	16,637,558	169,046	53,703,238	-
Investments	-	-	-	-	-	-	-	-
Total restricted assets	<u>27,533,203</u>	<u>-</u>	<u>561,111</u>	<u>8,802,320</u>	<u>16,637,558</u>	<u>169,046</u>	<u>53,703,238</u>	<u>-</u>
Capital assets-at cost								
Assets not depreciated	1,767,861	-	5,651,129	20,012,314	-	116,345	27,547,649	-
Construction in progress	2,223,591	71,925	-	-	-	-	2,295,516	-
Assets net of accumulated depreciation	123,151,722	3,641,911	38,935,808	293,845,572	9,226	7,509,435	467,093,673	-
Total capital assets	127,143,174	3,713,836	44,586,937	313,857,886	9,226	7,625,780	496,936,839	-
Unamortized plant acquisition adjustments	918,736	-	-	-	-	-	918,736	-
Net capital assets	<u>128,061,910</u>	<u>3,713,836</u>	<u>44,586,937</u>	<u>313,857,886</u>	<u>9,226</u>	<u>7,625,780</u>	<u>497,855,575</u>	<u>-</u>

See notes to financial statements and auditor's report.

CITY OF CLARKSVILLE, TENNESSEE  
STATEMENT OF NET ASSETS  
PROPRIETARY FUNDS- CONTINUED  
JUNE 30, 2010

Business-Type Activities/Enterprise Funds

	Department of Electricity		Gas Department	Water and Sewer Department	Natural Gas Acquisition Corporation	Non-Major Enterprise Funds	Total	Governmental Activities Internal Service Funds
	Electric Division	Broadband Division						
Other assets:								
Receivables- TVA residential energy services program	4,317,382	-	-	-	-	-	4,317,382	-
Interfund receivables from the Broadband Division	14,885,642	-	-	-	-	-	14,885,642	-
Prepaid gas supplies	-	-	-	-	185,465,770	-	185,465,770	-
Unamortized expense	1,103,732	-	234,321	2,398,925	2,463,173	2,088	6,202,239	-
Cash value of life insurance	307,568	-	-	-	-	-	307,568	-
Deferred in lieu of transfer	603,857	-	-	-	-	-	603,857	-
Deferred Swap Liability	-	-	-	8,004,425	-	-	8,004,425	-
Other	76,533	-	-	-	-	-	76,533	-
Total other assets	<u>21,294,714</u>	<u>-</u>	<u>234,321</u>	<u>10,403,350</u>	<u>187,928,943</u>	<u>2,088</u>	<u>219,863,416</u>	<u>-</u>
Total noncurrent assets	<u>176,889,827</u>	<u>3,713,836</u>	<u>45,382,369</u>	<u>333,063,556</u>	<u>204,575,727</u>	<u>7,796,914</u>	<u>771,422,229</u>	<u>-</u>
Total assets	<u>201,769,153</u>	<u>6,067,037</u>	<u>66,757,572</u>	<u>346,177,438</u>	<u>217,837,173</u>	<u>9,341,391</u>	<u>847,949,764</u>	<u>5,870,309</u>
<b>LIABILITIES</b>								
Current liabilities:								
Accounts payable	10,607,660	523,269	1,961,207	11,332,090	163,413	203,307	24,790,946	192,800
Contacts and retainage payable	-	-	144,818	526,487	-	-	671,305	-
Accrued liabilities	53,683	-	-	-	-	11,814	65,496	3,118,008
Interest payable	1,605,553	-	266,011	1,518,095	423,521	1,264	3,814,444	-
Due to other funds of the primary government	1,000	-	53,834	125,509	-	93,253	273,596	-
Deferred revenue	-	350,916	-	-	-	-	350,916	-
Current portion of long-term debt	1,434,108	-	638,700	8,153,060	12,845,000	137,392	23,208,260	-
Current portion of deferred connection fee revenue	-	-	-	2,058,307	-	-	2,058,307	-
Current portion of accrued sick pay and annual leave	281,794	-	111,522	189,589	-	116,933	699,838	-
Other	676,432	-	-	-	-	232,270	908,702	-
Total current liabilities	<u>14,660,230</u>	<u>874,185</u>	<u>3,176,092</u>	<u>23,903,137</u>	<u>13,431,934</u>	<u>796,233</u>	<u>56,841,811</u>	<u>3,310,808</u>

See notes to financial statements and auditor's report.

CITY OF CLARKSVILLE, TENNESSEE  
STATEMENT OF NET ASSETS  
PROPRIETARY FUNDS- CONTINUED  
JUNE 30, 2010

	Business-Type Activities/Enterprise Funds						Governmental Activities Internal Service Funds	
	Department of Electricity		Gas Department	Water and Sewer Department	Natural Gas Acquisition Corporation	Non-Major Enterprise Funds		Total
	Electric Division	Broadband Division						
Noncurrent liabilities:								
Accrued sick pay and annual leave	1,373,981	-	119,957	295,119	-	-	1,789,057	-
OPEB liability	385,905	-	797,988	2,160,161	-	523,653	3,867,707	-
Customer deposits	4,408,685	647	713,847	2,453,395	-	-	7,576,574	-
Advances- TVA residential energy services program	4,426,756	-	-	-	-	-	4,426,756	-
Notes payable	588,756	-	-	42,368,334	-	193,839	43,150,929	-
Bonds payable	88,313,159	-	11,829,786	116,647,909	195,083,197	-	411,874,051	-
Unamortized premium	-	-	-	-	-	-	-	-
Deferred revenue	-	-	-	-	5,013,349	-	5,013,349	-
Derivative Swap Liability	-	-	-	8,004,425	-	-	8,004,425	-
Interfund payable to the Electric Division	-	14,885,642	-	-	-	-	14,885,642	-
Other	30,148	-	-	-	-	-	30,148	-
Total noncurrent liabilities	<u>99,527,390</u>	<u>14,886,289</u>	<u>13,461,578</u>	<u>171,929,343</u>	<u>200,096,546</u>	<u>717,492</u>	<u>500,618,638</u>	<u>-</u>
Total liabilities	<u>114,187,620</u>	<u>15,760,474</u>	<u>16,637,670</u>	<u>195,832,480</u>	<u>213,528,480</u>	<u>1,513,725</u>	<u>557,460,449</u>	<u>3,310,808</u>
NET ASSETS								
Invested in capital assets, net of related debt	54,750,947	3,713,835	32,352,772	149,087,508	9,226	7,294,549	247,377,919	-
Restricted for debt service	9,589,404	-	561,111	8,802,320	3,369,037	-	22,321,872	-
Unrestricted	23,241,182	(13,407,272)	17,206,019	(7,544,870)	930,430	533,117	20,789,524	2,559,501
Total net assets	<u>\$ 87,581,533</u>	<u>\$ (9,693,437)</u>	<u>\$ 50,119,902</u>	<u>\$ 150,344,958</u>	<u>\$ 4,308,693</u>	<u>\$ 7,827,666</u>	<u>\$ 290,489,315</u>	<u>\$ 2,559,501</u>

See notes to financial statements and auditor's report.

CITY OF CLARKSVILLE, TENNESSEE  
STATEMENT OF REVENUES, EXPENSES AND CHANGES IN FUND NET ASSETS  
PROPRIETARY FUNDS- CONTINUED  
JUNE 30, 2010

	Business-Type Activities/Enterprise Funds						Total	Governmental
	Department of Electricity		Gas	Water and Sewer	Natural Gas Acquisition	Non-Major Enterprise		Internal Service
	Electric Division	Broadband Division	Department	Department	Corporation	Funds		Funds
<b>OPERATING REVENUES</b>								
Sales	\$ 134,832,982	\$ 6,452,512	\$ 32,359,240	\$ 39,201,454	\$ 32,181,335	\$ -	\$ 245,027,523	\$ -
Insurance premiums	-	-	-	-	-	-	-	12,730,821
Forfeited discounts	-	-	146,690	580,500	-	-	727,190	-
Fees and fines	-	-	-	-	-	928,619	928,619	-
Other income	-	-	1,250,252	4,843,639	-	-	6,093,891	-
Rental income	-	-	-	-	-	49,192	49,192	-
Advertising	-	-	-	-	-	38,960	38,960	-
Miscellaneous	-	-	-	-	-	28,497	28,497	34,209
<b>Total operating revenues</b>	<b>134,832,982</b>	<b>6,452,512</b>	<b>33,756,182</b>	<b>44,625,593</b>	<b>32,181,335</b>	<b>1,045,268</b>	<b>252,893,872</b>	<b>12,765,030</b>
<b>OPERATING EXPENSES</b>								
Purchased power and gas	96,779,768	-	27,723,439	-	32,764,781	-	157,267,988	-
Plant operations	-	-	-	3,999,727	-	-	3,999,727	-
Distribution	2,041,791	-	2,425,828	1,764,667	-	-	6,232,286	-
Discharge collection lines	-	-	-	1,676,945	-	-	1,676,945	-
Sewer pumping	-	-	-	2,519,964	-	-	2,519,964	-
Treatment plant expense	-	-	-	4,231,620	-	-	4,231,620	-
Customer accounts	3,135,632	-	-	-	-	-	3,135,632	-
Sales and customer services	390,059	214,930	432,242	1,184,434	-	-	2,221,665	-
Administrative and general	2,665,593	534,680	1,978,152	4,150,988	844,324	3,304,501	13,478,238	412,911
Operation and maintenance	2,921,654	6,845,590	-	-	-	1,143,067	10,910,311	-
Engineering	-	-	139,323	2,799,591	-	-	2,938,914	-
Taxes and tax equivalents	1,315,068	21,503	-	-	-	-	1,336,571	-
Fort Campbell	-	-	370,651	-	-	-	370,651	-
Claims	-	-	-	-	-	-	-	10,930,664
Depreciation & Amortization	6,722,832	1,047,137	1,608,038	11,735,746	-	1,271,284	22,385,037	-
Other	-	214,338	75,190	152,613	-	-	442,141	-
<b>Total operating expenses</b>	<b>115,972,397</b>	<b>8,878,178</b>	<b>34,752,863</b>	<b>34,216,295</b>	<b>33,609,105</b>	<b>5,718,852</b>	<b>233,147,690</b>	<b>11,343,575</b>
<b>Operating income (loss)</b>	<b>18,860,585</b>	<b>(2,425,666)</b>	<b>(996,681)</b>	<b>10,409,298</b>	<b>(1,427,770)</b>	<b>(4,673,584)</b>	<b>19,746,182</b>	<b>1,421,455</b>

See notes to financial statements and auditor's report.

CITY OF CLARKSVILLE, TENNESSEE  
STATEMENT OF REVENUES, EXPENSES AND CHANGES IN FUND NET ASSETS  
PROPRIETARY FUNDS- CONTINUED  
JUNE 30, 2010

	Business-Type Activities/Enterprise Funds						Total	Governmental Activities Internal Service Funds
	Department of Electricity		Gas Department	Water and Sewer Department	Natural Gas Acquisition Corporation	Non-Major Enterprise Funds		
	Electric Division	Broadband Division						
<b>NONOPERATING REVENUES</b>								
<b>(EXPENSES)</b>								
Interest income	375,322	-	112,150	61,232	12,043,212	2,276	12,594,192	8,138
Interest expense	(3,374,886)	(216,397)	(734,896)	(6,904,585)	(10,671,666)	(7,042)	(21,909,472)	-
Operating grants	-	-	-	-	-	3,744,811	3,744,811	-
Amortization of bond issue premium	-	-	-	-	704,422	-	704,422	-
Amortization of bond issue costs	-	-	-	-	(214,189)	-	(214,189)	-
Gain (loss) on sale of property	-	-	-	-	-	(24,885)	(24,885)	-
Other income (expense)	(199,862)	(65,264)	11,111	74,320	-	-	(179,695)	-
Total nonoperating revenues (expenses)	(3,199,426)	(281,661)	(611,635)	(6,769,033)	1,861,779	3,715,160	(5,284,816)	8,138
Income (loss) before contributions and transfers	15,661,159	(2,707,327)	(1,608,316)	3,640,265	434,009	(958,424)	14,461,366	1,429,593
<b>CAPITAL CONTRIBUTIONS</b>	-	-	2,120,942	14,400,850	-	-	16,617,141	-
<b>TRANSFERS OUT</b>	(2,982,826)	(74,063)	(662,070)	(2,125,308)	-	(266,534)	(6,110,801)	-
<b>TRANSFERS IN</b>	-	-	-	95,349	-	1,370,632	1,370,632	-
Net Income before Extraordinary item	12,678,333	(2,781,390)	(149,444)	16,011,156	434,009	145,674	26,338,338	1,429,593
Extraordinary item	-	-	(12,499)	(13,536,279)	-	-	(13,548,778)	-
Change in net assets	12,678,333	(2,781,390)	(161,943)	2,474,877	434,009	145,674	12,789,560	1,429,593
<b>NET ASSETS (DEFICIT)- BEGINNING OF YEAR, AS PREVIOUSLY REPORTED</b>	73,419,730	(6,912,047)	50,281,845	147,870,081	3,874,684	7,681,992	276,216,285	1,129,908
<b>PRIOR PERIOD ADJUSTMENT, AS DISCUSSED IN NOTE R</b>	1,483,470	-	-	-	-	-	1,483,470	-
<b>NET ASSETS (DEFICIT)- BEGINNING OF YEAR, AS RESTATED</b>	74,903,200	(6,912,047)	50,281,845	147,870,081	3,874,684	7,681,992	277,699,755	1,129,908
<b>NET ASSETS (DEFICIT)- END OF YEAR</b>	\$ 87,581,533	\$ (9,693,437)	\$ 50,119,902	\$ 150,344,958	\$ 4,308,693	\$ 7,827,666	\$ 290,489,315	\$ 2,559,501

See notes to financial statements and auditor's report.

CITY OF CLARKSVILLE, TENNESSEE  
 COMBINING STATEMENT OF CASH FLOWS  
 PROPRIETARY FUNDS  
 JUNE 30, 2010

	Business-Type Activities/Enterprise Funds						Total	Governmental Activities Internal Service Funds
	Department of Electricity		Gas Department	Water and Sewer Department	Natural Gas Acquisition Corporation	Non-Major Enterprise Funds		
	Electric Division	Broadband Division						
<b><u>CASH FLOWS FROM</u></b>								
<b><u>OPERATING ACTIVITIES</u></b>								
Receipts from customers	\$ 129,828,558	\$ 6,303,830	\$ 32,878,533	\$ 44,049,995	\$ 31,526,903	\$ 990,757	\$ 245,578,576	\$ 12,765,030
Payments to suppliers	(99,247,165)	(7,295,042)	(28,635,094)	(2,086,445)	(9,253,763)	(836,244)	(147,353,753)	(10,148,130)
Payments to employees	(6,224,455)	(781,589)	(3,333,520)	(9,667,455)	-	(3,293,509)	(23,300,528)	-
Internal activity from (to) other funds	331,555	(330,555)	(21,356)	(27,103)	-	105,058	57,599	(1,477,110)
Other receipts (payments)	2,332,716	(21,503)	-	-	750,000	-	3,061,213	(462,911)
Net cash provided (used) by operating activities	<u>27,021,209</u>	<u>(2,124,859)</u>	<u>888,563</u>	<u>32,268,992</u>	<u>23,023,140</u>	<u>(3,033,938)</u>	<u>78,043,107</u>	<u>676,879</u>
<b><u>CASH FLOWS FROM</u></b>								
<b><u>NONCAPITAL FINANCING</u></b>								
<b><u>ACTIVITIES</u></b>								
Operating grant	-	-	-	-	-	3,448,179	3,448,179	-
Proceeds from long-term debt	-	-	-	3,159,620	-	-	3,159,620	-
Operating transfers in	-	-	-	-	-	1,370,632	1,370,632	-
Transfers to other funds	(2,982,826)	(74,063)	(662,070)	(2,125,308)	-	(266,534)	(6,110,801)	-
Advances to broadband division	(3,469,238)	3,469,238	-	-	-	-	-	-
Extraordinary loss	-	-	(12,499)	(10,683,662)	-	-	(10,696,161)	-
Other	83,078	-	1,947,392	27,198	-	-	2,057,668	-
Net cash provided(used) by noncapital financing activities	<u>(6,368,986)</u>	<u>3,395,175</u>	<u>1,272,823</u>	<u>(9,622,152)</u>	<u>-</u>	<u>4,552,277</u>	<u>(6,770,863)</u>	<u>-</u>

See notes to financial statements and auditor's report.

CITY OF CLARKSVILLE, TENNESSEE  
 COMBINING STATEMENT OF CASH FLOWS  
 PROPRIETARY FUNDS - CONTINUED  
 JUNE 30, 2010

	Business-Type Activities/Enterprise Funds						Total	Governmental Activities Internal Service Funds
	Department of Electricity		Gas Department	Water and Sewer Department	Natural Gas Acquisition Corporation	Non-Major Enterprise Funds		
	Electric Division	Broadband Division						
<b><u>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</u></b>								
Acquisition of capital assets	(8,238,770)	(726,279)	(1,263,825)	(10,854,267)	-	(1,383,484)	(22,466,625)	-
Debt service principal paid-LT	(1,409,109)	-	-	(9,006,860)	(13,795,000)	(132,577)	(24,343,546)	-
Debt service principal paid-ST	(7,675,000)	-	-	-	-	-	(7,675,000)	-
Debt service interest paid	(2,828,983)	-	(665,959)	(6,820,805)	(10,509,375)	(7,157)	(20,832,279)	-
Proceeds from long-term debt	29,905,776	-	(613,053)	6,775,162	-	-	36,067,885	-
Proceeds from sale of fixed assets	-	-	31,667	72,245	-	-	103,912	-
Bond issuance cost (net)	(348,226)	-	-	-	-	-	(348,226)	-
Net cash provided (used) by capital and related financing activities	<u>9,405,688</u>	<u>(726,279)</u>	<u>(2,511,170)</u>	<u>(19,834,525)</u>	<u>(24,304,375)</u>	<u>(1,523,218)</u>	<u>(39,493,879)</u>	<u>-</u>
<b><u>CASH FLOWS FROM INVESTING ACTIVITIES</u></b>								
Interest received	158,925	-	112,150	61,232	126,995	2,276	461,578	8,138
Investment income (loss)	-	-	-	-	(17,236)	-	(17,236)	-
Other income	116,529	-	-	-	-	-	116,529	-
Net cash provided by investing activities	<u>275,454</u>	<u>-</u>	<u>112,150</u>	<u>61,232</u>	<u>109,759</u>	<u>2,276</u>	<u>560,871</u>	<u>8,138</u>
Net increase (decrease) in cash and cash equivalents	<u>30,333,365</u>	<u>544,037</u>	<u>(237,634)</u>	<u>2,873,547</u>	<u>(1,171,476)</u>	<u>(2,603)</u>	<u>32,339,236</u>	<u>685,017</u>
<b><u>CASH AND CASH EQUIVALENTS- BEGINNING OF YEAR</u></b>	<u>7,358,835</u>	<u>54,469</u>	<u>19,274,826</u>	<u>14,401,757</u>	<u>18,063,754</u>	<u>888,903</u>	<u>60,042,544</u>	<u>3,444,593</u>
<b><u>CASH AND CASH EQUIVALENTS- END OF YEAR</u></b>	<u>\$ 37,692,200</u>	<u>\$ 598,506</u>	<u>\$ 19,037,192</u>	<u>\$ 17,275,304</u>	<u>\$ 16,892,278</u>	<u>\$ 886,300</u>	<u>\$ 92,381,780</u>	<u>\$ 4,129,610</u>

See notes to financial statements and auditor's report.

CITY OF CLARKSVILLE, TENNESSEE  
 COMBINING STATEMENT OF CASH FLOWS  
 PROPRIETARY FUNDS- CONTINUED  
 JUNE 30, 2010

	Business-Type Activities/Enterprise Funds						Total	Governmental Activities Internal Service Funds
	Department of Electricity		Gas Department	Water and Sewer Department	Natural Gas Acquisition Corporation	Non-Major Enterprise Funds		
	Electric Division	Broadband Division						
Reconciliation of operating income (loss) to net cash provided (used) by operating activities:								
Operating income (loss)	\$ 18,860,585	\$ (2,425,666)	\$ (996,681)	\$10,409,298	\$ (1,427,770)	\$ (4,673,584)	\$19,746,182	\$ 1,421,455
Adjustments to reconcile operating income (loss) to net cash provided(used) by operating activities:								
Depreciation and amortization	6,853,968	1,047,137	1,608,038	11,735,745	3,781	1,271,284	22,519,953	-
Depletion of prepaid gas supplies	-	-	-	-	24,411,574	-	24,411,574	-
Blue coupons redeemed by developers	-	-	-	(1,342,685)	-	-	(1,342,685)	-
(Increase) decrease in:								
Accounts receivable	(1,885,411)	(316,221)	(877,643)	(575,280)	94,946	(2,028)	(3,561,637)	-
Interest receivable	-	-	-	-	(209)	-	(209)	-
Due from other funds of the primary government	-	-	-	-	-	29,835	29,835	(1,477,110)
Inventory	2,838,953	(29,965)	(12,349)	(48,281)	-	(53,087)	2,695,271	-
Prepaid expenses	155,504	54,957	4,971	14,493	831	183	230,939	-
Rec-TVA Residential Services	(906,444)	-	-	-	-	-	(906,444)	-
Increase (decrease) in:								
Accounts payable	766,136	(292,085)	375,895	9,929,667	(60,013)	105,661	10,825,261	(310,126)
Accrued liabilities	(483,136)	-	(534)	(850)	-	(11,440)	(495,960)	1,092,660
Customer deposits	259,439	177	141,135	503,708	-	-	904,459	-
Contracts and Retainage	-	-	139,040	472,319	-	-	611,359	-
Accrued compensated absences	-	-	45,638	62,946	-	10,992	119,576	-
OPEB liability	123,213	-	407,219	982,403	-	144,556	1,657,391	-
Due to other funds of the primary government	1,000	-	53,834	125,509	-	-	180,343	-
Inter-divisional payables	330,555	(330,555)	-	-	-	-	-	-
Deferred revenue	-	167,362	-	-	-	75,223	242,585	-
Other	106,847	-	-	-	-	68,467	175,314	(50,000)
Total Adjustments	<u>8,160,624</u>	<u>300,807</u>	<u>1,885,244</u>	<u>21,859,694</u>	<u>24,450,910</u>	<u>1,639,646</u>	<u>58,296,925</u>	<u>(744,576)</u>
Net Cash provided (used) by operating activities	<u>\$ 27,021,209</u>	<u>\$ (2,124,859)</u>	<u>\$ 888,563</u>	<u>\$ 32,268,992</u>	<u>\$ 23,023,140</u>	<u>\$(3,033,938)</u>	<u>\$ 78,043,107</u>	<u>\$ 676,879</u>

Note: Noncash Capital and Related Financing Activities:

Capital Contributed

\$ 2,120,942      \$ 14,400,850

See notes to financial statements and auditor's report.

CITY OF CLARKSVILLE, TENNESSEE  
Notes to Financial Statements  
June 30, 2010

A. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

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

1. Reporting Entity

Accounting principles generally accepted in the United States of America require that the financial statements present the accounts and operations of the government and its component units. Blended component units, although legally separate entities, are, in substance, part of the government's operations and data from these units 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, 2010, 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, 2010 the City had one discretely presented component unit. The Clarksville-Montgomery County Museum (the "Museum"), a non-profit corporation, was established in November 1982 to collect and interpret significant historic, political, social, intellectual and technological achievements of Clarksville and Montgomery County and further the understanding of the historical developments of Clarksville and Montgomery County from their beginning to the present. The City is responsible for appointing the majority of the Museum's board of directors and provides its primary funding support.

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

Natural Gas Acquisition Corporation  
2215 Madison Street  
Clarksville, Tennessee 37043

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

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

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

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

2. Related Organizations

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

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

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

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

3. Joint Ventures

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

4. Government - Wide Financial Statements

The government-wide financial statements (i.e., the statement of net assets and the statement of activities) report information on all of the nonfiduciary activities of the primary government and its component units. For the most part, the effect of the interfund activity has been removed from these statements. Governmental activities, which normally are supported by taxes and intergovernmental revenues, are reported separately from business-type activities, which rely to a significant extent on fees and charges for support.

The statement of activities demonstrates the degree to which the direct expenses of a given function or segment is offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or segment. Program revenues include 1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other items not properly included among program revenues are reported instead as general revenues.

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

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

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting, as are the proprietary fund financial statements. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of the related cash flow. Property taxes are recognized as revenues in the year for which the City has legal title to the money. Grants and similar items are recognized as revenue as soon as all eligible requirements imposed by the provider have been met.

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the City considers revenue to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences and claims and judgments, are recorded only when the payment is due.

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

The City reports the following major governmental funds:

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

The City reports the following non-major governmental funds:

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

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

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

The City reports the following major proprietary funds:

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

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

The *Department of Electricity* operates an electric distribution system serving the citizens of the City and certain surrounding areas and in April of 2007 added a broadband division providing cable, internet and phone services which is accounted for separately by the department.

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

CITY OF CLARKSVILLE, TENNESSEE  
Notes to Financials (Continued)  
June 30, 2010

The City reports the following non- major proprietary funds:

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

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

Additionally, the City reports the following other fund types:

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

Private sector standards of accounting and financial reporting issued prior to December 1, 1989, generally are followed in both the government-wide and proprietary fund financial statements to the extent that those standards do not conflict with or contradict guidance of the Governmental Accounting Standards Board. Governments also have the option of following subsequent private-sector guidance for their business-type activities and enterprise funds, subject to this same limitation. The government has elected not to follow private-sector guidance.

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, 2010, but which were levied to finance year 2011 operations, have been recorded as deferred revenue of \$27,088,959. 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.

CITY OF CLARKSVILLE, TENNESSEE  
Notes to Financials (Continued)  
June 30, 2010

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.

6. 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.

7. 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, 2010, the amount of these estimated insurance liabilities was \$3,118,008. Changes in the reported liability are as follows:

	<u>Balance Beginning of Fiscal Year</u>	<u>Claims and Changes in Estimates</u>	<u>Claim Payments</u>	<u>Balance at at End of Fiscal Year</u>
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
2009-2010	2,025,348	2,187,465	1,094,805	3,118,008

CITY OF CLARKSVILLE, TENNESSEE  
Notes to Financials (Continued)  
June 30, 2010

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.

8. Cash Equivalents

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

9. Investments

Investments of the governmental and proprietary fund types consist primarily of U.S. Treasury securities, other U.S. agency notes and repurchase agreements and are stated at market value. Pension Trust Fund investments (which include common stocks, bonds and U.S. Government investments and other securities) are stated at market value.

10. 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".

11. Receivables

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

12. Restricted Assets

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

13. 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.

14. Capital Assets

The City's assets are capitalized at historical costs or estimated historical costs. Gifts or contributions of capital assets are recorded at fair market value when received. City policy has set the capitalization policy for infrastructure and other capital assets at the following levels:

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

CITY OF CLARKSVILLE, TENNESSEE  
Notes to Financials (Continued)  
June 30, 2010

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

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

The City defines infrastructure as the basic physical assets that allow the City to function. The assets include the street 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, 2010. 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.

15. Compensated Absences

It is the City's policy to permit employees to accumulate earned but unused vacation days and sick leave benefits. There is no liability for unpaid accumulated sick leave since the city does not have a policy to pay any amounts when employees separate from service with the City. However, it is the City's policy to apply the accumulated sick leave toward years for retirement. All vacation pay is accrued when incurred in the government-wide and proprietary fund financial statements. Employees earn 12 or more days of vacation each year except for the Department of Electricity employees who earn 5 or more days of vacation each year depending on length of service. Unused vacation time may accumulate to a maximum of 30 days with any excess being transferred to sick leave.

Only the Department of Electricity accrues sick leave and it accrues at the rate of one day (eight hours) for each full month worked. In February 2010, the sick leave policy was revised to allow employees to accrue up to 90 days of leave. If an employee had accumulated more than 90 days at February 1, 2010, they may carryover all accumulated sick leave. Such employees are not entitled to additional sick leave until they have fewer than 90 days of accumulated leave. Prior to February 2010, employees could accrue up to a maximum of 132 days; however, an employee was not permitted to carry more than 120 days past November 30 of each year. Sick days in excess of 120 were purchased from the employee at a rate of 50% of wages on December 15 each year. Sick leave is paid on the basis of straight time and is not used as a basis for overtime pay. Under the new policy, any sick leave accumulated after February 1, 2010 will be lost by the employee upon death, retirement or separation from CDE. Upon retirement, if an employee had accumulated leave from before February 1, 2010, they may utilize all of that sick leave prior to their retirement date. Upon death, all sick leave accrued before February 1, 2010 will be paid to the employee's estate. Prior to February 2010 upon retirement or death, the Divisions paid out accrued sick leave at a rate of 100% of wages.

CITY OF CLARKSVILLE, TENNESSEE  
Notes to Financials (Continued)  
June 30, 2010

16. Property Tax

The City levies property taxes annually based upon assessed valuations provided by the Montgomery County Tax Assessor. The various types of property are assessed at a percentage of estimated actual value on January 1 of each year. Taxes levied by the City against real property are payable October 1 through February 28, and taxes on real estate is considered to be a lien on such realty as of January 1 of the year the assessment is made. Current tax collections of \$26,128,415 for the fiscal year ended June 30, 2010, were approximately 94.9% of the tax levy.

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, 2010, was \$1.24 per \$100 of assessed value.

17. Long-term Obligations

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

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

18. Fund Equity

In the fund financial statements, governmental funds report reservations of fund balance for amounts that are not available for appropriation or are legally restricted by outside third-party for specific purpose. Designations of fund balance represent tentative management plans that are subject to change.

19. 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.

20. Use of Estimates

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

21. 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

CITY OF CLARKSVILLE, TENNESSEE  
Notes to Financials (Continued)  
June 30, 2010

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, 2010, the carrying amount of the City's deposits (restricted and unrestricted) is \$124,740,327. Bank balances for such accounts total \$124,143,912. Bank balances of \$123,310,682 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.

At June 30, 2010, 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	\$36,474,696	\$36,474,696	\$ -
U.S. Treasuries and Government Agencies	13,077,279	13,077,279	-
Bank repurchase agreements	2,677,049	2,677,049	-
	<u>\$52,229,024</u>	<u>\$52,229,024</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, 2010:

Investment Type	Fair Value	Cost	Average Credit Quality Rating	Average Maturity In Years
Common stocks	\$ 343,599	\$ 339,306	n/a	n/a
Money market fund	47,818	47,818	n/a	n/a
Real estate	1,870	1,682	n/a	n/a
U.S. agency/governmental bonds	30,096	28,697	AAA	1.0
Mutual funds				
Equity	523,070	540,962	n/a	n/a
Fixed	271,836	274,027	n/a	n/a
	<u>\$1,218,289</u>	<u>\$1,232,492</u>		

CITY OF CLARKSVILLE, TENNESSEE  
Notes to Financials (Continued)  
June 30, 2010

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

C. RECEIVABLES

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

	<u>General</u> Fund	<u>Special</u> <u>Revenue</u> Funds	<u>Electric</u> <u>&amp;Broadband</u> Department	<u>Gas, Water &amp;</u> <u>Sewer</u> Department	<u>NGAC</u>	<u>Transit</u>	<u>Other</u>	<u>Total</u>
Receivables:								
Accounts	\$ 1,247,631	\$ 2,179,293	\$ 12,088,957	\$ 6,587,835	\$ 1,021,520	\$ 12,740	\$ 7,201	\$ 23,145,177
Property taxes	29,548,934	-	-	-	-	-	-	29,548,934
Grants	-	323,388	-	-	-	688,030	-	1,011,418
Intergovernmental	-	-	-	-	-	-	-	-
Fines	-	-	-	-	-	-	-	-
Notes	65,495	5,434,524	-	-	-	-	-	5,500,019
TVA	-	-	4,371,382	-	-	-	-	4,371,382
Other	44,671	-	-	-	-	-	-	44,671
Gross receivables	30,906,731	7,937,205	16,460,339	6,587,835	1,021,520	700,770	7,201	63,621,601
Less: Allowance for uncollectibles	(477,728)	(264,048)	(276,140)	(210,094)	-	-	-	(1,228,010)
Net total receivables	\$ 30,429,003	\$ 7,673,157	\$16,184,199	\$ 6,377,741	\$ 1,021,520	\$ 700,770	\$7,201	\$ 62,393,591

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

	<u>Unavailable</u>	<u>Unearned</u>
Property Taxes Receivable	-	26,438,992
Delinquent Property Taxes	1,126	-
Grants	-	562,926
Confiscated funds	-	83,906
Total	<u>\$ 1,126</u>	<u>\$ 27,085,824</u>

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

CITY OF CLARKSVILLE, TENNESSEE  
Notes to Financials (Continued)  
June 30, 2010

**D. CAPITAL ASSETS**

Infrastructure activity for governmental activities for the year ended June 30, 2010 is as follows:

	(as restated)			
	Balance July 1, 2009	Increases	Decreases	Balance June 30, 2010
<b>Governmental Activities:</b>				
Modified Approach Street Network	\$ 219,950,985	\$ 9,971,272	\$ -	\$ 229,922,257
<b>Basic Approach</b>				
Bridges	2,117,221	-	-	2,117,221
Drainage system	37,101,088	1,087,285	-	38,188,373
Sidewalks	13,840,512	4,470,558	-	18,311,070
Boat docks	398,744	-	-	398,744
Traffic signals/lighting	<u>2,499,445</u>	<u>620,591</u>	-	<u>3,120,036</u>
Total infrastructure	<u>275,907,995</u>	<u>16,149,706</u>	-	<u>292,057,701</u>
<b>Less accumulated depreciation:</b>				
Bridges	(159,447)	-	-	(159,447)
Drainage system	(6,715,198)	(572,780)	-	(7,287,978)
Sidewalks	(485,314)	(747,813)	-	(1,233,127)
Boat docks	(116,374)	(39,892)	-	(156,266)
Traffic signals/lighting	<u>(564,854)</u>	<u>(200,484)</u>	-	<u>(765,338)</u>
Total accumulated depreciation	<u>(8,041,187)</u>	<u>(1,560,969)</u>	-	<u>(9,602,156)</u>
Net infrastructure	<u>\$ 267,866,808</u>	<u>\$ 14,588,737</u>	\$ -	<u>\$ 282,455,545</u>

Other capital asset activity for governmental activities for the year ended June 30, 2010 is as follows:

	(as restated)			
	Balance July 1, 2009	Increases	Decreases	Balance June 30, 2010
<b>Governmental Activities:</b>				
<b>Capital assets not depreciated:</b>				
Land	\$ 10,481,255	\$ -	\$ -	\$ 10,481,255
Easements	21,810,277	726,002	-	22,536,279
Construction in progress	<u>18,648,307</u>	<u>19,954,683</u>	<u>8,150,434</u>	<u>30,452,556</u>
Total Capital assets not depreciated	<u>50,939,839</u>	<u>20,680,685</u>	<u>8,150,434</u>	<u>63,470,090</u>
<b>Capital assets being depreciated:</b>				
Land Improvements	4,815,571	196,171	16,527	4,995,215
Machinery and equipment	17,212,149	1,493,783	229,684	18,476,248
Buildings	57,533,399	262,162	160,365	57,635,196
Motor vehicles	<u>14,704,242</u>	<u>1,176,319</u>	<u>704,628</u>	<u>15,175,933</u>
Total capital assets depreciated	<u>94,265,361</u>	<u>3,128,435</u>	<u>1,111,204</u>	<u>96,282,592</u>
<b>Less accumulated depreciation:</b>				
Land Improvements	(4,041,952)	(154,866)	1,997	(4,194,821)
Machinery and equipment	(11,346,702)	(1,197,020)	179,064	(12,364,658)
Buildings	(14,801,260)	(1,141,338)	107,997	(15,834,601)
Motor vehicles	<u>(10,636,533)</u>	<u>(891,861)</u>	<u>568,131</u>	<u>(10,960,263)</u>
Total accumulated depreciation	<u>(40,826,447)</u>	<u>(3,385,085)</u>	<u>857,189</u>	<u>(43,354,343)</u>
Net capital assets depreciated	<u>53,438,914</u>	<u>(256,650)</u>	<u>254,015</u>	<u>52,928,249</u>
Net governmental activities capital assets	<u>104,378,753</u>	<u>20,424,035</u>	<u>8,404,449</u>	<u>116,398,339</u>
Net governmental activities capital assets and infrastructure	<u>\$ 372,245,561</u>	<u>\$ 35,012,772</u>	<u>\$ 8,404,449</u>	<u>\$ 398,853,884</u>

CITY OF CLARKSVILLE, TENNESSEE  
Notes to Financials (Continued)  
June 30, 2010

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

General Government	\$ 1,217,335
Highways and streets	1,955,740
Public Safety	1,018,589
Recreation	754,390
Total	\$ 4,946,054

Capital asset activity for business activities for the year ended June 30, 2010 is as follows:

	Balance <u>July 1, 2009</u>	Increases	Decreases	Balance <u>June 30, 2010</u>
<u>Business-Type Activities:</u>				
<u>Parking Authority</u>				
Plant and equipment	\$ 3,409,952	\$ 43,625	\$ -	\$ 3,453,577
Less accumulated depreciation	(1,252,024)	(72,325)	-	(1,324,349)
Net parking authority	\$ 2,157,928	\$ (28,700)	\$ -	\$ 2,129,228
<u>Transit System</u>				
Capital assets not depreciated:				
Land	\$ 85,882	\$ -	\$ -	\$ 85,882
Construction in progress	-	30,463	-	30,463
Total capital assets not depreciated	85,882	30,463	-	116,345
Capital assets being depreciated:				
Building	2,890,231	60,125	-	2,950,356
Revenue vehicles	5,641,446	730,195	616,214	5,755,427
Revenue vehicles-ARRA	-	362,005	-	362,005
Other vehicles	223,043	703,100	464,339	461,804
Furniture and equipment	965,734	201,141	172,676	994,199
Total capital assets depreciated	9,720,454	2,056,566	1,253,229	10,523,791
Less accumulated depreciation	(4,457,192)	(1,198,031)	511,636	(5,143,587)
Net capital assets depreciated	5,263,262	858,535	741,593	5,380,204
Net capital assets	\$ 5,349,144	\$ 888,998	\$ 741,593	\$ 5,496,549

CITY OF CLARKSVILLE, TENNESSEE  
Notes to Financials (Continued)  
June 30, 2010

Clarksville Electric and Broadband

Capital assets not depreciated:

Land and land rights	\$ 1,216,069	\$ 551,792	\$ -	\$ 1,767,861
Construction in progress	34,182,543	7,922,986	39,810,013	2,295,516
Plant held for sale	-	-	-	-
Total capital assets not depreciated	<u>35,398,612</u>	<u>8,474,778</u>	<u>39,810,013</u>	<u>4,063,377</u>

Capital assets being depreciated:

Station equipment	21,183,584	948,826	50,061	22,082,349
Transmission system	69,777,435	2,878,733	705,834	71,950,334
Transportation equipment	2,258,082	-	-	2,258,082
Furniture and equipment	1,560,286	519,603	12,465	2,067,424
Communication equipment	27,497,816	33,931,460	571,891	60,857,385
Poles and fixtures	1,407,427	-	-	1,407,427
Overhead conductors and devices	627,589	-	-	627,589
Structures and improvements	4,718,671	1,501,406	-	6,220,077
Plant acquisition adjustments	1,158,991	-	240,255	918,736
Total capital assets depreciated	<u>130,189,881</u>	<u>39,780,028</u>	<u>1,580,506</u>	<u>168,389,403</u>

Less accumulated depreciation:

Station equipment	(6,774,480)	(582,456)	-	(7,356,936)
Transmission system	(20,306,939)	(3,680,726)	942,195	(23,045,470)
Transportation equipment	(1,586,528)	(131,134)	-	(1,717,662)
Furniture and equipment	(841,589)	(47,297)	12,465	(876,421)
Communication equipment	(1,987,520)	(2,978,782)	573,557	(4,392,745)
Poles and fixtures	(724,614)	(38,705)	-	(763,319)
Overhead conductors and devices	(485,198)	(15,690)	-	(500,888)
Structures and improvements	(1,837,533)	(186,060)	-	(2,023,593)
Total accumulated depreciation	<u>(34,544,401)</u>	<u>(7,660,850)</u>	<u>1,528,217</u>	<u>(40,677,034)</u>
Net capital assets depreciated	<u>95,475,521</u>	<u>32,119,178</u>	<u>52,289</u>	<u>127,712,369</u>
Net capital assets	<u>\$ 130,874,133</u>	<u>\$ 40,593,956</u>	<u>\$ 39,862,302</u>	<u>\$ 131,775,746</u>

Water and Sewer

Capital assets not depreciated:

Land and land rights	\$ 2,150,265	\$ 210,742	\$ -	\$ 2,361,007
Construction in progress	18,080,388	25,139,737	25,568,818	17,651,307
Total capital assets not depreciated	<u>20,230,653</u>	<u>25,350,479</u>	<u>25,568,818</u>	<u>20,012,314</u>

Capital assets being depreciated:

Plant and equipment	371,712,402	25,568,818	7,887,149	389,394,071
Less accumulated depreciation	<u>(88,875,191)</u>	<u>(11,735,746)</u>	<u>5,062,438</u>	<u>(95,548,499)</u>
Net capital assets depreciated	<u>282,837,211</u>	<u>13,833,072</u>	<u>2,824,711</u>	<u>293,845,572</u>
Net capital assets	<u>\$ 303,067,864</u>	<u>\$ 39,183,551</u>	<u>\$ 28,393,529</u>	<u>\$ 313,857,886</u>

CITY OF CLARKSVILLE, TENNESSEE  
Notes to Financials (Continued)  
June 30, 2010

Gas

Capital assets not depreciated:				
Land and land rights	\$ 214,902	\$ 21,757	\$ -	\$ 236,659
Construction in progress	2,469,790	3,362,960	418,280	5,414,470
Total capital assets not depreciated	<u>2,684,692</u>	<u>3,384,717</u>	<u>418,280</u>	<u>5,651,129</u>
Capital assets being depreciated:				
Plant and equipment	55,125,456	418,280	86,210	55,457,526
Less accumulated depreciation	<u>(14,971,984)</u>	<u>(1,608,038)</u>	<u>58,304</u>	<u>(16,521,718)</u>
Net capital assets depreciated	<u>40,153,472</u>	<u>(1,189,758)</u>	<u>27,906</u>	<u>38,935,808</u>
Net capital assets	<u>\$ 42,838,164</u>	<u>\$ 2,194,959</u>	<u>\$ 446,186</u>	<u>\$ 44,586,937</u>

Natural Gas Acquisition Corporation

Capital assets being depreciated:				
Plant and equipment	\$ 22,030	\$ -	\$ -	\$ 22,030
Less accumulated depreciation	<u>(9,023)</u>	<u>(3,781)</u>	<u>-</u>	<u>(12,804)</u>
Net capital assets	<u>13,007</u>	<u>(3,781)</u>	<u>-</u>	<u>9,226</u>
Net business activities capital assets	<u>\$ 484,300,240</u>	<u>\$ 82,288,844</u>	<u>\$ 68,733,509</u>	<u>\$ 497,855,575</u>

Museum (Component Unit)

Capital assets being depreciated:				
Leasehold improvements	\$ 3,301,391	\$ 9,686	\$ -	\$ 3,311,077
Furniture and equipment	138,306	1,516	-	139,822
Vehicles	14,565	-	-	14,565
Total capital assets depreciated	<u>3,454,262</u>	<u>11,202</u>	<u>-</u>	<u>3,465,464</u>
Less accumulated depreciation	<u>(1,151,598)</u>	<u>(103,999)</u>	<u>-</u>	<u>(1,255,597)</u>
Net capital assets	<u>\$ 2,302,664</u>	<u>\$ (92,797)</u>	<u>\$ -</u>	<u>\$ 2,209,867</u>

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

CITY OF CLARKSVILLE, TENNESSEE  
Notes to Financials (Continued)  
June 30, 2010

E. LONG-TERM OBLIGATIONS

Governmental long-term debt activity for the year ended June 30, 2010 consists of the following:

	Balance			Balance	Amounts Due
	<u>June 30, 2009</u>	<u>Additions</u>	<u>Reductions</u>	<u>June 30, 2010</u>	In Year Ending <u>June 30, 2011</u>
Bonds payable	\$ 39,410,950	\$ -	\$ 2,648,000	\$ 36,762,950	\$ 2,780,000
Notes payable	29,136,402	16,652,715	1,075,300	44,713,817	8,312,700
Subtotal	68,547,352	16,652,715	3,723,300	81,476,767	11,092,700
Accrued compensated absences	2,249,494	19,732	-	2,269,226	1,473,564
Total governmental	\$ 70,796,846	\$ 16,672,447	\$ 3,723,300	\$ 83,745,993	\$ 12,566,264

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

Governmental long-term debt at June 30, 2010 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%.	\$ 20,176,000
\$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%.	5,035,000
\$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%.	4,315,000
\$4,411,950 2009A General Obligation Refunding Bonds due in increasing annual installments through June 1, 2014, at an interest rate of 3.17%.	3,466,950
\$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%.	3,535,000
\$800,000 1976 Farmers Administration Loan due in increasing annual installments through January 1, 2016, at an interest rate of 5%.	<u>235,000</u>
Total bonds payable	<u>36,762,950</u>

CITY OF CLARKSVILLE, TENNESSEE  
Notes to Financials (Continued)  
June 30, 2010

Notes Payable

\$16,047,000 2007 Tennessee Municipal Bond Pooled Loan Program; loan agreement provides for repayment of loan in annual installments through May 25, 2033, with interest payable monthly at an adjustable rate.	14,253,374
\$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.	3,816,000
\$6,193,353 2008 Tennessee Municipal Bond Pooled Loan Program; loan agreement provides for repayment of loan in annual installments through May 25, 2034, with interest payable monthly at an adjustable rate.	5,089,310
\$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.	2,315,000
\$25,175,000 2008 Tennessee Municipal Bond Pooled Loan Program; loan agreement provides for repayment of loan in annual installments through May 25, 2034, with interest payable monthly at an adjustable rate.	9,588,433
\$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%.	1,292,000
\$1,210,000 2008 Tennessee Municipal Bond Fund Alternative Loan Program; taxable capital outlay note provides for repayment of note in increasing annual installments through August 1, 2015, at an interest rate of 4.2%.	1,069,000
\$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.	<u>141,700</u>
Total notes payable	<u>44,713,817</u>
Total bonds and notes payable	81,476,767
Add: Accrued compensated absences	2,269,226
Less: Current portion of long-term debt and accrued compensated absences	<u>(12,566,264)</u>
Total governmental activities long-term debt	<u>\$ 71,179,729</u>

CITY OF CLARKSVILLE, TENNESSEE  
Notes to Financials (Continued)  
June 30, 2010

Business long-term debt activity for the year ended June 30, 2010 consists of the following:

	Balance June 30, 2009	Additions	Reductions	Balance June 30, 2010	Amount Due In Year Ending June 30, 2011
<u>Gas Department and Water and Sewer Department</u>					
Bonds and notes payable	\$ 180,010,220	\$ 9,934,782	\$ 9,619,909	\$ 180,325,093	\$ 8,791,760
Accrued compensated absences	607,603	546,211	437,627	716,187	301,111
Customer deposits	2,522,399	1,800,693	1,155,850	3,167,242	-
Premiums on bonds	1,901,769	-	114,567	1,787,202	-
Unamortized discount and deferred loss on defeasance	(2,706,624)	-	(232,118)	(2,474,506)	-
Total Gas, Water and Sewer Department	<u>182,335,367</u>	<u>12,281,686</u>	<u>11,095,835</u>	<u>183,521,218</u>	<u>9,092,871</u>
<u>Natural Gas Acquisition Corporation</u>					
Bonds payable	217,085,000	-	13,795,000	203,290,000	12,845,000
Premium on bonds	5,342,618	-	704,421	4,638,197	-
Total Natural Gas Acquisition Corporation	<u>222,427,618</u>	<u>-</u>	<u>14,499,421</u>	<u>207,928,197</u>	<u>12,845,000</u>
<u>Clarksville Transit</u>					
Accrued compensated absences	105,941	10,992	-	116,933	116,933
<u>Parking Authority</u>					
Note payable	463,808	-	132,577	331,231	137,392
<u>Department of Electricity and Broadband</u>					
Bonds and notes payable	59,316,973	28,650,000	1,409,109	86,557,864	1,434,108
Premium on bonds	2,664,625	1,230,660	117,126	3,778,159	-
Customer deposits	4,149,246	1,890,181	1,630,742	4,408,685	-
TVA advances	3,481,042	1,749,375	803,660	4,426,757	-
Accrued compensated absences	1,610,563	-	236,583	1,373,980	281,794
OPEB	262,692	137,286	14,073	385,905	-
Other	30,148	-	-	30,148	-
Total Department of Electricity	<u>71,515,289</u>	<u>33,657,502</u>	<u>4,211,293</u>	<u>100,961,498</u>	<u>1,715,902</u>
Total business activities	<u>\$ 476,848,023</u>	<u>\$45,950,180</u>	<u>\$ 29,939,126</u>	<u>\$ 492,859,077</u>	<u>\$ 23,908,098</u>
<u>Museum (Component Unit)</u>					
Note payable	\$ 213,332	\$ -	\$ 14,794	\$ 198,538	\$ 15,280

CITY OF CLARKSVILLE, TENNESSEE  
Notes to Financials (Continued)  
June 30, 2010

Business activity long-term debt at June 30, 2010 consists of the following obligations:

Bonds Payable

Series 2001 (\$51,415,000) Water, Sewer and Gas Revenue Refunding in annual installments of \$590,000 to \$3,780,000 through February, 2022, at 3.0% to 5.0% interest.	\$ 19,165,000
Series 2002 (\$22,040,000) Water, Sewer and Gas Revenue Refunding in annual installments of \$1,360,000 to \$1,920,000 through February, 2018, at 4.89% to 5.25% interest.	12,980,000
Series 2004 (\$44,885,000) Water, Sewer and Gas Revenue in annual installments of \$500,000 to \$12,100,000 through 2018, at variable interest rates.	25,232,139
Series 2007 (\$60,150,000) Water, Sewer and Gas Revenue in annual installments of \$740,000 to \$1,880,000 through February, 2032, at 4.35% interest.	57,725,000
Series 2006 (\$240,051,000) Natural Gas Acquisition Corp. (NGAC) Gas Revenue in annual installments of \$8,515,000 to \$25,500,000 through December, 2021, at 5.0% interest.	203,290,000
Series 2004 (\$8,560,000) Electric System Revenue in annual installments of \$270,000 to \$615,000 through September, 2024, at 2.5% to 4.25% interest.	5,195,000
Series 2007 (\$52,790,000) Electric System Revenue in annual installments of \$750,000 to \$3,750,000 through September, 2033, at 4.0% to 5.0% interest.	52,040,000
Series 2010A (\$29,258,018) Electric System Revenue in annual installments of \$760,000 to \$2,040,000 through September, 2035, at 2.5% to 5.0% interest.	27,860,000
Series 2010B (\$790,000) Electric System Revenue (Taxable) in annual installments of \$240,000 to \$550,000 through September, 2012, at 1.3% to 1.74% interest.	790,000
Total bonds payable	404,277,139

Notes Payable

Series 1992 (\$12,150,000) TN. State Revolving Fund for expansion of wastewater treatment plant, in monthly installments of \$57,704 to \$69,184 through March, 2012 at 3.7% interest.	1,586,316
Series 1994 (\$5,200,000) TN. State Revolving Fund (DWF) in annual installments of \$221,124 to \$306,162 through 2024 at variable interest rates.	3,909,306
Series 1994 (\$5,200,000) TML Bond Fund in annual installments of \$500,000 to \$882,000 through June, 2015 at variable interest rates.	3,871,000
Series 2004 (\$44,885,000) TN. State Revolving Fund Water, Sewer and Gas Revenue for expansion of wastewater treatment plant, in monthly installments of \$135,734 to \$209,655 through July, 2022 at 3.2% interest.	43,350,000

CITY OF CLARKSVILLE, TENNESSEE  
Notes to Financials (Continued)  
June 30, 2010

Series 2005 (\$49,181,269) TML Bond Fund in annual installments of \$1,087,855 to \$3,341,373 through May, 2032 at 5.0% interest.	12,506,332
Series 2007 (\$700,000) TML Bond Fund-Parking Authority in annual installments of \$131,185 to \$135,817 through April, 2012 at variable interest rates.	331,231
Series 2008 (\$841,080) CEMC Note to purchase plant in annual installments of \$84,108 through June, 2018 at 0.0% interest.	<u>672,864</u>
Total notes payable	<u>66,227,049</u>
Total bonds and notes payable	470,504,188
Add: Accrued Compensated Absences	2,207,100
Customer deposits	7,575,927
TVA advances	4,426,757
Bond premiums	10,203,558
OPEB	385,905
Other	30,148
Less: Unamortized bond discounts and deferred loss on defeasance	<u>(2,474,506)</u>
	492,859,077
Less: Current portion of long-term debt and accrued compensated absences	<u>(23,908,098)</u>
Total business activity long-term debt	<u>\$ 468,950,979</u>

Component Unit-Museum

Museum promissory note held by the City of Clarksville. Minimum annual principal and interest payments of \$20,000 are due on December 31st of each year through 2020. Interest is charged on the unpaid balance of the loan at a rate of 3.28% annually.	<u>\$ 198,538</u>
---	-------------------

CITY OF CLARKSVILLE, TENNESSEE  
Notes to Financials (Continued)  
June 30, 2010

The annual debt service requirements to amortize bonds and notes payable outstanding as of June 30, 2010 are as follows:

<u>For the Year Ended June 30,</u>	<u>Governmental Activity Debt Principal</u>	<u>Business Activity Debt Principal</u>	<u>Component Unit Debt Principal</u>	<u>Total Debt Principal</u>	<u>Total Interest</u>
2011	\$ 11,092,700	\$ 23,208,260	\$ 15,280	\$ 34,866,240	\$ 23,898,558
2012	4,062,000	23,087,022	15,781	26,906,251	22,429,009
2013	4,440,367	23,978,382	16,296	28,433,082	21,238,516
2014	4,374,950	25,401,251	16,833	29,790,660	19,942,683
2015	4,221,000	27,042,623	17,385	31,278,199	18,595,575
2016	5,098,000	28,780,735	17,955	33,898,419	17,153,069
2017	4,274,000	30,711,823	18,544	35,000,609	15,622,614
2018	4,491,000	32,502,143	19,152	37,005,020	14,006,586
2019	4,720,000	33,715,540	19,781	38,465,321	12,291,389
2020	4,951,000	34,643,484	20,429	39,629,913	10,541,407
2021	5,205,000	36,887,532	21,102	42,123,634	8,717,130
2022	5,192,000	40,609,292	-	45,816,292	6,740,187
2023	3,933,000	15,894,939	-	19,842,939	5,326,730
2024	2,490,433	16,371,162	-	19,296,597	4,548,295
2025	2,388,000	16,775,000	-	19,198,000	3,770,478
2026	1,558,000	4,900,000	-	6,493,000	2,963,930
2027	1,695,000	5,130,000	-	6,870,000	2,710,825
2028	1,376,000	5,385,000	-	6,806,000	2,436,986
2029	1,439,000	5,650,000	-	7,134,000	2,164,682
2030	1,504,000	5,930,000	-	7,489,000	1,878,950
2031	1,573,000	6,230,000	-	7,853,000	1,578,933
2032	1,398,317	6,535,000	-	7,993,317	1,263,886
2033	-	4,895,000	-	8,895,000	933,303

CITY OF CLARKSVILLE, TENNESSEE  
Notes to Financials (Continued)  
June 30, 2010

2034	-	5,145,000	-	5,410,000	680,559
2035-2036	-	11,095,000	-	11,095,000	561,625
	<u>\$ 81,476,767</u>	<u>\$ 470,504,188</u>	<u>\$ 198,538</u>	<u>\$ 552,179,493</u>	<u>\$ 221,995,905</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 and are secured by the revenues of the fund.

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.

The note payable to CEMC is due in annual installments of \$84,100 through June 2018. The purpose of this loan was for the purchase of Electric Plant assets in areas annexed by the City of Clarksville. This is a non-interest bearing note.

The 2010A Series Electric System Revenue and Improvement Bonds were issued on January 14, 2010 to finance improvements to the Municipality's electric transmission and distribution system and retire the 2009 Series bonds.

The 2010B Series Electric System Revenue and Improvement Bonds were issued on January 14, 2010 to fund the debt service reserve fund.

F. SHORT-TERM DEBT

In March 2009, the City issued a short-term Taxable General Obligation Bond Anticipation Note for \$7,149,000 to finance construction of certain public improvement projects, including but not limited to parks, and the development of the Fairgrounds Park/Marina area and the Riverwalk recreational area. These bonds bear interest at 2.59% per year and mature on March 1, 2011. The City 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, 2010. Interest is due monthly at the bank's prime rate of interest less one percent.

G. PENSION PLAN

Plan Description

Employees of the City, with the exception of the employees of the Department of Electricity, are members of the Political Subdivision Pension Plan (PSPP), an agent multiple-employer defined benefit pension plan administered by the Tennessee Consolidated Retirement System (TCRS). TCRS provides retirement benefits as well as death and disability benefits. Benefits are determined by a formula using the member's high five-year

CITY OF CLARKSVILLE, TENNESSEE  
Notes to Financials (Continued)  
June 30, 2010

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://www.tn.gov/treasury/tcrs/PS/>.

Funding Policy

The City has adopted a noncontributory retirement plan for its employees by assuming employee contributions up to 5.0 percent of annual covered payroll. The City is required to contribute at an actuarially determined rate; the rate for the fiscal year ending June 30, 2010 was 13.96% 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, 2010, the City's annual pension cost of \$5,396,038 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, 2009, which established contribution rates effective July 1, 2010.

Trend Information

Fiscal Year <u>Ending</u>	Annual Pension <u>Cost (APC)</u>	Percentage of <u>APC Contributed</u>	Net Pension <u>Obligation</u>
June 30, 2010	\$ 5,396,038	100.0%	\$ 0.00
June 30, 2009	5,097,436	100.0%	0.00
June 30, 2008	5,125,234	100.0%	0.00

Funded Status and Funding Progress

As of July 1, 2009, the most recent actuarial valuation date, the plan was 77.68% funded. The actuarial accrued liability for benefits was \$109.15 million, and the actuarial value of assets was \$84.79 million, resulting in an unfunded actuarial accrued liability (UAAL) of \$24.36 million. The covered payroll (annual payroll of active employees covered by the plan) was \$38.82 million, and the ratio of the UAAL to the covered payroll was 62.75% percent.

CITY OF CLARKSVILLE, TENNESSEE  
Notes to Financials (Continued)  
June 30, 2010

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

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

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

(Dollar amounts in thousands)

Actuarial Valuation Date	Actuarial Value of Plan Assets (a)	Actuarial Liability (AAL) -Entry Age (b)	Unfunded AAL (UAAL) (b)-(a)	Funded Ratio (a/b)	Covered Payroll (c)	UAAL as a Percentage of Covered Payroll ((b-a)/c)
July 01, 2009	\$ 84,793	\$ 109,152	\$ 24,359	77.68%	\$ 38,821	62.75%
July 01, 2007	\$ 77,538	\$ 93,093	\$ 15,555	83.29%	\$ 36,938	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 went into effect during the year of the 2007 actuarial valuation, therefore only the two most recent valuations are 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-401(K) Plan

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

H. DEFERRED COMPENSATION PLAN

City General - The City offers its employees a deferred compensation plan created in accordance with Internal Revenue Code Section 457. The plan, available to all City employees except those of the Department of Electricity, permits them to defer a portion of their salary until future years. The deferred compensation is not

CITY OF CLARKSVILLE, TENNESSEE

Notes to Financials (Continued)

June 30, 2010

available to employees until termination, retirement, death or unforeseeable emergency. The Plan's investments are held in trust by Public Employee Benefit Services Corporation (PEBSO).

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

	June 30, 2010	June 30, 2009
Contributions		
Employer 401(K)	\$141,945	\$101,616
Employer progress sharing	152,441	0
Employee 401(K)	235,066	285,584
Totals	<u>\$529,452</u>	<u>\$387,200</u>
Plan assets on December 31, (market value)	<u>\$9,593,802.00</u>	<u>\$4,061,058.00</u>

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

I. OTHER POST EMPLOYMENT BENEFITS

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

Plan Description - The City of Clarksville's Retired Employees' Benefit Plan ("Plan") is a single-employer defined benefit healthcare, dental, and life insurance plan administered by the City of Clarksville. The plan is provided for in Section 1-1340 through Section 1-1348 of the Official Code of the City of Clarksville. The Plan provides medical, dental, and life insurance benefits to eligible retirees of the general government, the Gas, Water and Sewer Department and the Transit System. Retirees of the general government, the Gas, Water and Sewer Department and the Transit System are able to obtain medical and dental insurance at the City group rates for their spouses. Employees hired on or after July 1, 2006 are not eligible for the retirement benefits provided by the Plan. Eligible employees must have been hired on or before June 30, 2006. The Plan has a total of 949 participants of which 214 are retired participants and 735 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 2010 were sufficient to pay the current cost of premiums for other post employment benefits for eligible retirees in fiscal year 2010. For fiscal year 2010, the general government, the Gas, Water, and Sewer Department, and the Clarksville Transit System paid a total of \$1,021,773 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

CITY OF CLARKSVILLE, TENNESSEE

Notes to Financials (Continued)

June 30, 2010

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)	\$ 5,778,004
Interest on net OPEB obligation	325,558
Adjustment to annual required contribution	(276,671)
Annual OPEB cost (expense)	5,826,891
Contributions made	(1,021,773)
Increase in net OPEB obligation	4,805,118
NET OPEB obligation - beginning of year	8,306,517
NET OPEB obligation - end of year	\$ 13,111,635

The City's annual OPEB cost, the percentage of annual OPEB cost contributed to the plan, and the net OPEB obligation for 2010, 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)
2010	\$ 5,826,891	\$ 1,000,000	17.16%	\$ 13,111,635
2009	5,826,891	1,021,773	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, 2010, the most recent actuarial valuation date, the plan was 0.0 percent funded. The actuarial accrued liability for benefits was \$75.5 million, and the actuarial value of assets was \$0 million, resulting in an unfunded actuarial accrued liability (UAAL) of \$75.5 million. The covered payroll (annual payroll of active employees covered by the plan) was \$38.2 million, and the ratio of the UAAL to the covered payroll was 198.1 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

CITY OF CLARKSVILLE, TENNESSEE

Notes to Financials (Continued)

June 30, 2010

period. Dental costs are assumed to increase 4.0 percent annually. The rate of inflation (assumed rate of increase in payroll) was assumed at 4.0 percent. The actuarial value of assets was not applicable to the actuarial valuation. The UAAL is being amortized as a level percentage of projected payrolls. The plan is closed to any employees hired on or after July 1, 2007. The remaining amortization period as of the 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. Nine retired employees were covered under the medical insurance plan at June 30, 2010. Prior to 2009, the Department of Electricity also provided life insurance coverage to retirees with thirty years of service until they reached age 65. Retirement could begin at age 55. During 2009, the post employment life insurance plan for retirees was discontinued in favor of less expensive term policies. Paid policies are being held pending further consideration of their investment potential. At June 30, 2010 the cash value of the remaining policies was \$307,568. The term policies provide life insurance benefits equal to two times each covered employees’ annual salary. All full-time employees are covered and coverage is portable.

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

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

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

Normal cost	\$ 57,426
30 year amortization of accrued liability	68,210
Interest on net OPEB obligation	11,650
Annual OPEB cost (expense)	<u>137,286</u>
Contributions made	<u>14,073</u>
Increase in net OPEB obligation	123,213
NET OPEB obligation - beginning of year	<u>262,692</u>
NET OPEB obligation - end of year	<u><u>\$ 385,905</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 2010, 2009 and 2008 are as follows:

Fiscal Year Ended <u>June 30,</u>	Annual OPEB Cost	Annual Employer Contribution	% of Annual OPEB Cost Contributed	Net Ending OPEB Obligation/(Asset)
2010	\$ 137,286	\$ 14,073	0.10 %	\$ 385,905
2009	133,287	-	-	262,692
2008	129,405	-	-	129,405

CITY OF CLARKSVILLE, TENNESSEE  
Notes to Financials (Continued)  
June 30, 2010

As of July 1, 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 actuarial assumption for life insurance included an annual increase in compensation of four percent. Both rates include a 3.0 percent inflation assumption. The actuarial values of assets were determined using techniques that spread the effects of short-term volatility in the market value of investments over a five-year period. The UAAL is being amortized as a level percentage of projected payrolls on an open basis. The remaining amortization period at June 30, 2010 is twenty-seven 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, 2010.

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.

CITY OF CLARKSVILLE, TENNESSEE  
Notes to Financials (Continued)  
June 30, 2010

L. INDIVIDUAL FUND TRANSACTIONS

Inter-fund receivable and payable balances at June 30, 2010, are as follows:

	<u>Major Fund General</u>	<u>Non-Major Governmental</u>	<u>Non-Major Proprietary</u>	<u>Internal Service</u>
Interfund Receivable	<u>\$ 4,226,275</u>	<u>\$ 5,368,513</u>	<u>\$ 323,971</u>	<u>\$ 2,325,715</u>
Interfund Payable:				
Major Funds:				
General	\$ -	\$ 5,325,861	\$ 323,971	\$ 2,296,536
Gas	179,343	-	-	-
Water and Sewer	-	-	-	-
Electric	1,000	-	-	-
Non-Major Funds:				
Governmental	3,981,858	42,652	-	-
Proprietary	64,074	-	-	29,179
Internal Service	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
	<u>\$ 4,226,275</u>	<u>\$ 5,368,513</u>	<u>\$ 323,971</u>	<u>\$ 2,325,715</u>

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

M. 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, 2010, were as follows:

<u>Transfer to:</u>	<u>Amount</u>	<u>General Fund</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	\$ 7,580,473	\$ -	\$ 95,349	\$ 1,370,632	\$ 4,620,394	\$ 1,373	\$ 1,492,725
Electricity Dept.	2,982,826	2,982,826	-	-	-	-	-
Broadband Division	74,063	74,063	-	-	-	-	-
Gas Department	662,070	662,070	-	-	-	-	-
Water and Sewer	2,125,308	2,125,308	-	-	-	-	-
Parking Authority	266,534	266,534	-	-	-	-	-
Special Revenue	<u>1,675,919</u>	<u>363,596</u>	<u>-</u>	<u>-</u>	<u>812,324</u>	<u>-</u>	<u>500,000</u>
Total	<u>\$ 15,367,193</u>	<u>\$ 6,474,397</u>	<u>\$ 95,349</u>	<u>\$ 1,370,632</u>	<u>\$ 5,432,718</u>	<u>\$ 1,373</u>	<u>\$ 1,992,725</u>

CITY OF CLARKSVILLE, TENNESSEE  
Notes to Financials (Continued)  
June 30, 2010

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 \$334,706 for the year ended June 30, 2010.

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, 2010. The Gas Department and the Water and Sewer Department have construction commitments totaling \$13.1 million at June 30, 2010.

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.

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, 2010, the Sewer Department spent approximately \$10,000,000 to meet the requirements of the Commissioner's order. The Sewer Department estimates spending approximately \$22,000,000 for the fiscal year ending June 30, 2011. Future year expenses past June 30, 2011 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

CITY OF CLARKSVILLE, TENNESSEE

Notes to Financials (Continued)

June 30, 2010

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.

O. JOINT VENTURE

The Electric Department and Pennyrite Rural Electric Cooperative Corporation (the Cooperative) constructed jointly-owned electric facilities. Under the terms of the joint venture, the Electric Department owns 54% of the facilities and the Cooperative owns 46%. The amount of the Electric Department's plant covered by this agreement was \$927,696 at June 30, 2010. 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. ASSET IMPAIRMENTS

During the year-ended June 30, 2010, certain assets were identified as having impaired values and other assets were returned to suppliers, post year end, for refunds of less than their original costs. Collectively, these asset write-downs are reported as Impaired Asset Charges in the Statement of Revenues, Expenses, and Changes in Net Assets, and the respective values of the underlying assets have been adjusted as of June 30, 2010.

Following is a summary of asset impairment related charges for the year ended June 30, 2010:

	<u>Electric Division</u>	<u>Telecom Division</u>
Water damaged in inventory	\$ 282,941.00	\$ 65,264.00
Damaged property and equipment	-	-
Loss on returned equipment	-	-
Totals	<u>\$ 282,941.00</u>	<u>\$ 65,264.00</u>

Q. SUBSEQUENT EVENTS

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

This accounting change was implemented in conjunction with anticipated rate and billing changes being implemented by the Tennessee Valley Authority (TVA). Since 1992, TVA has used an "End-Use" wholesale rate schedule to bill CDE Lightband for wholesale power purchases. Under this rate structure, TVA billed CDE

CITY OF CLARKSVILLE, TENNESSEE

Notes to Financials (Continued)

June 30, 2010

Lightband based upon CDE Lightbands' sales of power to retail customers. Traditionally, TVA has billed CDE Lightband on or about the 19<sup>th</sup> of each month for the thirty day period ending on that day.

In April 2011, TVA will implement a new wholesale rate structure and billing schedule that will result in TVA billing CDE Lightband on a calendar month basis. The new wholesale rate structure will be applied to metered wholesale energy sales from TVA to CDE Lightband. This decoupling of wholesale and retail power consumption is expected to create significant fluctuations in margins between power sales revenue and power costs, when compared to the relative consistency CDE Lightband has experienced since 1992. Additionally, this rate structure is expected to create cash flow management issues that CDE Lightband has not experienced in the past.

Management has evaluated subsequent events through the date the financial statements were available to be issued, September 30, 2010.

Gas, Water and Sewer - The Gas Department received a rebate from Natural Gas Acquisition Corporation during the fiscal year 09-10. The rebate was for approximately \$500,000. The utility committee, in their January 2010 meetings decided to rebate the refund equally to the gas customers. However, the refund was not processed and given until September 2010.

R. PRIOR PERIOD ADJUSTMENTS

Government-wide: Net assets as recorded in the government –wide financial statements have been restated to reflect the proper accounting for unamortized bond issue costs. In the governmental activities funds bond issue costs are expensed as incurred, while in the government-wide financials bond issue costs are amortized over the life of the loan. Accordingly, \$685,184 has been added to Unamortized Bond Issue costs and recorded as a prior period adjustment and these costs will be expensed at the rate of \$54,759 per year.

General Government: Net assets of the governmental activities of the City at June 30, 2009 have been restated to correct for errors due to the failure to record certain construction in progress assets purchased by the City at that date and asset valuation errors for certain other capital assets. The effect of the restatement increased net assets of the governmental activities by \$1,694,280 at June 30, 2010. Depreciation was also overstated in prior years. That correction totaled \$1,706,556.

The 2009 financial statements have been restated to correct for a similar error during the June 30, 2009 fiscal year. The effect of this correction increased net assets at June 30, 2009 by \$954,460; decreased interest expense for the year ended June 30, 2009 by \$1,139,460; and increased depreciation expense for the year ended June 30, 2009 by \$185,000.

S. DEFEASED DEBT

On June 28, 2001, the Gas Department and Water and Sewer Departments issued Sewer and Gas Revenue Refunding and Improvement Bonds, Series 2001, to, among other things, refund \$1,130,000 Series 1991 Bonds, refund \$7,244,138 Series 1992 capital appreciation Bonds, and refund \$10,200,000 Series 1997 bonds. Sufficient proceeds were deposited with an escrow agent to provide for all future debt service payments on the refunded bonds. As a result, the refunded bonds are considered defeased and the liability for those bonds has been removed from the balance sheet. At June 30, 2010 bonds outstanding of \$2,445,180 were considered defeased.

T. EXTRAORDINARY LOSS

Excessive rainfall on May 1<sup>st</sup> and 2<sup>nd</sup> resulted in the Cumberland River eventually cresting at 62.58 feet, well above the flood stage of 46 feet. This resulted in widespread damage to the business district on Riverside Drive as well as to many homes in Clarksville, Tennessee. City departments, excluding Clarksville Gas and Water, were involved in fifty-three flood response projects with a total loss impact of \$2.5 million as a result of the flood. These ranged from rescue and other emergency measures to restoration of damaged infrastructure

CITY OF CLARKSVILLE, TENNESSEE

Notes to Financials (Continued)

June 30, 2010

and systems. Through mid-October 2010, forty-four of them have been submitted to TEMA/FEMA for reimbursement, with an aggregate loss value of \$1.7M.

The wastewater treatment facility and several components of the wastewater collection center received extensive damage. Through June 30, 2010 the City incurred \$13.5M in losses for remediation work, including the write-off of some assets. Work continues on all of the affected components of the treatment system and will likely take over a year for permanent solutions to be put into place.

The City is coordinating its efforts with FEMA and TEMA to ensure that it recoups the majority of its costs over the coming years. Typically FEMA covers 75% of eligible expenses with the State picking up half of the remaining 25%. However for this specific disaster, FEMA will cover 90% of eligible expenses, and the Governor has indicated that the State will cover the remaining 10%. The City estimates the total cost of the recovery will be in excess of \$90 million. These cost estimates only reflect 2010 flood damage and do not reflect any future mitigation projects that would reduce losses from repetitive events.

U. DISCLOSURE OF DERIVATIVES

The Water and Sewer Departments are parties in a derivative contract, an interest rate swap agreement, related to the \$44,785,000 2004 bond issue. The purpose of the interest rate swap agreement is to reduce the net cost of borrowing with respect to related obligations. The Water and Sewer Departments entered into this agreement in accordance with Tennessee Code Annotated section 7-34-109 which authorizes interest rate agreements for municipal utilities.

Recently Issued and Adopted Accounting Principles

In June 2008, the GASB issued Statement 53, *Accounting and Financial Reporting for Derivative Instruments* (GASB 53). GASB 53 addresses the recognition, measurement, and disclosure of information regarding derivative instruments entered into by state and local governments. The requirements of this Statement are effective for financial statements for periods beginning after June 15, 2009. The Departments adopted GASB 53 in Fiscal Year 2010. All derivatives are to be reported on the statement of net assets at fair value, and all hedges must be tested for effectiveness to qualify for hedge accounting. The tests are outlined in the Statement. Depending on the test results, the changes in fair value are either reported on the statement of net assets, or in the statement of activities.

The Departments engaged an independent party to perform the valuation and required tests on the swap, and it qualifies for hedge accounting. Therefore, the changes in fair value for this period are to be offset by a corresponding deferred inflow/outflow account on the statement of net assets. This statement requires the cumulative effect of applying this statement be reported as a restatement of beginning net assets. The interest rate swap qualifies for hedge accounting; therefore the effect of the accounting change on net assets as previously reported for fiscal year 2009 and prior years does not change.

Objective, Terms, Fair Value and Accounting of Derivative Instruments

The objective, fair value, notional amount, terms and bank counterparty ratings of the derivative instrument outstanding at June 30, 2010 are as follows:

Type	Objective	Clarksville Pays	Clarksville Receives	Trade Date	Effective Date	Maturity Date		
Pay-fixed interest	Hedge of changes in cash flows		64% of 1 MO-					
rate swap	on the Series 2004 bonds	4.16%	LIBOR + 0.34%	5/10/2004	5/20/2004	2/1/2025		
Notional Amount	Bank Counterparty	Counterparty Rating			Fair Value		Changes in Fair Value	
		Moody's	S & P	Fitch	Classification	Amount	Classification	Amount

CITY OF CLARKSVILLE, TENNESSEE  
Notes to Financials (Continued)  
June 30, 2010

	Merrill Lynch Capital Services, Inc.								
\$ 44,875,000		A2	A	A+	Debt	\$ (8,004,425)	Deferred Outflow	\$ (8,004,425)	

Hedge Effectiveness

The Department used the synthetic instrument method to evaluate hedge effectiveness. Using this method, a potential hedging instrument is effective if the synthetic price is substantially fixed. The synthetic price as of the end of the reporting period is compared to the synthetic price expected at the establishment of the hedge by calculation of an effectiveness percentage. If the effectiveness percentage is within a range of 90 to 111 percent, the synthetic price is substantively fixed and the hedging derivative instrument is effective.

Fair Values

The fair values take into consideration the prevailing interest rate environment and the specific terms and conditions of each swap. All fair values were estimated using the zero-coupon discounting method. This method calculates the future payments required by the swap, assuming that the current forward rates implied by the yield curve are the market's best estimate of future spot interest rates. These payments are then discounted using the spot rates implied by the current yield curve for a hypothetical zero-coupon rate bonds due on the date of each future net settlement payment on the swaps.

The fair value and effectiveness testing were provided by an independent pricing service with no vested interest in the interest rate swap transaction.

The interest rate swap is reported as a liability of \$8,004,425 on the statement of net assets. It qualifies for hedge accounting; therefore, the accumulated changes in fair value are reported as a deferred outflow of resources of \$8,004,425.

Risks

*Credit risk:* This is the risk that the counterparty fails to perform according to its contractual obligations. The appropriate measurement of this risk at the reporting date is the fair value. The Departments would be exposed to credit risk on hedging derivative instruments that would be in asset positions. The interest rate swap is in a liability position as of June 30, 2010; therefore, there is no credit risk to the Departments.

*Interest rate risk:* The Departments are exposed to interest rate risk on their swap agreements. On the pay-fixed, receive variable interest rate swap, the Departments net payment increases as LIBOR swap index decreases.

*Basis risk:* The Departments are exposed to basis risk on their pay-fixed Series 2004 interest rate swap hedging derivative instrument because the variable-rate payments received by the Departments on the hedging derivative instruments are based on a rate or index other than interest rates the Departments pay on their hedged tax-exempt variable-rate debt. Should the rate paid on the bonds exceed 64% of 1 Month LIBOR plus 0.34%, then the Departments would be exposed to basis risk resulting in higher interest expense.

*Termination risk:* The Departments or their counterparty may terminate a derivative instrument at any time if the other party fails to perform under the terms of the contract. The derivative instrument can be terminated due to illegality, a credit event upon merger, or an event of default and illegality. Termination risk is related to credit risk and represents the risk that a swap is terminated and the swap counterparty is unable to make the termination payment if necessary. If the swap is terminated, the variable-rate bonds would no longer carry a synthetic fixed interest rate as the related variable-rate bonds would no longer be hedged to a fixed rate. Also, if at the time of termination the swap has a negative fair value, the Departments would be liable to the counterparty for a payment equal to the swap's fair value.

*Rollover risk:* The Departments are exposed to rollover risk on hedging derivative instrument that is hedge of debt that may be terminated prior to the maturity of the debt. When the derivative instrument terminate, the Departments will be re-exposed to the risks being hedged by the derivative instrument.

CITY OF CLARKSVILLE, TENNESSEE  
Notes to Financials (Continued)  
June 30, 2010

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.





*This page has been intentionally left blank.*

CITY OF CLARKSVILLE, TENNESSEE  
 REQUIRED SUPPLEMENTARY INFORMATION  
 JUNE 30, 2010

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

Actuarial Valuation Date	Actuarial Value of Plan Assets (a)	Actuarial Accrued Liability (AAL) Entry Age (b)	Unfunded AAL (UAAL) (b) - (a)	Funded Ration (a/b)	Covered Payroll ©	UAAL as a % of Covered Payroll ((b-a)/c)
July 1, 2009	\$ 84,793,000	\$109,152,000	\$ 24,359,000	77.68%	\$ 38,821,000	62.75%
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 ©	UAAL as a % of Covered Payroll ((b-a)/c)
July 1, 2009	\$ -	\$ 75,697,000	\$ 75,697,000	0.00%	\$ 38,209,000	198.10%
July 1, 2008	-	70,949,000	70,949,000	0.00%	37,658,000	188.40%
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 ©	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%

City of Clarksville

Electric Department

Valuation Date:  
Actuarial Cost Method:

January 1, 2009  
Entry level normal  
actuarial cost method

June 30, 2009  
Projected unit credit  
method

See auditor's report.

Amortization method:	Level percentage	Level percentage
Asset valuation method:	not applicable	not applicable
<u>Actuarial assumptions:</u>		
Investment rate of return:	4.00 %	3.00%
Salary increase rate:	4.00%	4.00%
Health insurance cost trend rate:	11% to 5% graded over 12 years	7 % to 3 % graded over 16 years
Dental insurance cost trend rate:	4.00%	not applicable
Life care cost trend rate:	3.00%	3.00%

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

See auditor’s report.

Established Condition Level

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

Assessed Conditions

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

For the Period Ended	Maintenance Rating	Total Miles
June 30, 2010	Fair (PCI 55)	595
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

The following table illustrates the condition of the entire network.

<u>Maintenance Rating</u>	<u>FY 2010</u>	<u>FY 2009</u>	<u>FY 2008</u>	<u>FY 2007</u>	<u>FY 2006</u>	<u>FY 2005</u>	<u>FY 2004</u>
Good to Excellent	55%	57%	60%	60%	65%	62%	69%
Fair	23%	20%	18%	20%	17%	22%	18%
Poor to Failed	22%	23%	22%	20%	18%	16%	13%

See auditor’s report.

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

Fiscal Year	Budgeted Estimate	Actual Expenditure
2010	\$ 2,324,316	\$ 2,321,544
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

#### D. BUDGETARY INFORMATION

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

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

Budgetary control has been established at the individual fund level. Financial reports are produced showing budget and actual expenditures by program or department and are distributed monthly to the City Council. The departments may produce these reports at any time, and the departments have access to financial information relating to their operations at all times. Individual departments are reviewed and analyzed for budgetary compliance and for unusual deviations from their expected normal expenditure pattern. Within each department, emphasis is placed on the bottom line budget total for the department. Department heads have discretion within the total budget for their departments and can move funds within their department 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  
 COMBINING BALANCE SHEET  
 NON-MAJOR GOVERNMENTAL FUNDS  
 JUNE 30, 2010

	<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	\$ 482,076	\$ 1,625,479	\$ 965,403	\$ 3,072,958
Notes receivable	5,434,524	-	-	5,434,524
Accounts receivable	1,915,245	-	-	1,915,245
Grant receivable	323,388	-	-	323,388
Due from other governments	-	421,787	-	421,787
Due from other funds of the primary government	3,874,151	1,492,725	1,637	5,368,513
Inventory	763,674	-	-	763,674
Other	36,854	-	-	36,854
Restricted assets:				-
Cash and cash equivalents	-	6,054,283	-	6,054,283
Total assets	\$ 12,829,912	\$ 9,594,274	\$ 967,040	\$ 23,391,226
<b><u>LIABILITIES</u></b>				
Accounts payable	\$ 497,485	\$ 721,670	\$ -	\$ 1,219,155
Due to other funds of the primary government	202,658	3,821,779	-	4,024,437
Payable to other governments	-	-	-	-
Accrued expenses	1,050	-	-	1,050
Deferred revenue	8,529,053	-	-	8,529,053
Total liabilities	9,230,246	4,543,449	-	13,773,695
<b><u>FUND BALANCES</u></b>				
Fund Balance				
Reserved	3,599,666	-	-	3,599,666
Unreserved	-	5,050,826	967,039	6,017,865
Total fund balances	3,599,666	5,050,826	967,039	9,617,531
Total liabilities and fund balances	\$ 12,829,912	\$ 9,594,275	\$ 967,039	\$ 23,391,226

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, 2010

	<u>Special Revenue</u>	<u>Capital Projects</u>	<u>Debt Service</u>	<u>Total Non-Major Governmental Funds</u>
<u>REVENUE</u>				
Local taxes	\$ 1,218,972	\$ -	\$ -	\$ 1,218,972
Program income	577,399	-	-	577,399
Interest	3,775	7,513	1,199	12,487
Federal and state grants	2,404,970	1,107,575	-	3,512,545
Contributions	69,258	57	-	69,315
Fines and forfeitures	972,209	-	-	972,209
E-911 transfer	-	-	392,743	392,743
Miscellaneous	812,254	-	-	812,254
	Total revenue	6,058,837	1,115,145	393,942
				7,567,924
<u>EXPENDITURES</u>				
Recreation	395,636	-	-	395,636
Drug enforcement	134,264	-	-	134,264
Community development	1,473,740	-	-	1,473,740
Public safety	521,355	-	-	521,355
Principal retirement	-	-	3,723,300	3,723,300
Capital outlay	904,811	20,149,938	-	21,054,749
Interest and other charges	-	-	2,198,658	2,198,658
Other expenditures	222,843	-	-	222,843
	Total expenditures	3,652,649	20,149,938	5,921,958
				29,724,545
	Excess (deficiency) of revenues over expenditures	2,406,188	(19,034,793)	(5,528,016)
				(22,156,621)
<u>OTHER FINANCING SOURCES AND USES</u>				
Bond proceeds	-	16,651,219	-	16,651,219
Transfers in	1,373	1,992,725	5,432,717	7,426,815
Transfers out	(1,675,920)	-	-	(1,675,920)
	Total other financing sources and (uses)	(1,674,547)	18,643,944	5,432,717
				22,402,114
	Net change in fund balances	731,641	(390,849)	(95,299)
				245,493
<u>FUND BALANCES - June 30, 2009</u>	2,868,025	5,441,676	1,062,338	9,372,039
<u>FUND BALANCES - ENDING</u>	\$ 3,599,666	\$ 5,050,827	\$ 967,039	\$ 9,617,532

See auditor's report.

CITY OF CLARKSVILLE, TENNESSEE  
 COMBINING BALANCE SHEET  
 SPECIAL REVENUE FUNDS  
 JUNE 30, 2010

	<u>Community Development</u>	<u>Drug Fund</u>	<u>Police Special Fund</u>	<u>Parks Special Fund</u>	<u>Capital Projects Revenue District Fund</u>	<u>Special Events Fund</u>	<u>Other Special Revenue Funds</u>	<u>Total</u>
<b><u>ASSETS</u></b>								
Cash and cash equivalents	\$ 389,630	\$ 92,446	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 482,076
Notes receivable	5,434,524	-	-	-	-	-	-	5,434,524
Accounts receivable	-	-	-	-	1,856,034	-	59,211	1,915,245
Grant receivable	229,659	-	37,974	55,755	-	-	-	323,388
Due from other governments	-	-	-	-	-	-	-	-
Due from other funds of the primary government	44,671	241,584	317,827	315,289	2,606,341	93,383	255,056	3,874,151
Inventory	763,674	-	-	-	-	-	-	763,674
Other	-	-	-	1,200	-	35,654	-	36,854
Total assets	<u>\$ 6,862,158</u>	<u>\$ 334,030</u>	<u>\$ 355,801</u>	<u>\$ 372,244</u>	<u>\$ 4,462,375</u>	<u>\$ 129,037</u>	<u>\$ 314,267</u>	<u>\$ 12,829,912</u>
<b><u>LIABILITIES</u></b>								
Accounts payable	\$ 176,212	\$ 41,160	\$ 9,025	\$ 71,324	\$ -	\$ 18,404	\$ 181,360	\$ 497,485
Due to other funds of the primary government	143,215	2,696	1,758	-	-	-	54,989	202,658
Payable to other governments	-	-	-	-	-	-	-	-
Accrued expenses	-	-	-	-	-	1,050	-	1,050
Deferred revenue	6,228,173	83,906	360,940	-	1,856,034	-	-	8,529,053
Total liabilities	<u>6,547,600</u>	<u>127,762</u>	<u>371,723</u>	<u>71,324</u>	<u>1,856,034</u>	<u>19,454</u>	<u>236,349</u>	<u>9,230,246</u>
<b><u>FUND BALANCES</u></b>								
Fund balances								
Reserved	314,558	206,268	(15,922)	300,920	2,606,341	109,583	77,918	3,599,666
Total fund balances	<u>314,558</u>	<u>206,268</u>	<u>(15,922)</u>	<u>300,920</u>	<u>2,606,341</u>	<u>109,583</u>	<u>77,918</u>	<u>3,599,666</u>
Total liabilities and fund balances	<u>\$ 6,862,158</u>	<u>\$ 334,030</u>	<u>\$ 355,801</u>	<u>\$ 372,244</u>	<u>\$ 4,462,375</u>	<u>\$ 129,037</u>	<u>\$ 314,267</u>	<u>\$ 12,829,912</u>

See auditor's report.

CITY OF CLARKSVILLE, TENNESSEE  
 COMBINING STATEMENT OF REVENUE, EXPENDITURES,  
 AND CHANGES IN FUND BALANCES  
 SPECIAL REVENUE FUNDS  
 FOR THE YEAR ENDED JUNE 30, 2010

	Community Development Fund	Drug Fund	Police Special Fund	Parks Special Fund	Capital Projects Revenue District Fund	Special Events Fund	Other Special Revenue Funds	Total
<b>REVENUE</b>								
Local taxes	\$ -	\$ -	\$ -	\$ -	\$ 1,218,972	\$ -	\$ -	\$ 1,218,972
Program income	311,577	-	-	143,124	-	122,698	-	577,399
Interest	361	-	204	-	-	-	3,210	3,775
Federal and state grants	1,916,030	-	383,284	96,056	-	9,600	-	2,404,970
Fines and forfeitures	-	249,592	8,912	-	-	-	713,705	972,209
Contributions	-	-	434	12,824	-	56,000	-	69,258
Miscellaneous	312,254	-	-	-	500,000	-	-	812,254
Total revenue	2,540,222	249,592	392,834	252,004	1,718,972	188,298	716,915	6,058,837
<b>EXPENDITURES</b>								
Recreation	-	-	-	241,042	-	-	154,593	395,636
Drug enforcement	-	134,264	-	-	-	-	-	134,264
Community development	1,473,740	-	-	-	-	-	-	1,473,740
Public safety	-	-	228,315	-	-	-	293,040	521,355
Capital outlay	550,756	34,753	186,137	-	-	-	133,164	904,811
Other expenditures	-	-	-	-	-	170,623	52,220	222,843
Total expenditures	2,024,496	169,017	414,452	241,042	-	170,623	633,018	3,652,649
Excess of revenue over (under) expenditures	515,726	80,574	(21,618)	10,961	1,718,972	17,675	83,897	2,406,188
<b>OTHER FINANCING SOURCES/(USES)</b>								
Transfers in	-	-	1,373	-	-	-	-	1,373
Transfers out	-	-	-	-	(1,312,324)	-	(363,596)	(1,675,920)
Total other financing sources/(uses)	-	-	1,373	-	(1,312,324)	-	(363,596)	(1,674,547)
Excess of revenue over (under) expenditures and other financing uses	515,726	80,574	(20,245)	10,961	406,648	17,675	(279,699)	731,641
<b>FUND BALANCE - BEGINNING</b>	(201,168)	125,692	4,323	289,960	2,199,693	91,908	357,617	2,868,025
<b>FUND BALANCE - ENDING</b>	\$ 314,558	\$ 206,266	\$ (15,922)	\$ 300,921	\$ 2,606,341	\$ 109,583	\$ 77,918	\$ 3,599,666

See auditor's report.

CITY OF CLARKSVILLE, TENNESSEE  
NON-MAJOR GOVERNMENTAL FUNDS  
COMBINING STATEMENT OF REVENUES, EXPENDITURES, and CHANGES IN FUND BALANCES  
BUDGET AND ACTUAL  
FOR YEAR ENDED JUNE 30, 2010

	Original Budget	Final Budget	Actual Amounts	Variance with Final Budget Over/ (Under)
<u>Capital Projects</u>				
<u>Revenue</u>				
Interest	\$ 59,098	\$ 59,098	\$ 7,513	\$ (51,585)
Federal and state grants	1,114,900	7,555,543	1,107,575	(6,447,968)
Contributions	32,381	32,381	57	(32,324)
Transfers in	15,617,022	18,415,011	1,992,725	(16,422,286)
Bond proceeds	4,990,000	87,401,124	16,651,218	(70,749,906)
Other	395	395	-	(395)
Total revenue	<u>\$ 21,813,796</u>	<u>\$ 113,463,552</u>	<u>\$ 19,759,088</u>	<u>\$ (93,704,464)</u>
<u>Expenditures</u>				
Capital investments	\$ 2,879,948	\$ 10,870,018	\$ 524,101	\$ 10,345,917
Other expenditures	42,349,595	83,811,673	19,625,836	64,185,837
Total expenditures	<u>\$ 45,229,543</u>	<u>\$ 94,681,691</u>	<u>20,149,938</u>	<u>\$ 74,531,753</u>
Net Change in Fund Balance			(390,849)	
Fund Balance, Beginning of Year			5,441,676	
Fund Balance, End of Year			<u>\$ 5,050,827</u>	
<u>Debt Service</u>				
<u>Revenue</u>				
Interest	\$ 6,500	\$ 1,500	\$ 1,199	\$ (301)
Transfers in	6,448,834	5,624,162	5,432,718	(191,444)
Transfers from non-component unit	392,443	392,743	392,743	(1)
Total revenue	<u>\$ 6,847,777</u>	<u>\$ 6,018,405</u>	<u>\$ 5,826,659</u>	<u>\$ (191,746)</u>
<u>Expenditures</u>				
Principal retirement	\$ 3,723,300	\$ 3,723,300	\$ 3,723,300	\$ -
Interest and other charges	3,117,977	2,293,305	2,195,824	97,481
Transfers out	278,212	278,212	-	278,212
Other	2,000	2,000	2,834	(834)
Total expenditures	<u>\$ 7,121,489</u>	<u>\$ 6,296,817</u>	<u>5,921,957</u>	<u>\$ 374,860</u>
Net Change in Fund Balance			(95,299)	
Fund Balance, Beginning of Year			1,062,338	
Fund Balance, End of Year			<u>\$ 967,039</u>	
<u>Community Development</u>				
<u>Revenue</u>				
Program income	\$ 225,000	\$ 562,749	\$ 311,577	\$ (251,172)
Interest	1,700	2,657	361	(2,296)
Federal and state grants	4,239,155	5,838,415	1,916,030	(3,922,385)
Other	15,000	18,951	312,254	293,303
Total revenue	<u>\$ 4,480,855</u>	<u>\$ 6,422,772</u>	<u>\$ 2,540,222</u>	<u>\$ (3,882,550)</u>
<u>Expenditures</u>				
Community Development	\$ 5,479,749	\$ 5,742,963	\$ 1,473,740	\$ 4,269,223
Capital investments	1,183,381	1,088,279	550,756	537,523
Total expenditures	<u>\$ 6,663,130</u>	<u>\$ 6,831,242</u>	<u>2,024,496</u>	<u>\$ 4,806,746</u>
Net Change in Fund Balance			515,726	
Fund Balance, Beginning of Year			(201,168)	
Fund Balance, End of Year			<u>\$ 314,558</u>	

See auditor's report.

CITY OF CLARKSVILLE, TENNESSEE  
NON-MAJOR GOVERNMENTAL FUNDS  
COMBINING STATEMENT OF REVENUES, EXPENDITURES, and CHANGES IN FUND BALANCES  
BUDGET AND ACTUAL  
FOR YEAR ENDED JUNE 30, 2010

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual Amounts</u>	<u>Variance with Final Budget Over/ (Under)</u>
<b><u>Drug Fund</u></b>				
<b><u>Revenue</u></b>				
Fines and forfeitures	\$ 274,710	\$ 274,710	\$ 249,592	\$ (25,118)
Total revenue	<u>\$ 274,710</u>	<u>\$ 274,710</u>	<u>\$ 249,592</u>	<u>\$ (25,118)</u>
<b><u>Expenditures</u></b>				
Drug enforcement	\$ 214,382	\$ 214,382	\$ 134,264	\$ 80,118
Capital investments	60,328	60,328	34,753	25,575
Total expenditures	<u>\$ 274,710</u>	<u>\$ 274,710</u>	<u>169,017</u>	<u>\$ 105,693</u>
Net Change in Fund Balance			80,574	
Fund Balance, Beginning of Year			<u>125,692</u>	
Fund Balance, End of Year			<u>\$ 206,266</u>	
<b><u>Police Special Fund</u></b>				
<b><u>Revenue</u></b>				
Transfers in	\$ 2,500	\$ 1,373	\$ 1,373	\$ -
Interest	1,172	461	204	(257)
Federal and state grants	731,593	429,065	383,284	(45,781)
Fines and forfeitures	-	-	8,912	8,912
Contributions	2,000	2,798	434	(2,364)
Total revenue	<u>\$ 737,265</u>	<u>\$ 433,697</u>	<u>\$ 394,207</u>	<u>\$ (39,490)</u>
<b><u>Expenditures</u></b>				
Public safety	\$ 460,707	\$ 232,221	\$ 228,315	\$ 3,906
Capital investments	278,518	190,536	186,137	4,399
Total expenditures	<u>\$ 739,225</u>	<u>\$ 422,757</u>	<u>414,452</u>	<u>\$ 8,305</u>
Net Change in Fund Balance			(20,245)	
Fund Balance, Beginning of Year			<u>4,323</u>	
Fund Balance, End of Year			<u>\$ (15,922)</u>	
<b><u>Parks Special Fund</u></b>				
<b><u>Revenue</u></b>				
Program income	\$ 121,258	\$ 121,258	\$ 143,124	\$ 21,866
Federal and state grants	75,000	95,787	96,056	269
Contributions	25,600	25,600	12,824	(12,776)
Total revenue	<u>\$ 221,858</u>	<u>\$ 242,645</u>	<u>\$ 252,004</u>	<u>\$ 9,359</u>
<b><u>Expenditures</u></b>				
Recreation	\$ 281,313	\$ 302,100	\$ 241,042	\$ 61,058
Capital investments	-	-	-	-
Total expenditures	<u>\$ 281,313</u>	<u>\$ 302,100</u>	<u>241,042</u>	<u>\$ 61,058</u>
Net Change in Fund Balance			10,961	
Fund Balance, Beginning of Year			<u>289,960</u>	
Fund Balance, End of Year			<u>\$ 300,921</u>	

See auditor's report.

CITY OF CLARKSVILLE, TENNESSEE  
NON-MAJOR GOVERNMENTAL FUNDS  
COMBINING STATEMENT OF REVENUES, EXPENDITURES, and CHANGES IN FUND BALANCES  
BUDGET AND ACTUAL  
FOR YEAR ENDED JUNE 30, 2010

	Original Budget	Final Budget	Actual Amounts	Variance with Final Budget Over/ (Under)
<b><u>Fire Special Fund</u></b>				
<b><u>Revenue</u></b>				
Contributions	\$ -	\$ -	\$ -	\$ -
Total revenue	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
<b><u>Expenditures</u></b>				
Public safety	\$ -	\$ -	\$ -	\$ -
Transfers out	17,102	17,104	17,104	-
Total expenditures	<u>\$ 17,102</u>	<u>\$ 17,104</u>	<u>17,104</u>	<u>\$ -</u>
Net Change in Fund Balance			(17,104)	
Fund Balance, Beginning of Year			17,104	
Fund Balance, End of Year			<u>\$ -</u>	
<b><u>Cemetery and Other Special Fund</u></b>				
<b><u>Revenue</u></b>				
Program income	\$ -	\$ -	\$ -	\$ -
Federal and state grants	86,510	60,682	-	(60,682)
Interest	-	-	3,210	3,210
Contributions	-	-	-	-
Transfers in	-	-	-	-
Total revenue	<u>\$ 86,510</u>	<u>\$ 60,682</u>	<u>\$ 3,210</u>	<u>\$ (57,472)</u>
<b><u>Expenditures</u></b>				
Miscellaneous	\$ 88,992	\$ 52,220	\$ 52,220	\$ 0
Transfers out	349,594	346,492	346,492	-
Total expenditures	<u>\$ 438,586</u>	<u>\$ 398,712</u>	<u>398,712</u>	<u>\$ 0</u>
Net Change in Fund Balance			(395,502)	
Fund Balance, Beginning of Year			340,513	
Fund Balance, End of Year			<u>\$ (54,989)</u>	
<b><u>Capital Projects Revenue District Fund</u></b>				
<b><u>Revenue</u></b>				
Local taxes	\$ 1,173,905	\$ 1,294,609	\$ 1,218,972	\$ (75,637)
Other	500,000	500,000	500,000	-
Total revenue	<u>\$ 1,673,905</u>	<u>\$ 1,794,609</u>	<u>\$ 1,718,972</u>	<u>\$ (75,637)</u>
<b><u>Expenditures</u></b>				
Transfers out	\$ 1,643,440	\$ 1,503,768	\$ 1,312,324	\$ 191,444
Total expenditures	<u>\$ 1,643,440</u>	<u>\$ 1,503,768</u>	<u>1,312,324</u>	<u>\$ 191,444</u>
Net Change in Fund Balance			406,648	
Fund Balance, Beginning of Year			2,199,693	
Fund Balance, End of Year			<u>\$ 2,606,341</u>	

See auditor's report.

CITY OF CLARKSVILLE, TENNESSEE  
NON-MAJOR GOVERNMENTAL FUNDS  
COMBINING STATEMENT OF REVENUES, EXPENDITURES, and CHANGES IN FUND BALANCES  
BUDGET AND ACTUAL  
FOR YEAR ENDED JUNE 30, 2010

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual Amounts</u>	Variance with Final Budget Over/ <u>(Under)</u>
<u>Special Events Fund</u>				
<u>Revenue</u>				
Program income	\$ 73,550	\$ 205,239	\$ 122,698	\$ (82,541)
Federal and state grants	11,000	11,000	9,600	(1,400)
Contributions	51,000	83,155	56,000	(27,155)
Transfers in	100,000	100,000	-	(100,000)
Other	-	-	-	-
Total revenue	<u>\$ 235,550</u>	<u>\$ 399,394</u>	<u>\$ 188,298</u>	<u>\$ (211,096)</u>
<u>Expenditures</u>				
Other	\$ 155,945	\$ 368,150	\$ 170,623	\$ 197,527
Total expenditures	<u>\$ 155,945</u>	<u>\$ 368,150</u>	<u>170,623</u>	<u>\$ 197,527</u>
Net Change in Fund Balance			17,675	
Fund Balance, Beginning of Year			91,908	
Fund Balance, End of Year			<u>\$ 109,583</u>	
<u>Traffic Camera Police SRF</u>				
<u>Revenue</u>				
Fines and forfeitures	\$ 537,600	\$ 493,508	\$ 499,594	\$ 6,086
Total revenue	<u>\$ 537,600</u>	<u>\$ 493,508</u>	<u>\$ 499,594</u>	<u>\$ 6,086</u>
<u>Expenditures</u>				
Public Safety	\$ -	\$ 293,041	\$ 293,040	\$ 1
Capital investments	537,600	138,605	133,164	5,441
Total expenditures	<u>\$ 537,600</u>	<u>\$ 431,646</u>	<u>426,205</u>	<u>\$ 5,441</u>
Net Change in Fund Balance			73,389	
Fund Balance, Beginning of Year			-	
Fund Balance, End of Year			<u>\$ 73,389</u>	
<u>Traffic Camera Parks SRF</u>				
<u>Revenue</u>				
Fines and forfeitures	\$ 230,400	\$ 211,104	\$ 214,112	\$ 3,008
Total revenue	<u>\$ 230,400</u>	<u>\$ 211,104</u>	<u>\$ 214,112</u>	<u>\$ 3,008</u>
<u>Expenditures</u>				
Recreation	\$ 230,400	\$ 153,480	\$ 154,593	\$ (1,113)
Capital investments	-	-	-	-
Total expenditures	<u>\$ 230,400</u>	<u>\$ 153,480</u>	<u>154,593</u>	<u>\$ (1,113)</u>
Net Change in Fund Balance			59,518	
Fund Balance, Beginning of Year			-	
Fund Balance, End of Year			<u>\$ 59,518</u>	

See auditor's report.

CITY OF CLARKSVILLE, TENNESSEE  
 COMBINING STATEMENT OF NET ASSETS  
 NON-MAJOR PROPRIETARY FUNDS  
 JUNE 30, 2010

	<u>Business- Type Activities - Enterprise Funds</u>		
	<u>Parking Authority</u>	<u>Clarksville Transit System</u>	<u>Total</u>
<u>ASSETS</u>			
Current assets:			
Cash and cash equivalents	\$ 145,356	\$ 571,898	\$ 717,254
Accounts receivable	7,201	12,740	19,941
Due from other funds of the primary government	-	323,971	323,971
Inventory	-	99,255	99,255
Grants receivable	-	356,669	356,669
Prepaid expenses	-	27,387	27,387
Total current assets	152,557	1,391,920	1,544,477
Noncurrent assets:			
Restricted assets:			
Cash and cash equivalents	169,046	-	169,046
Total restricted assets	169,046	-	169,046
Capital assets - at cost:			
Assets not depreciated	-	116,345	116,345
Property, plant and equipment	3,453,577	10,523,794	13,977,371
Less accumulated depreciation	(1,324,349)	(5,143,587)	(6,467,936)
Net capital assets	2,129,228	5,496,552	7,625,780
Other assets:			
Unamortized debt costs	2,088	-	2,088
Total other assets	2,088	-	2,088
Total noncurrent assets	2,300,362	5,496,552	7,796,914
Total assets	\$ 2,452,919	\$ 6,888,472	\$ 9,341,391

See auditor's report.

CITY OF CLARKSVILLE, TENNESSEE  
 COMBINING STATEMENT OF NET ASSETS  
 NON-MAJOR PROPRIETARY FUNDS-CONTINUED  
 JUNE 30, 2010

	<u>Business- Type Activities - Enterprise Funds</u>		
	<u>Parking Authority</u>	<u>Clarksville Transit System</u>	<u>Total</u>
<u>LIABILITIES</u>			
Current liabilities:			
Accounts payable	\$ 30,000	\$ 173,307	\$ 203,307
Accrued liabilities	-	11,814	11,814
Interest payable	1,264	-	1,264
Due to other funds of the primary government	40,829	52,424	93,253
Accrued annual leave                    ⌘	-	116,933	116,933
Current portion of long-term debt	137,392	-	137,392
Other	-	232,270	232,270
Total current liabilities	<u>209,485</u>	<u>586,748</u>	<u>796,233</u>
Noncurrent liabilities:			
Notes payable	193,839	-	193,839
OPEB liability	-	523,653	523,653
Total noncurrent liabilities	<u>193,839</u>	<u>523,653</u>	<u>717,492</u>
Total liabilities	403,324	1,110,401	1,513,725
<u>NET ASSETS</u>			
Invested in capital assets, net of related debt	1,797,997	5,496,552	7,294,549
Unrestricted	251,598	281,519	533,117
Total net assets	<u>2,049,595</u>	<u>5,778,071</u>	<u>7,827,666</u>
Total liabilities and net assets	<u>\$ 2,452,919</u>	<u>\$ 6,888,472</u>	<u>\$ 9,341,391</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, 2010

	<u>Business-Type Activities - Enterprise Funds</u>		
	<u>Parking Authority</u>	<u>Clarksville Transit System</u>	<u>Total</u>
<u>OPERATING REVENUES</u>			
Fees and fines	\$ 325,514	\$ 603,105	\$ 928,619
Advertising	-	38,960	38,960
Rental income	49,192	-	49,192
Miscellaneous	21,473	7,024	28,497
	<hr/>	<hr/>	<hr/>
Total operating revenue	396,179	649,089	1,045,268
<u>OPERATING EXPENSES</u>			
Administrative and general	-	3,304,501	3,304,501
Operation and maintenance	45,466	1,097,601	1,143,067
Depreciation	72,325	1,198,031	1,270,356
Amortization of bond discount and debt expense	928	-	928
	<hr/>	<hr/>	<hr/>
Total operating expenses	118,719	5,600,133	5,718,852
Operating income (loss)	277,460	(4,951,044)	(4,673,584)
<u>NONOPERATING REVENUES (EXPENSES)</u>			
Interest income	1,649	627	2,276
Gain (loss) on sale of property	-	(24,885)	(24,885)
Operating grants	-	3,744,811	3,744,811
Interest expense	(7,042)	-	(7,042)
	<hr/>	<hr/>	<hr/>
Total non-operating revenues (expenses)	(5,393)	3,720,553	3,715,160
<u>INCOME (LOSS) BEFORE TRANSFERS</u>	272,067	(1,230,491)	(958,424)
Transfers out	(266,534)	-	(266,534)
Transfers in	-	1,370,632	1,370,632
	<hr/>	<hr/>	<hr/>
<u>CHANGES IN NET ASSETS</u>	5,533	140,141	145,674
<u>NET ASSETS-BEGINNING OF YEAR</u>	2,044,062	5,637,930	7,681,992
	<hr/>	<hr/>	<hr/>
<u>NET ASSETS-END OF YEAR</u>	<u>\$ 2,049,595</u>	<u>\$ 5,778,071</u>	<u>\$ 7,827,666</u>

See auditor's report.

CITY OF CLARKSVILLE, TENNESSEE  
 COMBINING STATEMENT OF CASH FLOWS  
 NON-MAJOR PROPRIETARY FUNDS  
 FOR THE YEAR JUNE 30, 2010

	<u>Business-Type Activities - Enterprise Fund</u>		
	<u>Parking</u>	<u>Clarksville</u>	
	<u>Authority</u>	<u>Transit</u>	<u>Total</u>
		<u>System</u>	
<u>CASH FLOWS FROM</u>			
<u>OPERATING ACTIVITIES</u>			
Receipts from customers	\$ 394,694	\$ 596,063	\$ 990,757
Internal activity	70,664	34,394	105,058
Payments to suppliers	(15,466)	(820,778)	(836,244)
Payments to or on behalf of employees	-	(3,293,509)	(3,293,509)
Net cash provided (used) by operating activities	449,892	(3,483,830)	(3,033,938)
 <u>CASH FLOWS FROM NONCAPITAL</u>			
<u>FINANCING ACTIVITIES</u>			
Operating grant collections	-	3,448,179	3,448,179
Operating transfers in	-	1,370,632	1,370,632
Transfers to other funds	(266,534)	-	(266,534)
Net cash provided (used) by noncapital financing activities	(266,534)	4,818,811	4,552,277
 <u>CASH FLOWS FROM CAPITAL</u>			
<u>AND RELATED FINANCING ACTIVITIES</u>			
Acquisition and construction of capital assets	(43,624)	(1,339,860)	(1,383,484)
Interest paid	(7,157)	-	(7,157)
Repayment of notes payable	(132,577)	-	(132,577)
Proceeds from disposal of equipment	-	-	-
Net cash used by capital and related financing activities	(183,358)	(1,339,860)	(1,523,218)

See auditor's report.

CITY OF CLARKSVILLE, TENNESSEE  
 COMBINING STATEMENT OF CASH FLOWS  
 NON-MAJOR PROPRIETARY FUNDS  
 FOR THE YEAR JUNE 30, 2010

	<u>Business-Type Activities - Enterprise Fund</u>		
	<u>Parking Authority</u>	<u>Clarksville Transit System</u>	<u>Total</u>
<u>CASH FLOWS FROM</u>			
<u>INVESTING ACTIVITIES</u>			
Interest received	1,649	627	2,276
Net cash provided by investing activities	1,649	627	2,276
Net increase in cash and cash equivalents	1,649	(4,252)	(2,603)
<u>CASH-BEGINNING OF YEAR</u>	312,753	576,150	888,903
<u>CASH-END OF YEAR</u>	\$ 314,402	\$ 571,898	\$ 886,300
<u>RECONCILIATION OF OPERATING INCOME</u>			
<u>(LOSS) TO NET CASH PROVIDED (USED)</u>			
<u>BY OPERATING ACTIVITIES:</u>			
Operating income (loss)	\$ 277,460	\$ (4,951,044)	\$ (4,673,584)
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities:			
Depreciation and amortization	73,253	1,198,031	1,271,284
(Increase) decrease in:			
Accounts receivable	(1,485)	(543)	(2,028)
Due from other funds of the primary government	29,835	-	29,835
Inventory	-	(53,087)	(53,087)
Prepaid expenses	-	183	183
Increase (decrease) in:			
Accounts payable	30,000	75,661	105,661
Accrued compensated absences	-	10,992	10,992
Accrued liabilities	-	(11,440)	(11,440)
OPEB liability	-	144,556	144,556
Other	-	68,467	68,467
Due to other funds of the primary government	40,829	(34,394)	75,223
Total adjustments	172,432	1,467,214	1,639,646
Net cash provided (used) by operating activities	\$ 449,892	\$ (3,483,830)	\$ (3,033,938)

See auditor's report.

CITY OF CLARKSVILLE  
 COMBINING STATEMENT OF NET ASSETS  
 INTERNAL SERVICE FUNDS  
 JUNE 30, 2010

	<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>
<u>ASSETS</u>				
Current Assets:				
Cash and cash equivalents	\$ 309,451	\$ 1,298,780	\$ 1,836,362	\$ 3,444,593
Due from other funds of the primary government	50,402	450,366	1,824,948	2,325,716
Other assets	-	-	100,000	100,000
	<hr/>	<hr/>	<hr/>	<hr/>
Total assets	<u>\$ 359,853</u>	<u>\$ 1,749,146</u>	<u>\$ 3,761,310</u>	<u>\$ 5,870,309</u>
 <u>LIABILITIES</u>				
Accounts payable	\$ 13,868	\$ 10,965	\$ 167,967	\$ 192,800
Due to other funds of the primary government				-
Accrued liabilities	-	-	3,118,008	3,118,008
	<hr/>	<hr/>	<hr/>	<hr/>
Total liabilities	13,868	10,965	3,285,975	3,310,808
 <u>NET ASSETS</u>				
Unrestricted	<hr/> 345,985	<hr/> 1,738,181	<hr/> 475,335	<hr/> 2,559,501
Total liabilities and net assets	<u>\$ 359,853</u>	<u>\$ 1,749,146</u>	<u>\$ 3,761,310</u>	<u>\$ 5,870,309</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, 2010

	<u>Dental</u> <u>Fund</u>	Health Insurance <u>Fund</u>	Self-Insurance <u>Fund</u>	<u>Total</u>
<u>OPERATING REVENUE</u>				
Insurance premiums	\$ 837,597	\$ 9,680,678	\$ 2,212,546	\$ 12,730,821
Miscellaneous	13,674	-	20,535	34,209
Total operating revenue	851,271	9,680,678	2,233,081	12,765,030
<u>OPERATING EXPENSES</u>				
Administrative and general	47,189	6,839	358,883	412,911
Claims	749,466	8,556,631	1,624,567	10,930,664
Total operating expenses	796,655	8,563,470	1,983,450	11,343,575
Operating income	54,616	1,117,208	249,631	1,421,455
<u>NON-OPERATING REVENUES</u> <u>(EXPENSES)</u>				
Interest and dividend income	706	918	6,514	8,138
Total non-operating revenues	706	918	6,514	8,138
<u>CHANGE IN NET ASSETS</u>	55,322	1,118,126	256,145	1,429,593
<u>NET ASSETS (DEFICIT) - BEGINNING OF</u> <u>YEAR</u>	290,663	620,055	219,190	1,129,908
<u>NET ASSETS - END OF YEAR</u>	\$ 345,985	\$ 1,738,181	\$ 475,335	\$ 2,559,501

CITY OF CLARKSVILLE, TENNESSEE  
 COMBINING STATEMENTS OF CASH FLOWS  
 INTERNAL SERVICE FUNDS  
 FOR THE YEAR ENDED JUNE 30, 2010

	<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>
<u>CASH FLOWS FROM OPERATING</u>				
<u>ACTIVITIES</u>				
Receipts from customers	\$ 851,271	\$ 9,680,678	\$ 2,233,081	\$ 12,765,030
Internal activity	(1,693)	(69,519)	(1,405,898)	(1,477,110)
Claims paid	(749,466)	(8,980,363)	(418,301)	(10,148,130)
Other payments	(47,189)	(6,839)	(408,883)	(462,911)
Net cash provided by operating activities	52,923	623,957	(1)	676,879
 <u>CASH FLOWS FROM INVESTING</u>				
<u>ACTIVITIES</u>				
Interest received on investments	706	918	6,514	8,138
Net cash provided by investing activities	706	918	6,514	8,138
Net increase in cash and cash equivalents	53,629	624,875	6,513	685,017
<u>CASH - BEGINNING OF YEAR</u>	<u>255,822</u>	<u>673,905</u>	<u>1,829,849</u>	<u>2,759,576</u>
<u>CASH - END OF YEAR</u>	<u>\$ 309,451</u>	<u>\$ 1,298,780</u>	<u>\$ 1,836,362</u>	<u>\$ 3,444,593</u>
 <u>RECONCILIATION OF OPERATING</u>				
<u>INCOME (LOSS) TO NET CASH</u>				
<u>PROVIDED (USED) BY OPERATING</u>				
<u>ACTIVITIES:</u>				
Operating income	\$ 54,616	\$ 1,117,208	\$ 249,631	\$ 1,421,455
Adjustments to reconcile operating income to net cash provided (used) by operating activities: (Increase) decrease in:				
Due from other funds of the primary government	(1,693)	(69,519)	(1,405,898)	(1,477,110)
Accounts payable	-	(423,732)	113,606	(310,126)
Accrued liabilities	-	-	1,092,660	1,092,660
Other Assets	-	-	(50,000)	(50,000)
Due to other funds of the primary government	-	-	-	-
Total adjustments	(1,693)	(493,251)	(249,632)	(744,576)
Net cash provided by operating activities	<u>\$ 52,923</u>	<u>\$ 623,957</u>	<u>\$ (1)</u>	<u>\$ 676,879</u>

See auditor's report.



*This page has been intentionally left blank.*

CITY OF CLARKSVILLE  
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
FOR THE YEAR ENDED JUNE 30, 2010

<u>Grantor</u>	<u>Federal CFDA Number</u>	<u>Grant Number</u>	<u>Grant Receivables (Deferred) July 1, 2009</u>	<u>Federal Receipts</u>	<u>Program Income</u>	<u>Expenditures</u>	<u>Other</u>	<u>Grant Receivables (Deferred) June 30, 2010</u>
<u>US DEPARTMENT OF HOMELAND SECURITY - FEMA</u>								
Direct Program:								
SAFER Grant	97.083	EMW-2006-FF-03284	\$ 89,634	\$ 350,413	\$ -	\$ 313,453	\$ -	\$ 52,674
Passed through TEMA:								
Disaster Declaration - Ice Storm-GF	97.036	FEMA-1821-DR-TN	215,265	135,081	-	-	(34,194)	45,990
Disaster Declaration - Ice Storm-CDE	97.036	FEMA-1821-PA-TN	<u>-</u>	<u>210,425</u>	<u>-</u>	<u>246,154</u>	<u>-</u>	<u>35,729</u>
<b>TOTAL US DEPARTMENT OF HOMELAND SECURITY</b>			<u>304,899</u>	<u>695,919</u>	<u>-</u>	<u>559,607</u>	<u>(34,194)</u>	<u>134,393</u>
 <u>U.S. DEPARTMENT OF AGRICULTURE</u>								
Passed through the TN Department of Human Services:								
Food Distribution - Summer 2009	10.550	30-006	46,424	66,897	-	20,473	-	-
Food Distribution - Summer 2010	10.550	30-006	<u>-</u>	<u>-</u>	<u>-</u>	<u>55,755</u>	<u>-</u>	<u>55,755</u>
			46,424	66,897	-	76,228	-	55,755
Passed through the TN Dept. of Agriculture, Forestry Division:								
Urban Forestry Grant	10.664	GG-7-16-09	-	-	-	-	-	-
2009 Ice Storm Recovery Grant	10.664	GG-7-16-09	<u>-</u>	<u>19,828</u>	<u>-</u>	<u>19,828</u>	<u>-</u>	<u>-</u>
			-	19,828	-	19,828	-	-
<b>TOTAL US DEPARTMENT OF AGRICULTURE</b>			<u>46,424</u>	<u>86,725</u>	<u>-</u>	<u>96,056</u>	<u>-</u>	<u>55,755</u>

See auditor's report.

CITY OF CLARKSVILLE  
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS - CONTINUED  
FOR THE YEAR ENDED JUNE 30, 2010

<u>Grantor</u>	<u>Federal CFDA Number</u>	<u>Grant Number</u>	<u>Grant Receivables (Deferred) July 1, 2009</u>	<u>Federal Receipts</u>	<u>Program Income</u>	<u>Expenditures</u>	<u>Other</u>	<u>Grant Receivables (Deferred) June 30, 2010</u>
<u>US DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT</u>								
Direct Program								
Community Development Block Grant	14.218	B-07-MC-47-0002	40,310	87,689	-	47,379	-	-
Community Development Block Grant	14.218	B-08-MC-47-0002	-	746,935	-	805,362	-	58,427
Community Development Block Grant	14.218	Various	(2,994)	-	151,380	146,699	-	(7,675)
ARRA-Community Development Block Grant-Recovery	14.253	B-09-MY-47-0002	-	21,209	-	136,979	-	115,770
Home Investment Partnership Act	14.239	M-06-MC-47-0206	-	3,631	-	3,631	-	-
Home Investment Partnership Act	14.239	M-07-MC-47-0206	-	152,327	-	152,327	-	-
Home Investment Partnership Act	14.239	M-08-MC-47-0206	-	142,169	-	142,769	-	600
Home Investment Partnership Act	14.239	M-09-MC-47-0206	-	7,486	-	9,023	-	1,537
Home Investment Partnership Act	14.239	Various	9,237	-	130,186	149,449	-	28,500
Passed through TN Department of Housing Development Agency								
Emergency Shelter	14.231	ESG-08-21	72,937	72,937	-	-	-	-
Emergency Shelter	14.231	ESG-09-23	-	42,066	75	80,891	-	38,750
Shelter Plus Care	14.235	TN 37C405001	7,230	96,848	-	90,825	-	1,207
ARRA-Neighborhood Stabilization Program	14.218	NSP1-09-008	-	423,959	-	437,326	-	13,367
<b>TOTAL US DEPT. OF HOUSING AND URBAN DEVELOPMENT</b>			<u>126,720</u>	<u>1,797,256</u>	<u>281,641</u>	<u>2,202,660</u>	<u>-</u>	<u>250,483</u>

See auditor's report.

CITY OF CLARKSVILLE  
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS - CONTINUED  
FOR THE YEAR ENDED JUNE 30, 2010

Grantor	Federal CFDA Number	Grant Number	Grant Receivables (Deferred) July 1, 2009	Federal Receipts	Program Income	Expenditures	Other	Grant Receivables (Deferred) June 30, 2010
<u>US DEPARTMENT OF JUSTICE</u>								
Direct Program:								
Bulletproof Vest Partnership Grant	16.607	02010236	-	-	-	1,673	-	1,673
Byrne Justice Assistance Grant	16.738	2007DJBX0638	(2,701)	-	4	2,705	-	-
Byrne Justice Assistance Grant	16.738	2008DJBX0328	(4,053)	-	-	4,028	25	-
Byrne Justice Assistance Grant	16.738	2009DJBX0805	-	118,542	35	51,978	-	(66,599)
Juvenile Justice :Disproportionate Minority Contact	16.540	DG092407400	6,332	19,977	-	2,275	11,370	-
Juvenile Justice: Disproportionate Minority Contact	16.540	DG092407400	-	10,599	-	12,496	-	1,897
Office of Violence Against Women-Arrest	16.590	2009-WE-AX-029	-	25,043	-	58,587	-	33,544
ARRA - Justice Assistance Grant	16.804	2009SBB92471	-	486,980	161	192,795	-	(294,346)
<b>TOTAL US DEPARTMENT OF JUSTICE</b>			<u>(422)</u>	<u>661,141</u>	<u>200</u>	<u>326,537</u>	<u>11,395</u>	<u>(323,831)</u>
<u>US DEPARTMENT OF TRANSPORTATION</u>								
Federal Transit Administration								
Capital Grant	20.500	TN-03-0100	34,344	34,344	-	36,800	-	36,800
Capital Grant	20.500	TN-90-X249	1,910	1,910	-	-	-	-
Capital Grant	20.507	TN-90-X283	6,073	331,040	-	348,137	-	23,170
Capital Grant	20.507	TN-90-X308	3,280	27,171	-	31,269	-	7,378
Capital Grant	20.507	TN-90-X285	-	184,998	-	184,998	-	-
Capital Grant	20.507	TN-90-X301	-	-	-	14,531	-	14,531
Capital Grant	20.513	TN-16-X003	-	69,509	-	69,509	-	-
ARRA-Capital Grant	20.507	TN-96-X004	-	361,105	-	362,005	-	900
Capital Operating Grant	20.507	TN-90-X283	94,648	94,648	-	-	-	-
Capital Operating Grant	20.507	TN-90-X301	-	509,101	-	519,311	-	10,210
Operating Assistance	20.507	TN-90-X301	-	858,987	-	858,987	-	-
Operating Assistance - Planning	20.505	TN-80-0002	28,347	-	-	9,449	-	37,796
Operating Assistance - Planning	20.505	TN-80-0003	-	-	-	31,113	-	31,113
Jobs Access	20.516	TN-37-X062	83,447	83,447	-	-	-	-
Jobs Access	20.516	TN-37-X073	-	109,739	-	188,120	-	78,381
<b>Subtotal Federal Transit Administration</b>			<u>252,049</u>	<u>2,665,999</u>	<u>-</u>	<u>2,654,229</u>	<u>-</u>	<u>240,279</u>

See auditor's report.

CITY OF CLARKSVILLE  
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS - CONTINUED  
FOR THE YEAR ENDED JUNE 30, 2010

<u>Grantor</u>	<u>Federal CFDA Number</u>	<u>Grant Number</u>	<u>Grant Receivables (Deferred) July 1, 2009</u>	<u>Federal Receipts</u>	<u>Program Income</u>	<u>Expenditures</u>	<u>Other</u>	<u>Grant Receivables (Deferred) June 30, 2010</u>
Passed through the Tennessee Dept. of Transportation								
ARRA Interchange Lighting	20.205	ARRA-STP-M-374(16)	-	-	-	1,883	-	1,883
ARRA Local Street Paving	20.205	ARRA-STP-M-9301(23)	-	-	-	8,801	-	8,801
Governor's Highway Safety Office:								
Impaired Driver Abatement Grant	20.607	Z-09-214587	32,445	45,943	-	13,630	(132)	-
Impaired Driver Abatement Grant	20.607	DG102872300	-	31,191	-	65,594	-	34,403
Ft. Defiance Trail Grant	20.205	60114	108,774	497,229	-	573,226	-	184,771
Ft. Defiance Interpretive Center Grant	20.205	60115	<u>215,357</u>	<u>240,221</u>	-	<u>230,422</u>	-	<u>205,558</u>
Subtotal Governor's Highway Safety Office			356,576	814,584	-	882,872	(132)	424,732
TOTAL US DEPARTMENT OF TRANSPORTATION			<u>608,625</u>	<u>3,480,583</u>	-	<u>3,547,785</u>	<u>(132)</u>	<u>675,695</u>
<u>US DEPARTMENT OF ENERGY</u>								
Direct Award:								
ARRA - Energy Block Grant	81.128	DE-SC0001535	-	182,118	-	203,926	-	21,808
TOTAL PRIMARY GOVERNMENT FEDERAL AWARDS			<u>\$ 1,086,246</u>	<u>\$ 6,903,742</u>	<u>\$ 281,841</u>	<u>\$ 6,936,571</u>	<u>\$ (22,931)</u>	<u>\$ 814,303</u>
<u>MUSEUM (COMPONENT UNIT)</u>								
Tennessee Arts Commission - Art Project Support	45.024	Z-09-215824-00	<u>\$ 6,000</u>	<u>\$ 6,000</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

See auditor's report.

CITY OF CLARKSVILLE  
SCHEDULE OF EXPENDITURES OF STATE AWARDS  
FOR THE YEAR ENDED JUNE 30, 2010

<u>Grant</u>	<u>Federal CFDA Number</u>	<u>Grant Number</u>	<u>Grant Receivables (Deferred) July 1, 2009</u>	<u>State Receipts</u>	<u>Program Income</u>	<u>Expenditures</u>	<u>Other</u>	<u>Grant Receivables (Deferred) June 30, 2010</u>
<u>STATE OF TENNESSEE - TEMA GRANT PROGRAM</u>								
Disaster Declaration - Ice Storm-GF	97.036	FEMA-1821-DR-TN	\$ -	\$ 3,303	\$ -	\$ -	\$ 30,179	\$ 26,876
Disaster Declaration - Flood-GF	97.036	FEMA-1909-DR	-	-	-	38,280	-	38,280
Total TEMA			-	3,303	-	38,280	30,179	65,156
<u>TENNESSEE ARTS COMMISSION</u>								
Riverfront Festival 2009		Z-09-215809-00	-	4,600	-	4,600	-	-
Total Tennessee Arts Commission			-	4,600	-	4,600	-	-
<u>TENNESSEE DEPARTMENT OF TRANSPORTATION</u>								
Operating Assistance-Planning	20.505	TN-80-0002	3,543	-	-	1,181	-	4,724
Operating Assistance-Planning	20.505	TN-80-0003	-	-	-	3,889	-	3,889
Jobs Access	20.516	TN-37-X062	41,723	41,723	-	-	-	-
Jobs Access	20.516	TN-37-X073	-	54,866	-	94,060	-	39,194
Capital Grant	20.500	TN-03-0100	4,293	4,293	-	4,600	-	4,600
Capital Grant	20.500	TN-90-X249	539	539	-	-	-	-
Capital Grant	20.507	TN-90-X283	1,703	9,146	-	39,030	-	31,587
Capital Grant	20.507	TN-90-X308	5,155	4,745	-	3,910	-	4,320
Capital Grant	20.507	TN-90-X285	-	23,125	-	23,125	-	-
Capital Grant	20.507	TN-90-X301	-	-	-	1,816	-	1,816
Capital Grant	N/A	63LEGS-S3-002	-	150,496	-	150,496	-	-
Capital Grant	20.513	TN-16-X003	-	8,689	-	8,689	-	-
Capital Operating Grant	20.507	TN-90-X301	-	36,740	-	64,914	-	28,174
Operating Assistance	N/A	TN-90-X283	76,399	76,399	-	-	-	-
Operating Assistance	20.507	TN-90-X301	-	695,217	-	694,872	-	(345)
Total Tennessee Department of Transportation			133,355	1,105,978	-	1,090,582	-	117,959

See auditor's report.

CITY OF CLARKSVILLE  
SCHEDULE OF EXPENDITURES OF STATE AWARDS - CONTINUED  
FOR THE YEAR ENDED JUNE 30, 2010

<u>Grant</u>	<u>Federal CFDA Number</u>	<u>Grant Number</u>	<u>Grant Receivables (Deferred) July 1, 2009</u>	<u>State Receipts</u>	<u>Program Income</u>	<u>Expenditures</u>	<u>Other</u>	<u>Grant Receivables (Deferred) June 30, 2010</u>
<u>TENNESSEE DEPARTMENT OF AGRICULTURE</u>								
<u>DIVISION OF FORESTRY</u>								
TAEP Community Tree Planting Grants		Z-08-201162	4,518	4,518	-	-	-	-
TAEP Grant - Farmers Market Promotion & Retail		DG-08-22849-00	-	2,417	-	2,417	-	-
TAEP Grant		GG9-23-09	-	3,219	-	3,219	-	-
Total Tennessee Department of Agriculture			<u>4,518</u>	<u>10,154</u>	<u>-</u>	<u>5,636</u>	<u>-</u>	<u>-</u>
 <u>TENNESSEE HOUSING DEVELOPMENT AGENCY</u>								
House Grant			<u>(312,020)</u>	<u>-</u>	<u>30,863</u>	<u>140,897</u>	<u>-</u>	<u>(201,986)</u>
Total Tennessee Housing Development Agency			<u>(312,020)</u>	<u>-</u>	<u>30,863</u>	<u>140,897</u>	<u>-</u>	<u>(201,986)</u>
 <u>TN DEPARTMENT OF FINANCE AND ADMINISTRATION</u>								
Passed through the Industrial Development Board of Montgomery County								
Hemlock Reimbursement Grant		529/000-04-2009	<u>292,108</u>	<u>5,576,771</u>	<u>-</u>	<u>7,923,424</u>	<u>-</u>	<u>2,638,761</u>
Total TN Department of Finance and Administration			<u>297,980</u>	<u>5,613,540</u>	<u>-</u>	<u>7,954,321</u>	<u>-</u>	<u>2,638,761</u>
 <u>US DEPARTMENT OF TRANSPORTATION</u>								
Highway Planning and Construction Funding								
Biodiesel Reimbursement Grant	20.205	#80215	<u>5,872</u>	<u>36,769</u>	<u>-</u>	<u>30,897</u>	<u>-</u>	<u>-</u>
Total US Department of Transportation – State Reimbursement			<u>5,872</u>	<u>36,769</u>	<u>-</u>	<u>30,897</u>	<u>-</u>	<u>-</u>
 TOTAL ALL STATE AWARDS			 <u>\$ 123,833</u>	 <u>\$ 6,737,575</u>	 <u>\$ 30,863</u>	 <u>\$ 9,234,316</u>	 <u>\$ 30,179</u>	 <u>\$ 2,619,890</u>

See auditor's report.

CITY OF CLARKSVILLE

NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE AWARDS  
FOR THE YEAR ENDED JUNE 30, 2010

Note 1 – Basis of Presentation

The accompanying schedule of expenditures of federal and state awards is presented on the modified accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America. The information in this schedule is presented in accordance with the requirements of OMB Circular A-133. Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of, the basic financial statements.

Note 2 – Loans Outstanding

The City of Clarksville had the following loan funding balances and loan balances outstanding at June 30, 2010. These 2010 loan funding balances are also included in the federal expenditures presented in the accompanying schedule.

<u>Program Title</u>	<u>CFDA Number</u>	<u>FY 2010 Loan Funding</u>	<u>Outstanding Balance</u>
Community Development Block Grant	14.218	\$ -	\$ 2,469,633
HOME Investment Partnerships Program	14.239	91,375	2,685,600
House Program Income	N/A	-	528,644
Total Loans		<u>\$ 91,375</u>	<u>\$ 5,683,877</u>

Note 3 – Subrecipients

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

<u>Program Title</u>	<u>Federal CFDA Number</u>	<u>Amount Provided to Subrecipient</u>
Community Development Block Grants	14.218	\$ 124,610
Emergency Shelter Grants Program	14.231	76,487

Note 4 – Incorrect Reporting FY2009

The Hemlock grant receivable was incorrectly reported as \$2,310,449 at June 30, 2009. The correct balance of \$292,108 is reflected in current year beginning receivables. The error was limited to the schedule of expenditures of state awards.

See auditor's report.



*This page has been intentionally left blank.*



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

Members

American Institute of  
Certified Public Accountants

Tennessee Society of  
Certified Public Accountants

Kentucky Society of  
Certified Public Accountants

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

To the Mayor and City Council  
City of Clarksville, Tennessee

We have audited 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, as of and for the year ended June 30, 2010, which collectively comprise the City of Clarksville, Tennessee's basic financial statements and have issued our report thereon dated November 12, 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. We did not audit the June 30, 2010 financial statements of the Clarksville-Montgomery County Museum, which represents one hundred percent of the assets, net assets, and revenues of the City's discretely presented component unit. Those financial statements were audited by other auditors whose *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* is dated September 7, 2010.

Internal Control Over Financial Reporting

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

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over financial reporting that might be deficiencies, significant deficiencies, or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined above. However, we identified certain deficiencies in internal control over financial reporting, described in the accompanying schedule of findings and questioned costs that we consider to be significant deficiencies in internal control over financial reporting (See 2010-1). A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

### Compliance and Other Matters

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

We noted certain matters that we reported to management of the City of Clarksville, Tennessee, in a separate letter dated November 12, 2010.

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

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

*Thurman Campbell Group, PLC*

Clarksville, Tennessee

November 12, 2010



# THURMAN CAMPBELL GROUP, PLC

## CERTIFIED PUBLIC ACCOUNTANTS

Members

American Institute of  
Certified Public Accountants

Tennessee Society of  
Certified Public Accountants

Kentucky Society of  
Certified Public Accountants

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

To the Mayor and City Council  
City of Clarksville, Tennessee

#### Compliance

We have audited the City of Clarksville, Tennessee's compliance, with the types of compliance requirements described in the U. S. Office of Management and Budget (OMB) Circular A-133 *Compliance Supplement* that could have a direct and material effect on each of the City of Clarksville, Tennessee's major federal programs for the year ended June 30, 2010. The City of Clarksville, Tennessee'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 of Clarksville, Tennessee's management. Our responsibility is to express an opinion on the City of Clarksville, Tennessee's compliance based on our audit. We did not audit the compliance of the Clarksville-Montgomery County Museum with the types of compliance requirements described above; the June 30, 2010 audit of the Clarksville-Montgomery County Museum was conducted by other auditors whose report is dated September 7, 2010.

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; OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*; and requirements prescribed by the Comptroller of the Treasury, State of Tennessee, as detailed in the Audit Manual. 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 of Clarksville, Tennessee'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 of Clarksville, Tennessee's compliance with those requirements.

In our opinion, the City of Clarksville, Tennessee, complied, in all material respects, with the requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2010.

#### Internal Control Over Compliance

Management of the City of Clarksville, Tennessee, 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 of Clarksville, Tennessee'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 and to test and report on internal control over compliance in accordance with OMB Circular A-133, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the City of Clarksville, Tennessee's internal control over compliance.

A *deficiency in internal control over compliance* exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely

basis. A *material weakness in internal control over compliance* is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be deficiencies, 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, City Council, others within the entity, federal awarding agencies, and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

*Thurman Campbell Group, PLC*

Clarksville, Tennessee

November 12, 2010

CITY OF CLARKSVILLE, TENNESSEE  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
JUNE 30, 2010

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. One significant deficiency disclosed during the audit of the financial statements is reported in the Report On Internal Control Over Financial Reporting and On Compliance and Other Matters Based On An Audit of Financial Statements Performed In Accordance With Government Auditing Standards. This deficiency was not reported as a material weakness.
3. No instances of noncompliance material to the financial statements of the City of Clarksville, Tennessee, which would be required to be reported in accordance with Government Auditing Standards, were disclosed during the audit.
4. No significant deficiencies in internal control over compliance by major federal award programs, which would be required to be reported in accordance with the U.S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement, were disclosed during the audit.
5. The auditor's report on compliance for the major federal award programs for the City of Clarksville, Tennessee, expresses an unqualified opinion on all major federal programs.
6. The audit disclosed no findings that are required to be reported in accordance with Section 510(a) of OMB Circular A-133.
7. The programs tested as major programs included:
  - i. CFDA 20.507 Jobs Access, Capital, Operating & Planning
  - ii. CFDA 97.083 SAFER Grant
  - iii. CFDA 20.205 Ft. Defiance Grant
  - iv. CFDA 14.218 CDBG Grant
  - v. CFDA 14.218 Neighborhood Stabilization Program
  - vi. CFDA 14.239 HOME Investment
  - vii. CFDA 14.253 CDBG Grant
8. The dollar threshold used to distinguish between Type A and Type B programs was \$300,000.
9. The City of Clarksville, Tennessee did not qualify as a low-risk auditee.

CITY OF CLARKSVILLE, TENNESSEE  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS (Continued)  
JUNE 30, 2010

B. FINDINGS – FINANCIAL STATEMENT AUDIT

1. SIGNIFICANT DEFICIENCIES

2010-1 Financial Reporting

Condition: We noted a deficiency in the operation of internal controls over the process of tracking, summarizing, and reporting capital assets and related transactions in the government wide financial statements. Plant asset and depreciation summary schedules were not adequately reconciled to underlying accounting records or to plant asset subsidiary ledgers, prior to being recorded in the government wide financial statements. **(Note: A similar finding was present and reported in the June 30, 2009 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.)**

Criteria: Plant asset and accumulated depreciation schedules should be reconciled to underlying plant asset disbursement (governmental fund) accounts and subsidiary ledgers prior to being recorded in the government wide financial statements.

Cause: The employee assigned this function was not capable or unwilling to perform the steps necessary to accurately record plant assets and related accumulated depreciation in the government wide financial statements. Management efforts to provide additional training and/or oversight of this process were insufficient or ineffective.

Effect: Errors in plant asset, depreciation expense, and accumulated depreciation general ledger account balances resulted in the need for material audit adjustments and the prior period adjustment discussed in Note R in order for the financial statements to be fairly stated.

Recommendation: Reassignment of this internal control function to an employee willing and capable of performing the function along with additional supervision and management oversight of the process of tracking fixed assets and depreciation.

Views of Responsible Officials and Planned Corrective Actions: Management is aware of this issue and is committed to insuring that all capital assets are timely recorded to the correct classification in the future. Our solution to this problem may involve replacing the employee who failed to properly record these assets this year, sending the new employee to training and additional management oversight, with interim review of the posting of these assets to insure that this problem is corrected.



## 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.

**Contents**

**Financial Trends**

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

**Revenue Capacity**

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

**Debt Capacity**

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

**Demographic and Economic Information**

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

**Operating Information**

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

**Sources:**

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

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

	Fiscal Year							
	2003	2004	2005	2006	2007	2008	2009	2010
<b>Governmental activities</b>								
Invested in capital assets, net of related debt	\$ 238,267,799	\$ 245,091,943	\$ 253,666,569	\$ 269,645,809	\$ 284,486,050	\$ 296,693,136	\$ 290,787,548	\$ 317,377,117
Restricted	2,554,976	2,055,670	4,009,189	3,711,619	4,648,765	1,634,639	2,868,025	3,599,666
Unrestricted	<u>40,385,785</u>	<u>43,261,550</u>	<u>20,047,145</u>	<u>20,582,387</u>	<u>20,553,658</u>	<u>16,778,949</u>	<u>20,846,794</u>	<u>15,833,445</u>
Total governmental activities net assets	<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>	<u>\$ 336,810,228</u>
<b>Business-type activities</b>								
Invested in capital assets, net of related debt	\$ 133,574,891	\$ 109,815,806	\$ 137,086,834	\$ 170,242,541	\$ 189,558,554	\$ 226,120,091	\$ 236,803,367	\$ 247,347,455
Restricted	16,168,141	47,976,780	34,905,677	18,129,792	24,476,182	17,098,245	15,377,345	22,321,872
Unrestricted	<u>26,318,835</u>	<u>29,239,482</u>	<u>26,824,929</u>	<u>28,766,297</u>	<u>26,238,414</u>	<u>17,701,085</u>	<u>23,081,116</u>	<u>(244,787,954)</u>
Total business-type activities net assets	<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>	<u>\$ 24,881,373</u>
<b>Primary government</b>								
Invested in capital assets, net of related debt	\$ 371,842,690	\$ 354,907,749	\$ 390,753,403	\$ 439,888,350	\$ 474,044,604	\$ 522,813,227	\$ 527,590,915	\$ 564,724,572
Restricted	18,723,117	50,032,450	38,914,866	21,841,411	29,124,947	18,732,884	18,245,370	25,921,538
Unrestricted	<u>66,704,620</u>	<u>72,501,032</u>	<u>46,872,074</u>	<u>49,348,684</u>	<u>46,792,072</u>	<u>34,480,034</u>	<u>43,927,910</u>	<u>(228,954,509)</u>
Total primary activities net assets	<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>	<u>\$ 361,691,601</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							
	2003	2004	2005	2006	2007	2008	2009	2010
<b>Expenses</b>								
<b>Governmental activities</b>								
General government	\$ 4,635,214	\$ 5,766,247	\$ 8,729,212	\$ 8,078,442	\$ 13,515,867	\$ 15,875,133	\$ 18,342,129	\$ 11,500,327
Public safety	23,699,762	25,000,044	26,996,393	28,257,510	31,047,113	34,776,692	36,380,996	38,722,642
Highways and streets	11,192,892	7,387,636	8,368,619	7,946,470	9,241,841	7,461,170	12,028,971	(271,326)
Recreation	3,967,171	4,676,377	5,074,092	4,525,751	5,277,100	5,983,397	4,710,611	5,854,475
Community development	1,486,741	7,286,468	2,025,723	1,862,547	1,975,448	1,925,943	1,946,176	1,473,740
Other appropriations	873,356	604,892	588,886	697,919	740,261	769,440	978,112	809,532
Miscellaneous agencies	3,137,602	3,162,915	1,514,668	1,087,375	1,347,620	1,672,747	1,549,929	1,874,409
Interest on long-term debt	1,701,695	1,389,931	1,608,661	1,948,801	2,137,717	1,946,699	1,614,428	2,198,657
Total governmental activities expenses	<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>77,551,352</u>	<u>62,162,456</u>
<b>Business-type activities</b>								
Department of electricity - electric division	\$ 71,627,100	\$ 75,280,700	\$ 77,463,000	\$ 87,431,800	\$ 98,586,100	\$ 109,663,800	\$ 128,435,297	\$ 119,630,224
Department of electricity - telecommunications	-	-	-	-	-	2,283,900	6,415,601	9,159,839
Gas department	27,328,161	31,989,670	39,313,876	54,314,229	43,348,794	46,530,275	40,592,919	35,487,759
Parking authority	264,600	294,957	100,552	107,007	106,931	97,761	137,722	125,761
Clarksville transit system	3,039,487	3,184,410	3,671,185	4,181,844	4,529,532	4,962,419	5,156,951	5,600,133
Water and sewer department	23,801,255	25,549,377	27,214,435	28,694,587	33,225,363	35,679,989	39,125,196	41,120,880
Natural Gas Acquisition Corporation (NGAC)	-	-	-	242	34,778,846	54,245,779	49,032,836	44,494,960
Other	3,373,897	4,571,744	1,341,804	-	-	-	-	-
Total business-type activities expenses	<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>	<u>255,619,556</u>
Total Primary Government Expenses	<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>\$ 346,447,874</u>	<u>\$ 317,782,012</u>
<b>Program Revenues</b>								
<b>Governmental activities</b>								
Charges for services								
General government	\$ 1,120,814	\$ 1,384,691	\$ 1,404,126	\$ 1,808,867	\$ 3,814,207	\$ 2,856,461	\$ 3,231,437	\$ 2,989,138
Public safety	707,884	676,891	843,059	697,876	893,492	877,388	845,175	1,408,172
Highways and streets	-	-	-	-	-	-	-	58,105
Recreation	1,726,030	1,960,317	942,120	1,047,934	1,090,136	1,259,454	1,267,605	1,537,177
Community development	-	-	-	475,323	477,547	426,510	256,061	623,830
Other	-	-	364,079	-	-	-	-	-
Operating and capital grants and contributions	7,206,944	11,407,672	13,409,753	18,248,628	21,699,405	15,537,899	14,787,401	16,187,429
Total governmental activities program revenues	<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>20,387,679</u>	<u>22,803,851</u>

See auditor's report.

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

**Business-type activities**

Charges for services

Department of electricity - electric division	76,255,300	79,463,900	82,410,500	93,701,000	103,341,200	112,617,775	133,401,540	134,916,061
Department of electricity - telecommunications	-	-	-	-	-	109,000	2,079,485	6,452,512
Gas department	29,479,666	33,675,030	40,490,639	55,862,600	44,477,724	48,879,233	47,287,531	33,767,293
Parking authority	353,755	339,200	334,710	332,790	417,289	375,631	365,034	396,179
Clarksville transit system	363,564	396,401	451,638	519,354	479,223	475,255	671,111	649,089
Water and sewer department	25,041,528	27,511,737	29,859,668	32,222,692	35,666,394	38,243,180	42,106,034	44,699,913
Natural Gas Acquisition Corporation (NGAC)	-	-	-	-	22,974,746	41,666,101	36,944,069	32,885,757
Other	3,359,126	4,563,167	1,329,228	-	-	-	-	-
Operating and capital grants and contributions	4,364,736	7,699,395	7,266,356	11,089,828	15,496,205	18,010,328	11,139,645	20,371,357
Total business-type activities program revenues	<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>	<u>274,138,161</u>
Total Primary Government Program Revenues	<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>\$ 294,382,128</u>	<u>\$ 296,942,012</u>

**Net (Expenses)/Revenue**

Governmental activities	\$ (39,932,761)	\$ (39,844,939)	\$ (37,943,117)	\$ (32,126,187)	\$ (37,308,180)	\$ (49,453,509)	\$ (57,163,673)	\$ (39,358,605)
Business-type activities	<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>	<u>18,518,605</u>
Total primary government net expenses	<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>\$ (52,065,746)</u>	<u>\$ (20,840,000)</u>

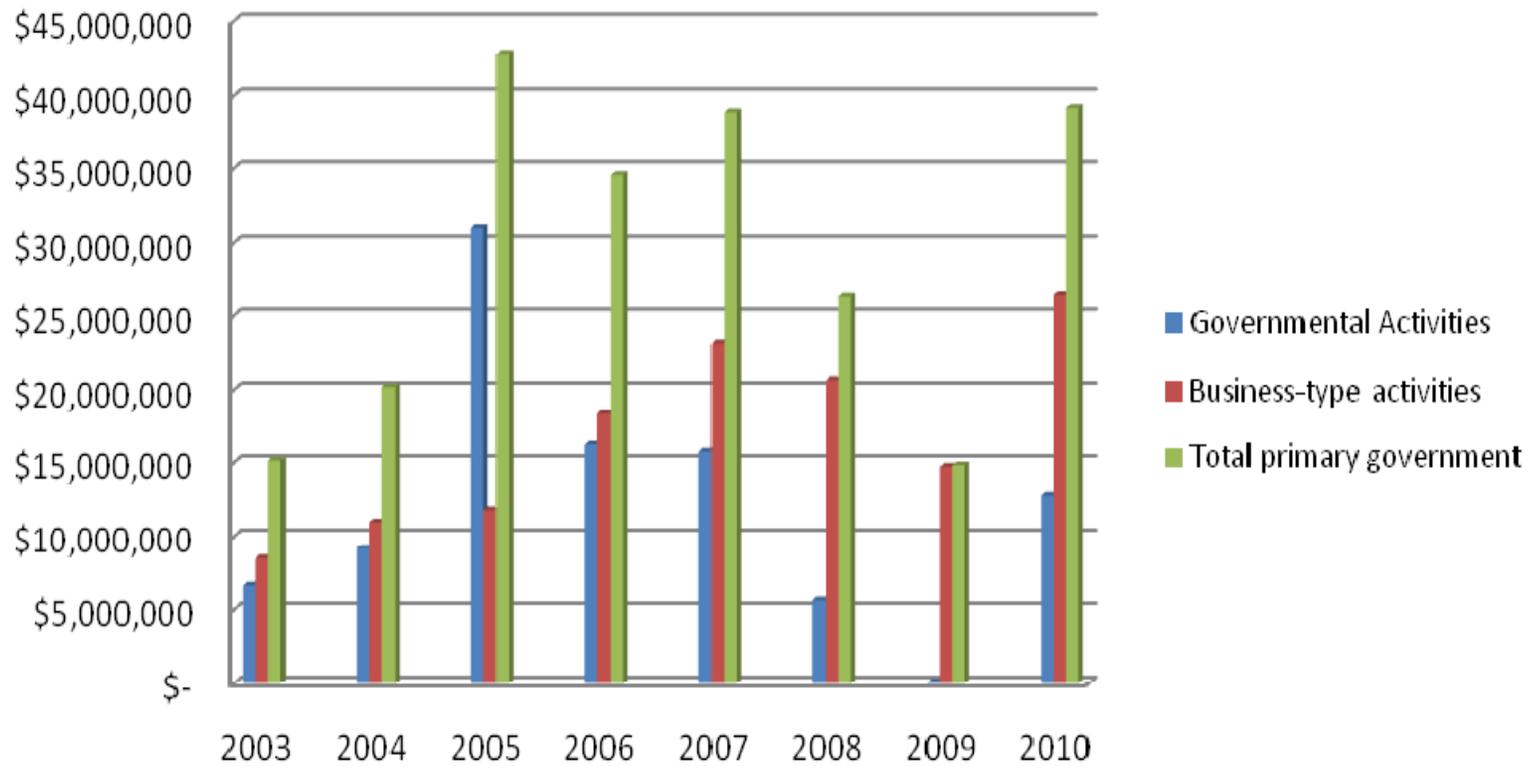
See auditor's report.

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

	Fiscal Year							
	2003	2004	2005	2006	2007	2008	2009	2010
<b>General Revenues &amp; Other Changes in Net Assets</b>								
<b>Governmental activities</b>								
Taxes								
Property taxes	\$ 19,924,962	\$ 21,227,055	\$ 19,953,714	\$ 20,506,163	\$ 22,316,810	\$ 23,812,464	\$ 24,758,862	\$ 26,361,548
State taxes	11,072,805	10,792,473	7,989,782	8,887,131	9,990,794	10,097,875	9,464,445	9,207,652
Franchise/business taxes	1,407,533	1,394,125	2,657,850	2,881,320	3,087,000	3,340,745	3,117,953	2,802,646
Wholesale beer and liquor taxes	2,262,177	2,493,503	2,726,287	2,629,540	3,241,285	3,131,034	3,511,386	3,555,602
Sales taxes	8,093,239	8,866,446	9,787,689	10,116,195	11,308,195	10,921,205	11,251,021	11,697,999
In-lieu-of taxes	7,370	23,692	15,193	22,978	20,990	14,591	38,155	52,315
Other taxes	238,556	267,781	243,105	264,752	367,788	377,448	471,880	551,335
Investment earnings	356,145	265,216	326,553	826,342	1,134,602	835,447	278,982	81,348
Miscellaneous	416,862	891,487	398,587	(795,254)	(814,718)	(734,077)	(54,599)	(8,404,449)
Transfers	2,656,782	2,823,764	2,997,279	3,003,932	2,404,092	3,184,946	4,087,924	4,556,367
Prior period adjustment	134,380	-	21,839,182	-	-	109,918	335,032	1,694,280
Total governmental activities	<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>57,261,041</u>	<u>52,156,643</u>
<b>Business-type activities</b>								
Investment earnings	\$ 1,024,582	\$ 626,363	\$ 1,452,788	\$ 2,345,707	\$ 17,261,397	\$ 16,918,637	\$ 13,698,948	\$ 12,594,192
Miscellaneous	-	-	-	-	-	-	-	-
Transfers	(2,412,588)	(2,434,134)	(2,705,303)	(3,003,932)	(2,404,092)	(3,184,946)	(4,087,924)	(4,740,169)
Prior period adjustment	108,620	-	-	(19,140)	-	-	-	-
Total business-type activities	<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>9,611,024</u>	<u>7,854,023</u>
Total primary government	<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>\$ 66,872,065</u>	<u>\$ 60,010,666</u>
<b>Change in Net Assets</b>								
Governmental Activities	\$ 6,638,050	\$ 9,200,603	\$ 30,992,104	\$ 16,216,912	\$ 15,748,658	\$ 5,638,087	\$ 97,368	\$ 12,798,038
Business-type activities	8,503,789	10,970,201	11,785,372	18,321,190	23,134,520	20,646,271	14,708,951	26,372,628
Total primary government	<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>\$ 14,806,319</u>	<u>\$ 39,170,666</u>

See auditor's report.

### Changes in Net Assets



See auditor's report.

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

	Fiscal Year									
	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010
<b>General Fund</b>										
Reserved	261,372	403,080	445,311	465,934	-	-	-	-	-	-
Unreserved	<u>12,731,942</u>	<u>15,263,799</u>	<u>14,603,529</u>	<u>17,675,645</u>	<u>19,170,386</u>	<u>19,943,113</u>	<u>21,341,758</u>	<u>21,343,463</u>	<u>21,821,259</u>	<u>19,469,301</u>
Total general fund	<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>	<u>\$19,469,301</u>
 <b>All Other Governmental Funds</b>										
Unreserved	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	6,017,865
Reserved										
Reserved for debt services	1,658,681	-	-	-	-	-	-	-	-	-
Reserved for capital projects	-	-	-	-	477,238	668,040	3,419,351	-	-	-
Reserved for special revenue funds	<u>1,731,070</u>	<u>2,032,465</u>	<u>1,610,871</u>	<u>1,589,736</u>	<u>3,531,951</u>	<u>3,043,579</u>	<u>1,229,414</u>	<u>1,634,639</u>	<u>2,868,025</u>	<u>3,599,666</u>
Total reserved	<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>	<u>3,599,666</u>
Total all other governmental funds	<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>	<u>\$ 9,617,531</u>

See auditor's report.

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

	Fiscal Year									
	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010
<b>Revenues</b>										
Taxes	\$ 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	\$ 45,021,445
State Taxes	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	12,177,601
Licenses and permits	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	1,170,820
Charges for services	1,437,720	1,359,581	1,120,814	1,384,691	1,006,533	1,418,706	1,795,102	1,819,642	1,796,123	1,763,899
Fines and forfeits	1,070,592	738,289	707,884	610,166	843,059	697,876	889,329	877,388	845,175	1,622,284
Investment earnings	938,828	400,669	326,778	248,600	283,663	739,113	1,021,449	745,469	242,179	73,210
Grants	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	3,837,328
Miscellaneous / other	2,009,588	741,191	733,040	906,567	1,376,740	1,771,947	1,842,119	1,517,007	2,187,651	2,128,736
Total revenues	<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>	<u>67,795,323</u>
<b>Expenditures</b>										
General government	4,488,408	4,056,346	4,136,766	5,277,913	5,508,809	5,795,592	6,387,117	6,414,046	7,378,804	7,843,598
Public safety	21,926,869	22,389,721	22,788,744	23,812,337	25,923,202	27,355,708	29,837,009	31,149,720	32,441,949	34,074,608
Highways and streets	7,409,131	8,576,883	8,250,081	6,588,081	7,502,880	7,480,262	7,863,996	8,938,226	9,202,326	9,663,703
Recreation	4,621,501	2,842,848	3,170,682	3,934,892	4,371,776	4,102,190	4,413,347	4,862,034	4,620,495	5,193,816
Community development	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	1,473,740
Other	631,658	628,709	787,654	548,560	728,259	2,802,358	3,435,755	5,242,852	8,384,620	1,621,694
Miscellaneous agencies	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	1,874,409
Debt service										
Principal	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	3,723,300
Interest	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	2,198,657
Capital outlay	18,419,569	22,256,629	13,266,229	4,916,806	3,493,488	2,650,345	7,011,851	7,899,414	14,698,033	23,441,845
Total expenditures	<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>	<u>91,109,370</u>
Excess (deficiency) of revenues over expenditures	<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>	<u>(23,314,047)</u>
<b>Other financing sources (uses)</b>										
Transfers in	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	13,962,760
Transfers out	(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)	(9,406,393)
Other	(486,627)	-	336,131	441,560	-	-	-	(109,918)	(335,032)	-
Proceeds of general obligation bonds	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	16,651,218
Proceeds of refunding bonds	-	-	-	-	-	-	-	-	-	-
Total other financing sources (uses)	<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>29,396,686</u>	<u>21,207,585</u>
Net Change in fund balance	<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>\$ 8,337,189</u>	<u>\$ (2,106,462)</u>
Debt service as a percentage of noncapital expenditures	8.5%	10.9%	13.8%	15.6%	11.0%	11.3%	11.1%	10.7%	7.7%	8.8%
Debt service as a percentage of total expenditures	6.2%	7.4%	10.9%	14.2%	10.3%	10.8%	10.0%	9.6%	6.4%	6.5%

See auditor's report.

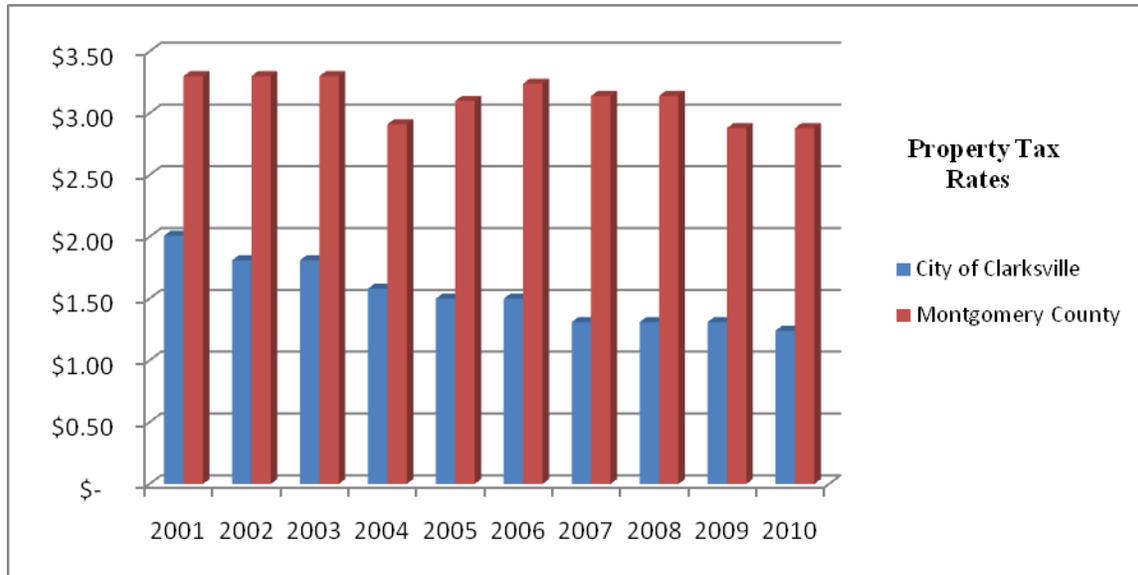
**CITY OF CLARKSVILLE, TENNESSEE  
 ASSESSED VALUE OF TAXABLE PROPERTY  
 Last Ten Fiscal Years**

<b>Fiscal Year Ended June 30</b>	<b>Real Property</b>				<b>Personal Property</b>	
	<b>Public Utility</b>	<b>Commercial</b>	<b>Industrial</b>	<b>Residential</b>	<b>Public Utility</b>	<b>Commercial</b>
	<b>55%</b>	<b>40%</b>	<b>40%</b>	<b>25%</b>	<b>55%</b>	<b>30%</b>
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	631,312,440	27,513,680	985,397,275	91,195	95,283,963
2009	534,050	703,233,600	26,872,640	1,034,087,125	100,495	92,237,524
2010	569,910	847,710,280	33,115,880	1,182,885,700	150,058	120,163,939

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>
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	\$1.31 / 100	\$2.88 / 100
2010	\$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 (2010 fiscal year would represent the 2009 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 2010</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	\$ 146,002,700	1	6.66%	\$ -		0.00%
Governor's Square Co.	Retail	37,187,600	2	1.70%	11,420,920	2	1.10%
Independence Place	Real Estate	18,957,300	3	0.86%	-		0.00%
Heritage Pointe Apartments	Real Estate	18,228,000	4	0.83%	-		0.00%
Autumn Winds LLC	Residential	16,775,000	5	0.76%	-		0.00%
Bristol Park @ Clarksville Group	Real Estate	15,616,100	6	0.71%	-		0.00%
Ronald G. Wilkinson	Real Estate	14,200,000	7	0.65%	-		0.00%
Bellsouth Telecommunication, Inc.	Utilities	13,130,133	8	0.60%	14,346,184	1	1.38%
Parc @ Clarksville	Real Estate	12,978,800	9	0.59%	-		0.00%
Trane Company #1	Manufacturer	11,669,700	10	0.53%	5,763,440	5	0.56%
Trane Company	Manufacturer				10,908,054	3	1.05%
New Plan Excel Realty	Real Estate				6,995,960	4	0.68%
Edens & Avant Financing	Commercial				5,443,360	6	0.53%
Letica Corporation	Manufacturer				5,436,761	7	0.52%
Charter Communications II	Utilities				4,572,520	8	0.44%
Precision Printing	Manufacturer				4,047,202	9	0.39%
Averitt Lumber Company, Inc.	Commercial				3,276,782	10	0.32%
<b>Total</b>		<u>\$ 304,745,333</u>		<u>13.89%</u>	<u>\$ 72,211,183</u>		<u>6.97%</u>

Total Assessed Value for 2010: \$ 2,193,721,136  
Total Assessed Value for 2001: \$ 1,035,917,062

See auditor's report.

**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>
2001	20,541,754	19,429,439	94.6%	1,067,900	20,497,339	99.8%
2002	19,165,028	18,142,041	94.7%	951,293	19,093,334	99.6%
2003	19,740,607	18,434,087	93.4%	1,244,746	19,678,833	99.7%
2004	20,122,199	19,332,939	96.1%	742,346	20,075,285	99.8%
2005	19,719,457	18,945,395	96.1%	716,725	19,662,120	99.7%
2006	20,959,084	19,669,202	93.8%	1,118,743	20,787,945	99.2%
2007	21,919,483	21,029,776	95.9%	671,810	21,701,586	99.0%
2008	23,251,711	22,036,319	94.8%	829,686	22,866,005	98.3%
2009	24,711,181	23,676,341	95.8%	649,544	24,325,885	98.4%
2010	27,533,757	26,128,415	94.9%	-	26,128,415	94.9%

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 (2010 fiscal year would represent the 2009 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
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
2010	36,762,950	35,203,817	2,361,000	7,149,000	81,476,767

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*
2001	100,910,000	45,218,846	916,706	1,795,200	148,840,752	183,643,376	5.36%	1,765
2002	95,985,000	51,070,084	812,514	1,507,300	149,374,898	199,087,720	5.53%	1,899
2003	90,565,000	54,429,217	704,316	1,558,100	147,256,633	203,903,806	5.19%	1,917
2004	133,645,000	56,413,703	592,264	1,255,100	191,906,067	246,075,358	5.91%	2,270
2005	128,540,000	52,882,520	264,084	211,520	181,898,124	232,935,293	4.86%	2,056
2006	366,300,000	49,205,329	353,571	-	415,858,900	462,685,059	8.74%	4,063
2007	444,860,000	45,042,520	155,404	72,601	490,130,525	538,298,891	9.55%	4,513
2008	431,975,000	41,940,656	99,827	841,100	474,856,583	521,646,241	8.77%	4,273
2009	412,750,002	43,323,471	45,557	756,973	456,876,003	525,423,355	8.33%	4,252
2010	422,395,000	65,489,956	-	756,973	488,641,929	570,118,696	8.53%	4,632

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

See auditor's report.

**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>
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	550.29	3.1%
2010	36,762,950	44,713,817	81,476,767	661.90	3.7%

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

\* The City has no legal debt margin.

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

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

See auditor's report.

**CITY OF CLARKSVILLE, TENNESSEE**  
**DIRECT AND OVERLAPPING GOVERNMENTAL ACTIVITIES DEBT**  
**AS OF JUNE 30, 2010**

GOVERNMENTAL UNIT	Debt Outstanding	Estimated Percentage Applicable*	Estimated Share of Direct and Overlapping Debt**
Direct:			
City of Clarksville	\$ 81,476,767	100%	\$ 81,476,767
Overlapping:			
Montgomery County	\$ 315,668,371	73.80%	<u>\$ 232,952,868</u>
Total Direct and Overlapping Debt			\$ 314,429,635

Tax Year 2009 Assessed Values for Assessed Properties

City of Clarksville	\$ 2,193,721,136
Montgomery County	<u>\$ 2,972,654,442</u>
	73.80%

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 6-30-2010.

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

See auditor's report.

**CITY OF CLARKSVILLE, TENNESSEE  
PLEGGED 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	
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
2010	134,832,982	115,972,397	18,860,585	1,409,108	3,374,886	4,783,994	3.94

**Electric Department - Telecommunications Division**

Fiscal Year	Utility Service Charges	Less:	Net	Debt Service			Coverage*
		Operating Expenses	Available Revenue	Principal	Interest	Total	
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
2010	6,452,512	8,878,178	(2,425,666)	-	216,397	216,397	-11.21

**Gas Department**

Fiscal Year	Utility Service Charges	Less:	Net	Debt Service			Coverage*
		Operating Expenses	Available Revenue	Principal	Interest	Total	
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
2010	33,756,182	34,752,863	(996,681)	625,950	734,896	1,360,846	-0.73

See auditor's report.

**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	
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
2010	44,625,593	34,216,295	10,409,298	7,846,607	6,904,585	14,751,192	0.71

**Natural Gas Acquisition Corporation**

Fiscal Year	Utility Service Charges	Less:	Net	Debt Service			Coverage*
		Operating Expenses	Available Revenue	Principal	Interest	Total	
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
2010	32,181,335	33,609,105	(1,427,770)	13,795,000	10,671,666	24,466,666	-0.06

**Parking Authority**

Fiscal Year	Fines and Fees	Less:	Net	Debt Service			Coverage*
		Operating Expenses	Available Revenue	Principal	Interest	Total	
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
2010	396,179	118,719	277,460	132,575	7,042	139,617	1.99

See auditor's report.

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

**All Enterprise Funds**

Fiscal Year	Utility Service	Less:	Net	Debt Service			Coverage*
	Charges/Fines and Fees	Operating Expenses	Available Revenue	Principal	Interest	Total	
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
2010	252,244,783	227,547,557	24,697,226	23,809,240	21,909,472	45,718,712	0.54

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

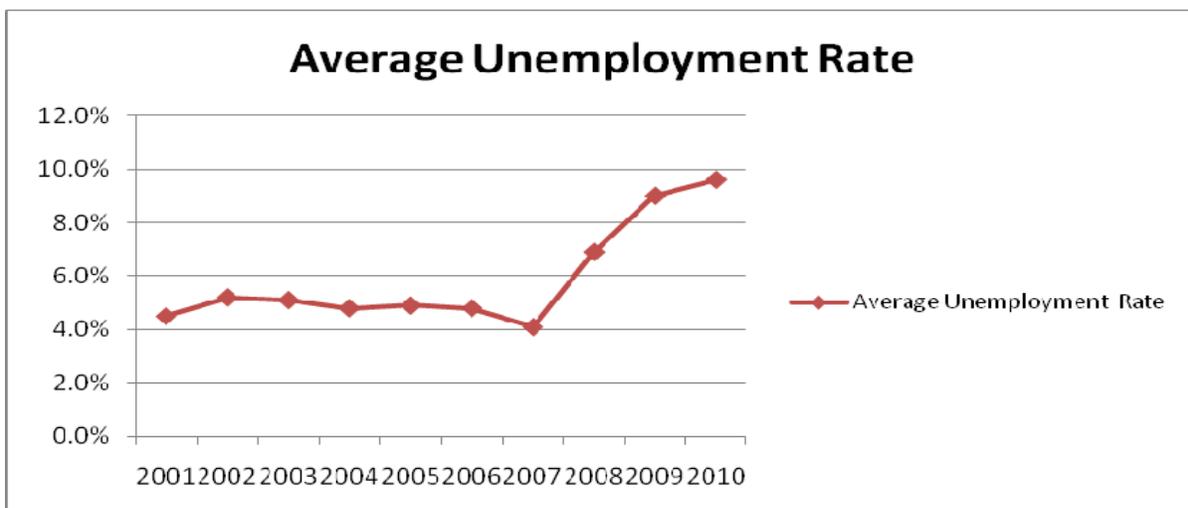
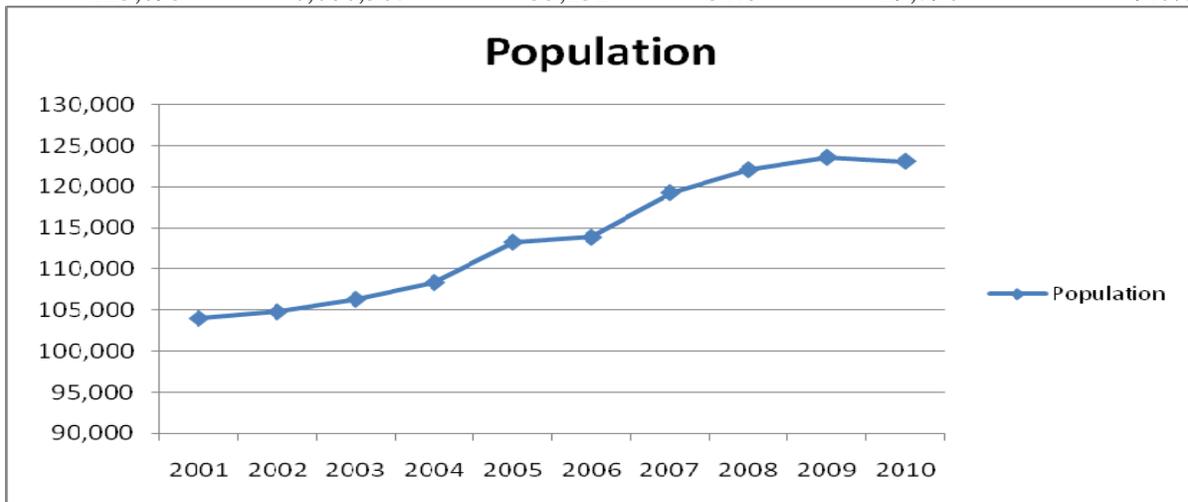
Years Ending June 30,	Governmental Activities		Business Type Activities		Total Add Debt Issues		
	Principal	Interest	Principal	Interest	Principal	Interest	Total
2011	11,092,700	2,069,708	23,758,260	21,828,850	34,850,960	23,898,558	58,749,518
2012	4,062,000	1,761,867	22,828,470	20,667,142	26,890,470	22,429,009	49,319,479
2013	4,438,353	1,617,174	23,976,419	19,621,343	28,414,772	21,238,516	49,653,288
2014	4,374,950	1,456,978	25,398,877	18,485,705	29,773,827	19,942,683	49,716,510
2015	4,221,000	1,330,626	27,039,814	17,264,949	31,260,814	18,595,575	49,856,389
2016	5,098,000	1,193,255	28,782,464	15,959,815	33,880,464	17,153,069	51,033,533
2017	4,274,000	1,068,266	30,708,065	14,554,347	34,982,065	15,622,614	50,604,679
2018	4,491,000	947,738	32,494,868	13,058,847	36,985,868	14,006,586	51,992,454
2019	4,720,000	819,103	33,725,540	11,472,286	38,445,540	12,291,389	50,736,929
2020	4,951,000	684,170	34,658,484	9,857,238	39,609,484	10,541,407	50,150,891
2021	5,205,000	541,033	36,897,532	8,176,097	42,102,532	8,717,130	50,819,662
2022	5,192,000	389,294	40,624,292	6,350,893	45,816,292	6,740,187	52,556,479
2023	3,933,000	244,613	15,909,939	5,082,117	19,842,939	5,326,730	25,169,669
2024	2,490,433	168,985	16,806,164	4,379,309	19,296,597	4,548,295	23,844,892
2025	2,388,000	119,697	16,810,000	3,650,781	19,198,000	3,770,478	22,968,478
2026	1,558,000	69,263	4,935,000	2,894,667	6,493,000	2,963,930	9,456,930
2027	1,695,000	52,325	5,175,000	2,658,500	6,870,000	2,710,825	9,580,825
2028	1,376,000	32,086	5,430,000	2,404,900	6,806,000	2,436,986	9,242,986
2029	1,439,000	26,032	5,695,000	2,138,650	7,134,000	2,164,682	9,298,682
2030	1,504,000	19,700	5,985,000	1,859,250	7,489,000	1,878,950	9,367,950
2031	1,573,000	13,082	6,280,000	1,565,850	7,853,000	1,578,933	9,431,933
2032	1,400,331	6,161	6,595,000	1,257,725	7,995,331	1,263,886	9,259,217
2033	-	1,072	8,895,000	934,375	8,895,000	933,303	9,828,303
2034	-	2,816	5,410,000	683,375	5,410,000	680,559	6,090,559
2035	-	-	5,685,000	564,625	5,685,000	564,625	6,104,500
<b>Total</b>	<b>\$ 81,476,767</b>	<b>\$ 14,627,271</b>	<b>\$ 470,504,188</b>	<b>\$ 207,368,634</b>	<b>\$ 551,980,955</b>	<b>\$ 221,995,905</b>	<b>\$ 771,976,860</b>

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

See auditor's report.

**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>
2001	104,050	3,425,801	25,248	28.8	23,609	4.5%
2002	104,836	3,602,108	26,304	29.3	24,063	5.2%
2003	106,359	3,926,037	27,405	NA	24,325	5.1%
2004	108,395	4,166,055	28,552	29.0	24,789	4.8%
2005	113,284	4,792,020	29,747	29.0	25,876	4.9%
2006	113,873	5,293,913	30,992	32.6	26,438	4.8%
2007	119,284	5,638,774	32,289	32.0	27,201	4.1%
2008	122,069	5,950,842	35,232	28.8	27,754	6.9%
2009	124,565	6,307,893	35,232	NA	29,205	9.0%
2010	123,095	6,686,367	35,232	31.8	29,796	9.6%



\*Note: Personal income for years 2009 and 2010 were estimated by assuming that it increased by the same average percentage of 6% as in years 2007 and 2008.

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

<b>Employer</b>	<b>Year 2010</b>			<b>Year 2006</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 - 2010

107,220

Civilian Labor Force - 2006

64,480

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

See auditor's report.

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

<b>Function</b>	<b>Fiscal Year</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>2010</b>
General Government	91	72	77	75	75	79	67	75	83	89
Public Safety										
Police Department	234	246	245	275	288	292	292	301	322	296
Fire Department	180	183	182	180	182	183	200	197	197	197
Total Public Safety	414	429	427	455	470	475	492	498	519	493
Street Department	83	116	77	78	75	79	82	83	86	86
Recreation	43	25	46	47	44	44	50	50	53	50
Governmental Activities	631	642	627	655	664	677	691	706	741	718
Transit	34	45	36	48	48	49	52	52	52	77
Department of Electricity	0	0	0	0	0	89	90	90	90	127
Gas, Water & Sewer	227	237	258	262	258	254	246	245	244	245
Other	4	3	0	0	0	0	0	0	0	0
Business-Type Activities	265	285	294	310	306	392	388	387	386	449
Total Employees of Primary Government	<u>896</u>	<u>927</u>	<u>921</u>	<u>965</u>	<u>970</u>	<u>1,069</u>	<u>1,079</u>	<u>1,093</u>	<u>1,127</u>	<u>1,167</u>

See auditor's report.

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

Function / Program	Fiscal Year									
	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010
<b>General Government</b>										
Building Permits Issued									630	1,203
Building Inspections Conducted									12,984	5,886
<b>Police</b>										
Calls for Service								152,562	143,210	143,210
TIBRS Type A Crime								13,509	13,356	13,356
TIBRS Type B Crime								2,066	1,879	1,879
<b>Fire</b>										
Calls for Service								6,353	6,635	5,710
Fire Calls								620	586	478
Inspections								2,023	2,599	2,547
<b>Public Works</b>										
Miles of Street	N/A	N/A	N/A	N/A	543	543	560	572	572	592
<b>Parks &amp; Recreation</b>										
Acres of Parks	N/A	N/A	N/A	N/A	429.5	429.5	429.5	430	430	600
<b>Gas, Water &amp; Sewer</b>										
Miles of Gas Lines	N/A	N/A	N/A	N/A	N/A	704	758	859	859	859
Miles of Water Lines	N/A	N/A	N/A	N/A	N/A	841	841	944	970	992
Miles of Sewer Lines	N/A	N/A	N/A	N/A	N/A	731	731	781	781	860
Gas Customers		17,157	17,921	18,611	19,758	20,523	21,343	21,871	22,223	23,081
Water Customers		41,431	41,812	44,232	46,579	47,167	51,066	51,035	53,266	52,558
Sewer Customers									45,578	46,780
<b>Electric</b>										
# of Residential Customers	38,973	39,943	40,638	42,877	44,900	45,606	48,629	49,219	49,295	52,413
# of Commercial Customers	4,685	4,848	4,979	4,243	5,479	5,570	5,779	5,827	5,784	6,279
# of Industrial Customers	656	650	677	660	660	699	734	734	754	727
Public Lighting	480	498	500	500	510	508	547	523	528	561
<b>Transit</b>										
# of Riders	N/A	565,110	598,021	631,474	646,905	671,005	662,917	727,757	727,757	733,718

See auditor's report.

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

<b>Function / Program</b>	<b>Fiscal Year</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>2010</b>
<b>General Government</b>										
# of Buildings					119	119	119	122	122	123
# of Vehicles					134	134	149	150	150	165
<b>Public Safety</b>										
Police Stations					3	3	3	3	3	
Police Patrol Units					303	303	354	315	315	326
Fire Stations					10	10	10	10	10	10
Fire Vehicles					43	43	47	51	51	52
<b>Public Works</b>										
Streets (miles)						543	543	560	572	592
<b>Parks &amp; Recreation</b>										
Acreage					429.5	429.5	429.5	430	430	600
# of Parks					22	22	22	22	22	30
Community Centers					3	3	3	3	3	3
Pools / Field & Courts					38	38	38	38	38	38
<b>Gas, Water, Sewer &amp; Electric</b>										
Gas Lines					704	704	758	859	859	859
Water Line Miles					841	841	841	944	970	992
Sewer Line Miles					731	731	731	781	781	860
Electric Substations					10	10	10	10	10	10
<b>Transit</b>										
# of Vehicles					12	12	15	16	18	20

See auditor's report.