

City of Clarksville Tennessee



Photograph Courtesy of Sam K Photo

Comprehensive Annual Financial Report

For the Fiscal Year Ended June 30, 2014



CITY OF CLARKSVILLE, TENNESSEE
COMPREHENSIVE ANNUAL FINANCIAL REPORT
FOR THE FISCAL YEAR ENDED JUNE 30, 2014



Prepared by:

Department of Finance and Revenue

CITY OF CLARKSVILLE, TENNESSEE
 COMPREHENSIVE ANNUAL FINANCIAL REPORT
 For the Fiscal Year Ended June 30, 2014

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Introductory Section



COMPREHENSIVE ANNUAL FINANCIAL REPORT
LETTER OF TRANSMITTAL

December 30, 2014

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, 2014 as required by state law. This report is published to provide the Mayor, City Council, City staff, citizens, bondholders, and other interested parties with detailed information concerning the financial activities and fiscal condition of the City government. Although the financial statements have been audited by a licensed, certified public accounting firm under U.S. Generally Accepted Auditing Standards ("GAAS"), responsibility for both the accuracy of the presented data and the completeness and fairness of the presentation, including all disclosures, rests with the City of Clarksville.

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

The City of Clarksville's financial statements have been audited by Crosslin & Associates, P.C. 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, 2014, are free of material misstatement. The independent audit involved examining, on a test basis, evidence supporting the amounts and disclosure in the financial statements; assessing the accounting principles used and significant estimates made by management; and evaluating the overall financial statement presentation. The independent auditor concluded, based upon the audit, that there was reasonable basis for rendering an unmodified opinion that the City of Clarksville's financial statements for the fiscal year ended June 30, 2014, 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 (146,802 population as projected) in the State of Tennessee. Clarksville continues to experience substantial, 42%, growth in population since 2000. Originally founded in 1784, the City is organized under Chapter 292 of the 1957 Private Acts of the General Assembly of the State of Tennessee and operates under a Mayor-Council form of government. The terms of office of the Mayor and City Council are for four

years, not to exceed three consecutive terms of office. The City Council consists of twelve members, whose four year terms are staggered with one-half of the Council being elected every two years. The Mayor and the City Council enact local laws, establish policies, and adopt an annual budget. The Mayor is the administrative head of the government and is responsible for the day-to-day administrative operations of the city government. Clarksville has been nationally recognized for its diverse economic base and enjoys substantial stability in part because of adjoining Fort Campbell, which is the home to over 30,000 soldiers, and the largest employer in both Kentucky and Tennessee. Clarksville shows a continuing pattern of growth in all areas of residential, commercial and industrial development, as evidenced by Hankook Tires selecting Clarksville for the site of their first US manufacturing facility; bringing 1,800 jobs to the area. The majority of the positions will be hired locally by 2016.

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

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

Major Accomplishments-For the Year

The City's Liberty Park continues to grow; with the opening of Liberty Park Grill the response and community support has confirmed the importance of this public/private partnership. The park is a major investment in both the prosperity of the community and a significant tourism draw for the City's River District, which encompasses both the historic downtown business district and the Cumberland River. The third phase of this multi-year project has been completed.

During the fiscal year, the City completed \$2 million of sidewalk improvements toward ADA compliance with anticipated completion in 2015, with a total investment of over \$20 million. Additionally, \$1.4 million of capital projects to improve roadway and intersections and the multi-million dollar emergency radio communication system was unveiled.

Major Challenges

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

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

Sincerely,



Laurie Matta
Chief Financial Officer
City of Clarksville

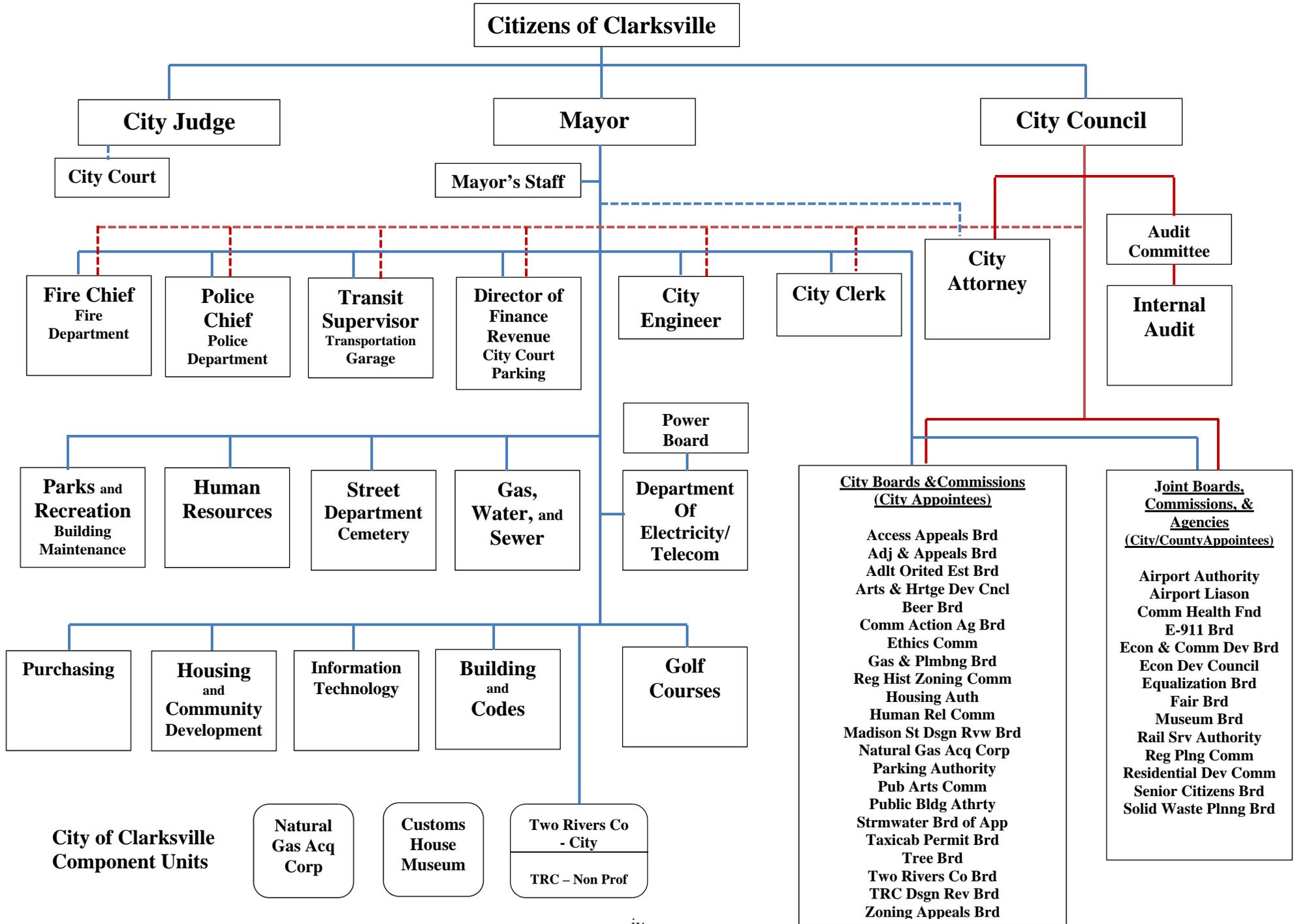


CITY OF CLARKSVILLE
SCHEDULE OF OFFICIALS
JUNE 30, 2014

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
Chief Financial Officer, Laurie Matta	Appointed by the City Council

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

ORGANIZATIONAL CHART OF THE CITY OF CLARKSVILLE



Financial Section





INDEPENDENT AUDITOR'S REPORT

To the Mayor and City Council
City of Clarksville, Tennessee

Report on Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the City of Clarksville, Tennessee (the "City"), as of and for the year ended June 30, 2014, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We did not audit the financial statements of the Clarksville-Montgomery County Museum, a discretely presented component unit, which represents 89% of the total assets, 89% of total net position and 80% of the total revenues of the City's aggregate discretely presented component units. Those financial statements were audited by other auditors whose report thereon has been furnished to us, and our opinion, insofar as it relates to the amounts included for the Clarksville-Montgomery County Museum, is based solely on the report of the other auditors. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

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

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



Opinions

In our opinion, based on our audit and the report of other auditors, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the City of Clarksville, Tennessee, as of June 30, 2014, and the respective changes in financial position and, where applicable, cash flows thereof, and the budgetary comparison for the General Fund for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 5 through 18, the schedule of funding progress for the pension plan and schedules of funding progress and employer contributions for the other post employment benefit plans, the condition rating of transportation network, and budgetary information on pages 76 through 79, be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City's basic financial statements. The introductory section, combining and individual fund financial statements and schedules on pages 80 through 98, the supplemental schedules on pages 108 through 115, and statistical section are presented for purposes of additional analysis and are not a required part of the basic financial statements. The schedules of expenditures of federal and state awards are presented for the purposes of additional analysis as required by U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments and Non-Profit Organizations*, and the State of Tennessee, and are also not a required part of the basic financial statements.

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



To the Mayor and City Council
City of Clarksville, Tennessee

The introductory and statistical sections, as listed in the table of contents, and the supplemental schedules on pages 108 through 115 have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on them.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated December 30, 2014 on our consideration of the City's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City's internal control over financial reporting and compliance.

Crosslin & Associates, P.C.

Nashville, Tennessee
December 30, 2014

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, 2014. 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, contained in the financial section of this report.

FINANCIAL HIGHLIGHTS

- **Net Position** - The net position of the City increased from \$750.6 million in 2013 to \$792.2 million in 2014 with the most significant changes occurring as follows:
 - The General government net position increased 0.5%, from \$364.4 million in 2013 to \$366.1 million in 2014, as the City completed various capital improvements, including compliance and mitigation projects, the police department's shoot house, fire station bay renovations and truck purchases, a community playground, and a maintenance building for Parks and Recreation.
 - The net position of the City's business-type activities increased 10.3%, from \$386.3 million in 2013 to \$426.0 million in 2014, with significant changes highlighted as follows:
 - The net position of the Gas, Water & Sewer Departments increased 11.6%, from \$260.9 million in 2013 to \$291.2 million in 2014, as the City continues to invest in infrastructure and the rebuilding of the wastewater plant destroyed by the 2010 historic flood. The City estimates 5-6 years to rebuild and improve the wastewater facility with a total cost of approximately \$100 million. To date, \$75 million has been spent to rebuild and improve the wastewater facility. Completion of the wastewater treatment plant project is not anticipated prior to April 2016. FEMA and TEMA have reobligated funds to reimburse the City for a portion of construction and improvement of the Wastewater Treatment Plant in the amount of \$18.1 million.
 - The net position of the Electric Department increased 8.8%, from \$113.5 million in 2013 to \$123.5 million in 2014, as a result of continued infrastructure investments and including improvements to the electric transmission and distribution system; specifically substations and the fiber to the home project providing fiber optic communications infrastructure and materials allowing for increased efficiencies. The Broadband division of the Electric Department had ending net position of (\$15.8 million), with funding being provided by a loan from the Electric Division as approved by both State and TVA regulatory bodies. The Broadband Division remains in the growth stage. The Broadband Division is reviewed and monitored on a regular basis. With the approval of TVA, changes have been made to their interdepartmental allocation formula and interfund loan payment schedule. Subscriber growth is tracked against the business plan and has shown improvement over this past fiscal year. Subscribers continue to grow, and are projected to continue to do so for the next 5 years. Broadband and fiber are considered to be the electric of the next century.

- **Fund Balance** – The total fund balance of the governmental funds decreased 7.0%, from \$37.4 million in 2013 to \$34.8 million in 2014. This decrease was a result of a significant decrease in grant revenues for the capital projects fund of \$1.8 million as compared to FY 2013 and an increase in budgeted expenditures in the general fund of \$1.2 million. The reduction in grant revenues and increased expenditures were partially offset by increases in various general fund revenues. The unassigned fund balance for the General Fund increased from \$25.0 million in 2013 to \$25.2 million in 2014 or 34.3% of the general fund budgeted total operating expenditures, well above the City’s Fund Balance Policy minimum requirement of 20%.

- **Capital Assets** – The City had \$1.125 billion (net of depreciation) invested in a broad range of capital assets at fiscal year-end 2014. These capital assets include police and fire equipment, buildings, park facilities, roads, bridges, utility plant, and infrastructure. Capital assets increased 3.6% as compared to \$1.086 billion at the end of 2013. The most significant increase in investments were in the City’s streets and sidewalk improvements of \$5 million and \$4 million, respectively. For the City’s proprietary funds Water and Sewer Department’s construction work in progress has increased \$22 million due to the replacement and enhancement of the wastewater facility. The Electric Department had significant investment in station equipment and transmission system of nearly \$11 million with an additional \$5.5 million invested in communications equipment. For more detailed information on the City’s capital assets, please see Note D in the Notes to the Financial Statements on page 51.

- **Debt** – The City’s long term debt was \$586.5 million at fiscal year-end 2014, a net decrease of \$5.3 million. City General issued new debt for capital projects in the amount of \$7,950,000, as budgeted and refunded self-supporting debt (for E-911) for a 12.39% net present value savings of \$316,608. Net of normally scheduled debt service payments, City General’s total debt increased \$1.6 million. Enterprise funds had a net decrease of \$7.1 million, which is composed of normally scheduled debt service payments and Water and Sewer department continual draw down of funds for repairs and replacement of the wastewater plant. For detailed information, see Note E in the Notes to the Financial Statements on page 56.

- **Component Units** – The City has one *blended component unit*, the Natural Gas Acquisition Corporation (NGAC) and two *discretely presented component units*, the Clarksville Montgomery County Museum (the “Museum”) and the Clarksville CBID Management Corporation of 1999 d/b/a the Two Rivers Company (“Two Rivers Company” or “TRC”). 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 meets the test for a component unit in that all the board members are appointed by the City, the Corporation is supervised by the City’s Utility Committee and there is a financial benefit/burden relationship. Additionally, 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 also 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. Two Rivers Company is also considered a discretely presented component unit as the City appoints all its Board members and provides the majority of the funding as well as the Executive Director is an employee of the City and is paid directly by the City.

The City also has related organizations, such as The Public Building Authority, the Industrial Development Board of Montgomery County and joint ventures such as the Montgomery County Public Library, the Clarksville Montgomery County Regional Airport Authority and the Clarksville Montgomery County Regional Planning Commission which, under U.S. generally accepted accounting principles, do not meet the requirements to be reported as component units.

OVERVIEW OF THE FINANCIAL STATEMENTS

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

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

Primary Government	Component Units
Governmental Activities	Clarksville-Montgomery County Museum
Business-Type Activities	Natural Gas Acquisition Corporation
	Clarksville CBID Management Corp. of 1999 d/b/a Two Rivers Company

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

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

Both of the government-wide financial statements distinguish functions of the City that are principally supported by taxes and intergovernmental revenues (governmental activities) from other functions that are intended to recover all or a significant portion of their costs through user fees and charges (business-type activities). The governmental activities of the City of Clarksville include general government, public safety, highways and streets, economic development, and parks and recreation. The *government-wide financial statements* can be found on pages 19 through 20 of this report.

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

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

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

The City maintained twenty-two (22) individual governmental funds during 2014. 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 25 through 29 and for the special revenue funds on pages 84 through 86 to demonstrate compliance with this budget.

The *basic governmental fund financial statements* can be found on pages 21 through 24 of this report.

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

Proprietary funds provide the same type of information as the government-wide financial statements, only in more detail. The proprietary fund financial statements provide information for the electric, telecommunications, gas, water, and sewer funds, and NGAC which are considered to be major funds. The *basic proprietary fund financial statements* can be found on pages 30 through 37 of this report.

Fiduciary Funds: The City of Clarksville has no fiduciary funds. A fiduciary fund is used to account for resources held for the benefit of parties outside the government (i.e. account for a pension plan). The City's pension plans are administered externally. The fiduciary fund is not reflected in the government-wide financial statements because the resources of these funds are not available to support the City's own programs. The accounting used for these fiduciary funds is much like that used in proprietary funds.

Notes to the Financial Statements: The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements can be found on pages 38 through 75 of this report.

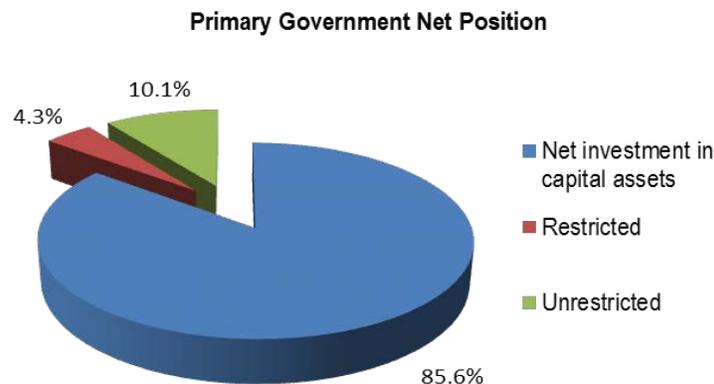
FINANCIAL ANALYSIS OF THE FINANCIAL STATEMENTS

Government-wide Financial Analysis

Over time, net position may serve as a useful indicator of a government's financial position. In the case of the City, assets exceeded liabilities and deferred inflows of resources by \$792.2 million as of June 30, 2014. A condensed version of the Statement of Net Position follows:

	Governmental Activities		Business-Type Activities		Total Primary Government	
	2014	2013	2014	2013	2014	2013
Assets	\$ 84.3	\$ 85.6	\$ 336.4	\$ 328.9	\$ 420.7	\$ 414.5
Capital Assets	467.0	458.7	658.7	627.1	1,125.7	1,085.8
Total Assets	\$ 551.3	\$ 544.3	\$ 995.1	\$ 956.0	\$ 1,546.4	\$ 1,500.3
Liabilities	\$ 147.2	\$ 142.5	\$ 569.0	\$ 569.7	\$ 716.2	\$ 712.2
Deferred Inflows of Resources	38.0	37.5	-	-	38.0	37.5
Total Liabilities and Deferred Inflows of Resources	\$ 185.2	\$ 180.0	\$ 569.0	\$ 569.7	\$ 754.2	\$ 749.7
Net Position	\$ 366.1	\$ 364.3	\$ 426.1	\$ 386.3	\$ 792.2	\$ 750.6
Net Investment in Capital Assets	\$ 364.1	\$ 357.7	\$ 314.2	\$ 297.2	\$ 678.3	\$ 654.9
Restricted	1.1	1.0	33.2	27.0	34.3	28.0
Unrestricted	0.9	5.6	78.7	62.1	79.6	67.7
Total Net Position	\$ 366.1	\$ 364.3	\$ 426.1	\$ 386.3	\$ 792.2	\$ 750.6

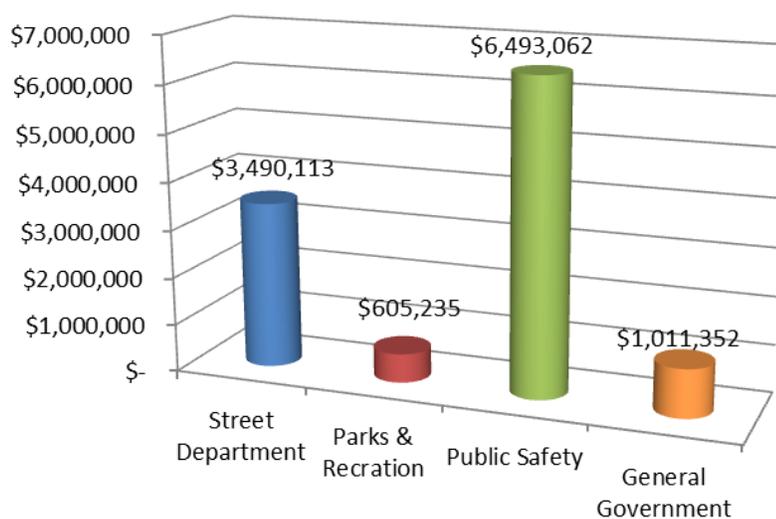
The largest portion of the City's net position, \$678.3 million or 85.6%, reflects its investment in capital assets (e.g., land, buildings, machinery and equipment), less any related debt used to acquire those assets. The City uses these capital assets to provide services to citizens. Consequently, these assets are not available for future spending. Although the City's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources since the capital assets themselves cannot be used to liquidate these liabilities. A portion of the City's net position, \$34.3 million or 4.3% represents resources that are subject to external restrictions on how they may be used. The remaining balance of unrestricted net position, \$79.6 or 10.1% may be used to meet the governments ongoing obligations to citizens and creditors. A graphical representation of the primary governments net position follows:



Governmental Activities

The City's governmental net position increased by \$1.8 million primarily due to continued investment in capital assets. 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 had expenditures of \$11.6 million for various approved capital projects in the capital projects fund. Of the most significant investment is 56% on public safety which includes a new communications system completed and installed. Another 30% or \$3.5 million was invested in our streets, drainage, intersection improvements and sidewalks. The graph below represents the breakdown by functional area for the total capital expenses for fiscal year 2014.

General Government Capital Expenses FY 2014



Business-Type Activities

Business-type net position increased by \$39.8 million as compared to 2013. The most significant increase is in net investment of capital assets which increased by \$17.0 million as a result of expansion of infrastructure and rebuild of a primary substation in the Electric Department and major repairs and replacements at the wastewater plant and systems. Total assets increased by \$39.1 million primarily attributed to construction work in progress and grants receivable. Total liabilities decreased by \$0.7 million. Unrestricted net position increased by \$16.6 million due primarily to recognition of grant funds for the waste water treatment plant. Business-type activities continue to expand as evidenced by a 10.3% increase in Net Position based on infrastructure expansion.

While its useful to analyze the City's ending net position, the following condensed Change in Net Position depicts how the City got there. Further analysis by governmental and business-type activities follows.

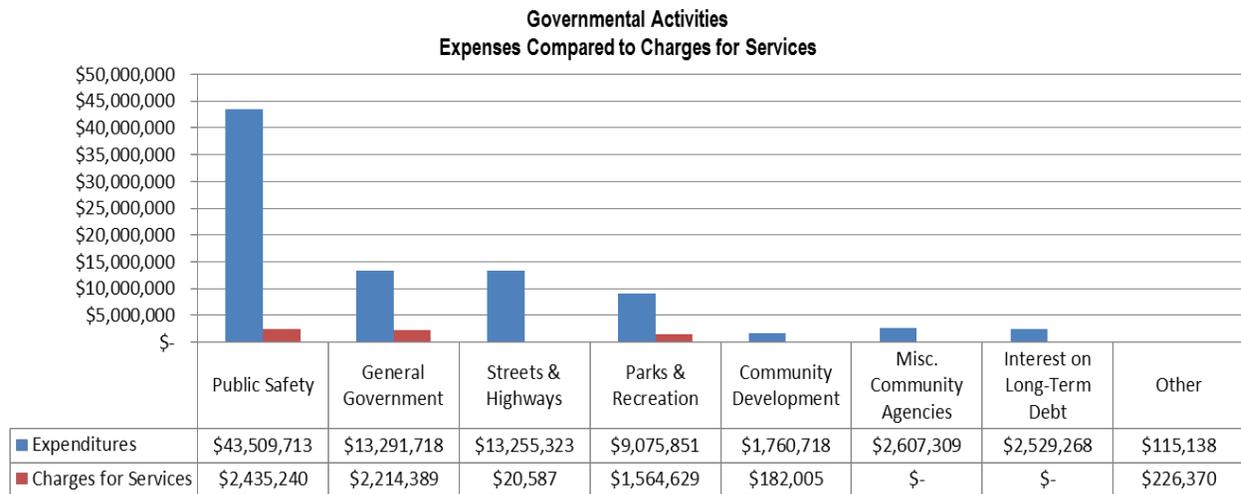
Primary Government Change in Net Position

(in millions)

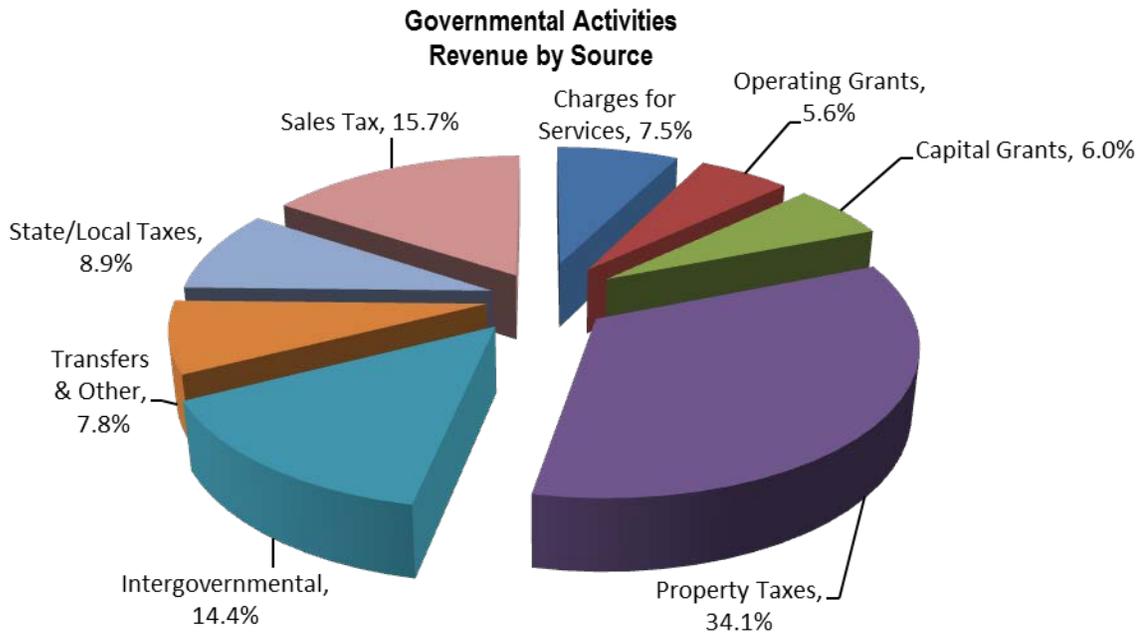
	Governmental Activities		Business-Type Activities		Total Primary Government	
	2014	2013	2014	2013	2014	2013
Program Revenues						
Charges for services	\$ 6.6	\$ 6.4	\$ 292.6	\$ 288.5	\$ 299.2	\$ 294.9
Operating grants, capital grants and contributions	10.2	17.9	30.6	21.1	40.8	39.0
General Revenues						
Property taxes	30.0	29.8	-	-	30.0	29.8
Other taxes/state shared taxes	34.2	33.6	-	-	34.2	33.6
Other revenues	0.4	0.5	-	-	0.4	0.5
Transfers(net)	6.5	5.7	(6.5)	(5.7)	-	-
Total Revenues and Transfers	87.9	93.9	316.8	303.9	404.6	397.8
Expenses						
General government	13.3	14.8	-	-	13.3	14.8
Public safety	43.5	41.5	-	-	43.5	41.5
Highways and streets	13.3	13.9	-	-	13.3	13.9
Recreation	9.1	7.8	-	-	9.1	7.8
Other	6.9	6.9	-	-	6.9	6.9
Electric Division	-	-	147.5	137.6	147.5	137.6
Broadband Division	-	-	16.4	15.2	16.4	15.2
Gas Department	-	-	26.7	23.1	26.7	23.1
Parking fees	-	-	0.1	0.1	0.1	0.1
Clarksville Transit System	-	-	6.9	6.8	6.9	6.8
Water and Sewer Dept.	-	-	47.5	45.2	47.5	45.2
Natural Gas Acquisition Corp.	-	-	31.8	46.7	31.8	46.7
Total Expenses	86.1	84.9	276.9	274.7	363.0	359.6
Change in net position	1.8	9.0	39.8	29.2	41.6	38.2
Beginning net position	364.3	355.3	386.3	357.1	750.6	712.4
Ending net position	\$ 366.1	\$ 364.3	\$ 426.1	\$ 386.3	\$ 792.2	\$ 750.6

Governmental Activities

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



The graph below displays, by source, the various sources of the City's governmental revenues, which total \$87.9 million for fiscal year 2014.



Further detail related to governmental activity revenues by source follows:

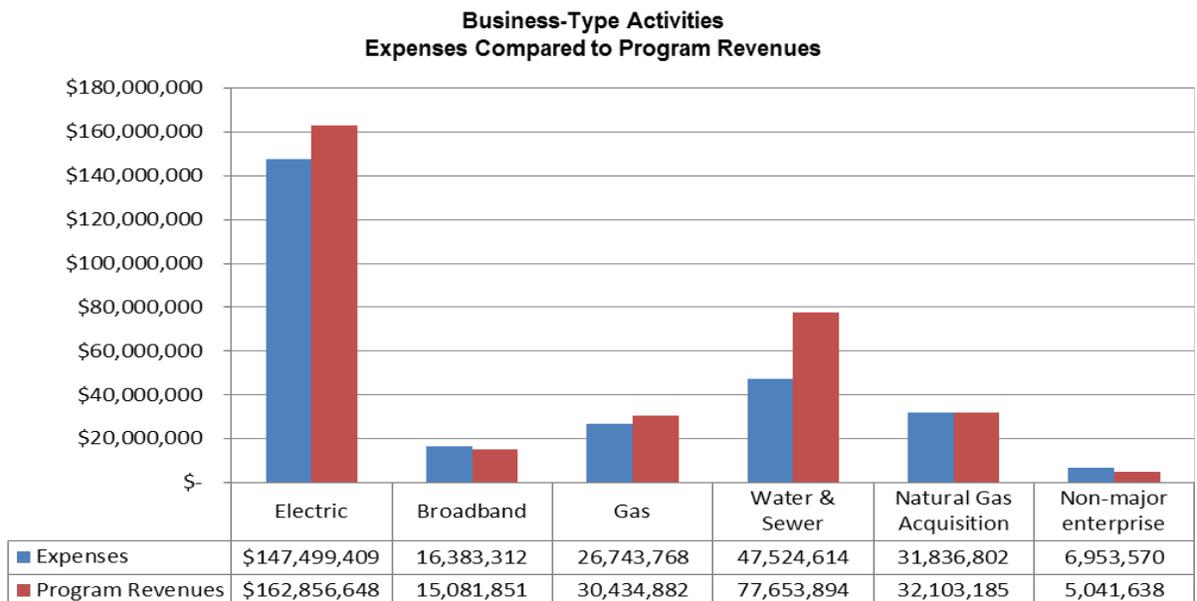
Revenues by Source - Governmental Activities					
2014			2013		
	Source of Revenue	As a Percent		Source of Revenue	As a Percent
Charges for Services	\$ 6,643,222	7.6%	\$	6,393,104	6.8%
Operating Grants	4,937,913	5.6%		5,207,260	1.9%
Capital Grants	5,234,776	6.0%		12,706,586	13.6%
Property Taxes	29,962,877	34.1%		29,788,414	31.7%
Intergovernmental	12,651,488	14.4%		12,287,775	16.7%
Transfers & Other	6,855,263	7.8%		6,191,593	6.6%
State/Local Taxes	7,856,301	8.9%		8,005,024	8.5%
Sales Tax	13,792,357	15.7%		13,362,798	14.2%
	<u>\$ 87,934,197</u>	<u>100.0%</u>		<u>\$ 93,942,554</u>	<u>100.0%</u>

Clarksville continues to prove its sustainability during the current economic challenges, as evidenced by revenue growth in almost all areas except grants. Excluding grants, typical governmental revenue sources increased an average of 1.8% as compared to 2013. Local sales tax grew 3.2% signifying consumer confidence in spending and property tax revenue increased 0.6% signifying growth and an increase in property values as the property tax rate has remained unchanged (\$1.24 per \$100 of assessed value) since tax year 2009.

Business-Type Activities

Proprietary funds are intended to be self-supporting funds with revenues derived from charges for the services provided. The chart below depicts the comparison of revenues versus expenses for the City's proprietary funds.

The City's business-type activity total charges for services increased from \$288.5 million in 2013 to \$292.6 million in 2014, or 1.5% primarily due to increased utility usage – much of the revenues are directly related to weather. Capital grants and capital contributions increased 53.0% from the prior fiscal year \$17.4 million in 2013 and \$26.7 million in 2014. The increase is due to the reobligation of the FEMA funds for the wastewater treatment plant.



Financial Analysis of the City's Funds

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

Governmental Funds

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

At the end of the current fiscal year – June 30, 2014 – the City's governmental funds reported combined ending fund balances of \$34.8 million, a decrease of \$2.6 million over the prior year balance. The decrease is primarily due to utilization of restricted funds for public safety/state street aid.

The General Fund is the chief operating fund of the City of Clarksville: \$25.2 million of the Fund Balance was considered unassigned and available for spending at the government's discretion, while \$0.6 million was nonspendable (inventories and prepaid items). In other governmental funds, \$7.3 million is restricted to special revenue funds including State Street Aid. In the Debt Service Fund \$0.8 million is assigned for servicing debt. As a measure of the general fund's liquidity, it may be useful to compare unassigned fund balance to total fund expenditures. For 2014, the unassigned fund balance represents 35.4% of fiscal year 2014 general fund expenditures and total fund balance represents 36.2% of total general fund expenditures plus transfers out. The City's policy is to maintain unassigned fund balance equal to or greater than 20% of the budgeted expenditures.

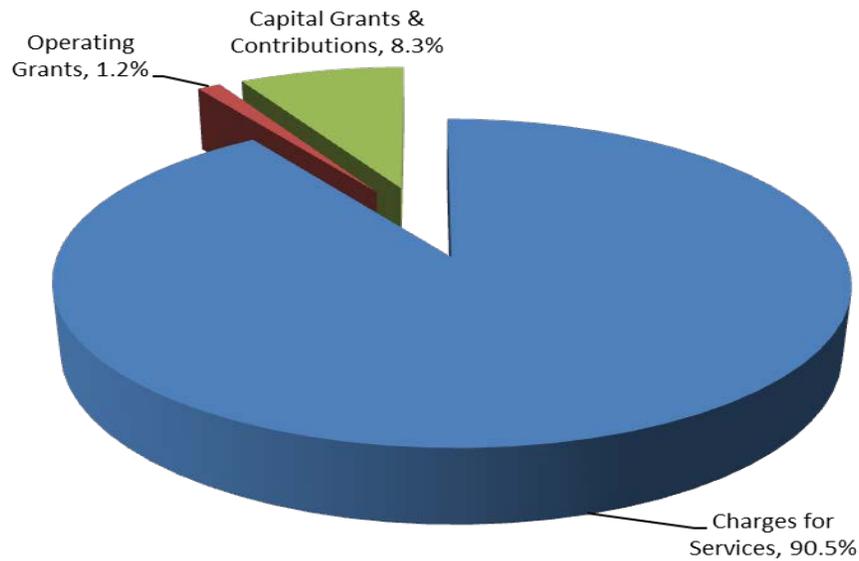
The General Fund's most significant revenue increases for 2014 were in property and sales tax with increases of \$174,463 and \$429,559, respectively. Other revenue sources increased minimally, which is representative of the stability in the local economy. Due to legislative changes in the way business tax revenues are billed, collected and distributed, the City saw a decrease of 12.4%. This decrease is due to the transitional year related to changes in due dates and timing.

Proprietary Funds

The City's proprietary fund statements provide the same type of information found in the business-activities section of the government-wide financial statements, but in more detail.

Operating revenues increased by 1.8% as compared to the prior fiscal year from \$276.7 million to \$281.7 million, respectively. This increase is mainly attributed to Electric and Gas sales. Utility revenues are elastic to the weather which had a significant impact this year. Operating expenses increased by 0.8% as compared to the prior fiscal year from \$254.3 million to \$256.2 million attributed to normal operations. The largest increase in operating expenses were in electric and gas as a direct relationship to demand. Purchased power increased \$8.2 million and purchased gas increased \$3.7 million.

Proprietary Funds Revenues by Source



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

	Operating Revenues	Operating Expenses	Operating Income (Loss)	Non-Operating Income (Expense)	Capital Contributions & other	Interfund Transfers	Change in Net Position
Electric	\$ 162.6	\$ 143.9	\$ 18.7	\$ (3.4)	\$ -	\$ (4.0)	\$ 11.3
Broadband	15.1	16.3	(1.2)	(0.1)	-	-	(1.3)
Gas	30.3	26.2	4.1	(0.4)	0.1	(0.6)	3.2
Water & Sewer	50.2	39.2	11.0	10.7	8.5	(2.9)	27.2
Natural Gas Acquisition Corp.	22.3	23.6	(1.3)	1.6	-	-	0.3
Non Major Enterprise Funds	1.2	7.0	(5.8)	3.8	-	1.0	(1.0)
Total	\$ 281.7	\$ 256.2	\$ 25.5	\$ 12.2	\$ 8.6	\$ (6.5)	\$ 39.8

General Fund Budgetary Highlights

The original budgeted revenues were increased by approximately one-half million in anticipation of increased property tax, various intergovernmental revenues and licenses and permits. Actual revenues exceeded the amended budget by \$0.5 million mainly attributed to additional property taxes (\$257,919) and Weed bills (\$210,627), which once again, points to the sustained economic growth in this area. Actual expenditures were \$2.3 million less than original budgeted appropriations. This reduction in expenditures is mainly attributed to the departments within public safety. The original budgeted appropriations were minimally increased attributed to Fire increase to operations for construction services to repair and install concrete pads for back-up generators and Parking Authority purchased and installed new meter and sensors for downtown. While Parking Authority is an enterprise fund, they are managed and operated by the finance department with an agreement to be reimbursed for expenses by the parking enterprise fund.

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, 2014 is approximately \$1.1 billion (net of accumulated depreciation). This investment in capital assets includes land, buildings, machinery and equipment, park facilities, roads, highways and bridges.

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

- The City invested in multiple public safety capital projects in excess of \$6 million, the police department's shoot house and north precinct were completed, as well as renovations to fire station bays and the purchase of two new fire trucks.
- Drainage systems, roadways, right-of-ways, street lighting and sidewalk additions were contributed to the general government by private developers with a value in excess of \$3 million.
- Under the City's multi-year commitment to improve quality of life through better pedestrian accessibility and better traffic flow, \$2 million was spent to build or repair sidewalks and a substantial investment was made in intersection improvements as well as street lighting.
- Contractors contributed \$8.5 million in capital assets to the Gas & Water and Sewer Department
- The Water and Sewer Department's plant and equipment increased by \$15.9 million and construction-in-progress increased by \$22 million as they continue to invest in maintaining and upgrading infrastructure, especially the wastewater treatment plant.
- The Electric Department invested \$7.6 million in capital assets the majority of which is attributed to the electric transmission system, station equipment and communications equipment.

City of Clarksville Capital Assets

	Governmental Activities	Business-Type Activities	Total
Land and Easements	\$ 43,140,777	\$ 6,649,179	\$ 49,789,956
Buildings and Utility Plant	102,832,091	834,992,502	937,824,593
Vehicles	17,862,134	11,739,494	29,601,628
Equipment and Furniture	22,435,203	4,128,116	26,563,319
Construction in Progress	8,207,753	52,867,072	61,074,825
Infrastructure & Acquisition	346,611,892	590,317	347,202,209
Total Capital Assets	541,089,850	910,966,680	1,452,056,530
Less Accumulated Depreciation	(74,057,014)	(252,544,796)	(326,601,810)
Net Capital Assets	\$ 467,032,836	\$ 658,421,884	\$ 1,125,454,720

The City has elected to use the "Modified Approach" as defined by GASB Statement No. 34 for reporting its street assets. The Modified Approach requires the City to capitalize the existing streets and preserve these assets at or above an established condition level, which the City of Clarksville has established a pavement condition index (PCI) of 41. The City maintains 634 miles of pavement and rates the condition in three categories: good to excellent – 59%, fair – 32% and poor to failed – 9%. 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 "60" at June 30, 2014.

Additional information on the City of Clarksville capital assets can be found at Note D, Capital Assets in the Notes to the Financial Statements section of this report beginning on page 51.

Long-term bonded debt

At the end of the current fiscal year, the City of Clarksville had total long-term bonded debt outstanding of \$587 million (excluding premiums). Of this amount, \$112 million comprises debt backed by the full faith and credit (general obligation) of the City and \$475 million comprises bonds secured solely by specified revenue sources (i.e. revenue bonds).

More detailed information regarding the City's long term debt can be found in Note E, Long Term Obligations in the Notes to the Financial Statements section of this report beginning on page 56.

**City of Clarksville Outstanding Debt
General Obligation and Revenue Bonds
June 30, 2014 and 2013**

	Governmental Activities		Business-Type Activities		Total	
	2014	2013	2014	2013	2014	2013
General Obligation Bonds	\$ 111,652,941	\$ 110,004,305	\$ -	\$ -	\$ 111,652,941	\$ 110,004,305
Revenue and Tax Bonds	-	-	474,671,840	481,789,633	474,671,840	481,789,633
Total	\$ 111,652,941	\$ 110,004,305	\$ 474,671,840	\$ 481,789,633	\$ 586,324,781	\$ 591,793,938

ECONOMIC FACTORS AND NEXT YEAR'S BUDGET AND RATES

The City of Clarksville considered the fragile overall U.S. economy, as well as the possible sequestration effects on Fort Campbell, Kentucky in preparing its budget for 2015. The proposed budget focused on meeting the needs of our continued growth, while maintaining a very conservative approach to our revenue streams, resulting in acceptance of the certified tax rate prepared by the State Board of Equalization during the reappraisal year – the revenue neutral rate recommended and adopted is \$1.1832 per \$100 of assessed value.

Money magazine placed Clarksville on the top 10 list of the nation's top places millennials are moving for bigger paychecks. Recent announcements of growth and expansion are evident with the ground breaking of Hankook Tires, a major tire manufacturer, slated to bring over 1,800 positions to Clarksville. Shiloh Industries, auto parts manufacturer, expanding a manufacturing facility to Clarksville, expected to bring 150 new positions and Agero, roadside assistance call center, increasing its employment base by 25%.

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

REQUESTS FOR INFORMATION

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

- Department of Finance and Revenue
Attention: Chief Financial Officer
1 Public Square, Suite 300
Clarksville, TN 37040-3463

- Clarksville Department of Electricity
Attention: Chief Financial Officer
PO Box 31509
Clarksville, TN 37040-0026

- Clarksville Gas, Water & Sewer Department
Attention: Chief Financial Officer
2215 Madison Street
Clarksville, TN 37040-0387

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

CITY OF CLARKSVILLE, TENNESSEE

Statement of Net Position
June 30, 2014

	Primary Government			
	Governmental Activities	Business Type Activities	Total Primary Government	Component Units
Assets				
Cash and cash equivalents	\$ 17,746,183	\$ 74,879,382	\$ 92,625,565	\$ 685,727
Investments	6,615,016	-	6,615,016	-
Receivables (net allowance for uncollectibles):				
Accounts	1,139,996	26,318,034	27,458,030	33,502
Taxes	34,921,408	-	34,921,408	-
Notes and leases	6,230,622	-	6,230,622	-
TVA conservation program	-	8,048,417	8,048,417	-
Other	4,258,070	18,711,905	22,969,975	10,000
Due from component units	140,160	-	140,160	-
Inventories	260,307	5,307,119	5,567,426	28,575
Other items	1,455,019	9,925,169	11,380,188	14,591
Prepaid gas supplies	-	145,359,829	145,359,829	-
Restricted assets:				
Cash and cash equivalents	1,760,657	18,046,568	19,807,225	76,776
Investments	-	29,786,079	29,786,079	1,666,380
Unused bond proceeds	9,759,759	-	9,759,759	-
Capital assets not being depreciated:				
Land and easements	43,140,777	6,649,179	49,789,956	-
Street network	261,051,478	-	261,051,478	-
Construction in progress	8,207,753	52,867,072	61,074,825	-
Capital assets net of accumulated depreciation:				
Building and building improvements	76,597,416	598,315,316	674,912,732	2,709,405
Utility plant in service	-	-	-	-
Equipment, furniture and fixtures	12,535,685	-	12,535,685	8,223
Infrastructure	65,499,727	590,317	66,090,044	-
Other assets	-	257,700	257,700	-
Total Assets	551,320,033	995,062,086	1,546,382,119	5,233,179
Liabilities				
Accounts payable and other current liabilities	6,001,838	39,123,598	45,125,436	31,483
Accrued interest payable	403,661	5,094,805	5,498,466	3,499
Internal balances	(56,334)	56,334	-	-
Due to other governmental agencies	34,293	-	34,293	-
TVA advances	-	8,225,244	8,225,244	-
OPEB liability	24,823,560	9,488,116	34,311,676	-
Customer deposits	80,700	9,907,462	9,988,162	-
Compensated absences due within one year	1,615,804	1,317,977	2,933,781	-
Compensated absences due in more than a year	1,391,348	1,407,601	2,798,949	-
Long-term debt due within one year	7,042,000	27,982,742	35,024,742	17,385
Long term debt due in more than a year	105,666,272	461,699,134	567,365,406	116,962
Other noncurrent liabilities	-	155,416	155,416	-
Unearned revenue	141,364	4,558,153	4,699,517	-
Total Liabilities	147,144,506	569,016,582	716,161,088	169,329
Deferred Inflows of Resources				
Property taxes	30,487,665	-	30,487,665	-
Other	7,541,698	-	7,541,698	-
Total Deferred Inflows of Resources	38,029,363	-	38,029,363	-
Net Position				
Net investment in capital assets	364,084,323	314,182,968	678,267,291	2,583,281
Restricted for:				
Debt service	-	33,142,087	33,142,087	-
Special revenue	1,108,458	-	1,108,458	-
Non-expendable	-	-	-	1,666,380
Other	-	-	-	76,776
Unrestricted	953,383	78,720,449	79,673,832	737,413
Total Net Position	\$ 366,146,164	\$ 426,045,504	\$ 792,191,668	\$ 5,063,850

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, 2014

Functions/Programs	Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Position			Component Units
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Primary Government			
					Governmental Activities	Business-Type Activities	Total	
Primary Government:								
Governmental activities:								
General Government	\$ 13,291,718	\$ 2,214,389	\$ -	\$ 7,661	\$ (11,069,668)	\$ -	\$ (11,069,668)	\$ -
Public Safety	43,509,713	2,435,240	996,021	-	(40,078,452)	-	(40,078,452)	-
Highways & Streets	13,255,323	20,587	3,711,181	3,782,013	(5,741,542)	-	(5,741,542)	-
Community Support	2,607,309	-	-	-	(2,607,309)	-	(2,607,309)	-
Community Development	1,760,718	182,005	-	1,425,102	(153,611)	-	(153,611)	-
Parks & Recreation	9,075,851	1,564,631	216,024	20,000	(7,275,196)	-	(7,275,196)	-
Drug Enforcement	115,138	226,370	14,687	-	125,919	-	125,919	-
Interest on Long-Term Debt	2,529,268	-	-	-	(2,529,268)	-	(2,529,268)	-
Total governmental activities	<u>86,145,038</u>	<u>6,643,222</u>	<u>4,937,913</u>	<u>5,234,776</u>	<u>(69,329,127)</u>	<u>-</u>	<u>(69,329,127)</u>	<u>-</u>
Business-type activities:								
Electric	147,499,409	162,856,648	-	-	-	15,357,239	15,357,239	-
Broadband	16,383,312	15,081,851	-	-	-	(1,301,461)	(1,301,461)	-
Gas	26,743,768	30,363,630	-	71,252	-	3,691,114	3,691,114	-
Water and Sewer	47,524,614	50,992,809	-	26,661,085	-	30,129,280	30,129,280	-
Natural Gas	31,836,802	32,103,185	-	-	-	266,383	266,383	-
Parking fees	65,517	419,830	-	-	-	354,313	354,313	-
Transit fees	6,888,053	823,629	3,798,186	-	-	(2,266,238)	(2,266,238)	-
Total business-type activities	<u>276,941,475</u>	<u>292,641,582</u>	<u>3,798,186</u>	<u>26,732,337</u>	<u>-</u>	<u>46,230,630</u>	<u>46,230,630</u>	<u>-</u>
Total primary government	<u>\$ 363,086,513</u>	<u>\$ 299,284,804</u>	<u>\$ 8,736,099</u>	<u>\$ 31,967,113</u>	<u>\$ (69,329,127)</u>	<u>\$ 46,230,630</u>	<u>\$ (23,098,497)</u>	<u>-</u>
Discretely Presented Component Units	<u>\$ 2,057,018</u>	<u>\$ 229,807</u>	<u>\$ 1,827,233</u>	<u>\$ -</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>22</u>
General revenues:								
Property taxes					29,962,877	-	29,962,877	-
State shared taxes					12,651,488	-	12,651,488	-
Franchise/business tax					3,448,594	-	3,448,594	-
Sales tax					13,792,357	-	13,792,357	-
Beer and liquor tax					3,751,455	-	3,751,455	-
In Lieu of tax					100,421	-	100,421	-
Other tax					555,831	-	555,831	-
Other unrestricted revenue					405,227	-	405,227	-
Net investment income					-	-	-	252,235
Transfers					6,450,036	(6,450,036)	-	-
Total general revenues and transfers					<u>71,118,286</u>	<u>(6,450,036)</u>	<u>64,668,250</u>	<u>252,235</u>
Change in net position					<u>1,789,159</u>	<u>39,780,594</u>	<u>41,569,753</u>	<u>252,257</u>
Net position - beginning					<u>364,357,005</u>	<u>386,264,910</u>	<u>750,621,915</u>	<u>4,811,593</u>
Net position - ending					<u>\$ 366,146,164</u>	<u>\$ 426,045,504</u>	<u>\$ 792,191,668</u>	<u>\$ 5,063,850</u>

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

CITY OF CLARKSVILLE, TENNESSEE

Balance Sheet
Governmental Funds
June 30, 2014

	General	Debt Service	Capital Projects	Other Governmental Funds	Total Governmental Funds
Assets					
Cash and cash equivalents	\$ 13,234,771	\$ 763,471	\$ -	\$ 338,419	\$ 14,336,661
Investments	6,615,016	-	-	-	6,615,016
Receivables (net allowance for uncollectibles):					
Accounts receivable	1,093,784	-	-	46,212	1,139,996
Taxes receivable	32,921,408	-	-	2,000,000	34,921,408
Notes receivable	37,842	-	-	6,192,780	6,230,622
Due from other governments	3,708,920	-	149,758	399,392	4,258,070
Due from other funds	4,881,777	21,489	-	1,776,131	6,679,397
Due from component units	137,160	-	-	3,000	140,160
Inventories	256,742	-	-	3,565	260,307
Other	345,044	2,125	-	1,035,164	1,382,333
Restricted assets:					
Cash and cash equivalents	-	-	11,397,874	122,542	11,520,416
Total assets	<u>\$ 63,232,464</u>	<u>\$ 787,085</u>	<u>\$ 11,547,632</u>	<u>\$ 11,917,205</u>	<u>\$ 87,484,386</u>
Liabilities					
Accounts payable	\$ 1,822,891	\$ 22,175	\$ 1,601,560	\$ 338,561	\$ 3,785,187
Accrued liabilities	618,183	-	-	141,364	759,547
Customer deposits	80,700	-	-	-	80,700
Due to other funds	4,515,695	-	3,739,349	211,741	8,466,785
Due to other governmental agencies	34,293	-	-	-	34,293
Total liabilities	<u>7,071,762</u>	<u>22,175</u>	<u>5,340,909</u>	<u>691,666</u>	<u>13,126,512</u>
Deferred inflows of resources					
Unavailable revenue - taxes	30,033,437	-	-	2,000,000	32,033,437
Unavailable revenue - other	314,560	-	-	7,227,138	7,541,698
Total deferred inflows of resources	<u>30,347,997</u>	<u>-</u>	<u>-</u>	<u>9,227,138</u>	<u>39,575,135</u>
Fund balances					
Nonspendable:					
Inventories	256,742	-	-	3,565	260,307
Prepaid items	345,044	-	-	809	345,853
Restricted:					
Special revenue funds	-	-	-	1,108,458	1,108,458
Public safety/street related improvements	-	-	6,206,723	-	6,206,723
Committed:					
Special revenue funds	-	-	-	885,569	885,569
Assigned to:					
Debt service	-	764,910	-	-	764,910
Unassigned	25,210,919	-	-	-	25,210,919
Total fund balances	<u>25,812,705</u>	<u>764,910</u>	<u>6,206,723</u>	<u>1,998,401</u>	<u>34,782,739</u>
Total liabilities, deferred inflows of resources and fund balances	<u>\$ 63,232,464</u>	<u>\$ 787,085</u>	<u>\$ 11,547,632</u>	<u>\$ 11,917,205</u>	<u>\$ 87,484,386</u>

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

CITY OF CLARKSVILLE, TENNESSEE

Reconciliation of the Balance Sheet of
Governmental Funds to the Statement of Net Position
June 30, 2014

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

Total fund balances of governmental funds	\$ 34,782,739
Capital assets used in governmental activities are not financial resources, and therefore are not reported in the governmental funds.	467,032,836
Receivables not available to pay for current expenditures are unavailable in the governmental funds.	1,545,772
Internal service funds are used by management to charge the costs of certain activities, including dental, health and risk management, to other funds. The assets and liabilities of the internal service funds are included as governmental activities in the statement of net position.	3,727,462
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.	(140,538,984)
Accrued interest payable is not due and payable from current resources, and therefore is recorded in government-wide but not in the governmental funds.	<u>(403,661)</u>
Net position of governmental activities	<u>\$ 366,146,164</u>

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

CITY OF CLARKSVILLE, TENNESSEE

Statement of Revenues, Expenditures and Changes in Fund Balances
Governmental Funds
For the Year Ended June 30, 2014

	General	Debt Service	Capital Projects	Other Governmental Funds	Total Governmental Funds
Revenues					
Taxes:					
Property	\$ 27,816,959	\$ -	\$ -	\$ 2,012,482	\$ 29,829,441
Sales	13,792,357	-	-	-	13,792,357
State	16,362,669	-	-	-	16,362,669
Franchise	1,352,534	-	-	-	1,352,534
Wholesale beer and liquor	3,751,455	-	-	-	3,751,455
Business tax	2,096,060	-	-	-	2,096,060
Other taxes	555,831	-	-	-	555,831
Licenses and permits	1,848,143	-	-	-	1,848,143
Fines and forfeitures	919,670	-	-	727,181	1,646,851
Contributions	-	-	5,013	102,991	108,004
Intergovernmental	553,661	-	628,894	2,000,835	3,183,390
Charges for services:					
Program income	-	-	-	587,295	587,295
Fees for services	2,230,590	-	-	-	2,230,590
Payment in lieu of taxes	100,421	-	-	-	100,421
E-911 transfer	-	330,350	-	-	330,350
Miscellaneous	327,367	-	9,676	26,353	363,396
Total revenues	<u>71,707,717</u>	<u>330,350</u>	<u>643,583</u>	<u>5,457,137</u>	<u>78,138,787</u>
Expenditures					
Current:					
General government	9,011,095	-	-	-	9,011,095
Public safety	38,981,241	-	-	657,097	39,638,338
Highway and streets	10,977,095	-	-	-	10,977,095
Recreation	6,954,678	-	-	898,338	7,853,016
Community development	-	-	-	1,760,718	1,760,718
Drug enforcement	-	-	-	104,730	104,730
Other appropriations	1,094,450	-	-	-	1,094,450
Misc. community agencies	1,717,520	-	-	-	1,717,520
Other	888,774	-	-	1,015	889,789
Debt service:					
Principal	-	6,799,950	-	-	6,799,950
Interest and other charges	-	2,554,243	-	-	2,554,243
Capital outlay	1,618,319	-	11,731,060	294,592	13,643,971
Total expenditures	<u>71,243,172</u>	<u>9,354,193</u>	<u>11,731,060</u>	<u>3,716,490</u>	<u>96,044,915</u>
Excess (deficiency) of revenues over (under) expenditures	<u>464,545</u>	<u>(9,023,843)</u>	<u>(11,087,477)</u>	<u>1,740,647</u>	<u>(17,906,128)</u>
Other financing sources (uses)					
Issuance of debt	-	-	8,528,586	-	8,528,586
Issuance of refunding debt	-	2,475,000	-	-	2,475,000
Debt issue premium	-	184,291	221,684	-	405,975
Payments to refunded bond escrow agent	-	(2,555,000)	-	-	(2,555,000)
Transfers in	7,806,966	8,056,396	445,766	115,505	16,424,633
Transfers out	(7,989,078)	-	-	(1,985,519)	(9,974,597)
Total other financing sources(uses)	<u>(182,112)</u>	<u>8,160,687</u>	<u>9,196,036</u>	<u>(1,870,014)</u>	<u>15,304,597</u>
Net change in fund balances	<u>282,433</u>	<u>(863,156)</u>	<u>(1,891,441)</u>	<u>(129,367)</u>	<u>(2,601,531)</u>
Fund balance - beginning	<u>25,530,272</u>	<u>1,628,066</u>	<u>8,098,164</u>	<u>2,127,768</u>	<u>37,384,270</u>
Fund balance - ending	<u>\$ 25,812,705</u>	<u>\$ 764,910</u>	<u>\$ 6,206,723</u>	<u>\$ 1,998,401</u>	<u>\$ 34,782,739</u>

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

CITY OF CLARKSVILLE, TENNESSEE

**Reconciliation of the Statement of Revenue, Expenditures, and
Changes in Fund Balances of Governmental Funds to the
Statement of Activities
For the Year Ended June 30, 2014**

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

Net change in fund balances - total governmental funds	\$	(2,601,531)
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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		13,685,833
Depreciation expense		(8,459,870)
Net carrying value of governmental capital assets disposed of		(116,560)
Contributions of infrastructure assets		3,170,105

Revenues in the statement of activities that do not provide for current financial resources are not reported as revenues in the funds		133,436
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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 position. Specifically, these items are as follows:

Debt issuances (\$8,528,586 capital projects; \$2,475,000 refunding)		(11,003,586)
Premium of debt issuance		(405,975)
Debt payments		6,799,950
Payments refunded bond escrow agent		2,555,000

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

Amortization of bond premiums		41,831
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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		(187,943)
Accrued interest		24,975
Increase in OPEB liability		(3,591,980)

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.		1,745,474
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Change in net position of governmental activities	\$	<u>1,789,159</u>
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The notes to the financial statements are an integral part of this statement.

CITY OF CLARKSVILLE, TENNESSEE

Budgetary Comparison Statement - General Fund
For the Year Ended June 30, 2014

	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original Budget	Final Budget		
REVENUES				
Taxes:				
Property	\$ 27,189,806	\$ 27,559,040	\$ 27,816,959	\$ 257,919
Sales	14,000,000	14,000,000	13,792,357	(207,643)
Beer and liquor	3,699,072	3,676,200	3,751,455	75,255
Business	2,547,000	1,972,353	2,096,060	123,707
Franchise fee	1,350,000	1,400,000	1,352,534	(47,466)
Hotel and motel	320,000	302,000	309,619	7,619
Litigation	18,500	21,200	21,585	385
Payments in lieu of taxes	62,870	83,464	100,421	16,957
Weed bills/demolition	90,000	14,000	224,627	210,627
Total taxes	<u>49,277,248</u>	<u>49,028,257</u>	<u>49,465,617</u>	<u>437,360</u>
Intergovernmental:				
Sales tax	9,360,000	9,400,000	9,497,243	97,243
Income tax	435,338	468,610	522,568	53,958
Beer tax	79,400	63,402	62,900	(502)
Liquor tax	646,411	700,000	731,517	31,517
TVA replacement taxes	1,250,000	1,470,723	1,470,723	-
Excise tax	111,660	90,141	90,141	-
Telecommunication tax	10,500	13,000	13,596	596
Training-Public Safety	258,600	265,800	262,800	(3,000)
State street aid:				
Gas and motor fuel	2,400,000	2,400,000	2,358,261	(41,739)
1989 gas tax	374,600	374,600	378,462	3,862
\$.03 per gallon gas tax	684,873	695,000	702,426	7,426
Petroleum special	224,000	272,130	272,032	(98)
Total intergovernmental revenue	<u>15,835,382</u>	<u>16,213,406</u>	<u>16,362,669</u>	<u>149,263</u>
Licenses and permits:				
Building and codes enforcement permits	876,335	1,015,184	1,016,642	1,458
Plumbing permits	163,167	200,712	194,736	(5,976)
Electrical permits	268,559	268,559	252,560	(15,999)
Fireworks permits	16,000	16,000	16,800	800
Other permits	252,560	343,402	367,405	24,003
Total licenses and permits	<u>1,576,621</u>	<u>1,843,857</u>	<u>1,848,143</u>	<u>4,286</u>
Fines and forfeitures	836,760	906,280	919,670	13,390
Charges for services	2,331,946	2,354,187	2,230,590	(123,597)
Miscellaneous revenues:				
Interest	35,000	24,000	22,788	(1,212)
Grants	545,652	553,703	553,661	(42)
Sales of general capital assets	35,000	67,000	77,067	10,067
Other	239,671	217,316	227,512	10,196
Total miscellaneous revenues	<u>855,323</u>	<u>862,019</u>	<u>881,028</u>	<u>19,009</u>
TOTAL REVENUES	<u>70,713,280</u>	<u>71,208,006</u>	<u>71,707,717</u>	<u>499,711</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, 2014

	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original Budget	Final Budget		
EXPENDITURES				
General Government:				
Mayor's Office				
Personnel	462,210	485,548	485,395	153
Operations	127,736	104,398	103,075	1,323
Capital Outlay	-	-	-	-
Total Mayor's Office	<u>589,946</u>	<u>589,946</u>	<u>588,470</u>	<u>1,476</u>
City Court				
Personnel	332,048	333,048	336,899	(3,851)
Operations	66,066	63,095	52,286	10,809
Capital Outlay	-	-	-	-
Total City Court	<u>398,114</u>	<u>396,143</u>	<u>389,185</u>	<u>6,958</u>
Building Codes				
Personnel	1,648,764	1,598,643	1,540,756	57,887
Operations	215,775	214,326	177,953	36,373
Capital Outlay	-	-	-	-
Total Building Codes	<u>1,864,539</u>	<u>1,812,969</u>	<u>1,718,709</u>	<u>94,260</u>
Finance and Revenue				
Personnel	1,031,159	1,031,159	1,012,383	18,776
Operations	130,592	130,592	130,594	(2)
Capital Outlay	-	-	-	-
Total Finance and Revenue	<u>1,161,751</u>	<u>1,161,751</u>	<u>1,142,977</u>	<u>18,774</u>
Parking				
Personnel	216,721	214,521	212,656	1,865
Operations	101,368	172,112	90,699	81,413
Capital Outlay	-	-	-	-
Total Parking	<u>318,089</u>	<u>386,633</u>	<u>303,355</u>	<u>83,278</u>
Legal				
Personnel	346,006	295,903	278,795	17,108
Operations	85,808	64,429	60,461	3,968
Capital Outlay	-	3,629	3,629	-
Total Legal	<u>431,814</u>	<u>363,961</u>	<u>342,885</u>	<u>21,076</u>
Garage				
Personnel	854,324	860,253	858,710	1,543
Operations	108,971	114,084	97,935	16,149
Capital Outlay	27,000	20,405	20,405	-
Total Garage	<u>990,295</u>	<u>994,742</u>	<u>977,050</u>	<u>17,692</u>
Human Resources				
Personnel	617,410	642,083	620,047	22,036
Operations	72,163	70,877	67,286	3,591
Capital Outlay	-	-	-	-
Total Human Resources	<u>689,573</u>	<u>712,960</u>	<u>687,333</u>	<u>25,627</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, 2014

	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original Budget	Final Budget		
Information Systems				
Personnel	789,754	788,769	756,536	32,233
Operations	590,059	583,013	578,533	4,480
Capital Outlay	115,100	114,729	114,610	119
Total Information Systems	<u>1,494,913</u>	<u>1,486,511</u>	<u>1,449,679</u>	<u>36,832</u>
Internal Audit				
Personnel	232,034	219,253	208,487	10,766
Operations	62,420	73,402	67,976	5,426
Capital Outlay	-	-	-	-
Total Internal Audit	<u>294,454</u>	<u>292,655</u>	<u>276,463</u>	<u>16,192</u>
Municipal Properties				
Personnel	179,545	179,545	166,000	13,545
Operations	535,695	531,351	453,712	77,639
Capital Outlay	-	-	-	-
Total Municipal Properties	<u>715,240</u>	<u>710,896</u>	<u>619,712</u>	<u>91,184</u>
Legislative				
Personnel	183,557	240,108	224,634	15,474
Operations	357,478	300,306	286,070	14,236
Capital Outlay	-	-	-	-
Total Legislative	<u>541,035</u>	<u>540,414</u>	<u>510,704</u>	<u>29,710</u>
Purchasing				
Personnel	128,056	128,056	127,117	939
Operations	18,619	17,467	16,100	1,367
Capital Outlay	-	-	-	-
Total Purchasing	<u>146,675</u>	<u>145,523</u>	<u>143,217</u>	<u>2,306</u>
Public Safety:				
Fire Rescue				
Personnel	13,609,024	13,563,656	13,500,409	63,247
Operations	910,921	1,012,430	946,069	66,361
Capital Outlay	257,760	240,760	238,272	2,488
Total Fire Rescue	<u>14,777,705</u>	<u>14,816,846</u>	<u>14,684,750</u>	<u>132,096</u>
Police Department				
Personnel	19,909,936	19,862,707	19,428,321	434,386
Operations	3,485,230	3,485,230	3,361,507	123,723
Capital Outlay	944,768	915,047	909,725	5,322
Total Police Department	<u>24,339,934</u>	<u>24,262,984</u>	<u>23,699,553</u>	<u>563,431</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, 2014

	Budget Amounts		Actual Amounts	Variance with Final Budget
	Original Budget	Final Budget		
Dispatch				
Personnel	1,881,095	1,849,644	1,715,613	134,031
Operations	43,973	43,973	29,322	14,651
Capital Outlay	-	-	-	-
Total Dispatch	1,925,068	1,893,617	1,744,935	148,682
Highways and Streets				
Personnel	5,047,767	4,975,778	4,778,298	197,480
Operations	6,217,329	6,211,079	6,198,797	12,282
Capital Outlay	269,450	247,124	247,124	-
Total Highways and Streets	11,534,546	11,433,981	11,224,219	209,762
Recreation:				
Parks and Recreation				
Personnel	4,439,140	4,321,839	4,192,656	129,183
Operations	1,809,086	1,816,586	1,800,473	16,113
Capital Outlay	156,910	73,683	72,611	1,072
Total Parks and Recreation	6,405,136	6,212,108	6,065,740	146,368
Golf Course- Mason Rudolph				
Personnel	136,999	136,999	132,650	4,349
Operations	94,015	94,015	92,476	1,539
Capital Outlay	-	-	-	-
Total Golf Course - MR	231,014	231,014	225,126	5,888
Golf Course - Swan Lake				
Personnel	475,618	462,681	462,820	(139)
Operations	299,948	289,208	273,603	15,605
Capital Outlay	12,000	11,944	11,943	1
Total Golf Course - Swan Lake	787,566	763,833	748,366	15,467
Other Appropriations:				
Other Retirement Benefits	1,044,346	1,041,746	1,011,389	30,357
FEMA Flood Buyout	-	9,200	9,200	-
State Unemployment Insurance	44,710	32,250	29,491	2,759
Pension Payments	15,533	10,753	9,776	977
HRC General Supplies	5,000	4,070	3,300	770
BOZA General Supplies	11,500	10,250	6,051	4,199
Tree Board	5,000	5,000	629	4,371
Industrial Dev. Board-Impact Plan	-	24,614	24,614	-
Total Other Appropriations	1,126,089	1,137,883	1,094,450	43,433

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, 2014**

	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original Budget	Final Budget		
Miscellaneous Community Agencies:				
Regional Planning Commission	303,364	303,364	303,364	-
County's Share of Taxes	329,600	369,450	355,968	13,482
Senior Citizens Center	331,078	336,772	336,772	-
Regional Airport	285,133	231,108	231,108	-
GIS (APSU, Mont. Co., City of Clarksville)	84,000	84,000	84,000	-
Property Reappraisal	148,983	101,025	101,025	-
E911	54,511	54,511	54,511	-
Arts & Culture Commission	40,000	40,000	40,000	-
Salvation Army Shelter	16,800	16,800	16,800	-
Roxy Theater	16,800	16,800	16,800	-
Humane Society	9,800	9,800	9,800	-
MidCumberland Human Resource Agency	5,215	5,215	5,215	-
Crime Stoppers	15,000	15,000	15,000	-
Habitat for Humanities	2,800	2,800	2,800	-
Other Non-profit Charitable Organizations	85,405	85,405	85,405	-
Montgomery County Pictometry	58,952	58,952	58,952	-
Total Community Agencies	1,787,441	1,731,002	1,717,520	13,482
Other:				
Gas & Water & CDE Clearing (Revenue)	110,000	110,000	(17,777)	127,777
Component Units:				
Museum Expenditure	556,551	556,551	556,551	-
Two Rivers Company	98,944	350,000	350,000	-
Total Component Units	655,495	906,551	906,551	-
Total Expenditures	73,316,432	73,094,923	71,243,172	1,851,753
OTHER FINANCING SOURCES (USES):				
Issuance of debt	-	-	-	-
Transfers in from other funds:				
Payment in lieu of tax-CDE	3,957,955	3,957,955	4,028,583	70,628
Payment in lieu of tax-GWS	3,475,028	3,475,028	3,475,028	-
Parking Authority	318,089	386,633	303,355	(83,278)
Total financing sources	7,751,072	7,819,616	7,806,966	(12,650)
Transfers out to other funds:				
Debt Service	(6,461,680)	(6,035,680)	(6,076,868)	(41,188)
Transit System	(1,745,266)	(1,356,930)	(1,356,930)	-
Other Transfers	(116,985)	(154,985)	(109,514)	45,471
Capital Projects	(150,766)	(445,766)	(445,766)	-
Total financing uses	(8,474,697)	(7,993,361)	(7,989,078)	4,283
NET CHANGE IN FUND BALANCE	(3,326,777)	(2,060,662)	282,433	2,343,095
FUND BALANCE-BEGINNING OF YEAR	25,530,272	25,530,272	25,530,272	-
FUND BALANCE-END OF YEAR	\$ 22,203,495	\$ 23,469,610	\$ 25,812,705	\$ 2,343,095

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

CITY OF CLARKSVILLE, TENNESSEE

Statement of Net Position
Proprietary Funds
June 30, 2014

	Business-Type Activities/Enterprise Funds						Governmental	
	Department of Electricity		Gas Department	Water and Sewer Department	Natural Gas Acquisition Corporation	Non-Major Enterprise Funds	Internal Service Funds	
	Electric Division	Broadband Division						Total
Assets								
Current assets:								
Cash and cash equivalents	\$ 34,316,473	\$ 97,684	\$ 23,585,296	\$ 15,187,748	\$ 174,715	\$ 1,517,466	\$ 74,879,382	\$ 3,409,522
Restricted assets:								
Investments	-	-	-	-	14,191,945	-	14,191,945	-
Accounts receivable (net)	18,743,479	2,441,369	1,209,573	2,992,369	918,807	12,437	26,318,034	-
Interest receivable	-	-	-	-	10,184	-	10,184	-
Due from other funds of the primary government	74,675	-	-	-	-	208,035	282,710	2,455,234
Inventory	3,200,245	162,880	1,023,648	779,939	-	140,407	5,307,119	-
Prepaid gas supplies	-	-	-	-	15,785,101	-	15,785,101	-
Grants receivable	-	-	-	18,155,915	-	545,806	18,701,721	-
Prepaid expenses and other	9,627,558	96,380	37,239	122,251	694	41,047	9,925,169	72,686
Total current assets	<u>65,962,430</u>	<u>2,798,313</u>	<u>25,855,756</u>	<u>37,238,222</u>	<u>31,081,446</u>	<u>2,465,198</u>	<u>165,401,365</u>	<u>5,937,442</u>
Noncurrent assets:								
Restricted assets:								
Cash and cash equivalents	10,824,690	-	489,894	6,731,984	-	-	18,046,568	-
Investments	-	-	1,086,310	11,767,140	2,740,684	-	15,594,134	-
Total restricted assets	<u>10,824,690</u>	<u>-</u>	<u>1,576,204</u>	<u>18,499,124</u>	<u>2,740,684</u>	<u>-</u>	<u>33,640,702</u>	<u>-</u>
Capital assets-at cost								
Land	1,826,018	-	223,626	4,446,103	-	153,432	6,649,179	-
Building, plant and equipment	214,763,520	7,778,963	63,468,844	548,171,849	-	16,676,936	850,860,112	-
Construction in progress	8,696,203	42,109	2,028,287	42,100,473	-	-	52,867,072	-
Less accumulated depreciation	(65,084,187)	(6,757,446)	(22,696,661)	(148,221,577)	-	(9,784,925)	(252,544,796)	-
Total capital assets (net of accumulated depreciation)	<u>160,201,554</u>	<u>1,063,626</u>	<u>43,024,096</u>	<u>446,496,848</u>	<u>-</u>	<u>7,045,443</u>	<u>657,831,567</u>	<u>-</u>
Unamortized plant acquisition adjustments	590,317	-	-	-	-	-	590,317	-
Net capital assets	<u>160,791,871</u>	<u>1,063,626</u>	<u>43,024,096</u>	<u>446,496,848</u>	<u>-</u>	<u>7,045,443</u>	<u>658,421,884</u>	<u>-</u>

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

CITY OF CLARKSVILLE, TENNESSEE

Statement of Net Position
 Proprietary Funds - Continued
 June 30, 2014

	Business-Type Activities/Enterprise Funds						Governmental	
	Department of Electricity		Gas Department	Water and Sewer Department	Natural Gas Acquisition Corporation	Non-Major Enterprise Funds	Total	Internal Service Funds
	Electric Division	Broadband Division						
Other assets:								
Receivables:								
TVA residential energy services program	8,048,417	-	-	-	-	-	8,048,417	-
Interfund receivables from the Broadband Division	17,600,881	-	-	-	-	-	17,600,881	-
Prepaid gas supplies	-	-	-	-	129,574,728	-	129,574,728	-
Other	257,700	-	-	-	-	-	257,700	-
Total other assets	25,906,998	-	-	-	129,574,728	-	155,481,726	-
Total noncurrent assets	197,523,559	1,063,626	44,600,300	464,995,972	132,315,412	7,045,443	847,544,312	-
Total assets	263,485,989	3,861,939	70,456,056	502,234,194	163,396,858	9,510,641	1,012,945,677	5,937,442
Liabilities								
Current liabilities:								
Accounts payable	23,318,961	1,485,039	1,479,857	10,214,208	91,835	116,617	36,706,517	155,587
Contacts and retainage payable	-	-	391	1,188,083	-	-	1,188,474	-
Accrued liabilities	107,308	-	-	-	-	22,319	129,627	1,442,881
Interest payable	1,327,102	-	208,590	3,239,591	318,792	730	5,094,805	-
Due to other funds of the primary government	-	-	-	-	-	81,297	81,297	611,512
Unearned revenue	-	563,110	-	-	-	229,577	792,687	-
Current portion of bonds payable	2,255,103	-	670,900	8,339,100	14,370,000	-	25,635,103	-
Current portion of notes payable	-	-	-	2,339,830	-	7,809	2,347,639	-
Current portion of interfund payable	-	250,000	-	-	-	-	250,000	-
Compensated absences	545,033	-	152,961	455,550	-	164,433	1,317,977	-
Other	1,356,727	-	-	-	-	-	1,356,727	-
Total current liabilities	28,910,234	2,298,149	2,512,699	25,776,362	14,780,627	622,782	74,900,853	2,209,980

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

CITY OF CLARKSVILLE, TENNESSEE

Statement of Net Position
Proprietary Funds - Continued
June 30, 2014

	Business-Type Activities/Enterprise Funds						Governmental	
	Department of Electricity		Gas Department	Water and Sewer Department	Natural Gas Acquisition Corporation	Non-Major Enterprise Funds	Total	Internal Service
	Electric Division	Broadband Division						Funds
Noncurrent liabilities:								
Compensated absences	1,185,080	-	96,019	126,502	-	-	1,407,601	-
OPEB liability	487,715	22,124	2,004,042	5,445,167	-	1,529,068	9,488,116	-
Customer deposits	5,293,137	8,244	1,218,985	3,387,096	-	-	9,907,462	-
Advances- TVA residential energy services program	8,225,244	-	-	-	-	-	8,225,244	-
Bonds payable, less current portion	79,460,809	-	10,490,291	170,226,681	140,897,255	-	401,075,036	-
Notes payable, less current portion	407,302	-	-	60,187,493	-	29,303	60,624,098	-
Unearned revenue	-	-	-	-	3,765,466	-	3,765,466	-
Interfund payable to the Electric Division	-	17,350,881	-	-	-	-	17,350,881	-
Other	155,416	-	-	-	-	-	155,416	-
Total noncurrent liabilities	95,214,703	17,381,249	13,809,337	239,372,939	144,662,721	1,558,371	511,999,320	-
Total liabilities	124,124,937	19,679,398	16,322,036	265,149,301	159,443,348	2,181,153	586,900,173	2,209,980
Net Position								
Net investment in capital assets	78,078,340	1,063,626	31,680,071	196,352,600	-	7,008,331	314,182,968	-
Restricted:								
Expendable - debt service	10,822,922	-	1,576,204	18,499,124	2,243,837	-	33,142,087	-
Unrestricted	50,459,790	(16,881,085)	20,877,745	22,233,169	1,709,673	321,157	78,720,449	3,727,462
Total net position	\$ 139,361,052	\$ (15,817,459)	\$ 54,134,020	\$ 237,084,893	\$ 3,953,510	\$ 7,329,488	\$ 426,045,504	\$ 3,727,462

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

CITY OF CLARKSVILLE, TENNESSEE

Statement of Revenues, Expenses and Changes in Net Position
 Proprietary Funds
 For the Year Ended June 30, 2014

	Business-Type Activities/Enterprise Funds						Governmental	
	Department of Electricity		Gas Department	Water and Sewer Department	Natural Gas Acquisition Corporation	Non-Major Enterprise Funds	Total	Internal Service
	Electric Division	Broadband Division						Funds
Operating Revenues								
Sales	\$ 162,603,188	\$ 15,081,851	\$ 29,418,770	\$ 44,132,056	\$ 22,287,549	\$ -	\$ 273,523,414	\$ -
Fees	-	-	-	-	-	1,070,380	1,070,380	13,743,072
Other income	-	-	862,065	6,027,703	-	-	6,889,768	-
Rental income	-	-	-	-	-	102,450	102,450	-
Advertising	-	-	-	-	-	68,517	68,517	-
Miscellaneous	-	-	-	-	-	1,450	1,450	3,683
Total operating revenues	162,603,188	15,081,851	30,280,835	50,159,759	22,287,549	1,242,797	281,655,979	13,746,755
Operating Expenses								
Purchased power and gas	118,027,137	8,921,421	18,948,428	-	23,098,956	-	168,995,942	-
Plant operations	-	-	-	3,357,137	-	-	3,357,137	-
Distribution	3,345,382	-	2,803,669	3,639,151	-	-	9,788,202	-
Sewer pumping/discharge collection	-	-	-	4,822,097	-	-	4,822,097	-
Treatment plant expense	-	-	-	3,823,265	-	-	3,823,265	-
Sales and customer services	3,468,306	513,934	827,909	3,983,865	-	-	8,794,014	-
Administrative and general	3,150,864	889,383	1,140,215	2,265,381	533,192	963,758	8,942,793	1,113,556
Operation and maintenance	5,063,053	3,658,250	-	-	-	4,831,917	13,553,220	-
Engineering	-	-	156,677	1,721,257	-	-	1,877,934	-
Taxes and tax equivalents	1,773,027	171,544	-	-	-	-	1,944,571	-
Fort Campbell operations	-	-	525,985	-	-	-	525,985	-
Claims	-	-	-	-	-	-	-	10,564,448
Depreciation	9,050,147	1,797,894	1,709,933	15,341,259	564	1,155,414	29,055,211	-
Amortization	-	-	-	-	-	-	-	-
Other	-	320,954	112,239	246,273	-	-	679,466	323,782
Total operating expenses	143,877,916	16,273,380	26,225,055	39,199,685	23,632,712	6,951,089	256,159,837	12,001,786
Operating income (loss)	18,725,272	(1,191,529)	4,055,780	10,960,074	(1,345,163)	(5,708,292)	25,496,142	1,744,969

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

CITY OF CLARKSVILLE, TENNESSEE

Statement of Revenues, Expenses and Changes in Net Position
 Proprietary Funds - Continued
 For the Year Ended June 30, 2014

	Business-Type Activities/Enterprise Funds						Governmental	
	Department of Electricity		Gas Department	Water and Sewer Department	Natural Gas Acquisition Corporation	Non-Major Enterprise Funds	Total	Internal Service
	Electric Division	Broadband Division						Funds
Nonoperating Revenues (Expenses)								
Interest and investment earnings	250,954	-	43,053	75,651	9,280,944	662	9,651,264	505
Interest expense	(3,621,493)	(109,932)	(518,713)	(8,198,819)	(8,100,558)	(2,481)	(20,551,996)	-
Grants	-	-	-	18,161,053	-	3,798,186	21,959,239	-
Amortization income (expense)	-	-	19,678	757,399	534,692	-	1,311,769	-
Gain (loss) on investments	-	-	-	-	(103,532)	-	(103,532)	-
Other income (expense)	2,506	-	20,064	(126,110)	-	-	(103,540)	-
Total nonoperating revenues (expenses)	<u>(3,368,033)</u>	<u>(109,932)</u>	<u>(435,918)</u>	<u>10,669,174</u>	<u>1,611,546</u>	<u>3,796,367</u>	<u>12,163,204</u>	<u>505</u>
Income (loss) before contributions and transfers	15,357,239	(1,301,461)	3,619,862	21,629,248	266,383	(1,911,925)	37,659,346	1,745,474
Capital Contributions	-	-	71,252	8,500,032	-	-	8,571,284	-
Transfers Out	(3,985,097)	(43,486)	(637,544)	(2,837,484)	-	(303,355)	(7,806,966)	-
Transfers In	-	-	-	-	-	1,356,930	1,356,930	-
Change in net position	<u>11,372,142</u>	<u>(1,344,947)</u>	<u>3,053,570</u>	<u>27,291,796</u>	<u>266,383</u>	<u>(858,350)</u>	<u>39,780,594</u>	<u>1,745,474</u>
Net Position Beginning of Year	<u>127,988,910</u>	<u>(14,472,512)</u>	<u>51,080,450</u>	<u>209,793,097</u>	<u>3,687,127</u>	<u>8,187,838</u>	<u>386,264,910</u>	<u>1,981,988</u>
Net Position End of Year	<u>\$ 139,361,052</u>	<u>\$ (15,817,459)</u>	<u>\$ 54,134,020</u>	<u>\$ 237,084,893</u>	<u>\$ 3,953,510</u>	<u>\$ 7,329,488</u>	<u>\$ 426,045,504</u>	<u>\$ 3,727,462</u>

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

CITY OF CLARKSVILLE, TENNESSEE

Statement of Cash Flows
 Proprietary Funds
 For the Year Ended June 30, 2014

	Business-Type Activities/Enterprise Funds						Governmental	
	Department of Electricity		Gas Department	Water and Sewer Department	Natural Gas Acquisition Corporation	Non-Major Enterprise Funds	Total	Internal Service Funds
	Electric Division	Broadband Division						
Cash Flows From								
Operating Activities								
Receipts from customers	\$ 157,102,259	\$ 13,525,449	\$ 30,422,666	\$ 49,948,592	\$ 25,072,442	\$ 1,276,421	\$ 277,347,829	\$ 13,484,406
Payments to suppliers	(124,058,078)	(11,279,997)	(20,109,514)	(12,439,907)	(3,377,242)	(1,761,905)	(173,026,643)	(9,992,641)
Payments to employees	(8,892,064)	(2,658,293)	(3,921,169)	(11,977,216)	-	(3,918,413)	(31,367,155)	-
Internal activity from (to) other funds	115,055	(115,055)	(112,239)	(247,841)	-	-	(360,080)	-
Other receipts (payments)	6,031,454	1,372,759	-	-	-	-	7,404,213	(1,448,814)
Net cash provided (used) by operating actives	30,298,626	844,863	6,279,744	25,283,628	21,695,200	(4,403,897)	79,998,164	2,042,951
Cash Flows From								
Noncapital Financing Activities								
Grants	-	-	-	-	-	3,833,785	3,833,785	-
Operating transfers in	-	-	-	-	-	1,594,073	1,594,073	-
Transfers to other funds	(3,985,097)	(43,486)	(637,544)	(2,837,484)	-	(224,594)	(7,728,205)	-
Advances to Broadband Division	-	-	-	-	-	-	-	-
Repayments from Broadband Division	165,806	(165,806)	-	-	-	-	-	-
Other	2,506	-	26,604	(331,000)	-	-	(301,890)	-
Net cash provided (used) by noncapital financing activities	(3,816,785)	(209,292)	(610,940)	(3,168,484)	-	5,203,264	(2,602,237)	-

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

CITY OF CLARKSVILLE, TENNESSEE

Statement of Cash Flows
 Proprietary Funds - Continued
 For the Year Ended June 30, 2014

	Business-Type Activities/Enterprise Funds						Governmental	
	Department of Electricity		Gas Department	Water and Sewer Department	Natural Gas Acquisition Corporation	Non-Major Enterprise Funds	Total	Internal Service Funds
	Electric Division	Broadband Division						
Cash Flows from Capital and Related Financing Activities								
Acquisition and construction of capital assets	(17,627,718)	(828,012)	(1,858,534)	(24,359,197)	-	(683,400)	(45,356,861)	-
Capital contributions	-	-	-	1,203,687	-	-	1,203,687	-
Principal repayments on bond and loan maturities	(2,258,814)	-	(641,350)	(11,437,059)	(13,280,000)	(7,373)	(27,624,596)	-
Interest paid	(3,848,132)	(109,932)	(531,640)	(7,347,813)	(7,983,000)	(2,626)	(19,823,143)	-
Bond and note proceeds	-	-	-	20,416,506	-	-	20,416,506	-
Proceeds from sale of fixed assets	-	-	10,443	18,655	-	-	29,098	-
Net cash used in capital and related financing activities	(23,734,664)	(937,944)	(3,021,081)	(21,505,221)	(21,263,000)	(693,399)	(71,155,309)	-
Cash Flows from Investing Activities								
Interest and investment earnings received	250,954	-	43,053	75,651	211,248	662	581,568	505
Proceeds from sale and maturities of investments	-	-	-	-	36,082,024	-	36,082,024	-
Purchase of investments	-	-	-	-	(36,932,521)	-	(36,932,521)	-
Repayment of note receivable from City general fund	142,417	-	-	-	-	-	142,417	-
Net cash provided by (used in) investing activities	393,371	-	43,053	75,651	(639,249)	662	(126,512)	505
Net increase (decrease) in cash and cash equivalents	3,140,548	(302,373)	2,690,776	685,574	(207,049)	106,630	6,114,106	2,043,456
Cash and Cash Equivalents- Beginning of Year	42,000,615	400,057	21,384,414	21,234,158	381,764	1,410,836	86,811,844	1,366,066
Cash and Cash Equivalents- End of Year	\$ 45,141,163	\$ 97,684	\$ 24,075,190	\$ 21,919,732	\$ 174,715	\$ 1,517,466	\$ 92,925,950	\$ 3,409,522

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

CITY OF CLARKSVILLE, TENNESSEE

Statement of Cash Flows
 Proprietary Funds - Continued
 For the Year Ended June 30, 2014

	Business-Type Activities/Enterprise Funds						Governmental	
	Department of Electricity		Gas Department	Water and Sewer Department	Natural Gas Acquisition Corporation	Non-Major Enterprise Funds	Internal Service Funds	
	Electric Division	Broadband Division						Total
Reconciliation of operating income (loss) to net cash provided (used) by operating activities:								
Operating income (loss)	\$ 18,725,272	\$ (1,191,529)	\$ 4,055,780	\$ 10,960,074	\$ (1,345,163)	\$ (5,708,292)	\$ 25,496,142	\$ 1,744,969
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities:								
Depreciation and amortization	9,050,147	1,797,894	1,709,933	15,341,259	564	1,155,414	29,055,211	-
Depletion of prepaid gas supplies	-	-	-	-	23,098,956	-	23,098,956	-
Deferred connection fees	-	-	-	-	-	-	-	-
(Increase) decrease in:								
Accounts receivable	(942,634)	(23,739)	141,857	(211,167)	2,784,894	11,302	1,760,513	-
Inventory	1,370,778	211,079	399,136	122,364	-	(37,326)	2,066,031	-
Prepaid expenses	391,066	(64,139)	(2,192)	(16,736)	(59)	109	308,049	-
Rec -TVA Residential Energy Services Program	(968,373)	-	-	-	-	-	(968,373)	-
Increase (decrease) in:								
Accounts payable	1,273,053	196,588	(34,755)	(524,112)	(2,843,992)	(68,408)	(2,001,626)	(45,543)
Accrued liabilities	10,177	-	-	-	-	338	10,515	605,874
Customer deposits	319,252	5,774	(176,222)	(536,930)	-	-	(388,126)	-
Contracts and retainage	-	-	(1,667)	(467,665)	-	-	(469,332)	-
Compensated absences	-	-	13,243	31,855	-	(6,926)	38,172	-
OPEB liability	59,509	22,124	174,631	584,686	-	227,570	1,068,520	-
Due to other funds of the primary government	-	-	-	-	-	-	-	(239,663)
Interdivisional payables	115,055	(115,055)	-	-	-	-	-	-
Unearned revenue	-	5,866	-	-	-	-	5,866	-
Advances - TVA Residential Energy Services Program	976,122	-	-	-	-	-	976,122	-
Other	(80,798)	-	-	-	-	22,322	(58,476)	(22,686)
Total adjustments	11,573,354	2,036,392	2,223,964	14,323,554	23,040,363	1,304,395	54,502,022	297,982
Net cash provided (used) by operating activities	\$ 30,298,626	\$ 844,863	\$ 6,279,744	\$ 25,283,628	\$ 21,695,200	\$ (4,403,897)	\$ 79,998,164	\$ 2,042,951
Reconciliation of cash and cash equivalents from statement of cash flows to statement of net position:								
Cash and cash equivalents	\$ 34,316,473	\$ 97,684	\$ 23,585,296	\$ 15,187,748	\$ 174,715	\$ 1,517,466	\$ 74,879,382	\$ 3,409,522
Cash restricted for debt service	10,824,690	-	489,894	6,731,984	-	-	18,046,568	-
Cash restricted from unspent bonds	-	-	-	-	-	-	-	-
Cash and cash equivalents, June 30, 2014	\$ 45,141,163	\$ 97,684	\$ 24,075,190	\$ 21,919,732	\$ 174,715	\$ 1,517,466	\$ 92,925,950	\$ 3,409,522
Noncash Capital and Related Financing Activities:								
Amortization of bond premiums	\$ 171,566							
Capital assets contributed by developers			\$ 71,252	\$ 7,296,345				
Unearned interest revenue					\$ 482,159			
Amortization of asset interest earnings					8,586,326			
Amortization of asset interest expenses					(145,225)			
					\$ 8,923,260			

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

CITY OF CLARKSVILLE, TENNESSEE

Notes to Financial Statements

For the Year Ended June 30, 2014

A. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

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

1. Reporting Entity

Accounting principles generally accepted in the United States of America require that the financial statements present the accounts and operations of the government and its component units. Blended component units, although legally separate entities, are, in substance, part of the government's operations and data from these units are combined with data of the primary government. Discretely presented component units are reported in a separate column in the basic financial statements to emphasize that they are legally separate from the government.

As of June 30, 2014, the City had one blended component unit, the Natural Gas Acquisition Corporation (the "Corporation"), a non-profit corporation, which was established May 7, 1991, for the purpose of purchasing and selling natural gas for the direct benefit of the City. On June 27, 2006, the Corporation issued bonds in the amount of \$240,525,000 to purchase prepaid natural gas. The Corporation is governed by a Board of Directors appointed by the City Council and the City has a financial benefit and burden relationship with the Corporation. 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. The Corporation is presented as a blended component unit of the City as NGAC was created as per TCA 7-39 for the direct and almost exclusive benefit of the City of Clarksville Gas Department ("CGW"). More than ninety percent of NGAC's total resources, including the prepaid natural gas supply, are intended for use of the City. Management has determined this is an almost exclusive benefit relationship, with only an insignificant portion of overall activities provided to one other neighboring governmental entity, the Humphreys County Utility District ("HCUD"). Additionally, the Corporation is managed and accounted for by City employees who also manage the CGW. For the year ended June 30, 2014, sale of gas to the City of Clarksville equaled \$20,244,826 or 91% of gas sales for the fiscal year. This percentage is consistent with prior years and no amounts of natural gas are sold outside of the City and HCUD.

As of June 30, 2014, the City had two discretely presented component units: The Clarksville-Montgomery County Museum (the "Museum") and Clarksville CBID Management Corporation of 1999 d/b/a the Two Rivers Company ("TRC"). The City has determined, based on GASB Statement No. 14, that the Component units are non-major.

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.

CITY OF CLARKSVILLE, TENNESSEE

Notes to Financial Statements

For the Year Ended June 30, 2014

TRC, formerly known as the Downtown District Partnership, was created as per City Code Sec. 12.901 through the Tennessee Nonprofit Corporation Act authorizing a district management corporation for the purpose of administering the activities, improvements and provision of services for and within the district. The TRC is governed by a Board of Directors, all of which are appointed by the City Mayor with approval of City Council. The City has not delegated to the TRC the ability to issue debt or assess fees or taxes. Should the TRC wish to issue debt or assess fees, it must be accomplished through the City. Operational responsibility lies with the City as the day to day management is provided by the Executive Director who is a City employee. More than 90% of the funding for TRC operations comes from the City's general fund. As any other non-profit, the TRC must request City funding annually. Use and purpose of these funds must be approved and appropriated by City Council and adopted as part of the City's annual budget process.

TRC was added as a component unit to the City's financial reporting entity effective for fiscal year 2014. This change was made based on a significant increase in the level of the City's involvement, both financially and operationally. The addition of TRC caused beginning net position of the aggregate discretely presented component units to increase by \$197,062.

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

Natural Gas Acquisition Corporation
2215 Madison Street
Clarksville, Tennessee 37043

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

Two Rivers Company
One Public Square, 3rd Floor
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* (the "Authority") exists under the provisions of the Tennessee Public Building Authority Act of 1971. The Authority's primary purpose is the issuance of bonds, the proceeds of which are used to make loans to municipalities throughout the State of Tennessee. The loans to the municipalities serve as the sole payment source and security for the bonds issued by the Authority. The Authority works in connection with the Tennessee Municipal Bond Fund to administer the loan program. The Authority has no taxing authority nor does it have the power to pledge the general credit or taxing power of the City or any political subdivisions. The City Council is responsible for appointing the seven-member Board, but the City's accountability does not extend beyond making these appointments.

CITY OF CLARKSVILLE, TENNESSEE

Notes to Financial Statements

For the Year Ended June 30, 2014

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

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

3. Joint Ventures

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

The Electric Department and Pennyrite Rural Electric Cooperative Corporation (the Cooperative) constructed jointly-owned electric facilities. Under the terms of the joint venture, the Electric Department owns 54% of the facilities and the Cooperative owns 46%. The amount of the Electric Department's plant covered by this agreement was \$985,521 at June 30, 2014. 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.

4. Basis of Presentation

Government - Wide Financial Statements

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

The Statement of Net Position presents the City's assets, deferred outflows of resources, liabilities and deferred inflows of resources, with the difference reported as net position. Net position is reported in three categories:

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

CITY OF CLARKSVILLE, TENNESSEE

Notes to Financial Statements

For the Year Ended June 30, 2014

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

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

The Statement of Activities demonstrates the degree to which the direct expenses of a given function or segment is offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or segment. Program revenues include 1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other items not properly included among program revenues are reported instead as general revenues. The City follows generally accepted accounting principles in eliminating internal activity from the statement of activities in the government-wide statements. No direct expenses are eliminated from the functional categories. The general fund provided an operating transfer of \$1,356,930, which the Transit Department used to meet requirements for state and federal grants, and this amount is part of the program revenues for business-type activities. Internal Service Funds are used to provide self-insurance for health, dental and liability areas and the change in net position of these accounts, \$1,745,474, was treated as a decrease of expense in the statement of activities.

Fund Financial Statements

Separate financial statements are provided for governmental funds and proprietary funds. Major individual governmental funds and major individual enterprise funds are reported as separate columns in the fund financial statements. Non-major funds are combined and reported in a single column.

The City reports the following major governmental funds:

- The *General Fund* is the primary operating fund of the City and accounts for all financial resources of the general government, except those required to be accounted for in other funds. Most essential services such as police and fire protection, general administration and community services are reported in the General Fund.
- The *Capital Projects Fund* is used to account for the accumulation and expenditures of funds set aside for certain large capital projects.
- The *Debt Service Fund* accounts for the accumulation of resources for and the payment of, interest and principal on general long-term debt.

The City reports the following non-major governmental funds:

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

CITY OF CLARKSVILLE, TENNESSEE

Notes to Financial Statements

For the Year Ended June 30, 2014

The City reports the following major proprietary funds:

- The *Gas Department* operates a natural gas distribution system serving the citizens of the City and certain surrounding portions of Montgomery County and Ft. Campbell, KY.
- The *Water and Sewer Department* operates a water and sewer distribution and collection system serving the citizens of the City and certain surrounding portions of Montgomery County.
- The *Department of Electricity* operates an electric distribution system serving the citizens of the City and certain surrounding areas. It purchases power from the Tennessee Valley Authority ("TVA") and operates under the direction of an Electric Power Board appointed by the Mayor and approved by City Council. The Broadband Division was added to the *Department of Electricity* operations in 2007 and began operating in February 2008. It operates as a separate division and fund, but is currently subsidized by a substantial loan from the Electric Department as approved by the State, TVA and City Council.
- The *Natural Gas Acquisition Corporation* is responsible for purchasing and selling natural gas on behalf of the City Gas Department.

The City reports the following non-major proprietary funds:

- The *Parking Authority* regulates parking in the City and collects fees and fines in the downtown business district.
- The *Transit System* operates a public transportation system for the citizens of the City.

Additionally, the City reports the following other fund types:

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

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

5. Measurement Focus and Basis of Accounting

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

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Notes to Financial Statements

For the Year Ended June 30, 2014

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

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

6. Budgetary Information

Annual budgets are adopted on a cash basis for governmental funds, however, financial statements for governmental funds are prepared on the modified accrual basis, recognizing both U.S. GAAP and State requirements. The accompanying Budgeting Comparison Statement - General Fund is presented using the same basis of accounting as the basic financial statements.

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

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

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

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

CITY OF CLARKSVILLE, TENNESSEE

Notes to Financial Statements

For the Year Ended June 30, 2014

8. Program Revenues and Recognition of Revenues

Amounts reported as program revenues include: (1) charges to customers or applicants for goods, services, or privileges provided, (2) operating grants and contributions, and (3) capital grants and contributions, including special assessments. Internally dedicated resources are reported as general revenues rather than as program revenues. Likewise, general revenues include all taxes.

Within the Gas, Water and Sewer Departments, unbilled service revenue from the date of the most recent meter reading to the balance sheet date is not recorded. Therefore, only billed revenue is recognized in the financial statements. However, the effect is considered to be immaterial.

9. Expenses/Expenditures

On the accrual basis of accounting, expenses are recognized at the time they are incurred.

The measurement focus of governmental fund accounting is on decreases in net financial resources (expenditures) rather than expenses. Expenditures are generally recognized in the accounting period in which the related fund liability is incurred, if measurable. Allocations of cost, such as depreciation and amortization, are not recognized in governmental funds.

10. Cash and Cash Equivalents

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

11. Deposits and Investments

Investments of the governmental and proprietary fund types consist primarily of U.S. Treasury securities, other U.S. agency notes and repurchase agreements and are state at fair value using primarily quoted market prices, where available. The City has adopted an official investment policy. The primary objectives of investment activities in order of priority are safety of principal, liquidity to meet obligations as they become due and a reasonable yield on City investments.

12. Internal Balances

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

13. Receivables

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

14. Restricted Assets

Restricted assets represent cash and investments required to be set aside for the retirement of bonds, interest payable, construction of plant assets or capital improvements. It is the City's policy to use restricted assets before unrestricted assets unless legal requirements disallow.

CITY OF CLARKSVILLE, TENNESSEE

Notes to Financial Statements

For the Year Ended June 30, 2014

15. Inventories and Prepaid Items

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

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

16. Capital Assets

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

Infrastructure:	
Sidewalks	\$ 30,000
Drainage Systems	\$100,000
Traffic Systems	\$ 50,000
Bridges	\$500,000
Electric and Broadband Divisions	\$ 2,500
Other Capital Assets	\$ 5,000

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

Other Capital Assets:	
Land Improvements	20 - 50 years
Main Lines	50 years
Machinery and Equipment	10 - 20 years
Buildings	40 - 50 years
Motor Vehicles	5 - 8 years
Computers	5 years

The City defines Infrastructure as the basic physical assets that allow the City to function. The assets include the Street Network, Sidewalks, Drainage Systems, Traffic Signals and Lighting Systems, and Bridges. The City elected to use the Modified Approach as defined by GASB Statement No. 34 for Infrastructure reporting of its streets, concrete, and asphalt pavements. The Modified Approach requires the City to capitalize existing infrastructure and preserve those existing assets at or above an established condition level. Infrastructure under the Modified Approach is not depreciated nor are amounts capitalized in connection with improvements unless they expand capacity.

For all other Infrastructure Systems, the City has elected to use the basic approach as defined by GASB Statement No. 34 for Infrastructure Reporting. The City commissioned an appraisal of City-owned infrastructure and property as of June 30, 2001, and has completed an internal update for the year ended June 30, 2014. 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

CITY OF CLARKSVILLE, TENNESSEE

Notes to Financial Statements

For the Year Ended June 30, 2014

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, 2014 were as follows:

	Interest Cost Incurred	Interest Cost Capitalized
Gas Department	\$ 518,713	\$ -
Water & Sewer Department	8,453,233	254,414
Electric Division	3,621,493	-
Broadband Division	109,932	-
	<u>\$ 12,703,371</u>	<u>\$ 254,414</u>

18. Compensated Absences

It is the City's policy to permit employees to accumulate earned but unused vacation days and sick leave benefits. There is no liability for unpaid accumulated sick leave since the City does not have a policy to pay any amounts when employees separate from service with the City. However, it is the City's policy to apply the accumulated sick leave toward years for retirement. All vacation pay is accrued when incurred in the government-wide and proprietary fund financial statements. City employees with the exception of the Electric Department (as detailed below) earn 12 sick days each year and 12 or more days of vacation annually. Unused vacation days in excess of 240 hours are rolled into sick leave on the employee's anniversary.

Department of Electricity compensated absences:

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

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

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

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

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

19. Deferred Outflows/Inflows of Resources

In addition to assets, the statement of financial position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/expenditure) until then. The City has no items that qualify for reporting in this category at June 30, 2014.

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

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

20. Property Tax

The City levies property taxes annually based upon assessed valuations provided by the Montgomery County Tax Assessor. The various types of property are assessed at a percentage of estimated actual value on January 1 of each year. Taxes levied by the City against real property are payable October 1 through February 28, and taxes on real estate are considered to be a lien on such realty as of January 1 of the year the assessment is made. Total property tax, including delinquent taxes from prior years, collected during the fiscal year was \$29,513,567 and included \$28,457,092 collected from current year levy, which was approximately 96.4 percent.

The property tax levy is without legal limit. The rate, as permitted by the Tennessee state law and City charter, is set annually by the Mayor and City Council and collected by the Director of Finance and Revenue. The property tax rate for the year ended June 30, 2014, was \$1.24 per \$100 of assessed value.

CITY OF CLARKSVILLE, TENNESSEE

Notes to Financial Statements

For the Year Ended June 30, 2014

21. Long-term Obligations

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

22. Fund Balances

In accordance with GASB Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions* governmental funds report fund balance in classifications based primarily on the extent to which the City is bound to honor constraints on the specific purposes for which amounts in the funds can be spent. Based on the requirements of GASB No. 54, the fund balances for June 30, 2014 are reported as: nonspendable - \$606,160, restricted - \$7,315,181, committed - \$885,569, assigned - \$764,910, and unassigned - \$25,210,919. 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 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. City's fund balance policy requires a Resolution passed by the City Council to commit funds.

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.

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

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

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

23. Prepaid Gas Supplies

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

CITY OF CLARKSVILLE, TENNESSEE

Notes to Financial Statements

For the Year Ended June 30, 2014

24. Postemployment Benefits

The City participates in the Political Subdivision Pension Plan administered by the Tennessee Consolidated Retirement System. See additional information regarding the City's pension benefits in Recent Accounting Pronouncements in Note T and the availability of a separate financial report described in Note G.

Postemployment healthcare benefits other than pension benefits are accounted for under GASB Statement No. 45, *Accounting and Financial Reporting by Employers for Postemployment Benefits Other than Pensions*, which establishes standards for the measurement, recognition, and display of postemployment healthcare benefits expense and related liabilities, assets, note disclosures, and, if applicable, required supplementary information.

25. Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect certain reported amounts of assets, deferred outflows or resources, liabilities, deferred inflows or resources, and disclosures, and the reported amounts of revenue and expenditures during the reporting period. Accordingly, actual results could differ from those estimates.

26. Subsequent Event

Subsequent to year end, the City entered into a debt instrument, not to exceed \$30 million, with the Tennessee Municipal Bond Fund for potential expenses related to the completion of the Waste Water Treatment Plant. No funds have been drawn down or will be drawn down as of December 30, 2014.

B. DEPOSITS AND INVESTMENTS

Investment in debt and equity securities with readily determinable fair values are carried at fair value based on quoted prices in the active markets. At year end, the City had the following investments with the noted weighted average maturities:

Investment Type	Fair Value	Weighted Average Maturity (in years)
Tennessee LGIP	\$ 43,213,135	0.15
Certificates of Deposit	1,289,482	0.13
US Treasuries/Government Agencies	27,045,395	1.04
Bank Repurchase Agreements	2,740,684	0.06
	\$ 74,288,696	

Of the total investments above, \$37,887,601 is included in cash and cash equivalents in the accompanying financial statements.

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, 2014.

CITY OF CLARKSVILLE, TENNESSEE

Notes to Financial Statements

For the Year Ended June 30, 2014

Custodial credit risk: Investment types permitted are consistent with State laws and the GFOA Policy Statement on State and Local Laws Concerning Investment Practices and included but are not limited to: U.S. Treasury obligations, U.S. government agency obligations, certificates of deposit and local government investment pools which are state-administered. State statutes require that all deposits with financial institutions must be collateralized by securities whose market value is equal to 105% of the value of uninsured deposits. The deposits must be collateralized by federal depository insurance, by the Tennessee Bank Collateral Pool, by collateral held by the City's agent in the City's name or by the Federal Reserve Banks acting as third party agents. As of June 30, 2014, all bank deposits were fully collateralized and insured.

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, 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, 2014, a summary of weighted-average maturities are presented above.

Credit risk: Credit risk is the risk of loss due to the failure of the security issuer or backers and the City's investment policy minimizes this risk by limiting the types of securities to be purchased, pre-qualifying financial institutions, broker/dealers, etc. that the City does business with and by requiring the diversifying of the portfolio so that the impact of potential losses from any one type of security or from any one individual issuer will be minimized.

Concentration of credit risk: Although the investment policy does not place a specific percentage limit on any type of investment, it recommends diversification, requires competitive biddings, and requires investment officials to operate under the prudent-person rule. At June 30, 2014, there are no investments which subject the City to concentration of credit risk.

Investments of the Component Unit-Museum consist of the following at June 30, 2014:

Investment Type	Fair Value	Cost
Common stocks	\$ 488,623	\$ 333,138
Money market fund	37,598	37,598
Real estate	2,935	2,513
Mutual funds:		
Equity	819,608	643,840
Balanced	14,606	14,500
Fixed	303,010	304,072
	<u>\$ 1,666,380</u>	<u>\$ 1,335,661</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 special revenue funds in the aggregate, including the applicable allowances for uncollectible accounts, are detailed in the table that follows:

CITY OF CLARKSVILLE, TENNESSEE

Notes to Financial Statements

For the Year Ended June 30, 2014

	General Fund	Special Revenue	Electric & Broadband Department	Gas, Water & Sewer Department	NGAC	Transit	Other	Total
Receivables:								
Accounts	\$ 1,003,261	\$ 46,212	\$ 21,525,718	\$ 4,348,046	\$ 918,807	\$ 7,054	\$ 5,383	\$ 27,854,481
Taxes	33,535,850	2,000,000	-	-	-	-	-	35,535,850
Other Governments	3,708,920	399,392	-	18,155,915	-	545,806	149,758	22,959,791
Notes*	37,842	-	-	-	-	-	-	37,842
TVA	-	-	8,048,417	-	-	-	-	8,048,417
Other	90,523	-	-	-	10,184	-	-	100,707
Gross receivables	38,376,396	2,445,604	29,574,135	22,503,961	928,991	552,860	155,141	94,537,088
Less: Allowance for uncollectibles	(614,442)	-	(340,870)	(146,104)	-	-	-	(1,101,416)
Net total receivables	\$ 37,761,954	\$ 2,445,604	\$ 29,233,265	\$ 22,357,857	\$ 928,991	\$ 552,860	\$ 155,141	\$ 93,435,672

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

	Unavailable
Delinquent property taxes receivable, net of allowance	\$ 1,545,772
Delinquent weed bills receivable	301,663
2014 tax levy due Oct. 2014	30,487,665
Community Development loans*	7,227,138
Other	12,897
Total	\$ 39,575,135

*Consists of a number of notes collectible over several years; included in notes receivable and other in the accompanying statement of net position.

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 634 miles of pavement and rates the condition in three conditions: Good to Excellent – 59%; Fair – 32%; and Poor to Failed – 9%. City policy recognizes that streets will always be rated below the 41-PCI, and that once streets fall below this level that management may allow the street to completely fail before restoring the street to a 100-PCI and starting the process over. The City's overall system was estimated at a Pavement Condition Index of "60" at June 30, 2014.

CITY OF CLARKSVILLE, TENNESSEE

Notes to Financial Statements

For the Year Ended June 30, 2014

Infrastructure and other capital asset activity for governmental activities for the year ended June 30, 2014 is as follows:

	Balance July 1, 2013	Increases	Decreases	Balance June 30, 2014
Governmental Activities:				
Infrastructure - Modified Approach Street Network	\$ 256,569,048	\$ 4,482,430	\$ -	\$ 261,051,478
Basic Approach:				
Bridges	2,994,260	1,223,246	-	4,217,506
Drainage Systems	41,795,705	1,153,124	-	42,948,829
Sidewalks	28,218,850	4,100,257	-	32,319,107
Boat Docks	1,144,992	-	-	1,144,992
Traffic Signals/Lighting	4,819,281	110,699	-	4,929,980
Total Infrastructure	<u>335,542,136</u>	<u>11,069,756</u>	<u>-</u>	<u>346,611,892</u>
Less Accumulated Depreciation:				
Bridges	(331,833)	(385,955)	-	(717,788)
Drainage Systems	(9,113,050)	(644,741)	-	(9,757,791)
Sidewalks	(4,631,550)	(2,649,868)	-	(7,281,418)
Boat Docks	(301,317)	(70,980)	-	(372,297)
Traffic Signals/Lighting	(1,584,550)	(346,843)	-	(1,931,393)
Total Accumulated Depreciation	<u>(15,962,300)</u>	<u>(4,098,387)</u>	<u>-</u>	<u>(20,060,687)</u>
Net Infrastructure	<u>319,579,836</u>	<u>\$ 6,971,369</u>	<u>\$ -</u>	<u>326,551,205</u>
Capital Assets not depreciated:				
Land	14,934,305	1,896,574	(6,758)	16,824,121
Easements	26,076,496	240,160	-	26,316,656
Construction in progress	8,516,840	10,347,552	(10,656,639)	8,207,753
Total Capital Assets not depreciated	<u>49,527,641</u>	<u>12,484,286</u>	<u>(10,663,397)</u>	<u>51,348,530</u>
Capital Assets being depreciated:				
Land Improvements	27,598,203	435,461	-	28,033,664
Machinery and equipment	22,011,685	640,886	(217,368)	22,435,203
Buildings	73,794,978	1,092,149	(88,700)	74,798,427
Motor vehicles	16,693,140	1,790,039	(621,045)	17,862,134
Total Capital Assets depreciated	<u>140,098,006</u>	<u>3,958,535</u>	<u>(927,113)</u>	<u>143,129,428</u>
Less Accumulated Depreciation:				
Land Improvements	(4,800,741)	(736,495)	-	(5,537,236)
Machinery and equipment	(14,470,606)	(935,865)	199,539	(15,206,932)
Buildings	(19,251,751)	(1,447,019)	1,331	(20,697,439)
Motor vehicles	(11,929,057)	(1,242,104)	616,441	(12,554,720)
Total Accumulated Depreciation	<u>(50,452,155)</u>	<u>(4,361,483)</u>	<u>817,311</u>	<u>(53,996,327)</u>
Net Capital Assets depreciated	<u>89,645,851</u>	<u>(402,948)</u>	<u>(109,802)</u>	<u>89,133,101</u>
Net Governmental Activities				
Capital Assets	<u>139,173,492</u>	<u>12,081,338</u>	<u>(10,773,199)</u>	<u>140,481,631</u>
Net Governmental Activities Capital				
Assets and Infrastructure	<u>\$ 458,753,328</u>	<u>\$ 19,052,707</u>	<u>\$ (10,773,199)</u>	<u>\$ 467,032,836</u>

CITY OF CLARKSVILLE, TENNESSEE

Notes to Financial Statements

For the Year Ended June 30, 2014

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

General Government	\$ 826,106
Highways and Streets	4,389,402
Public Safety	1,528,927
Culture and Recreation	1,715,435
Total	<u>\$ 8,459,870</u>

Capital asset activity for business-type activities for the year ended June 30, 2014 is as follows:

	Balance July 1, 2013	Increases	Decreases	Balance June 30, 2014
Parking Authority				
Plant and equipment	\$ 3,507,320	\$ 179,621	\$ -	\$ 3,686,941
Less Accumulated Depreciation	(1,544,422)	(86,411)	23,375	(1,607,458)
Net Parking Authority Capital Assets	<u>\$ 1,962,898</u>	<u>\$ 93,210</u>	<u>\$ 23,375</u>	<u>\$ 2,079,483</u>
Transit System				
Capital Assets not depreciated:				
Land	\$ 153,432	\$ -	\$ -	\$ 153,432
Total Capital Assets not depreciated	<u>153,432</u>	<u>-</u>	<u>-</u>	<u>153,432</u>
Capital Assets being depreciated:				
Building	3,328,860	299,532	(166,556)	3,461,836
Revenue vehicles	6,269,006	116,159	(319,936)	6,065,229
Revenue vehicles - ARRA	1,896,285	-	-	1,896,285
Other vehicles	330,662	47,043	(38,138)	339,567
Furniture and equipment	1,218,262	243,005	(234,189)	1,227,078
Total Capital Assets depreciated	<u>13,043,075</u>	<u>705,739</u>	<u>(758,819)</u>	<u>12,989,995</u>
Less Accumulated Depreciation	(7,641,949)	(1,092,378)	556,860	(8,177,467)
Net Capital Assets depreciated	<u>5,401,126</u>	<u>(386,639)</u>	<u>(201,959)</u>	<u>4,812,528</u>
Net Transit Capital Assets	<u>\$ 5,554,558</u>	<u>\$ (386,639)</u>	<u>\$ (201,959)</u>	<u>\$ 4,965,960</u>
Clarksville Electric and Broadband				
	Balance July 1, 2013	Increases	Decreases	Balance June 30, 2014
Capital Assets not depreciated:				
Land and land rights	\$ 1,762,861	\$ 63,157	\$ -	\$ 1,826,018
Construction in progress	9,985,329	22,965,664	(24,212,681)	8,738,312
Total Capital Assets not depreciated	<u>11,748,190</u>	<u>23,028,821</u>	<u>(24,212,681)</u>	<u>10,564,330</u>
Capital Assets being depreciated:				
Station equipment	32,256,295	4,859,218	(1,414,653)	35,700,860
Electric transmission system	84,588,180	8,896,893	(1,003,367)	92,481,706
Transportation equipment	3,285,934	260,699	(108,220)	3,438,413
Furniture and equipment	2,671,815	240,208	(10,985)	2,901,038
Communication equipment	73,116,596	5,506,811	(264,720)	78,358,687
Poles and fixtures	1,921,401	16,230	(2,467)	1,935,164
Overhead conductors and devices	684,257	-	-	684,257
Structures and improvements	7,042,358	-	-	7,042,358
Plant acquisition adjustments	716,487	-	(126,170)	590,317
Total Capital Assets depreciated	<u>206,283,323</u>	<u>19,780,059</u>	<u>(2,930,582)</u>	<u>223,132,800</u>
Less Accumulated Depreciation	(63,783,705)	(10,848,041)	2,790,113	(71,841,633)
Net Capital Assets depreciated	<u>142,499,618</u>	<u>8,932,018</u>	<u>(140,469)</u>	<u>151,291,167</u>
Net CDE Capital Assets	<u>\$ 154,247,808</u>	<u>\$ 31,960,839</u>	<u>\$ (24,353,150)</u>	<u>\$ 161,855,497</u>

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

CITY OF CLARKSVILLE, TENNESSEE

Notes to Financial Statements

For the Year Ended June 30, 2014

	Balance July 1, 2013	Increases	Decreases	Balance June 30, 2014
<u>Water and Sewer</u>				
Capital Assets not depreciated:				
Land and land rights	\$ 4,371,588	\$ 74,515	\$ -	\$ 4,446,103
Construction in progress	20,134,197	38,604,940	(16,638,664)	42,100,473
Total Capital Assets not depreciated	<u>24,505,785</u>	<u>38,679,455</u>	<u>(16,638,664)</u>	<u>46,546,576</u>
Capital Assets being depreciated:				
Plant and equipment	532,225,367	16,638,664	(692,182)	548,171,849
Less Accumulated Depreciation	(134,174,533)	(15,341,259)	1,294,215	(148,221,577)
Net Capital Assets depreciated	<u>398,050,834</u>	<u>1,297,405</u>	<u>602,033</u>	<u>399,950,272</u>
Net Water and Sewer Capital Assets	<u>\$ 422,556,619</u>	<u>\$ 39,976,860</u>	<u>\$ (16,036,631)</u>	<u>\$ 446,496,848</u>

	Balance July 1, 2013	Increases	Decreases	Balance June 30, 2014
<u>Gas</u>				
Capital Assets not depreciated:				
Land and land rights	\$ 223,626	\$ -	\$ -	\$ 223,626
Construction in progress	597,967	2,069,137	(638,817)	2,028,287
Total Capital Assets not depreciated	<u>821,593</u>	<u>2,069,137</u>	<u>(638,817)</u>	<u>2,251,913</u>
Capital Assets being depreciated:				
Plant and equipment	62,906,027	638,817	(76,000)	63,468,844
Less Accumulated Depreciation	(21,062,728)	(1,709,933)	76,000	(22,696,661)
Net Capital Assets depreciated	<u>41,843,299</u>	<u>(1,071,116)</u>	<u>-</u>	<u>40,772,183</u>
Net Gas Capital Assets	<u>\$ 42,664,892</u>	<u>\$ 998,021</u>	<u>\$ (638,817)</u>	<u>\$ 43,024,096</u>

	Balance July 1, 2013	Increases	Decreases	Balance June 30, 2014
<u>Natural Gas Acquisition Corporation</u>				
Capital Assets being depreciated:				
Plant and equipment	\$ 22,030	\$ -	\$ -	\$ 22,030
Less Accumulated Depreciation	(21,466)	(564)	-	(22,030)
Net NGAC Capital Assets	<u>\$ 564</u>	<u>\$ (564)</u>	<u>\$ -</u>	<u>\$ -</u>
Net Business-Activities Capital Assets	<u>\$ 626,987,339</u>	<u>\$ 72,641,727</u>	<u>\$ (41,207,182)</u>	<u>\$ 658,421,884</u>

CITY OF CLARKSVILLE, TENNESSEE

Notes to Financial Statements

For the Year Ended June 30, 2014

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

Parking Authority	\$	63,036
Transit System		1,092,378
Electric & Broadband		10,848,041
Water & Sewer		15,341,259
Gas		1,709,933
Natural Gas Acquisition		564
Total	\$	<u>29,055,211</u>

Capital asset activity for component units for the year ended June 30, 2014 is as follows:

	Balance July 1, 2013	Increases	Decreases	Balance June 30, 2014
<u>Museum</u>				
Capital Assets being depreciated:				
Leasehold improvements	\$ 4,013,088	\$ 298,663	\$ -	\$ 4,311,751
Furniture and equipment	141,341	4,538	-	145,879
Vehicles	14,565	-	-	14,565
Total Capital Assets depreciated	4,168,994	303,201	-	4,472,195
Less Accumulated Depreciation	(1,611,920)	(145,533)	-	(1,757,453)
Net Museum Capital Assets	<u>2,557,074</u>	<u>157,668</u>	<u>-</u>	<u>2,714,742</u>
<u>Two Rivers Company</u>				
Capital Assets being depreciated:				
Furniture and equipment	\$ 35,412	\$ 1,807	\$ (32,977)	\$ 4,242
Total Capital Assets depreciated	35,412	1,807	(32,977)	4,242
Less Accumulated Depreciation	(33,864)	(469)	32,977	(1,356)
Net TRC Capital Assets	<u>1,548</u>	<u>1,338</u>	<u>-</u>	<u>2,886</u>
Net Component Units Capital Assets	<u>\$ 2,558,622</u>	<u>\$ 159,006</u>	<u>\$ -</u>	<u>\$ 2,717,628</u>

Depreciation expense related to component unit activities was charged to the following functions:

Museum	\$	145,533
TRC		469
Total	\$	<u>146,002</u>

CITY OF CLARKSVILLE, TENNESSEE

Notes to Financial Statements

For the Year Ended June 30, 2014

E. LONG-TERM OBLIGATIONS

Governmental long-term debt activity for the year ended June 30, 2014 consists of the following:

	Balance July 1, 2013	Additions	Reductions	Refundings	Balance June 30, 2014	Amounts Due in Year Ending June 30, 2015
Bonds payable	\$ 47,993,950	\$ 10,425,000	\$ 3,875,950	\$ 2,555,000	\$ 51,988,000	\$ 4,019,000
Notes payable	62,010,355	578,586	2,924,000	-	59,664,941	3,023,000
Bond premiums	691,187	405,975	41,831	-	1,055,331	-
Subtotal	110,695,492	11,409,561	6,841,781	2,555,000	112,708,272	7,042,000
Accrued compensated absences	2,819,209	1,850,943	1,663,000	-	3,007,152	1,615,804
Total governmental activities	\$ 113,514,701	\$ 13,260,504	\$ 8,504,781	\$ 2,555,000	\$ 115,715,424	\$ 8,657,804

Governmental long-term debt at June 30, 2014 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% .	\$ 15,993,000
\$4,990,000 2006 Taxable General Obligation Industrial Park Bonds due in increasing annual installments through July 1, 2022, at varying rates from 5.2% to 5.6% .	3,165,000
\$800,000 1976 Farmers Administration Loan due in increasing annual installments through January 1, 2016, at an interest rate of 5% .	85,000
\$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% .	10,320,000
\$13,025,000 2012 General Obligation Public Improvement Bonds due in annual installments through January 15, 2032, at varying rates of interest from 2% to 3% .	12,000,000
\$7,950,000 2014 General Obligation Public Improvement Bonds due in annual installments through June 1, 2034 at varying rates of interest from 3% to 4% .	7,950,000
\$2,475,000 2014 General Improvement Refunding Bonds due in annual installments through June 1, 2022 at varying rates of interest from 3% to 4% .	<u>2,475,000</u>
Total bonds payable	<u>51,988,000</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.	\$ 13,560,000
\$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.	3,389,000
\$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.	5,746,000
\$2,836,000 2005 Tennessee Municipal Bond Pooled Loan Program; loan agreement provides for repayment of loan in annual installments through May 25, 2021, with interest payable monthly at an adjustable rate.	1,612,000
\$25,175,000 2008 Tennessee Municipal Bond Pooled Loan Program; loan agreement provides for repayment of loan in annual installments through May 25, 2034, with interest payable monthly at an adjustable rate.	24,017,000
\$1,380,000 2008A Tennessee Municipal Bond Fund Alternative Loan Program; taxable capital outlay note provides for repayment of note in increasing annual installments through December 1, 2015, at an interest rate of 4.2% .	888,000
\$1,210,000 2008 Tennessee Municipal Bond Fund Alternative Loan Program; taxable capital outlay note provides for repayment of note in increasing annual installments through August 1, 2015, at an interest rate of 4.39% .	387,000
\$9,500,000 2010 Tennessee Municipal Bond Pooled Loan Program; loan agreement provides for repayment of loan in annual installments through May 25, 2031, with interest payable monthly at an adjustable rate.	8,265,941
\$3,000,000 2011 General Obligation Capital Outlay Notes: due in even annual installments through September 26, 2016 at an interest rate of 1.65% .	<u>1,800,000</u>
Total notes payable	<u>59,664,941</u>
Bond premiums	<u>1,055,331</u>
Total bonds, notes payable and premiums	112,708,272
Add: Accrued compensated absences	3,007,152
Less: Current portion of long-term debt	(7,042,000)
Current portion of accrued compensated absences	<u>(1,615,804)</u>
Total governmental activities long-term debt and accrued compensated absences	<u>\$ 107,057,620</u>

CITY OF CLARKSVILLE, TENNESSEE

Notes to Financial Statements

For the Year Ended June 30, 2014

Business long-term liability activity for the year ended June 30, 2014 consists of the following:

	Balance July 1, 2013	Additions	Reductions	Refundings	Balance June 30, 2014	Amounts Due in Year Ending June 30, 2015
<u>Gas Department and Water and Sewer Department</u>						
Bonds and notes payable	\$ 234,167,639	\$ 20,633,093	\$ 12,078,409	\$ -	\$ 242,722,323	\$ 11,349,830
Accrued compensated absences	785,934	641,678	596,580	-	831,032	608,511
Customer deposits	5,319,233	1,534,679	2,247,831	-	4,606,081	-
Premiums on bonds	10,309,048	-	777,076	-	9,531,972	-
Total Gas, Water and Sewer	<u>250,581,854</u>	<u>22,809,450</u>	<u>15,699,896</u>	<u>-</u>	<u>257,691,408</u>	<u>11,958,341</u>
<u>Natural Gas Acquisition Corp.</u>						
Bonds payable	166,300,000	-	13,280,000	-	153,020,000	14,370,000
Premiums on bonds	2,781,947	-	534,692	-	2,247,255	-
Total NGAC	<u>169,081,947</u>	<u>-</u>	<u>13,814,692</u>	<u>-</u>	<u>155,267,255</u>	<u>14,370,000</u>
<u>Clarksville Transit</u>						
Accrued compensated absences	<u>171,359</u>	<u>133,746</u>	<u>140,672</u>	<u>-</u>	<u>164,433</u>	<u>164,433</u>
<u>Parking Authority</u>						
Note payable	<u>44,486</u>	<u>-</u>	<u>7,374</u>	<u>-</u>	<u>37,112</u>	<u>7,809</u>
<u>Department of Electricity</u>						
Bonds and notes payable	81,277,508	3,215,000	2,170,103	3,430,000	78,892,405	2,255,103
Premiums on bonds	3,276,086	126,289	171,566	-	3,230,809	-
Customer deposits	4,976,355	2,303,106	1,978,080	-	5,301,381	-
TVA advances	7,249,122	3,206,025	2,229,903	-	8,225,244	-
Accrued compensated absences	1,713,013	173,670	156,570	-	1,730,113	545,033
Other	1,148	154,268	-	-	155,416	-
Total Department of Electricity	<u>98,493,232</u>	<u>9,178,358</u>	<u>6,706,222</u>	<u>3,430,000</u>	<u>97,535,368</u>	<u>2,800,136</u>
Total business-type activities	<u>\$ 518,372,878</u>	<u>\$ 32,121,554</u>	<u>\$ 36,368,856</u>	<u>\$ 3,430,000</u>	<u>\$ 510,695,576</u>	<u>\$ 29,300,719</u>
<u>Museum (Component Unit)</u>						
Note payable	<u>\$ 151,180</u>	<u>\$ -</u>	<u>\$ 16,833</u>	<u>\$ -</u>	<u>\$ 134,347</u>	<u>\$ 17,385</u>

CITY OF CLARKSVILLE, TENNESSEE

Notes to Financial Statements

For the Year Ended June 30, 2014

Business-type activity long-term debt at June 30, 2014, consists of the following obligations:

Bonds Payable:

Series 2002 (\$22,040,000) Water, Sewer and Gas Revenue Refunding in annual installments of \$1,570,000 to \$1,920,000 through February 2018 at 5.15% to 5.25% interest	\$ 7,130,000
Series 2007 (\$60,150,000) Water, Sewer and Gas Revenue in annual installments of \$1,270,000 to \$5,370,000 through February 2032 at 4.35% interest	50,345,000
Series 2006 (\$240,051,000) Natural Gas Acquisition Corp. (NGAC) Gas Revenue in annual installments of \$14,370,000 to \$25,500,000 through December 2022 at 5.0% interest	153,020,000
Series 2007 (\$52,790,000) Electric System Revenue in annual installments of \$1,605,000 to \$3,750,000 through September 2032 at 4.0% to 5.0% interest	47,540,000
Series 2010A (\$29,258,018) Electric System Revenue in annual installments of \$250,000 to \$5,685,000 through September 2035 at 2.5% to 5.0% interest	27,615,000
Series 2011 (\$67,645,000) Water, Sewer and Gas Revenue Refunding in annual installments of \$1,950,000 to \$12,550,000 through February 2025 at 4.25% to 5.0% interest	61,685,000
Series 2013A Water, Sewer and Gas Revenue Refunding bonds due in annual installments of \$375,000 to \$3,470,000 to February 2038 at 3.0% to 5.0% interest	46,535,000
Series 2013B Water, Sewer and Gas Revenue Refunding bonds due in annual installments of \$2,760,000 to \$3,880,000 to February 2019 at 2.0% to 5.0% interest	14,500,000
Series 2014 (\$3,215,000) Electric System Revenue in annual installment of \$285,000 to \$365,000 through September 2023 at 2.0% to 4.0%	<u>3,215,000</u>
Total bonds payable	<u>411,585,000</u>

CITY OF CLARKSVILLE, TENNESSEE

Notes to Financial Statements

For the Year Ended June 30, 2014

Notes Payable:

Series 1994 (\$10,000,000) TML Bond Fund in annual installments of \$825,000 to \$882,000 through February 2015 at variable interest rates.	\$ 882,000
Series 2005 (\$49,181,269) Tennessee Municipal Bond Fund Loan due in annual installments of \$1,388,409 to \$3,341,373 through May 2032, at a variable rate of interest.	41,012,230
Series 2008 (\$841,080) CEMC Note to purchase plant assets in annual installments of \$115,103 to \$30,995 through June 2020 at 0.0% interest.	522,405
Series 2013 Tennessee Municipal Bond Fund Loan due in lump sum on July, 1, 2016 at a variable rate of interest.	20,633,093
Interfund note Parking Authority to purchase garage underneath Transit Garage	<u>37,112</u>
Total notes payable	<u>63,086,840</u>
Total bonds and notes payable	474,671,840
Add: Accrued compensated absences	2,725,578
Customer deposits	9,907,462
TVA advances	8,225,244
Bond premiums	15,010,036
Other	155,416
Less: Current portion of long-term debt and accrued compensated absences	<u>(29,300,719)</u>
Total business activity long-term debt	<u><u>\$ 481,394,857</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 charge on the unpaid balance of the loan at a rate of 3.28% annually.

\$ 134,347

CITY OF CLARKSVILLE, TENNESSEE

Notes to Financial Statements

For the Year Ended June 30, 2014

The annual debt service requirements to amortize bonds and notes payable outstanding as of June 30, 2014 are as follows:

For the Years Ended June 30,	Governmental Activity Debt Principal	Business-Type Activity Debt Principal	Component Unit Debt Principal	Total Debt Principal	Total Interest
2015	\$ 7,042,000	\$ 27,982,742	\$ 17,385	\$ 35,042,127	\$ 23,040,755
2016	8,006,000	50,382,187	17,955	58,406,142	21,223,831
2017	7,229,000	31,741,118	18,544	38,988,662	19,553,574
2018	6,918,000	33,579,998	19,152	40,517,150	17,838,297
2019	7,195,000	35,607,996	19,781	42,822,777	16,020,723
2020	7,484,000	37,771,599	20,249	45,275,848	14,119,722
2021	6,726,000	40,173,631	21,281	46,920,912	12,092,452
2022	6,747,000	44,111,313	-	50,858,313	9,919,774
2023	5,578,000	19,818,879	-	25,396,879	8,276,720
2024	5,117,000	20,471,573	-	25,588,573	7,345,912
2025	5,336,000	21,269,651	-	26,605,651	6,419,773
2026	4,620,000	9,148,384	-	13,768,384	5,442,041
2027	4,879,000	9,588,053	-	14,467,053	4,976,921
2028	4,690,000	10,063,956	-	14,753,956	4,477,419
2029	4,261,000	10,561,403	-	14,822,403	3,968,450
2030	4,432,000	11,090,724	-	15,522,724	3,469,374
2031	4,464,941	11,622,260	-	16,087,201	2,966,845
2032	4,152,000	12,176,373	-	16,328,373	2,440,243
2033	4,045,000	7,305,000	-	11,350,000	1,901,826
2034	2,731,000	7,675,000	-	10,406,000	1,439,787
2035	-	8,065,000	-	8,065,000	991,250
2036	-	8,470,000	-	8,470,000	581,125
2037	-	2,925,000	-	2,925,000	299,750
2038	-	3,070,000	-	3,070,000	153,500
Total	\$ 111,652,941	\$ 474,671,840	\$ 134,347	\$ 586,459,128	\$ 188,960,064

The City is not subject to requirements relating to its debt, including the 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.

The City is subject to requirements relating to its debt, including various bond indentures which 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 as well as federal arbitrage and certain state regulations. The City is in compliance with all such significant limitations, restrictions and regulations. Substantially all revenue bonds of the proprietary funds are payable from restricted assets.

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

During fiscal year 2014, City General issued \$2,475,000 of 2014 General Improvement Refunding Bonds to refund the outstanding principal of its 2012 General Improvement Bonds. Also during fiscal year 2014, CDE issued \$3,215,000 of 2014 Series Electric System Refunding Bonds to refund the outstanding principal of the 2004 Electric System Revenue Bonds. The refundings occurred in order to take advantage of interest savings over the remaining term. Funds were deposited with an escrow agent to refund the bonds at the redemption date. There were no significant differences in the refunding debt and the reacquisition price, and there was no material economic gain.

CITY OF CLARKSVILLE, TENNESSEE

Notes to Financial Statements

For the Year Ended June 30, 2014

F. DEFEASED DEBT

Sewer and Gas Revenue Refunding and Improvement Bonds, Series 2001 were issued on June 28, 2001 in part to refund \$1,130,000 Series 1991 Bonds, refund \$7,244,138, Series 1992 capital appreciation bonds, and refund \$10,200,000 Series 1997 bonds. Sufficient proceeds were deposited with an escrow agent to provide for all future debt service payments on the refunded bonds. As a result, the refunded bonds are considered defeased and the liability for those bonds has been removed from the financial statements at the time of refunding. At June 30, 2014, bonds outstanding of \$1,270,668 were considered defeased.

G. PENSION PLAN

Plan Description - Employees of the City, with the exception of the employees of the Department of Electricity, are members of the Political Subdivision Pension Plan ("PSPP"), an agent multiple-employer defined benefit pension plan administered by the Tennessee Consolidated Retirement System ("TCRS"). TCRS provides retirement benefits as well as death and disability benefits. Benefits are determined by a formula using the member's high five-year average salary and years of service. Members become eligible to retire at the age of 60 with five years of service or at any age with 30 years of service. A reduced retirement benefit is available to vested members at the age of 55. The City has authorized Mandatory Retirement for its Public Safety Officers. Public Safety Officers can retire at age 55 with five years of service or at any age with 25 years of service and receive a supplemental bridge payment between the mandatory retirement age and 62. Disability benefits are available to active members with five years of service who become disabled and cannot engage in gainful employment. There is no service requirement for disability that is the result of an accident or injury occurring while the member was in the performance of duty. Members joining the system after July 1, 1979 become vested after five years of service and members joining prior to July 1, 1979 were vested after four years of service. Benefit provisions are established in state statutes found in Title 8, Chapter 34-37 of the Tennessee Code Annotated ("TCA"). State statutes are amended by the Tennessee General Assembly. Political subdivisions such as the City participate in the TCRS as individual entities and are liable for all costs associated with the operation and administration of their plan. Benefit improvements are not applicable to a political subdivision unless approved by the chief governing body.

The TCRS issues a publicly available financial report that includes financial statements and required supplementary information for the PSPP, including the City. That report may be obtained by writing to Tennessee Treasury Department, Consolidated Retirement System, 15th Floor Andrew Jackson Building, Nashville, Tennessee 37243-0230 or can be accessed at <http://www.tn.gov/treasury/tcrs/PS/>.

Funding Policy - The City has adopted a noncontributory retirement plan for its employees by assuming employee contributions up to 5.0% of annual covered payroll. The City is required to contribute at an actuarially determined rate; the rate for the fiscal year ending June 30, 2014 was 15.43% 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, 2014, the City's annual pension cost of \$7,241,024 to TCRS was equal to the City's required and actual contributions. The required contribution was determined as part of the July 1, 2011 actuarial valuation using the frozen entry age actuarial cost method. Significant actuarial assumptions used in the valuation include (a) rate of return on investment of present and future assets of 7.5% a year compounded annually, (b) projected 3.0% annual rate of inflation, (c) projected salary increases of 4.75% (graded) annual rate (no explicit assumption is made regarding the portion attributable to the effects of inflation on salaries), (d) projected 3.5% annual increase in the Social Security wage base, and (e) projected post retirement increases of 2.5% annually. The actuarial value of assets was determined using techniques that smooth the effect of short- term volatility in the market value of total investments over a ten-year period. The

CITY OF CLARKSVILLE, TENNESSEE

Notes to Financial Statements

For the Year Ended June 30, 2014

City's unfunded actuarial accrued liability is being amortized as a level dollar amount on a closed basis. The remaining amortization period at July 1, 2011 was 17 years. An actuarial valuation was performed as of July 1, 2011, which established contribution rates effective July 1, 2012.

Trend Information

Fiscal Year Ending	Annual Pension Cost (APC)	Percentage of APC Contributed	Net Pension Obligation
June 30, 2014	\$ 7,241,024	100.0%	\$ -
June 30, 2013	7,061,753	100.0%	-
June 30, 2012	6,865,720	100.0%	-

Funded Status and Funding Progress - As of July 1, 2013, the most recent actuarial valuation date, the plan was 79.5% funded. The actuarial accrued liability for benefits was \$154.50 million, and the actuarial value of assets was \$122.83 million, resulting in an unfunded actuarial accrued liability (UAAL) of \$31.68 million. The covered payroll (annual payroll of active employees covered by the plan) was \$45.89 million, and the ratio of the UAAL to the covered payroll was 69.02%.

Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about future employment mortality, and the projected salary increases. Amounts determined regarding the funded status of the Plan and the annual required contributions of the employer are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future.

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

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

Actuarial Valuation Date	Actuarial Value of Plan Assets [a]	Actuarial Accrued Liability (AAL) - Entry Age [b]	Unfunded AAL (UAAL) [(a)/(b)]	Funded Ratio [(a/b)]	Covered Payroll [c]	UAAL as a Percentage of Covered Payroll [(b-a)/c]
July 1, 2013	\$ 122,828	\$ 154,504	\$ 31,676	79.50%	\$ 45,891	69.02%
July 1, 2011	106,753	137,058	30,305	77.89%	43,351	69.91%
July 1, 2009	84,793	88,205	3,412	96.13%	38,821	8.79%

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

CITY OF CLARKSVILLE, TENNESSEE

Notes to Financial Statements

For the Year Ended June 30, 2014

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. The executive director of TRC is an employee of the City and does participate in the TCRS plan and is included in the detail above.

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

H. DEFERRED COMPENSATION PLAN

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

Department of Electricity - The Electric Department ("CDE") maintains a defined contribution, 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 termination of the defined contribution retirement plan as discussed in Note G, CDE established a progress sharing plan as part of the 401(K) plan. Employees are divided into three groups, based upon date of hire, to determine the contribution by CDE for each employee. Those hired on or after July 1, 2009 receive 3% Progress Sharing Contribution. Those hired from January 1, 1998 – June 30, 2009, receive 5% Progress Sharing Contribution. Those hired prior to January 1, 1998, are in an Age Based Pool program with a guaranteed minimum contribution of 5%. Plan provisions, including contribution requirements are established and/or amended upon approval of the Power Board.

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

The following is selected information relating to the plan:

Contributions for the year ended June 30, 2014:	
Employer 401(K)	\$ 201,105
Employer progress sharing	472,832
Employee 401(K)	305,959
Total	<u>\$ 979,896</u>

The plan is audited on a calendar year basis and the plan market value as of December 31, 2013 is as follows:

Plan assets on December 31, 2013 (market value)	<u>\$ 11,404,149</u>
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The plan assets are the property of the employees and are not included in these statements.

CITY OF CLARKSVILLE, TENNESSEE

Notes to Financial Statements

For the Year Ended June 30, 2014

I. OTHER POST EMPLOYMENT BENEFITS

The City accounts for its other post-employment benefit plans in accordance with the provisions of GASB Statement No. 45, *Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions*. GASB Statement No. 45 requires the accrual of other postemployment benefit obligations over the working careers of plan members rather than as benefits are paid.

Plan Description - The City of Clarksville's Retired Employees' Benefit Plan ("Plan") is a single-employer defined benefit healthcare, dental, and life insurance plan administered by the City of Clarksville. The plan was provided for in Section 1-1340 through Section 1-1348 of the Official Code of the City of Clarksville. The Plan provides medical, dental, and life insurance benefits to eligible retirees of the general government, the Gas, Water and Sewer Department and the Transit System. The plan allowed retirees to obtain medical and dental insurance at the City group rates for their spouses. Employees hired on or after July 1, 2006 are not eligible for the retirement benefits provided by the Plan. Eligible employees must have been hired on or before June 30, 2006. The Plan has a total of 826 participants of which 208 are retired participants and 618 are active participants. The Plan does not issue a publicly available financial report that includes financial statements and required supplementary information.

Funding Policy - The contribution requirements of the general government, the Gas, Water, and Sewer Department, and the Transit System are determined by an annual actuary study. 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 2014 were sufficient to pay the current cost of premiums for other post employment benefits for eligible retirees in fiscal year 2014. For fiscal year 2014, the general government, the Gas, Water, and Sewer Department, and the Clarksville Transit System paid a total of \$1,424,549 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")	\$ 6,441,654
Interest on net OPEB obligation	1,155,062
Actuarial Adjustment	(226,701)
Adjustment to annual required contribution	(1,366,598)
Annual OPEB expense	<u>6,003,417</u>
Contributions made	(1,424,549)
Increase in net OPEB obligation	<u>4,578,868</u>
Net OPEB obligation - beginning of year	29,222,969
Net OPEB obligation - end of year	<u><u>\$ 33,801,837</u></u>

CITY OF CLARKSVILLE, TENNESSEE

Notes to Financial Statements

For the Year Ended June 30, 2014

The City's annual OPEB cost, the percentage of annual OPEB cost contributed to the plan, and the net OPEB, obligation for 2014, 2013 and 2012 are as follows:

Fiscal Year Ended June 30,	Annual OPEB Cost	Annual Employer Contribution	% of Annual OPEB Cost Contributed	Net Ending OPEB Obligation
2014	\$ 6,003,417	\$ 1,424,549	23.73%	\$ 33,801,837
2013	5,869,052	556,133	9.48%	29,222,969
2012	6,450,409	1,168,318	18.11%	23,910,050

Funded Status and Funding Progress - As of July 1, 2012, the most recent actuarial valuation date, the plan was 0.0% funded. The actuarial accrued liability for benefits was \$78.7 million, and the actuarial value of assets was \$0 million, resulting in an unfunded actuarial accrued liability (UAAL) of \$78.7 million. The covered payroll (annual payroll of active employees covered by the plan) was \$45.4 million, and the ratio of the UAAL to the covered payroll was 173.10%.

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.

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

Plan Year	Actuarial Value of Assets [a]	Actuarial Accrued Liability (AAL) - Entry Age[b]	Unfunded AAL (UAAL) [b-a]	Funded Ratio [a/b]	Covered Payroll [c]	UAAL as a percentage of Covered Payroll [[b-a]/c]
2013-2014	\$ -	\$ 78,691	\$ 78,691	0.00%	\$ 45,466	173.10%
2012-2013	-	74,506	74,506	0.00%	44,574	167.10%
2011-2012	-	87,394	87,394	0.00%	41,184	212.20%

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

In the July 1, 2012 actuarial valuation, the entry age normal actuarial cost method was used. The discount rate was 4% per annum. The actuarial assumptions included an annual healthcare cost trend rate of 10.5% initially, reduced by uniform decrements to an ultimate rate of 5.0% over an eleven year period. Dental costs for single coverage are assumed to be \$288 per year for all attained ages. No benefit increases are included. The rate of inflation (assumed rate of increase in payroll) was assumed at 2.0%. The actuarial value of assets was not applicable to the actuarial valuation. The UAAL is being amortized as a level percentage of projected payrolls. The plan is closed to any employees hired on or after July 1, 2007. The remaining amortization period as of the July 1, 2012 study date was thirty years.

CITY OF CLARKSVILLE, TENNESSEE

Notes to Financial Statements

For the Year Ended June 30, 2014

The Department of Electricity – The Department of Electricity, under authority of the Electric Power Board, provides a medical insurance coverage plan for substantially all retiring employees with thirty years of service until they reach age 65. Prior to March 1, 2011, retirement could begin at age 55. On March 1, 2011, the plan was amended so that retirement could begin at age 60. Ten employees were grandfathered under the prior age and service limit. On March 1, 2013, the plan was again amended so that retirement could begin at either age 55 and 30 years of service, or age 60 and 15 years of service. Eight retired employees were covered for medical insurance at June 30, 2014.

The plan is a single-employer defined benefit plan for medical insurance. The provisions of the plan can be amended by the Electric Power Board at any time. The plan is funded on a pay-as-you-go basis with expense calculated under time provisions of GASB No. 45 as described below. The plan does not issue stand-alone financial reports.

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

The following table shows the components of the Electric Department’s annual medical insurance OPEB cost for the year, the amount actually contributed to the plan, and changes in the Electric Department’s net OPEB obligation for fiscal year 2014:

Normal Cost	\$ 81,940
30 year amortization of accrued liability	21,190
Interest on net OPEB obligation	15,859
Annual OPEB expense	118,989
Contributions made	(37,356)
Increase in net OPEB obligation	81,633
Net OPEB Obligation - beginning of year	428,206
Net OPEB Obligation - end of year	<u>\$ 509,839</u>
Electric Division	\$487,715
Broadband Division	22,124
Total	<u>\$ 509,839</u>

The Electric Department’s annual OPEB cost, the percentage of annual OPEB cost contributed to the plan, and the net OPEB obligation for 2014, 2013 and 2012 are as follows:

Fiscal Year Ended	Annual OPEB Cost	Employer Contribution	% of Annual OPEB Cost Contributed	Net Ending OPEB Obligation
June 30,				
2014	\$ 118,989	\$ 37,356	31.39%	\$ 509,839
2013	51,766	37,075	71.60%	428,206
2012	51,393	39,008	75.90%	413,515

CITY OF CLARKSVILLE, TENNESSEE

Notes to Financial Statements

For the Year Ended June 30, 2014

As of June 30, 2014, the most recent actuarial valuation date, the plan was unfunded. The actuarial accrued liability for benefits was \$817,274 and the actuarial value of the assets was zero, resulting in an unfunded actuarial liability ("UAAL") of \$817,274. The covered payroll (annual payroll of active employees covered by the plan) was \$7,394,000, and the ratio of the UAAL to the covered payroll was 11.05%. The ARC was 1.61% of covered payroll and the funding was determined on a pay-as-you-go basis.

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

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

In the June 30, 2014 actuarial valuation, the projected unit credit method was used. The actuarial assumptions included an annual healthcare cost trend rate of 6.0% initially, reduced by .25% until 3.0% is reached. This rate includes a 3.0% inflation assumption. The UAAL is being amortized as a level percentage of projected payrolls, with the remaining amortization period at June 30, 2014 of twenty-three years.

J. SELF-INSURANCE AND RISK MANAGEMENT

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 chose not to participate in the Worker's Compensation program as allowed by state 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.

CITY OF CLARKSVILLE, TENNESSEE

Notes to Financial Statements

For the Year Ended June 30, 2014

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, 2014, the amount of these estimated insurance liabilities was \$1,207,239. Changes in the reported liability are as follows for the last three fiscal years:

	Balance Beginning of Fiscal Year	Claims and Changes in Estimates	Claim Payments	Balance at End of Fiscal Year
2013-2014	\$ 837,008	\$ 922,231	\$ 552,000	\$ 1,207,239
2012-2013	1,573,912	229,388	966,292	837,008
2011-2012	2,201,000	895,127	1,522,215	1,573,912

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

K. CONCENTRATIONS OF CREDIT RISK

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

L. INTER-FUND TRANSACTIONS

Inter-fund receivable and payable balances at June 30, 2014, are as follows:

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.

	Major Fund General	Debt Service	Non-Major Governmental	Non-Major Proprietary	Internal Service	Major Fund Electric
Interfund Receivable	\$ 4,881,777	\$ 21,489	\$ 1,776,131	\$ 208,035	\$ 2,455,234	\$ 74,675
Interfund Payable:						
Major Funds:						
General	\$ -	\$ 1,268	\$ 1,776,131	\$ 208,035	\$ 2,455,234	\$ 74,675
Capital Projects	3,719,128	20,221	-	-	-	-
Gas	137,026	-	-	-	-	-
CDE	121,073	-	-	-	-	-
Non-Major Funds:						
Governmental	211,741	-	-	-	-	-
Proprietary	81,297	-	-	-	-	-
Internal Service	611,512	-	-	-	-	-
	\$ 4,881,777	\$ 21,489	\$ 1,776,131	\$ 208,035	\$ 2,455,234	\$ 74,675

CITY OF CLARKSVILLE, TENNESSEE

Notes to Financial Statements

For the Year Ended June 30, 2014

M. INTERDIVISIONAL ALLOCATIONS

The Electric Division formed the Broadband Division on April 1, 2007, to provide video, internet and telephone services to existing electric customers. Also in April 2007, the Electric Division began installing a fiber network that allowed the Electric Division to remotely perform electric related functions. During the 2008 fiscal year, the Broadband Division began “renting” a portion of the fiber network on a per connection basis to provide the broadband services listed above to existing electric customers. The “rent” cost allocated to the Broadband Division was based upon an allocation formula applied to the costs of the fiber infrastructure. Fiber infrastructure costs, for the purpose of this allocation, included depreciation, taxes, interest, and a pole attachment fee. This allocation methodology has evolved, along with the development of the Broadband project, over previous years.

For fiscal year ended June 30, 2014 allocated infrastructure costs were as follows:

	Unit Costs	June 30, 2014 Annual Broadband Units	June 30, 2014 Allocated Costs
Depreciation	\$ 2.84	298,471	\$ 847,658
Interest	2.04	298,471	608,881
Taxes	0.78	298,471	232,807
Pole Attachment	0.48	298,471	143,266
Totals	<u>\$ 6.14</u>		<u>\$ 1,832,612</u>

During the 2008 fiscal year, the Broadband Division began “renting” an office building from the Electric Division for Broadband operations. During the 2014 fiscal year, approximately 71% of the depreciation, property tax and insurance costs associated with this building were allocated to the Broadband Division. During the 2014 fiscal year, the Electric Division began allocating some costs as “rent” to the Broadband Division for the office building on Wilma Rudolph Boulevard. During the 2014 fiscal year, approximately 34% 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 these buildings, were \$74,376 for the year ended June 30, 2014.

At June 30, 2014, the Electric Division owed the Broadband Division \$1,300,301. This amount represents payments for broadband services the Electric Division had collected on behalf of the Broadband Division. These amounts are typically remitted to the Broadband Division the month after they are collected by the Electric Division.

CITY OF CLARKSVILLE, TENNESSEE

Notes to Financial Statements

For the Year Ended June 30, 2014

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

Changes in the interdivisional payable/receivable account for the year ended June 30, 2014, were as follows:

	<u>Balance July 1, 2013</u>	<u>Loan Draws</u>	<u>Loan Repayment</u>	<u>Changes in Current Receivable/ Payable</u>	<u>Balance June 30, 2014</u>
Interdivisional Receivable/Payable	\$ 17,766,687	\$ -	\$ -	\$ (165,806)	\$ 17,600,881

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 0.55% at June 30, 2014.

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. On March 20, 2014, the parties entered into an agreement amending certain aspects of the original agreement. These agreements 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 began during fiscal year 2013, when, according to the Broadband Division's business plan, the Division was expected to begin to generate positive cash flows. Per the new agreement with TVA, signed on March 20, 2014, CDE was not required to make a loan repayment during fiscal year 2014, and the previous loan schedule was amended. The new repayment schedule calls for annual interest payments (based on the outstanding balance of the loan) and principal payments ranging in amount from \$250,000 in fiscal year 2015 to \$800,000 in fiscal year 2035. The balance of this loan was \$15,000,000 at June 30, 2014.
- 2009 Loan* - Once the aggregate balance of the 2007 Loan reached \$16,000,000, the Electric Division may make additional loan(s) to the Broadband Division up to an aggregate amount of \$4,500,000. The Electric Division will be under no obligation or responsibility to set aside any funds for this purpose. Interest shall be due and payable in annual installments (in arrears) due on June 30 of each year beginning June 30, 2011. The interest rate on this loan will be the highest interest rate being earned by CDE on invested funds, or the Constant Maturity Treasury rate for similar terms as CDE invested funds. 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, if necessary; 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 interest past due amounts from City General Funds. Repayment of this loan will begin during fiscal year 2036. The repayment schedule calls for minimum annual interest payments (based on the outstanding balance of the loan) and principal payments of \$800,000 annually. The balance of this loan was \$2,600,881 at June 30, 2014.

CITY OF CLARKSVILLE, TENNESSEE

Notes to Financial Statements

For the Year Ended June 30, 2014

As described above, the City has pledged certain non tax revenues in conjunction with an agreement of CDE Lightband. Based on current estimates, the City has established a reserve of \$29,026 within the debt service fund for the guarantee of interest payments from the Broadband Division to the Electric Division. The issuer, the City's pledge, the length of time of the pledge, and the amount of the pledge outstanding at June 30, 2014 is as follows:

<u>Business-Type Agreement</u>	<u>Pledged Non-Tax Revenues of</u>	<u>Date of Final Maturity/Payment</u>	<u>Outstanding at June 30, 2014</u>
2009 Loan Agreement Between the Broadband Division and Electric Division of CDE Lightband	General Fund	July 1, 2038	<u>\$29,026</u>
Total guarantees extended			<u>\$29,026</u>

No payments related to this pledge have been made. Based on current interest rates, total interest is estimated to be approximately \$330,000 over the term of the note. Should any payments be required in the future, the agreement provides for recovering any such payments from the issuer - generally from the issuer's revenues after the subsequent year's annual principal and interest payments and certain other obligations are met.

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, 2014, were as follows:

	Amount	Non-Major		Non-Major		
		General Fund	Transit	Debt Service	Special Revenue	Capital Projects
<u>Transfer from:</u>						
General Fund	\$ 7,989,078	\$ -	\$ 1,356,930	\$ 6,076,868	\$ 109,514	\$ 445,766
Electric/Broadband	4,028,583	4,028,583	-	-	-	-
Gas Dept	637,544	637,544	-	-	-	-
Water and Sewer	2,837,484	2,837,484	-	-	-	-
Parking Authority-Non-Major	303,355	303,355	-	-	-	-
Special Revenue-Non-Major	1,985,519	-	-	1,979,528	5,991	-
	<u>\$ 17,781,563</u>	<u>\$ 7,806,966</u>	<u>\$ 1,356,930</u>	<u>\$ 8,056,396</u>	<u>\$ 115,505</u>	<u>\$ 445,766</u>

CITY OF CLARKSVILLE, TENNESSEE

Notes to Financial Statements

For the Year Ended June 30, 2014

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 \$483,170 for the year ended June 30, 2014.

The City leases office space on the first floor of the City Hall Municipal Building to US Bank in the amount of \$75,758 annually. The US Bank lease agreement expires on May 31, 2015 with the option to renew for an additional five years.

Litigation

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

Americans with Disabilities Act (Consent Order)

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

Commitments

The Clarksville general government has contractual commitments for various construction projects totaling approximately \$2.4 million at June 30, 2014. The Gas Department and the Water and Sewer Department have construction commitments totaling \$56.2 million at June 30, 2014.

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

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

On February 23, 2012 the Sewer Department received a Tennessee Department of Environment and Conservation ("TDEC") Commissioner issued enforcement order (this order supersedes all requirements of previous Commissioner's order in 2004). From the period September 2011 through November 2011 the Sewer Department's wastewater discharges exceeded TDEC National Pollutant Discharge Elimination System Permit limits and provisions. In order to comply with TDEC Commissioner's order, the Sewer Department must develop several response and corrective action plans, complete assessments and maintenance, construct and rehabilitate flood damaged sewer treatment plants, and issue reports on the status of the compliance with the order. All projects are to be completed by December 31, 2016. The consequences of not complying the Commissioner's order include civil penalties up to \$287,300 total. In addition, noncompliance with the order could be a factor in future enforcement actions. The Sewer Department currently estimates it will cost approximately \$5 million to comply with this consent order. Noncompliance with the order is not anticipated.

CITY OF CLARKSVILLE, TENNESSEE

Notes to Financial Statements

For the Year Ended June 30, 2014

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

Bi-County Solid Waste Post-Closure Costs

In 1974, the City, along with Montgomery and Stewart Counties, entered into a 20 year Bi-County solid waste agreement for the joint and cooperative operation and maintenance of a solid waste and collection disposal system. The agreement provided for the City to be responsible for a 45% share of costs and expenses relating to the system, including any applicable post-closure costs. Upon expiration of the agreement on June 30, 1994, the City chose not to participate in the renewal agreement entered into by the other two parties. The City contends that all funds necessary to cover its share of landfill costs applicable to the original 20-year joint agreement, including all applicable post-closure costs, have been paid, and no additional liability should be provided. In the event the actual costs of the landfill post-closure operations exceed amounts previously estimated and paid, the City may be liable for its applicable share of the excess. Such costs will not be known until the landfill is ultimately closed, and no estimate can be reasonably made at June 30, 2014. Accordingly, no provision has been recorded in the accompanying financial statements.

Q. UTILITIES

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

This accounting change was implemented in conjunction with anticipated rate and billing changes being implemented by the Tennessee Valley Authority (“TVA”). Since 1992, TVA has used an “End-Use” wholesale rate schedule to bill CDE for wholesale power purchases. Under this rate structure, TVA billed CDE based upon CDE’s sales of power to retail customers. Traditionally, TVA has billed CDE on or about the 19th of each month for the thirty day period ending on that day.

In April 2011, TVA implemented a new wholesale rate structure and billing schedule that resulted in TVA billing CDE on a calendar month basis. The new wholesale rate structure applies to metered wholesale energy sales from TVA to CDE. This decoupling of wholesale and retail power consumption is expected to create significant fluctuations in margins between power sales revenue and power costs, when compared to the relative consistency CDE has experienced since 1992.

TVA Residential Energy Services Program – This program provides loans to consumers within the CDE service area for the purchase of qualified electric heating and cooling systems. The program is managed by Regions Bank and the loans are backed by TVA. CDE functions as a conduit for the servicing of these loans. Loan principal and interest payments are included in monthly utility bills. The loan payments are remitted to Regions Bank. Differences in the receivable/payable balances at June 30, 2014 and 2013 are timing differences.

CITY OF CLARKSVILLE, TENNESSEE

Notes to Financial Statements

For the Year Ended June 30, 2014

R. EXTRAORDINARY LOSS

Excessive rainfall on May 1st and 2nd of 2010 resulted in the Cumberland River cresting at 62.58 feet, well above the flood stage of 46 feet. This resulted in extensive damage to the wastewater treatment facility and several components of the wastewater collection system. Work is continuing on all the affected components of the treatment system and it will likely be 2016 before all permanent solutions are in place.

For funding purposes, the Federal Emergency Management Agency ("FEMA") has divided the damages into smaller components referred to as projects. The Gas, Water and Sewer Department was notified in 2011 that many of the projects at the wastewater treatment plant had been defunded. The Department appealed the defunding, and in May of 2014 was informed by FEMA that the appeal was successful and projects totaling approximately \$18.1 million had been re-obligated. This amount is included in receivables at June 30, 2014.

The Department estimates the total cost of the recovery will be in excess of \$130 million. Since FEMA will reimburse for actual costs, the Department anticipated receiving an amount greater than the \$18.35 million listed on the project worksheets. Completion of the projects at the Waste Water Treatment Plant is not anticipated before April 2016. The Department has spent approximately \$75 million to date.

S. DEFICIT FUND BALANCES

For the fiscal year ended June 30, 2014, there were no instances of deficit fund balance in any funds.

T. ACCOUNTING PRONOUNCEMENTS

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

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

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

The City plans to adopt GASB Statement No. 71, *Pension Transition for Contributions Made Subsequent to the Measurement Date - an amendment of GASB Statement No. 68*, required for fiscal periods beginning after June 15, 2014, in fiscal 2015. This Statement improves accounting and financial reporting by state and local governments for pensions by addressing an issue in Statement No. 68 concerning transaction provisions related to certain pension contributions made to defined benefit pension plans prior to implementation of that Statement.

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

CITY OF CLARKSVILLE, TENNESSEE

REQUIRED SUPPLEMENTARY INFORMATION
 JUNE 30, 2014
 (Unaudited - See Accompanying Auditor's Report)

A. SCHEDULE OF FUNDING PROGRESS FOR PENSION PLAN (in thousands)

Actuarial Valuation Date	Actuarial Value of Plan Assets [a]	Actuarial Accrued Liability (AAL) [b]	Unfunded AAL (UAAL) [b] - [a]	Funded Ratio [a/b]	Covered Payroll [c]	UAAL as a % of Covered Payroll [[b-a]/c]
July 1, 2013	\$ 122,828	\$ 154,504	\$ 31,676	79.50%	\$ 45,891	69.02%
July 1, 2011	106,753	137,058	30,305	77.89%	43,351	69.91%
July 1, 2009	84,793	88,205	3,412	96.13%	38,821	8.79%

B. SCHEDULES OF FUNDING PROGRESS FOR OPEB (in thousands)

City of Clarksville Departments Excluding Electric and Broadband:

Actuarial Valuation Date	Actuarial Value of Assets [a]	Actuarial Accrued Liability (AAL) [b]	Unfunded AAL (UAAL) [b] - [a]	Funded Ratio [a/b]	Covered Payroll [c]	UAAL as a % of Covered Payroll [[b-a]/c]
July 1, 2013	\$ -	\$ 78,691	\$ 78,691	0.00%	\$ 45,466	173.10%
July 1, 2012	-	74,506	74,506	0.00%	44,574	167.10%
July 1, 2011	-	87,394	87,394	0.00%	41,184	212.20%

Electric and Broadband Departments (in thousands):

Actuarial Valuation Date	Actuarial Value of Assets [a]	Actuarial Accrued Liability (AAL) [b]	Unfunded AAL (UAAL) [b] - [a]	Funded Ratio [a/b]	Covered Payroll [c]	UAAL as a % of Covered Payroll [[b-a]/c]
June 30, 2014	\$ -	\$ 817	\$ 817	0.00%	\$ 7,394	11.05%
June 30, 2013	-	870	870	0.00%	7,173	12.13%
June 30, 2011	-	678	678	0.00%	6,518	10.41%

C. SCHEDULES OF EMPLOYER CONTRIBUTIONS FOR OPEB (in thousands)

The City's annual OPEB cost, the percentage of annual OPEB cost contributed to the plan, and the net OPEB, obligation for 2014, 2013 and 2012 are as follows:

Fiscal Year Ended June 30,	Annual OPEB Cost	Annual Employer Contribution	% of Annual OPEB Cost Contributed	Net Ending OPEB Obligation
2014	\$ 6,003	\$ 1,425	23.73%	\$ 33,802
2013	5,869	556	9.48%	29,223
2012	6,450	1,168	18.11%	23,910

CITY OF CLARKSVILLE, TENNESSEE

REQUIRED SUPPLEMENTARY INFORMATION - CONTINUED
 JUNE 30, 2014
 (Unaudited - See Accompanying Auditor's Report)

The Electric Department's annual OPEB cost, the percentage of annual OPEB cost contributed to the plan, and the net OPEB obligation for 2014, 2013 and 2012 are as follows:

Fiscal Year Ended June 30,	Annual OPEB Cost	Annual Employer Contribution	% of Annual OPEB Cost Contributed	Net Ending OPEB Obligation
2014	\$ 119	\$ 37	31.39%	\$ 510
2013	52	37	71.60%	428
2012	51	39	75.90%	414

D. MODIFIED APPROACH FOR STREET NETWORK INFRASTRUCTURE CAPITAL ASSETS:

In accordance with GASB Statement No. 34, the City is required to account for and report Infrastructure Capital Assets. The City defines Infrastructure as the basic physical assets including the Street Network, Sidewalks, Traffic Signals Lighting Systems, Bridges, and Drainage Systems.

The City has elected to use the "Modified Approach" as defined by GASB Statement No. 34 for reporting its street network. Under the Modified Approach, eligible Infrastructure Assets are not required to be depreciated under the following requirements:

1. The City manages the eligible infrastructure assets using an asset management system characterized by (1) utilization of an up-to-date inventory; (2) performance of condition assessments and summarization of the results using a measurement scale; and (3) estimation of the annual amount to maintain and preserve at the established condition assessment level.
2. The City documents that the eligible infrastructure assets are being preserved approximately at or above the established and disclosed condition assessment level.

The City of Clarksville Street Department uses an automated pavement management system called Micro Paver that was originally developed by the U.S. Army Corps of Engineers. The computer database encompasses a complete network inventory of all streets and a Pavement Condition Index (PCI) rating for each individual street. The rating process requires the department to physically measure the quantity and severity of nineteen different pavement distresses in each sample. The PCI is a numerical score from 1 to 100, with 100 being a perfect score. The average PCI of all the rated segments is the reported condition level.

Prior to using Micro Paver, the Street Department rated each street of the network under a different system using a scale of 1 to 5. Transitioning from the old scale to Micro Paver required the department to reassess each street in the network. One-third of the Street Network was assessed each year starting in 2002 and was completed in 2006.

CITY OF CLARKSVILLE, TENNESSEE

REQUIRED SUPPLEMENTARY INFORMATION - CONTINUED
 JUNE 30, 2014
 (Unaudited - See Accompanying Auditor's Report)

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, 2014	Good (PCI 60)	634
June 30, 2013	Good (PCI 62)	624
June 30, 2012	Good (PCI 63)	615
June 30, 2011	Good (PCI 54)	603
June 30, 2010	Good (PCI 55)	595
June 30, 2009	Good (PCI 56)	587
June 30, 2008	Good (PCI 58)	572
June 30, 2007	Good (PCI 58)	560
June 30, 2006	Good (PCI 60)	550
June 30, 2005	Good (PCI 63)	543

The following table illustrates the condition of the entire network.

<u>Maintenance Rating</u>	<u>FY 2014</u>	<u>FY 2013</u>	<u>FY 2012</u>	<u>FY 2011</u>	<u>FY 2010</u>	<u>FY 2009</u>	<u>FY 2008</u>	<u>FY 2007</u>	<u>FY 2006</u>	<u>FY 2005</u>
Good to Excellent	59%	59%	64%	56%	55%	57%	60%	60%	65%	62%
Fair	32%	30%	22%	18%	23%	20%	18%	20%	17%	22%
Poor to Failed	9%	11%	14%	25%	22%	23%	22%	20%	18%	16%

CITY OF CLARKSVILLE, TENNESSEE

REQUIRED SUPPLEMENTARY INFORMATION - CONTINUED
 JUNE 30, 2014
 (Unaudited - See Accompanying Auditor's Report)

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

<u>Fiscal Year</u>		<u>Budgeted Estimate</u>		<u>Actual Expenditure</u>
2015	\$	3,870,000		N/A
2014		3,720,000	\$	3,585,410
2013		3,520,000		3,872,665
2012		3,520,000		3,764,685
2011		2,970,000		3,076,298
2010		2,970,000		3,022,640
2009		2,970,000		2,916,036
2008		2,970,000		2,780,995
2007		2,280,000		2,672,459
2006		3,300,000		2,358,345

E. 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 SCHEDULES AND NON-MAJOR GOVERNMENTAL FUNDS

Budgetary Comparison Schedules:

This section contains original and final budget information as well as comparison of the actual amounts to the final budget for the following funds:

Capital Projects Fund
Debt Service Fund

Non-Major Governmental Funds:

This section contains combining financial statements for the City's non-major governmental funds, which are all special revenue funds. Special revenue funds are used to account for specific revenues that are to be expended for particular purposes.

This section also contains budgetary comparisons detailing the original and final budgets, actual amounts, and the variance from actual to final budget for the following funds:

Community Development
Drug Fund
Police Special
Parks Special
Capital Projects Revenue District
Other Special Revenue

CITY OF CLARKSVILLE, TENNESSEE

Budgetary Comparison Schedule
 Capital Projects and Debt Service Funds
 For the Year Ended June 30, 2014

	Original Budget	Final Budget	Actual Amounts	Variance with Final Budget
Capital Projects				
<u>Revenue</u>				
Interest	\$ -	\$ -	\$ 9,676	\$ 9,676
Federal and state grants	2,966,183	2,966,183	628,894	(2,337,289)
Contributions	-	-	5,013	5,013
<u>Other Financing Sources</u>				
Bond proceeds	7,883,735	8,603,381	8,750,270	146,889
Transfers in	150,766	514,766	445,766	(69,000)
Total revenue and other financing sources	<u>11,000,684</u>	<u>12,084,330</u>	<u>9,839,619</u>	<u>(2,244,711)</u>
<u>Expenditures</u>				
Capital investments	6,384,759	6,816,069	6,896,430	(80,361)
Other expenditures	14,340,017	2,610,421	4,834,630	(2,224,209)
Total expenditures	<u>20,724,776</u>	<u>9,426,490</u>	<u>11,731,060</u>	<u>(2,304,570)</u>
Net Change in Fund Balance	<u>\$ (9,724,092)</u>	<u>\$ 2,657,840</u>	<u>(1,891,441)</u>	<u>\$ (4,549,281)</u>
Fund Balance, Beginning of Year			8,098,164	
Fund Balance, End of Year			<u>\$ 6,206,723</u>	
Debt Service				
<u>Revenue</u>				
Transfers from non-component unit	\$ 389,780	\$ 389,780	\$ 330,350	\$ (59,430)
<u>Other Financing Sources</u>				
Bond proceeds	-	-	2,659,291	2,659,291
Transfers In	8,961,889	8,048,162	8,056,396	8,234
Total revenue and other financing sources	<u>9,351,669</u>	<u>8,437,942</u>	<u>11,046,037</u>	<u>2,608,095</u>
<u>Expenditures</u>				
Principal retirement	6,799,950	6,799,950	6,799,950	-
Payment to refunded bond escrow agent	-	-	2,555,000	(2,555,000)
Interest and other charges	3,184,055	2,601,643	2,511,610	90,033
Other	95,650	95,650	42,633	53,017
Total expenditures	<u>10,079,655</u>	<u>9,497,243</u>	<u>11,909,193</u>	<u>(2,411,950)</u>
Net Change in Fund Balance	<u>\$ (727,986)</u>	<u>\$ (1,059,301)</u>	<u>(863,156)</u>	<u>\$ 196,145</u>
Fund Balance, Beginning of Year			1,628,066	
Fund Balance, End of Year			<u>\$ 764,910</u>	

See independent auditor's report.

CITY OF CLARKSVILLE, TENNESSEE

Combining Balance Sheet
Non-Major Governmental Funds
June 30, 2014

		Special Revenue Funds						
		Community Development	Drug Fund	Police Special Fund	Parks Special Fund	Capital Projects Revenue District Fund	Other Special Revenue Funds	Total
Assets								
	Cash and cash equivalents	\$ 338,419	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 338,419
	Notes receivable	6,192,780	-	-	-	-	-	6,192,780
	Accounts receivable	-	-	-	3,063	-	43,149	46,212
	Taxes receivable	-	-	-	-	2,000,000	-	2,000,000
	Grants receivable	76,455	-	177,752	71,695	-	-	325,902
	Due from other governments	-	1,166	-	72,324	-	-	73,490
	Due from other funds of the primary government	28,786	646,907	-	382,974	591,762	125,702	1,776,131
	Due from component units	-	-	-	3,000	-	-	3,000
	Inventory	-	-	-	3,565	-	-	3,565
	Other	1,034,355	-	-	809	-	-	1,035,164
	Restricted assets:							
	Cash and cash equivalents	-	122,542	-	-	-	-	122,542
	Total assets	<u>\$ 7,670,795</u>	<u>\$ 770,615</u>	<u>\$ 177,752</u>	<u>\$ 537,430</u>	<u>\$ 2,591,762</u>	<u>\$ 168,851</u>	<u>\$ 11,917,205</u>
Liabilities, Deferred Inflows of Resources and Fund Balances								
Liabilities								
	Accounts payable	\$ 66,731	\$ 1,591	\$ 9,689	\$ 239,249	\$ -	\$ 21,301	\$ 338,561
	Due to other funds of the primary government	75,875	-	135,866	-	-	-	211,741
	Unearned revenues	-	117,597	23,767	-	-	-	141,364
	Total liabilities	<u>142,606</u>	<u>119,188</u>	<u>169,322</u>	<u>239,249</u>	<u>-</u>	<u>21,301</u>	<u>691,666</u>
Deferred Inflows of Resources								
	Unavailable revenues	<u>7,227,138</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>2,000,000</u>	<u>-</u>	<u>9,227,138</u>
Fund Balances								
	Nonspendable	-	-	-	4,374	-	-	4,374
	Restricted	301,051	651,427	8,430	-	-	147,550	1,108,458
	Committed	-	-	-	293,807	591,762	-	885,569
	Total fund balances	<u>301,051</u>	<u>651,427</u>	<u>8,430</u>	<u>298,181</u>	<u>591,762</u>	<u>147,550</u>	<u>1,998,401</u>
	Total liabilities, deferred inflows of resources and fund balances	<u>\$ 7,670,795</u>	<u>\$ 770,615</u>	<u>\$ 177,752</u>	<u>\$ 537,430</u>	<u>\$ 2,591,762</u>	<u>\$ 168,851</u>	<u>\$ 11,917,205</u>

See independent auditor's report.

CITY OF CLARKSVILLE, TENNESSEE

Combining Statement of Revenues, Expenditures and Changes in Fund Balances
 Non-Major Governmental Funds
 For the Year Ended June 30, 2014

	Special Revenue Funds						Total
	Community Development Fund	Drug Fund	Police Special Fund	Parks Special Fund	Capital Projects Revenue District Fund	Other Special Revenue Funds	
Revenues							
Local taxes	\$ -	\$ -	\$ -	\$ -	\$ 2,012,482	\$ -	\$ 2,012,482
Program income	182,005	-	-	405,290	-	-	587,295
Interest	34	-	48	-	-	-	82
Federal and state grants	1,425,102	14,687	446,145	114,901	-	-	2,000,835
Fines and forfeitures	-	226,370	112,263	-	-	388,548	727,181
Contributions	-	-	6,881	96,110	-	-	102,991
Miscellaneous	26,271	-	-	-	-	-	26,271
Total revenues	<u>1,633,412</u>	<u>241,057</u>	<u>565,337</u>	<u>616,301</u>	<u>2,012,482</u>	<u>388,548</u>	<u>5,457,137</u>
Expenditures							
Recreation	-	-	-	839,413	-	58,925	898,338
Drug enforcement	-	104,730	-	-	-	-	104,730
Community development	1,760,718	-	-	-	-	-	1,760,718
Public safety	-	-	506,898	-	-	150,199	657,097
Capital outlay	-	10,408	140,602	13,524	-	130,058	294,592
Other expenditures	-	-	-	-	-	1,015	1,015
Total expenditures	<u>1,760,718</u>	<u>115,138</u>	<u>647,500</u>	<u>852,937</u>	<u>-</u>	<u>340,197</u>	<u>3,716,490</u>
Excess (deficiency) of revenue over (under) expenditures	(127,306)	125,919	(82,163)	(236,636)	2,012,482	48,351	1,740,647
Other Financing Sources(Uses)							
Transfers in	113,484	-	2,021	-	-	-	115,505
Transfers out	-	-	-	-	(1,979,528)	(5,991)	(1,985,519)
Total other financing sources (uses)	<u>113,484</u>	<u>-</u>	<u>2,021</u>	<u>-</u>	<u>(1,979,528)</u>	<u>(5,991)</u>	<u>(1,870,014)</u>
Net change in fund balances	(13,822)	125,919	(80,142)	(236,636)	32,954	42,360	(129,367)
Fund Balance - Beginning	<u>314,873</u>	<u>525,508</u>	<u>88,572</u>	<u>534,817</u>	<u>558,808</u>	<u>105,190</u>	<u>2,127,768</u>
Fund Balance - Ending	<u>\$ 301,051</u>	<u>\$ 651,427</u>	<u>\$ 8,430</u>	<u>\$ 298,181</u>	<u>\$ 591,762</u>	<u>\$ 147,550</u>	<u>\$ 1,998,401</u>

See independent auditor's report.

CITY OF CLARKSVILLE, TENNESSEE

Non-Major Governmental Funds
 Schedules of Revenues, Expenditures, and Changes in Fund Balances
 Budget and Actual
 For Year Ended June 30, 2014

	Original Budget	Final Budget	Actual Amounts	Variance with Final Budget
<u>Community Development</u>				
<u>Revenue</u>				
Program income	\$ 140,500	\$ 140,500	\$ 182,005	\$ 41,505
Interest	-	-	34	34
Federal and state grants	1,860,619	1,860,574	1,425,102	(435,472)
Other	-	-	26,271	26,271
<u>Other Financing Sources</u>				
Transfers In	88,000	118,000	113,484	(4,516)
Total revenue and other financing sources	<u>2,089,119</u>	<u>2,119,074</u>	<u>1,746,896</u>	<u>(372,178)</u>
<u>Expenditures</u>				
Community development	2,074,119	2,104,074	1,760,718	343,356
Total expenditures	<u>2,074,119</u>	<u>2,104,074</u>	<u>1,760,718</u>	<u>343,356</u>
Net Change in Fund Balance	<u>\$ 15,000</u>	<u>\$ 15,000</u>	<u>(13,822)</u>	<u>\$ (28,822)</u>
Fund Balance, Beginning of Year			314,873	
Fund Balance, End of Year			<u>\$ 301,051</u>	
<u>Drug Fund</u>				
<u>Revenue</u>				
Fines and forfeitures	\$ 329,918	\$ 206,297	\$ 226,370	\$ 20,073
Federal reimbursements	-	17,202	14,687	(2,515)
Total revenue	<u>329,918</u>	<u>223,499</u>	<u>241,057</u>	<u>17,558</u>
<u>Expenditures</u>				
Drug enforcement	229,026	177,021	104,730	72,291
Capital investments	40,000	19,018	10,408	8,610
Total expenditures	<u>269,026</u>	<u>196,039</u>	<u>115,138</u>	<u>80,901</u>
Net Change in Fund Balance	<u>\$ 60,892</u>	<u>\$ 27,460</u>	<u>125,919</u>	<u>\$ 98,459</u>
Fund Balance, Beginning of Year			525,508	
Fund Balance, End of Year			<u>\$ 651,427</u>	

See independent auditor's report.

CITY OF CLARKSVILLE, TENNESSEE

Non-Major Governmental Funds
 Schedules of Revenues, Expenditures, and Changes in Fund Balances
 Budget and Actual
 For Year Ended June 30, 2014

	Original Budget	Final Budget	Actual Amounts	Variance with Final Budget
<u>Police Special Fund</u>				
<u>Revenue</u>				
Interest	\$ -	\$ 47	\$ 48	\$ 1
Federal and state grants	682,358	559,819	446,145	(113,674)
Fines and forfeitures	96,250	108,125	112,263	4,138
Contributions	4,600	6,613	6,881	268
<u>Other Financing Sources</u>				
Transfers in	5,995	2,021	2,021	-
Total revenue and other financing sources	<u>789,203</u>	<u>676,625</u>	<u>567,358</u>	<u>(109,267)</u>
<u>Expenditures</u>				
Public safety	746,554	593,749	506,898	86,851
Capital investments	134,286	140,602	140,602	-
Total expenditures	<u>880,840</u>	<u>734,351</u>	<u>647,500</u>	<u>86,851</u>
Net Change in Fund Balance	<u>\$ (91,637)</u>	<u>\$ (57,726)</u>	<u>(80,142)</u>	<u>\$ (22,416)</u>
Fund Balance, Beginning of Year			88,572	
Fund Balance, End of Year			<u>\$ 8,430</u>	
 <u>Parks Special Fund</u>				
<u>Revenue</u>				
Program income	\$ 266,400	\$ 360,671	\$ 405,290	\$ 44,619
Federal and state grants	97,000	97,000	114,901	17,901
Contributions	28,654	78,279	96,110	17,831
Total revenue	<u>392,054</u>	<u>535,950</u>	<u>616,301</u>	<u>80,351</u>
<u>Expenditures</u>				
Recreation	504,547	954,178	839,413	114,765
Capital investments	-	15,000	13,524	1,476
Total expenditures	<u>504,547</u>	<u>969,178</u>	<u>852,937</u>	<u>116,241</u>
Net Change in Fund Balance	<u>\$ (112,493)</u>	<u>\$ (433,228)</u>	<u>(236,636)</u>	<u>\$ 196,592</u>
Fund Balance, Beginning of Year			534,817	
Fund Balance, End of Year			<u>\$ 298,181</u>	

See independent auditor's report.

CITY OF CLARKSVILLE, TENNESSEE

Non-Major Governmental Funds
 Schedules of Revenues, Expenditures, and Changes in Fund Balances
 Budget and Actual
 For Year Ended June 30, 2014

	Original Budget	Final Budget	Actual Amounts	Variance with Final Budget
<u>Other Special Revenue Fund</u>				
<u>Revenue</u>				
Federal and state grants	\$ 102,203	\$ 36,357	\$ -	\$ (36,357)
Fines and forfeitures	339,698	364,882	388,548	23,666
Total revenue	441,901	401,239	388,548	(12,691)
<u>Expenditures</u>				
Miscellaneous	127,754	56,768	1,015	55,753
Public safety	127,058	155,022	150,199	4,823
Recreation	78,016	78,016	58,925	19,091
Capital investments	158,023	130,059	130,058	1
<u>Other Financing Uses</u>				
Transfer out	-	5,991	5,991	-
Total expenditures and other financing uses	490,851	425,856	346,188	79,668
Net Change in Fund Balance	\$ (48,950)	\$ (24,617)	42,360	\$ 66,977
Fund Balance, Beginning of Year			105,190	
Fund Balance, End of Year			\$ 147,550	
<u>Capital Projects Revenue District Fund</u>				
<u>Revenue</u>				
Local taxes	\$ 2,500,000	\$ 2,012,482	\$ 2,012,482	\$ -
Total revenue	2,500,000	2,012,482	2,012,482	-
<u>Other Financing Uses</u>				
Transfers out	2,500,209	2,012,482	1,979,528	32,954
Total other financing uses	2,500,209	2,012,482	1,979,528	32,954
Net Change in Fund Balance	\$ (209)	\$ -	32,954	\$ 32,954
Fund Balance, Beginning of Year			558,808	
Fund Balance, End of Year			\$ 591,762	

See independent auditor's report.

CITY OF CLARKSVILLE, TENNESSEE
NON-MAJOR ENTERPRISE FUNDS

Non-Major Enterprise Funds:

This section contains combining financial statements for the City's non-major enterprise funds. Enterprise funds are used to account for operations where it is the intent that costs of providing services to the general public on a continuing basis be financed or recovered through user charges and space rentals; or the City has decided that periodic determination of net income is appropriate for accountability purposes. The City's non-major enterprise funds are as follows:

Parking Authority
Clarksville Transit System

CITY OF CLARKSVILLE, TENNESSEE

Combining Statement of Net Position
Non-Major Proprietary Funds
June 30, 2014

		<u>Business-Type Activities / Enterprise Funds</u>		
		<u>Parking Authority</u>	<u>Clarksville Transit System</u>	<u>Total</u>
Assets				
Current assets:				
	Cash and cash equivalents	\$ 315,339	\$ 1,202,127	\$ 1,517,466
	Accounts receivable	5,383	7,054	12,437
	Due from other funds of the primary government	-	208,035	208,035
	Inventory	-	140,407	140,407
	Grants receivable	-	545,806	545,806
	Prepaid items	-	41,047	41,047
	Total current assets	<u>320,722</u>	<u>2,144,476</u>	<u>2,465,198</u>
Noncurrent assets:				
Capital assets - at cost:				
	Assets not depreciated	-	153,432	153,432
	Property, plant and equipment	3,686,941	12,989,995	16,676,936
	Less accumulated depreciation	<u>(1,607,458)</u>	<u>(8,177,467)</u>	<u>(9,784,925)</u>
	Net capital assets	<u>2,079,483</u>	<u>4,965,960</u>	<u>7,045,443</u>
	Total noncurrent assets	<u>2,079,483</u>	<u>4,965,960</u>	<u>7,045,443</u>
	Total assets	<u>\$ 2,400,205</u>	<u>\$ 7,110,436</u>	<u>\$ 9,510,641</u>
Liabilities				
Current liabilities:				
	Accounts payable	\$ 6,600	\$ 110,017	\$ 116,617
	Accrued liabilities	-	22,319	22,319
	Interest payable	730	-	730
	Due to other funds of the primary government	57,805	23,492	81,297
	Accrued compensated absences	-	164,433	164,433
	Current portion of long-term debt	7,809	-	7,809
	Unearned revenue	5,196	224,381	229,577
	Total current liabilities	<u>78,140</u>	<u>544,642</u>	<u>622,782</u>
Noncurrent liabilities:				
	Notes payable	29,303	-	29,303
	OPEB liability	-	1,529,068	1,529,068
	Total noncurrent liabilities	<u>29,303</u>	<u>1,529,068</u>	<u>1,558,371</u>
	Total liabilities	<u>107,443</u>	<u>2,073,710</u>	<u>2,181,153</u>
Net Position				
	Net investment in capital assets	2,042,371	4,965,960	7,008,331
	Unrestricted	250,391	70,766	321,157
	Total net position	<u>2,292,762</u>	<u>5,036,726</u>	<u>7,329,488</u>
	Total liabilities and net position	<u>\$ 2,400,205</u>	<u>\$ 7,110,436</u>	<u>\$ 9,510,641</u>

See independent auditor's report.

CITY OF CLARKSVILLE, TENNESSEE

Combining Statement of Revenue, Expenses and
Changes in Fund Net Position
Non-Major Proprietary Funds
For the Year Ended June 30, 2014

	<u>Business-Type Activities / Enterprise Funds</u>		
	<u>Parking Authority</u>	<u>Clarksville Transit System</u>	<u>Total</u>
Operating Revenues			
Fees	\$ 316,307	\$ 754,073	\$ 1,070,380
Advertising	-	68,517	68,517
Rental income	102,450	-	102,450
Miscellaneous	920	530	1,450
Total operating revenues	<u>419,677</u>	<u>823,120</u>	<u>1,242,797</u>
Operating Expenses			
Administrative and general	-	963,758	963,758
Operation and maintenance	-	4,831,917	4,831,917
Depreciation	63,036	1,092,378	1,155,414
Total operating expenses	<u>63,036</u>	<u>6,888,053</u>	<u>6,951,089</u>
Operating income (loss)	<u>356,641</u>	<u>(6,064,933)</u>	<u>(5,708,292)</u>
Nonoperating Revenues (Expenses)			
Interest income	153	509	662
Grants	-	3,798,186	3,798,186
Interest expense	(2,481)	-	(2,481)
Total nonoperating (expenses) revenues	<u>(2,328)</u>	<u>3,798,695</u>	<u>3,796,367</u>
Income (Loss) Before Transfers	<u>354,313</u>	<u>(2,266,238)</u>	<u>(1,911,925)</u>
Transfers out	(303,355)	-	(303,355)
Transfers in	-	1,356,930	1,356,930
Changes in Net Position	<u>50,958</u>	<u>(909,308)</u>	<u>(858,350)</u>
Net Position - Beginning of Year	<u>2,241,804</u>	<u>5,946,034</u>	<u>8,187,838</u>
Net Position - End of Year	<u>\$ 2,292,762</u>	<u>\$ 5,036,726</u>	<u>\$ 7,329,488</u>

See independent auditor's report.

CITY OF CLARKSVILLE, TENNESSEE

Combining Statement of Cash Flows
 Non-Major Proprietary Funds
 For Year Ended June 30, 2014

	<u>Business-Type Activities / Enterprise Funds</u>		
	<u>Parking Authority</u>	<u>Clarksville Transit System</u>	<u>Total</u>
Cash Flows From Operating Activities			
Receipts from customers	\$ 420,229	\$ 856,192	\$ 1,276,421
Payments to suppliers	(6,015)	(1,755,890)	(1,761,905)
Payments to or on behalf of employees	-	(3,918,413)	(3,918,413)
	<u>414,214</u>	<u>(4,818,111)</u>	<u>(4,403,897)</u>
Net cash provided (used) by operating activities			
	<u>414,214</u>	<u>(4,818,111)</u>	<u>(4,403,897)</u>
Cash Flows From Noncapital Financing Activities			
Grant collections	-	3,833,785	3,833,785
Operating transfers in	-	1,594,073	1,594,073
Transfers to other funds	(224,594)	-	(224,594)
	<u>(224,594)</u>	<u>5,427,858</u>	<u>5,203,264</u>
Net cash provided (used) by noncapital financing activities			
	<u>(224,594)</u>	<u>5,427,858</u>	<u>5,203,264</u>
Cash Flows From Capital and Related Financial Activities			
Acquisition and construction of capital assets	(179,621)	(503,779)	(683,400)
Interest paid	(2,626)	-	(2,626)
Repayment of notes payable	(7,373)	-	(7,373)
	<u>(189,620)</u>	<u>(503,779)</u>	<u>(693,399)</u>
Net cash used by capital and related financing activities			
	<u>(189,620)</u>	<u>(503,779)</u>	<u>(693,399)</u>
Cash Flows From Investing Activities			
Interest received	153	509	662
	<u>153</u>	<u>509</u>	<u>662</u>
Net cash provided by investing activities			
	<u>153</u>	<u>509</u>	<u>662</u>
Net increase in cash and cash equivalents	153	106,477	106,630
Cash - Beginning of Year	<u>315,186</u>	<u>1,095,650</u>	<u>1,410,836</u>
Cash - End of Year	<u>\$ 315,339</u>	<u>\$ 1,202,127</u>	<u>\$ 1,517,466</u>

See independent auditor's report.

CITY OF CLARKSVILLE, TENNESSEE

Combining Statement of Cash Flows - Continued
 Non-Major Proprietary Funds
 For Year Ended June 30, 2014

	<u>Business-Type Activities / Enterprise Funds</u>		
	<u>Parking Authority</u>	<u>Clarksville Transit System</u>	<u>Total</u>
Reconciliation of Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities			
Operating income (loss)	\$ 356,641	\$ (6,064,933)	\$ (5,708,292)
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities:			
Depreciation and amortization	63,036	1,092,378	1,155,414
(Increase) decrease in:			
Accounts receivable	609	10,693	11,302
Inventory	-	(37,326)	(37,326)
Prepaid items	-	109	109
Increase (decrease) in:			
Accounts payable	(6,015)	(62,393)	(68,408)
Accrued compensated absences	-	(6,926)	(6,926)
Accrued liabilities	-	338	338
OPEB liability	-	227,570	227,570
Other	(57)	22,379	22,322
	<u>57,573</u>	<u>1,246,822</u>	<u>1,304,395</u>
Total adjustments			
Net cash provided (used) by operating activities	<u>\$ 414,214</u>	<u>\$ (4,818,111)</u>	<u>\$ (4,403,897)</u>

See independent auditor's report.

Internal Service Funds:

This section contains combining financial statements for the City's internal service funds. Internal service funds are used for financing of goods and services provided by one department or agency to other departments or agencies of the government and to other governmental units, on a cost reimbursement basis. The City's internal service funds relate to self-insurance are as follows:

- Dental Fund
- Health Insurance Fund
- Self-Insurance Fund

CITY OF CLARKSVILLE, TENNESSEE

Combining Statement of Net Position
Internal Service Funds
June 30, 2014

	<u>Dental Fund</u>	<u>Health Insurance Fund</u>	<u>Self-Insurance Fund</u>	<u>Total</u>
Assets				
Current assets:				
Cash and cash equivalents	\$ 131,909	\$ 2,719,588	\$ 558,025	\$ 3,409,522
Due from other funds of the primary government	-	-	2,455,234	2,455,234
Other assets	<u>-</u>	<u>22,686</u>	<u>50,000</u>	<u>72,686</u>
Total assets	<u>\$ 131,909</u>	<u>\$ 2,742,274</u>	<u>\$ 3,063,259</u>	<u>\$ 5,937,442</u>
Liabilities				
Current liabilities:				
Accounts payable	\$ 26,898	\$ 33,673	\$ 95,016	\$ 155,587
Due to other funds of the primary government	718	610,794	-	611,512
Accrued liabilities	<u>-</u>	<u>235,642</u>	<u>1,207,239</u>	<u>1,442,881</u>
Total liabilities	<u>27,616</u>	<u>880,109</u>	<u>1,302,255</u>	<u>2,209,980</u>
Net Position				
Unrestricted	<u>104,293</u>	<u>1,862,165</u>	<u>1,761,004</u>	<u>3,727,462</u>
Total liabilities and net position	<u>\$ 131,909</u>	<u>\$ 2,742,274</u>	<u>\$ 3,063,259</u>	<u>\$ 5,937,442</u>

See independent auditor's report.

CITY OF CLARKSVILLE, TENNESSEE

Combining Statement of Revenue, Expenses and Changes in Net Position
Internal Service Funds
For the Year Ended June 30, 2014

	<u>Dental Fund</u>	<u>Health Insurance Fund</u>	<u>Self-Insurance Fund</u>	<u>Total</u>
Operating Revenues				
Insurance premiums	\$ 976,484	\$ 11,807,638	\$ 958,950	\$ 13,743,072
Miscellaneous	-	-	3,683	3,683
Total operating revenues	<u>976,484</u>	<u>11,807,638</u>	<u>962,633</u>	<u>13,746,755</u>
Operating Expenses				
Administrative and general	52,563	1,054,895	6,098	1,113,556
Other	-	323,782	-	323,782
Claims	<u>924,173</u>	<u>8,724,142</u>	<u>916,133</u>	<u>10,564,448</u>
Total operating expenses	<u>976,736</u>	<u>10,102,819</u>	<u>922,231</u>	<u>12,001,786</u>
Operating (loss) income	<u>(252)</u>	<u>1,704,819</u>	<u>40,402</u>	<u>1,744,969</u>
Non-Operating Revenues				
Interest and dividend income	<u>-</u>	<u>3</u>	<u>502</u>	<u>505</u>
Total non-operating revenues	<u>-</u>	<u>3</u>	<u>502</u>	<u>505</u>
Changes in Net Position	(252)	1,704,822	40,904	1,745,474
Net Position - Beginning of Year	<u>104,545</u>	<u>157,343</u>	<u>1,720,100</u>	<u>1,981,988</u>
Net Position - End of Year	<u>\$ 104,293</u>	<u>\$ 1,862,165</u>	<u>\$ 1,761,004</u>	<u>\$ 3,727,462</u>

See independent auditor's report.

CITY OF CLARKSVILLE, TENNESSEE

Combining Statement of Cash Flows
Internal Service Funds
For Year Ended June 30, 2014

	Dental Fund	Health Insurance Fund	Self-Insurance Fund	Total
Cash Flows from Operating Activities				
Receipts from customers	\$ 976,425	\$ 11,938,407	\$ 569,574	\$ 13,484,406
Claims paid	(913,379)	(8,527,262)	(552,000)	(9,992,641)
Other	(52,563)	(1,378,677)	(17,574)	(1,448,814)
	<u>10,483</u>	<u>2,032,468</u>	<u>-</u>	<u>2,042,951</u>
Net cash provided by operating activities				
Cash Flows from Investing Activities				
Interest received	-	3	502	505
	<u>-</u>	<u>3</u>	<u>502</u>	<u>505</u>
Net cash provided by investing activities				
Net change in cash and cash equivalents	10,483	2,032,471	502	2,043,456
Cash - Beginning of Year	<u>121,426</u>	<u>687,117</u>	<u>557,523</u>	<u>1,366,066</u>
Cash - End of Year	<u>\$ 131,909</u>	<u>\$ 2,719,588</u>	<u>\$ 558,025</u>	<u>\$ 3,409,522</u>
Reconciliation of Operating Income (Loss) to Net Cash Provided by Operating Activities				
Operating income (loss)	\$ (252)	\$ 1,704,819	\$ 40,402	\$ 1,744,969
Adjustments to reconcile operating income (loss) to net cash provided by operating activities:				
(Increase) decrease in:				
Due from other funds of the primary government	-	-	(393,059)	(393,059)
Other	-	(22,686)	-	(22,686)
Increase (decrease) in:				
Accounts payable	10,794	(38,762)	(17,575)	(45,543)
Accrued liabilities	-	235,642	370,232	605,874
Due to other funds of the primary government	(59)	153,455	-	153,396
Total adjustments	<u>10,735</u>	<u>327,649</u>	<u>(40,402)</u>	<u>297,982</u>
Net cash provided by operating activities	<u>\$ 10,483</u>	<u>\$ 2,032,468</u>	<u>\$ -</u>	<u>\$ 2,042,951</u>

See independent auditor's report.

CITY OF CLARKSVILLE, TENNESSEE

NON-MAJOR COMPONENT UNITS

Non-Major Component Units:

This section contains combining financial statements of the City's non-major component units. The City has two non-major discretely presented component units, which are as follows:

Clarksville - Montgomery County Museum

Clarksville CBID Management Corp of 1999 d/b/a Two Rivers Company

CITY OF CLARKSVILLE, TENNESSEE

Combining - Statement of Net Position
Component Units
June 30, 2014

	<u>Component Units</u>		<u>Total</u>
	<u>Clarksville- Montgomery Co. Museum</u>	<u>Clarksville CBID Management Corp. of 1999</u>	
Assets			
Current assets:			
Cash and cash equivalents	\$ 146,349	\$ 539,378	\$ 685,727
Accounts receivable	33,502	-	33,502
Inventory	28,575	-	28,575
Grants receivable	10,000	-	10,000
Prepaid items	4,591	10,000	14,591
Total current assets	<u>223,017</u>	<u>549,378</u>	<u>772,395</u>
Restricted assets:			
Cash and cash equivalents	76,776	-	76,776
Investments	1,666,380	-	1,666,380
Total restricted assets	<u>1,743,156</u>	<u>-</u>	<u>1,743,156</u>
Property and equipment			
Leasehold Improvements	4,311,751	-	4,311,751
Furniture and equipment	160,444	4,242	164,686
Less: Accumulated depreciation	(1,757,453)	(1,356)	(1,758,809)
Net property and equipment	<u>2,714,742</u>	<u>2,886</u>	<u>2,717,628</u>
Total assets	<u>4,680,915</u>	<u>552,264</u>	<u>5,233,179</u>
Liabilities			
Current liabilities:			
Accounts payable	2,109	7,410	9,519
Accrued liabilities	7,258	-	7,258
Accrued interest	3,499	-	3,499
Accrued compensated absences	14,706	-	14,706
Current portion of long-term debt	17,385	-	17,385
Total current liabilities	<u>44,957</u>	<u>7,410</u>	<u>52,367</u>
Noncurrent liabilities:			
Notes payable	116,962	-	116,962
Total liabilities	<u>161,919</u>	<u>7,410</u>	<u>169,329</u>
Net Position			
Net investment in capital assets	2,580,395	2,886	2,583,281
Restricted:			
Expendable	76,776	-	76,776
Nonexpendable	1,666,380	-	1,666,380
Unrestricted	195,445	541,968	737,413
Total net position	<u>\$ 4,518,996</u>	<u>\$ 544,854</u>	<u>\$ 5,063,850</u>

See independent auditor's report.

CITY OF CLARKSVILLE, TENNESSEE

Combining Statement of Activities
 Component Units
 For the Year Ended June 30, 2014

Functions/Programs	Expenses	Program Revenues		Capital Grants and Contributions	Net (Expense) Revenue and Changes in Net Position Primary Government Component Units
		Charges for Services	Operating Grants and Contributions		
Clarksville-Montgomery County Museum	\$ 1,940,682	\$ 204,594	\$ 1,388,318	\$ -	\$ (347,770)
Two Rivers Company	116,336	25,213	438,915	-	347,792
Discretely Presented Component Units	<u>\$ 2,057,018</u>	<u>\$ 229,807</u>	<u>\$ 1,827,233</u>	<u>\$ -</u>	<u>22</u>
General revenues:					
Net investment income of Museum					252,235
Change in net position					252,257
Net position - beginning					4,811,593
Net position - ending					<u>\$ 5,063,850</u>

See independent auditor's report.

CITY OF CLARKSVILLE, TENNESSEE

SUPPLEMENTAL SCHEDULES

This section contains supplemental schedules which are intended to provide additional financial information or demonstrate compliance with federal, state or other legal requirements. This section contains the following schedules:

- Schedule of Expenditures of Federal Awards
- Schedule of Expenditure of State Awards
- Notes to the Schedules of Expenditures of Federal and State Awards
- Gas Rates and Customers
- Water Rates and Customers
- Sewer Rates and Customers
- Electric Rates
- Broadband Rates
- Electric and Broadband Customers and Other Data
- Schedule of Unaccounted for Water - AWWA Format

CITY OF CLARKSVILLE, TENNESSEE

Schedule of Expenditures of Federal Awards
For the Year Ended June 30, 2014

Grantor	Federal CFDA Number	Grant Number	Grant (Receivables) Deferred July 1, 2013	Federal Receipts	Program Income	Expenditures	Other	Grant (Receivables) Deferred June 30, 2014
US DEPARTMENT OF HOMELAND SECURITY - FEMA								
Passed through TEMA:								
Disaster Declaration - Flood - GF	97.036	FEMA-1909-DR-TN	\$ (90,825)	\$ -	\$ -	\$ -	\$ -	\$ (90,825)
Disaster Declaration - Flood- CDE	97.036	FEMA-1909-DR-TN	(79,662)	79,665	-	-	3	-
Passed through TEMA:								
Disaster Declaration - CDE	97.036	PA-04-TN-1979-0020(19)	(328,548)	-	-	-	-	(328,548)
Disaster Declaration - CDE	97.036	PA-04-TN-1974-0026(27)	(432,720)	18,977	-	-	-	(413,743)
Passed through TEMA:								
Disaster Declaration - Property Buyout - GF	97.039	FEMA-1909-0004	(60,624)	-	-	4,312	-	(64,936)
Disaster Declaration - Property Buyout - GF	97.039	FEMA-1909-0004	(11,419)	11,419	-	2,625	-	(2,625)
Passed through US Coast Guard through Metropolitan Govt of Nashville and Davidson County Mayor's Office of Emergency Management:								
Port Security Grant - GF	97.116	2010-PU-T0-K054	(6,360)	6,360	-	-	-	-
TOTAL US DEPARTMENT OF HOMELAND SECURITY - FEMA			(1,010,158)	116,421	-	6,937	3	(900,677)
US DEPARTMENT OF AGRICULTURE								
Passed through the TN Department of Human Services:								
Food Distribution - Summer 2013	10.550	30-006	(65,366)	86,489	-	21,123	-	-
Food Distribution - Summer 2014	10.550	30-006	-	-	-	72,324	-	(72,324)
TOTAL US DEPARTMENT OF AGRICULTURE			(65,366)	86,489	-	93,447	-	(72,324)
US DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT								
Direct Program:								
Community Development Block Grant	14.218	B-11-MC-47-0002	(44,761)	99,343	-	54,582	-	-
Community Development Block Grant	14.218	B-12-MC-47-0002	-	740,637	-	767,450	94	(26,907)
Community Development Block Grant	14.218	B-13-MC-47-0002	-	-	-	13,486	200	(13,686)
Community Development Block Grant	14.218	Various	4,393	-	118,935	121,025	2,288	15
Home Investment Partnership Act	14.239	M-10-MC-47-0206	(5,842)	39,552	-	33,710	-	-
Home Investment Partnership Act	14.239	M-11-MC-47-0206	(22,732)	35,581	-	18,943	-	(6,094)

CITY OF CLARKSVILLE, TENNESSEE

Schedule of Expenditures of Federal Awards
For the Year Ended June 30, 2014

Grantor	Federal CFDA Number	Grant Number	Grant (Receivables) Deferred July 1, 2013	Federal Receipts	Program Income	Expenditures	Other	Grant (Receivables) Deferred June 30, 2014
Home Investment Partnership Act	14.239	M-12-MC-47-0206	(6,972)	185,905	-	178,636	297	-
Home Investment Partnership Act	14.239	M-13-MC-47-0206	-	67,325	-	86,843	-	(19,518)
Home Investment Partnership Act	14.239	Various	431	-	63,100	66,259	(6,378)	3,650
Shelter Plus Care	14.235	TN0113C4J031103	(21,264)	12,462	-	-	(8,802)	-
Shelter Plus Care	14.235	TN0113L4J031204	-	103,518	-	103,518	-	-
			<u>(96,747)</u>	<u>1,284,323</u>	<u>182,035</u>	<u>1,444,452</u>	<u>(12,301)</u>	<u>(62,540)</u>
Passed through TN Department of Housing Development Agency: Emergency Shelter	14.231	ESG-12-10	<u>(14,484)</u>	<u>142,783</u>	<u>34</u>	<u>136,604</u>	<u>(10,391)</u>	<u>2,120</u>
TOTAL US DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT			<u>(111,231)</u>	<u>1,427,106</u>	<u>182,069</u>	<u>1,581,056</u>	<u>(22,692)</u>	<u>(60,420)</u>
US DEPARTMENT OF THE INTERIOR								
Passed through TN Historical Commission:								
Historic Preservation Grant - CBID Guidelines	15.904		-	15,000	-	4,000	11,000	-
Historic Preservation Grant	15.904	33019	-	-	-	16,986	-	(16,986)
TOTAL US DEPARTMENT OF THE INTERIOR			<u>-</u>	<u>15,000</u>	<u>-</u>	<u>20,986</u>	<u>11,000</u>	<u>(16,986)</u>
US DEPARTMENT OF JUSTICE								
Direct Program:								
Byrne Justice Assistance Grant JAG 2010	16.738	2010-DJ-BX-0472	165	-	-	6	159	-
COPS Hiring	16.710	2010UMWX0296	(153,545)	611,758	-	542,063	927	(84,777)
JAG 2011	16.738	2011-DJ-BX-2948	2,563	-	-	2,563	-	-
Bulletproof Vest Partnership	16.607		-	742	-	-	742	-
JAG 2012	16.738	2012-DJ-BX-0072	27,631	-	-	27,630	1	-
JAG 2013	16.738	2013-DJ-BX-0445	-	58,033	-	34,266	-	23,767
			<u>(123,186)</u>	<u>670,533</u>	<u>-</u>	<u>606,528</u>	<u>1,829</u>	<u>(61,010)</u>
Passed through the State of TN: JAG/BYRNE - TN Office of Criminal Justice Program	16.738	Edison #16420	<u>(58,498)</u>	<u>219,656</u>	<u>-</u>	<u>240,940</u>	<u>-</u>	<u>(79,782)</u>
TOTAL US DEPARTMENT OF JUSTICE			<u>(181,684)</u>	<u>890,189</u>	<u>-</u>	<u>847,468</u>	<u>1,829</u>	<u>(140,792)</u>

CITY OF CLARKSVILLE, TENNESSEE

Schedule of Expenditures of Federal Awards
For the Year Ended June 30, 2014

Grantor	Federal CFDA Number	Grant Number	Grant (Receivables) Deferred July 1, 2013	Federal Receipts	Program Income	Expenditures	Other	Grant (Receivables) Deferred June 30, 2014
US DEPARTMENT OF TRANSPORTATION								
Direct Program:								
Federal Transit Administration								
Capital Grant	20.500	TN-04-0064	(126,199)	298,326	-	220,766	-	(48,639)
Capital Operating Grant	20.507	TN-90-X348	(124,595)	124,595	-	-	-	-
Capital Grant	20.500	TN-04-0037	(12,431)	131,190	-	77,884	40,875	-
Capital Grant	20.500	TN-04-0045-02	-	-	-	1,499	-	(1,499)
Operating Assistance - Planning	20.500	TN-90-0004-2	(26,286)	37,276	-	10,990	-	-
Operating Assistance - Planning	20.505	TN-80-0005-00	-	13,492	-	43,129	-	(29,637)
Capital Grant	20.507	TN-90-X301	(8,114)	26,801	-	28,510	-	(9,823)
Capital Grant	20.507	TN-90-X317	-	(10,353)	-	32,922	(40,875)	(2,400)
Capital Operating Grant	20.507	TN-90-X337	(715)	715	-	-	-	-
Capital Operating Grant	20.507	TN-90-X360	-	726,196	-	788,855	-	(62,659)
Operating Assistance	20.507	TN-95-X052	(21,424)	129,622	-	125,547	-	(17,349)
Operating Assistance	20.507	TN-90-X0360	-	1,183,919	-	1,183,919	-	-
Jobs Access	20.516	TN-37-X087	(72,459)	103,733	-	31,274	-	-
Jobs Access	20.516	TN-90-X087-01	-	65,990	-	98,411	-	(32,421)
			<u>(392,223)</u>	<u>2,831,502</u>	<u>-</u>	<u>2,643,706</u>	<u>-</u>	<u>(204,427)</u>
Passed through the Tennessee Dept. of Transportation								
Governor's Highway Safety Office:								
Clarksville 2012 Alcohol countermeasures	20.607	154AL-13-42	(28,815)	47,906	-	19,091	-	-
Clarksville 2014 Alcohol countermeasures	20.607	154AL-14-39	-	22,936	-	120,663	-	(97,727)
			<u>(28,815)</u>	<u>70,842</u>	<u>-</u>	<u>139,754</u>	<u>-</u>	<u>(97,727)</u>
Intersection Improvements	20.205	CM9301(18)	(209,522)	502,831	-	406,191	(41,375)	(71,507)
Safe Routes to Schools Grant - Community	20.205	63LPLM-F3-019	(51,465)	51,465	-	-	-	-
Rossvie Road	20.205	STP-M-237(14)	(75,379)	132,555	-	82,828	-	(25,652)
Sango Road	20.205	STP-M-9301(22)	(22,570)	26,679	-	39,721	-	(35,612)
STP Paving Program	20.205	STP-M-9310(29)	(769,703)	877,260	-	107,557	-	-
Intersection Improvements	20.205	STP-SIP-12(44)	(27,535)	27,535	-	-	-	-
			<u>(1,156,174)</u>	<u>1,618,325</u>	<u>-</u>	<u>636,297</u>	<u>(41,375)</u>	<u>(132,771)</u>
TOTAL US DEPARTMENT OF TRANSPORTATION			<u>(1,577,212)</u>	<u>4,520,669</u>	<u>-</u>	<u>3,419,757</u>	<u>(41,375)</u>	<u>(434,925)</u>
TOTAL FEDERAL AWARDS			<u>\$ (2,945,651)</u>	<u>\$ 7,055,874</u>	<u>\$ 182,069</u>	<u>\$ 5,969,651</u>	<u>\$ (51,235)</u>	<u>\$ (1,626,124)</u>

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

CITY OF CLARKSVILLE, TENNESSEE

Schedule of Expenditures of Federal Awards
For the Year Ended June 30, 2014

Summary of Expenditures of Federal Awards by CFDA Number:

US Department of Homeland Security - FEMA	97.039	\$	6,937
US Department of Agriculture	10.550		93,447
US Department of Housing and Urban Development	14.218		956,543
	14.239		384,391
	14.235		103,518
	14.231		136,604
US Department of the Interior	15.904		20,986
US Department of Justice	16.738		305,404
	16.710		542,063
US Department of Transportation	20.500		311,139
	20.507		2,159,754
	20.505		43,129
	20.516		129,685
	20.607		139,754
	20.205		636,297
Total Federal Awards		\$	<u>5,969,651</u>

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

CITY OF CLARKSVILLE, TENNESSEE

Schedule of Expenditures of State Awards
For the Year Ended June 30, 2014

Grantor	Federal CFDA Number	Grant Number	Grant (Receivables) Deferred July 1, 2013	State Receipts	Program Income	Expenditures	Other	Grant (Receivables) Deferred June 30, 2014
STATE OF TENNESSEE - TEMA GRANT PROGRAM								
Disaster Declaration - Flood - GF	97.036	FEMA-1909-DR	\$ (38,508)	\$ -	\$ -	\$ -	\$ -	\$ (38,508)
Disaster Declaration - Property Buyout - GF	97.039	FEMA-1909-0004	(10,104)	-	-	-	719	(10,823)
Disaster Declaration - Property Buyout - GF	97.039	FEMA-1909-0004	(1,903)	1,903	-	-	-	-
TOTAL TEMA			(50,515)	1,903	-	-	719	(49,331)
TENNESSEE DEPT OF TRANSPORTATION								
Capital Grant	20.500	TN-04-0064	(16,673)	37,686	-	27,595	-	(6,582)
Capital Grant	20.500	TN-04-0037	(2,254)	11,989	-	9,735	-	-
Capital Grant	20.500	TN-04-0045-02	-	-	-	187	-	(187)
Operating Assistance - Planning	20.500	TN-90-0004-02	(3,286)	4,659	-	1,373	-	-
Operating Assistance - Planning	20.505	TN-80-0005-00	-	1,686	-	5,391	-	(3,705)
Capital Grant	20.507	TN-90-X317	(6)	5,821	-	6,115	-	(300)
Capital Grant	20.507	TN-90-X337	(282)	8,135	-	7,853	-	-
Capital Grant	20.507	TN-90-X301	(1,973)	1,972	-	3,148	-	(3,149)
Capital Operating Grant	20.507	TN-90-X348	(46,724)	46,724	-	-	-	-
Capital Operating Grant	20.507	TN-90-X360	-	73,046	-	98,606	-	(25,560)
Operating Assistance	20.507	TN-90-X348	(77,335)	77,335	-	-	-	-
Operating Assistance	20.507	TN-90-X301	345	-	-	-	-	345
Operating Assistance	20.507	TN-95-X052	(4,421)	14,900	-	15,692	-	(5,213)
Operating Assistance	20.507	TN-90-X360	-	603,793	-	884,265	-	(280,472)
Jobs Access	20.516	TN-37-X087	(36,229)	51,861	-	15,631	-	1
Jobs Access	20.516	TN-37-X087-01	-	33,000	-	49,211	-	(16,211)
TOTAL TENNESSEE DEPT OF TRANSPORTATION			(188,838)	972,607	-	1,124,802	-	(341,033)
TENNESSEE HOUSING DEVELOPMENT AGENCY								
House Grant			230,835	418	27,253	37,650	4,983	215,873
TOTAL TENNESSEE HOUSING DEVELOPMENT AGENCY			230,835	418	27,253	37,650	4,983	215,873
TN DEPARTMENT OF ECONOMIC AND COMMUNITY DEVELOPMENT								
Community Development Block Grant-Disaster Recovery	14.228	36665	-	26,209	-	36,458	-	(10,249)
TOTAL TN DEPARTMENT OF ECONOMIC AND COMMUNITY DEVELOPMENT			-	26,209	-	36,458	-	(10,249)

CITY OF CLARKSVILLE, TENNESSEE

Schedule of Expenditures of State Awards
For the Year Ended June 30, 2014

Grantor	Federal CFDA Number	Grant Number	Grant (Receivables) Deferred July 1, 2013	State Receipts	Program Income	Expenditures	Other	Grant (Receivables) Deferred June 30, 2014
TN DEPARTMENT OF FINANCE AND ADMINISTRATION								
Passed through the Industrial Development Board of Montgomery County Hemlock Reimbursement Grant		529/000-04-2009	(293,715)	661,122	-	1,080,774	-	(713,367)
TOTAL TN DEPT OF FINANCE AND ADMINISTRATION			(293,715)	661,122	-	1,080,774	-	(713,367)
TN DEPARTMENT OF ENVIRONMENT AND CONSERVATION								
Local Parks and Recreation Funding Program		GG1236818	(145,000)	71,696	-	-	(1,608)	(71,696)
TOTAL TN DEPARTMENT OF ENVIRONMENT AND CONSERVATION			(145,000)	71,696	-	-	(1,608)	(71,696)
TENNESSEE DEPARTMENT OF AGRICULTURE								
TAEP Grant - Farmers Markets		DG1338296	-	1,415	-	355	1,060	-
DIVISION OF FORESTRY								
TAEP Grant - Swan Lake Complex Trees		DG1339727	-	1,599	-	27	1,572	-
TOTAL DEPARTMENT OF AGRICULTURE			-	3,014	-	382	2,632	-
TOTAL STATE AWARDS			<u>\$ (447,233)</u>	<u>\$ 1,736,969</u>	<u>\$ 27,253</u>	<u>\$ 2,280,066</u>	<u>\$ 6,726</u>	<u>\$ (969,803)</u>

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

CITY OF CLARKSVILLE, TENNESSEE

Notes to the Schedules of Expenditures of Federal and State Awards

For the Year Ended June 30, 2014

Note 1 – Basis of Presentation

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

Note 2 – Loans Outstanding

The City of Clarksville had the following loan funding balances and gross loan balances outstanding at June 30, 2014. These 2014 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 2014 Loan Funding</u>	<u>Outstanding Balance</u>
Community Development Block Grant	14.218	\$205,138	\$2,635,106
HOME Investment Partnerships Program	14.239	225,667	3,442,280
House Program Income	N/A	<u>-</u>	<u>352,038</u>
Total Loans		<u>\$430,805</u>	<u>\$6,429,424</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>CFDA Number</u>	<u>Amount Provided to Subrecipient</u>
Community Development Block Grant	14.218	\$ 98,000
HOME Investment Partnerships Program	14.231	185,000

Note 4 – Compliance Audit Scope

Audit procedures on compliance requirements applicable to each major program and internal control over compliance in accordance with OMB Circular A-133 were performed as part of the Single Audit of the City of Clarksville, Tennessee. As permitted by OMB Circular A-133, the City's policy is for Departments which issue separate financial statements and that have federal expenditures exceeding the threshold for an OMB Circular A-133 audit to be audited and reported on separately under OMB Circular A-133. Accordingly, the expenditures and adjustments of federal awards of the Gas, Water and Sewer Departments, totaling \$18,351,566, are not included in the accompanying schedule of expenditures of federal awards for the year ending June 30, 2014. The Gas, Water and Sewer Departments' federal expenditures have been audited and reported on separately.

CITY OF CLARKSVILLE, TENNESSEE

Notes to the Schedules of Expenditures of Federal and State Awards

For the Year Ended June 30, 2014

The accompanying schedules of expenditures of federal and state awards have been provided to comply with OMB Circular A-133 and 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 encompasses federal/state awards received by the City and its Departments, except for the Gas, Water and Sewer Department, as described above.

Note 5 – Under GASB Statement No. 33, Voluntary Non-Exchange Transactions are accounted for in the period when all eligibility requirements have been met. At June 30, 2014, 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 2014, for which the eligibility requirements have been met, are included in this schedule.

Note 6 – Contingencies

The federal and state grants received by the City are subject to audit and adjustment. If any expenditures are disallowed by the grantor agencies as a result of such an audit, the grantor agencies could make claim for reimbursement, which would become a liability of the City.

CITY OF CLARKSVILLE, TENNESSEE

Schedule of Clarksville Gas Rates & Customers

June 30, 2014

(Unaudited)

Residential

Listed below are the gas rates per 100 cubic feet effective June 1, 2014

	Within the City of Clarksville	Outside the City of Clarksville
First 300 Cubic Feet (Flat Rate)	\$ 7.8200	\$ 8.4200
Next 3,700 Cubic Feet	0.7618	0.9273
All Over 4,000 Cubic Feet	0.6941	0.8497
Minimum Bill	7.8200	8.4200

General Commercial and Industrial

	Within the City of Clarksville	Outside the City of Clarksville
First 500 Cubic Feet (Flat Rate)	\$ 11.5500	\$ 12.8500
Next 19,500 Cubic Feet	0.9243	1.0844
Next 180,000 Cubic Feet	0.7606	0.9004
All Over 200,000 Cubic Feet	0.6161	0.8529
Minimum Bill	11.5500	12.8500

Large Commercial and Industrial

	Within the City of Clarksville	Outside the City of Clarksville
First 10,400 Cubic Feet (Flat Rate)	\$ 110.5300	\$ 127.4100
Next 49,600 Cubic Feet	0.6547	0.7250
All Over 600,000 Cubic Feet	0.6047	0.7168
Minimum Bill	110.5300	127.4100

Number and Classification of Customers

Residential	21,887
Commercial	3,237
Industrial	12
	<u>25,136</u>

CITY OF CLARKSVILLE, TENNESSEE

Schedule of Clarksville Water Rates & Customers

June 30, 2014

(Unaudited)

Residential and Commercial

Listed below are the water rates per 1,000 gallons which became effective August 9, 2008

	<u>Within the City of Clarksville</u>	<u>Outside the City of Clarksville</u>
Per 1,000 gallons	\$ 3.54	\$ 7.08
<u>Meter Size</u>	<u>Within the City of Clarksville</u>	<u>Outside the City of Clarksville</u>
Meter Charg Up to 3/4"	\$ 3.00	\$ 3.00
1"	5.00	5.00
1 1/2"	10.00	10.00
2"	16.00	16.00
3"	44.00	44.00
4"	84.00	84.00
6"	175.00	175.00
8"	175.00	175.00
10"	175.00	175.00
12" or Larger	Negotiated	Negotiated

Industrial

Listed below are the water rates per 1,000 gallons which became effective January 1, 2014

	<u>Within the City of Clarksville</u>	<u>Outside the City of Clarksville</u>
Per 1,000 gallons	\$ 4.3786	\$ 5.6921

Number and Classification of Customers

Residential	56,410
Commercial	4,250
Industrial	6
	<u>60,666</u>

CITY OF CLARKSVILLE, TENNESSEE

Schedule of Clarksville Sewer Rates & Customers

June 30, 2014

(Unaudited)

Residential and Commercial

Listed below are the sewer rates per 1,000 gallons which became effective July 1, 2013

	Within the City of Clarksville	Outside the City of Clarksville
First 2,000 gallons	\$ 6.14	\$ 11.44
All over 2,000 gallons	6.14	10.23

Minimum bill per month based on 2,000 gallons

Industrial

Listed below are the sewer rates per 1,000 gallons which became effective January 1, 2014

	Within the City of Clarksville	Outside the City of Clarksville
Fist 300,000 gallons	\$ 8.9510	\$ 11.6363
Next 700,000 gallons	8.9510	10.7412
Next 2,000,000 gallons	8.9510	9.8461
All over 3,000,000 gallons	8.9510	8.9510

Minimum bill per month based on 300,000 gallons

Number and Classification of Customers

Residential	49,206
Commercial	3,303
Industrial	7
	<u>52,516</u>

CITY OF CLARKSVILLE, TENNESSEE

Schedule of CDE Electric Rates

June 30, 2014

(Unaudited)

Residential Rates (RS)

Customer Charge: \$16.16

Energy Charge: 10.100 cents/Kilowatthour (kWh)

General Power Rate (GSA1) (Not to exceed 50 kW or 15,000 kWh)

Customer Charge \$22.34

Energy Charge: 11.430 cents/kWh

General Power Rate (GSA2) (Greater than 50 kW up to 1,000 kW or greater than 15,000 kWh)

Customer Charge: \$121.11

Energy Charge: 0-15,000 kWh 11.430 cents/kWh

All additional kWh 7.042 cents/kWh

Demand Charge: 0-50 kW No charge

51-1,000 kW \$13.28 per kW

General Power Rate (GSA3) (1,001-5,000 kW)

Customer Charge: \$242.23

Energy Charge: All kWh 7.376 cents/kWh

Demand Charge: 0-1,000 kW \$12.43 per kW

1,001-5,000 kW \$12.12 per kW

General Power Rate (SGSB) (5,001-15,000 kW)

Customer Charge: \$1,500.00

Energy Charge: All kWh 5.293 cents/kWh

Demand Charge: All kW \$22.16

Manufacturing Service Rate (SMSB) (5,001-15,000 kW)

Customer Charge: \$1,500.00

Energy Charge: All kWh 4.506 cents/kWh

Demand Charge: All kW \$19.19

Time Differentiated Hours Use of Demand Manufacturing Service Rate (TDMSA) (1,000-15,000 kW)

Customer Charge: \$1,500.00

Administrative Charge: \$350.00

Energy Charge:

Summer Period:

Onpeak: 8.571 cents/kWh

Offpeak: 5.051 cents/kWh

CITY OF CLARKSVILLE, TENNESSEE

Schedule of CDE Electric Rates - Continued

June 30, 2014

(Unaudited)

Winter Period:

Onpeak: 5.578 cents/kWh

Offpeak: 5.051 cents/kWh

Transition Period: 5.051 cents/kWh

Energy Charge - Offpeak Hours Use of Demand Adjustment:

Summer Period and Winter Period:

First 425 hours: 5.051 cents/kWh

Next 195 hours: 3.136 cents/kWh

Additional kWh: 1.510 cents/kWh

Transition Period:

First 425 hours: 5.051 cents/kWh

Next 195 hours: 3.136 cents/kWh

Additional kWh: 1.510 cents/kWh

Demand Charge:

Summer Period:

Onpeak: All kW \$16.84

Excess Offpeak: All kW \$4.07

Winter Period:

Onpeak: All kW \$9.56

Excess Offpeak: All kW \$4.07

Transition Period: All kW \$4.07

Outdoor Lighting (LS)

Customer Charge: \$3.15

Energy Charge: 7.347 cents/kWh

Security Lights (LS) (No Customer Charge)

Energy Charge: 7.347 cents/kWh

CITY OF CLARKSVILLE, TENNESSEE

Schedule of CDE Broadband Rates

June 30, 2014

(Unaudited)

SERVICE RATES

Lightband Basic	\$ 14.95
Lightband Plus	\$ 51.10
Lightband Extra	\$ 61.10
HBO	\$ 15.95
Cinemax	\$ 12.95
HBO/Cinemax Channels (all 10 screens)	\$ 21.95
Starz/Encore Channels (all 10 screens)	\$ 12.95
Showtime/TMC (all 8 screens)	\$ 12.95
Lightband High Speed Internet	\$ 34.95 - 249.95
Video On Demand (VOD) Movies	\$ 1.99 to \$12.99 per purchase

PACKAGES

Bronze (1 premium)	\$ 74.70
Silver (2 premiums)	\$ 84.70
Gold (4 premiums)	\$ 94.70
Power Pack I - (Lightband Extra & Internet)	\$ 98.10
Power Pack II - (Lightband Extra, Internet, & Phone)	\$ 118.10
Sports Pack	\$ 7.99

EQUIPMENT RENTAL RATES (MONTHLY)

Standard Digital Converter – All Others	\$ 3.95
Digital HD Converter	\$ 9.95
Digital HD/DVR Converter	\$ 12.95
Multi-room DVR Service	\$ 22.95
Remote	Included w/each digital converter

EQUIPMENT NOT RETURNED CHARGES (ONE TIME CHARGE)

Remote	\$ 25
Standard Digital Converter	\$ 200
Digital HD Converter	\$ 400
Digital HD/DVR Converter	\$ 500
Converter Cord Set	\$ 20
In-House Expansion Device	\$ 300

The above rates are based on ala carte charges. These rates may be bundled to offer customer discounts and may change in relation to market dynamics and competitive response. All above rates and any promotional rates are subject to state, local, and federal taxation and fees as required by law.

CITY OF CLARKSVILLE, TENNESSEE

Schedule of CDE Electric and Broadband Customers and Other Data

June 30, 2014

(Unaudited)

Number of electric customers:	
Residential	57,631
Commercial	6,700
Industrial	743
Public lighting	427
Total number of electric customers	<u>65,501</u>
Security lights	<u>5,080</u>
Number of kilowatt-hours purchased:	
Sales	1,482,722,452
Loss	60,587,074
Purchased for own use	1,974,839
Total number of kilowatt-hours purchased	<u>1,545,284,365</u>
Percent loss	<u>3.92%</u>
Number of broadband customers	<u>17,643</u>

CITY OF CLARKSVILLE, TENNESSEE - AWWA WATER SCHEDULE

AWWA WLCC Free Water Audit Software: Reporting Worksheet				Back to	
Copyright ©2010, American Water Works Association. All Rights Reserved.				WASv4.2	
Water Audit Report for: Clarksville Gas & Water		Reporting Year: 2014 / 7/2013 - 6/2014			
Please enter data in the white cells below. Where available, metered values should be used; if metered values are unavailable please estimate a value. Indicate your confidence in the accuracy of the input data by grading each component (1-10) using the drop-down list to the left of the input cell. Hover the mouse over the cell to obtain a description of the grades					
All volumes to be entered as: MILLION GALLONS (US) PER YEAR					
WATER SUPPLIED					
<< Enter grading in column 'E'					
Volume from own sources:	<input type="text" value="10"/>	<input type="text" value="5,692.170"/>	Million gallons (US)/yr (MG/Yr)		
Master meter error adjustment (enter positive value):	<input type="text" value="10"/>	<input type="text"/>	MG/Yr		
Water imported:	<input type="text" value="n/a"/>	<input type="text" value="0.000"/>	MG/Yr		
Water exported:	<input type="text" value="n/a"/>	<input type="text" value="0.000"/>	MG/Yr		
WATER SUPPLIED:		5,692.170	MG/Yr		
AUTHORIZED CONSUMPTION					
Billed metered:	<input type="text" value="10"/>	<input type="text" value="4,186.288"/>	MG/Yr		
Billed unmetered:	<input type="text" value="n/a"/>	<input type="text" value="0.000"/>	MG/Yr		
Unbilled metered:	<input type="text" value="10"/>	<input type="text" value="63.546"/>	MG/Yr		
Unbilled unmetered:	<input type="text" value="10"/>	<input type="text" value="76.164"/>	MG/Yr		
AUTHORIZED CONSUMPTION:		4,325.998	MG/Yr		
WATER LOSSES (Water Supplied - Authorized Consumption)					
			1,366.172	MG/Yr	
Apparent Losses					
Unauthorized consumption:	<input type="text" value="5"/>	<input type="text" value="14.230"/>	MG/Yr	Pcnt: <input type="text" value="0.25%"/>	Value: <input type="text"/>
Default option selected for unauthorized consumption - a grading of 5 is applied but not displayed					
Customer metering inaccuracies:	<input type="text" value="8"/>	<input type="text" value="223.675"/>	MG/Yr	<input type="text" value="5.00%"/>	<input type="text"/>
Systematic data handling errors:	<input type="text" value="10"/>	<input type="text" value="10.706"/>	MG/Yr		
Apparent Losses:		248.612			
Real Losses (Current Annual Real Losses or CARL)					
Real Losses = Water Losses - Apparent Losses:	<input type="text" value="10"/>	<input type="text" value="1,117.560"/>	MG/Yr		
WATER LOSSES:		1,366.172	MG/Yr		
NON-REVENUE WATER					
NON-REVENUE WATER:	<input type="text" value="10"/>	<input type="text" value="1,505.882"/>	MG/Yr		
= Total Water Loss + Unbilled Metered + Unbilled Unmetered					
SYSTEM DATA					
Length of mains:	<input type="text" value="10"/>	<input type="text" value="1,037.0"/>	miles		
Number of active AND inactive service connections:	<input type="text" value="9"/>	<input type="text" value="64,607"/>			
Connection density:	<input type="text" value="62"/>	<input type="text"/>	conn./mile main		
Average length of customer service line:	<input type="text" value="6"/>	<input type="text" value="10.0"/>	ft	(pipe length between curbstop and customer meter or property boundary)	
Average operating pressure:	<input type="text" value="10"/>	<input type="text" value="74.2"/>	psi		
COST DATA					
Total annual cost of operating water system:	<input type="text" value="10"/>	<input type="text" value="\$17,396,003"/>	\$/Year		
Customer retail unit cost (applied to Apparent Losses):	<input type="text" value="9"/>	<input type="text" value="\$10.54"/>	\$/1000 gallons (US)		
Variable production cost (applied to Real Losses):	<input type="text" value="10"/>	<input type="text" value="\$333.19"/>	\$/Million gallons		
PERFORMANCE INDICATORS					
Financial Indicators					
Non-revenue water as percent by volume of Water Supplied:				<input type="text" value="26.5%"/>	
Non-revenue water as percent by cost of operating system:				<input type="text" value="17.5%"/>	
Annual cost of Apparent Losses:				<input type="text" value="\$2,620,369"/>	
Annual cost of Real Losses:				<input type="text" value="\$372,360"/>	
Operational Efficiency Indicators					
Apparent Losses per service connection per day:				<input type="text" value="10.54"/> gallons/connection/day	
Real Losses per service connection per day*:				<input type="text" value="47.39"/> gallons/connection/day	
Real Losses per length of main per day*:				<input type="text" value="N/A"/>	
Real Losses per service connection per day per psi pressure:				<input type="text" value="0.64"/> gallons/connection/day/psi	
Unavoidable Annual Real Losses (UARL):				<input type="text" value="439.26"/> million gallons/year	
From Above, Real Losses = Current Annual Real Losses (CARL):				<input type="text" value="1,117.56"/> million gallons/year	
Infrastructure Leakage Index (ILI) [CARL/UARL]:				<input type="text" value="2.54"/>	
* only the most applicable of these two indicators will be calculated					
WATER AUDIT DATA VALIDITY SCORE:					
*** YOUR SCORE IS: 94 out of 100 ***					
A weighted scale for the components of consumption and water loss is included in the calculation of the Water Audit Data Validity Score					
PRIORITY AREAS FOR ATTENTION:					
Based on the information provided, audit accuracy can be improved by addressing the following components:					
1: Unauthorized consumption					
2: Customer metering inaccuracies					
3: Customer retail unit cost (applied to Apparent Losses)					
For more information, click here to see the Grading Matrix worksheet					

Statistical Section



CITY OF CLARKSVILLE, TENNESSEE
STATISTICAL SECTION
(Unaudited)

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

Contents

Financial Trends

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

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

Revenue Capacity

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

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

Debt Capacity

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

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

Demographic and Economic Information

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

- Demographic and Economic Statistics
- Principal Employers

Operating Information

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

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

Sources:

Unless otherwise noted, the information in these schedules is derived from the City of Clarksville, Tennessee's comprehensive annual financial reports for the relevant years.

The City implemented Governmental Accounting Standards Board (GASB) Statement 34, Basic Financial Statements - and Management's Discussion and Analysis - for State and Local Governments in 2002. Schedules presenting government-wide data include information beginning in that year.

CITY OF CLARKSVILLE, TENNESSEE
Net Position by Component
Last Ten Fiscal Years
(Accrual Basis of Accounting)

	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014
Governmental activities										
Net investment in capital assets	\$ 253,666,569	\$ 269,645,809	\$ 284,486,050	\$ 296,693,136	\$ 300,297,372	\$ 317,377,117	\$ 332,839,322	\$ 343,686,085	\$ 357,729,552	\$ 364,084,323
Restricted	4,009,189	3,711,619	4,648,765	1,634,639	2,868,025	3,599,666	3,277,831	1,101,055	1,034,143	1,108,458
Unrestricted	20,047,145	20,582,387	20,553,658	16,778,949	20,846,794	16,227,159	9,061,179	9,910,220	5,593,310	953,383
Restatement	-	-	-	-	-	-	-	649,475	-	-
Total governmental activities net position	<u>\$ 277,722,903</u>	<u>\$ 293,939,815</u>	<u>\$ 309,688,473</u>	<u>\$ 315,106,724</u>	<u>\$ 324,012,191</u>	<u>\$ 337,203,942</u>	<u>\$ 345,178,332</u>	<u>\$ 355,346,835</u>	<u>\$ 364,357,005</u>	<u>\$ 366,146,164</u>
Business-type activities										
Net investment in capital assets	\$ 137,086,834	\$ 170,242,541	\$ 189,558,554	\$ 226,120,091	\$ 236,803,367	\$ 247,377,919	\$ 252,456,757	\$ 290,098,769	\$ 297,196,086	\$ 314,182,968
Restricted	34,905,677	18,129,792	24,476,182	17,098,245	15,377,345	22,321,872	34,172,671	29,590,189	26,989,219	33,142,087
Unrestricted	26,824,929	28,766,297	26,238,414	17,701,085	23,081,116	20,789,524	33,813,473	50,934,594	62,079,605	78,720,449
Restatement	-	-	-	-	-	-	-	(13,538,969)	-	-
Total business-type activities net position	<u>\$ 198,817,440</u>	<u>\$ 217,138,630</u>	<u>\$ 240,273,150</u>	<u>\$ 260,919,421</u>	<u>\$ 275,261,828</u>	<u>\$ 290,489,315</u>	<u>\$ 320,442,901</u>	<u>\$ 357,084,583</u>	<u>\$ 386,264,910</u>	<u>\$ 426,045,504</u>
Primary government										
Net investment in capital assets	\$ 390,753,403	\$ 439,888,350	\$ 474,044,604	\$ 522,813,227	\$ 537,100,739	\$ 564,755,036	\$ 585,296,079	\$ 633,784,854	\$ 654,925,638	\$ 678,267,291
Restricted	38,914,866	21,841,411	29,124,947	18,732,884	18,245,370	25,921,538	37,450,502	30,691,244	28,023,362	34,250,545
Unrestricted	46,872,074	49,348,684	46,792,072	34,480,034	43,927,910	37,016,683	42,874,652	60,844,814	67,672,915	79,673,832
Restatement	-	-	-	-	-	-	-	(12,889,494)	-	-
Total primary activities net position	<u>\$ 476,540,343</u>	<u>\$ 511,078,445</u>	<u>\$ 549,961,623</u>	<u>\$ 576,026,145</u>	<u>\$ 599,274,019</u>	<u>\$ 627,693,257</u>	<u>\$ 665,621,233</u>	<u>\$ 712,431,418</u>	<u>\$ 750,621,915</u>	<u>\$ 792,191,668</u>

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

	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014
Expenses										
Governmental activities										
General government	\$ 8,729,212	\$ 8,078,442	\$ 13,515,867	\$ 15,875,133	\$ 18,342,129	\$ 11,811,412	\$ 15,562,204	\$ 15,528,920	\$ 14,765,546	\$ 13,291,718
Public safety	26,996,393	28,257,510	31,047,113	34,776,692	36,380,996	38,553,625	39,333,118	43,552,996	41,739,117	43,624,851
Highways and streets	8,368,619	7,946,470	9,241,841	7,461,170	12,028,971	9,050,234	10,523,045	13,025,771	13,878,954	13,255,323
Recreation	5,074,092	4,525,751	5,277,100	5,983,397	4,710,611	6,193,574	6,787,986	5,919,326	7,772,196	9,075,851
Community development	2,025,723	1,862,547	1,975,448	1,925,943	1,946,176	1,473,740	1,659,480	1,693,443	1,877,301	1,760,718
Community support	2,103,554	1,785,294	2,087,881	2,442,187	2,528,041	2,852,958	3,032,424	2,784,054	2,462,680	2,607,309
Interest on long-term debt	1,608,661	1,948,801	2,137,717	1,946,699	1,614,428	2,491,624	2,350,821	2,519,582	2,436,591	2,529,268
Total governmental activities expenses	54,906,254	54,404,815	65,282,967	70,411,221	77,551,352	72,427,167	79,249,078	85,024,091	84,932,385	86,145,038
Business-type activities										
Department of Electricity										
Electric Division	\$ 77,463,000	\$ 87,431,800	\$ 98,586,100	\$ 109,663,800	\$ 128,435,297	\$ 119,630,224	\$ 140,063,165	\$ 134,691,552	\$ 137,616,171	\$ 147,499,409
Broadband Division	-	-	-	2,283,900	6,415,601	9,159,839	11,456,880	13,295,702	15,192,680	16,383,312
Gas Department	39,313,876	54,314,229	43,348,794	46,530,275	40,592,919	35,487,759	32,072,641	23,770,113	23,113,316	26,743,768
Parking Authority	100,552	107,007	106,931	97,761	137,722	125,761	97,340	96,827	81,097	65,517
Clarksville Transit System	3,671,185	4,181,844	4,529,532	4,962,419	5,156,951	5,600,133	6,298,123	6,530,118	6,750,412	6,888,053
Water and Sewer Department	27,214,435	28,694,587	33,225,363	35,679,989	39,125,196	41,120,880	48,837,284	44,999,672	45,202,349	47,524,614
Natural Gas Acquisition Corporation (NGAC)	-	242	34,778,846	54,245,779	49,032,836	44,494,960	39,813,273	38,972,919	46,738,755	31,836,802
Other	1,341,804	-	-	-	-	-	-	-	-	-
Total business-type activities expenses	149,104,852	174,729,709	214,575,566	253,463,923	268,896,522	255,619,556	278,638,706	262,356,903	274,694,780	276,941,475
Total primary government expenses	\$ 204,011,106	\$ 229,134,524	\$ 279,858,533	\$ 323,875,144	\$ 346,447,874	\$ 328,046,723	\$ 357,887,784	\$ 347,380,994	\$ 359,627,165	\$ 363,086,513

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

	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014
Program Revenues										
Governmental activities										
Charges for services										
General government	\$ 1,404,126	\$ 1,808,867	\$ 3,814,207	\$ 2,856,461	\$ 3,199,776	\$ 2,989,138	\$ 1,541,697	\$ 2,268,575	\$ 2,156,278	\$ 2,214,389
Public safety	843,059	697,876	893,492	877,388	617,667	1,158,580	1,749,304	2,810,250	2,511,019	2,661,610
Highways and streets	-	-	-	-	-	58,105	56,090	42,670	27,274	20,587
Recreation	942,120	1,047,934	1,090,136	1,259,454	1,267,605	1,537,177	1,415,018	1,514,957	1,523,965	1,564,631
Community development	-	475,323	477,547	426,510	256,061	623,830	228,356	194,931	174,569	182,005
Other	364,079	-	-	-	227,508	249,592	207,041	-	-	-
Operating and capital grants and contributions	5,929,766	5,204,045	21,699,405	15,537,899	14,787,401	16,187,429	19,029,886	18,853,099	17,913,847	10,172,689
Total governmental activities program revenues	9,483,150	9,234,045	27,974,787	20,957,712	20,356,018	22,803,851	24,227,392	25,684,481	24,306,952	16,815,911
Business-type activities										
Charges for services										
Department of Electricity										
Electric Division	\$ 82,410,500	\$ 93,701,000	\$ 103,341,200	\$ 112,617,775	\$ 133,401,540	\$ 134,916,061	\$ 158,303,593	\$ 153,241,229	\$ 152,469,096	\$ 162,856,648
Broadband Division	-	-	-	109,000	2,079,485	6,452,512	9,410,270	12,006,623	13,943,243	15,081,851
Gas department	40,490,639	55,862,600	44,477,724	48,879,233	47,287,531	33,767,293	32,758,825	23,785,243	24,999,377	30,363,630
Parking authority	334,710	332,790	417,289	375,631	365,034	396,179	418,632	463,606	453,957	419,830
Clarksville transit system	451,638	519,354	479,223	475,255	671,111	649,089	681,854	733,476	798,708	823,629
Water and sewer department	29,859,668	32,222,692	35,666,394	38,243,180	42,106,034	44,699,913	47,774,322	50,384,795	48,094,455	50,992,809
Natural Gas Acquisition Corporation	-	-	22,974,746	41,666,101	36,944,069	32,885,757	28,041,133	26,169,264	36,843,830	22,451,921
Other	1,329,228	-	-	-	-	-	-	-	-	-
Operating/capital grants/contributions	7,266,356	11,089,828	15,496,205	18,010,328	11,139,645	20,361,952	23,989,012	37,489,775	21,102,143	30,530,523
Total business-type activities program revenues	162,142,739	193,728,264	222,852,781	260,376,503	273,994,449	274,128,756	301,377,641	304,274,011	298,704,810	313,520,841
Total Primary Government Program Revenues	\$ 171,625,889	\$ 202,962,309	\$ 250,827,568	\$ 281,334,215	\$ 294,350,467	\$ 296,932,607	\$ 325,605,033	\$ 329,958,492	\$ 323,011,761	\$ 330,336,752
Net (Expenses)/Revenue										
Governmental activities	\$ (45,423,104)	\$ (45,170,770)	\$ (37,308,180)	\$ (49,453,509)	\$ (57,195,334)	\$ (49,623,317)	\$ (55,021,686)	\$ (59,339,610)	\$ (60,625,434)	\$ (69,329,127)
Business-type activities	13,037,887	18,998,555	8,277,215	6,912,580	5,097,927	18,509,200	22,738,935	41,917,108	24,010,030	36,579,366
Total primary government net expenses	\$ (32,385,217)	\$ (26,172,215)	\$ (29,030,965)	\$ (42,540,929)	\$ (52,097,407)	\$ (31,114,117)	\$ (32,282,751)	\$ (17,422,502)	\$ (36,615,404)	\$ (32,749,761)

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

	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014
General Revenues & Other Changes in Net Position										
Governmental activities										
Taxes										
Property taxes	\$ 19,953,714	\$ 20,506,163	\$ 22,316,810	\$ 23,812,464	\$ 24,758,862	\$ 26,361,548	\$ 27,845,639	\$ 28,193,428	\$ 29,788,414	\$ 29,962,877
State taxes	7,989,782	8,887,131	9,990,794	10,097,875	9,464,445	9,207,652	9,600,456	12,048,651	12,287,775	12,651,488
Franchise/business taxes	2,657,850	2,881,320	3,087,000	3,340,745	3,117,953	2,802,646	3,697,867	3,776,474	3,684,984	3,448,594
Wholesale beer and liquor taxes	2,726,287	2,629,540	3,241,285	3,131,034	3,511,386	3,555,602	3,104,822	3,832,050	3,672,043	3,751,455
Sales taxes	9,787,689	10,116,195	11,308,195	10,921,205	11,251,021	11,697,999	12,138,747	14,594,379	13,362,798	13,792,357
In-lieu-of taxes	15,193	22,978	20,990	14,591	38,155	52,315	34,042	61,613	95,293	100,421
Other taxes	243,105	264,752	367,788	377,448	471,880	579,133	416,235	478,282	552,704	555,831
Investment earnings	326,553	826,342	1,134,602	835,447	278,982	81,348	32,803	25,937	40,357	-
Miscellaneous	7,878,574	12,249,329	(814,718)	(734,077)	(54,599)	(254,015)	1,255,265	1,566,512	452,612	405,227
Transfers	2,997,279	3,003,932	2,404,092	3,184,946	4,087,924	4,644,820	4,870,200	4,666,634	5,698,623	6,450,036
Prior period adjustment	(21,839,182)	(19,140)	-	(109,918)	9,174,792	4,086,020	-	264,154	-	-
Total governmental activities	32,736,844	61,368,542	53,056,838	54,871,760	66,100,801	62,815,068	62,996,076	69,508,114	69,635,602	71,118,286
Business-type activities										
Investment earnings	\$ 1,452,788	\$ 2,345,707	\$ 17,261,397	\$ 16,918,637	\$ 13,698,948	\$ 12,594,192	\$ 12,084,851	\$ 12,930,177	\$ 10,868,921	\$ 9,651,264
Miscellaneous	-	-	-	-	100	(13,669,012)	-	-	-	-
Transfers	(2,705,303)	(3,003,932)	(2,404,092)	(3,184,946)	(4,087,924)	(4,644,820)	(4,870,200)	(4,666,634)	(5,698,623)	(6,450,036)
Prior period adjustment	-	-	-	-	(366,644)	2,437,927	-	(13,538,969)	-	-
Total business-type activities	(1,252,515)	(658,225)	14,857,305	13,733,691	9,244,480	(3,281,713)	7,214,651	(5,275,426)	5,170,298	3,201,228
Total primary government	\$ 31,484,329	\$ 60,710,317	\$ 67,914,143	\$ 68,605,451	\$ 75,345,281	\$ 59,533,355	\$ 70,210,727	\$ 64,232,688	\$ 74,805,900	\$ 74,319,514
Change in Net Position										
Governmental Activities	\$ (12,686,260)	\$ 16,197,772	\$ 15,748,658	\$ 5,418,251	\$ 8,905,467	\$ 13,191,752	\$ 7,974,390	\$ 9,519,028	\$ 9,010,170	\$ 1,789,159
Restatement - GASB 65	-	-	-	-	-	-	-	(12,889,494)	-	-
Business-type activities	11,785,372	18,340,330	23,134,520	20,646,271	14,342,407	15,227,487	29,953,586	50,180,651	29,180,327	39,780,594
Total primary government	\$ (900,888)	\$ 34,538,102	\$ 38,883,178	\$ 26,064,522	\$ 23,247,874	\$ 28,419,238	\$ 37,927,976	\$ 46,810,185	\$ 38,190,497	\$ 41,569,753

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

	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014
General Fund										
Non-Spendable	\$ 292,279	\$ 373,305	\$ 456,567	\$ 444,224	\$ 490,924	\$ 437,536	\$ 489,987	\$ 527,631	\$ 489,637	\$ 601,786
Restricted	432,209	85,962	3,181	144,020	219,783	163,818	290,490	-	-	-
Committed	-	-	-	-	-	-	-	-	-	-
Assigned	-	-	-	-	-	-	-	-	-	-
Unassigned	18,445,898	19,483,846	20,882,010	20,755,219	21,110,552	18,867,947	16,747,856	25,260,258	25,040,635	25,210,919
Total general fund	\$ 19,170,386	\$ 19,943,113	\$ 21,341,758	\$ 21,343,463	\$ 21,821,259	\$ 19,469,301	\$ 17,528,333	\$ 25,787,889	\$ 25,530,272	\$ 25,812,705
All Other Governmental Funds										
Special Revenue Funds										
Non-Spendable	\$ 85,993	\$ 88,466	\$ 146,388	\$ 48,895	\$ (201,168)	\$ 314,558	\$ 358,618	\$ 1,605	\$ 19,706	\$ 4,374
Restricted	269,496	486,740	500,644	514,563	516,952	324,019	368,594	1,028,243	1,034,143	1,108,458
Committed	1,806,109	1,041,344	582,382	1,071,181	2,552,241	2,961,089	2,550,619	618,187	1,073,919	885,569
Assigned	1,370,353	1,427,029	-	-	-	-	-	-	-	-
Unassigned	-	-	-	-	-	-	-	-	-	-
Total Special Revenue Funds	3,531,951	3,043,579	1,229,414	1,634,639	2,868,025	3,599,666	3,277,831	1,648,035	2,127,768	1,998,401
Debt Service Fund										
Non-Spendable	-	-	-	-	-	-	298,195	-	-	-
Restricted	-	-	-	-	-	-	-	-	-	-
Committed	-	-	-	-	-	-	-	-	-	-
Assigned	1,970,390	2,011,884	1,778,235	1,583,949	1,062,338	967,039	1,632,928	1,627,928	1,628,066	764,910
Unassigned	-	-	-	-	-	-	-	-	-	-
Total Debt Service Fund	1,970,390	2,011,884	1,778,235	1,583,949	1,062,338	967,039	1,931,123	1,627,928	1,628,066	764,910
Capital Projects Fund										
Non-Spendable	-	-	-	-	-	-	-	-	-	-
Restricted	477,238	435,219	50,692	124,124	324,132	460,739	1,979,352	63,751	8,098,164	6,206,723
Committed	-	232,821	3,368,659	-	5,117,544	4,590,087	2,513,517	-	-	-
Assigned	-	-	-	-	-	-	-	-	-	-
Unassigned	-	-	-	(1,830,066)	-	-	-	-	-	-
Total Capital Projects Fund	477,238	668,040	3,419,351	(1,705,942)	5,441,676	5,050,826	4,492,869	63,751	8,098,164	6,206,723
Total all other governmental funds	\$ 5,979,579	\$ 5,723,503	\$ 6,427,000	\$ 1,512,646	\$ 9,372,039	\$ 9,617,531	\$ 9,701,823	\$ 3,339,714	\$ 11,853,998	\$ 8,970,034
Total governmental funds	\$ 25,149,965	\$ 25,666,616	\$ 27,768,758	\$ 22,856,109	\$ 31,193,298	\$ 29,086,832	\$ 27,230,156	\$ 29,127,603	\$ 37,384,270	\$ 34,782,739

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

	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014
Revenues										
Taxes	\$ 34,427,517	\$ 36,420,948	\$ 40,342,068	\$ 41,597,487	\$ 43,145,156	\$ 45,021,445	\$ 46,203,310	\$ 50,874,613	\$ 50,626,307	\$ 51,377,678
State Taxes	11,156,025	12,029,467	13,144,258	13,224,296	12,414,195	12,177,601	12,702,729	15,767,613	15,981,505	16,362,669
Licenses and permits	2,296,034	1,438,095	1,781,346	1,309,561	910,453	1,170,820	1,110,767	1,845,028	1,739,842	1,848,143
Charges for services	1,006,533	1,418,706	1,795,102	1,819,642	1,796,123	1,763,899	2,219,586	2,769,204	2,669,819	2,817,885
Fines and forfeits	843,059	697,876	889,329	877,388	845,175	1,622,284	1,478,261	1,827,158	1,593,050	1,646,851
Investment earnings	283,663	739,113	1,021,449	745,469	242,179	73,210	32,803	-	-	-
Grants	2,763,523	2,061,709	1,950,032	2,357,880	3,122,431	3,837,328	7,496,274	5,201,557	5,732,552	3,183,390
Miscellaneous / other	1,376,740	1,771,947	1,842,119	1,517,007	2,187,651	2,128,736	3,791,771	2,145,273	1,090,403	902,171
Total revenues	54,153,094	56,577,861	62,765,703	63,448,730	64,663,363	67,795,323	75,035,501	80,430,446	79,433,478	78,138,787
Expenditures										
General government	5,508,809	5,795,592	6,387,117	6,414,046	7,378,804	7,843,598	8,413,784	8,534,270	8,760,422	9,011,095
Public safety	25,923,202	27,355,708	29,837,009	31,149,720	32,441,949	34,074,608	35,764,426	37,011,534	38,036,705	39,638,338
Highways and streets	7,502,880	7,480,262	7,863,996	8,938,226	9,202,326	9,663,703	9,971,486	10,544,416	10,703,334	10,977,095
Recreation	4,371,776	4,102,190	4,413,347	4,862,034	4,620,495	5,193,818	5,803,807	6,478,112	7,502,940	7,853,016
Community development	2,025,723	1,862,547	1,975,448	1,925,443	1,946,176	1,473,740	1,659,480	1,816,743	1,877,301	1,760,718
Other	728,259	2,571,313	3,435,754	5,243,382	8,384,620	1,621,696	2,035,695	3,097,826	1,972,451	1,738,969
Miscellaneous agencies	1,438,187	1,087,375	1,347,620	1,672,747	1,549,929	1,874,409	1,751,836	1,723,071	1,838,367	2,067,520
Debt service:										
Principal	4,277,500	4,505,900	4,784,700	5,268,000	3,886,100	3,723,300	3,255,986	4,741,000	5,837,353	6,799,950
Interest	1,608,661	1,948,801	2,137,717	1,946,699	1,614,428	2,198,657	2,473,875	2,473,712	2,224,251	2,554,243
Capital outlay	3,493,488	2,650,345	7,011,851	7,899,414	14,698,033	23,441,845	28,996,386	16,421,392	13,195,329	13,643,971
Total expenditures	56,878,485	59,360,033	69,194,559	75,319,711	85,722,860	91,109,374	100,126,761	92,842,077	91,948,453	96,044,915
Excess (deficiency) of revenues over expenditures	(2,725,391)	(2,782,172)	(6,428,856)	(11,870,981)	(21,059,497)	(23,314,051)	(25,091,260)	(12,411,631)	(12,514,975)	(17,906,128)
Other financing sources (uses)										
Transfers in	11,677,370	12,211,663	15,527,352	12,158,725	12,138,589	13,962,760	15,271,369	15,590,258	15,726,772	16,424,633
Transfers out	(9,073,721)	(9,207,731)	(13,123,260)	(8,973,779)	(8,050,665)	(9,406,393)	(10,401,169)	(10,923,624)	(10,028,150)	(9,974,597)
Other Prior Period Adjustments	-	-	-	(109,918)	(335,032)	-	-	-	-	-
Proceeds of general obligation bonds and notes	1,139,998	294,891	6,126,906	3,883,304	25,643,794	16,651,218	18,364,384	9,642,443	15,073,020	8,934,561
Proceeds of refunding bonds	-	-	-	-	-	-	12,271,714	-	-	2,475,000
Payments to refunding bond escrow agent	-	-	-	-	-	-	(12,271,714)	-	-	(2,555,000)
Total other financing sources (uses)	3,743,647	3,298,823	8,530,998	6,958,332	29,396,686	21,207,585	23,234,584	14,309,077	20,771,643	15,304,597
Net Change in fund balance	\$ 1,018,256	\$ 516,651	\$ 2,102,142	\$ (4,912,649)	\$ 8,337,189	\$ (2,106,466)	\$ (1,856,676)	\$ 1,897,447	\$ 8,256,667	\$ (2,601,531)
Debt service as a percentage of noncapital expenditures	11.0%	11.4%	11.1%	10.7%	7.7%	8.8%	8.1%	9.4%	10.2%	11.4%
Debt service as a percentage of total expenditures	10.3%	10.9%	10.0%	9.6%	6.4%	6.5%	5.7%	7.8%	8.8%	9.7%

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

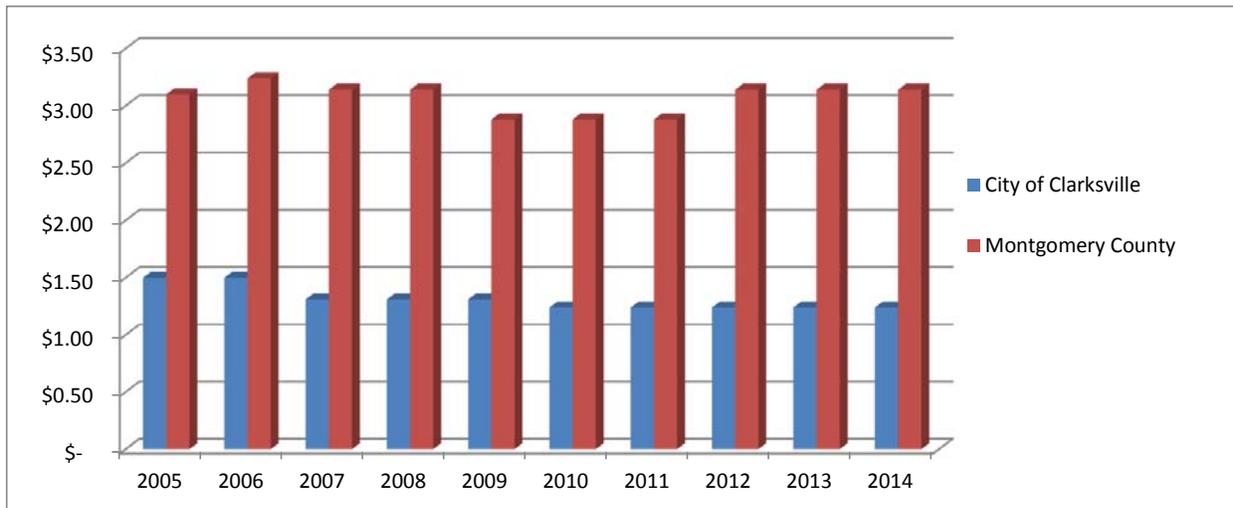
Fiscal Year Ended June 30	Real Property				Personal Property				Total Estimated Actual Taxable Value
	Public				Public				
	Utility 55%	Commercial 40%	Industrial 40%	Residential 25%	Utility 55%	Commercial 30%	Industrial* 30%	Leasing* 30%	
2005	\$ 470,030	\$471,411,840	\$ 21,993,440	\$ 709,620,700	\$ 81,018	\$ 83,681,997			\$ 4,351,937,388
2006	470,030	495,272,120	22,371,880	757,835,950	90,389	79,143,693			4,606,349,042
2007	534,050	601,682,400	27,288,920	924,264,500	86,965	89,642,175			5,569,422,298
2008	534,050	631,312,440	27,513,680	973,330,225	91,195	95,283,963			5,907,403,643
2009	534,050	703,233,600	26,872,640	1,034,087,125	100,495	92,237,524			6,301,834,842
2010	569,910	847,710,280	33,115,880	1,182,885,700	150,058	120,163,939			7,335,462,780
2011	569,910	836,202,320	29,885,800	1,221,530,800	246,402	120,745,478			7,458,437,964
2012	528,550	836,214,360	30,396,360	1,256,653,100	219,184	115,770,576			7,588,962,575
2013	528,550	868,158,240	30,349,040	1,300,445,150	123,061	112,399,890			7,833,102,795
2014	528,550	881,122,730	29,728,283	1,341,997,982	160,281	89,564,429	30,727,683	747,683	8,223,074,216

NOTE: Property is appraised by the Montgomery County Assessor's Office. 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.

*Prior to Fiscal Year 2014, Industrial and Leasing were not categories in the report provided by the Montgomery County Assessor's Office.

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
2005	\$1.50 / 100	\$3.10 / 100
2006	\$1.50 / 100	\$3.24 / 100
2007	\$1.31 / 100	\$3.14 / 100
2008	\$1.31 / 100	\$3.14 / 100
2009	\$1.31 / 100	\$2.88 / 100
2010	\$1.24 / 100	\$2.88 / 100
2011	\$1.24 / 100	\$2.88 / 100
2012	\$1.24 / 100	\$3.14 / 100
2013	\$1.24 / 100	\$3.14 / 100
2014	\$1.24 / 100	\$3.14 / 100



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

** The fiscal year listed corresponds to the preceding tax year levy (2014 fiscal year would represent the 2013 tax levy). This represents the period for which the taxes were levied.

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

Taxpayer	Type of Business	Fiscal Year 2014			Fiscal Year 2005		
		Taxable Assessed Value	Rank	Percentage of Total Taxable Assessed Value	Taxable Assessed Value	Rank	Percentage of Total Taxable Assessed Value
Clarksville Health System	Health	\$ 130,902,161	1	5.52%			0.00%
Governor's Square Mall	Retail	39,471,400	2	1.66%	11,642,400	3	0.89%
Clarksville Nine LP	Residential	25,650,150	3	1.08%			0.00%
SC Waterford Landings	Residential	23,610,800	4	1.00%			0.00%
Independence Place Ft Campbell	Residential	18,974,400	5	0.80%			0.00%
Campus Crest At Clarksville LLC	Residential	17,871,968	6	0.75%			0.00%
Trane Company	Manufacturer	11,378,110	7	0.48%	15,465,390	1	1.18%
Bellsouth Telecommunications	Utility	9,637,052	8	0.41%	13,600,045	2	1.03%
Cumberland Electric Membership Corp.	Utility	9,050,037	9	0.38%	4,171,830	8	0.32%
Gateway Medical Center	Health	6,944,256	10	0.29%			0.00%
Walmart Stores Inc	Retail				12,034,428	4	0.92%
Letica Corp	Manufacturer				6,249,230	5	0.48%
Evans & Avant Financing	Residential				5,316,280	6	0.40%
Bristol Park at Clarksville Group	Residential				4,561,996	7	0.35%
Charter Communications	Utility				3,551,446	9	0.27%
Precision Printing	Manufacturer				3,174,805	10	0.24%
							0.00%
Total		<u>\$ 293,490,334</u>		<u>12.38%</u>	<u>\$ 79,767,850</u>		<u>6.07%</u>
Total Assessed Value for 2014:		\$ 2,371,439,511					
Total Assessed Value for 2005:		\$ 1,315,187,587					
Total Estimated Actual Value of Taxable Property		\$ 8,223,074,216					

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
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%	1,121,163	20,790,365	99.2%
2007	21,919,483	21,029,776	95.9%	679,719	21,709,495	99.0%
2008	23,251,711	22,036,319	94.8%	914,005	22,950,324	98.7%
2009	24,711,181	23,676,341	95.8%	889,596	24,565,937	99.4%
2010	27,533,757	26,128,415	94.9%	905,192	27,033,607	98.2%
2011	27,887,819	26,023,916	95.4%	939,155	26,963,071	96.7%
2012	28,207,244	27,072,762	96.0%	967,057	28,039,819	99.4%
2013	29,074,992	28,019,762	96.4%	709,953	28,729,715	98.8%
2014	29,513,567	28,457,092	96.4%			

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

The fiscal year listed corresponds to the preceding tax year levy (2014 fiscal year would represent the 2013 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
2005	\$ 12,985,000	\$ 38,052,169	\$ -	\$ -	\$ 51,037,169
2006	12,115,000	34,711,159	-	-	46,826,159
2007	16,215,000	31,953,366	-	-	48,168,366
2008	15,100,000	31,689,658	-	-	46,789,658
2009	39,410,950	19,397,402	2,590,000	7,149,000	68,547,352
2010	36,762,950	35,203,817	2,361,000	7,149,000	81,476,767
2011	41,727,950	54,766,999	-	-	96,494,949
2012	38,478,950	58,077,442	4,840,000	-	101,396,392
2013	48,685,137	58,047,355	3,963,000	-	110,695,492
2014	53,043,331	57,864,941	1,800,000	-	112,708,272

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*
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	9.26%	4,458
2012	392,190,000	99,641,535	-	752,612	492,584,147	593,980,539	8.75%	4,468
2013	453,367,081	44,107,639	-	681,994	498,156,714	608,852,206	7.92%	4,363
2014	426,595,036	62,527,323	-	559,517	489,681,876	602,390,148	7.88%	4,103

*See Demographic and Economic Statistics, page 134 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***
2005	12,985,000	38,052,169	51,037,169	450.52	3.9%
2006	12,115,000	34,711,159	46,826,159	411.21	3.4%
2007	16,215,000	31,953,366	48,168,366	403.81	2.9%
2008	15,100,000	31,689,658	46,789,658	383.30	2.6%
2009	39,410,950	29,136,402	68,547,352	550.29	3.1%
2010	36,762,950	44,713,817	81,476,767	661.90	3.7%
2011	41,727,950	54,766,999	96,494,949	725.91	4.4%
2012	38,478,950	62,917,442	101,396,392	726.69	4.4%
2013	48,685,137	62,010,355	110,695,492	793.33	4.8%
2014	53,043,331	59,664,941	112,708,272	767.76	4.8%

* The City has no legal debt margin.

**See Demographic and Economic Statistics, page 134, for population data.

***Property value obtained from page 126.

CITY OF CLARKSVILLE, TENNESSEE
 Direct and Overlapping Governmental Activities Debt
 As of June 30, 2014

Jurisdiction	Bonded Debt Outstanding	Percentage Applicable to City*	Estimated Share of Overlapping Debt
City of Clarksville	\$ 112,708,272	100%	\$ 112,708,272
Montgomery County	\$ 331,419,461	72.97%	\$ 241,827,473
Total	<u>\$ 444,127,733</u>		<u>\$ 354,535,745</u>

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

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

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

Electric Department - Electric Division

Fiscal Year	Utility Service Charges	Less: Operating Expenses	Net Available Revenue	Debt Service			Coverage*
				Principal	Interest	Total	
				2005	\$ 82,317,600	\$ 76,957,600	
2006	93,600,900	87,065,800	6,535,100	1,211,000	366,000	1,577,000	4.14
2007	103,391,300	97,229,400	6,161,900	2,290,100	1,019,600	3,309,700	1.86
2008	112,591,500	107,032,300	5,559,200	565,000	2,492,700	3,057,700	1.82
2009	134,792,681	125,744,219	9,048,462	659,100	2,691,078	3,350,178	2.70
2010	134,832,982	115,972,397	18,860,585	1,409,108	3,374,886	4,783,994	3.94
2011	157,699,214	140,063,165	17,636,049	2,166,465	3,779,688	5,946,153	2.96
2012	152,858,073	131,042,138	21,815,935	1,980,000	3,847,839	5,827,839	3.74
2013	152,108,989	133,951,633	18,157,356	2,170,103	3,774,263	5,944,366	3.05
2014	162,603,188	143,877,916	18,725,272	2,255,103	3,647,978	5,903,081	3.17

Electric Department - Broadband Division**

Fiscal Year	Utility Service Charges	Less: Operating Expenses	Net Available Revenue	Debt Service			Coverage*
				Principal	Interest	Total	
				2005	\$ -	\$ -	
2006	-	-	-	-	-	-	-
2007	-	342,300	(342,300)	-	-	-	-
2008	109,000	2,164,900	(2,055,900)	-	-	-	-
2009	2,149,396	6,145,695	(3,996,299)	-	269,906	269,906	-14.81
2010	6,452,512	8,878,178	(2,425,666)	-	216,397	216,397	-11.21
2011	9,410,270	14,456,880	(5,046,610)	-	244,264	244,264	-20.66
2012	12,060,459	13,051,172	(990,713)	-	217,353	217,353	-4.56
2013	13,943,243	14,988,891	(1,045,648)	-	203,789	203,789	-5.13
2014	15,081,851	16,273,380	(1,191,529)	250,000	96,805	346,805	-3.44

Gas, Water and Sewer Department

Fiscal Year	Utility Service Charges	Less: Operating Expenses	Net Available Revenue	Debt Service			Coverage*
				Principal	Interest	Total	
				2005	\$ 71,448,919	\$ 52,467,523	
2006	89,860,998	68,350,391	21,510,607	5,242,930	7,064,900	12,307,830	1.75
2007	82,235,510	68,350,391	13,885,119	5,451,855	7,169,000	12,620,855	1.10
2008	88,544,550	62,299,745	26,244,805	7,076,828	7,425,165	14,501,993	1.81
2009	89,916,910	57,653,703	32,263,207	8,137,263	9,097,355	17,234,618	1.87
2010	78,640,588	55,625,374	23,015,214	9,619,913	7,388,097	17,008,010	1.35
2011	80,533,155	57,048,997	23,484,158	8,791,760	7,557,135	16,348,895	1.44
2012	74,170,038	46,615,197	27,554,841	9,272,772	7,439,165	16,711,937	1.65
2013	72,366,334	45,953,410	26,412,924	9,957,330	7,482,417	17,439,747	1.51
2014	80,440,594	48,373,548	32,067,046	11,349,830	8,972,297	20,322,127	1.57

(Continued)

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

Parking Authority							
Fiscal Year	Fines and Fees	Less: Operating Expenses	Net Available Revenue	Debt Service			Coverage*
				Principal	Interest	Total	
2005	\$ 331,270	\$ 77,939	\$ 253,331	\$ 106,535	\$ 22,613	\$ 129,148	1.96
2006	322,433	71,653	250,780	110,295	35,354	145,649	1.72
2007	416,032	70,842	345,190	114,188	36,089	150,277	2.30
2008	375,631	70,463	305,168	118,218	27,298	145,516	2.10
2009	365,034	125,070	239,964	122,393	12,652	135,045	1.78
2010	396,179	118,719	277,460	132,575	7,042	139,617	1.99
2011	418,283	97,340	320,943	132,575	5,972	138,547	2.32
2012	366,623	92,158	274,465	3,426	6,574	10,000	27.45
2013	357,204	78,196	279,008	3,039	6,962	10,001	27.90
2014	316,307	63,036	253,271	7,809	2,191	10,000	25.33

All Enterprise Funds							
Fiscal Year	Utility Service Charges/Fines and Fees	Less: Operating Expenses	Net Available Revenue	Debt Service			Coverage*
				Principal	Interest	Total	
2005	\$ 154,097,789	\$ 129,503,062	\$ 24,594,727	\$ 7,784,565	\$ 7,615,813	\$ 14,447,286	1.70
2006	183,784,331	155,487,844	28,296,487	6,564,225	7,466,254	14,030,479	2.02
2007	186,042,842	165,992,933	20,049,909	7,856,143	8,224,689	16,080,832	1.25
2008	201,620,681	171,567,408	30,053,273	7,760,046	9,945,163	17,705,209	1.70
2009	227,224,021	189,668,687	37,555,334	8,918,756	12,070,991	20,989,747	1.79
2010	220,322,261	180,594,668	39,727,593	11,161,596	10,986,422	22,148,018	1.79
2011	248,060,922	211,666,382	36,394,540	11,090,800	11,587,059	22,677,859	1.60
2012	239,455,193	190,800,665	48,654,528	11,256,198	11,510,931	22,767,129	2.14
2013	238,775,770	194,972,130	43,803,640	12,130,472	11,467,431	23,597,903	1.86
2014	258,441,940	208,587,880	49,854,060	13,862,742	12,719,271	26,582,013	1.88

*Coverage ratio: A measure of the magnitude of resources available to pay the interest on and repay the principal of debt backed by pledged revenues. For each type of debt backed by pledged revenues, a coverage ratio is generally calculated by dividing gross pledged revenues or pledged revenues net of specific operating expenses by the sum of interest expenses and principal repayments.

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

Note: This schedule presents coverage information for different departments. The basis used for the calculation of coverage for these departments may be different depending on the circumstances (i.e. depreciation expense).

CITY OF CLARKSVILLE, TENNESSEE

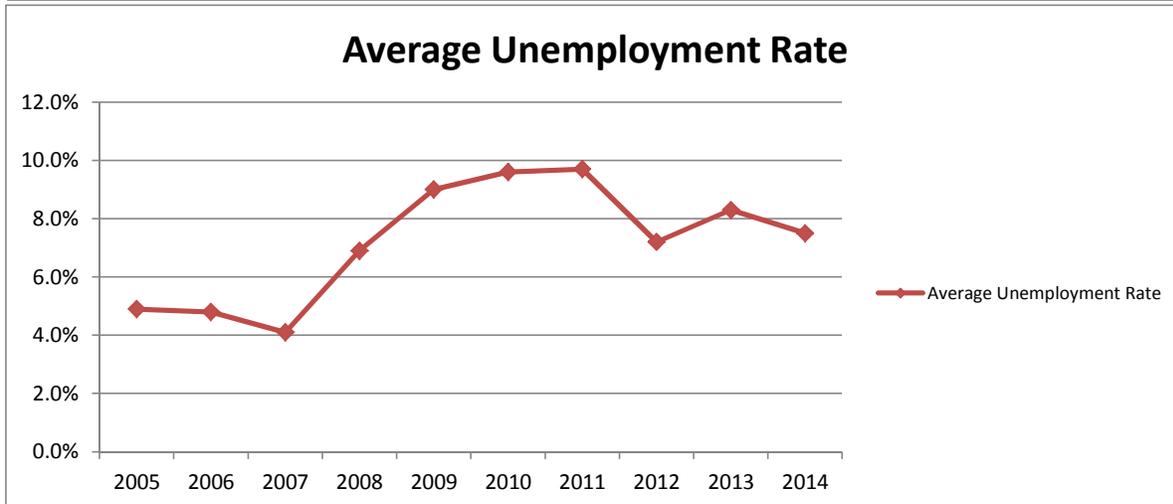
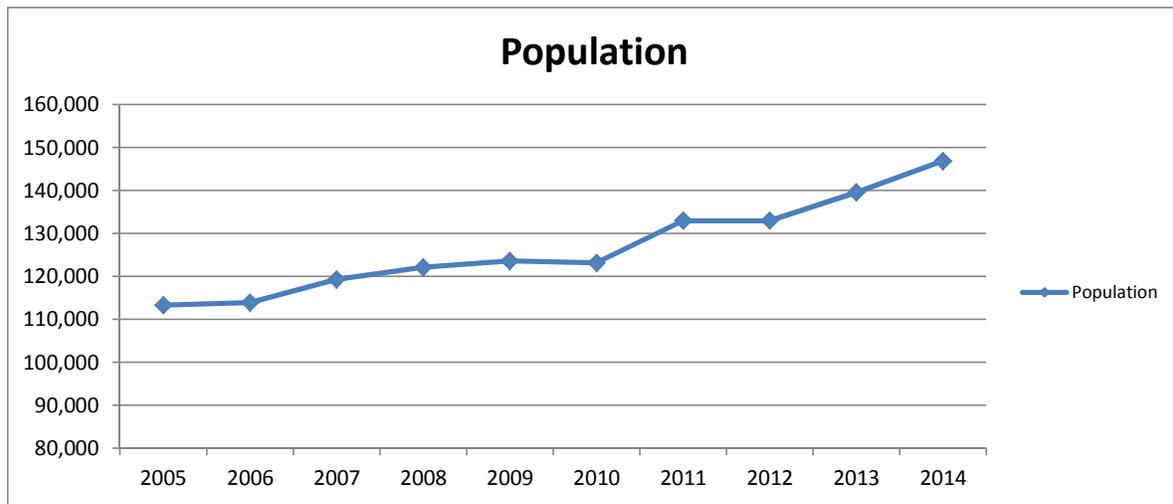
Schedule of Principal and Interest Due

Year Ending June 30,	Governmental Activities		Business - Type Activities		Totals		
	Principal	Interest	Principal	Interest	Principal	Interest	Total
2015	\$ 7,042,000	\$ 3,122,132	\$ 27,982,742	\$ 19,914,216	\$ 35,024,742	\$ 23,036,348	\$ 58,061,090
2016	8,006,000	2,877,073	50,382,187	18,342,922	58,388,187	21,219,995	79,608,182
2017	7,229,000	2,648,558	31,741,118	16,901,769	38,970,118	19,550,327	58,520,445
2018	6,918,000	2,428,246	33,579,998	15,407,412	40,497,998	17,835,658	58,333,656
2019	7,195,000	2,226,878	35,607,996	13,791,834	42,802,996	16,018,712	58,821,708
2020	7,484,000	2,005,158	37,771,599	12,113,202	45,255,599	14,118,360	59,373,959
2021	6,726,000	1,783,310	40,173,631	10,308,450	46,899,631	12,091,760	58,991,391
2022	6,747,000	1,569,172	44,111,313	8,350,602	50,858,313	9,919,774	60,778,087
2023	5,578,000	1,367,391	19,818,879	6,909,329	25,396,879	8,276,720	33,673,599
2024	5,117,000	1,205,200	20,471,573	6,140,712	25,588,573	7,345,912	32,934,485
2025	5,336,000	1,061,383	21,269,651	5,358,390	26,605,651	6,419,773	33,025,424
2026	4,620,000	910,816	9,148,384	4,531,225	13,768,384	5,442,041	19,210,425
2027	4,879,000	788,456	9,588,053	4,188,465	14,467,053	4,976,921	19,443,974
2028	4,690,000	657,015	10,063,956	3,820,404	14,753,956	4,477,419	19,231,375
2029	4,261,000	534,380	10,561,403	3,434,070	14,822,403	3,968,450	18,790,853
2030	4,432,000	440,717	11,090,724	3,028,657	15,522,724	3,469,374	18,992,098
2031	4,464,941	342,789	11,622,260	2,624,056	16,087,201	2,966,845	19,054,046
2032	4,152,000	240,013	12,176,373	2,200,230	16,328,373	2,440,243	18,768,616
2033	4,045,000	148,701	7,305,000	1,753,125	11,350,000	1,901,826	13,251,826
2034	2,731,000	58,162	7,675,000	1,381,625	10,406,000	1,439,787	11,845,787
2035	-	-	8,065,000	991,250	8,065,000	991,250	9,056,250
2036	-	-	8,470,000	581,125	8,470,000	581,125	9,051,125
2037	-	-	2,925,000	299,750	2,925,000	299,750	3,224,750
2038	-	-	3,070,000	153,500	3,070,000	153,500	3,223,500
Total	\$ 111,652,941	\$ 26,415,550	\$ 474,671,840	\$ 162,526,320	\$ 586,324,781	\$ 188,941,870	\$ 775,266,651

Note: The debt listed in this schedule includes the principal of self-supporting debt for which there is an underlying pledge of the City's ad valorem taxes (Series 2002 "General Improvement Revenue and Tax Debt" to be repaid by the E911 District and TMBF Loan to be repaid by the revenues from the Parking Authority). This schedule also includes debt from the Natural Gas Acquisition Corp. This schedule does not include the debt from the Clarksville-Montgomery County Museum, which is due to the City.

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

Fiscal Year	Population	Personal Income (thousands)	Per Capita Personal Income	Median Age	Public School Enrollment	Average Unemployment Rate
2005	113,284	\$ 4,792,020	\$ 29,747	29.0	25,876	4.9%
2006	113,873	5,293,913	30,992	32.6	26,438	4.8%
2007	119,284	5,638,774	32,289	32.0	27,201	4.1%
2008	122,069	5,950,842	35,232	28.8	27,754	6.9%
2009	124,565	6,307,893	35,232	NA	29,205	9.0%
2010	123,095	6,686,367	35,232	31.8	29,796	9.6%
2011	132,929	6,398,756	37,893	31.5	30,440	9.7%
2012	132,929	6,785,738	39,155	28.2	30,566	7.2%
2013	139,532	7,680,293	43,485	28.2	31,300	8.3%
2014	146,802	7,640,346	41,418	28.3	32,000	7.5%



*The above information came from the following sources: U.S. Bureau of Economic Analysis, Clarksville-Montgomery County Office of Economic Development, Clarksville-Montgomery County School System and the US Department of Labor: Bureau of Labor Statistics. 2011 - Tennessee Certified Populations, other years are estimated based on 2000 Tennessee Certified Population. Per Capita and Personal Income Information provided by bea.gov, and has a two year lapse to collect data.

CITY OF CLARKSVILLE, TENNESSEE

Principal Employers

Current Year and Nine Years Ago

Employer	Year 2014			Year 2005		
	Employees	Rank	Percentage of Total City Employment	Employees	Rank	Percentage of Total City Employment
Department of Defense (Ft. Campbell)	5,100	1	7.14%	3,933	1	6.10%
Clarksville-Montgomery County School System	3,900	2	5.46%	2,900	2	4.50%
Trane Company	1,400	3	1.96%	1,400	3	2.17%
Wal-mart Supercenter	1,363	4	1.91%			
City of Clarksville	1,165	5	1.63%	1,095	5	1.70%
Gateway Medical Center	921	6	1.29%	1,200	4	1.86%
Montgomery County	900	7	1.26%	850	7	1.32%
Austin Peay State University	800	8	1.12%	732	8	1.14%
Convergys Corporation	600	9	0.84%	1,400	3	2.17%
Josten's Printing & Publishing	500	10	0.70%	600	9	0.93%
Quebecor Printing				1,000	6	1.55%
Robert Bosch Corp.				500	10	0.78%
	<u>16,649</u>		<u>23.27%</u>	<u>15,610</u>		<u>24.20%</u>
Civilian Labor Force - 2014	71,453					
Civilian Labor Force - 2005	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	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014
General Government	75	79	67	75	83	89	131	135	135	135
Public Safety										
Police Department	288	292	292	301	322	296	307	315	344	345
Fire Department	182	183	200	197	197	197	204	204	204	200
Total Public Safety	470	475	492	498	519	493	511	519	548	545
Street Department	75	79	82	83	86	86	86	86	90	89
Recreation	44	44	50	82	79	81	93	94	94	94
Governmental Activities	664	677	691	738	767	749	821	834	867	863
Transit	48	49	52	52	52	77	76	76	77	77
Department of Electricity	-	89	90	90	90	127	167	167	167	167
Gas, Water & Sewer	258	254	246	245	244	245	244	244	244	262
Business-Type Activities	306	392	388	387	386	449	487	487	488	506
Total Employees of Primary Government	970	1,069	1,079	1,125	1,153	1,198	1,308	1,321	1,355	1,369

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

Function / Program	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014
General Government										
Building Permits Issued					630	1,203	1,128	1,557	1,112	1,184
Building Inspections Conducted					12,984	5,886	4,514	7,119	5,915	5,475
Police										
Calls for Service				152,562	143,210	143,210	145,894	150,000	154,445	149,788
TIBRS Type A Crime				13,509	13,356	13,356	12,060	13,053	12,647	12,987
TIBRS Type B Crime				2,066	1,879	1,879	2,019	2,243	2,260	2,433
Fire										
Calls for Service				6,353	6,635	5,710	6,573	8,008	9,139	10,554
Fire Calls				620	586	478	128	129	487	91
Inspections				2,023	2,599	2,547	2,601	1,840	2,189	1,615
Public Works										
Miles of Street	543	550	560	572	587	595	603	615	624	634
Parks & Recreation										
Acres of Parks	429.5	429.5	429.5	430	430	600	650	650	775	750
Gas, Water & Sewer										
Miles of Gas Lines	704	704	758	859	859	986	1,022	1,021	1,031	1,041
Miles of Water Lines	841	841	841	944	970	992	1,008	1,030	1,032	1,037
Miles of Sewer Lines	731	731	731	781	781	860	871	893	906	915
Gas Customers	19,758	20,523	21,343	21,871	22,223	23,081	24,110	24,473	24,652	25,136
Water Customers	46,579	47,167	51,066	51,035	53,266	52,558	56,726	58,405	58,694	60,666
Sewer Customers					45,578	46,780	48,964	50,453	50,628	52,516
Electric										
# of Residential Customers	44,900	45,606	48,629	49,219	49,295	52,413	54,019	55,434	55,837	57,631
# of Commercial Customers	5,479	5,570	5,779	5,827	5,784	6,279	6,336	6,553	6,580	6,700
# of Industrial Customers	660	699	734	734	754	727	769	741	725	743
Public Lighting Customers	510	508	547	523	528	561	552	577	419	427
Transit										
# of Riders	646,905	671,005	662,917	727,757	727,757	733,718	793,923	894,356	873,368	733,752

*Information included as available.

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

Function / Program	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014
General Government										
# of Buildings	119	119	119	122	122	123	103	103	119	128
# of Vehicles	134	134	149	150	150	165	173	173	184	186
Public Safety										
Police Stations	3	3	3	3	3	3	5	5	5	5
Police Patrol Units	303	303	354	315	315	326	252	279	303	303
Fire Stations	10	10	10	10	10	10	10	10	10	10
Fire Vehicles	43	43	47	51	51	52	50	50	48	65
Public Works										
Streets (miles)	543	550	560	572	587	595	603	615	624	634
Parks & Recreation										
Acreage	429.5	429.5	429.5	430	430	600	650	650	775	750
# of Parks	22	22	22	22	22	30	25	25	25	27
Community Centers	3	3	3	3	3	3	3	3	3	3
Pools / Field & Courts	38	38	38	38	38	38	56	64	34	48
Gas, Water, Sewer & Electric										
Gas Line Miles	704	704	758	859	859	986	1,022	1,021	1,031	1,041
Water Line Miles	841	841	841	944	970	992	1,008	1,030	1,032	1,037
Sewer Line Miles	731	731	731	781	781	860	871	893	906	915
Electric Substations	10	10	10	10	10	10	11	12	12	12
Transit										
# of Vehicles	12	12	15	16	18	20	34	34	34	34

Internal Control and Compliance Section





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

To the Mayor and City Council
City of Clarksville, Tennessee

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of City of Clarksville, Tennessee (the "City"), as of and for the year ended June 30, 2014, and the related notes to the financial statements, which collectively comprise the City's basic financial statements, and have issued our report thereon dated December 30, 2014. Our report includes a reference to other auditors who audited the financial statements of the Clarksville-Montgomery County Museum, as described in our report on the City's financial statements. This report does not include the results of the other auditor's testing of internal control over financial reporting or compliance and other matters that are reported on separately by those auditors.

Internal Control Over Financial Reporting

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

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.



To the Mayor and City Council
City of Clarksville, Tennessee

Compliance and Other Matters

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

Purpose of this Report

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

Crosslin & Associates, P.C.

Nashville, Tennessee
December 30, 2014

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

To the Mayor and City Council
City of Clarksville, Tennessee

Report on Compliance for Each Major Federal Program

We have audited the City of Clarksville, Tennessee's (the City) compliance with the types of compliance requirements described in the *OMB Circular A-133 Compliance Supplement* that could have a direct and material effect on each of City's major federal programs for the year ended June 30, 2014. The City's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

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

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of the City's major federal programs based on our audit of the types of compliance requirements referred to above. The City's basic financial statements include the operations of the Gas, Water and Sewer Departments, which had federal expenditures and adjustments of \$18,351,566 which are not included in the City's schedule of expenditure of federal amounts for the year ended June 30, 2014. Our audit, described below, did not include the operations of the Gas, Water and Sewer Departments, because we audited and reported on the Gas, Water and Sewer Departments' compliance in accordance with OMB Circular A-133 separately. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States; and OMB Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the City's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each major federal program. However, our audit does not provide a legal determination of the City's compliance.

Opinion on Each Major Federal Program

In our opinion, the City, complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2014.



Report on Internal Control Over Compliance

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

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. *A material weakness in internal control over compliance* is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. *A significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies. We did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

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

Crosslin & Associates, P.C.

Nashville, Tennessee
December 30, 2014

CITY OF CLARKSVILLE, TENNESSEE

SCHEDULE OF FINDINGS AND QUESTIONED COSTS
YEAR ENDED JUNE 30, 2014

I. Summary of Independent Auditor's Results

Financial Statements

Type of auditor's report issued: Unmodified

Internal control over financial reporting:

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

Noncompliance material to financial statements noted? yes no

Federal Awards

Internal control over major programs:

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

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

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

Identification of major programs for the City of Clarksville for the fiscal year ended June 30, 2014 are:

<u>CFDA Number</u>	<u>Name of Federal Program</u>
14.218	Community Development Block Grants
20.500 / 20.507	Federal Transit Cluster

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

Auditee qualified as low-risk auditee? yes no

CITY OF CLARKSVILLE, TENNESSEE

SCHEDULE OF FINDINGS AND QUESTIONED COSTS - Continued
YEAR ENDED JUNE 30, 2014

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

None reported.

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

None reported.

CITY OF CLARKSVILLE, TENNESSEE

SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
YEAR ENDED JUNE 30, 2014

2013 - 1 Actuarial Census Data

Criteria:

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

Condition:

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

Context:

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

Cause:

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

Effect:

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

Recommendation:

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

Views of Responsible Officials and Planned Corrective Actions:

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

CITY OF CLARKSVILLE, TENNESSEE

SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
YEAR ENDED JUNE 30, 2014

2013 - 1 Actuarial Census Data - Continued

Current Status:

The finding has been resolved for fiscal year 2014.

2013 - 2 Clarksville Transit System

Criteria:

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

Condition:

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

Questioned Cost:

None.

Context:

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

Cause:

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

Effect:

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

CITY OF CLARKSVILLE, TENNESSEE

SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
YEAR ENDED JUNE 30, 2014

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

2013 - 2 Clarksville Transit System

Recommendation:

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

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

Views of Responsible Officials and Planned Corrective Actions:

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

Current Status:

This finding has been resolved for fiscal year 2014.