

CITY OF CLARKSVILLE, TENNESSEE
COMPREHENSIVE ANNUAL FINANCIAL REPORT
JUNE 30, 2011



CITY OF CLARKSVILLE, TENNESSEE
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June 30, 2011

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COMPREHENSIVE ANNUAL FINANCIAL REPORT
LETTER OF TRANSMITTAL

January 30, 2012

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, 2011 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, 2011, are free of material misstatement. The independent audit involved examining, on a test basis, evidence supporting the amounts and disclosure in the financial statements; assessing the accounting principles used and significant estimates made by management; and evaluating the overall financial statement presentation. The independent auditor concluded, based upon the audit, that there was reasonable basis for rendering an unqualified opinion that the City of Clarksville's financial statements for the fiscal year ended June 30, 2011, are fairly presented in conformity with GAAP. The independent auditor's report is presented as the first component of the financial section of this report.

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

Profile of the Government

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

is currently under construction, creating several thousand temporary jobs and is on schedule to open in late 2012 with another 500 permanent jobs. Clarksville shows a continuing pattern of growth in all areas of residential, commercial and industrial development.

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

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

Cash Management

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

Risk Management

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

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

Major Accomplishments-For the Year

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

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 500 permanent jobs and currently is creating thousands of temporary jobs during the construction phase and is on target to open in late 2012.

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

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.

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

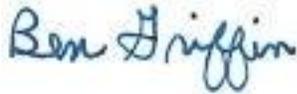
historic downtown.

Major Challenges

The City's major challenge for next year and the foreseeable future is dealing with the revenue shortfalls from both the local economy and the state shared revenues. Although Clarksville has been recognized nationally as a city that has weathered the economic downturn well because of our economic and business diversity and because of the presence of Fort Campbell, the demands of continued growth and the lack of new revenue streams is and will be a challenge. The city's wastewater treatment plant which was deemed a complete loss in the 2010 Flood, with an estimated cost to rebuild the facility of approximately \$100 million, returned to normal operations. 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,

A handwritten signature in blue ink that reads "Ben Griffin". The signature is written in a cursive style with a large initial "B" and "G".

Ben Griffin, CGFM, CMFO

Finance Director
City of Clarksville

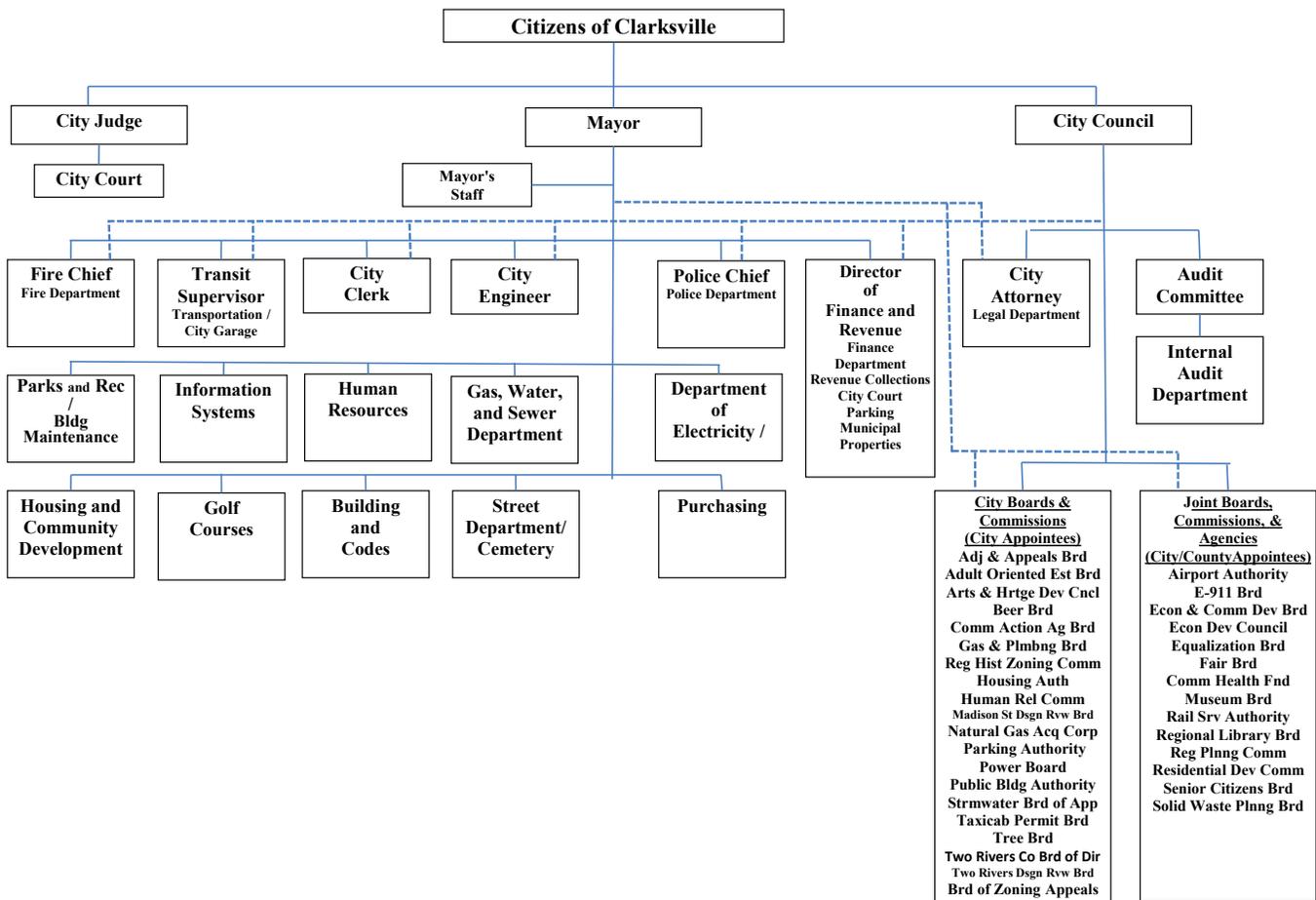


CITY OF CLARKSVILLE
SCHEDULE OF OFFICIALS
JUNE 30, 2011

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

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

ORGANIZATIONAL CHART





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THURMAN CAMPBELL GROUP, PLC
CERTIFIED PUBLIC ACCOUNTANTS

Members

American Institute of
Certified Public Accountants

Tennessee Society of
Certified Public Accountants

Kentucky Society of
Certified Public Accountants

INDEPENDENT AUDITOR'S REPORT

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

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of the City of Clarksville, Tennessee (the City), as of and for the year ended June 30, 2011, which collectively comprise the City's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the City's management. Our responsibility is to express opinions on these financial statements based on our audit. We did not audit the financial statements of 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 other auditors provides a reasonable basis for our opinions.

In our opinion, based on our audit and the report of other auditors, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of the City, as of June 30, 2011, and the respective changes in financial position, and cash flows, where applicable, and the budgetary comparison 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 A (21) to the financial statements, the City adopted the provisions of GASB Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions*, in 2011.

In accordance with *Government Auditing Standards*, we have also issued our report dated October 28, 2011, on our consideration of the City's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, on pages 3 through 16, and certain other required supplementary information, on pages 72 through 75, be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to

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

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

Thurman Campbell Group, PLC

Clarksville, Tennessee
October 28, 2011

MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)

As management of the City of Clarksville, Tennessee (the City), we offer readers of the City's financial statements this narrative overview and analysis of the financial activities of the City for the fiscal year ended June 30, 2011. 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 \$627.7 million in 2010 to \$665.6 million in 2011 with the most significant changes occurring as follows:
 - The General government net assets increased from \$337.2 million in 2010 to \$345.2 million in 2011 as the city completed the majority of construction of its "Liberty Park/Marina" project, which is a multi-year project with an estimated total cost of \$34 million. Several smaller projects were completed including the \$12 million Peachers Mill Road expansion, \$4.6 million in miscellaneous roadway additions and \$5.1 million in sidewalk improvements which are part of a long term plan to bring sidewalks into ADA compliance.
 - The net assets of the Gas, Water & Sewer departments increased from \$200.4 million in 2010 to \$215.7 million in 2011 as the city invested in rebuilding the wastewater plant destroyed by the 2010 flood. Many of the buildings and processes at the sewer plant were outdated, but were destroyed in the flood. City estimates put the 4-5 year rebuilding costs at \$100million, with estimates of FEMA reimbursements at \$70 million. Temporary procedures are in place to insure uninterrupted service and the city expects to have a state of the art facility when all repairs are complete.
 - The net assets of the Electric department increased from \$77.8 million in 2010 to \$90.9 million in 2011 as a result of continued infrastructure investments, funded partially by a 2009 debt issue and including improvements to substations, communications and transmission equipment. The Telecommunications division of the Electric department had ending net assets of (\$11.8 million) with funding being provided by a loan from the Electric division as approved by both State and TVA regulatory bodies. Telecommunications continues to meet its business plan goals, with expectations of reaching a breakeven point in late 2012.

- **Fund Balance** – The total fund balance of the governmental funds decreased from \$29.1 million in 2010 to \$27.2 million in 2011 as a result of City Council adopting a budget which intentionally moved the fund balance closer to the required 20% minimum fund balance as adopted.

- **Capital Assets** – The City had \$975.1 million (net of depreciation) invested in a broad range of capital assets at the end of 2011. These capital assets include police and fire equipment, buildings, park facilities, roads, bridges, utility plant, and water and sewer lines. This compared to \$895.8 million at the end of 2010.

- **Debt** – The City's total debt was \$592.8 million at the end of 2011. The general government continued to draw funds on a variable rate loan for the construction of the Liberty Park/Marina project, Electric drew funds from a 2009 bond issue and the Gas, Water and Sewer department drew funds from a variable rate loan to complete repairs at the sewer plant.

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

OVERVIEW OF THE FINANCIAL STATEMENTS

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

Government-wide financial statements: The government-wide financial statements are designed to provide readers with a broad overview of the City's finances, in a manner similar to a private-sector business. Government-wide statements are provided on a full accrual basis. Activities reported herein are considered either as those of the primary government or those of component units and those activities are delineated as:

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

The Statement of Net Assets presents information on all of the City's assets and liabilities, with the difference between the two reported as net assets. Over periods of time, increases or decreases in net assets may serve as a useful indicator of whether the financial position of the City is improving or deteriorating.

The Statement of Activities presents information showing how the government's net assets changed during the most recent fiscal year. All changes in net assets are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported in this

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

Both of the government-wide financial statements distinguish functions of the City that are principally supported by taxes and intergovernmental revenues (governmental activities) from other functions that are intended to recover all or a significant portion of their costs through user fees and charges (business-type activities). The governmental activities of the City of Clarksville include general government, public safety, highways and streets, economic development, and cultural and recreation. The *government-wide financial statements* can be found on pages 18 through 19 of this report.

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

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

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

The City maintained twenty-three (23) individual governmental funds during 2011. The General Fund, the Debt Service Fund and the Capital Projects Funds are the only funds considered to be major funds and are presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures, and changes in fund balances for the governmental funds. Data from the other non-major governmental funds is combined into a single, aggregated presentation in the form of combining statements elsewhere in this report.

The City of Clarksville, Tennessee adopts an annual appropriation budget for its general fund and special revenue funds. A budgetary comparison has been provided for the general fund on pages 24 through 28 and for the special revenue funds on pages 79 through 82 to demonstrate compliance with this budget.

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

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

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

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

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

Notes to the Financial Statements: The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements can be found on pages 37 through 70 of this report.

FINANCIAL ANALYSIS OF THE FINANCIAL STATEMENTS

Government-wide Financial Analysis

Over time, net assets may serve as a useful indicator of a government's financial position. In the case of the City, assets exceeded liabilities by \$665.6 million as of June 30, 2011. A condensed version of the Statement of Net Assets follows:

City of Clarksville, Tennessee Net Assets (in millions)

	Governmental Activities (as restated)		Business-Type Activities (as restated)		Total Primary Government (as restated)	
	2011	2010	2011	2010	2011	2010
Current and other assets	\$ 73.2	\$ 75.4	\$ 345.1	\$ 334.9	\$ 418.3	\$ 410.3
Capital assets	426.7	398.9	548.3	497.8	975.0	896.7
Total assets	<u>499.9</u>	<u>474.3</u>	<u>893.4</u>	<u>832.7</u>	<u>1393.3</u>	<u>1307.0</u>
Current and other liabilities	48.3	56.0	67.0	56.5	115.3	112.5
Noncurrent liabilities	106.5	81.1	505.9	485.7	612.4	566.8
Total liabilities	<u>154.8</u>	<u>137.1</u>	<u>572.9</u>	<u>542.2</u>	<u>727.7</u>	<u>679.3</u>
Net assets	<u>\$ 345.1</u>	<u>\$ 337.2</u>	<u>\$ 320.4</u>	<u>\$ 290.5</u>	<u>\$ 665.6</u>	<u>\$ 627.7</u>
Invested in capital assets, net of related debt	332.8	317.4	252.4	247.4	582.5	564.8
Restricted net assets	3.3	3.6	34.2	22.3	37.5	25.9
Unrestricted net assets	9.0	16.2	33.8	20.8	42.8	37.0
Total net assets	<u>\$ 345.1</u>	<u>\$ 337.2</u>	<u>\$ 320.4</u>	<u>\$ 290.5</u>	<u>\$ 665.5</u>	<u>\$ 627.7</u>

The largest portion of the City's net assets, \$582,700,278 or 87.5%, 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, \$44,589,588 or 6.7% represents resources that are subject to external restrictions on how they may be used. The remaining balance of unrestricted net assets, \$38,312,985 or 5.8%, may be used to meet the governments ongoing obligations to citizens and creditors.

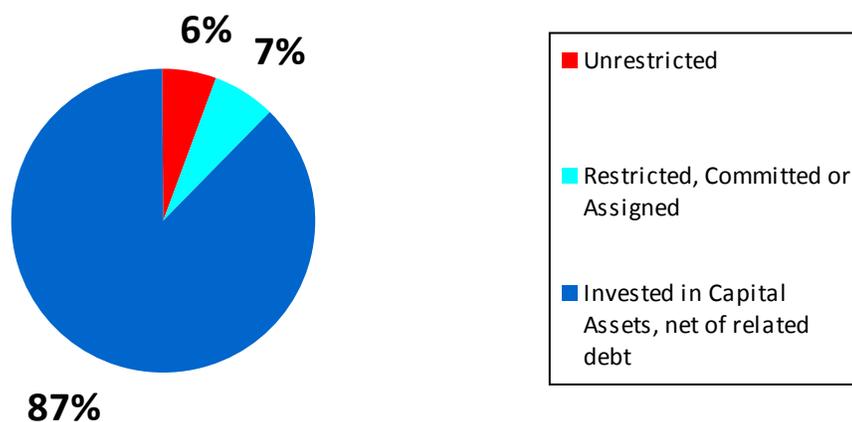
Governmental Activities

The City's governmental net assets increased by \$7,956,008 and governmental capital assets increased by \$27,884,586. While some assets and liabilities fluctuate annually due to timing, the continued steady growth in net capital assets reflects the city's continued growth and investment in infrastructure. During this fiscal year the city completed the majority of the Liberty Park/Marina project which is expected to open in early 2012. As mentioned earlier the city completed one large road project, Peacher's Mill, and several smaller road projects, made substantial ADA sidewalk improvements and received over \$8 million in contributed infrastructure, such as subdivision streets.

Business-Type Activities

Business-type capital assets increased by \$50.5 million as a result of expansion of infrastructure in the Electric Department and major repairs and replacements at the sewer plant. Current assets increased by \$10.9 million, while total liabilities increased by \$30.8 million and restricted assets were up by \$24.3 million. Both departments continued to expand with a resulting 10.3% increase in Net Assets based on infrastructure expansion.

Primary Government Total Net Assets



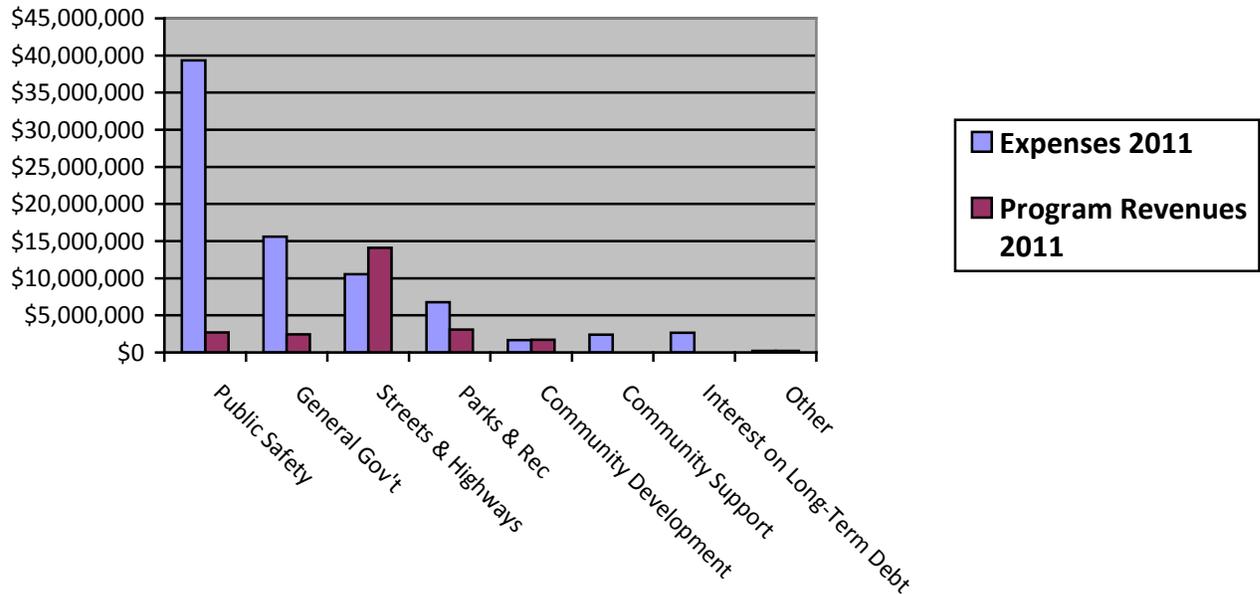
A summary version of the statement of activities follows:

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

	Governmental Activities		Business-Type Activities		Total Primary Government	
	2011	2010	2011	2010	2011	2010
Program Revenues						
Charges for services	\$ 5.2	\$ 6.6	\$ 277.5	\$ 253.7	\$ 282.7	\$ 260.3
Operating grants, capital grants and contributions	19.0	16.2	24.0	20.4	43.0	36.6
General Revenues						-
Property Taxes	27.8	26.4	-	-	27.8	26.4
Other taxes/state shared taxes	29.0	27.9	-	-	29.0	27.9
Interest	0.1	0.1	12.0	12.6	12.1	12.7
Other revenues	1.2	(0.3)	-	(0.1)	1.2	(0.4)
Transfers(net)	4.9	4.6	(4.9)	(4.7)	-	(0.1)
Total Revenues	<u>87.2</u>	<u>81.5</u>	<u>308.6</u>	<u>281.9</u>	<u>395.8</u>	<u>363.4</u>
Expenses						
General government	15.6	11.8	-	-	15.6	11.8
Public Safety	39.3	38.5	-	-	39.3	38.5
Highways and streets	10.5	9.0	-	-	10.5	9.0
Recreation	6.8	6.2	-	-	6.8	6.2
Other	7.0	6.9	-	-	7.0	6.9
Electric Division	-	-	140.1	119.6	140.1	119.6
Broadband Division	-	-	11.5	9.2	11.5	9.2
Gas Department	-	-	32.1	35.5	32.1	35.5
Parking Authority	-	-	0.1	0.1	0.1	0.1
Clarksville Transit System	-	-	6.3	5.6	6.3	5.6
Water and Sewer Dept.	-	-	48.8	41.1	48.8	41.1
Natural Gas Acquisition Corp.	-	-	39.8	44.5	39.8	44.5
Total expenses before extraordinary item	<u>79.2</u>	<u>72.4</u>	<u>278.7</u>	<u>255.6</u>	<u>357.9</u>	<u>328.0</u>
Extraordinary item	-	-	-	13.5	-	13.5
Change in net assets	8.0	9.1	29.9	12.8	37.9	21.9
Beginning net assets	337.2	324.0	290.5	276.2	627.7	600.2
Prior period adjustment	-	4.1	-	1.5	-	5.6
Ending net assets	<u>\$ 345.2</u>	<u>\$ 337.2</u>	<u>\$ 320.4</u>	<u>\$ 290.5</u>	<u>\$ 665.6</u>	<u>\$ 627.7</u>

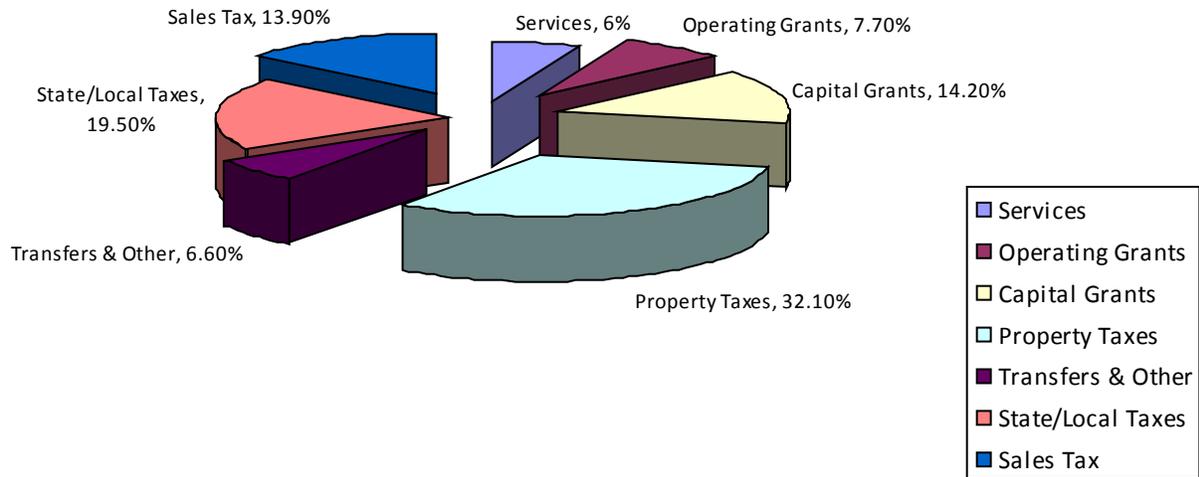
Governmental Activities

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



	<u>Expenses- 2011</u>	<u>Expenses-2010</u>	<u>Program Revenues – 2011</u>
Public Safety	\$ 39,333,118	\$ 38,553,625	\$ 2,694,730
General Government	15,580,584	11,811,412	2,451,807
Streets & Highways	10,523,045	9,050,234	14,096,514
Parks & Recreation	6,787,986	6,193,574	3,076,186
Community Development	1,659,480	1,473,740	1,701,114
Community Support	2,828,479	1,874,409	-
Interest on Long-Term Debt	2,350,821	2,491,624	-
Other	203,945	978,549	207,041

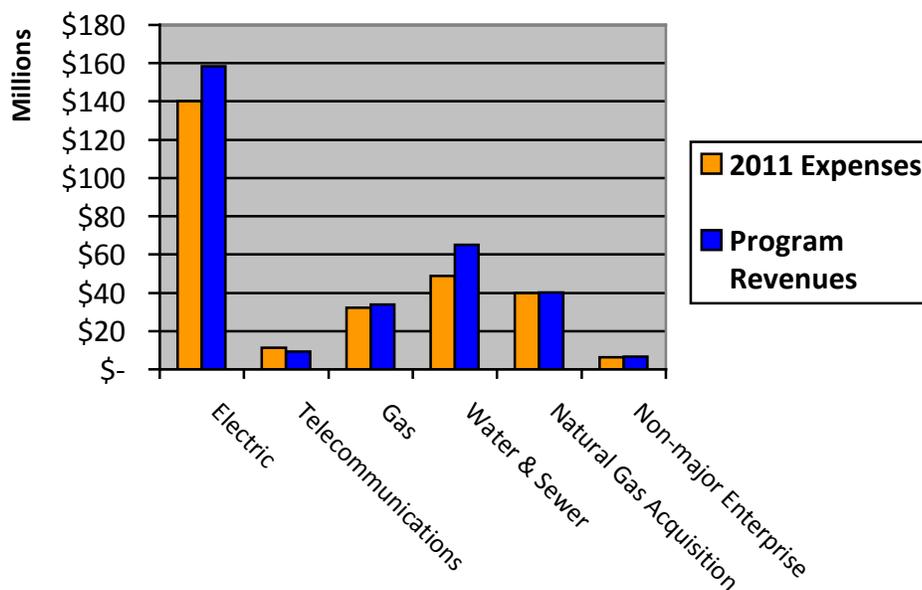
Revenues by Source – Governmental Activities



	2011		2010	
Services	\$ 5,197,505	6.0%	\$ 6,616,423	8.0%
Operating Grants	6,732,634	7.7%	3,449,818	4.3%
Capital Grants	12,297,252	14.1%	12,737,611	15.6%
Property Taxes	27,845,639	31.9%	26,361,548	32.3%
Transfers & Other	6,158,268	7.1%	4,472,153	5.5%
State/Local Taxes	16,853,422	19.3%	16,197,348	19.9%
Sales Tax	12,138,747	13.9%	11,697,999	14.4%
	<u>\$ 87,223,467</u>	<u>100.0%</u>	<u>\$ 81,532,899</u>	<u>100.0%</u>

Clarksville's economy continued to outperform the state economy as reflected in an overall increase in revenues of \$5.7 million. While property tax increased by \$1.4 million and grants increased by \$2.8 million, there was also a planned draw down of fund balance of \$1.9 million.

Expenses and Program Revenues – Business Type Activities



	<u>2011 – Expenses</u>	<u>2010 - Expenses</u>	<u>2011- Program Revenues</u>
Electric	\$140,063,165	\$119,630,224	\$158,303,593
Broadband	11,456,880	9,159,839	9,410,270
Gas	32,072,641	35,487,759	33,864,149
Water & Sewer	48,837,284	41,120,880	65,115,102
Natural Gas Acquisition	39,813,273	44,494,960	40,125,984
Non-major enterprise	6,395,463	5,725,894	6,643,394

The City's business type activity total charges for services increased from \$253.8 million in FY 2010 to \$289.5 million in FY 2011, and grants and contributions increased by \$3.6 million for the period. Grants for infrastructure for the HSC plant and additional funding for Transit were both contributing factors in this increase. The overall increase in revenues for services again shows that the Clarksville area, supported by Fort Campbell continued to show gains higher than the state average.

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, 2011 – the City's governmental funds reported combined ending fund balances of \$27,230,155, a decrease of \$1,856,677 over the prior year balance. The decrease is primarily due to the continued draw down of the cash reserve by budget. The City has a required fund balance of 20% of the Governmental appropriations budget and the reserve had grown above this amount and Council made a decision to move the fund balance closer to the 20% minimum.

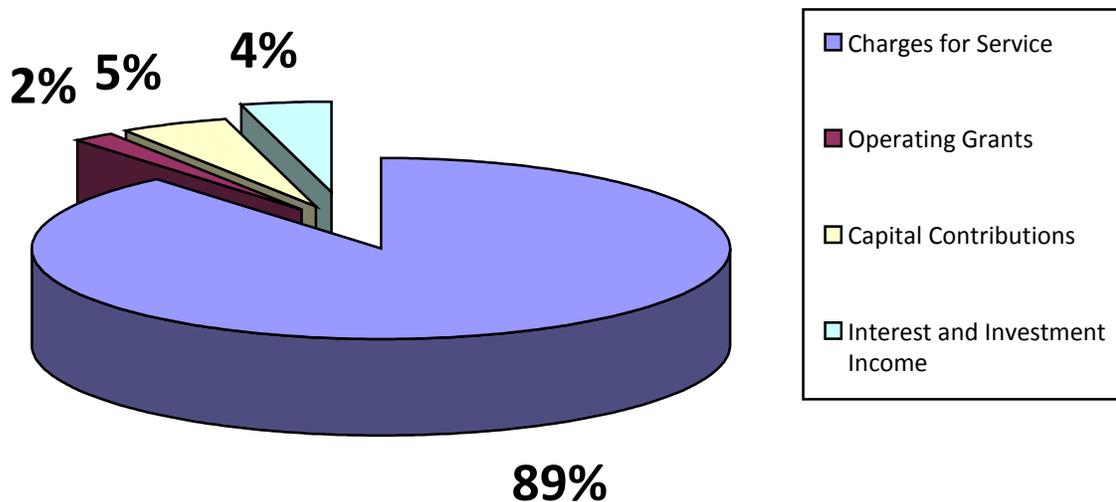
The General Fund is the chief operating fund of the City of Clarksville. \$16,747,855 of the Fund Balance was considered unassigned and available for spending at the government's discretion, while \$489,987 was nonspendable, \$290,480 is restricted for only certain functions. In other governmental funds, \$2,550,619 is committed to special revenue funds and in the Debt Service Fund \$1,632,928 is assigned for servicing debt. As a measure of the general fund's liquidity, it may be useful to compare unreserved fund balance to total fund expenditures. For 2011 the unassigned fund balance represents 26% of total fiscal year 2011 general fund expenditures and total fund balance represents 27.3% of total general fund expenditures plus transfers.

The General Funds' two largest revenue sources both increased based on the strength of the local economy. Property taxes increased from \$24.8 million to \$25.8 million or 4%. The local sales tax increased 6.6% to \$12.1 million in 2011, 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	\$ 157.7	\$ 136.3	\$ 21.4	\$ (3.2)	\$ -	\$ (3.1)	\$ 15.1
Telecommunications	9.4	11.2	(1.8)	(0.2)	-	(0.1)	(2.1)
Gas	32.6	31.3	1.3	(0.6)	1.1	(0.6)	1.2
Water & Sewer	47.3	41.8	5.5	(6.5)	17.3	(2.2)	14.1
Natural Gas Acquisition Corp.	28.2	29.6	(1.4)	1.7	-	-	0.3
Parking Authority	0.4	0.1	0.3	-	-	(0.3)	-
Transit	0.7	6.3	(5.6)	5.5	-	1.4	1.3
Total	\$ 276.3	\$ 256.6	\$ 19.7	\$ (3.3)	\$ 18.4	\$ (4.9)	\$ 29.9

General Fund Budgetary Highlights

Along with adopting GASB Statement No. 54, the city has elected to include Debt Service and Capital Projects as major governmental funds beginning in 2011. Both funds were previously reported as part of the Non-Major category, however we believe reporting more detail for these funds will be useful for City Council and the other readers. Actual revenues exceeded budget by \$2,068,659 as a result of a rebate from the Internal Service Funds on insurance premiums (\$800,000), higher collections of sales tax (\$236,916) and final collections of business taxes as passed on by the State (\$962,786). The State took over collection of business taxes in 2010 and it has been difficult to determine when and how much of the business taxes allocated to the city we will be paid. Actual expenditures were \$644,907 less than budgeted appropriations and there were no major differences, although the Police Department which has the highest number of employees of any city department, did have the largest amount under budget at \$154,114.

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, 2011 is \$975,063,643 (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 2012, 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	\$ 18,588,647	\$ 4,970,575	\$ 23,559,222
Buildings and Utility Plant	58,015,714	689,932,114	747,947,828
Vehicles			
Equipment and Furniture	35,172,187	-	35,172,187
Construction in Progress	33,225,291	35,476,835	68,702,126
Infrastructure	338,451,176	1,048,228	339,499,404
Total Capital Assets	483,453,015	731,427,752	1,214,880,767
Less Accumulated Depreciation	56,696,162	183,102,579	239,798,741
Net Capital Assets	\$ 426,756,853	\$ 548,325,173	\$ 975,082,026

The City has elected to use the "Modified Approach" as defined by GASB Statement No. 34 for reporting its street assets. The Modified Approach requires the City to capitalize the existing streets and preserve these assets at or above an established condition level, which the City of Clarksville has established as a pavement condition index (PCI) of 41. The City maintains 603 miles of pavement and rates the condition in three conditions: good to excellent-56%, fair-18% and poor to failed – 25%. City policy recognizes that streets will always be rated below our 41-PCI, and that once streets fall below this level that management may allow the street to completely fail before restoring the street to a 100-PCI and starting the process over. The City's overall system was estimated at a pavement condition index of "54" at June 30, 2011.

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

Long-term bonded debt

At the end of the current fiscal year, the City of Clarksville had total long-term bonded debt outstanding of \$621,169,082. Of this amount, \$96,584,865 comprises debt backed by the full faith and credit (general obligation) of the City and \$524,584,217 comprises bonds secured solely by specified revenue sources (i.e. revenue bonds).

**City of Clarksville Outstanding Debt
General Obligation and Revenue Bonds
June 30, 2011 and 2010**

	Governmental Activities		Business-Type Activities		Total	
	2011	2010	2011	2010	2011	2010
General Obligation Bonds	\$99,252,199	\$81,476,767	\$ -	\$ -	\$99,252,199	\$81,476,767
Revenue and Tax Bonds	-	-	524,584,217	493,443,978	524,584,217	493,443,978
Total	\$99,252,199	\$81,476,767	\$524,584,217	\$493,443,978	\$623,836,416	\$574,920,745

The City's long-term bonded debt increased by \$41.0 million in 2011, in large part due to the repair work at the Sewer Plant, which was flooded in 2010 and as a result of the \$34 million Liberty Park/Marina project nearing completion. The Bond Anticipation note (\$7.1 million) which was also part of the Liberty Park/Marina project came due during the year and was rolled into permanent debt as well.

The Department of Electricity continued to draw down a portion of the \$30 million in 2010 debt to complete its Fiber Optic Ring and construction of several power sub-stations.

The City of Clarksville's general obligation bonds have an "AA-" rating from Fitch and an "Aa₂" rating from Moody's. The Gas, Water & Sewer Department is rated "A-" by Fitch, and the Clarksville Department of Electricity is rated "A₁" 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 2011. The proposed budget focused on meeting the needs of our continued growth, while maintaining a very conservative approach to our revenue

streams, resulting in maintaining the property tax rates of \$1.24 per one-hundred valuation dollars for a third straight year.

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

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

In addition to the 2000+ construction jobs and 500+ permanent jobs expected to be created by the opening of Hemlock Semiconductor LLC, the anticipated completion of the marina in early 2012 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



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CITY OF CLARKSVILLE, TENNESSEE
Statement of Net Assets
for the Year Ended June 30, 2011

	Primary Government			Discretely Presented Component Units
	Governmental Activities	Business Type Activities	Total Primary Government	
Assets				
Cash & cash equivalents	\$ 8,227,800	\$ 43,640,748	\$ 51,868,548	\$ 319,749
Investments	13,708,817	-	13,708,817	-
Receivables(net allowance for uncollectibles):				
Accounts	1,253,576	25,595,672	26,849,248	15,236
Taxes	31,362,524	-	31,362,524	-
Notes and leases	5,196,874	-	5,196,874	-
TVA conservation program	-	5,821,270	5,821,270	-
Other	5,311,039	593,485	5,904,524	-
Due from component units	194,159	-	194,159	-
Inventories	988,380	5,563,714	6,552,094	33,475
Prepaid items	699,182	9,613,957	10,313,139	-
Prepaid Gas Supplies	-	185,465,770	185,465,770	-
Restricted assets:				
Cash & cash equivalents	49,612	27,835,127	27,884,739	40,062
Investments	-	26,156,131	26,156,131	1,509,201
Unused bond proceeds	5,377,342	-	5,377,342	-
Capital assets not being depreciated:				
Land & site improvements	36,517,237	4,970,575	41,487,812	2,093,927
Street Network	245,148,408	-	245,148,408	-
Construction in progress	33,225,292	35,476,835	68,702,127	-
Capital assets net of accumulated depreciation:				
Building and building improvements	43,405,644	506,829,535	550,235,179	-
Utility plant in service	-	-	-	-
Equipment, furniture & fixtures	11,242,021	-	11,242,021	14,922
Infrastructure	57,218,251	1,048,228	58,266,479	-
Other assets	730,878	14,795,792	15,526,670	-
Total assets	499,857,036	893,406,839	1,393,263,875	4,026,572
Liabilities				
Accounts payable and other current liabilities	6,219,890	33,184,775	39,404,665	26,143
Accrued interest payable	212,617	3,734,120	3,946,737	3,499
Internal Balances	32,484	(32,484)	-	-
Due to other governmental agencies	69,113	-	69,113	-
Unearned revenue	35,072,509	6,247,634	41,320,143	-
TVA advances	-	5,940,102	5,940,102	-
OPEB Liability	13,783,413	5,245,676	19,029,089	-
Customer deposits, plus accrued interest	36,480	8,811,242	8,847,722	-
Compensated absences due within one year	1,802,058	687,625	2,489,683	-
Compensated absences due in more than a year	865,276	1,835,541	2,700,817	-
Long-term debt due within one year	4,741,000	23,199,575	27,940,575	15,781
Long term debt due in more than a year	91,843,865	484,079,984	575,923,849	167,478
Other noncurrent liabilities	-	30,148	30,148	-
Total liabilities	154,678,704	572,963,938	727,642,642	212,901
Net Assets				
Invested in capital assets, net of related debt	332,839,322	252,456,757	585,296,079	1,925,590
Restricted for:				
Debt Service	-	34,172,671	34,172,671	-
Special Revenue	3,277,831	-	3,277,831	-
Capital Projects	-	-	-	1,549,263
Unrestricted	9,061,179	33,813,473	42,874,652	338,818
Total net assets	\$ 345,178,332	\$ 320,442,901	\$ 665,621,233	\$ 3,813,671

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

CITY OF CLARKSVILLE, TENNESSEE
Statement of Activities
For the Year Ended June 30, 2011

Functions/Programs	Program Revenues				Net (Expense) Revenue and Changes in Net Assets			Component Unit-Museum
	Expenses	Operating		Capital	Primary Government		Total	
		Charges for Services	Grants and Contributions	Grants and Contributions	Governmental Activities	Business-Type Activities		
Primary Government								
Governmental activities:								
General Government	\$ 15,562,204	\$ 1,541,697	\$ 29,708	\$ 880,402	\$ (13,110,397)	\$ -	\$ (13,110,397)	\$ -
Public Safety	39,333,118	1,749,304	945,426	-	(36,638,388)	-	(36,638,388)	-
Highways & Streets	10,523,045	56,090	5,481,592	8,558,832	3,573,469	-	3,573,469	-
Community Support	2,828,479	-	-	-	(2,828,479)	-	(2,828,479)	-
Community Development	1,659,480	228,356	-	1,472,758	41,634	-	41,634	-
Parks & Recreation	6,787,986	1,415,018	275,908	1,385,260	(3,711,800)	-	(3,711,800)	-
Drug Enforcement	203,945	207,041	-	-	3,096	-	3,096	-
Interest on Long-Term Debt	2,350,821	-	-	-	(2,350,821)	-	(2,350,821)	-
Total governmental activities	<u>79,249,078</u>	<u>5,197,506</u>	<u>6,732,634</u>	<u>12,297,252</u>	<u>(55,021,686)</u>	<u>-</u>	<u>(55,021,686)</u>	<u>-</u>
Business-type activities:								
Electric	140,063,165	158,303,593	-	-	-	18,240,428	18,240,428	-
Telecommunications	11,456,880	9,410,270	-	-	-	(2,046,610)	(2,046,610)	-
Gas	32,072,641	32,758,825	-	1,105,324	-	1,791,508	1,791,508	-
Water and Sewer	48,837,284	47,774,322	-	17,340,780	-	16,277,818	16,277,818	-
Natural Gas	39,813,273	40,125,984	-	-	-	312,711	312,711	-
Parking fees	97,340	418,632	-	-	-	321,292	321,292	-
Transit fees	6,298,123	681,854	5,542,908	-	-	(73,361)	(73,361)	-
Total business-type activity	<u>278,638,706</u>	<u>289,473,480</u>	<u>5,542,908</u>	<u>18,446,104</u>	<u>-</u>	<u>34,823,786</u>	<u>34,823,786</u>	<u>-</u>
Total primary government	<u>\$ 357,887,784</u>	<u>\$ 294,670,986</u>	<u>\$ 12,275,542</u>	<u>\$ 30,743,356</u>	<u>(55,021,686)</u>	<u>34,823,786</u>	<u>(20,197,900)</u>	<u>-</u>
Combined Discretely Presented Component Units	<u>\$ 1,334,376</u>	<u>\$ 115,013</u>	<u>\$ 1,004,211</u>	<u>\$ -</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(215,152)</u>
General Revenues								
Property taxes					27,845,639	-	27,845,639	-
Intergovernmental revenue, unrestricted					9,600,456	-	9,600,456	-
Franchise/Business tax					3,697,867	-	3,697,867	-
Sales tax					12,138,747	-	12,138,747	-
Beer and liquor tax					3,104,822	-	3,104,822	-
In Lieu of tax					34,042	-	34,042	-
Other tax					416,235	-	416,235	-
Other unrestricted revenue					1,288,068	-	1,288,068	-
Unrestricted investment earnings					-	-	-	51,844
Gain on disposal of capital assets					-	-	-	290,911
Transfers					4,870,200	(4,870,200)	-	-
Total general revenues and transfers					<u>62,996,076</u>	<u>(4,870,200)</u>	<u>58,125,876</u>	<u>342,755</u>
Change in net assets					7,974,390	29,953,586	37,927,976	127,603
Net assets - beginning (as restated)					<u>337,203,942</u>	<u>290,489,315</u>	<u>627,693,257</u>	<u>3,686,068</u>
Net assets - ending					<u>\$ 345,178,332</u>	<u>\$ 320,442,901</u>	<u>\$ 665,621,233</u>	<u>\$ 3,813,671</u>

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

CITY OF CLARKVILLE, TENNESSEE
 Balance Sheet
 Governmental Funds
 For the Year Ended June 30, 2011

	General	Debt Service	Capital Projects	Other Governmental Funds	Total Governmental Funds
Assets					
Cash & cash equivalents	\$ 3,166,253	\$ 936,566	\$ -	\$ 419,475	\$ 4,522,294
Investments	12,079,987	-	1,628,830	-	13,708,817
Receivables(net allowance for uncollectibles):					
Accounts receivable	1,227,156	-	-	26,420	1,253,576
Taxes receivable	29,912,524	-	-	1,450,000	31,362,524
Notes receivable	59,165	-	-	5,137,709	5,196,874
Due from other governments	3,046,324	-	1,968,686	296,029	5,311,039
Due from other funds	3,477,049	698,716	-	3,201,414	7,377,179
Due from other component units	194,159	-	-	-	194,159
Inventories	224,140	-	-	764,240	988,380
Prepaid items	265,847	298,195	-	35,140	599,182
Restricted Assets:					
Cash & cash equivalents	-	-	5,388,008	38,946	5,426,954
Total assets	<u>\$ 53,652,604</u>	<u>\$ 1,933,477</u>	<u>\$ 8,985,524</u>	<u>\$ 11,369,373</u>	<u>\$ 75,940,978</u>
Liabilities and fund balances					
Liabilities:					
Accounts payable	\$ 1,635,673	\$ -	\$ 1,389,365	\$ 270,249	\$ 3,295,287
Accrued liabilities	617,314	2,354	-	1,000	620,668
Customer deposits	36,480	-	-	-	36,480
Due to other funds	6,379,811	-	3,103,290	133,665	9,616,766
Due to other governmental agencies	69,113	-	-	-	69,113
Deferred revenue	27,385,881	-	-	7,686,628	35,072,509
Total liabilities	<u>36,124,272</u>	<u>2,354</u>	<u>4,492,655</u>	<u>8,091,542</u>	<u>48,710,823</u>
Fund balances:					
Nonspendable:					
Inventories	224,140	-	-	764,240	988,380
Prepaid items	265,847	298,195	-	-	564,042
Restricted for:					
Special Revenue funds	-	-	-	368,593	368,593
Highway Resurfacing	-	-	1,398,139	-	1,398,139
Intersection Lighting/Improvements	-	-	299,153	-	299,153
Parks and Recreation	25,019	-	282,060	-	307,079
Law Enforcement	63,273	-	-	-	63,273
Disaster Recovery	202,198	-	-	-	202,198
Committed to:					
Special Revenue funds	-	-	-	2,550,620	2,550,620
Industrial Development	-	-	567,659	-	567,659
Public/Private Partnership-Liberty Park	-	-	1,945,858	-	1,945,858
Assigned to:					
Debt service	-	1,632,928	-	-	1,632,928
Unassigned	16,747,855	-	-	(405,622)	16,342,233
Total fund balances	<u>17,528,332</u>	<u>1,931,123</u>	<u>4,492,869</u>	<u>3,277,831</u>	<u>27,230,155</u>
Total liabilities and fund balances	<u>\$ 53,652,604</u>	<u>\$ 1,933,477</u>	<u>\$ 8,985,524</u>	<u>\$ 11,369,373</u>	<u>\$ 75,940,978</u>

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

CITY OF CLARKSVILLE, TENNESSEE
Reconciliation of the Balance Sheet of
Governmental Funds to the Statement of Net Assets
June 30, 2011

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

Total fund balances of governmental funds	\$ 27,230,155
Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds.	426,756,853
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.	3,708,676
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.	(113,035,612)
Accrued interest payable, and unamortized bond expense are recorded in government-wide but not in governmental activities	<u>518,261</u>
Net assets of governmental activities	<u><u>\$ 345,178,332</u></u>

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

CITY OF CLARKSVILLE, TENNESSEE

Statement of Revenues, Expenditures and Changes in Fund Balances

Governmental Funds

For the Year Ended June 30, 2011

	General	Debt Service	Capital Projects	Other Governmental Funds	Total Governmental Funds
Revenues					
Taxes:					
Property	\$ 25,808,958	\$ -	\$ -	\$ 2,036,681	\$ 27,845,639
Sales	12,138,747	-	-	-	12,138,747
State	12,702,729	-	-	-	12,702,729
Franchise	1,142,912	-	-	-	1,142,912
Wholesale beer & liquor	3,104,822	-	-	-	3,104,822
Business Tax	2,554,955	-	-	-	2,554,955
Other Taxes	416,235	-	-	-	416,235
Licenses & permits	1,110,767	-	-	-	1,110,767
Fines & forfeitures	656,973	-	-	821,287	1,478,260
Contributions	-	-	250,044	65,328	315,372
Intergovernmental	1,059,217	-	4,292,537	2,144,520	7,496,274
Charges for Services					
Program income	-	-	-	489,588	489,588
Fees for services	1,729,998	-	-	-	1,729,998
Payment in lieu of taxes	34,042	-	-	-	34,042
E-911 transfer	-	388,893	-	-	388,893
Miscellaneous	1,580,039	-	3,351	502,878	2,086,268
Total revenues	<u>64,040,394</u>	<u>388,893</u>	<u>4,545,932</u>	<u>6,060,282</u>	<u>75,035,501</u>
Expenditures					
Current:					
General government	8,413,783	-	-	-	8,413,783
Public safety	35,176,845	-	-	587,581	35,764,426
Highway and streets	9,971,486	-	-	-	9,971,486
Recreation	5,350,124	-	-	453,683	5,803,807
Community development	-	-	-	1,659,480	1,659,480
Drug enforcement	-	-	-	196,021	196,021
Other appropriations	763,032	-	-	-	763,032
Misc. community agencies	1,751,836	-	-	-	1,751,836
Other	904,283	-	-	172,360	1,076,643
Debt service:					
Principal	-	15,527,700	-	-	15,527,700
Interest and other charges	-	2,473,875	-	-	2,473,875
Capital Outlay	2,556,534	-	26,104,174	335,679	28,996,387
Total expenditures	<u>64,887,923</u>	<u>18,001,575</u>	<u>26,104,174</u>	<u>3,404,804</u>	<u>112,398,476</u>
Excess(deficiency) of revenues over(under) expenditures	<u>(847,529)</u>	<u>(17,612,682)</u>	<u>(21,558,242)</u>	<u>2,655,478</u>	<u>(37,362,975)</u>
Other financing sources(uses)					
Issuance of debt	-	12,271,714	18,364,384	-	30,636,098
Transfers in	6,298,527	6,305,052	2,635,900	31,890	15,271,369
Transfers out	(7,391,967)	-	-	(3,009,202)	(10,401,169)
Total other financing sources(uses)	<u>(1,093,440)</u>	<u>18,576,766</u>	<u>21,000,284</u>	<u>(2,977,312)</u>	<u>35,506,298</u>
Net change in fund balances	<u>(1,940,969)</u>	<u>964,084</u>	<u>(557,958)</u>	<u>(321,834)</u>	<u>(1,856,677)</u>
Fund balance - beginning	<u>19,469,301</u>	<u>967,039</u>	<u>5,050,827</u>	<u>3,599,665</u>	<u>29,086,832</u>
Fund balance - ending	<u>\$ 17,528,332</u>	<u>\$ 1,931,123</u>	<u>\$ 4,492,869</u>	<u>\$ 3,277,831</u>	<u>\$ 27,230,155</u>

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

CITY OF CLARKSVILLE, TENNESSEE

**Reconciliation of the Statement of Revenue, Expenditures, and
Changes in Fund Balances of Governmental Funds to the
Statement of Activities
For the Year Ended June 30, 2011**

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

Net change in fund balances - total governmental funds	\$	(1,856,677)
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Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. Specifically these items are as follows:

Capital assets purchased		24,680,912
Depreciation expense		(4,818,897)
Net carrying value of governmental capital assets disposed of		(75,020)

Contributions of Infrastructure Assets		8,115,970
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The issuance of long-term debt provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net assets. Specifically, these items are as follows:

Debt issuance		(30,545,882)
Premium of debt issuance		(91,714)
Debt payments		15,527,700

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		(138,787)
Amortization of bond premiums		1,798
Bond Issue Costs on New Debt Issuance		239,241

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

Compensated absences		(398,108)
Accrued interest		24,098

Increase in OPEB liability		(3,839,417)
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Internal service funds are used by management to charge the costs of certain activities to individual funds. Employee health insurance and risk management are also included.

		1,149,173
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Change in net assets of governmental activities	\$	7,974,390
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The notes to the financials are an integral part of this statement.

CITY OF CLARKSVILLE, TENNESSEE

Budgetary Comparison Statement- General Fund
For the Year Ended June 30, 2011

	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original Budget	Final Budget		
REVENUES				
Taxes:				
Property	\$ 25,691,610	\$ 25,629,626	\$ 25,808,958	\$ 179,332
Sales	11,520,831	11,901,831	12,138,747	236,916
Beer and liquor	3,419,900	3,268,526	3,104,822	(163,704)
Business	1,844,337	1,592,169	2,554,955	962,786
Franchise fee	1,205,000	1,177,000	1,142,912	(34,088)
Hotel and motel	276,000	305,000	276,913	(28,087)
Litigation	10,000	12,000	12,493	493
Payments in lieu of taxes	-	12,639	34,042	21,403
Weed bills/demolition	54,500	80,000	126,829	46,829
Total taxes	44,022,178	43,978,791	45,200,672	1,221,881
Intergovernmental:				
Sales tax	6,346,449	6,924,249	7,026,279	102,030
Income tax	350,000	350,000	476,357	126,357
Beer tax	51,200	53,972	53,972	-
Liquor tax	609,433	515,992	562,169	46,177
TVA replacement taxes	1,100,000	1,164,312	1,164,312	-
Excise tax	108,000	63,503	63,503	-
Telecommunication tax	9,059	7,609	7,265	(344)
Training-Public Safety	254,400	246,600	246,600	-
State street aid	2,681,514	2,795,514	2,875,987	80,473
Streets and transportation system	185,120	222,040	226,285	4,245
Total intergovernmental revenue	11,695,175	12,343,791	12,702,729	358,938
Licenses and permits:				
Building and codes enforcement permits	655,000	772,000	820,633	48,633
Plumbing permits	158,000	158,000	162,661	4,661
Fireworks permits	12,500	18,000	17,200	(800)
Other permits	77,644	106,759	110,273	3,514
Total licenses and permits	903,144	1,054,759	1,110,767	56,008
Fines and forfeitures	600,010	626,910	656,973	30,063
Charges for services	1,697,231	1,569,717	1,729,998	160,281
Miscellaneous revenues:				
Interest	70,000	35,316	32,803	(2,513)
Grants	731,716	1,628,613	1,059,217	(569,396)
Sales of general capital assets	10,000	75,000	80,411	5,411
Other	158,350	658,839	1,466,825	807,986
Total other revenues	3,267,307	4,594,395	5,026,227	431,832
TOTAL REVENUES	59,887,804	61,971,736	64,040,394	2,068,658

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

CITY OF CLARKSVILLE, TENNESSEE

Budgetary Comparison Statement- General Fund - Continued
For the Year Ended June 30, 2011

	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original Budget	Final Budget		
EXPENDITURES				
General Government:				
Mayor's Office				
Personnel	429,574	387,279	400,879	(13,600)
Operations	127,885	124,503	118,642	5,861
Capital Outlay	-	37,898	34,038	3,860
Total Mayor's Office	557,459	549,680	553,560	(3,880)
City Court				
Personnel	256,136	306,794	307,125	(331)
Operations	42,745	42,473	40,012	2,461
Capital Outlay	-	-	-	-
Total City Court	298,881	349,267	347,137	2,130
Building Codes				
Personnel	1,206,443	1,318,560	1,317,751	809
Operations	290,196	266,487	259,782	6,705
Capital Outlay	35,000	95,709	95,708	1
Total Building Codes	1,531,639	1,680,756	1,673,241	7,515
Finance and Revenue				
Personnel	832,488	919,945	928,306	(8,361)
Operations	192,127	145,154	162,211	(17,057)
Capital Outlay	-	-	-	-
Total Finance and Revenue	1,024,615	1,065,099	1,090,516	(25,417)
Parking				
Personnel	200,710	204,714	205,502	(788)
Operations	69,014	67,903	67,074	829
Capital Outlay	-	-	-	-
Total Parking	269,724	272,617	272,577	40
Legal				
Personnel	182,505	166,354	182,182	(15,828)
Operations	46,424	75,658	79,571	(3,913)
Capital Outlay	3,000	750	-	750
Total Legal	231,929	242,762	261,753	(18,991)
Garage				
Personnel	662,247	795,336	794,825	511
Operations	113,839	92,464	73,530	18,934
Capital Outlay	15,500	8,210	8,210	-
Total Garage	791,586	896,010	876,565	19,445
Human Resources				
Personnel	384,750	470,573	481,715	(11,142)
Operations	108,914	134,016	88,076	45,940
Capital Outlay	-	2,000	-	2,000
Total Human Resources	493,664	606,589	569,791	36,798

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

CITY OF CLARKSVILLE, TENNESSEE

Budgetary Comparison Statement- General Fund - Continued
For the Year Ended June 30, 2011

	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original Budget	Final Budget		
Information Systems				
Personnel	714,710	632,417	632,394	23
Operations	630,368	679,668	612,913	66,755
Capital Outlay	201,000	230,300	229,854	446
Total Information Systems	<u>1,546,078</u>	<u>1,542,385</u>	<u>1,475,160</u>	<u>67,225</u>
Internal Audit				
Personnel	118,169	148,485	148,483	2
Operations	98,568	87,658	82,455	5,203
Capital Outlay	-	-	-	-
Total Internal Audit	<u>216,737</u>	<u>236,143</u>	<u>230,937</u>	<u>5,206</u>
Municipal Properties				
Personnel	85,289	89,232	89,224	8
Operations	607,376	606,569	523,283	83,286
Capital Outlay	35,000	32,462	32,461	1
Total Municipal Properties	<u>727,665</u>	<u>728,263</u>	<u>644,968</u>	<u>83,295</u>
Legislative				
Personnel	170,947	180,990	180,969	21
Operations	599,062	548,731	495,356	53,375
Capital Outlay	-	4,000	1,830	2,170
Total Legislative	<u>770,009</u>	<u>733,721</u>	<u>678,155</u>	<u>55,566</u>
Purchasing				
Personnel	108,933	126,618	125,561	1,057
Operations	15,848	18,165	15,963	2,202
Capital Outlay	-	-	-	-
Total Purchasing	<u>124,781</u>	<u>144,783</u>	<u>141,524</u>	<u>3,259</u>
Public Safety:				
Fire Rescue				
Personnel	12,307,366	12,804,357	12,780,361	23,996
Operations	814,233	832,975	824,504	8,471
Capital Outlay	200,938	111,167	111,095	72
Total Fire Rescue	<u>13,322,537</u>	<u>13,748,499</u>	<u>13,715,960</u>	<u>32,539</u>
Police Department				
Personnel	17,223,478	17,347,610	17,233,268	114,342
Operations	2,996,414	2,948,241	2,912,896	35,345
Capital Outlay	1,299,048	1,323,231	1,318,804	4,427
Total Police Department	<u>21,518,940</u>	<u>21,619,082</u>	<u>21,464,968</u>	<u>154,114</u>

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

CITY OF CLARKSVILLE, TENNESSEE

Budgetary Comparison Statement- General Fund - Continued
For the Year Ended June 30, 2011

	Budget Amounts		Actual Amounts	Variance With Final Budget
	Original Budget	Final Budget		
Dispatch				
Personnel	1,253,278	1,395,244	1,392,654	2,590
Operations	37,435	39,435	33,162	6,273
Capital Outlay	28,339	28,339	28,339	1
Total Dispatch	<u>1,319,052</u>	<u>1,463,018</u>	<u>1,454,155</u>	<u>8,863</u>
Highways and Streets				
Personnel	4,442,264	4,674,321	4,684,404	(10,083)
Operations	5,393,578	5,319,228	5,287,082	32,146
Capital Outlay	314,000	314,000	301,505	12,495
Total Highways and Streets	<u>10,149,842</u>	<u>10,307,549</u>	<u>10,272,991</u>	<u>34,558</u>
Recreation:				
Parks and Recreation				
Personnel	3,015,750	3,245,623	3,230,125	15,498
Operations	1,121,210	1,131,047	1,137,283	(6,236)
Capital Outlay	403,320	369,093	365,711	3,382
Total Parks and Recreation	<u>4,540,280</u>	<u>4,745,763</u>	<u>4,733,119</u>	<u>12,644</u>
Golf Course- Mason Rudolph				
Personnel	126,533	126,387	110,473	15,914
Operations	87,948	86,690	70,421	16,269
Capital Outlay	11,000	9,750	9,750	-
Total Golf Course - MR	<u>225,481</u>	<u>222,827</u>	<u>190,644</u>	<u>32,183</u>
Golf Course - Swan Lake				
Personnel	387,938	465,831	463,691	2,140
Operations	297,782	349,838	338,132	11,706
Capital Outlay	23,500	19,230	19,230	-
Total Golf Course - Swan Lake	<u>709,220</u>	<u>834,899</u>	<u>821,052</u>	<u>13,847</u>
Other Appropriations:				
Other Retirement Benefits	728,616	694,081	694,583	(502)
Other Pay	1,324,069	-	-	-
State Unemployment Insurance	75,000	49,769	46,591	3,178
Pension Payments	17,364	16,828	16,828	-
River District	12,025	-	-	-
HRC General Supplies	6,000	350	38	312
BOZA General Supplies	5,200	5,200	4,079	1,121
Tree Board	8,300	1,300	914	386
Total Other Appropriations	<u>2,176,574</u>	<u>767,528</u>	<u>763,032</u>	<u>4,496</u>

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

CITY OF CLARKSVILLE, TENNESSEE

Budgetary Comparison Statement- General Fund - Continued
For the Year Ended June 30, 2011

	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original Budget	Final Budget		
Miscellaneous Community Agencies:				
State of Tennessee's Share of Taxes	50,000	90,793	-	90,793
Regional Planning Commission	345,931	345,931	332,227	13,704
County's Share of Taxes	304,458	274,458	270,916	3,542
Senior Citizens Center	335,000	352,730	352,730	-
Regional Airport	372,633	382,973	378,542	4,431
GIS(APSU, Montg.Co.,City of Clarksville)	80,000	80,000	80,000	-
Property Reappraisal	65,709	74,207	74,207	-
E911	50,436	50,436	50,436	-
Arts & Culture Commission	40,000	40,000	40,000	-
Salvation Army Shelter	10,000	10,000	5,000	5,000
Roxy Theater	30,000	30,000	30,000	-
Humane Society	20,000	20,000	20,000	-
Korean American Association	11,500	11,500	11,500	-
Crime Stoppers	10,500	10,500	10,500	-
Habitat for Humanities	5,000	800	800	-
Other Non-profit Charitable Organizations	98,000	38,000	36,000	2,000
Montgomery County Pictometry	37,474	37,474	37,473	1
Two Rivers Company	-	21,505	21,504	1
Total Community Agencies	<u>1,866,641</u>	<u>1,871,307</u>	<u>1,751,836</u>	<u>119,471</u>
Other:				
Gas & Water (Revenue)	245,000	245,000	299,228	(54,228)
CDE (deferred)	150,000	150,000	150,000	-
Total Other	<u>395,000</u>	<u>395,000</u>	<u>449,228</u>	<u>(54,228)</u>
Component Unit:				
Museum Expenditure	455,055	455,055	455,055	-
TOTAL EXPENDITURES:	<u>65,263,389</u>	<u>65,478,602</u>	<u>64,887,923</u>	<u>590,679</u>
OTHER FINANCING SOURCES(USES):				
Transfers in from other funds:				
Payment in lieu of tax-CDE	4,000,300	3,258,269	3,204,467	(53,802)
Payment in lieu of tax-GWS	2,818,306	2,818,306	2,818,275	(31)
Other city funds	-	803,208	3,208	(800,000)
Parking Authority	274,087	272,617	272,577	(40)
Total financing sources	<u>7,092,693</u>	<u>7,152,400</u>	<u>6,298,527</u>	<u>(853,873)</u>
Transfers out to other funds:				
Debt Service	(4,919,893)	(5,184,338)	(5,184,338)	-
Transit System	(1,425,119)	(1,425,119)	(1,425,119)	-
Other Transfers	(6,500)	(31,890)	(31,890)	-
Capital Projects	(475,000)	(750,620)	(750,620)	-
Total financing uses	<u>(6,826,512)</u>	<u>(7,391,967)</u>	<u>(7,391,967)</u>	<u>-</u>
NET CHANGE IN FUND BALANCE	<u>(5,109,404)</u>	<u>(3,746,433)</u>	<u>(1,940,969)</u>	<u>1,805,464</u>
FUND BALANCE-BEGINNING OF YEAR	<u>19,469,301</u>	<u>19,469,301</u>	<u>19,469,301</u>	<u>-</u>
FUND BALANCE-END OF YEAR	<u>14,359,897</u>	<u>15,722,868</u>	<u>17,528,332</u>	<u>1,805,464</u>

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

CITY OF CLARKSVILLE, TENNESSEE
Statement of Net Assets
Proprietary Funds
For the Year Ended June 30, 2011

	Business-Type Activities/Enterprise Funds						Total	Governmental Activities Internal Service Funds
	Department of Electricity		Gas Department	Water and Sewer Department	Natural Gas Acquisition Corporation	Non-Major Enterprise Funds		
	Electric Division	Telecommunications Division						
ASSETS								
Current assets:								
Cash and cash equivalents	\$ 11,656,766	\$ 1,893,698	\$ 19,833,284	\$ 9,490,777	\$ 251,670	\$ 514,553	\$ 43,640,748	\$ 3,705,505
Restricted assets:								
Cash and cash equivalents	-	-	-	-	786,190	-	786,190	-
Investments	-	-	-	-	12,008,616	-	12,008,616	-
Accounts receivable(net)	16,809,122	1,529,797	1,443,747	4,527,795	1,261,181	24,030	25,595,672	-
Interest receivable	-	-	-	-	15,614	-	15,614	-
Due from other funds of the primary government	-	-	-	-	-	315,230	315,230	2,207,104
Inventory	3,963,315	226,565	548,864	723,247	-	101,723	5,563,714	-
Prepaid gas supplies	-	-	-	-	12,276,775	-	12,276,775	-
Grants receivable	-	-	-	-	-	577,871	577,871	-
Prepaid expenses and other	9,433,720	42,059	37,196	69,150	2,121	29,711	9,613,957	100,000
Total current assets	<u>41,862,923</u>	<u>3,692,119</u>	<u>21,863,091</u>	<u>14,810,969</u>	<u>26,602,167</u>	<u>1,563,118</u>	<u>110,394,387</u>	<u>6,012,609</u>
Noncurrent assets:								
Restricted assets:								
Cash and cash equivalents	22,406,543	-	454,858	4,018,142	-	169,394	27,048,937	-
Investments	-	-	1,073,077	10,482,180	2,592,258	-	14,147,515	-
Total restricted assets	<u>22,406,543</u>	<u>-</u>	<u>1,527,935</u>	<u>14,500,322</u>	<u>2,592,258</u>	<u>169,394</u>	<u>41,196,452</u>	<u>-</u>
Capital assets-at cost								
Land	1,767,861	-	236,659	2,880,173	-	85,882	4,970,575	-
Building, Plant and Equipment	168,855,649	6,481,153	60,976,972	437,674,496	22,030	15,921,814	689,932,114	-
Construction in Progress	11,668,112	86,970	862,635	22,614,774	-	244,344	35,476,835	-
Less accumulated depreciation	(45,125,534)	(2,964,878)	(18,002,441)	(109,772,310)	(16,585)	(7,220,831)	(183,102,579)	-
Total capital assets (net of accumulated depreciation)	<u>137,166,088</u>	<u>3,603,245</u>	<u>44,073,825</u>	<u>353,397,133</u>	<u>5,445</u>	<u>9,031,209</u>	<u>547,276,945</u>	<u>-</u>
Unamortized plant acquisition adjustments	1,048,228	-	-	-	-	-	1,048,228	-
Net capital assets	<u>138,214,316</u>	<u>3,603,245</u>	<u>44,073,825</u>	<u>353,397,133</u>	<u>5,445</u>	<u>9,031,209</u>	<u>548,325,173</u>	<u>-</u>

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

CITY OF CLARKSVILLE, TENNESSEE

Statement of Net Assets

Proprietary Funds June 30, 2011

Continued

	Business-Type Activities/Enterprise Funds						Total	Governmental Activities Internal Service Funds
	Department of Electricity		Gas Department	Water and Sewer Department	Natural Gas Acquisition Corporation	Non-Major Enterprise Funds		
	Electric Division	Telecommunications Division						
Other assets:								
Receivables- TVA residential energy services program	5,821,270	-	-	-	-	-	5,821,270	-
Interfund receivables from the Broadband Division	17,935,096	-	-	-	-	-	17,935,096	-
Prepaid gas supplies	-	-	-	-	173,188,995	-	173,188,995	-
Unamortized expense	1,050,973	-	945,936	9,622,596	2,248,984	1,162	13,869,651	-
Cash value of life insurance	323,235	-	-	-	-	-	323,235	-
Deferred in lieu of transfer	481,281	-	-	-	-	-	481,281	-
Other	121,625	-	-	-	-	-	121,625	-
Total other assets	25,733,480	-	945,936	9,622,596	175,437,979	1,162	211,741,153	-
Total noncurrent assets	186,354,339	3,603,245	46,547,696	377,520,051	178,035,682	9,201,765	801,262,778	-
Total assets	228,217,262	7,295,364	68,410,787	392,331,020	204,637,849	10,764,883	911,657,165	6,012,609
LIABILITIES								
Current liabilities:								
Accounts payable	21,832,182	685,967	1,531,096	6,376,511	491,590	82,625	30,999,971	102,934
Contacts and retainage payable	-	-	1,159	908,198	-	-	909,357	-
Accrued liabilities	72,725	-	-	-	-	21,199	93,924	-
Interest payable	1,468,632	-	194,632	1,672,953	396,761	1,142	3,734,120	2,201,000
Due to other funds of the primary government	1,000	-	112,192	-	-	169,554	282,746	-
Deferred revenue	-	481,404	-	1,061,541	-	-	1,542,945	-
Current portion of long-term debt	1,999,108	-	555,000	4,705,000	11,785,000	142,391	19,186,499	-
Current portion of note payable	-	-	-	4,013,076	-	-	4,013,076	-
Compensated Absences	238,449	-	77,279	219,060	-	152,837	687,625	-
Other	936,820	-	-	-	-	244,702	1,181,522	-
Total current liabilities	26,548,916	1,167,371	2,471,358	18,956,339	12,673,351	814,450	62,631,785	2,303,934

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

CITY OF CLARKSVILLE, TENNESSEE
Statement of Net Assets
Proprietary Funds June 30, 2011
Continued

	Business-Type Activities/Enterprise Funds						Total	Governmental Activities Internal Service Funds
	Department of Electricity		Gas Department	Water and Sewer Department	Natural Gas Acquisition Corporation	Non-Major Enterprise Funds		
	Electric Division	Telecommunications Division						
Noncurrent liabilities:								
Compensated absences	1,371,409	-	158,204	305,928	-	-	1,835,541	-
OPEB liability	401,130	-	1,153,427	3,020,273	-	670,846	5,245,676	-
Customer deposits	4,503,543	2,013	1,010,244	3,295,442	-	-	8,811,242	-
Advances- TVA residential energy services program	5,940,102	-	-	-	-	-	5,940,102	-
Bonds payable	86,230,802	-	12,349,476	122,048,909	182,638,405	-	403,267,592	-
Notes payable	504,648	-	-	80,256,296	-	51,448	80,812,392	-
Deferred Revenue	-	-	-	-	4,704,689	-	4,704,689	-
Interfund payable to the Electric Division	-	17,935,097	-	-	-	-	17,935,097	-
Other	30,148	-	-	-	-	-	30,148	-
Total noncurrent liabilities	<u>98,981,782</u>	<u>17,937,110</u>	<u>14,671,351</u>	<u>208,926,848</u>	<u>187,343,094</u>	<u>722,294</u>	<u>528,582,479</u>	<u>-</u>
Total liabilities	<u>125,530,698</u>	<u>19,104,481</u>	<u>17,142,709</u>	<u>227,883,187</u>	<u>200,016,445</u>	<u>1,536,744</u>	<u>591,214,264</u>	<u>2,303,934</u>
NET ASSETS								
Invested in capital assets, net of related debt	55,898,963	3,603,245	32,115,286	151,996,448	5,445	8,837,370	252,456,757	-
Restricted for debt service	14,939,111	-	1,527,935	14,500,322	3,205,303	-	34,172,671	-
Unrestricted	31,848,490	(15,412,362)	17,624,857	(2,048,937)	1,410,656	390,769	33,813,473	3,708,675
Total net assets	<u>\$ 102,686,564</u>	<u>\$ (11,809,117)</u>	<u>\$ 51,268,078</u>	<u>\$ 164,447,833</u>	<u>\$ 4,621,404</u>	<u>\$ 9,228,139</u>	<u>\$ 320,442,901</u>	<u>\$ 3,708,675</u>

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

CITY OF CLARKSVILLE, TENNESSEE
Statement of Revenues, Expenses and Changes in Fund Net Assets
Proprietary Funds for the Year Ended June 30, 2011

	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	Telecommunications						
	Division	Division						
OPERATING REVENUES								
Sales	\$ 157,716,498	\$ 9,410,270	\$ 31,141,179	\$ 41,874,578	\$ 28,218,770	\$ -	\$ 268,361,295	\$ 11,038,775
Forfeited discounts	-	-	244,741	625,354	-	-	870,095	-
Fees and fines	-	-	-	-	-	1,013,361	1,013,361	-
Other income	-	-	1,278,472	4,751,278	-	-	6,029,750	-
Rental income	-	-	-	-	-	44,383	44,383	-
Advertising	-	-	-	-	-	33,030	33,030	-
Miscellaneous	-	-	-	-	-	8,645	8,645	929
Total operating revenues	157,716,498	9,410,270	32,664,392	47,251,210	28,218,770	1,099,419	276,360,559	11,039,704
OPERATING EXPENSES								
Purchased power and gas	116,353,891	-	23,348,770	-	28,749,079	-	168,451,740	-
Plant operations	-	-	-	3,695,347	-	-	3,695,347	-
Distribution	2,324,052	-	3,382,776	1,893,416	-	-	7,600,244	-
Discharge collection lines	-	-	-	2,159,593	-	-	2,159,593	-
Sewer pumping	-	-	-	3,155,620	-	-	3,155,620	-
Treatment plant expense	-	-	-	8,234,590	-	-	8,234,590	-
Sales and customer services	3,541,979	-	465,568	1,594,316	-	-	5,601,863	-
Administrative and general	2,283,346	842,902	1,949,637	4,274,426	850,414	3,810,253	14,010,978	299,806
Operation and maintenance	3,346,500	8,778,767	-	-	-	1,340,107	13,465,374	-
Engineering	-	-	154,131	2,127,013	-	-	2,281,144	-
Taxes and tax equivalents	1,282,066	132,065	-	-	-	-	1,414,131	-
Fort Campbell	-	-	310,334	-	-	-	310,334	-
Claims	-	-	-	-	-	-	-	9,591,046
Depreciation	7,151,643	1,269,508	1,633,050	14,435,347	3,781	1,237,602	25,730,931	-
Amortization of bond discount and debt expense	-	-	-	-	-	928	928	-
Other	-	189,374	100,142	203,319	-	-	492,835	-
Total operating expenses	136,283,477	11,212,616	31,344,408	41,772,987	29,603,274	6,388,890	256,605,652	9,890,852
Operating income (Loss)	21,433,021	(1,802,346)	1,319,984	5,478,223	(1,384,504)	(5,289,471)	19,754,907	1,148,852

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

CITY OF CLARKSVILLE, TENNESSEE
Statement of Revenues, Expenses and Changes in Fund Net Assets
Proprietary Funds for the Year Ended June 30, 2011
Continued

	Business-Type Activities/Enterprise Funds						Total	Governmental Activities Internal Service Funds
	Department of Electricity		Gas Department	Water and Sewer Department	Natural Gas Acquisition Corporation	Non-Major Enterprise Funds		
	Electric Division	Telecommunications Division						
NONOPERATING REVENUES (EXPENSES)								
Interest income	604,379	-	61,287	94,917	11,323,201	1,067	12,084,851	322
Interest expense	(3,779,688)	(244,264)	(728,233)	(7,064,297)	(9,995,810)	(5,972)	(21,818,264)	-
Operating grants	-	-	-	-	-	5,542,908	5,542,908	-
Amortization of bond issue premium	-	-	-	-	659,792	-	659,792	-
Amortization of bond issue costs	-	-	-	-	(214,189)	-	(214,189)	-
Gain(loss) on sale of property	-	-	-	-	(75,779)	(601)	(76,380)	-
Other income (expense)	(17,284)	-	33,146	428,195	-	-	444,057	-
Total nonoperating revenues (expenses)	(3,192,593)	(244,264)	(633,800)	(6,541,185)	1,697,215	5,537,402	(3,377,225)	322
Income (loss) before contributions and transfers	18,240,428	(2,046,610)	686,184	(1,062,962)	312,711	247,931	16,377,682	1,149,174
CAPITAL CONTRIBUTIONS	-	-	1,105,324	17,340,780	-	-	18,446,104	-
TRANSFERS OUT	(3,135,397)	(69,070)	(643,332)	(2,174,943)	-	(272,577)	(6,295,319)	-
TRANSFERS IN	-	-	-	-	-	1,425,119	1,425,119	-
Change in net assets	15,105,031	(2,115,680)	1,148,176	14,102,875	312,711	1,400,473	29,953,586	1,149,174
NET ASSETS (DEFICIT)- BEGINNING OF YEAR, AS PREVIOUSLY REPORTED	87,581,533	(9,693,437)	50,119,902	150,344,958	4,308,693	7,827,666	290,489,315	2,559,501
NET ASSETS (DEFICIT)- END OF YEAR	\$ 102,686,564	\$ (11,809,117)	\$ 51,268,078	\$ 164,447,833	\$ 4,621,404	\$ 9,228,139	\$ 320,442,901	\$ 3,708,675

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

CITY OF CLARKSVILLE, TENNESSEE
Statement of Cash Flows
Proprietary Funds for the Year Ended June 30, 2011

	Business-Type Activities/Enterprise Funds						Total	Governmental Activities Internal Service Funds
	Department of Electricity		Gas Department	Water and Sewer Department	Natural Gas Acquisition Corporation	Non-Major Enterprise Funds		
	Electric Division	Telecommunications Division						
CASH FLOWS FROM								
OPERATING ACTIVITIES								
Receipts from customers	\$ 147,537,208	\$ 8,591,897	\$ 33,721,870	\$ 46,599,929	\$ 27,228,655	\$ 1,095,330	\$ 264,774,889	\$ 11,039,704
Payments to suppliers	(120,150,749)	(7,914,177)	(25,871,613)	(20,206,393)	(5,842,357)	(1,465,581)	(181,450,870)	(10,504,488)
Payments to employees	(5,718,974)	(1,508,928)	(3,787,338)	(10,909,644)	-	(3,617,771)	(25,542,655)	-
Internal activity from								
(to) other funds	249,298	(249,298)	(100,142)	(203,319)	-	-	(303,461)	118,612
Other receipts (payments)	2,698,870	798,494	-	-	-	-	3,497,364	(393,238)
Net cash provided(used) by operating activities	<u>24,615,653</u>	<u>(282,012)</u>	<u>3,962,777</u>	<u>15,280,573</u>	<u>21,386,298</u>	<u>(3,988,022)</u>	<u>60,975,267</u>	<u>260,590</u>
CASH FLOWS FROM								
NONCAPITAL FINANCING								
ACTIVITIES								
Operating grant	-	-	-	-	-	5,334,138	5,334,138	-
Operating transfers in	-	-	-	-	-	1,500,585	1,500,585	-
Transfers to other funds	(3,135,397)	(69,070)	(643,332)	(2,174,943)	-	(263,001)	(6,285,743)	-
Advances to								
Broadband Division	(3,049,454)	3,049,455	-	-	-	-	1	-
Other	(17,284)	-	(22,336)	234,443	-	-	194,823	-
Net cash provided(used) by noncapital financing activities	<u>(6,202,135)</u>	<u>2,980,385</u>	<u>(665,668)</u>	<u>(1,940,500)</u>	<u>-</u>	<u>6,571,722</u>	<u>743,804</u>	<u>-</u>

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

CITY OF CLARKSVILLE, TENNESSEE
Statement of Cash Flows
Proprietary Funds for the Year Ended June 30, 2011
Continued

	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	Telecommunications Division						
<u>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</u>								
Acquisition and construction of capital assets	(17,304,049)	(1,158,917)	(16,283)	(36,653,014)	-	(2,643,632)	(57,775,895)	-
Principal repayments on on bond and loan maturities	(1,434,108)	-	(5,277,100)	(64,847,085)	(12,845,000)	(137,394)	(84,540,687)	-
Swap termination fees	-	-	-	(6,449,500)	-	-	(6,449,500)	-
Interest paid	(4,031,207)	(244,264)	(711,231)	(7,212,034)	(9,843,375)	(6,094)	(22,048,205)	-
Bond and note proceeds	-	-	4,954,194	108,413,470	-	-	113,367,664	-
Proceeds from sale of fixed assets	-	-	16,052	28,968	-	-	45,020	-
Net cash provided (used) by capital and related financing activities	(22,769,364)	(1,403,181)	(1,034,368)	(6,719,195)	(22,688,375)	(2,787,120)	(57,401,603)	-
<u>CASH FLOWS FROM INVESTING ACTIVITIES</u>								
Interest received	604,379	-	61,286	94,917	124,312	1,067	885,961	322
Investment income (loss)	-	-	-	-	(75,779)	-	(75,779)	-
Proceeds from sale and maturities of investments	-	-	-	-	49,033,873	-	49,033,873	-
Purchase of investments	-	-	(1,073,077)	(10,482,180)	(47,880,419)	-	(59,435,676)	-
Repayment of note receivable from water and sewer department	122,576	-	-	-	-	-	122,576	-
Net cash provided(used) by investing activities	726,955	-	(1,011,791)	(10,387,263)	1,201,987	1,067	(9,469,045)	322
Net increase (decrease) in cash and cash equivalents	(3,628,891)	1,295,192	1,250,950	(3,766,385)	(100,090)	(202,353)	(5,151,577)	260,912
<u>CASH AND CASH EQUIVALENTS- BEGINNING OF YEAR</u>	37,692,200	598,506	19,037,192	17,275,304	1,137,950	886,300	76,627,452	3,444,593
<u>CASH AND CASH EQUIVALENTS- END OF YEAR</u>	\$ 34,063,309	\$ 1,893,698	\$ 20,288,142	\$ 13,508,919	\$ 1,037,860	\$ 683,947	\$ 71,475,875	\$ 3,705,505

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

CITY OF CLARKSVILLE, TENNESSEE
Statement of Cash Flows
Proprietary Funds for the Year Ended June 30, 2011
Continued

	Business-Type Activities/Enterprise Funds						Total	Governmental Activities Internal Service Funds
	Department of Electricity		Gas Department	Water and Sewer Department	Natural Gas Acquisition Corporation	Non-Major Enterprise Funds		
	Electric Division	Telecommunications Division						
Reconciliation of operating income (loss) to net cash provided (used) by operating activities:								
Operating income (loss)	\$ 21,433,021	\$ (1,802,346)	\$ 1,319,984	\$ 5,478,223	\$ (1,384,504)	\$ (5,289,471)	\$ 19,754,907	\$ 1,148,852
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities:								
Depreciation and amortization	7,151,643	1,269,508	1,633,050	14,435,347	3,781	1,238,530	25,731,859	-
Depletion of prepaid gas supplies	-	-	-	-	22,678,959	-	22,678,959	-
Deferred connection fees	-	-	-	(996,766)	-	-	(996,766)	-
(Increase) decrease in:								
Accounts receivable	(6,257,136)	(19,668)	1,057,478	(651,281)	(239,661)	(4,089)	(6,114,357)	-
Interest receivable	-	-	-	-	(468)	-	(468)	-
Due from other funds of the primary government	-	-	-	-	-	-	-	118,612
Inventory	(46,888)	70,813	(166,188)	(22,340)	-	(2,468)	(167,071)	-
Prepaid expenses	(1,972,532)	154,427	(21,975)	(5,673)	14	(2,324)	(1,848,063)	-
Rec-TVA Residential Services	(1,503,888)	-	-	-	-	-	(1,503,888)	-
Increase (decrease) in:								
Accounts payable	4,015,250	162,698	(368,094)	(5,062,330)	328,177	(120,682)	(1,044,981)	(89,866)
Accrued liabilities	(15,785)	-	(3,659)	(18,757)	-	9,385	(28,816)	(917,008)
Customer deposits	94,858	1,366	296,397	842,047	-	-	1,234,668	-
Contracts and retainage	-	-	(143,659)	381,711	-	-	238,052	-
Compensated absences	-	-	4,004	40,280	-	35,904	80,188	-
Advances TVA	1,513,346	-	-	-	-	-	1,513,346	-
OPEB liability	15,225	-	355,439	860,112	-	147,193	1,377,969	-
Due to other funds of the primary government	-	-	-	-	-	(2,324)	(2,324)	-
Interdivisional payables	249,298	(249,298)	-	-	-	-	-	-
Deferred revenue	-	130,488	-	-	-	-	130,488	-
Other	(60,759)	-	-	-	-	-	(60,759)	-
Total Adjustments	3,182,632	1,520,334	2,642,793	9,802,350	22,770,802	1,301,449	41,220,360	(888,262)
Net Cash provided(used) by operating activities	\$ 24,615,653	\$ (282,012)	\$ 3,962,777	\$ 15,280,573	\$ 21,386,298	\$ (3,988,022)	\$ 60,975,267	\$ 260,590
Reconciliation of cash and cash equivalents from statement of cash flows to statement of net assets:								
Cash and cash equivalents	\$ 11,656,766	\$ 1,893,698	\$ 19,833,284	\$ 9,490,777	\$ 251,670	\$ 514,553	\$ 43,640,748	\$ 3,705,505
Cash restricted for debt service	14,939,110	-	454,858	4,018,142	786,190	169,394	20,367,694	-
Cash restricted from unspent bonds	7,467,433	-	-	-	-	-	7,467,433	-
Cash and cash equivalents, June 30, 2011	\$ 34,063,309	\$ 1,893,698	\$ 20,288,142	\$ 13,508,919	\$ 1,037,860	\$ 683,947	\$ 71,475,875	\$ 3,705,505
Noncash Capital and Related Financing Activities								
Capital Assets Contributed by Developers			\$ 1,105,324	\$ 17,340,780				

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

CITY OF CLARKSVILLE, TENNESSEE
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2011

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, 2011, 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. Although the Natural Gas Acquisition Corporation has agreed to purchase gas for a neighboring utility, approximately 91% of the gas purchased is for the direct benefit of the City of Clarksville and we believe this meets the almost exclusive test. NGAC also meets the control test for a blended component unit in that all the board members are appointed by the city and the corporation is supervised by the City's Utility Committee. Since the assets of NGAC are held for the almost exclusive use of the City and the City has the ability to access those assets as needed, we believe that the transactions of NGAC are significant to the operations of the city and that it would be misleading not to include them.

As of June 30, 2011 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. The City follows generally accepted accounting principles in eliminating internal activity from the statement of activities in the government-wide statements. No direct expenses are eliminated from the functional categories. The general fund provided an operating transfer of \$1,425,119 which the Transit Department used to meet requirements for state and federal grants and this amount is part of the program revenues for business-type activities. Internal Service Funds are used to provide self-insurance for

health, dental and liability areas and a rebate of \$800,000 and the fund balance of these accounts, \$1,149,174, were treated as a reduction of expense in the statement of activities.

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

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

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

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

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

The City reports the following major governmental funds:

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

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

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

The City reports the following non-major governmental funds:

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

The City reports the following major proprietary funds:

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

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

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

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

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

The City reports the following non-major proprietary funds:

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

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

Additionally, the City reports the following other fund types:

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

As allowed by the Governmental Accounting Standards Board Statement of Governmental Accounting Standard No. 20, "Accounting and Financial Reporting for Proprietary Funds and Other Governmental Entities that Use Proprietary Fund Accounting", the City's policy is to apply only those Financial Accounting Principles Board Opinions and Accounting Research Bulletins issued on or prior to November 30, 1989 in both the government-wide and proprietary fund financial statements to the extent that those standards do not conflict or contradict guidance of the Governmental Accounting Standards Board.

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

In the governmental fund financial statements, property taxes for which there is an enforceable legal claim as of June 30, 2011, but which were levied to finance year 2012 operations, have been recorded as deferred revenue of \$27,766,613. Grants received before the eligibility requirements are met are also recorded as deferred revenue.

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

6. Budgetary Information

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

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

Budgetary accounting is employed as a formal management control for all funds of the City. Proprietary funds budgets are adopted with less detail since their revenues can fluctuate due to customer demand, but any increase in the total appropriations as originally approved must be formally approved by City Council. Outstanding purchase orders at year end where goods are expected to be delivered within 30 days of the fiscal year end are expensed in the current budget. The City's policy is to not allow expenditures to exceed budgetary amounts at either the fund or departmental level without obtaining additional appropriation approval from City Council. Budgets are estimates and overages that are estimated for the current year are approved in the same ordinance at which the next year's budget is approved.

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

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

8. 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.

9. Self-insurance

The City is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters.

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

The City is also self-insured on its general liability claims and maintains reinsurance for claims in excess of \$1,000,000 and up to \$5,000,000 annual aggregate. The policy of the City is to recognize as an expense claims actually filed plus claims estimated by the City to have been incurred but not yet reported based on historical data. At June 30, 2011, the amount of these estimated insurance liabilities was \$2,201,000. Changes in the reported liability are as follows:

	Balance Beginning of Fiscal Year	Claims and Changes in Estimates	Claim Payments	Balance at End of Fiscal Year
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	3,076,110	1,983,450	3,118,008
2010-2011	3,118,008	(206,471)	710,537	2,201,000

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

10. Cash Equivalents

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

11. Investments

Investments of the governmental and proprietary fund types consist primarily of U.S. Treasury securities, other U.S. agency notes and repurchase agreements and are stated at market value.

12. Internal Balances

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

13. Receivables

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

14. Restricted Assets

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

15. Inventories

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

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

16. Capital Assets

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

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

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

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

The City defines infrastructure as the basic physical assets that allow the City to function. The assets include the street 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, 2011. This appraisal determined the original cost, which is defined as the actual cost to acquire new property in accordance with market prices at the time of first construction/acquisition. Original costs were developed in one of three ways: 1) historical records; 2) standard unit costs appropriate for construction/acquisition date; 3) present cost indexed by a reciprocal factor of the price increase from the construction/acquisition date to the current date. The accumulated depreciation (defined as the total depreciation from the date of construction/acquisition to the current date on a straight-line, unrecovered cost method) was computed using industry accepted life expectancies for each infrastructure system. The book value was then computed by deducting the accumulated depreciation from the original cost.

17. Interest Capitalization

Interests cost are capitalized as part of the historical cost of acquiring certain assets. To qualify for interest capitalization, assets must require a period of time before they are ready for their intended purpose. Interest capitalization occurs mainly in the City's proprietary funds. Total interest costs incurred and total interest cost capitalized for the year ended June 30, 2011 were as follows:

	Interest Cost Incurred	Interest Cost Capitalized
Gas Department	\$ 639,853	\$ -
Water & Sewer Department	6,917,283	137,434
Electric Division	4,000,774	120,788
Broadband Division	-	244,264
	<u>\$ 11,557,910</u>	<u>\$ 502,486</u>

18. Compensated Absences

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

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

Sick leave is paid on the basis of straight time and is not used as a basis of overtime pay. Under the new policy, any sick leave accumulated before 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.

19. Property Tax

The City levies property taxes annually based upon assessed valuations provided by the Montgomery County Tax Assessor. The various types of property are assessed at a percentage of estimated actual value on January 1 of each year. Taxes levied by the City against real property are payable October 1 through February 28, and taxes on real estate are considered to be a lien on such realty as of January 1 of the year the assessment is made. Total property tax, including delinquent taxes from prior years, collected during the fiscal year was \$27,845,639 and included \$26,633,141 collected from current year levy, which was approximately 95.5 percent.

The property tax levy is without legal limit. The rate, as permitted by the Tennessee state law and City charter, is set annually by the Mayor and City Council and collected by the Director of Finance and Revenue. The property tax rate for the year ended June 30, 2011, was \$1.24 per \$100 of assessed value.

20. 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.

21. Fund Equity

Effective for the fiscal year ending June 30, 2011, the City adopted the provisions of Governmental Accounting Standards Board, Statement No. 54, Fund Balance Reporting and Governmental Fund Type Definitions. Governmental fund equity is classified as fund balance. As prescribed by GASB Statement No. 54, governmental funds report fund balance in classifications based primarily on the extent to which the City is bound to honor constraints on the specific purposes for which amounts in the funds can be spent. Last fiscal year Governmental activities reported \$3,599,666 in restricted fund balances and \$16,227,159 in unrestricted fund balances. With adoption of GASB No. 54, the fund balances for June 30, 2011 are broken down as: nonspendable- \$1,552,422, restricted- \$2,638,435, committed- \$5,064,137, assigned - \$1,632,928, and unassigned- \$16,342,233. Fund balances for governmental funds can consist of the following:

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

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

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

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

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

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

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

22. 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.

23. 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.

24. Other Significant Accounting Policies

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

B. DEPOSITS AND INVESTMENTS

The City adopted an official investment policy during the fiscal year. The primary objectives of investment activities in order of priority are safety of principal, liquidity to meet obligations as they become due and a reasonable yield on City investments.

Deposits:

Custodial credit risk: Investment types permitted are consistent with the GFOA Policy Statement on State and local Laws Concerning Investment Practices and included but are not limited to: U.S. Treasury obligations, U.S. government agency obligations, certificates of deposit and local government investment pools which are state-administered. State statutes require that all deposits with financial institutions must be collateralized by securities whose market value is equal to 105% of the value of uninsured deposits. The deposits must be collateralized by federal depository insurance, by the Tennessee Bank Collateral Pool, by collateral held by the City's agent in the City's name or by the Federal Reserve Banks acting as third party agents. As of June 30, 2011, all bank deposits were fully collateralized and insured.

Investments:

Interest rate risks: Investments held for longer periods are subject to increased risk for adverse interest rate changes, City policy provides that to the extent practicable, that investments should be matched with anticipated cash flow requirements and that a portion of the portfolio should be continuously invested in readily available funds such as a local government investment pool. At June 30, 2011, investments of the City had average weighted maturities as noted below.

Credit risk: Credit risk is the risk of loss due to the failure of the security issuer or backers and the City's investment policy minimizes this risk by limiting the types of securities to be purchased, pre-qualifying financial institutions, broker/dealers, etc.

that the City does business with and by requiring the diversifying of the portfolio so that the impact of potential losses from any one type of security or from any one individual issuer will be minimized.

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

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

Investment Type	Fair Value	Weighted Average Maturity (in years)
Tennessee LGIP	\$ 25,747,433	0.16
U.S. Treasuries/Government agencies	11,555,257	0.59
Bank repurchase agreements	2,592,258	0.06
	<u>\$ 39,864,948</u>	

Investments of the Component Unit-Museum consist of the following at June 30, 2011:

Investment Type	Fair Value	Cost	Average Credit Quality Rating	Average Maturity In Years
Common stocks	\$ 453,238	\$ 363,755	n/a	n/a
Money market fund	45,657	45,657	n/a	n/a
Real estate	1,293	498	n/a	n/a
Mutual funds				
Equity	698,409	540,962	n/a	n/a
Fixed	310,064	303,027	n/a	n/a
	<u>\$1,509,201</u>	<u>\$1,253,899</u>		

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

C. RECEIVABLES

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

	<u>General Fund</u>	<u>Special Revenue</u>	<u>Electric & Broadband Department</u>	<u>Gas, Water & Sewer Department</u>	<u>NGAC</u>	<u>Transit</u>	<u>Other</u>	<u>Total</u>
Receivables:								
Accounts	\$ 1,139,761	\$ 290,572	\$ 18,902,865	\$ 6,183,539	\$ 1,261,181	\$ 21,744	\$ 2,286	\$ 27,801,948
Property taxes	30,689,989	1,450,000	-	-	-	-	-	32,139,989
Grants	-	-	-	-	-	577,871	-	577,871
Intergovernmental	-	-	-	-	-	-	-	-
Fines	-	-	-	-	-	-	-	-
Notes*	59,165	5,137,709	-	-	-	-	-	5,196,874
TVA	-	-	5,821,270	-	-	-	-	5,821,270
Other	87,396	-	-	-	15,614	-	-	103,010
Gross receivables	31,976,311	6,878,281	24,724,135	6,183,539	1,276,795	599,615	2,286	71,640,962
Less: Allowance for uncollectibles	(777,465)	(264,152)	(563,946)	(211,997)	-	-	-	(1,817,560)
Net total receivables	<u>\$ 31,198,846</u>	<u>\$ 6,614,129</u>	<u>\$24,160,189</u>	<u>\$ 5,971,542</u>	<u>\$ 1,276,795</u>	<u>\$ 599,615</u>	<u>\$2,286</u>	<u>\$ 69,823,402</u>

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		28,809,108
Delinquent Property Taxes	1,157	
Grants		6,223,297
Confiscated funds		38,946
Total	<u>\$ 1,157</u>	<u>\$ 35,071,351</u>

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

D. CAPITAL ASSETS

Infrastructure assets

The City has elected to use the "Modified Approach" as defined by GASB Statement No. 34 for reporting its street assets. The Modified Approach requires the City to capitalize the existing streets and preserve these assets at or above an established condition level, which the City of Clarksville has established as a pavement condition index (PCI) of 41. The City maintains 603 miles of pavement and rates the condition in three conditions: good to excellent- 56%, fair-18% and poor to failed – 25%. City policy recognizes that streets will always be rated below our 41-PCI, and that once streets fall below this level that management may allow the street to completely fail before restoring the street to a 100-PCI and starting the process over. The City's overall system was estimated at a pavement condition index of "54" at June 30, 2011.

Infrastructure activity for governmental activities for the year ended June 30, 2011 is as follows:

	<u>Balance July 1, 2010</u>	<u>Increases</u>	<u>Decreases</u>	<u>Balance June 30, 2011</u>
<u>Governmental Activities:</u>				
Modified Approach Street Network	\$ 229,922,257	\$ 15,226,151	\$ -	\$ 245,148,408
Basic Approach				
Bridges	2,117,221	39	-	2,117,260
Drainage system	38,188,373	1,241,251	-	39,429,624
Sidewalks	18,311,070	5,188,753	-	23,499,823
Boat docks	398,744	-	(7,825)	390,919
Traffic signals/lighting	<u>3,120,036</u>	<u>160,000</u>	<u>-</u>	<u>3,280,036</u>
Total infrastructure	<u>292,057,701</u>	<u>21,816,194</u>	<u>(7,825)</u>	<u>313,866,070</u>
 <u>Less accumulated depreciation:</u>				
Bridges	(159,447)	(86,258)	-	(245,705)
Drainage system	(7,287,978)	(589,357)	-	(7,877,335)
Sidewalks	(1,233,127)	(938,298)	-	(2,171,425)
Boat docks	(156,266)	(39,892)	4,926	(191,232)
Traffic signals/lighting	<u>(765,338)</u>	<u>(248,376)</u>	<u>-</u>	<u>(1,013,714)</u>
Total accumulated depreciation	<u>(9,602,156)</u>	<u>(1,902,181)</u>	<u>4,926</u>	<u>(11,499,411)</u>
Net infrastructure	<u>\$ 282,455,545</u>	<u>\$ 19,914,013</u>	<u>\$ (2,899)</u>	<u>\$ 302,366,659</u>

Other capital asset activity for governmental activities for the year ended June 30, 2011 is as follows:

	Balance July 1, 2010	Increases	Decreases	Balance June 30, 2011
<u>Governmental Activities:</u>				
Capital assets not depreciated:				
Land	\$ 10,481,255	\$ 1,450,876	\$ -	\$ 11,932,131
Easements	22,536,279	2,048,827	-	24,585,106
Construction in progress	<u>30,452,556</u>	<u>21,798,950</u>	<u>(19,026,214)</u>	<u>33,225,292</u>
Total Capital assets not depreciated	<u>63,470,090</u>	<u>25,298,653</u>	<u>(19,026,214)</u>	<u>69,742,529</u>
Capital assets being depreciated:				
Land Improvements	4,995,215	1,661,300	-	6,656,515
Machinery and equipment	18,476,248	1,435,048	(257,802)	19,653,494
Buildings	57,635,196	380,519	-	58,015,715
Motor vehicles	<u>15,175,933</u>	<u>1,231,382</u>	<u>(888,623)</u>	<u>15,518,692</u>
Total capital assets depreciated	<u>96,282,592</u>	<u>4,708,249</u>	<u>(1,146,425)</u>	<u>99,844,416</u>
Less accumulated depreciation:				
Land Improvements	(4,194,821)	(104,851)	-	(4,299,672)
Machinery and equipment	(12,364,658)	(735,514)	202,950	(12,897,222)
Buildings	(15,834,601)	(1,132,313)	-	(16,966,914)
Motor vehicles	<u>(10,960,263)</u>	<u>(944,038)</u>	<u>871,358</u>	<u>(11,032,943)</u>
Total accumulated depreciation	<u>(43,354,343)</u>	<u>(2,916,716)</u>	<u>1,074,308</u>	<u>(45,196,751)</u>
Net capital assets depreciated	<u>52,928,249</u>	<u>1,791,533</u>	<u>(72,117)</u>	<u>54,647,665</u>
Net governmental activities capital assets	<u>116,398,339</u>	<u>27,090,186</u>	<u>(19,098,331)</u>	<u>124,390,194</u>
Net governmental activities capital assets and infrastructure	<u>\$ 398,853,884</u>	<u>\$ 47,004,199</u>	<u>\$ (19,101,230)</u>	<u>\$ 426,756,853</u>

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

General Government	\$ 717,533
Highways and streets	2,251,030
Public Safety	1,101,641
Recreation	748,693
Total	<u>\$ 4,818,897</u>

Capital asset activity for business activities for the year ended June 30, 2011 is as follows:

	Balance <u>July 1, 2010</u>	<u>Increases</u>	<u>Decreases</u>	Balance <u>June 30, 2011</u>
<u>Business-Type Activities:</u>				
<u>Parking Authority</u>				
Plant and equipment	\$3,453,577	\$41,128	\$ -	\$3,494,705
Less accumulated depreciation	(1,324,349)	(76,156)	-	(1,400,505)
	<u>\$2,129,228</u>	<u>(\$35,028)</u>	<u>\$ -</u>	<u>\$2,094,200</u>
<u>Transit System</u>				
Capital assets not depreciated:				
Land	\$85,882	\$ -	\$ -	\$85,882
Construction in progress	30,463	213,881	-	244,344
Total capital assets not depreciated	<u>116,343</u>	<u>213,881</u>	<u>-</u>	<u>330,226</u>
Capital assets being depreciated:				
Building	2,950,356	-	-	2,950,356
Revenue vehicles	5,755,427	438,376	-	6,193,803
Revenue vehicles-ARRA	362,005	1,534,280	-	1,896,285
Other vehicles	461,804	-	(185,236)	276,568
Furniture and equipment	994,199	115,898	-	1,110,097
Total capital assets depreciated	<u>10,523,791</u>	<u>2,088,554</u>	<u>(185,236)</u>	<u>12,427,109</u>
Less accumulated depreciation	(5,143,587)	(1,161,446)	484,707	(5,820,326)
Net capital assets depreciated	<u>5,380,204</u>	<u>927,108</u>	<u>299,471</u>	<u>6,606,783</u>
Net capital assets	<u>\$5,496,547</u>	<u>\$1,140,989</u>	<u>\$299,471</u>	<u>\$6,937,007</u>

	Balance <u>July 1, 2010</u>	<u>Increases</u>	<u>Decreases</u>	Balance <u>June 30, 2011</u>
<u>Clarksville Electric and Telecommunications</u>				
Capital assets not depreciated:				
Land and land rights	\$1,767,861	\$ -	\$ -	\$1,767,861
Construction in progress	2,295,516	28,293,076	(18,833,510)	11,755,082
Total capital assets not depreciated	<u>4,063,377</u>	<u>28,293,076</u>	<u>(18,833,510)</u>	<u>13,522,943</u>
Capital assets being depreciated:				
Station equipment	22,082,349	685,527	(20,643)	22,747,233
Transmission system	71,950,334	4,141,434	(620,824)	75,470,944
Transportation equipment	2,258,082	480,160	(236,424)	2,501,818
Furniture and equipment	2,067,424	67,371	(9,075)	2,125,720
Communication equipment	60,857,385	3,440,381	(45,737)	64,252,029
Poles and fixtures	1,407,427	-	-	1,407,427
Overhead conductors and devices	627,589	-	-	627,589
Structures and improvements	6,220,077	505	(16,540)	6,204,042
Plant acquisition adjustments	918,736	360,544	(231,052)	1,048,228
Total capital assets depreciated	<u>168,389,403</u>	<u>9,175,922</u>	<u>(1,180,295)</u>	<u>176,385,030</u>
Less accumulated depreciation:	<u>(40,677,034)</u>	<u>(8,791,835)</u>	<u>1,378,457</u>	<u>(48,090,412)</u>
Net capital assets depreciated	<u>127,712,369</u>	<u>384,087</u>	<u>198,162</u>	<u>128,294,618</u>
Net capital assets	<u>\$131,775,746</u>	<u>\$28,677,163</u>	<u>(\$18,635,348)</u>	<u>\$141,817,561</u>
<u>Water and Sewer</u>				
Capital assets not depreciated:				
Land and land rights	\$2,361,007	\$538,366	\$(19,200)	\$2,880,173
Construction in progress	17,651,307	53,455,428	(48,491,961)	22,614,774
Total capital assets not depreciated	<u>20,012,314</u>	<u>53,993,794</u>	<u>(48,511,161)</u>	<u>25,494,947</u>
Capital assets being depreciated:				
Plant and equipment	389,394,071	48,491,961	(211,536)	437,674,496
Less accumulated depreciation	<u>(95,548,499)</u>	<u>(14,435,347)</u>	<u>211,536</u>	<u>(109,772,310)</u>
Net capital assets depreciated	<u>293,845,572</u>	<u>34,056,614</u>	<u>-</u>	<u>327,902,186</u>
Net capital assets	<u>\$313,857,886</u>	<u>\$88,050,408</u>	<u>(\$48,511,161)</u>	<u>\$353,397,133</u>

	Balance <u>July 1, 2010</u>	<u>Increases</u>	<u>Decreases</u>	Balance <u>June 30, 2011</u>
<u>Gas</u>				
Capital assets not depreciated:				
Land and land rights	\$ 236,659	\$ -	\$ -	\$ 236,659
Construction in progress	5,414,470	1,121,607	(5,673,442)	862,635
Total capital assets not depreciated	<u>5,651,129</u>	<u>1,121,607</u>	<u>(5,673,442)</u>	<u>1,099,294</u>
Capital assets being depreciated:				
Plant and equipment	55,457,526	5,673,442	(153,996)	60,976,972
Less accumulated depreciation	<u>(16,521,718)</u>	<u>(1,633,051)</u>	<u>152,328</u>	<u>(18,002,441)</u>
Net capital assets depreciated	<u>38,935,808</u>	<u>4,040,391</u>	<u>(1,668)</u>	<u>42,974,531</u>
Net capital assets	<u><u>\$44,586,937</u></u>	<u><u>\$5,161,998</u></u>	<u><u>(\$5,675,110)</u></u>	<u><u>\$44,073,825</u></u>
<u>Natural Gas Acquisition Corporation</u>				
Capital assets being depreciated:				
Plant and equipment	\$ 22,030	\$ -	\$ -	\$ 22,030
Less accumulated depreciation	<u>(12,804)</u>	<u>(3,781)</u>	<u>-</u>	<u>(16,585)</u>
Net capital assets	<u><u>\$9,226</u></u>	<u><u>\$(3,781)</u></u>	<u><u>\$ -</u></u>	<u><u>\$5,445</u></u>
Net business activities capital assets	<u><u>\$497,855,575</u></u>	<u><u>\$122,991,749</u></u>	<u><u>(\$72,522,148)</u></u>	<u><u>\$548,325,176</u></u>
<u>Museum (Component Unit)</u>				
Capital assets being depreciated:				
Leasehold improvements	\$3,311,077	\$ 3,184	\$ -	\$3,314,261
Furniture and equipment	139,822	-	-	139,822
Vehicles	14,565	-	-	14,565
Total capital assets depreciated	<u>3,465,464</u>	<u>3,184</u>	<u>-</u>	<u>3,468,648</u>
Less accumulated depreciation	<u>(1,255,597)</u>	<u>(104,202)</u>	<u>-</u>	<u>(1,359,799)</u>
Net capital assets	<u><u>\$2,209,867</u></u>	<u><u>(\$101,018)</u></u>	<u><u>\$ -</u></u>	<u><u>\$2,108,849</u></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.

E. LONG-TERM OBLIGATIONS

Governmental long-term debt activity for the year ended June 30, 2011 consists of the following:

	Balance			Balance	Amounts Due
	<u>June 30, 2010</u>	<u>Additions</u>	<u>Reductions</u>	<u>June 30, 2011</u>	<u>In Year</u>
					<u>Ending</u>
					<u>June 30, 2012</u>
Bonds payable	\$ 36,762,950	\$ 12,180,000	\$ 7,215,000	\$ 41,727,950	\$ 3,249,000
Notes payable	44,713,817	18,365,882	8,312,700	54,766,999	1,492,000
Bond Premiums payable	-	91,714	1,798	89,916	-
Subtotal	81,476,767	30,637,596	15,529,498	96,584,865	4,741,000
Accrued compensated absences	2,269,226	398,108	-	2,667,334	1,802,058
Total governmental	\$ 83,745,993	\$ 31,035,704	\$ 15,529,498	\$ 99,252,199	\$ 6,543,058

Governmental long-term debt at June 30, 2011 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%.	\$ 19,206,000
\$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%.-Refunded February 24, 2011, One final payment due FY12	310,000
\$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%.	4,050,000
\$4,411,950 2009A General Obligation Refunding Bonds due in increasing annual installments through June 1, 2014, at an interest rate of 3.17%.	2,476,950
\$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%.	3,305,000
\$800,000 1976 Farmers Administration Loan due in increasing annual installments through January 1, 2016, at an interest rate of 5%.	200,000
\$12,180,000 2011 Taxable General Obligation Improvement Refunding Bonds Due in annual installments through June 1, 2028 at varying rates of interest From 2% to 5.45%	<u>12,180,000</u>
Total bonds payable	<u>\$ 41,727,950</u>

Notes Payable

\$16,047,000 2007 Tennessee Municipal Bond Pooled Loan Program; loan agreement provides for repayment of loan in annual installments through May 25, 2033, with interest payable monthly at an adjustable rate.	\$ 14,881,000
\$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.	3,717,000
\$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.	5,659,453
\$2,836,000 2005 Tennessee Municipal Bond Pooled Loan Program; loan agreement provides for repayment of loan in annual installments through May 25, 2021, with interest payable monthly at an adjustable rate.	2,152,000
\$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.	23,824,437
\$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%.	1,197,000
\$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%.	909,000
\$9,500,000 2010 Tennessee Municipal Bond Pooled Loan Program; loan Agreement provides for repayment of loan in annual installments through May 25, 2031, with interest payable monthly at an adjustable rate.	<u>2,427,109</u>
Total notes payable	54,766,999
Bond Premiums payable	<u>89,916</u>
Total bonds, notes payable and premiums	96,584,865
Add: Accrued compensated absences	2,667,334
Less: Current portion of long-term debt	(4,741,000)
Current portion of accrued compensated absences	<u>(1,802,058)</u>
Total governmental activities long-term debt and accrued compensated absences	<u>\$ 92,709,141</u>

Business long-term debt activity for the year ended June 30, 2011 consists of the following:

	Balance <u>June 30, 2010</u>	<u>Additions</u>	<u>Reductions</u>	Balance <u>June 30, 2011</u>	Amount Due In Year Ending <u>June 30, 2012</u>
<u>Gas Department and Water and Sewer Department</u>					
Bonds and notes payable	\$180,325,095	\$110,238,464	\$70,124,185	\$220,439,374	\$9,273,076
Accrued compensated absences	716,187	535,230	490,946	760,471	296,339
Customer deposits	3,167,242	2,345,259	1,206,815	4,305,686	-
Premiums on bonds	1,787,200	312,920	578,849	4,337,551	-
Unamortized discount and deferred loss on defeasance	(2,474,506)	-	(1,625,338)	(849,168)	-
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
Total Gas, Water and Sewer Dept.	183,521,218	116,248,153	70,775,457	228,993,914	9,569,415
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
<u>Natural Gas Acquisition Corporation</u>					
Bonds payable	203,290,000	-	12,845,000	190,445,000	11,785,000
Premium on bonds	4,638,197	-	659,792	3,978,405	-
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
Total NGAC	207,928,197	-	13,504,792	194,423,405	11,785,000
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
<u>Clarksville Transit</u>					
Accrued compensated absences	116,933	35,904	-	152,837	152,837
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
<u>Parking Authority</u>					
Note payable	331,231	-	137,392	193,839	142,391
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
<u>Department of Electricity</u>					
Bonds and notes payable	87,290,221	-	2,166,465	85,123,756	1,999,108
Premium on bonds	3,778,159	-	167,357	3,610,802	-
Customer deposits	4,408,685	1,538,083	1,441,212	4,505,556	-
TVA advances	4,426,757	2,826,143	1,312,798	5,940,102	-
Accrued compensated absences	1,612,429	-	2,571	1,609,858	238,449
Other	30,148	-	-	30,148	-
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
Total Department of Electricity	101,546,399	4,364,226	5,090,403	100,820,222	2,237,557
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
Total business activities	<u>\$ 493,443,978</u>	<u>\$ 120,648,283</u>	<u>\$ 89,508,044</u>	<u>\$ 524,584,217</u>	<u>\$ 23,887,200</u>
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
<u>Museum (Component Unit)</u>					
Note payable	\$198,538	\$ -	\$15,279	\$183,259	\$15,781
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>

Business activity long-term debt at June 30, 2011 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.	\$23,495,294
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.	11,620,000
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.	67,645,000
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.	56,905,000
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.	190,445,000
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.	4,595,000
Series 200 (\$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.	51,290,000
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.	<u>790,000</u>
Total bonds payable	<u>\$ 434,645,294</u>

Notes Payable

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.	\$ 3,198,000
Series 1994 (\$5,200,000) TML Bond Fund in annual installments of \$500,000 to \$882,000 through June, 2015 at variable interest rates.	3,675,642
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.	42,115,636
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.	193,839
Series 2008 (\$841,080) CEMC Note to purchase plant in annual installments of \$84,108 through June, 2018 at 0.0% interest.	588,756
Series 2010 TML Bond Fund - Water, Sewer and Gas, variable rate due in a lump sum December 2013	<u>11,784,800</u>
Total notes payable	<u>61,556,673</u>
Total bonds and notes payable	496,201,967
Add: Accrued Compensated Absences	2,523,166
Customer deposits	8,811,242
TVA advances	5,940,102
Bond premiums	11,926,760
Other	30,148
Less: Unamortized bond discounts and deferred loss on defeasance	(849,168)
Less: Current portion of long-term debt and accrued compensated absences	<u>(23,887,200)</u>
Total business activity long-term debt	<u><u>\$ 500,697,017</u></u>

Component Unit-Museum

Museum promissory note held by the City of Clarksville. Minimum annual principal and interest payments of \$20,000 are due on December 31st of each year through 2020. Interest is charged on the unpaid balance of the loan at a rate of 3.28% annually.	<u><u>\$183,259</u></u>
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The annual debt service requirements to amortize bonds and notes payable outstanding as of June 30, 2011 are as follows:

For the Years Ended June 30,	Governmental	Business	Component	Total Debt	Total Interest
	Activity Debt	Activity Debt	Unit Debt		
	<u>Principal</u>	<u>Principal</u>	<u>Principal</u>	<u>Principal</u>	
2012	4,741,000	23,199,575	15,781	27,956,356	19,841,443
2013	5,237,353	24,432,867	16,296	29,686,516	19,550,579
2014	5,174,950	37,568,677	16,833	42,760,460	18,506,429
2015	5,022,000	27,424,814	17,385	32,464,199	17,252,635
2016	5,911,000	29,177,465	18,544	35,107,009	16,011,471
2017	5,094,000	84,173,102	98,420	89,365,522	44,363,824
2018	5,051,108	87,464,324	-	92,515,432	27,068,356
2019	5,145,000	44,621,396	-	49,766,396	14,872,966
2020	5,376,000	25,804,747	-	31,180,747	6,367,307
2021	5,635,000	25,230,000	-	30,865,000	1,837,250
2022	5,632,000	28,360,000	-	33,992,000	637,500
2023	4,403,000	2,990,000	-	7,393,000	-
2024	3,908,000	3,140,000	-	7,048,000	-
2025	4,092,000	3,290,000	-	7,382,000	-
2026	3,340,000	3,455,000	-	6,795,000	-
2027	3,558,000	3,625,000	-	7,183,000	-
2028	3,333,000	3,810,000	-	7,143,000	-
2029	2,857,000	4,005,000	-	6,862,000	-
2030	2,985,000	4,210,000	-	7,195,000	-
2031	3,121,000	4,430,000	-	7,551,000	-
2032	3,262,000	4,655,000	-	7,917,000	-
2033	3,075,100	4,895,000	-	7,970,100	-
2034	541,438	5,145,000	-	5,686,438	-
2035	-	5,410,000	-	5,410,000	-
2036	-	5,685,000	-	5,685,000	-
Total	\$ 96,494,949	\$ 496,201,967	\$ 183,259	\$ 592,880,175	\$ 186,309,760

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

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

On June 28, 2001, the Gas Department and Water and Sewer Department issued Sewer and Gas Revenue Refunding and Improvement Bonds, Series 2001, to, among other things, refund \$1,130,000 Series 1991 bonds, refund \$7,244,138 Series 1992 capital appreciation bonds, and refund \$10,200,000 Series 1997 bonds. Sufficient proceeds were deposited with an escrow agent to provide for all future debt service payments on the refunded bonds. As a result, the refunded bonds are considered defeased and the liability for those bonds has been removed from the balance sheet. At June 30, 2011, bonds outstanding of \$2,260,710 were considered defeased.

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

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

F. REFUNDING DEBT

The City refunded the following debts during the fiscal year to either take advantage of the current low interest rate environment, to mitigate the interest rate, liquidity and basis risk associated with a synthetic fixed rate debt or because certain short-term notes were due:

On February 24, 2011, the City issued \$12.3 million in taxable general obligation refunding bonds with interest rates ranging between 0.97% and 5.63%. The City issued the bonds to retire the Series 2009 Bond Anticipation Note of \$7.1 million and to advance refund \$4.4 million in outstanding Taxable General Obligation Industrial Park Bonds, Series 2002A with interest rates ranging from 6.5% to 6.875%.

The City used the net proceeds to purchase U.S. government securities and these securities were placed in an irrevocable trust to provide for all future debt service on the future debt service of the refunded portion of the Series 2002A bonds. As a result, that portion of the 2002A series bonds is considered defeased, and the City has removed the liability from its accounts. The outstanding principal of the defeased bonds is \$4,950,000 at September 30, 2011.

The advance refunding reduced total debt service payments over the next twelve years by approximately \$0.4 million. This results in an economic gain (difference between the present value of the debt service payments on the old and new debt) of \$324,708.

On June 28, 2001, the Departments issued Sewer and Gas Revenue Refunding and Improvement Bonds, Series 2001, to, among other things, refund \$1,130,000 Series 1991 Bonds, refund \$7,244,138, Series 1992 capital appreciation bonds, and refund \$10,200,000 Series 1997 bonds. Sufficient proceeds were deposited with an escrow agent to provide for all future debt service payments on the refunded bonds. As a result, the refunded bonds are considered defeased and the liability for those bonds has been removed from the balance sheet. At June 30, 2011 and 2010, bonds outstanding of \$2,260,710 and \$2,445,180, respectively, were considered defeased.

On April 25, 2011 the City of Clarksville issued \$67,645,000 in water, sewer and gas revenue refunding bonds, series 2011, with interest rates ranging from 3% to 5%. The bonds were issued to (i) currently refund 2001 and 2004 series bonds, (ii) find a debt service reserve fund, (iii) pay the termination fee related to the interest rate swap agreement on the 2004 series bonds and (iv) pay the cost of issuing the 2011 series bonds.

The economic gain of the transaction (difference between the present values of the debt service payments in the old and new debt) is \$838,972 on a net present value basis.

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, 2011. 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 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, 10th Floor Andrew Jackson Building, Nashville, Tennessee 37243-0230 or can be accessed at <http://www.tn.gov/treasury/tcrs/PS/>.

Funding Policy

The City has adopted a noncontributory retirement plan for its employees by assuming employee contributions up to 5.0 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, 2011 was 15.47% 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, 2011, the City's annual pension cost of \$6,655,681 to TCRS was equal to the City's required and actual contributions. The required contribution was determined as part of the July 1, 2009 actuarial valuation using the frozen entry age actuarial cost method. Significant actuarial assumptions used in the valuation include (a) rate of return on investment of present and future assets of 7.5 percent a year compounded annually, (b) projected 3.0 percent annual rate of inflation, (c) projected salary increases of 4.75 percent (graded) annual rate (no explicit assumption is made regarding the portion attributable to the effects of inflation on salaries), (d) projected 3.5 percent annual increase in the Social Security wage base, and (e) projected post retirement increases of 2.5 percent annually. The actuarial value of assets was determined using techniques that smooth the effect of short-term volatility in the market value of total investments over a ten-year period. The City's unfunded actuarial accrued liability is being amortized as a level dollar amount on a closed basis. The remaining amortization period at July 1, 2009 was 14 years. An actuarial valuation was performed as of July 1, 2009, which established contribution rates effective July 1, 2010.

Trend Information

Fiscal Year Ending	Annual Pension Cost (APC)	Percentage of APC Contributed	Net Pension Obligation
June 30, 2011	\$ 6,655,681	100.0%	\$ 0.00
June 30, 2010	5,396,038	100.0%	0.00
June 30, 2009	5,097,436	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 \$109.2 million, and the actuarial value of assets was \$84.8 million, resulting in an unfunded actuarial accrued liability (UAAL) of \$24.4 million. The covered payroll (annual payroll of active employees covered by the plan) was \$38.8 million, and the ratio of the UAAL to the covered payroll was 62.75% percent.

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 Accrued Liability (AAL) -Entry Age (b)	Unfunded AAL (UAAL) (b)-(a)	Funded Ratio (a/b)	Covered Payroll (c)	UAAL as a Percentage of Covered Payroll ((b-a)/c)
July 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 available to employees until termination, retirement, death or unforeseeable emergency. The Plan's investments are held in trust by Public Employee Benefit Services Corporation (PEBSCO).

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

	June 30, 2011	June 30, 2010	June 30, 2009
Contributions			
Employer 401(K)	\$141,285	\$141,945	\$101,616
Employer progress sharing	155,600	152,441	0
Employee 401(K)	228,908	235,066	285,584
Totals	\$525,793	\$529,452	\$387,200
Plan assets on December 31, (market value)	\$8,740,210	\$9,593,802	\$4,061,058

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

I. OTHER POST EMPLOYMENT BENEFITS

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

Plan Description - The City of Clarksville's Retired Employees' Benefit Plan ("Plan") is a single-employer defined benefit healthcare, dental, and life insurance plan administered by the City of Clarksville. The plan is provided for in Section 1-1340 through Section 1-1348 of the Official Code of the City of Clarksville. The Plan provides medical, dental, and life insurance benefits to eligible retirees of the general government, the Gas, Water and Sewer Department and the Transit

System. Retirees of the general government, the Gas, Water and Sewer Department and the Transit System are able to obtain medical and dental insurance at the City group rates for their spouses. Employees hired on or after July 1, 2006 are not eligible for the retirement benefits provided by the Plan. Eligible employees must have been hired on or before June 30, 2006. The Plan has a total of 934 participants of which 231 are retired participants and 703 are active participants. The Plan does not issue a publicly available financial report that includes financial statements and required supplementary information.

Funding Policy - The contribution requirements of the general government, the Gas, Water, and Sewer Department, and the Transit System are determined by an actuary study performed as of July 1, 2010. The level of actual funding is determined by the Clarksville City Council during the budget process. The City Council approved funding the estimated cost of insurance for current premiums. The City will continue to pay current premiums on a pay-as-you-go basis. Funds approved in fiscal year 2011 were sufficient to pay the current cost of premiums for other post employment benefits for eligible retirees in fiscal year 2011. For fiscal year 2011, the general government, the Gas, Water, and Sewer Department, and the Clarksville Transit System paid a total of \$1,024,396 for current premiums for retiree insurance coverage.

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

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

Annual required contribution (ARC)	\$ 6,153,353
Interest on net OPEB obligation	524,466
Adjustment to annual required contribution	<u>(460,187)</u>
Annual OPEB cost (expense)	6,217,632
Contributions made	<u>(1,024,396)</u>
Increase in net OPEB obligation	5,193,236
NET OPEB obligation - beginning of year	<u>13,434,723</u>
NET OPEB obligation - end of year	<u><u>\$ 18,627,959</u></u>

The City's annual OPEB cost, the percentage of annual OPEB cost contributed to the plan, and the net OPEB obligation for 2011, 2010 and 2009 is as follows:

Fiscal Year Ended June 30,	Annual OPEB Cost	Annual Employer Contribution	% of Annual OPEB Cost Contributed	Net Ending OPEB Obligation / (Asset)
2011	\$ 6,217,632	\$ 1,024,396	16.48%	\$ 18,700,329
2010	5,826,891	1,021,773	17.54%	13,507,093
2009	5,602,182	1,166,283	20.82%	8,701,975

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 \$82.3 million, and the actuarial value of assets was \$0 million, resulting in an unfunded actuarial accrued liability (UAAL) of \$82.3 million. The covered payroll (annual payroll of active employees covered by the plan) was \$39.5 million, and the ratio of the UAAL to the covered payroll was 208.3 percent.

Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts and assumptions about the probability of events far into the future. Examples include assumptions about future employment, mortality, and the health and dental care and life insurance cost trend. Amounts actuarially determined regarding the funded status of the plan and the annual required contributions of the employer are subject to continual revision as actual results are compared with past

expectations and as new estimates are made about the future. The schedule of funding progress, presented as required supplementary information following the notes to the financial statements, presents multiyear trend information about whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liabilities for benefits.

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

In the July 1, 2010 actuarial valuation, the entry age normal actuarial cost method was used. The actuarial assumptions included an annual healthcare cost trend rate of 10.5 percent initially, reduced by uniform decrements to an ultimate rate of 5.0 percent over an eleven year period. Dental costs are assumed to increase 4.0 percent annually. The rate of inflation (assumed rate of increase in payroll) was assumed at 4.0 percent. The actuarial value of assets was not applicable to the actuarial valuation. The UAAL is being amortized as a level percentage of projected payrolls. The plan is closed to any employees hired on or after July 1, 2007. The remaining amortization period as of the July 1, 2010 study date was thirty years.

The Department of Electricity – The Department of Electricity under authority of the Electric Power Board provides medical insurance coverage for substantially all retiring employees with thirty years of service until they reach age 65. Prior to March 1, 2011, retirement could begin at age 55. On March 1, 2011, the plan was amended so that retirement could begin at age 60. Ten employees were grandfathered under the prior age and service limit. Seven retired employees were covered for medical insurance at June 30, 2011. 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, 2011 the cash value of the remaining policies was \$323,235. 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	\$ 25,255
30 year amortization of accrued liability	68,210
27 year amortization of actuarial gain	(49,638)
Interest on net OPEB obligation	12,892
Annual OPEB cost (expense)	<u>56,719</u>
Contributions made	<u>(41,494)</u>
Increase in net OPEB obligation	15,225
NET OPEB obligation - beginning of year	<u>385,905</u>
NET OPEB obligation - end of year	<u>\$ 401,130</u>

The Electric Department's annual OPEB cost, the percentage of annual OPEB cost contributed to the plan, and the net OPEB obligation for 2011, 2010 and 2009 are as follows:

Fiscal Year Ended June 30,	Annual OPEB Cost	Annual Employer Contribution	% of Annual OPEB Cost Contributed	Net Ending OPEB Obligation/(Asset)
2011	\$ 56,719	\$ 41,494	0.73 %	\$ 401,130
2010	137,286	14,073	0.10 %	385,905
2009	133,287	-	-	262,692

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

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

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

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

The actuarial values of assets were determined using techniques that spread the effects of short-term volatility in the market value of investments over a five-year period. The UAAL is being amortized as a level percentage of projected payrolls on an open basis. The remaining amortization period at June 30, 2011 is twenty-six 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, 2011.

K. CONCENTRATIONS OF CREDIT RISK

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

L. INTER-FUND TRANSACTIONS

Inter-fund receivable and payable balances at June 30, 2011, are as follows:

	<u>Major Fund General</u>	<u>Debt Service</u>	<u>Non-Major Governmental</u>	<u>Non-Major Proprietary</u>	<u>Internal Service</u>
Interfund Receivable	\$ 3,477,049	\$ 698,715	\$ 3,201,414	\$ 315,230	\$ 2,207,104
Interfund Payable:					
Major Funds:					
General	\$ -	\$ 698,715	\$ 3,158,762	\$ 315,230	\$ 2,207,104
Capital Projects	3,103,290	-	-	-	-
Gas	112,192	-	-	-	-
Water and Sewer	-	-	-	-	-
Electric	1,000	-	-	-	-
Non-Major Funds:					
Governmental	91,013	-	42,652	-	-
Proprietary	169,554	-	-	-	-
Internal Service	-	-	-	-	-
	<u>\$ 3,477,049</u>	<u>\$ 698,715</u>	<u>\$ 3,201,414</u>	<u>\$ 315,230</u>	<u>\$ 2,207,104</u>

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

M. INTERDIVISIONAL ALLOCATIONS

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

For fiscal year ended June 30, 2011 allocated infrastructure costs were as follows:

	Unit Costs	June 30, 2011 Annual Telecom Units	June 30, 2011 Allocated Costs
Depreciation	\$ 2.61	204,065	\$ 532,610
Interest	2.15	204,065	438,740
Taxes	0.85	204,065	173,455
Pole Attachment	0.35	204,065	71,422
Totals	<u>\$ 5.96</u>		<u>\$ 1,216,227</u>

During the 2008 fiscal year, the Broadband Division began “renting” an office building from the Electric Division for Broadband operations. During the 2011 fiscal year, approximately 83% of the depreciation, property tax and insurance costs associated with this building were allocated to the Broadband Division. Costs allocated from the Electric Division to the Broadband Division, for this building, were \$30,000 for the year ended June 30, 2011.

At June 30, 2011, the Electric Division owed the Broadband Division \$4,886,248. This amount represents payments for broadband services the Electric Division had collected on behalf of the Broadband Division. These amounts are other than the Interfund Receivable/Payable discussed in Note N.

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

Changes in the interdivisional payable/receivable account for the year ended June 30, 2011, were as follows:

	Balance July 1, 2010	Additions	Deletions	Balance June 30, 2011
Interdivisional Receivable/Payable	<u>\$ 14,885,642</u>	<u>\$ 3,590,599</u>	<u>\$ (541,144)</u>	<u>\$ 17,935,097</u>

Net additions to the loan balance during the year ended June 30, 2011, consisted of the following:

	June 30, 2011
Direct cash advances	\$ -
Labor	1,154,019
Labor overhead	331,644
Interest charges	244,264
Plant costs	75,829
Maintenance	233,546
Administrative & general	305,070
Infrastructure costs	1,216,227
Building costs	30,000
Net Additions to Loan Balance	<u>\$ 3,590,599</u>

The interdivisional payable represents allocated expenses and cash borrowed by the Broadband Division from the Electric Division plus accrued interest. The rate of interest is the highest interest rate earned by the Electric Division on deposited funds in the previous month. This rate of interest was 1.50% at June 30, 2011.

On December 21, 2009, the City of Clarksville, Tennessee, the Clarksville Electric Power Board, and the Tennessee Valley Authority (TVA) entered into an agreement to specify the terms and conditions of interdivisional loans between the Electric

Division and the Broadband Division. This agreement defined two loans from the Electric Division to the Broadband Division and specified the terms of each loan, as follows:

- *2007 Loan* – The aggregate amount of this interdivisional loan may not exceed \$16,000,000. Interest on the outstanding loan balance accrues monthly at the highest rate then being earned by the Electric Division on its investments, as required by Tennessee law. Repayment of this loan is anticipated to be during fiscal year 2013, when, according to the Broadband Division's business plan, the Division will begin to generate positive cash flows. The repayment schedule calls for annual interest payments (based on the outstanding balance of the loan) and principal payments ranging in amount from \$1,000,000 to \$3,500,000 annually. The balance of this loan was \$16,000,000 and \$14,885,642 at June 30, 2011, respectively.
- *2009 Loan* – Once the aggregate balance of the 2007 Loan reaches \$16,000,000, the Electric Division may make additional loan(s) to the Broadband Division up to an aggregate amount of \$4,500,000. The Electric Division will be under no obligation or responsibility to set aside any funds for this purpose. Interest shall be due and payable in annual installments (in arrears) due on June 30 of each year beginning June 30, 2011. The interest rate on this loan will be the highest of the interest rate then being earned by CDE on invested funds, or the Constant Maturity Treasury rate for similar terms as CDE invested funds. Beginning June 30, 2015, the Broadband Division will be required to amortize the principal balance, of any loan(s) under this provision of the loan agreement, over a ten year period in equal, annual principal installments. All principal payments, along with accrued interest, must be repaid no later than June 30, 2024. Any loan(s) made under this provision of the agreement will be callable by the Electric Division with no more than 15 days' written notice. Other terms of this portion of the agreement include the establishment of a separate fund by the City of Clarksville for repayment of interest; a right of the Electric Division to first payment of Broadband Division revenues; and a guarantee that the City of Clarksville will make payment for any past due amounts from City General Funds. The balance of this loan was \$1,935,097 and \$0 at June 30, 2011 and 2010, respectively.

O. OPERATING TRANSFERS

Operating transfers were used to account for payments-in-lieu-of-taxes, payments of principal and interest, funding of operating deficiencies and various reimbursements. Operating transfers among individual funds of the City for the fiscal year ended June 30, 2011, were as follows:

<u>Transfer to:</u>	<u>Amount</u>	<u>General Fund</u>	<u>Non-Major Transit System</u>	<u>Debt Service</u>	<u>Non-Major Special Revenue</u>	<u>Capital Projects</u>
<u>Transfer from:</u>						
General Fund	\$ 7,391,967	\$ -	\$ 1,425,119	\$ 5,184,338	\$ 31,890	\$ 750,620
Electricity/Broadband Dept.	3,204,467	3,204,467	-	-	-	-
Gas Department	643,332	643,332	-	-	-	-
Water and Sewer	2,174,943	2,174,943	-	-	-	-
Parking Authority- Non-Major	272,577	272,577	-	-	-	-
Special Revenue – Non-Major	3,009,202	3,208	-	1,120,714	-	1,885,280
Total	<u>\$ 16,696,488</u>	<u>\$ 6,298,527</u>	<u>\$ 1,425,119</u>	<u>\$ 6,305,052</u>	<u>\$ 31,890</u>	<u>\$ 2,635,900</u>

P. COMMITMENTS AND CONTINGENCIES

Leases

The City receives rental income principally for real property from various agencies and rental of recreation facilities. Rental income from these sources totaled approximately \$320,439 for the year ended June 30, 2011.

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 \$8.84 million at June 30, 2011. The Gas Department and the Water and Sewer Department have construction commitments totaling \$33.1 million at June 30, 2011.

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

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

On September 7, 2004 the 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 limits and provisions. In order to comply with 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 the Commissioner's order include civil penalties up to \$250,000 total. In addition, noncompliance with the order could be a factor in future enforcement actions. For the fiscal year end June 30, 2011, the Sewer Department spent approximately \$18.4 million. For the fiscal year end June 30, 2012 the Sewer Department estimates spending approximately \$16.6 million to comply with the order. Future expenses past June 30, 2012 related to complying with the order cannot be reasonably estimated at this time. Noncompliance with the order is not anticipated.

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

Bi-County Solid Waste Post-Closure Costs

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

Q. JOINT VENTURE

The Electric Department and Pennyrile Rural Electric Cooperative Corporation (the Cooperative) constructed jointly-owned electric facilities. Under the terms of the joint venture, the Electric Department owns 54% of the facilities and the Cooperative owns 46%. The amount of the Electric Department's plant covered by this agreement was \$927,696 at June 30, 2011. 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.

R. UTILITIES

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

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

S. EXTRAORDINARY LOSS

Excessive rainfall on May 1st and 2nd of 2010 resulted in the Cumberland River eventually cresting at 62.58 feet, well above the flood stage of 46 feet. This resulted in extensive damage to the wastewater treatment facility and several components of the wastewater collection system. Through June 30, 2010 the Departments incurred losses of \$13.5 million for remediation work, including the write-off of some assets. Work is continuing on all the affected components of the treatment system and it will likely be over a year before all permanent solutions are in place.

During 2011, the Departments received notice that FEMA had approved projects worth \$1.5 million. Since many of the projects are considered "improved projects" the Departments need to await approval from FEMA before beginning the work. The Departments were also notified that \$23.5 million in projects at the sewer treatment plant had been defunded. The reason for the defunding related to flood plain elevations at the plant. The Departments have retained legal counsel and the defunded projects are currently being appealed.

The Departments are coordinating their efforts with FEMA and TEMA to ensure they recoup the majority of their 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 but, it is unclear if the State will cover half of the remaining 10% or not. Currently, the Departments estimate the total cost of the recovery will be in excess of \$90 million. The Departments anticipate it will take until December 2013 before all projects are substantially complete.

T. DISCLOSURE OF DERIVATIVES

The City's Gas, Water and Sewer Department as of June 30, 2010 had a liability of \$8,004,425 on a derivative instrument originally issued for \$44,875,000 and dated May 2004. In addition to the interest rate risk associated with this instrument, the City learned that the reinsurance agent was exiting the municipal market and the City would have to find a new agent, at possibly an additional cost. The City elected to take a one-time loss of \$6,449,500 to eliminate future liabilities and refunded the remaining principal along with certain other Gas, Water and Sewer Bonds that were currently eligible for refunding. The City used its investment advisor PFM Asset Management to calculate potential future losses versus the one-time loss before entering into this transaction. This transaction resulted in the issuance of new refunding bonds in the amount of \$67,645,000, refunded Series 2001 and Series 2004 bonds, funded a debt service fund and paid the termination fee on the Series 2004 interest rate swap instrument.

U. DEFICIT FUND EQUITY

For the fiscal year ended June 30, 2011, there were no instances of deficit fund equity in any funds.



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CITY OF CLARKSVILLE, TENNESSEE
 REQUIRED SUPPLEMENTARY INFORMATION
 JUNE 30, 2011

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 Departments Excluding Electric and Broadband:

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

Electric and Broadband Departments:

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

CITY OF CLARKSVILLE, TENNESSEE
 REQUIRED SUPPLEMENTARY INFORMATION- CONTINUED
 JUNE 30, 2011

	<u>City of Clarksville</u>	<u>Electric Department</u>
Valuation Date:	July 1, 2010	July 1, 2010
Actuarial Cost Method:	Entry age normal actuarial cost method	Projected unit credit method and entry age normal cost method
Amortization method:	Level percentage	Level percentage
Asset valuation method:	not applicable	not applicable
<u>Actuarial assumptions:</u>		
Investment rate of return:	not applicable	not applicable
Salary increase rate:	4.00%	not applicable
Health insurance cost trend rate:	10.5% to 5% graded over 11 years	6.5 % to 3 % ultimate over 16 years
Dental insurance cost trend rate:	4.00%	not applicable
Life care cost trend rate:	3.00%	not applicable

C. MODIFIED APPROACH FOR STREET NETWORK INFRASTRUCTURE CAPITAL ASSETS

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

CITY OF CLARKSVILLE, TENNESSEE
 REQUIRED SUPPLEMENTARY INFORMATION- CONTINUED
 JUNE 30, 2011

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

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

Established Condition Level

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

Assessed Conditions

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

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

The following table illustrates the condition of the entire network.

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

CITY OF CLARKSVILLE, TENNESSEE
 REQUIRED SUPPLEMENTARY INFORMATION- CONTINUED
 JUNE 30, 2011

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
2011	\$ 2,970,000	\$ 3,076,298
2010	2,970,000	3,022,640
2009	2,970,000	2,916,036
2008	2,970,000	2,780,995
2007	2,280,000	2,672,459
2006	3,300,000	2,358,345
2005	2,502,555	2,641,349

D. BUDGETARY INFORMATION

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

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

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

CITY OF CLARKSVILLE, TENNESSEE
Budgetary Comparison Schedule
Capital Projects and Debt Service Funds
For the Year Ended June 30, 2011

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual Amounts</u>	<u>Variance with Final Budget</u>
<u>Capital Projects</u>				
<u>Revenues</u>				
Interest	\$ 59,098	\$ 59,098	\$ 3,351	\$ (55,747)
Federal and state grants	1,114,900	1,114,900	4,292,537	3,177,637
Contributions	32,381	288,140	250,044	(38,096)
Transfers in	15,617,022	22,325,911	2,635,900	(19,690,011)
Bond Proceeds	4,990,000	92,120,841	18,364,384	(73,756,457)
Other	395	395	-	(395)
Total revenues	<u>21,813,796</u>	<u>115,909,285</u>	<u>25,546,216</u>	<u>(90,363,069)</u>
<u>Expenditures</u>				
Capital investments	3,389,948	7,913,950	469,773	7,444,177
Other expenditures	48,948,180	94,944,037	25,634,401	69,309,636
Total expenditures	<u>52,338,128</u>	<u>102,857,987</u>	<u>26,104,174</u>	<u>76,753,813</u>
Net Change in Fund Balance	<u>\$ (30,524,332)</u>	<u>\$ 13,051,298</u>	<u>\$ (557,958)</u>	<u>\$ (13,609,256)</u>
Fund Balance, Beginning of Year			<u>5,050,827</u>	
Fund Balance, Ending of Year			<u>\$ 4,492,869</u>	
 <u>Debt Service</u>				
<u>Revenues</u>				
Interest	\$ 1,500	\$ -	\$ -	\$ -
Transfers in	6,597,855	6,311,369	6,305,052	(6,317)
Transfers from non-component unit	388,893	388,893	388,893	-
Bond Proceeds	-	-	12,271,714	12,271,714
Total revenues	<u>6,988,248</u>	<u>6,700,262</u>	<u>18,965,659</u>	<u>12,265,397</u>
<u>Expenditures</u>				
Principal retirement	3,943,700	3,943,700	15,527,700	(11,584,000)
Interest and other charges	2,972,514	2,023,659	2,303,294	(279,635)
Other	70,534	85,565	170,581	(85,016)
Total expenditures	<u>6,986,748</u>	<u>6,052,924</u>	<u>18,001,575</u>	<u>(11,948,651)</u>
Net Change in Fund Balance	<u>\$ 1,500</u>	<u>\$ 647,338</u>	<u>\$ 964,084</u>	<u>\$ 316,746</u>
Fund Balance, Beginning of Year			<u>967,039</u>	
Fund Balance, Ending of Year			<u>\$ 1,931,123</u>	

CITY OF CLARKSVILLE, TENNESSEE

Combining Balance Sheet
Special Revenue Funds
June 30, 2011

	Community Development	Drug Fund	Police Special Fund	Parks Special Fund	Capital Projects Revenue District Fund	Special Events Fund	Other Special Revenue Funds	Total
ASSETS								
Cash and cash equivalents	\$ 419,475	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 419,475
Notes receivable	5,137,709	-	-	-	-	-	-	5,137,709
Accounts receivable	-	-	-	-	-	-	26,420	26,420
Taxes Receivable	-	-	-	-	1,450,000	-	-	1,450,000
Grant receivable	150,048	-	77,857	54,804	-	-	-	282,709
Due from other governments	-	-	-	-	-	-	13,320	13,320
Due from other funds of the primary government	89,198	215,388	189,750	371,046	2,172,308	66,454	97,270	3,201,414
Inventory	763,674	-	-	566	-	-	-	764,240
Other	1,650	-	-	740	-	32,750	-	35,140
Restricted assets:								
Cash and cash equivalents	-	38,946	-	-	-	-	-	38,946
Total assets	<u>\$ 6,561,754</u>	<u>\$ 254,334</u>	<u>\$ 267,607</u>	<u>\$ 427,156</u>	<u>\$ 3,622,308</u>	<u>\$ 99,204</u>	<u>\$ 137,010</u>	<u>\$ 11,369,373</u>
LIABILITIES								
Accounts payable	\$ 134,778	\$ 6,026	\$ 16,230	\$ 82,353	\$ -	\$ 9,325	\$ 21,537	\$ 270,249
Due to other funds of the primary government	91,013	-	-	-	-	-	42,652	133,665
Payable to other governments	-	-	-	-	-	-	-	-
Accrued expenses	-	-	-	-	-	1,000	-	1,000
Deferred revenue	5,977,911	38,946	219,771	-	1,450,000	-	-	7,686,628
Total liabilities	<u>6,203,702</u>	<u>44,972</u>	<u>236,001</u>	<u>82,353</u>	<u>1,450,000</u>	<u>10,325</u>	<u>64,189</u>	<u>8,091,542</u>
FUND BALANCES								
Fund balances								
Nonspendable	763,674	-	-	566	-	-	-	764,240
Restricted	-	209,362	31,606	54,804	-	-	72,821	368,593
Committed	-	-	-	289,433	2,172,308	88,879	-	2,550,620
Unassigned	(405,622)	-	-	-	-	-	-	(405,622)
Total fund balances	<u>358,052</u>	<u>209,362</u>	<u>31,606</u>	<u>344,803</u>	<u>2,172,308</u>	<u>88,879</u>	<u>72,821</u>	<u>3,277,831</u>
Total liabilities and fund balances	<u>\$ 6,561,754</u>	<u>\$ 254,334</u>	<u>\$ 267,607</u>	<u>\$ 427,156</u>	<u>\$ 3,622,308</u>	<u>\$ 99,204</u>	<u>\$ 137,010</u>	<u>\$ 11,369,373</u>

CITY OF CLARKSVILLE, TENNESSEE

Combining Statement of Revenue, Expenses and Changes in Fund Balances
 Special Revenue Funds
 For the Year Ended June 30, 2011

	Community Development Fund	Drug Fund	Police Special Fund	Parks Special Fund	Capital Projects Revenue District Fund	Special Events Fund	Other Special Revenue Funds	Total
REVENUE								
Local taxes	\$ -	\$ -	\$ -	\$ -	\$ 2,036,681	\$ -	\$ -	\$ 2,036,681
Program income	228,356	-	-	177,298	-	83,934	-	489,588
Interest	155	-	1,018	-	-	-	-	1,173
Federal and state grants	1,472,758	-	519,050	80,151	-	-	72,561	2,144,520
Fines and forfeitures	-	207,041	48,175	-	-	-	566,071	821,287
Contributions	-	-	358	25,750	-	39,220	-	65,328
Miscellaneous	1,705	-	-	-	500,000	-	-	501,705
Total revenue	1,702,974	207,041	568,601	283,199	2,536,681	123,154	638,632	6,060,282
EXPENDITURES								
Recreation	-	-	-	233,468	-	-	220,215	453,683
Drug enforcement	-	196,021	-	-	-	-	-	196,021
Community development	1,659,480.00	-	-	-	-	-	-	1,659,480
Public safety	-	-	299,978	-	-	-	287,603	587,581
Capital outlay	-	7,924	227,908	5,849	-	-	93,998	335,679
Other expenditures	-	-	-	-	-	158,858	13,502	172,360
Total expenditures	1,659,480	203,945	527,886	239,317	-	158,858	615,318	3,404,804
Excess of revenue over (under) expenditures	43,494	3,096	40,715	43,882	2,536,681	(35,704)	23,314	2,655,478
OTHER FINANCING SOURCES/(USES)								
Transfers in	-	-	6,813	-	-	15,000	10,077	31,890
Transfers out	-	-	-	-	(2,970,714)	-	(38,488)	(3,009,202)
Total other financing sources/(uses)	-	-	6,813	-	(2,970,714)	15,000	(28,411)	(2,977,312)
Excess of revenue over (under) expenditures and other financing uses	43,494	3,096	47,528	43,882	(434,033)	(20,704)	(5,097)	(321,834)
FUND BALANCE - BEGINNING	314,558	206,266	(15,922)	300,921	2,606,341	109,583	77,918	3,599,665
FUND BALANCE - ENDING	\$ 358,052	\$ 209,362	\$ 31,606	\$ 344,803	\$ 2,172,308	\$ 88,879	\$ 72,821	\$ 3,277,831

CITY OF CLARKSVILLE, TENNESSEE

**Budgetary Comparison Schedules - Non Major Governmental Funds
For the Year Ended June 30, 2011**

	<u>Original</u>	<u>Final</u>	<u>Actual</u>	<u>Variance with</u>
	<u>Budget</u>	<u>Budget</u>	<u>Amounts</u>	<u>Final Budget</u>
<u>Community Development</u>				
<u>Revenue</u>				
Program income	\$ 225,000	\$ 797,665	\$ 228,356	\$ (569,309)
Interest	1,700	498	155	(343)
Federal and state grants	4,411,777	6,877,012	1,472,758	(5,404,254)
Other	15,000	20,951	1,705	(19,246)
Total revenue	<u>4,653,477</u>	<u>7,696,126</u>	<u>1,702,974</u>	<u>(5,993,152)</u>
 <u>Expenditures</u>				
Community Development	7,680,189	7,683,324	1,659,480	(6,023,844)
Capital investments	1,022,095	916,993	-	(916,993)
Total expenditures	<u>8,702,284</u>	<u>8,600,317</u>	<u>1,659,480</u>	<u>(6,940,837)</u>
Net Change in Fund Balance	<u>\$ (4,048,807)</u>	<u>\$ (904,191)</u>	43,494	<u>\$ 947,685</u>
Fund Balance, Beginning of Year			<u>314,558</u>	
Fund Balance, End of Year			<u>\$ 358,052</u>	
 <u>Drug Fund</u>				
<u>Revenue</u>				
Fines and forfeitures	\$ 252,407	\$ 252,407	\$ 207,041	\$ (45,366)
Total revenue	<u>252,407</u>	<u>252,407</u>	<u>207,041</u>	<u>(45,366)</u>
 <u>Expenditures</u>				
Drug enforcement	278,494	249,564	196,022	(53,542)
Capital investments	61,328	11,800	7,923	(3,877)
Total expenditures	<u>339,822</u>	<u>261,364</u>	<u>203,945</u>	<u>(57,419)</u>
Net Change in Fund Balance	<u>\$ (87,415)</u>	<u>\$ (8,957)</u>	3,096	<u>\$ 12,053</u>
Fund Balance, Beginning of Year			<u>206,266</u>	
Fund Balance, End of Year			<u>\$ 209,362</u>	

CITY OF CLARKSVILLE, TENNESSEE

Budgetary Comparison Schedules - Non Major Governmental Funds
For the Year Ended June 30, 2011

	Original Budget	Final Budget	Actual Amounts	Variance with Final Budget
<u>Police Special Fund</u>				
<u>Revenue</u>				
Transfers in	\$ 1,500	\$ 4,905	\$ 6,813	\$ 1,908
Interest	378	574	1,018	444
Federal and state grants	970,772	796,582	519,048	(277,534)
Fines and forfeitures	7,926	41,926	48,176	6,250
Contributions	434	434	358	(76)
Total revenue	981,010	844,421	575,413	(269,008)
<u>Expenditures</u>				
Public safety	793,723	515,365	299,977	(215,388)
Capital investments	187,287	227,910	227,908	(2)
Total expenditures	981,010	743,275	527,885	(215,390)
Net Change in Fund Balance	\$ -	\$ 101,146	47,528	\$ (53,618)
Fund Balance, Beginning of Year			(15,922)	
Fund Balance, End of Year			\$ 31,606	
<u>Parks Special Fund</u>				
<u>Revenue</u>				
Program income	\$ 120,350	\$ 168,830	\$ 177,298	\$ 8,468
Federal and state grants	77,460	77,460	80,151	2,691
Contributions	26,500	34,700	25,750	(8,950)
Total revenue	224,310	280,990	283,199	2,209
<u>Expenditures</u>				
Recreation	336,414	295,901	233,468	(62,433)
Capital investments	-	14,849	5,849	(9,000)
Total expenditures	336,414	310,750	239,317	(71,433)
Net Change in Fund Balance	\$ (112,104)	\$ (29,760)	43,882	\$ 73,642
Fund Balance, Beginning of Year			300,921	
Fund Balance, End of Year			\$ 344,803	

CITY OF CLARKSVILLE, TENNESSEE

**Budgetary Comparison Schedules - Non Major Governmental Funds
For the Year Ended June 30, 2011**

	<u>Original Budget</u>		<u>Final Budget</u>		<u>Actual Amounts</u>		<u>Variance with Final Budget</u>
<u>Capital Projects Revenue District Fund</u>							
<u>Revenue</u>							
Local taxes	\$ 1,878,579	\$	1,878,579	\$	2,036,681	\$	158,102
Other	500,000		500,000		500,000		-
Total revenue	<u>2,378,579</u>		<u>2,378,579</u>		<u>2,536,681</u>		<u>158,102</u>
<u>Expenditures</u>							
Transfers out	4,027,962		2,977,031		2,970,714		(6,317)
Total expenditures	<u>4,027,962</u>		<u>2,977,031</u>		<u>2,970,714</u>		<u>(6,317)</u>
Net Change in Fund Balance	\$ (1,649,383)	\$	<u>(598,452)</u>		(434,033)	\$	<u>164,419</u>
Fund Balance, Beginning of Year					2,606,341		
Fund Balance, End of Year					<u>\$ 2,172,308</u>		
<u>Special Events Fund</u>							
<u>Revenue</u>							
Program income	\$ 73,550	\$	311,414	\$	83,934	\$	(227,480)
Federal and state grants	11,000		15,600		-		(15,600)
Contributions	51,000		117,930		39,220		(78,710)
Transfers in	100,000		115,000		15,000		(100,000)
Other	-		-		-		-
Total revenue	<u>235,550</u>		<u>559,944</u>		<u>138,154</u>		<u>(421,790)</u>
<u>Expenditures</u>							
Other	\$ 155,945	\$	556,150	\$	158,858	\$	(397,292)
Total expenditures	<u>155,945</u>		<u>556,150</u>		<u>158,858</u>		<u>(397,292)</u>
Net Change in Fund Balance	\$ 79,605	\$	<u>3,794</u>		(20,704)	\$	<u>(24,498)</u>
Fund Balance, Beginning of Year					109,583		
Fund Balance, End of Year					<u>\$ 88,879</u>		

CITY OF CLARKSVILLE, TENNESSEE

**Budgetary Comparison Schedules - Non Major Governmental Funds
For the Year Ended June 30, 2011**

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual Amounts</u>	<u>Variance with Final Budget</u>
<u>Other Special Revenue Fund</u>				
<u>Revenue</u>				
Program income	\$ -	\$ -	\$ -	\$ -
Federal and state grants	29,911	103,746	72,561	(31,185)
Interest	-	-	-	-
Contributions	-	-	-	-
Transfers in	-	10,076	10,077	1
Total revenue	<u>29,911</u>	<u>113,822</u>	<u>82,638</u>	<u>(31,184)</u>
<u>Expenditures</u>				
Miscellaneous	32,393	50,982	13,502	(37,480)
Transfers out	-	-	3,208	3,208
Total expenditures	<u>32,393</u>	<u>50,982</u>	<u>16,710</u>	<u>(34,272)</u>
Net Change in Fund Balance	<u>\$ (2,482)</u>	<u>\$ 62,840</u>	<u>65,928</u>	<u>\$ 3,088</u>
Fund Balance, Beginning of Year			(54,989)	
Fund Balance, End of Year			<u>\$ 10,939</u>	
<u>Traffic Camera Police SRF</u>				
<u>Revenue</u>				
Fines and forfeitures	\$ 411,750	\$ 412,271	\$ 396,250	\$ (16,021)
Total revenue	<u>411,750</u>	<u>412,271</u>	<u>396,250</u>	<u>(16,021)</u>
<u>Expenditures</u>				
Public Safety	473,612	326,445	322,883	(3,562)
Capital investments	-	120,675	93,998	(26,677)
Total expenditures	<u>473,612</u>	<u>447,120</u>	<u>416,881</u>	<u>(30,239)</u>
Net Change in Fund Balance	<u>\$ (61,862)</u>	<u>\$ (34,849)</u>	<u>(20,631)</u>	<u>\$ 14,218</u>
Fund Balance, Beginning of Year			73,389	
Fund Balance, End of Year			<u>\$ 52,758</u>	
<u>Traffic Camera Parks SRF</u>				
<u>Revenue</u>				
Fines and forfeitures	\$ 186,000	\$ 186,000	\$ 169,821	\$ (16,179)
Total revenue	<u>186,000</u>	<u>186,000</u>	<u>169,821</u>	<u>(16,179)</u>
<u>Expenditures</u>				
Recreation	243,624	243,624	220,215	(23,409)
Capital investments	-	-	-	-
Total expenditures	<u>243,624</u>	<u>243,624</u>	<u>220,215</u>	<u>(23,409)</u>
Net Change in Fund Balance	<u>\$ (57,624)</u>	<u>\$ (57,624)</u>	<u>(50,394)</u>	<u>\$ 7,230</u>
Fund Balance, Beginning of Year			59,518	
Fund Balance, End of Year			<u>\$ 9,124</u>	

**City of Clarksville, Tennessee
Combining Statement of Net Assets
Non-Major Proprietary Funds
June 30, 2011**

				<u>Business- Type Activities - Enterprise Funds</u>		
				Parking Authority	Clarksville Transit System	<u>Total</u>
<u>ASSETS</u>						
Current assets:						
Cash and cash equivalents		\$	145,356	\$	369,197	\$ 514,553
Accounts receivable			2,286		21,744	24,030
Due from other funds of the primary government			-		315,230	315,230
Inventory			-		101,723	101,723
Grants receivable			-		577,871	577,871
Prepaid expenses			-		29,711	29,711
	Total current assets		<u>147,642</u>		<u>1,415,476</u>	<u>1,563,118</u>
Noncurrent assets:						
Restricted assets:						
Cash and cash equivalents			<u>169,394</u>		-	<u>169,394</u>
	Total restricted assets		<u>169,394</u>		-	<u>169,394</u>
Capital assets - at cost:						
Assets not depreciated					330,226	330,226
Property, plant and equipment			3,494,705		12,427,109	15,921,814
Less accumulated depreciation			<u>(1,400,505)</u>		<u>(5,820,326)</u>	<u>(7,220,831)</u>
	Net capital assets		<u>2,094,200</u>		<u>6,937,009</u>	<u>9,031,209</u>
Other assets:						
Unamortized debt costs			<u>1,162</u>		-	<u>1,162</u>
	Total other assets		<u>1,162</u>		-	<u>1,162</u>
	Total noncurrent assets		<u>2,264,756</u>		<u>6,937,009</u>	<u>9,201,765</u>
	Total assets	\$	<u>2,412,398</u>	\$	<u>8,352,485</u>	\$ <u>10,764,883</u>

**City of Clarksville, Tennessee
Combining Statement of Net Assets
Non-Major Proprietary Funds- Continued
June 30, 2011**

Business- Type Activities - Enterprise Funds

	<u>Parking Authority</u>	Clarksville <u>Transit System</u>	<u>Total</u>
<u>LIABILITIES</u>			
Current liabilities:			
Accounts payable	\$ 11,553	\$ 71,072	\$ 82,625
Accrued liabilities	-	21,199	21,199
Interest payable	1,142	-	1,142
Due to other funds of the primary government	107,554	62,000	169,554
Accrued annual leave		152,837	152,837
Current portion of long-term debt	142,391	-	142,391
Other	-	244,702	244,702
Total current liabilities	262,640	551,810	814,450
Noncurrent liabilities:			
Notes payable	51,448	-	51,448
OPEB liability	-	670,846	670,846
Total noncurrent liabilities	51,448	670,846	722,294
Total liabilities	314,088	1,222,656	1,536,744
<u>NET ASSETS</u>			
Invested in capital assets, net of related debt	1,900,361	6,937,009	8,837,370
Unrestricted	197,949	192,820	390,769
Total net assets	2,098,310	7,129,829	9,228,139
Total liabilities and net assets	\$ 2,412,398	\$ 8,352,485	\$ 10,764,883

City of Clarksville, Tennessee
**Combining Statement of Revenue, Expenses and
Changes in Fund Net Assets
Non-Major Proprietary Funds
For Year Ended June 30, 2011**

	<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	\$ 372,713	\$ 640,648	\$ 1,013,361
Advertising	-	33,030	33,030
Rental income	44,383	-	44,383
Miscellaneous	1,187	7,458	8,645
	<u>418,283</u>	<u>681,136</u>	<u>1,099,419</u>
Total operating revenue			
<u>OPERATING EXPENSES</u>			
Administrative and general	-	3,810,253	3,810,253
Operation and maintenance	14,284	1,325,823	1,340,107
Depreciation	76,156	1,161,446	1,237,602
Amortization of bond discount and debt expense	928	-	928
	<u>91,368</u>	<u>6,297,522</u>	<u>6,388,890</u>
Total operating expenses			
Operating income (loss)	<u>326,915</u>	<u>(5,616,386)</u>	<u>(5,289,471)</u>
<u>NONOPERATING REVENUES (EXPENSES)</u>			
Interest income	349	718	1,067
Gain (loss) on sale of property	-	(601)	(601)
Operating grants	-	5,542,908	5,542,908
Interest expense	(5,972)	-	(5,972)
Total nonoperating revenues (expenses)	<u>(5,623)</u>	<u>5,543,025</u>	<u>5,537,402</u>
<u>INCOME (LOSS) BEFORE TRANSFERS</u>	321,292	(73,361)	247,931
Transfers out	(272,577)	-	(272,577)
Transfers in	-	1,425,119	1,425,119
<u>CHANGES IN NET ASSETS</u>	48,715	1,351,758	1,400,473
<u>NET ASSETS-BEGINNING OF YEAR</u>	<u>2,049,595</u>	<u>5,778,071</u>	<u>7,827,666</u>
<u>NET ASSETS-END OF YEAR</u>	<u>\$ 2,098,310</u>	<u>\$ 7,129,829</u>	<u>\$ 9,228,139</u>

City of Clarksville, Tennessee
Combining Statement of Cash Flows
Non-Major Proprietary Funds
For Year Ended June 30, 2011

Business-Type Activities - Enterprise Fund

	<u>Parking Authority</u>	<u>Clarksville Transit System</u>	<u>Total</u>
<u>CASH FLOWS FROM</u>			
<u>OPERATING ACTIVITIES</u>			
Receipts from customers	\$ 423,198	\$ 672,132	\$ 1,095,330
Internal activity	-	-	-
Payments to suppliers	(32,731)	(1,432,850)	(1,465,581)
Payments to or on behalf of employees	-	(3,617,771)	(3,617,771)
	<hr/>	<hr/>	<hr/>
Net cash provided (used) by operating activities	390,467	(4,378,489)	(3,988,022)
	<hr/>	<hr/>	<hr/>
<u>CASH FLOWS FROM NONCAPITAL</u>			
<u>FINANCING ACTIVITIES</u>			
Operating grant collections	-	5,334,138	5,334,138
Operating transfers in	66,725	1,433,860	1,500,585
Transfers to other funds	(272,577)	9,576	(263,001)
	<hr/>	<hr/>	<hr/>
Net cash provided (used) by noncapital financing activities	(205,852)	6,777,574	6,571,722
	<hr/>	<hr/>	<hr/>
<u>CASH FLOWS FROM CAPITAL</u>			
<u>AND RELATED FINANCING ACTIVITIES</u>			
Acquisition and construction of capital assets	(41,128)	(2,602,504)	(2,643,632)
Interest paid	(6,094)	-	(6,094)
Repayment of notes payable	(137,394)	-	(137,394)
Proceeds from disposal of equipment	-	-	-
	<hr/>	<hr/>	<hr/>
Net cash used by capital and related financing activities	(184,616)	(2,602,504)	(2,787,120)
	<hr/>	<hr/>	<hr/>

City of Clarksville, Tennessee
Combining Statement of Cash Flows
Non-Major Proprietary Funds
For Year Ended June 30, 2011

	<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	349	718	1,067
Net cash provided by investing activities	349	718	1,067
Net increase in cash and cash equivalents	348	(202,701)	(202,353)
<u>CASH-BEGINNING OF YEAR</u>	314,402	571,898	886,300
<u>CASH-END OF YEAR</u>	\$ 314,750	\$ 369,197	\$ 683,947
<u>RECONCILIATION OF OPERATING INCOME</u>			
<u>(LOSS) TO NET CASH PROVIDED (USED)</u>			
<u>BY OPERATING ACTIVITIES:</u>			
Operating income (loss)	\$ 326,915	\$ (5,616,386)	\$ (5,289,471)
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities:			
Depreciation and amortization	77,084	1,161,446	1,238,530
(Increase) decrease in:			
Accounts receivable	4,915	(9,004)	(4,089)
Due from other funds of the primary government	-	-	-
Inventory	-	(2,468)	(2,468)
Prepaid expenses	-	(2,324)	(2,324)
Increase (decrease) in:			
Accounts payable	(18,447)	(102,235)	(120,682)
Accrued compensated absences	-	35,904	35,904
Accrued liabilities	-	9,385	9,385
OPEB liability	-	147,193	147,193
Total adjustments	63,552	1,237,897	1,301,449
Net cash provided (used) by operating activities	\$ 390,467	\$ (4,378,489)	\$ (3,988,022)

City of Clarksville
Combining Statement of Net Assets
Internal Service Funds
June 30, 2011

	<u>Dental Fund</u>	<u>Health Insurance Fund</u>	<u>Self-Insurance Fund</u>	<u>Total</u>
<u>ASSETS</u>				
Current Assets:				
Cash and cash equivalents	\$ 337,803	\$ 1,527,554	\$ 1,840,148	\$ 3,705,505
Due from other funds of the primary government	94,215	1,033,466	1,079,423	2,207,104
Other assets	<u>-</u>	<u>-</u>	<u>100,000</u>	<u>100,000</u>
Total assets	<u><u>\$ 432,018</u></u>	<u><u>\$ 2,561,020</u></u>	<u><u>\$ 3,019,571</u></u>	<u><u>\$ 6,012,609</u></u>
 <u>LIABILITIES</u>				
Accounts payable	\$ 28,399	\$ -	\$ 74,535	\$ 102,934
Accrued liabilities	<u>-</u>	<u>-</u>	<u>2,201,000</u>	<u>2,201,000</u>
Total liabilities	28,399	-	2,275,535	2,303,934
 <u>NET ASSETS</u>				
Unrestricted	<u>403,619</u>	<u>2,561,020</u>	<u>744,036</u>	<u>3,708,675</u>
Total liabilities and net assets	<u><u>\$ 432,018</u></u>	<u><u>\$ 2,561,020</u></u>	<u><u>\$ 3,019,571</u></u>	<u><u>\$ 6,012,609</u></u>

City of Clarksville, Tennessee
Combining Statement of Revenue, Expenses
and Changes in Fund Net Assets
Internal Service Funds
For the Year Ended June 30, 2011

	<u>Dental Fund</u>	<u>Health Insurance Fund</u>	<u>Self-Insurance Fund</u>	<u>Total</u>
<u>OPERATING REVENUE</u>				
Insurance premiums	\$ 857,883	\$ 9,869,852	\$ 311,040	\$ 11,038,775
Miscellaneous	-	-	929	929
Total operating revenue	857,883	9,869,852	311,969	11,039,704
<u>OPERATING EXPENSES</u>				
Administrative and general	48,397	3,678	247,731	299,806
Claims	752,174	9,043,335	(204,463)	9,591,046
Total operating expenses	800,571	9,047,013	43,268	9,890,852
Operating income	57,312	822,839	268,701	1,148,852
<u>NON-OPERATING REVENUES (EXPENSES)</u>				
Interest and dividend income	322	-	-	322
Total non-operating revenues	322	-	-	322
<u>CHANGE IN NET ASSETS</u>	57,634	822,839	268,701	1,149,174
<u>NET ASSETS (DEFICIT) - BEGINNING OF YEAR</u>	345,985	1,738,181	475,335	2,559,501
<u>NET ASSETS - END OF YEAR</u>	\$ 403,619	\$ 2,561,020	\$ 744,036	\$ 3,708,675

City of Clarksville, Tennessee
Combining Statements of Cash Flows
Internal Service Funds
For the Year Ended June 30, 2011

	<u>Dental Fund</u>	<u>Health Insurance Fund</u>	<u>Self-Insurance Fund</u>	<u>Total</u>
<u>CASH FLOWS FROM OPERATING</u>				
<u>ACTIVITIES</u>				
Receipts from customers	\$ 857,883	\$ 9,869,852	\$ 311,969	\$ 11,039,704
Internal activity	(43,813)	(583,100)	745,525	118,612
Claims paid	(737,643)	(9,054,300)	(712,545)	(10,504,488)
Other payments	<u>(48,397)</u>	<u>(3,678)</u>	<u>(341,163)</u>	<u>(393,238)</u>
Net cash provided by operating activities	28,030	228,774	3,786	260,590
<u>CASH FLOWS FROM INVESTING</u>				
<u>ACTIVITIES</u>				
Interest received on investments	<u>322</u>	<u>-</u>	<u>-</u>	<u>322</u>
Net cash provided by investing activities	<u>322</u>	<u>-</u>	<u>-</u>	<u>322</u>
Net increase in cash and cash equivalents	28,352	228,774	3,786	260,912
<u>CASH - BEGINNING OF YEAR</u>	<u>309,451</u>	<u>1,298,780</u>	<u>1,836,362</u>	<u>3,444,593</u>
<u>CASH - END OF YEAR</u>	<u>\$ 337,803</u>	<u>\$ 1,527,554</u>	<u>\$ 1,840,148</u>	<u>\$ 3,705,505</u>
<u>RECONCILIATION OF OPERATING</u>				
<u>INCOME (LOSS) TO NET CASH</u>				
<u>PROVIDED (USED) BY OPERATING</u>				
<u>ACTIVITIES:</u>				
Operating income	\$ 57,312	\$ 822,839	\$ 268,701	\$ 1,148,852
Adjustments to reconcile operating income to net cash provided (used) by operating activities:				
(Increase) decrease in:				
Due from other funds of the primary government	(43,813)	(583,100)	745,525	118,612
Increase (decrease) in:				
Accounts payable	14,531	(10,965)	(93,432)	(89,866)
Accrued liabilities	-	-	(917,008)	(917,008)
Other Assets				-
Due to other funds of the primary government	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total adjustments	<u>(29,282)</u>	<u>(594,065)</u>	<u>(264,915)</u>	<u>(888,262)</u>
Net cash provided by operating activities	<u>\$ 28,030</u>	<u>\$ 228,774</u>	<u>\$ 3,786</u>	<u>\$ 260,590</u>



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CITY OF CLARKSVILLE, TENNESSEE
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2011

<u>Grant</u>	<u>Federal</u> <u>CFDA</u> <u>Number</u>	<u>Grant</u> <u>Number</u>	<u>Grant</u> <u>(Receivables)</u> <u>Deferred</u> <u>July 1, 2010</u>	<u>Federal</u> <u>Receipts</u>	<u>Program</u> <u>Income</u>	<u>Expenditures</u>	<u>Other</u>	<u>Grant</u> <u>(Receivables)</u> <u>Deferred</u> <u>June 30, 2011</u>
US DEPARTMENT OF HOMELAND SECURITY - FEMA								
Direct Program:								
	97.083	EMW-2006-FF-03284	\$ (52,674)	\$ 214,353	\$ -	\$ 161,680	\$ (1)	\$ 0
Passed through TEMA:								
	97.036	FEMA-1821-DR-TN	(45,990)	-	-	-	-	(45,990)
	97.036	FEMA-1821-PA-TN	(26,596)	26,596	-	-	207,692	(207,692)
Passed through TEMA:								
	97.036	FEMA-1909-DR	-	602,313	-	-	693,138	(90,825)
	97.036	FEMA-1909-DR	-	28,724	-	42,554	-	(13,830)
	97.036	FEMA-1909-DR	-	198,714	-	155,934	585,965	(543,185)
TOTAL US DEPARTMENT OF HOMELAND SECURITY			<u>(125,260)</u>	<u>1,070,700</u>	<u>-</u>	<u>360,168</u>	<u>1,486,794</u>	<u>(901,522)</u>
U.S. DEPARTMENT OF AGRICULTURE								
Passed through the TN Department of Human Services:								
	10.550	30-006	(55,755)	81,102	-	25,327	20	0
	10.550	30-006	-	-	-	54,804	-	(54,804)
Passed through the TN Dept. of Agriculture, Forestry Division:								
	10.664	GG-7-16-09	-	6,000	-	6,000	-	-
TOTAL US DEPARTMENT OF AGRICULTURE			<u>\$ (55,755)</u>	<u>\$ 87,102</u>	<u>\$ -</u>	<u>\$ 86,131</u>	<u>\$ 20</u>	<u>\$ (54,804)</u>

CITY OF CLARKSVILLE, TENNESSEE
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2011
Continued

<u>Grantor</u>	<u>Federal CFDA Number</u>	<u>Grant Number</u>	<u>Grant (Receivables) Deferred July 1, 2010</u>	<u>Federal Receipts</u>	<u>Program Income</u>	<u>Expenditures</u>	<u>Other</u>	<u>Grant (Receivables) Deferred June 30, 2011</u>
US DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT								
Direct Program								
Community Development Block Grant	14.218	B-08-MC-47-0002	\$ (44,862)	\$ 44,862	\$ -	\$ -	\$ -	-
Community Development Block Grant	14.218	B-09-MC-47-0002	(13,565)	745,913	-	813,511	-	(81,163)
Community Development Block Grant	14.218	Various	7,676	-	111,773	119,921	-	(472)
ARRA - Community Development Block Grant-Recovery	14.253	B-09-MY-47-0002	(115,770)	164,725	-	48,851	-	104
Home Investment Partnership Act	14.239	M-07-MC-47-0206	-	66,956	-	66,956	-	-
Home Investment Partnership Act	14.239	M-08-MC-47-0206	(600)	283,704	-	283,104	-	-
Home Investment Partnership Act	14.239	M-09-MC-47-0206	(1,537)	53,307	-	53,444	-	(1,674)
Home Investment Partnership Act	14.239	Various	(28,500)	53,536	120,370	87,371	-	58,035
Shelter Plus Care	14.235	TN 37C405001	(1,207)	1,207	-	-	-	-
Shelter Plus Care	14.235	TN0113C4J030901	-	44,970	-	63,095	-	(18,125)
Passed through TN Department of Housing Development Agency								
Emergency Shelter	14.231	ESG-09-23	(38,750)	38,750	-	-	-	-
Emergency Shelter	14.231	ESG-10-24	-	39,831	102	86,871	-	(46,938)
ARRA - Neighborhood Stabilization Program	14.218	NSP1-09-008	(13,367)	68,145	-	57,029	-	(2,251)
TOTAL US DEPT. OF HOUSING AND URBAN DEVELOPMENT			\$ (250,482)	\$ 1,605,906	\$ 232,245	\$ 1,680,153	\$ -	\$ (92,484)

CITY OF CLARKSVILLE, TENNESSEE
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2011
Continued

<u>Grantor</u>	<u>Federal CFDA Number</u>	<u>Grant Number</u>	<u>Grant (Receivables) Deferred July 1, 2010</u>	<u>Federal Receipts</u>	<u>Program Income</u>	<u>Expenditures</u>	<u>Other</u>	<u>Grant (Receivables) Deferred June 30, 2011</u>
US DEPARTMENT OF JUSTICE								
Direct Program:								
Bulletproof Vest Partnership Grant	16.607	2010236	\$ (1,673)	\$ 1,673	\$ -	\$ -	\$ -	-
Byrne Justice Assistance Grant	16.738	2009DJBX0805	66,599	-	62	65,642	111	1,130
Juvenile Justice:Disproportionate Minority Contact	16.540	DG092407400	(1,897)	4,177	-	2,602	(322)	(0)
Office of Violence Against Women-Arrest	16.590	2009-WE-AX-029	(33,544)	139,734	-	154,799	2,016	(50,625)
Byrne Justice Assistance Grant	16.738	2010-DJ-BX-0472	-	115,134	158	-	-	115,292
COPS Hiring	16.710	2010UMWX0296	-	69,166	-	132,440	-	(63,273)
ARRA								
ARRA - Justice Assistance Grant	16.804	2009SBB92471	<u>294,346</u>	<u>-</u>	<u>397</u>	<u>191,820</u>	<u>426</u>	<u>103,349</u>
TOTAL US DEPARTMENT OF JUSTICE			<u>\$ 323,831</u>	<u>\$ 329,885</u>	<u>\$ 617</u>	<u>\$ 547,303</u>	<u>\$ 2,231</u>	<u>\$ 105,873</u>

CITY OF CLARKSVILLE, TENNESSEE
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2011
Continued

Grantor	Federal CFDA Number	Grant Number	Grant (Receivables) Deferred July 1, 2010	Federal Receipts	Program Income	Expenditures	Other	Grant (Receivables) Deferred June 30, 2011
US DEPARTMENT OF TRANSPORTATION								
Federal Transit Administration								
Capital Grant	20.5	TN-03-0100	\$ 36,800	\$ 72,739	\$ -	\$ 35,939	\$ -	\$ 0
Capital Grant	20.507	TN-90-X301	14,531	197,915	-	198,606	-	15,222
Capital Grant	20.507	TN-03-0100	(36,800)	72,739	-	35,939	-	-
Capital Grant	20.507	TN-90-X301	(14,531)	197,915	-	198,606	-	(15,222)
Capital Grant	20.507	TN-90-X283	(23,170)	140,194	-	123,196	-	(6,172)
Capital Grant	20.507	TN-90-X308	(7,378)	7,378	-	-	-	-
ARRA - Capital Grant	20.507	TN-96-X004 ARRA	(900)	1,527,041	-	1,598,789	-	(72,648)
Capital Grant	20.507	TN-90-X317	-	36,753	-	47,128	-	(10,375)
Capital Grant	20.507	TN-95-X029	-	500,000	-	500,000	-	-
Capital Operating Grant	20.507	TN-90-X317	-	615,494	-	671,450	-	(55,956)
Capital Operating Grant	20.507	TN-90-X301	(10,210)	-	-	-	-	(10,210)
Operating Assistance - Planning	20.505	TN-80-0002	(37,796)	37,796	-	-	-	(0)
Operating Assistance - Planning	20.505	TN-80-0003	(31,113)	-	-	10,371	-	(41,484)
Operating Assistance - Planning	20.505	TN-80-0004	-	-	-	31,122	-	(31,122)
Operating Assistance	20.507	TN-90-X317	-	976,102	-	976,102	-	-
Jobs Access	20.507	TN-90-X310	-	188,084	-	196,258	-	(8,174)
Jobs Access	20.516	TN-37-X075	-	74,696	-	148,027	-	(73,331)
Jobs Access	20.516	TN-37-X073	(78,381)	78,381	-	-	-	-
Subtotal Federal Transit Administration			(240,279)	4,452,573	-	4,536,988	-	(324,694)
Passed through the Tennessee Dept of Transportation								
ARRA								
ARRA Interchange Lighting	20.205	ARRA-STP-M-374(16)	(8,801)	-	-	279,494	-	(288,295)
ARRA Local Street Paving	20.205	ARRA-STP-M-9301(23)	(1,883)	427,117	-	1,284,378	-	(859,143)
ARRA Local Street Paving	20.205	ARRA-STP-M-9301(28)	-	-	-	538,996	-	(538,996)
			(10,684)	427,117	-	2,102,867	-	(1,686,434)
Governor's Highway Safety Office:								
Impaired Driver Abatement Grant	20.607	DG102872300	(34,403)	52,070	-	27,170	(9,503)	0
Impaired Driver Abatement Grant	20.607	154AL-12-23	-	25,071	-	52,282	-	(27,211)
Ft. Defiance Trail Grant	20.600	60114	(184,771)	184,779	-	8	-	0
Ft. Defiance Interpretive Center Grant	20.600	60115	(205,558)	1,069,381	-	1,135,216	-	(271,394)
			(424,732)	1,331,301	-	1,214,677	(9,503)	(298,605)
Intersection Improvements**								
Safe Routes to Schools Grant - Moore School	20.205	CM9301(18)	-	152,510	-	58,998	104,369	(10,858)
Safe Routes to Schools Grant - Minglewood School	20.205	C082-63-07-021-18	-	35,747	-	70	35,677	-
Safe Routes to Schools Grant - Minglewood School	20.205	C082-63-07-023-19	-	23,494	-	112	23,382	-
Safe Routes to Schools Grant - Community	20.205	63LPLM-F3-019	-	-	-	13,320	-	(13,320)
			-	211,751	-	72,500	163,428	(24,178)
2010 Rec.Trails Program-Mechanized Trail Equip.								
	20.219	GG1133666	-	-	-	25,019	-	(25,019)
TOTAL US DEPARTMENT OF TRANSPORTATION			\$ (675,695)	\$ 6,422,742	\$ -	\$ 7,952,051	\$ 153,925	\$ (2,358,930)

CITY OF CLARKSVILLE, TENNESSEE
 SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
 FOR THE YEAR ENDED JUNE 30, 2011
 Continued

<u>Grantor</u>	<u>Federal CFDA Number</u>	<u>Grant Number</u>	<u>Grant (Receivables) Deferred July 1, 2010</u>	<u>Federal Receipts</u>	<u>Program Income</u>	<u>Expenditures</u>	<u>Other</u>	<u>Grant (Receivables) Deferred June 30, 2011</u>
US DEPARTMENT OF ENERGY								
Direct Award:								
ARRA - Energy Block Grant	81.128	DE-SC0001535	\$ (21,808)	\$ 902,211	\$ -	\$ 880,402	\$ -	\$ 0
TOTAL ALL FEDERAL AWARDS			<u>\$ (805,169)</u>	<u>\$ 10,418,546</u>	<u>\$ 232,862</u>	<u>\$ 11,506,209</u>	<u>\$ 1,642,970</u>	<u>\$ (3,301,867)</u>

* This grant had \$693,138 in expenditures in FY10 reported on project worksheets that had not been approved by FEMA at 6-30-10.

**This grant had \$204,369 in expenditures in FY10 and \$100,000 grant revenue was collected. net together in "other" column

CITY OF CLARKSVILLE, TENNESSEE
SCHEDULE OF EXPENDITURES OF STATE AWARDS AND STATE LOANS
FOR THE YEAR ENDED JUNE 30, 2011

<u>Grantor</u>	<u>Federal CFDA Number</u>	<u>Grant Number</u>	<u>Grant (Receivables) Deferred July 1, 2010</u>	<u>State Receipts</u>	<u>Program Income</u>	<u>Expenditures</u>	<u>Other</u>	<u>Grant (Receivables) Deferred June 30, 2011</u>
STATE OF TENNESSEE - TEMA GRANT PROGRAM								
Disaster Declaration - Ice Storm-GF	97.036	FEMA-1821-DR-TN	\$ (26,876)	\$ -	\$ -	\$ -	\$ -	\$ (26,876)
Disaster Declaration - Ice Storm-CDE	97.036	FEMA-1821-DR-TN	(9,133)	9,133	-	-	-	-
Disaster Declaration - Flood-GF	97.036	FEMA-1909-DR	(38,280)	-	-	-	228	(38,508)
Disaster Declaration - Flood-CDE	97.036	FEMA-1909-DR	-	-	-	27,518	48,906	(76,424)
Total TEMA			<u>(74,289)</u>	<u>9,133</u>	<u>-</u>	<u>27,518</u>	<u>49,134</u>	<u>(141,808)</u>
TENNESSEE DEPARTMENT OF TRANSPORTATION								
Operating Assistance-Planning	20.505	TN-80-0002	(4,724)	4,724	-	-	-	-
Operating Assistance-Planning	20.505	TN-80-0003	(3,889)	-	-	1,296	-	(5,185)
Operating Assistance-Planning	20.505	TN-80-0004	-	-	-	3,890	-	(3,890)
Jobs Access	20.516	TN-90-X310	-	30,959	-	98,129	-	(67,170)
Jobs Access	20.516	TN-37-X075	-	37,347	-	74,014	-	(36,667)
Jobs Access	20.516	TN-37-X073	(39,194)	39,194	-	-	-	-
Capital Grant	20.5	TN-03-0100	(4,600)	9,093	-	4,493	-	-
Capital Grant	20.507	TN-90-X317	-	4,055	-	5,890	-	(1,835)
Capital Grant	20.507	TN-90-X283	(31,587)	45,029	-	14,234	-	(792)
Capital Grant	20.507	TN-90-X308	(4,320)	4,320	-	-	-	(0)
Capital Grant	20.507	TN-90-X301	(1,816)	17,050	-	24,827	-	(9,593)
Capital Operating Grant	20.507	TN-90-X317	-	69,943	-	83,931	-	(13,988)
Capital Operating Grant	20.507	TN-90-X301	(28,174)	-	-	-	-	(28,174)
Operating Assistance	20.507	TN-90-X317	-	587,241	-	695,217	-	(107,976)
Operating Assistance	20.507	TN-90-X301	345	-	-	-	-	345
Total Tennessee Department of Transportation			<u>\$ (117,959)</u>	<u>\$ 848,953</u>	<u>\$ -</u>	<u>\$ 1,005,920</u>	<u>\$ -</u>	<u>\$ (274,925)</u>

CITY OF CLARKSVILLE, TENNESSEE
SCHEDULE OF EXPENDITURES OF STATE AWARDS AND STATE LOANS
FOR THE YEAR ENDED JUNE 30, 2011
Continued

<u>Grantor</u>	<u>Federal CFDA Number</u>	<u>Grant Number</u>	<u>Grant (Receivables) Deferred July 1, 2010</u>	<u>State Receipts</u>	<u>Program Income</u>	<u>Expenditures</u>	<u>Other</u>	<u>Grant (Receivables) Deferred June 30, 2011</u>
TENNESSEE DEPARTMENT OF AGRICULTURE								
DIVISION OF FORESTRY								
TAEP Grant - Farmers Market Promotion & Retail		DG-0822849-00	\$ -	\$ 2,433	\$ -	\$ 2,433	\$ -	\$ -
Total Tennessee Department of Agriculture			<u>-</u>	<u>2,433</u>	<u>-</u>	<u>2,433</u>	<u>-</u>	<u>-</u>
TENNESSEE HOUSING DEVELOPMENT AGENCY								
House Grant			201,986	-	30,260	(2,295)	-	234,541
Total Tennessee Housing Development Agency			<u>201,986</u>	<u>-</u>	<u>30,260</u>	<u>(2,295)</u>	<u>-</u>	<u>234,541</u>
TN DEPARTMENT OF FINANCE AND ADMINISTRATION								
Passed through the Industrial Development Board of Montgomery County								
Hemlock Reimbursement Grant		529/000-04-2009	(2,638,761)	13,337,362	-	12,320,167	-	(1,621,566)
Total TN Department of Finance and Administration			<u>(2,638,761)</u>	<u>13,337,362</u>	<u>-</u>	<u>12,320,167</u>	<u>-</u>	<u>(1,621,566)</u>
TOTAL ALL STATE AWARDS			<u>\$ (2,629,023)</u>	<u>\$ 14,197,881</u>	<u>\$ 30,260</u>	<u>\$ 13,353,742</u>	<u>\$ 49,134</u>	<u>\$ (1,803,758)</u>

CITY OF CLARKSVILLE, TENNESSEE

NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE AWARDS
FOR THE YEAR ENDED JUNE 30, 2011

Note 1 – Basis of Presentation

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

Note 2 – Loans Outstanding

The City of Clarksville had the following loan funding balances and loan balances outstanding at June 30, 2011. These 2011 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	\$ 74,455	\$ 2,301,973
HOME Investment Partnerships Program	14.239	227,479	2,665,355
House Program Income	N/A	-	423,561
Total Loans		<u>\$ 301,934</u>	<u>\$ 5,390,889</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	\$ 120,057
Emergency Shelter Grants Program	14.231	86,006

Note 4 – Compliance Audit Scope

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

Note 5 – Under GASBS Number 33, Voluntary Non-Exchange Transactions are accounted for in the period when all eligibility requirements have been met. At June 30, 2011 and 2010, certain eligibility requirements, relative to flood recovery expenditures, had not been met. These expenditures, therefore, have not been included in this schedule, either as expenditures or receivables, until the period during which all eligibility criteria have been met. Expenditures incurred in 2010 and 2011, for which the eligibility requirements have been met, are included in this schedule.



STATISTICAL SECTION

CITY OF CLARKSVILLE, TENNESSEE STATISTICAL SECTION

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

Contents

Financial Trends

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

Revenue Capacity

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

Debt Capacity

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

Demographic and Economic Information

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

Operating Information

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

Sources:

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

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

	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>
Governmental activities								
Invested in capital assets, net of related debt	\$ 245,091,943	\$ 253,666,569	\$ 269,645,809	\$ 284,486,050	\$ 296,693,136	\$ 290,787,548	\$ 317,377,117	\$330,243,521
Restricted	2,055,670	4,009,189	3,711,619	4,648,765	1,634,639	2,868,025	3,599,666	10,416,917
Unrestricted	43,261,550	20,047,145	20,582,387	20,553,658	16,778,949	20,846,794	15,833,445	4,499,512
Total governmental activities net assets	<u>\$ 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>	<u>\$345,159,950</u>
Business-type activities								
Invested in capital assets, net of related debt	\$ 109,815,806	\$ 137,086,834	\$ 170,242,541	\$ 189,558,554	\$ 226,120,091	\$ 236,803,367	\$ 247,347,455	\$252,456,757
Restricted	47,976,780	34,905,677	18,129,792	24,476,182	17,098,245	15,377,345	22,321,872	34,172,671
Unrestricted	29,239,482	26,824,929	28,766,297	26,238,414	17,701,085	23,081,116	(244,787,954)	33,813,473
Total business-type activities net assets	<u>\$ 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>	<u>\$320,442,901</u>
Primary government								
Invested in capital assets, net of related debt	\$ 354,907,749	\$ 390,753,403	\$ 439,888,350	\$ 474,044,604	\$ 522,813,227	\$ 527,590,915	\$ 564,724,572	\$582,700,278
Restricted	50,032,450	38,914,866	21,841,411	29,124,947	18,732,884	18,245,370	25,921,538	44,589,588
Unrestricted	72,501,032	46,872,074	49,348,684	46,792,072	34,480,034	43,927,910	(228,954,509)	38,312,985
Total primary activities net assets	<u>\$ 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>	<u>\$665,602,851</u>

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

	Fiscal Year								
	2003	2004	2005	2006	2007	2008	2009	2010	2011
Expenses									
Governmental activities									
General government	\$ 4,635,214	\$ 5,766,247	\$ 8,729,212	\$ 8,078,442	\$ 13,515,867	\$ 15,875,133	\$ 18,342,129	\$ 11,811,412	\$ 15,580,584
Public safety	23,699,762	25,000,044	26,996,393	28,257,510	31,047,113	34,776,692	36,380,996	38,553,625	39,333,118
Highways and streets	11,192,892	7,387,636	8,368,619	7,946,470	9,241,841	7,461,170	12,028,971	9,050,234	10,523,045
Recreation	3,967,171	4,676,377	5,074,092	4,525,751	5,277,100	5,983,397	4,710,611	6,193,574	6,787,986
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	1,659,480
Community support	4,010,958	3,767,807	2,103,554	1,785,294	2,087,881	2,442,187	2,528,041	2,852,958	3,032,424
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	491,624	2,350,821
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>70,427,167</u>	<u>79,267,458</u>
Business-type activities									
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	\$ 140,063,165
Telecommunications Division	-	-	-	-	-	2,283,900	6,415,601	9,159,839	11,456,880
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	32,072,641
Parking authority	264,600	294,957	100,552	107,007	106,931	97,761	137,722	125,761	97,340
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	6,298,123
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	48,837,284
Natural Gas Acquisition Corporation (NGAC)	-	-	-	242	34,778,846	54,245,779	49,032,836	44,494,960	39,813,273
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>	<u>278,638,706</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>\$ 328,046,723</u>	<u>\$ 357,906,164</u>
Program Revenues									
Governmental activities									
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	\$ 1,541,697
Public safety	707,884	676,891	843,059	697,876	893,492	877,388	845,175	1,158,580	1,749,304
Highways and streets	-	-	-	-	-	-	-	58,105	56,090
Recreation	1,726,030	1,960,317	942,120	1,047,934	1,090,136	1,259,454	1,267,605	1,537,177	1,415,018
Community development	-	-	-	475,323	477,547	426,510	256,061	623,830	228,356
Other	-	-	364,079	-	-	-	-	249,592	207,041
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	19,029,886
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>	<u>24,227,392</u>

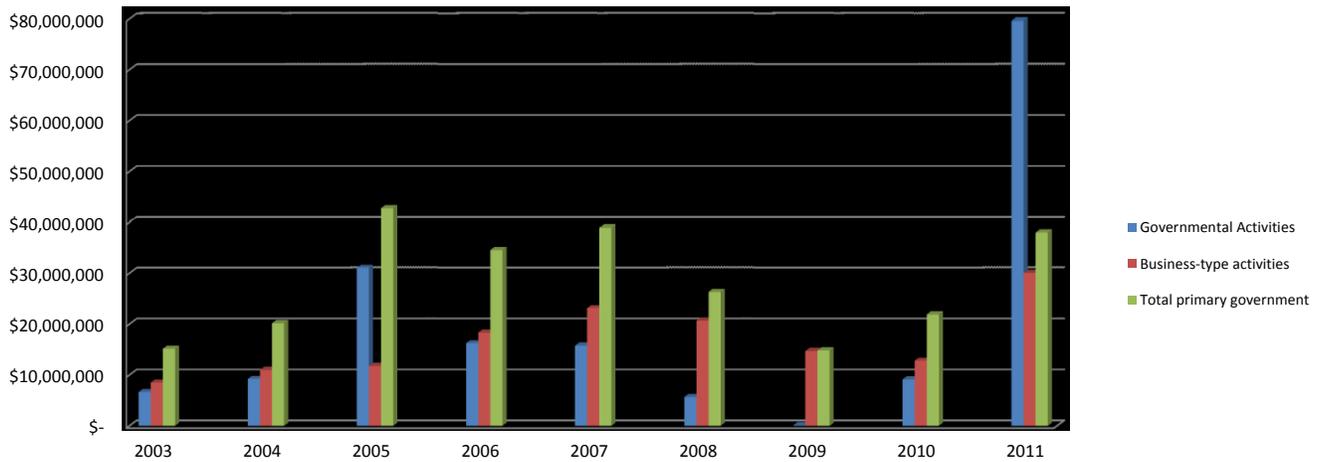
**CITY OF CLARKSVILLE, TENNESSEE
CHANGES IN NET ASSETS
LAST NINE FISCAL YEARS**

	Fiscal Year								
	2003	2004	2005	2006	2007	2008	2009	2010	2011
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	\$ 158,303,593
Telecommunications Division	-	-	-	-	-	109,000	2,079,485	6,452,512	9,410,270
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	32,758,825
Parking authority	353,755	339,200	334,710	332,790	417,289	375,631	365,034	396,179	418,632
Clarksville transit system	363,564	396,401	451,638	519,354	479,223	475,255	671,111	649,089	681,854
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	47,774,322
Natural Gas Acquisition Corporation	-	-	-	-	22,974,746	41,666,101	36,944,069	32,885,757	40,125,984
Other	3,359,126	4,563,167	1,329,228	-	-	-	-	-	-
Operating/capital grants/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	23,989,012
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>	<u>313,462,492</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>	<u>\$ 337,689,884</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)	\$ (49,623,316)	\$ (55,040,068)
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>18,509,200</u>	<u>34,823,786</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>\$ (31,114,116)</u>	<u>\$ (20,216,282)</u>

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

	Fiscal Year								
	2003	2004	2005	2006	2007	2008	2009	2010	2011
General Revenues & Other Changes in Net Assets									
Governmental activities									
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	\$ 27,845,639
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	9,600,456
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	3,697,867
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	3,104,822
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	12,138,747
In-lieu-of taxes	7,370	23,692	15,193	22,978	20,990	14,591	38,155	52,315	34,042
Other taxes	238,556	267,781	243,105	264,752	367,788	377,448	471,880	579,133	416,235
Investment earnings	356,145	265,216	326,553	826,342	1,134,602	835,447	278,982	81,348	32,803
Miscellaneous	416,862	891,487	398,587	(795,254)	(814,718)	(734,077)	(54,599)	(254,015)	1,255,265
Transfers	2,656,782	2,823,764	2,997,279	3,003,932	2,404,092	3,184,946	4,087,924	4,644,820	4,870,200
Prior period adjustment	134,380	-	21,839,182	-	-	109,918	335,032	4,086,020	-
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>62,815,068</u>	<u>62,996,076</u>
Business-type activities									
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	\$ 12,084,851
Miscellaneous	-	-	-	-	-	-	-	(24,885)	-
Transfers	(2,412,588)	(2,434,134)	(2,705,303)	(3,003,932)	(2,404,092)	(3,184,946)	(4,087,924)	(4,644,820)	(4,870,200)
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>7,924,487</u>	<u>(4,870,200)</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>\$ 70,739,555</u>	<u>\$ 58,125,876</u>
Change in Net Assets									
Governmental Activities	\$ 6,638,050	\$ 9,200,603	\$ 30,992,104	\$ 16,216,912	\$ 15,748,658	\$ 5,638,087	\$ 97,368	\$ 9,105,731	\$ 7,956,008
Business-type activities	8,503,789	10,970,201	11,785,372	18,321,190	23,134,520	20,646,271	14,708,951	12,789,560	29,953,586
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>\$ 21,895,291</u>	<u>\$ 37,909,594</u>

Changes in Net Assets



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

	Fiscal Year									
	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011
General Fund										
Non-Spendable	\$ 379,443	\$ 152,964	\$ 231,021	\$ 292,279	\$ 373,305	\$ 456,567	\$ 444,224	\$ 490,924	\$ 437,536	\$ 489,987
Restricted	193,617	196,264	349,316	432,209	85,962	3,181	144,020	219,783	163,818	290,490
Committed	-	-	-	-	-	-	-	-	-	-
Assigned	-	-	-	-	-	-	-	-	-	-
Unassigned	15,093,819	14,699,612	17,561,242	18,445,898	19,483,846	20,882,010	20,755,219	21,110,552	18,867,947	16,747,856
Total general fund	\$ 15,666,879	\$ 15,048,840	\$ 18,141,579	\$ 19,170,386	\$ 19,943,113	\$ 21,341,758	\$ 21,343,463	\$ 21,821,259	\$ 19,469,301	\$ 17,528,333
All Other Governmental Funds										
Special Revenue Funds										
Non-Spendable	\$ 520,984	\$ 99,147	\$ 78,012	\$ 85,993	\$ 88,466	\$ 146,388	\$ 48,895	\$ (201,168)	\$ 314,558	\$ 358,618
Restricted	-	-	-	269,496	486,740	500,644	514,563	516,952	324,019	368,594
Committed	-	-	-	1,806,109	1,041,344	582,382	1,071,181	2,552,241	2,961,089	2,550,619
Assigned	1,511,481	1,511,724	1,511,724	1,370,353	1,427,029	-	-	-	-	-
Unassigned	-	-	-	-	-	-	-	-	-	-
Total Special Revenue Funds	2,032,465	1,610,871	1,589,736	3,531,951	3,043,579	1,229,414	1,634,639	2,868,025	3,599,666	3,277,831
Debt Service Fund										
Non-Spendable	-	-	-	-	-	-	-	-	-	298,195
Restricted	-	-	-	-	-	-	-	-	-	-
Committed	-	-	-	-	-	-	-	-	-	-
Assigned	1,698,111	2,950,097	3,645,236	1,970,390	2,011,884	1,778,235	1,583,949	1,062,338	967,039	1,632,928
Unassigned	-	-	-	-	-	-	-	-	-	-
Total Debt Service Fund	1,698,111	2,950,097	3,645,236	1,970,390	2,011,884	1,778,235	1,583,949	1,062,338	967,039	1,931,123
Capital Projects Fund										
Non-Spendable	-	-	-	-	-	-	-	-	-	-
Restricted	679,395	567,582	755,158	477,238	435,219	50,692	124,124	324,132	460,739	1,979,352
Committed	2,625,512	1,845,749	-	-	232,821	3,368,659	(1,830,066)	5,117,544	4,590,087	2,513,517
Assigned	-	-	-	-	-	-	-	-	-	-
Unassigned	-	-	-	-	-	-	-	-	-	-
Total Capital Projects Fund	3,304,907	2,413,331	755,158	477,238	668,040	3,419,351	(1,705,942)	5,441,676	5,050,826	4,492,869
Total all other governmental funds	\$ 7,035,483	\$ 6,974,299	\$ 5,990,130	\$ 5,979,579	\$ 5,723,503	\$ 6,427,000	\$ 1,512,646	\$ 9,372,039	\$ 9,617,531	\$ 9,701,823

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

	Fiscal Year									
	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011
Revenues										
Taxes	\$ 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	\$ 46,203,310
State Taxes	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	12,702,729
Licenses and permits	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	1,110,767
Charges for services	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	2,219,586
Fines and forfeits	738,289	707,884	610,166	843,059	697,876	889,329	877,388	845,175	1,622,284	1,478,261
Investment earnings	400,669	326,778	248,600	283,663	739,113	1,021,449	745,469	242,179	73,210	32,803
Grants	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	7,496,274
Miscellaneous / other	741,191	733,040	906,567	1,376,740	1,771,947	1,842,119	1,517,007	2,187,651	2,128,736	3,791,771
Total revenues	<u>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>	<u>75,035,501</u>
Expenditures										
General government	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	8,413,784
Public safety	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	35,764,426
Highways and streets	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	9,971,486
Recreation	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	5,803,807
Community development	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	1,659,480
Other	628,709	787,654	548,560	728,259	2,802,358	3,435,755	5,242,852	8,384,620	1,621,694	1,586,468
Miscellaneous agencies	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	1,751,836
Debt service										
Principal	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	15,527,700
Interest	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	2,473,875
Capital outlay	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	28,996,386
Total expenditures	<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>	<u>111,949,248</u>
Excess (deficiency) of revenues over expenditures	<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>	<u>(36,913,747)</u>
Other financing sources (uses)										
Transfers in	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	15,271,369
Transfers out	(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)	(10,850,397)
Other	-	336,131	441,560	-	-	-	(109,918)	(335,032)	-	-
Proceeds of general obligation bonds	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	18,364,384
Proceeds of refunding bonds	-	-	-	-	-	-	-	-	-	12,271,714
Total other financing sources (uses)	<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>	<u>35,057,070</u>
Net Change in fund balance	<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>	<u>\$ (1,856,677)</u>
Debt service as a percentage of noncapital expenditures	10.9%	13.8%	15.6%	11.0%	11.3%	11.1%	10.7%	7.7%	8.8%	21.7%
Debt service as a percentage of total expenditures	7.4%	10.9%	14.2%	10.3%	10.8%	10.0%	9.6%	6.4%	6.5%	16.1%

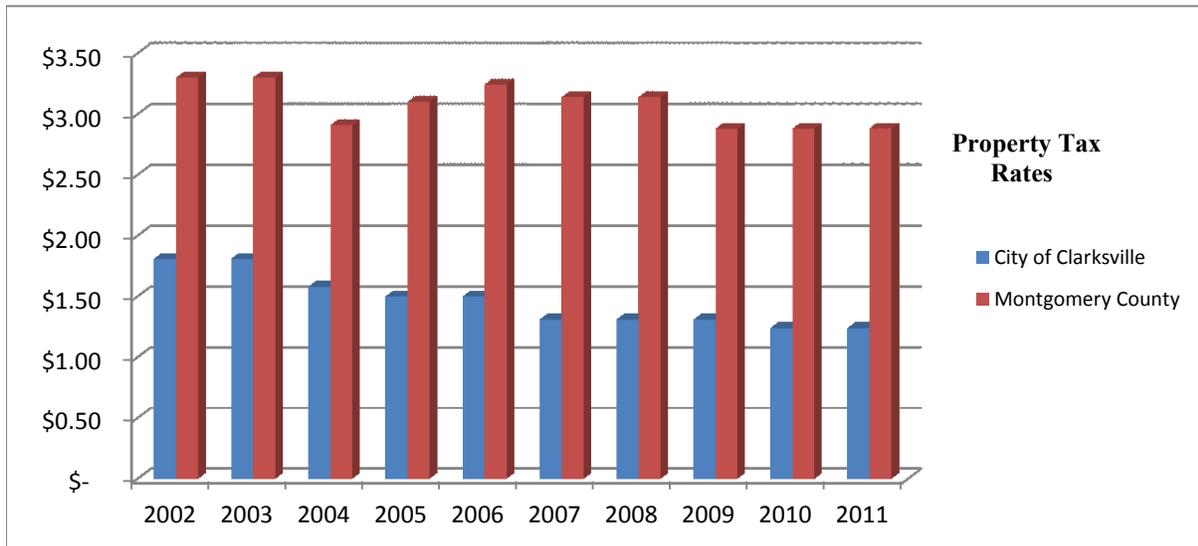
**CITY OF CLARKSVILLE, TENNESSEE
 ASSESSED VALUE OF TAXABLE PROPERTY
 Last Ten Fiscal Years**

Fiscal Year Ended June 30	Real Property				Personal Property	
	Public Utility 55%	Commercial 40%	Industrial 40%	Residential 25%	Public Utility 55%	Commercial 30%
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	973,330,225	91,195	95,283,963
2009	534,050	703,233,600	26,872,640	1,034,087,125	100,495	92,237,524
2010	569,910	847,710,280	33,115,880	1,182,885,700	150,058	120,163,939
2011	569,910	836,202,320	29,885,800	1,221,530,800	246,402	120,745,478

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

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

Fiscal Year **	Direct Rate	Overlapping Rate *
	City of Clarksville	Montgomery County
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
2011	\$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 (2011 fiscal year would represent the 2010 tax levy). This represents the period for which the taxes were levied.

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

Taxpayer	Type of Business	Fiscal Year 2011			Fiscal Year 2010		
		Taxable Assessed Value	Rank	Percentage of Total Taxable Assessed Value	Taxable Assessed Value	Rank	Percentage of Total Taxable Assessed Value
Clarksville Health System	Hospital	\$ 146,002,700	1	6.61%	\$ 146,002,700	1	6.66%
Governor's Square Co.	Retail	37,187,600	2	1.68%	37,187,600	2	1.70%
Independence Place	Real Estate	18,957,300	3	0.86%	18,957,300	3	0.86%
Autumn Winds LLC	Residential	16,775,000	4	0.76%	16,775,000	5	0.76%
Bristol Park @ Clarksville Group	Real Estate	15,616,100	5	0.71%	15,616,100	6	0.71%
Ronald G. Wilkinson	Real Estate	14,200,000	6	0.64%	14,200,000	7	0.65%
AT&T Property Tax Group	Utilities	13,130,133	7	0.59%	13,130,133	8	0.60%
Heritage Pointe Aparments	Real Estate	13,085,100	8	0.59%	18,228,000	4	0.83%
Parc @ Clarksville	Real Estate	12,223,248	9	0.55%	12,978,800	9	0.59%
Trane Company	Manufacturer	11,066,465	10	0.50%	11,669,700	10	0.53%
Total		\$ 298,243,646		13.50%	\$ 304,745,333		13.89%

Total Assessed Value for 2011: \$ 2,209,180,710
Total Assessed Value for 2010: \$ 2,193,721,136

Note: Assessed values for fiscal years 2001 and 2010 were obtained from the tax rolls of the respective year. The total assessed values for 2000 and 2009 were obtained from the Montgomery County, Tennessee Assessor of Property's Office.

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

Fiscal Year Ended June 30	Taxes Levied for the Fiscal Year	Collected Within The Fiscal Year of the Levy		Collections in Subsequent Years	Total Collections to Date	
		Amount	Percentage of Levy		Amount	Percentage of Levy
2002	19,165,028	18,142,041	94.7%	951,670	19,093,711	99.6%
2003	19,740,607	18,434,087	93.4%	1,245,077	19,679,164	99.7%
2004	20,122,199	19,332,939	96.1%	743,090	20,076,029	99.8%
2005	19,719,457	18,945,395	96.1%	717,355	19,662,750	99.7%
2006	20,959,084	19,669,202	93.8%	1,120,408	20,789,610	99.2%
2007	21,919,483	21,029,776	95.9%	679,381	21,709,157	99.0%
2008	23,251,711	22,036,319	94.8%	912,584	22,948,903	98.7%
2009	24,711,181	23,676,341	95.8%	886,711	24,563,052	99.4%
2010	27,533,757	26,128,415	94.9%	651,825	26,780,240	97.3%
2011	27,887,819	26,023,916	95.4%			0.0%

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

The fiscal year listed corresponds to the preceding tax year levy (2011 fiscal year would represent the 2010 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
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
2011	41,727,950	54,766,999			96,494,949

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*
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
2011	434,645,294	60,967,917	-	588,756	496,201,967	592,696,916	8.86%	4,458

*See Demographic and Economic Statistics, page 121, for personal income and population data.

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

Fiscal Year	General Obligation Bonds	All Other Long Term Debt	Total Long Term Debt	Per Capita**	Percentage of Actual Assessed Property Value***
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%
2011	41,727,950	54,766,999	96,494,949	725.91	4.4%

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

* The City has no legal debt margin.

**See Demographic and Economic Statistics, page 121, for population data.

***Property value obtained from page 110.

**CITY OF CLARKSVILLE, TENNESSEE
DIRECT AND OVERLAPPING GOVERNMENTAL ACTIVITIES DEBT
AS OF JUNE 30, 2011**

<u>Jurisdiction</u>	<u>Net Bonded Debt Outstanding</u>	<u>Percentage Applicable to City</u>	<u>Estimated Share of Overlapping Debt</u>
City of Clarksville	\$ 96,494,949	100%	\$ 96,494,949
Montgomery County	<u>\$ 315,668,371</u>	42.20%	<u>\$ 133,212,053</u>
Total	<u><u>\$ 412,163,320</u></u>		<u><u>\$ 229,707,002</u></u>

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

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

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

Electric Department - Electric Division

Fiscal Year	Utility Service Charges	Less:	Net	Debt Service			Coverage*
		Operating Expenses	Available Revenue	Principal	Interest	Total	
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
2011	157,699,214	140,063,165	17,636,049	2,166,465	3,779,688	5,946,153	2.96

Electric Department - Telecommunications Division

Fiscal Year	Utility Service Charges	Less:	Net	Debt Service			Coverage*
		Operating Expenses	Available Revenue	Principal	Interest	Total	
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
2011	9,410,270	14,456,880	(5,046,610)	-	244,264	244,264	-20.66

Gas Department

Fiscal Year	Utility Service Charges	Less:	Net	Debt Service			Coverage*
		Operating Expenses	Available Revenue	Principal	Interest	Total	
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
2011	32,697,538	32,072,641	624,897	435,990	728,233	1,164,223	-0.53

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	
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
2011	47,679,405	48,837,234	(1,157,829)	8,166,863	7,064,297	15,231,160	-0.08

Natural Gas Acquisition Corporation

Fiscal Year	Utility Service Charges	Less:	Net	Debt Service			Coverage*
		Operating Expenses	Available Revenue	Principal	Interest	Total	
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
2011	28,802,783	39,813,273	(11,010,490)	12,845,000	9,816,615	22,661,615	-0.49

Parking Authority

Fiscal Year	Fines and Fees	Less:	Net	Debt Service			Coverage*
		Operating Expenses	Available Revenue	Principal	Interest	Total	
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
2011	418,283	97,340	320,943	132,575	5,972	138,547	2.32

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

All Enterprise Funds							
Fiscal Year	Utility Service Charges/Fines and Fees	Less: Operating Expenses	Net Available Revenue	Debt Service		Total	Coverage*
				Principal	Interest		
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
2011	276,707,493	275,340,583	1,366,910	23,746,843	21,639,069	45,385,962	-0.03

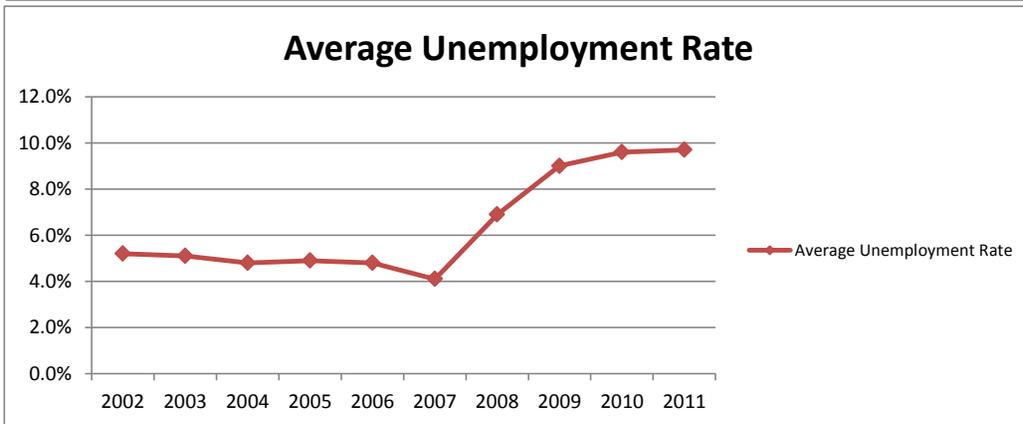
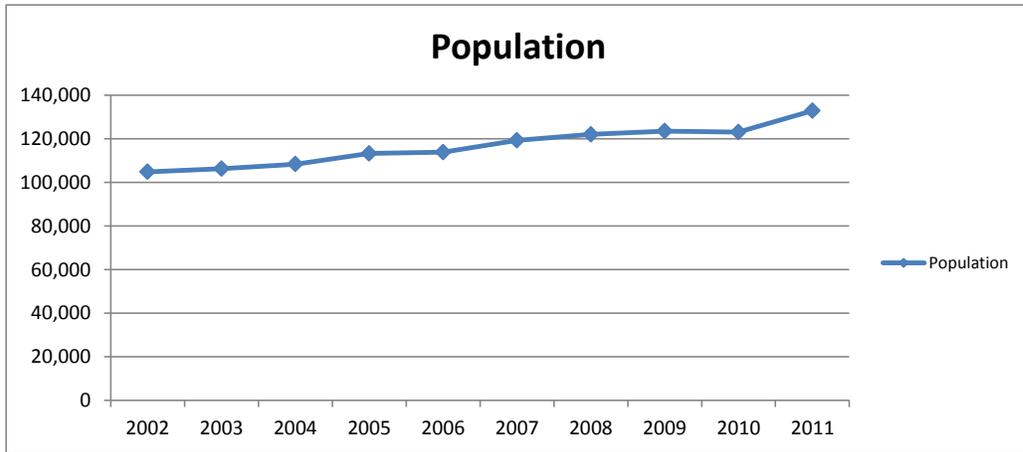
CITY OF CLARKSVILLE, TENNESSEE
ENTITY DEBT
SCHEDULE OF PRINCIPAL AND INTEREST DUE

Years Ending June 30,	Governmental Activities		Business Type Activities		Total Add Debt Issues		
	Principal	Interest	Principal	Interest	Principal	Interest	Total
2012	4,741,000	3,312,841	24,660,649	18,379,771	29,401,649	21,692,612	51,094,261
2013	5,237,353	2,853,051	26,130,728	17,808,234	31,368,081	20,661,285	52,029,366
2014	5,174,950	2,679,140	27,096,528	28,985,542	32,271,478	31,664,682	63,936,160
2015	5,022,000	2,520,909	28,259,828	16,424,585	33,281,828	18,945,494	52,227,322
2016	5,911,000	2,352,648	30,434,078	14,761,822	36,345,078	17,114,470	53,459,548
2017	5,094,000	2,180,743	42,224,736	26,958,259	47,318,736	29,139,002	76,457,738
2018	5,051,108	2,018,475	46,343,420	23,026,890	51,394,528	25,045,365	76,439,893
2019	5,145,000	1,847,302	52,055,870	17,817,415	57,200,870	19,664,717	76,865,587
2020	5,376,000	1,668,368	59,188,021	11,183,935	64,564,021	12,852,303	77,416,324
2021	5,635,000	1,477,091	35,026,718	6,829,733	40,661,718	8,306,824	48,968,542
2022	5,632,000	1,275,219	38,120,569	5,715,836	43,752,569	6,991,055	50,743,624
2023	4,403,000	1,082,633	15,239,969	2,855,893	19,642,969	3,938,526	23,581,495
2024	3,908,000	941,015	15,136,806	2,712,090	19,044,806	3,653,105	22,697,911
2025	4,092,000	818,373	15,016,436	2,501,158	19,108,436	3,319,531	22,427,967
2026	3,340,000	689,582	1,963,842	2,605,561	5,303,842	3,295,143	8,598,985
2027	3,558,000	589,600	1,960,625	2,715,184	5,518,625	3,304,784	8,823,409
2028	3,333,000	481,285	1,962,900	2,830,288	5,295,900	37,082	5,332,982
2029	2,857,000	382,378	1,962,025	2,951,146	4,819,025	3,333,524	8,152,549
2030	2,985,000	313,345	1,965,600	3,078,049	4,950,600	3,391,394	8,341,994
2031	3,121,000	241,378	1,964,600	3,211,296	5,085,600	15,512	5,101,112
2032	3,262,000	163,210	-	484,579	3,262,000	647,789	3,909,789
2033	3,075,100	66,342	-	-	3,075,100	66,342	3,141,442
2034	541,438	34,438	-	-	541,438	34,438	575,876
2035	-	-	-	-	-	-	-
Total	\$ 96,494,949	\$ 29,989,366	\$ 466,713,948	\$ 213,837,266	\$ 563,208,897	\$ 237,114,979	\$ 800,323,876

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

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

Fiscal Year	Population*	Personal Income**	Per Capita Personal Income***	Median Age****	Public School Enrollment*****	Average Unemployment Rate*****
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%
2011	132,929	1,485,081,274	38,270	31.5	30,440	9.7%



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

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

*** U.S. Bureau of Economic Analysis(BEA) for Montgomery County - 2009

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

***** Clarksville Montgomery County School System

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

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

Employer	Year 2011			Year 2006		
	Employees	Rank	Percentage of Total City Employment	Employees	Rank	Percentage of Total City Employment
Fort Campbell	5,100	1	4.62%	3,933	1	6.10%
Clarksville-Montgomery County School System	3,900	2	3.53%	2,900	2	4.50%
Trane Company	1,400	3	1.27%	1,400	4	2.17%
Convergys Corporation	1,000	4	0.91%	1,400	3	2.17%
Wal-Mart Supercenter	1,363	5	1.23%	379	12	0.59%
City of Clarksville	1,313	6	1.19%	1,095	6	1.70%
Gateway Medical Center	1,165	7	1.06%	1,200	5	1.86%
Montgomery County	921	8	0.83%	850	8	1.32%
Austin Peay State University	900	9	0.82%	732	9	1.14%
Jostens Printing & Publishing	375	10	0.34%	600	10	0.93%
Bridgestone Metalpha	365	11	0.33%	355	13	0.55%
Akebono	328	12	0.30%	500	11	0.78%
Progressive Directions	300	13	0.27%	215	20	0.33%
Premier Medical Group	275	14	0.25%	350	14	0.54%
Florim USA	260	15	0.24%	287	17	0.45%
Lowe's	250	16	0.23%			
Nyrstar (previously Zinifex Limited)	249	17	0.23%	242	18	0.38%
F & M Bank	231	18	0.21%			
Cumberland Electric Membership Corp.	225	19	0.20%	215	19	0.33%
Spear USA (previously Precision Printing)	206	20	0.19%	302	16	0.47%
Centerstone	184	21	0.17%			
Sam's Club	170	22	0.15%			
Jenkins & Wynne	165	23	0.15%			
Hendrickson Trailer Suspension Systems	150	24	0.14%	320	15	0.50%
Clarksville Area YMCA	140	25	0.13%			
	<u>20,935</u>		<u>18.83%</u>	<u>17,275</u>		<u>26.79%</u>
Civilian Labor Force - 2011	110,420					
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

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

Function	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011
General Government	72	77	75	75	79	67	75	83	89	135
Public Safety										
Police Department	246	245	275	288	292	292	301	322	296	307
Fire Department	183	182	180	182	183	200	197	197	197	204
Total Public Safety	429	427	455	470	475	492	498	519	493	646
Street Department	116	77	78	75	79	82	83	86	86	86
Recreation	25	46	47	44	44	50	82	79	81	94
Governmental Activities	642	627	655	664	677	691	738	767	749	180
Transit	45	36	48	48	49	52	52	52	77	76
Department of Electricity	0	0	0	0	89	90	90	90	127	167
Gas, Water & Sewer	237	258	262	258	254	246	245	244	245	244
Other	3	0	0	0	0	0	0	0	0	0
Business-Type Activities	285	294	310	306	392	388	387	386	449	487
Total Employees of Primary Government	927	921	965	970	1,069	1,079	1,125	1,153	1,198	1,313

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

Function / Program	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011
General Government										
Building Permits Issued								630	1,203	1,128
Building Inspections Conducted								12,984	5,886	4,514
Police										
Calls for Service							152,562	143,210	143,210	145,894
TIBRS Type A Crime							13,509	13,356	13,356	12,060
TIBRS Type B Crime							2,066	1,879	1,879	2,019
Fire										
Calls for Service							6,353	6,635	5,710	6,573
Fire Calls							620	586	478	128
Inspections							2,023	2,599	2,547	2,601
Public Works										
Miles of Street	N/A	N/A	N/A	543	543	560	572	572	592	615
Parks & Recreation										
Acres of Parks	N/A	N/A	N/A	429.5	429.5	429.5	430	430	600	650
Gas, Water & Sewer										
Miles of Gas Lines	N/A	N/A	N/A	N/A	704	758	859	859	859	895
Miles of Water Lines	N/A	N/A	N/A	N/A	841	841	944	970	992	1,008
Miles of Sewer Lines	N/A	N/A	N/A	N/A	731	731	781	781	860	871
Gas Customers	17,157	17,921	18,611	19,758	20,523	21,343	21,871	22,223	23,081	24,110
Water Customers	41,431	41,812	44,232	46,579	47,167	51,066	51,035	53,266	52,558	56,726
Sewer Customers								45,578	46,780	48,964
Electric										
# of Residential Customers	39,943	40,638	42,877	44,900	45,606	48,629	49,219	49,295	52,413	54,019
# of Commercial Customers	4,848	4,979	4,243	5,479	5,570	5,779	5,827	5,784	6,279	6,336
# of Industrial Customers	650	677	660	660	699	734	734	754	727	769
Public Lighting	498	500	500	510	508	547	523	528	561	552
Transit										
# of Riders	565,110	598,021	631,474	646,905	671,005	662,917	727,757	727,757	733,718	793,923

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

Function / Program	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011
General Government										
# of Buildings				119	119	119	122	122	123	103
# of Vehicles				134	134	149	150	150	165	173
Public Safety										
Police Stations				3	3	3	3	3	3	5
Police Patrol Units				303	303	354	315	315	326	252
Fire Stations				10	10	10	10	10	10	10
Fire Vehicles				43	43	47	51	51	52	50
Public Works										
Streets (miles)					543	543	560	572	592	615
Parks & Recreation										
Acreage				429.5	429.5	429.5	430	430	600	650
# of Parks				22	22	22	22	22	30	25
Community Centers				3	3	3	3	3	3	3
Pools / Field & Courts				38	38	38	38	38	38	56
Gas, Water, Sewer & Electric										
Gas Line Miles				704	704	758	859	859	859	895
Water Line Miles				841	841	841	944	970	992	1,008
Sewer Line Miles				731	731	731	781	781	860	871
Electric Substations				10	10	10	10	10	10	11
Transit										
# of Vehicles				12	12	15	16	18	20	34



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

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

We have audited the financial statements of the governmental activities, the business-type activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of the City of Clarksville, Tennessee (the City), as of and for the year ended June 30, 2011, which collectively comprise the City's basic financial statements and have issued our report thereon dated October 28, 2011. Our report includes a reference to other auditors. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States and requirements prescribed by the Comptroller of the Treasury, State of Tennessee, as detailed in the Audit Manual. Other auditors audited the financial statements of the Clarksville-Montgomery County Museum, a component unit of the City, as described in our report on the City's financial statements. This report does not include the results of the other auditors' testing of internal control over financial reporting or compliance and other matters that are reported on separately by those auditors.

Internal Control Over Financial Reporting

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

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

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

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the City's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of

financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

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
October 28, 2011



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

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

Compliance

We have audited the City of Clarksville, Tennessee's (the City) compliance with the types of compliance requirements described in the *OMB Circular A-133 Compliance Supplement* that could have a direct and material effect on each of the City's major federal programs for the year ended June 30, 2011. The City's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs. Compliance with the requirements of laws, regulations, contracts, and grants applicable to each of its major federal programs is the responsibility of the City's management. Our responsibility is to express an opinion on the City's compliance based on our audit.

The City's basic financial statements include the operations of the Clarksville-Montgomery County Museum, which received no federal awards and is not included in the schedule during the year ended June 30, 2011. Our audit, described below, did not include the operations of the Clarksville-Montgomery County Museum because other auditors were engaged to perform the audit.

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

In our opinion, the City, complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2011.

Internal Control over Compliance

Management of the City is responsible for establishing and maintaining effective internal control over compliance with the requirements of laws, regulations, contracts, and grants applicable to federal programs. In planning and performing our audit, we considered the City's internal control over compliance with the requirements that could have a direct and material effect on a major federal program to determine the auditing procedures for the purpose of expressing our opinion on compliance and to test and report on internal control over compliance in accordance with OMB Circular A-133, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the City's internal control over compliance.

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
October 28, 2011

CITY OF CLARKSVILLE, TENNESSEE
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
JUNE 30, 2011

A. SUMMARY OF AUDITOR'S RESULTS

1. The auditor's report expresses an unqualified opinion on the financial statements of the City of Clarksville, Tennessee.
2. No significant deficiencies related to the audit of the financial statements are reported in the Report On Internal Control Over Financial Reporting and On Compliance and Other Matters Based On An Audit of Financial Statements Performed In Accordance With Government Auditing Standards.
3. No instances of noncompliance material to the financial statements of the City of Clarksville, Tennessee, were disclosed during the audit.
4. No significant deficiencies in internal control over major federal award programs were reported in the Independent Auditor's Report On Compliance With Requirements That Could Have A Direct And Material Effect On Each Major Program And On Internal Control Over Compliance In Accordance With OMB Circular A-133.
5. The auditor's report on compliance for major federal award programs for the City of Clarksville, Tennessee, expresses an unqualified opinion on all major federal programs.
6. The audit disclosed 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 14.218 CDBG Grant
 - ii. CFDA 14.218 Neighborhood Stabilization Program-ARRA
 - iii. CFDA 14.239 HOME Investment
 - iv. CFDA 14.253 CDBG Recovery Grant-ARRA
 - v. CFDA 20.205 Street Paving-ARRA
 - vi. CFDA 20.507 Operating, Capital Operating and Capital Grant
 - vii. CFDA 20.600 Ft. Defiance Grant
 - viii. CFDA 81.128 Energy Block Grant-ARRA
 - ix. CFDA 97.036 FEMA/TEMA Disaster 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.

B. PRIOR YEAR FINDINGS

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