

CLARKSVILLE-MONTGOMERY COUNTY  
REGIONAL PLANNING COMMISSION  
AUDITED FINANCIAL STATEMENTS  
AND OTHER INFORMATION  
JUNE 30, 2011

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## INDEPENDENT AUDITOR'S REPORT

Board of Commissioners  
Clarksville-Montgomery County Regional Planning Commission  
Clarksville, Tennessee

We have audited the accompanying financial statements of the governmental activities and major fund of Clarksville-Montgomery County Regional Planning Commission (the Planning Commission) as of and for the year ended June 30, 2011, which collectively comprise the Planning Commission's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the Planning Commission's management. Our responsibility is to express opinions on these financial statements based on our audit.

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

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities and major fund of the Planning Commission as of June 30, 2011, and the respective changes in financial position thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated January 16, 2012, on our consideration of the Planning Commission's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and schedules of funding progress as listed in the table of contents 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.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Planning Commission's financial statements as a whole. The other information listed in the table of contents is presented for purposes of additional analysis and is not a required part of the financial statements. Such information, except for that portion marked "unaudited" on which we express no opinion, has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

*Stone Rudolph & Henry, PLC*

January 16, 2012

CLARKSVILLE-MONTGOMERY COUNTY REGIONAL PLANNING COMMISSION  
MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)  
JUNE 30, 2011

BACKGROUND

The Clarksville-Montgomery County Regional Planning Commission (the Planning Commission) is an independent body established in 1963 under State Law. The Board of Commissioners consists of nine members serving the community and is selected on the following basis. Under the law, the County Mayor and the City Mayor or their designates always serve on the Board of Commissioners during their terms of office. The remaining members are nominated for appointment by the County Mayor and the City Mayor; however, the Tennessee State Planning Office actually designates or appoints all members of the Board of Commissioners. The Planning Commissioners serve four-year terms. One Planning Commissioner will serve on the Regional Historic Zoning Commission as required by State law.

The composition of the Board of Commissioners is as follows:

- (1) City Mayor/designate
- (2) County Mayor/designate
- (3) City Council Member, chosen by City Mayor
- (4) County Commissioner, chosen by County Mayor
- (5) Three appointments made by the City Mayor
- (6) Two appointments made by the County Mayor

A full-time planning staff employed by the Planning Commission carries out all administrative activities. This agency provides technical and planning assistance in coordinating actions among federal, state, regional, and local governments.

The basic function and duty of the Planning Commission is to formulate and adopt a general regional plan for the physical development of the region. The plan is for the general purpose of guiding and accomplishing a coordinated, efficient, and economic development of the region which will, in accordance with present and future needs and resources, best promote the health, safety, morals, order, convenience, prosperity, and welfare of the inhabitants. The Planning Commission intends to promote efficiency and economy in the process of development, including, among other things, such distribution of population and the uses of the land for urbanization, trade, industry, habitation, recreation, agriculture, forestry, and other uses as will tend to create conditions favorable to transportation, health, safety, civic activities, and educational and cultural opportunities. Its plans entail reducing the wastes of financial and human resources which result from either excessive congestion or excessive scattering of population, and tend toward an efficient and economic utilization, conservation, and production of the supply of food, water, minerals, and other resources, as well as drainage, sanitary, and other facilities.

The Planning Commission employs a competent staff to oversee rezoning, review subdivision development, and coordinate transportation planning within the Clarksville-Montgomery County area.

CLARKSVILLE-MONTGOMERY COUNTY REGIONAL PLANNING COMMISSION  
MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED) (CONT'D)  
JUNE 30, 2011

As noted earlier, the Planning Commission processes and reviews requests for zoning changes, as well as proposed subdivisions within Clarksville and Montgomery County, Tennessee. We also process all site reviews for the City and County which are required in many zone districts. Also, the Planning Commission is responsible for carrying out the City and County's short- and long-range planning activities.

We have two employees who are involved in transportation planning activities. These staff members are funded through federal, state and some local monies.

ZONING, SUBDIVISION, AND SITE REVIEW CASES

The Clarksville-Montgomery County Regional Planning Commission is specifically responsible for recommendations concerning the rezoning of land in the City and County and for the proper subdivision of new developments in the City and County. Citizens file applications in our office to have their property rezoned, subdivided, or reviewed. After the Planning Commission has recommended approval or disapproval on zoning applications, the County cases are then heard by the Board of County Commissioners and the City cases are heard by the Clarksville City Council. Subdivision and site review cases are only acted on by the Planning Commission.

In order to have adequate time to process the requests for zone changes, subdivision approvals, site reviews and abandonment applications, deadline dates have been established in accordance with current local zoning laws. A current listing of these deadlines is available in the Planning Commission office.

Applications must be received in our office by the close of business on the date set to be processed for the current month. Each case is taken in the order received. Fees have been established by resolution or ordinance of the appropriate body.

All fees will be processed in accordance with approved accounting policies for the Planning Commission. All zoning requests must be advertised in a newspaper of local general circulation within required time limits. Also, adjacent property owners are notified by mail as a courtesy, utilizing the latest available tax rolls on file in our office. Subdivision applications are not required to be advertised for public hearing. However, notices are required to be sent by mail within specified time limits to all adjacent property owners. Every effort is made to make sure every adjacent owner is notified.

All cases are processed according to specific guidelines and requirements established in the Clarksville city zoning ordinance, the Montgomery County zoning resolution, the subdivision regulations, etc.

MAPS AND OTHER INFORMATION

The Planning Commission maintains and updates various city and county maps. Average daily traffic count maps are updated annually when new traffic counts are received from the Tennessee Department of Transportation (TDOT). Aerial photography and topographic maps are available through our office, as well as flood and census tract information. Official road name lists and up-to-date listings of county addresses for E-911 purposes are also maintained.

CLARKSVILLE-MONTGOMERY COUNTY REGIONAL PLANNING COMMISSION  
MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED) (CONT'D)  
JUNE 30, 2011

A wide variety of information, both current and historical, is available to anyone desiring this information. Our staff is ready to assist anyone needing this information.

REPORTING REQUIREMENTS

The Planning Commission is required to apply the Governmental Accounting Standards Board ("GASB") Statement No. 34, "Basic Financial Statements-and Management's Discussion and Analysis-for State and Local Governments" ("GASB 34") for all accounting periods beginning after June 15, 2002.

Our discussion and analysis of the Planning Commission's financial performance provides an overview of the Planning Commission's financial activities for the fiscal year ended June 30, 2011. Please read it in conjunction with the Planning Commission's financial statements.

FINANCIAL HIGHLIGHTS

- The Planning Commission's net assets were \$583,418 compared to \$585,597 for the prior period (as adjusted).
- During the year, Planning Commission operating revenues were \$1,155,999 with operating expenses of \$1,158,178.

DESCRIPTION OF BASIC FINANCIAL STATEMENTS

The Financial Statements report information about the Planning Commission using generally accepted accounting principles. The *Governmental Fund Balance Sheet/Statement of Net Assets* includes all assets and liabilities and provides information about the nature and amounts of investments in resources (assets) and the obligations (liabilities). All of the current year's revenues and expenses are accounted for in the *Statement of Governmental Fund Revenues, Expenditures, and Changes in Fund Balance/Statement of Activities*. This statement measures the success of operations over the past year.

CLARKSVILLE-MONTGOMERY COUNTY REGIONAL PLANNING COMMISSION  
MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED) (CONT'D)  
JUNE 30, 2011

The following condensed financial information provides an overview of the Planning Commission's financial activities for the years ended June 30, 2011 and 2010.

NET ASSETS

	2011	2010	Dollar Change	Total Percent Change
Cash and cash equivalents	\$ 495,894	\$ 428,905	\$ 66,989	15.7%
Capital assets (net)	110,375	115,659	(5,284)	-4.6%
Other assets	287,679	310,596	(22,917)	-7.4%
Total assets	<u>\$ 893,948</u>	<u>\$ 855,160</u>	<u>\$ 38,788</u>	4.5%
Current liabilities	\$ 22,475	\$ 14,842	\$ 7,633	51.5%
Other liabilities	288,055	254,721	33,334	13.1%
Total liabilities	<u>310,530</u>	<u>269,563</u>	<u>40,967</u>	15.2%
Unrestricted net assets	473,043	469,938	3,105	0.7%
Invested in capital assets, net of related debt	<u>110,375</u>	<u>115,659</u>	<u>(5,284)</u>	-4.6%
Total net assets	<u>583,418</u>	<u>585,597</u>	<u>(2,179)</u>	-0.4%
Total liabilities and net assets	<u>\$ 893,948</u>	<u>\$ 855,160</u>	<u>\$ 38,788</u>	4.5%

Net assets – Net assets increased \$3,105 primarily due to an increase in restricted and assigned net assets.

Long-term and other liabilities - Liabilities increased \$40,967 primarily due to an increase in unearned revenues and an increase in accounts payable as a result of a TDOT desk audit.

Net assets - Net assets invested in capital assets were \$110,375 for the year ending June 30, 2011. Unrestricted net assets were \$473,043 this fiscal year. Unrestricted net assets consists of net assets that do not meet the definition of “restricted” or “invested in capital assets, net of related debt.”

CLARKSVILLE-MONTGOMERY COUNTY REGIONAL PLANNING COMMISSION  
MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED) (CONT'D)  
JUNE 30, 2011

CHANGES IN NET ASSETS FOR YEAR ENDED JUNE 30,

	<u>2011</u>	<u>2010</u>	<u>Dollar Change</u>	<u>Total Percent Change</u>
Total operating revenues	\$1,147,167	\$1,229,926	\$ (82,759)	-6.7%
Total operating expenses	(1,158,178)	(1,220,773)	62,595	5.1%
Other income	<u>8,832</u>	<u>3,482</u>	<u>5,350</u>	153.6%
Change in net assets	(2,179)	12,635	(14,814)	-117.2%
Net assets, beginning of year	<u>585,597</u>	<u>572,962</u>	<u>12,635</u>	2.2%
Net assets, end of year	<u>\$ 583,418</u>	<u>\$ 585,597</u>	<u>\$ (2,179)</u>	-0.4%

Revenues – The Planning Commission generates revenue through the collection of filing fees for zoning cases, subdivision reviews and site reviews. We also receive yearly allocations from the City of Clarksville and Montgomery County, Tennessee. Federal funds are also received for transportation planning activities. For the year ended June 30, 2011, City and County funding was \$637,046, or 54.7%, of operating revenues. Grant contracts totaled \$235,432 or 20.5% of revenues.

The main source of the Planning Commission's non-operating revenues consists of interest earned on its investments. For the year ended June 30, 2011, the Planning Commission earned \$8,269, while in 2010 interest was \$2,848.

Expenses – The main expenditures for the Planning Commission are for salaries and employee benefits. A total of \$533,439 or 46.1% of total expenses was expended for salaries and payroll taxes and \$210,296 or 18.2% for employee benefits. A total of \$298,759 or 25.8% was expended for transportation related projects. The remaining was used for ordinary operating expenses such as office supplies, utilities, advertising fees, etc.

CLARKSVILLE-MONTGOMERY COUNTY REGIONAL PLANNING COMMISSION  
MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED) (CONT'D)  
JUNE 30, 2011

COMPARISON OF FY 2010-11 BUDGET TO ACTUAL REVENUES/EXPENSES

The following table shows budgeted versus actual figures for revenues and expenses. The full amount of grant contracts allocated to the Planning Commission through TDOT and KY Transportation Cabinet is placed in the budget to have access to it in case the City and/or County identify projects that need to be accomplished during that budget year. These funds are only drawn down when used for projects. This goes for administration money as well as project funds. We are reimbursed at a rate of 80/20 or 85/15 depending on the fund used. Contracted & professional services are the opposite side of this scenario – the full amount is also shown on the expense side but only reimbursed as used.

Estimates for charges for services are usually kept low because we can never know what fees will actually be filed with us. Much depends on the local economy and the volume of construction and building in the area.

CLARKSVILLE-MONTGOMERY COUNTY REGIONAL PLANNING COMMISSION  
MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED) (CONT'D)  
JUNE 30, 2011

	Original/Final Budgeted Amounts	Actual Amounts	Variance Favorable (Unfavorable)
<b>Revenues:</b>			
City and County Funding	\$ 637,046	\$ 637,046	\$ -
Grant Contracts	323,732	235,432	(88,300)
Rent	-	144,500	144,500
MPO Match	27,408	-	(27,408)
Interest	1,200	8,269	7,069
Other	525	563	38
Charges for Services	<u>80,000</u>	<u>130,189</u>	<u>50,189</u>
Total Revenues	<u>\$ 1,069,911</u>	<u>\$ 1,155,999</u>	<u>\$ 86,088</u>
<b>Expenditures:</b>			
Audit	\$ 13,310	\$ 11,225	\$ 2,085
Board Fees	6,000	5,000	1,000
Communications	9,840	8,440	1,400
Consultants	40,000	-	40,000
Depreciation	-	20,982	(20,982)
Dues and Memberships	3,500	3,769	(269)
Janitorial Services	6,000	4,045	1,955
Lease Payments	20,000	20,580	(580)
Legal Notices	17,000	37,673	(20,673)
Maintenance Agreements	16,000	13,829	2,171
Rent	-	144,500	(144,500)
Repairs and Maintenance	13,000	8,612	4,388
Postal Charges	3,500	2,579	921
Travel	25,000	22,235	2,765
Tuition	4,000	875	3,125
Contracted and Professional Services	184,043	18,601	165,442
Data Processing Supplies	-	546	(546)
Office Supplies	20,000	19,012	988
Periodicals	3,000	1,908	1,092
Utilities	23,000	16,154	6,846
Insurance	19,000	14,219	4,781
Salaries	581,633	533,439	48,194
Payroll Taxes	44,954	39,659	5,295
Employee Benefits	<u>214,214</u>	<u>210,296</u>	<u>3,918</u>
Total Operating Expenses	<u>1,266,994</u>	<u>1,158,178</u>	<u>108,816</u>
Equipment and Capital Outlay	<u>29,500</u>	<u>15,698</u>	<u>13,802</u>
Total Expenditures/Expenses	<u>\$ 1,296,494</u>	<u>\$ 1,173,876</u>	<u>\$ 122,618</u>

CLARKSVILLE-MONTGOMERY COUNTY REGIONAL PLANNING COMMISSION  
MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED) (CONT'D)  
JUNE 30, 2011

CAPITAL ASSET AND DEBT ADMINISTRATION

Capital Assets – At June 30, 2011, the Planning Commission had \$110,375 invested in its furniture, fixtures and equipment (see table below).

	<u>2011</u>
Property and equipment	\$ 524,219
Total accumulated depreciation	<u>(413,844)</u>
Net capital assets	<u>\$ 110,375</u>

Liabilities – At June 30, 2011, the Planning Commission had outstanding liabilities of \$314,658, which consisted of accounts payable, accrued compensated absences, other postemployment benefits and unearned revenue.

ECONOMIC FACTORS AND NEXT YEAR'S BUDGET

- It is anticipated that new housing development in Clarksville and Montgomery County will increase over the previous year. The local market appears to be above the national average. Commercial and industrial development is expected to increase in the foreseeable future, especially with construction of the new Hemlock Semiconductor plant in Montgomery County.
- Population projections for Clarksville and Montgomery County indicate average yearly growth rates higher than those projected for the State of Tennessee.
- Anticipated projects for the coming year include the process of revising Montgomery County's zoning and subdivision regulations and a proposed revision to the city/county growth plan.
- Preliminary work will begin on a major update of the MPO's Long-Range Transportation Plan.

As long as the housing and development markets improve, these factors are expected to enhance the operations of the Clarksville-Montgomery County Regional Planning Commission.

CONTACTING THE PLANNING COMMISSION'S FINANCIAL MANAGEMENT

This financial report is designed to provide our customers, taxpayers and elected officials with a general overview of the Planning Commission's finances and to show the Planning Commission's accountability for the money it receives. If you have any questions about this report, or need additional financial information, contact the Planning Commission's office at 329 Main Street, Clarksville, TN 37040.

CLARKSVILLE-MONTGOMERY COUNTY REGIONAL PLANNING COMMISSION  
GOVERNMENTAL FUND BALANCE SHEET/STATEMENT OF NET ASSETS  
JUNE 30, 2011

	Governmental Fund	Adjustments - Note 5	Statement of Net Assets
<u>ASSETS</u>			
Cash and Cash Equivalents			
Unrestricted	\$ 495,894		\$ 495,894
Restricted	230,146		230,146
Grants Receivable	57,533		57,533
Capital Assets, Net of Accumulated Depreciation		\$ 110,375	110,375
Total Assets	\$ 783,573	\$ 110,375	\$ 893,948
<u>LIABILITIES</u>			
Accounts Payable	\$ 10,363		\$ 10,363
Grants Payable	12,112		12,112
Accrued Compensated Absences	48,605		48,605
Other Postemployment Benefits	9,304		9,304
Unearned Revenue	230,146		230,146
Total Liabilities	310,530	-	310,530
<u>FUND BALANCE/NET ASSETS</u>			
Fund Balance:			
Assigned	75,047		
Unassigned	397,996	\$ 110,375	
Total Fund Balance	473,043	110,375	
Total Liabilities and Fund Balance	\$ 783,573		
Net Assets:			
Invested in Capital Assets			110,375
Unrestricted			473,043
Total Net Assets		\$ 110,375	\$ 583,418

The accompanying notes are an integral part of the financial statements.

CLARKSVILLE-MONTGOMERY COUNTY REGIONAL PLANNING COMMISSION  
STATEMENT OF GOVERNMENTAL FUND REVENUES, EXPENDITURES, AND  
CHANGES IN FUND BALANCE/STATEMENT OF ACTIVITIES  
YEAR ENDED JUNE 30, 2011

	<u>Governmental</u> <u>Fund</u>	<u>Adjustments -</u> <u>Note 5</u>	<u>Statement of</u> <u>Activities</u>
<u>EXPENDITURES/EXPENSES:</u>			
Operating Expenses:			
Advertising and Legal Notices	\$ 37,673		\$ 37,673
Board Fees	5,000		5,000
Depreciation		\$ 20,982	20,982
Dues and Publications	5,677		5,677
Education	875		875
Employee Benefits	210,296		210,296
Insurance	14,219		14,219
Janitorial	4,045		4,045
Lease Expense – Office Equipment	20,580		20,580
Office Expenses, Printing, Postage	2,579		2,579
Payroll Taxes	39,659		39,659
Professional Services	29,826		29,826
Rent	144,500		144,500
Repairs and Maintenance	22,440		22,440
Salaries	533,439		533,439
Supplies	19,559		19,559
Telephone	8,440		8,440
Travel	22,235		22,235
Utilities	16,154		16,154
Total Operating Expenses	<u>1,137,196</u>	<u>20,982</u>	<u>1,158,178</u>
Capital Outlays	15,698	(15,698)	-
Total Expenditures/Expenses	<u>1,152,894</u>	<u>5,284</u>	<u>1,158,178</u>
<u>PROGRAM REVENUES:</u>			
Charges for Services	130,189		130,189
Operating Grant Contracts	235,432		235,432
Total Program Revenues	<u>365,621</u>	<u>-</u>	<u>365,621</u>
Net Program Expense	<u>787,273</u>	<u>5,284</u>	<u>792,557</u>

CLARKSVILLE-MONTGOMERY COUNTY REGIONAL PLANNING COMMISSION  
STATEMENT OF GOVERNMENTAL FUND REVENUES, EXPENDITURES, AND  
CHANGES IN FUND BALANCE/STATEMENT OF ACTIVITIES (CONT'D)  
YEAR ENDED JUNE 30, 2011

	<u>Governmental Fund</u>	<u>Adjustments - Note 5</u>	<u>Statement of Activities</u>
<u>GENERAL REVENUES</u>			
City and County Funding	637,046		637,046
Donated Facilities	144,500		144,500
Interest	8,269		8,269
Other	563		563
Total General Revenues	<u>790,378</u>	<u>-</u>	<u>790,378</u>
Excess of Revenues over (under)			
Expenditures/Changes in Net Assets	3,105	(5,284)	(2,179)
Fund Balance/Net Assets:			
Balance, Beginning of Year	<u>469,938</u>	<u>-</u>	<u>585,597</u>
Balance, End of Year	<u>\$ 473,043</u>	<u>\$ -</u>	<u>\$ 583,418</u>

The accompanying notes are an integral part of the financial statements.

CLARKSVILLE-MONTGOMERY COUNTY REGIONAL PLANNING COMMISSION  
NOTES TO FINANCIAL STATEMENTS

1. Summary of Significant Accounting Policies

Reporting Entity

The Clarksville-Montgomery County Regional Planning Commission (the Planning Commission) was created on January 12, 1963, by the Tennessee State Planning Commission as authorized by Sections 13-201 through 13-212 of the Tennessee Code Annotated (TCA) to serve as the official planning body for the City of Clarksville and Montgomery County, Tennessee.

The Planning Commission consists of nine total members, five of whom represent the City of Clarksville, and four who represent the remaining portion of Montgomery County outside the city limits of Clarksville.

The Planning Commission is considered a political subdivision and is exempt from federal and state income tax. The Planning Commission's operations alone constitute the reporting entity since it has no oversight responsibility for any other agencies and no component units.

Government-wide and Fund Financial Statements

The government-wide financial statements (the governmental fund balance sheet/statement of net assets and the statement of governmental fund revenues, expenditures, and changes in fund balance/statement of activities) report information on all of the nonfiduciary activities of the Planning Commission.

The governmental fund financial statements are shown in combination with the government-wide financial statements.

The statement of activities demonstrates the degree to which the direct expenses of a given function or segment is offset by program revenues. Direct operating 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. Subsidies and other items that are not properly included among program revenues are reported instead as general revenues.

Measurement Focus, Basis of Accounting, and Basis of Presentation

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of the related cash flow.

Governmental fund financial statements are reported using the current financial resources measurement focus and modified accrual basis of accounting. Revenues are recognized when 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 Planning Commission considers revenues to be available if they are collectible within 60 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting.

CLARKSVILLE-MONTGOMERY COUNTY REGIONAL PLANNING COMMISSION  
NOTES TO FINANCIAL STATEMENTS (CONT'D)

1. Summary of Significant Accounting Policies (Cont'd)

Measurement Focus, Basis of Accounting, and Basis of Presentation (Cont'd)

The Planning Commission's only fund is the general fund. It accounts for all of the financial resources of the Planning Commission.

The Board follows all pronouncements of the Governmental Accounting Standards Board (GASB) and pronouncements of the Financial Accounting Standards Board (FASB) issued on or before November 30, 1989. The Commission has not elected to follow FASB pronouncements issued after November 30, 1989.

Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the period. Actual results could differ from those estimates.

Concentrations of Credit Risk

Financial instruments that potentially subject the Planning Commission to significant concentrations of credit risk consist principally of cash and accounts receivable. The Planning Commission places its cash with federally-insured financial institutions and limits the amount of credit exposure to any one institution by requiring collateral. With respect to accounts receivable, credit risk is related to state grants (see Note 3). The Planning Commission does not obtain collateral for accounts receivable.

Cash and Cash Equivalents

The Planning Commission considers all highly liquid debt instruments purchased with maturities of 90 days or less to be cash equivalents.

Accounts Receivable

Accounts receivable are reported net of an allowance for uncollectible accounts and revenues net of uncollectible accounts.

Capital Assets

Property and equipment are valued at historical cost. Expenditures of \$500 or more for improving or extending the life of property are capitalized; maintenance and repair expenditures are charged to operations. Depreciation of capital assets has been computed using the straight-line method over the estimated useful life of each asset, which range from 2 to 10 years for furniture, equipment and software, and 15 to 30 years for leasehold improvements.

Accrued Compensated Absences

Vacation benefits are accrued as earned and charged to salaries.

CLARKSVILLE-MONTGOMERY COUNTY REGIONAL PLANNING COMMISSION  
NOTES TO FINANCIAL STATEMENTS (CONT'D)

1. Summary of Significant Accounting Policies (Cont'd)

Fund Equity

Beginning with fiscal year 2011, the Planning Commission implemented GASB Statement No. 54, "Fund Balance Reporting and Governmental Fund Type Definitions." This Statement provides more clearly defined fund balance categories to make the nature and extent of the constraints placed on a government's fund balances more transparent. The following classifications describe the relative strength of the spending constraints:

- Nonspendable fund balance – amounts that are not in spendable form (such as inventory) or are required to remain intact.
- Restricted fund balance – amounts constrained to specific purposes by their providers (such as grantors, bondholders, and higher levels of government), through constitutional provisions, or by enabling legislation.
- Committed fund balance – amounts constrained to specific purposes by the Planning Commission's governing body, using its highest level of decision-making authority (i.e., the board of commissioners). To be reported as committed, amounts cannot be used for any other purpose unless the board of commissioners takes the same highest level action to remove or change the constraint.
- Assigned fund balance – amounts the Planning Commission intends to use for a specific purpose. Intent can be expressed by management of the Planning Commission.
- Unassigned fund balance – amounts that are available for any purpose.

The details of the fund balances are included in the Governmental Funds Balance Sheet and in Note 10.

It is the Planning Commission's policy to use restricted funds first as appropriate. Assigned funds are reduced to the extent that expenditure authority has been budgeted or the assignment has been changed by management. Decreases to fund balance first reduces unassigned fund balance; in the event that unassigned fund balance becomes zero, then assigned and committed fund balances are used in that order.

Program Revenues and Expenses

Charges for services and operating program grants are shown as program revenues. Substantially all expenditures are considered program expenditures. Indirect expenses are allocated to programs based upon a grantor-approved cost allocation formula.

Funding

General revenues include support from local governments and other miscellaneous revenues.

CLARKSVILLE-MONTGOMERY COUNTY REGIONAL PLANNING COMMISSION  
NOTES TO FINANCIAL STATEMENTS (CONT'D)

1. Summary of Significant Accounting Policies (Cont'd)

Operating Grant Contracts

Contract revenue is recognized as reimbursable costs are incurred. Any costs reimbursed before the expenses are actually incurred are classified as unearned revenue and the related cash is considered restricted until the conditions for use are met.

Interest Expense

The total interest incurred each year is expensed.

Date of Management's Review

Subsequent events have been evaluated through January 16, 2012, which is the date the financial statements were available to be issued.

2. Cash and Cash Equivalents

Cash and other deposits are restricted to deposits with federally insured institutions and must be approved by the board of commissioners.

Custodial credit risk for the Planning Commission's deposits is the risk that in the event of a bank failure, the Planning Commission's deposits may not be returned to it. As required by state statutes, the Planning Commission's policy is to require financial institutions holding its deposits to be members of the Tennessee Collateral Pool or pledge collateral of 105% for deposits in excess of federal depository insurance. The collateral is required to be held by the Planning Commission or its agent in the Planning Commission's name. At June 30, 2011, cash and other deposits reported in the financial statements in the amount of \$726,040 were represented by bank balances totaling \$753,603, all of which were insured by the Federal Deposit Insurance Corporation (FDIC) or the State of Tennessee Collateral Pool. Cash included funds from grant contracts totaling \$230,146 which were considered to be restricted.

Both cash and cash equivalents are carried at cost which approximated fair value at June 30, 2011.

3. Grants Receivable - Contracts

Grants receivable - contracts consisted of amounts due from:

Tennessee Department of Transportation funds	\$ 51,821
Kentucky Department of Transportation funds	9,840
	<u>\$ 61,661</u>

CLARKSVILLE-MONTGOMERY COUNTY REGIONAL PLANNING COMMISSION  
NOTES TO FINANCIAL STATEMENTS (CONT'D)

4. Capital Assets

Changes in depreciable capital assets follow:

<u>Capital Assets</u>	<u>Balance</u> <u>July 1, 2010</u>	<u>Additions</u>	<u>Dispositions</u>	<u>Balance</u> <u>June 30, 2011</u>
Furniture	\$ 48,452	\$ 2,526	\$ -	\$ 50,978
Equipment	211,538	12,272	-	223,810
Software	13,971	900	-	14,871
Leasehold improvements	<u>234,560</u>	<u>-</u>	<u>-</u>	<u>234,560</u>
	<u>\$ 508,521</u>	<u>\$ 15,698</u>	<u>\$ -</u>	<u>\$ 524,219</u>
<u>Accumulated Depreciation</u>				
Furniture	\$ 35,480	\$ 2,277	\$ -	\$ 37,757
Equipment	181,530	6,388	-	187,918
Software	13,087	332	-	13,419
Leasehold improvements	<u>162,765</u>	<u>11,985</u>	<u>-</u>	<u>174,750</u>
	<u>\$ 392,862</u>	<u>\$ 20,982</u>	<u>\$ -</u>	<u>\$ 413,844</u>

The Planning Commission has no capital assets that are idle or nondepreciable or considered to be impaired.

5. Adjustments to Governmental Fund Statements

Governmental Fund Balance Sheet to the Statement of Net Assets:

When capital assets that are to be used in governmental activities are purchased or constructed, the costs of those assets are reported as expenditures in governmental funds. However, the statement of net assets includes those capital assets among the assets of the Planning Commission, net of related accumulated depreciation.

Cost of capital assets	\$ 524,219
Less: Accumulated depreciation	<u>413,844</u>
	<u>\$ 110,375</u>

Statement of Governmental Fund Revenues, Expenditures, and Changes in Fund Balance to the Statement of Activities:

Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense. This is the amount by which depreciation expense exceeded (was exceeded by) capital outlays in the current period.

Capital outlays	\$ (15,698)
Depreciation expense	<u>20,982</u>
	<u>\$ 5,284</u>

CLARKSVILLE-MONTGOMERY COUNTY REGIONAL PLANNING COMMISSION  
NOTES TO FINANCIAL STATEMENTS (CONT'D)

6. Accumulated Sick Leave Benefits

Sick leave is accumulated on a monthly basis from the effective date of an employee's appointment. Employees may accrue an unlimited number of hours. On termination of employment of any employee, for any reason except retirement, all sick leave is forfeited. On retirement of an employee, accrued sick leave is credited toward extending the computation of longevity.

7. Accumulated Unpaid Vacation Benefits

Annual leave is accrued on a monthly basis from the effective date of an employee's appointment. Annual leave may be accrued up to a maximum of two hundred forty (240) hours as of the employee's anniversary date. On termination of employment, the Planning Commission pays any accrued vacation leave in a lump cash payment to such employee.

8. Other Liabilities

Changes in other liabilities (including current portions) for the year ended June 30, 2011 were as follows:

	Balance July 1, 2010	Increases	Decreases	Balance June 30, 2011	Estimated Amount Due Year Ending June 30, 2012
Accrued Compensated Absences	\$ 47,548	\$ 1,057	\$ -	\$ 48,605	\$ 18,228

9. Postemployment Benefits

The Planning Commission provides support for medical insurance coverage and premiums, excluding dental and life, for qualifying retired employees. Qualifying retired employees must have a minimum of thirty years of creditable service in the Tennessee Consolidated Retirement System (TCRS), with or without military service or accumulated sick leave, at any age, or must have a minimum of twenty years of service with the Planning Commission, and be at least age 60. Coverage will continue until the retired employee is eligible for Medicare. The retired employee must make premium payments to the Planning Commission in a timely manner, must be a current participant, and must have participated for at least two years in the group medical insurance program. The employee must be eligible for, and begin receiving retirement benefits from TCRS at the time of retirement from the Planning Commission and must elect to receive this benefit at the time of retirement. For qualifying retired employees the Planning Commission pays a portion of the medical insurance premium for a maximum of ten years. The co-payment schedule is as follows:

<u>Months after Retirement</u>	<u>Planning Commission</u>	<u>Retiree</u>
0 to 24	75%	25%
25 to 60	70%	30%
61 to 120	50%	50%
More than 120	0%	100%

CLARKSVILLE-MONTGOMERY COUNTY REGIONAL PLANNING COMMISSION  
NOTES TO FINANCIAL STATEMENTS (CONT'D)

9. Postemployment Benefits (Cont'd)

This plan is a single-employer defined benefit plan. Prior to the year ended June 30, 2011, the plan was funded and expensed on a pay-as-you-go basis. The provisions of Governmental Accounting Standards Board (GASB) Statement 45 were prospectively implemented in the year ended June 30, 2010. For 2011, the plan continued to be funded on a pay-as-you-go basis with expense calculated under the provisions of GASB 45 as described below. The plan does not issue stand-alone financial reports.

In July 2004, the GASB issued GASB No. 45, "Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions." GASB No. 45 requires employers that participate in single-employer or agent multiple-employer defined other postemployment benefit (OPEB) plans to measure and disclose an amount for annual OPEB cost on the accrual basis of accounting.

The annual OPEB expense is calculated based on the annual required contribution (ARC) of the employer, 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 Planning Commission's annual medical insurance OPEB cost for the year, the amount actually contributed to the plan, and changes in the Planning Commission's net OPEB obligation:

	Year Ended	
	June 30, 2011	June 30, 2010
Normal Cost	\$ 3,076	\$ 2,848
30 year Amortization of Accrued Liability	1,487	1,490
Interest on Net OPEB Obligation	306	97
Annual OPEB Expense	4,869	4,435
Contributions Made	-	-
Increase in Net OPEB Obligation	4,869	4,435
Net OPEB Obligation - Beginning	4,435	-
Net OPEB Obligation - Ending	\$ 9,304	\$ 4,435

The Planning Commission's annual OPEB expense, the percentage of annual OPEB cost contributed to the plan, and the net OPEB obligation for 2011 is as follows:

Fiscal Year Ended	Annual OPEB Cost	Percentage of Annual OPEB Cost Contributed	Net OPEB Obligation
June 30, 2011	\$ 4,869	0%	\$ 4,869
June 30, 2010	\$ 4,435	0%	\$ 4,435

CLARKSVILLE-MONTGOMERY COUNTY REGIONAL PLANNING COMMISSION  
NOTES TO FINANCIAL STATEMENTS (CONTD)

9. Postemployment Benefits (Cont'd)

As of January 1, 2010, the most recent actuarial valuation date, the plan was unfunded. The actuarial accrued liability for benefits for the fiscal year ended June 30, 2011, was \$41,001 and the actuarial value of assets was zero, resulting in an unfunded actuarial accrued liability (UAAL) of \$41,001. The covered payroll (annual payroll of active employees covered by the plan) was \$513,649 and the ratio of the UAAL to the covered payroll was 7.98 percent. The ARC was 0.86% 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 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 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, present multi-year trend information about whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liabilities for benefits.

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 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 January 1, 2010, actuarial valuation, the projected unit credit cost method was used. The actuarial assumption included an annual healthcare cost trend rate of eight percent initially, reduced by decrements to an ultimate rate of five percent after six years. UAAL is being amortized as a level percentage of projected payroll on an open basis. The remaining amortization period at June 30, 2011, is 28 years.

The Planning Commission pays and expenses the costs of the benefits as they are incurred. At June 30, 2011, the Planning Commission had no eligible retirees receiving benefits and incurred no expense for the year then ended.

10. Fund Balance

The Planning Commission has unassigned fund balance of \$397,996 and assigned fund balance of \$75,047 at June 30, 2011. Assigned fund balance consisted of funds set aside by management to be used to fund other postemployment benefits.

CLARKSVILLE-MONTGOMERY COUNTY REGIONAL PLANNING COMMISSION  
NOTES TO FINANCIAL STATEMENTS (CONT'D)

11. Sources of Income

Income is primarily derived from charges for reimbursable and allowable costs associated with federal and state programs. Portions of revenues are allocations from the City of Clarksville and Montgomery County for joint services provided by the Planning Commission. Miscellaneous income consists of charges and fees for zoning applications, maps, blueprints, and other reimbursements.

12. Operating Lease

Beginning September 2009, the Commission entered into a 63-month lease for office equipment. Rental expense under the operating lease was \$4,752.

Future payments on lease obligations are as follows:

2012	\$ 4,752
2013	4,752
2014	4,752
2015	<u>1,908</u>
	<u>\$ 16,164</u>

13. In-Kind Donation of Office Space

The City of Clarksville provides office space to the Planning Commission at no cost. In recognition of the economic value provided by the use of this space, an estimated amount of \$144,500 for 2011 and 2010 was recorded in the financial statements as both revenue and an expense in accordance with FASB pronouncements. This value was determined by considering the age and condition of the building and the cost of rental space for property in the same vicinity.

14. Retirement Plan

a. Plan Description:

Employees of the Planning Commission are members of the Political Subdivision Pension Plan (PSPP), an agent multiple-employer defined benefit pension plan administered by the Tennessee Consolidated Retirement System (TCRS). TCRS provides retirement benefits as well as death and disability benefits. Benefits are determined by a formula using the member's high five-year average salary and years of service. Members become eligible to retire at the age of 60 with five years of service or at any age with 30 years of service. A reduced retirement benefit is available to vested members at the age of 55. Disability benefits are available to active members with five years of service who become disabled and cannot engage in gainful employment. There is no service requirement for disability that is the result of an accident or injury occurring while the member was in the performance of duty. Members joining the system after July 1, 1979 become vested after five years of service and members joining prior to July 1, 1979 were vested after four years of service. Benefit provisions are established in state statute found in Title 8, Chapter 34-37 of the Tennessee Code Annotated (TCA). State statutes are amended by the Tennessee General Assembly. Political subdivisions

CLARKSVILLE-MONTGOMERY COUNTY REGIONAL PLANNING COMMISSION  
NOTES TO FINANCIAL STATEMENTS (CONT'D)

14. Retirement Plan (Cont'd)

a. Plan Description (Cont'd)

such as the Planning Commission participate in the TCRS as individual entities and are liable for all costs associated with the operation and administration of their plan. Benefit improvements are not applicable to a political subdivision unless approved by the chief governing body. The TCRS issues a publicly available financial report that includes financial statements and required supplementary information for the PSPP. That report may be obtained by writing to Tennessee Treasury Department, Consolidated Retirement System, 10<sup>th</sup> Floor Andrew Jackson Building, Nashville, TN 37243-0230 or can be accessed at [www.treasury.state.tn.us](http://www.treasury.state.tn.us).

b. Funding Policy:

The Planning Commission has adopted a noncontributory retirement plan for its employees by assuming employee contributions up to 5% of annual covered payroll.

The Planning Commission is required to contribute at an actuarially determined rate; the rate for the fiscal year ended June 30, 2011 was 16.70% of annual covered payroll. The contribution requirement of plan members is set by state statute. The contribution requirement for the Planning Commission is established and may be amended by the TCRS Board of Trustees.

- c. Annual Pension Cost: For the year ending June 30, 2011, the Planning Commission's annual pension cost of \$88,908 to TCRS was equal to required and actual contributions. The required contribution was determined as part of the July 1, 2009 actuarial valuation using the frozen entry age actuarial cost method. Significant actuarial assumptions used in the valuation include (a) rate of return on investment of present and future assets of 7.5% a year compounded annually, (b) 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), (c) projected 3.5% annual increase in the Social Security wage base, and (d) projected post retirement increases of 3% annually. The actuarial value of assets was determined using techniques that smooth the effect of short-term volatility in the market value of total investments over a five-year period. The Planning Commission's unfunded actuarial accrued liability is being amortized as a level dollar amount on a closed basis. The remaining amortization period at July 1, 2009 was 18 years. An actuarial valuation was performed as of July 1, 2009, which established contribution rates effective July 1, 2010. The contribution rate is effective through June 30, 2012.

Trend Information for the Planning Commission

<u>Fiscal Year Ended</u>	<u>Annual Pension Cost (APC)</u>	<u>Percentage of APC Contributed</u>	<u>Net Pension Obligation</u>
6/30/11	\$ 88,908	100%	\$ 0.00
6/30/10	\$ 80,251	100%	\$ 0.00
6/30/09	\$ 86,256	100%	\$ 0.00

CLARKSVILLE-MONTGOMERY COUNTY REGIONAL PLANNING COMMISSION  
NOTES TO FINANCIAL STATEMENTS (CONT'D)

15. Concentrations

The Planning Commission received approximately 54% of its 2011 funding from the City of Clarksville and Montgomery County governments. A substantial decrease in funding from one or both of these sources could have an adverse effect on the operations of the Planning Commission.

16. Contingencies

The Planning Commission's exposure to property loss and general liability is handled through the purchase of commercial insurance. Insurance coverage was adequate to cover settlements for the previous three fiscal years.

CLARKSVILLE-MONTGOMERY COUNTY REGIONAL PLANNING COMMISSION  
NOTES TO FINANCIAL STATEMENTS (CONT'D)

17. Budget

The Commission prepares and adopts the budget for the next succeeding fiscal year prior to June 30 of each year. This budget is also approved by both the City of Clarksville and Montgomery County for agreement to the amount of funding to be provided for the fiscal year. The operating budget is used as a planning tool and includes proposed expenditures and the means of funding them. Once a budget is approved, expenditures can be amended by approval of a majority of the members of the board of commissioners if no additional funding is required. Budget amendments requiring additional funding must be approved by the City and the County in addition to the board of commissioners.

CLARKSVILLE-MONTGOMERY COUNTY REGIONAL PLANNING COMMISSION  
REQUIRED SUPPLEMENTARY INFORMATION (UNAUDITED)  
SCHEDULE OF FUNDING PROGRESS - PENSION PLAN - TENNESSEE CONSOLIDATED RETIREMENT SYSTEM  
YEAR ENDED JUNE 30, 2011

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) (b)	Unfunded AAL (UAAL) (b) - (a)	Funded Ratio (a/b)	Covered Payroll (c)	UAAL as a Percentage of Covered Payroll ((b-a)/c)
7/1/2009	\$ 2,095,000	\$ 2,248,000	\$ 153,000	93.19%	\$ 509,000	30.06%
7/1/2007	\$ 1,989,000	\$ 1,975,000	\$ (14,000)	100.71%	\$ 418,000	-3.35%
7/1/2005	\$ 1,764,000	\$ 1,945,000	\$ 181,000	90.69%	\$ 475,000	38.11%
7/1/2003	\$ 1,568,000	\$ 1,766,000	\$ 198,000	88.79%	\$ 549,000	36.07%
6/30/2001	\$ 1,371,000	\$ 1,576,000	\$ 205,000	86.99%	\$ 592,000	34.63%

CLARKSVILLE-MONTGOMERY COUNTY REGIONAL PLANNING COMMISSION  
REQUIRED SUPPLEMENTARY INFORMATION (UNAUDITED)  
SCHEDULE OF FUNDING PROGRESS - OTHER POSTRETIREMENT BENEFITS  
YEAR ENDED JUNE 30, 2011

Fiscal Year Ending	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) (b)	Unfunded AAL (UAAL) (b) - (a)	Funded Ratio (a/b)	Covered Payroll (c)	UAAL as a Percentage of Covered Payroll ((b-a)/c)
6/30/2011	\$ -	\$ 41,000	\$ 41,000	0.00%	\$ 513,600	7.98%
6/30/2010	\$ -	\$ 36,500	\$ 36,500	0.00%	\$ 513,600	7.11%

CLARKSVILLE-MONTGOMERY COUNTY REGIONAL PLANNING COMMISSION  
SCHEDULE OF OPERATING INCOME AND EXPENSES  
YEAR ENDED JUNE 30, 2011

	Tennessee Dept. of Transportation			Kentucky Dept. of Transportation		Routine Services	Total
	<u>CMAQ</u>	<u>FHWA</u>	<u>SPR</u>	<u>FTA</u>	<u>FHWA</u>		
<u>OPERATING INCOME</u>							
Gross Contract Income	\$ 25,250	\$ 109,116	\$ 44,708	\$ 39,515	\$ 65,307	\$ -	\$ 283,896
Less: Local Matching							
15% Rate	-	-	-	-	(9,796)	-	(9,796)
20% Rate	-	(21,823)	(8,942)	(7,903)	-	-	(38,668)
Net Contract Income	<u>25,250</u>	<u>87,293</u>	<u>35,766</u>	<u>31,612</u>	<u>55,511</u>	-	<u>235,432</u>
City and County Funding	-	-	-	-	-	637,046	637,046
Donated Facilities	-	-	-	-	-	144,500	144,500
Charges for Services	-	-	-	-	-	130,189	130,189
Miscellaneous	-	-	-	-	-	8,832	8,832
Total Operating Income	<u>\$ 25,250</u>	<u>\$ 87,293</u>	<u>\$ 35,766</u>	<u>\$ 31,612</u>	<u>\$ 55,511</u>	<u>\$ 920,567</u>	<u>\$ 1,155,999</u>

CLARKSVILLE-MONTGOMERY COUNTY REGIONAL PLANNING COMMISSION  
SCHEDULE OF OPERATING INCOME AND EXPENSES (CONT'D)  
YEAR ENDED JUNE 30, 2011

	Tennessee Dept. of Transportation			Kentucky Dept. of Transportation		Routine Services	Total
	CMAQ	FHWA	SPR	FTA	FHWA		
<u>OPERATING EXPENSES</u>							
Advertising and Legal Notices	\$ 25,250	\$ 2,992	\$ 1,387	\$ 577	\$ 1,676	\$ 5,791	\$ 37,673
Depreciation	-	-	-	-	-	20,982	20,982
Dues	-	428	1,042	340	340	1,619	3,769
Education	-	158	6	-	6	705	875
Employee Benefits	-	24,546	13,025	9,822	10,982	151,921	210,296
Insurance	-	3,388	-	177	646	10,008	14,219
Janitorial	-	870	45	45	89	2,996	4,045
Lease Expense - Office Equipment	-	4,260	1,901	263	645	13,511	20,580
Maintenance Agreement	-	1,737	2,279	1,263	1,462	7,088	13,829
Office Supplies and Postage	-	2,892	589	236	794	17,081	21,592
Other Contracted Services	-	749	60	86	154	3,075	4,124
Payroll Taxes	-	3,986	2,330	1,738	1,926	29,679	39,659
Professional Services	-	2,072	-	584	14,704	8,342	25,702
Publications	-	324	-	8	188	1,388	1,908
Rent	-	-	-	-	-	144,500	144,500
Repairs and Maintenance	-	87	15	-	15	8,494	8,611
Salaries & Board Fees	-	54,754	31,834	23,932	26,609	401,310	538,439
Supplies	-	-	-	-	-	546	546
Telephone	-	1,047	263	90	459	6,581	8,440

CLARKSVILLE-MONTGOMERY COUNTY REGIONAL PLANNING COMMISSION  
SCHEDULE OF OPERATING INCOME AND EXPENSES (CONT'D)  
YEAR ENDED JUNE 30, 2011

	Tennessee Dept. of Transportation			Kentucky Dept. of Transportation		Routine Services	Total
	CMAQ	FHWA	SPR	FTA	FHWA		
<u>OPERATING EXPENSES (CONT'D)</u>							
Travel	-	5,931	2,376	-	688	13,240	22,235
Utilities	-	2,886	864	354	1,488	10,562	16,154
Total Direct Operating Expenses	25,250	113,107	58,016	39,515	62,871	859,419	1,158,178
Total Expenses - Allowable Program Costs	<u>\$ 25,250</u>	<u>\$ 113,107</u>	<u>\$ 58,016</u>	<u>\$ 39,515</u>	<u>\$ 62,871</u>	<u>\$ 859,419</u>	<u>\$ 1,158,178</u>

CLARKSVILLE-MONTGOMERY COUNTY REGIONAL PLANNING COMMISSION  
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
YEAR ENDED JUNE 30, 2011

<u>Federal Grantor/Program Title</u>		<u>Grant Number or Pass Through Grantor's Contract Number</u>	<u>Federal CFDA Number</u>	<u>Accrued Receivable July 1, 2010</u>	<u>Receipts</u>	<u>Expenditures</u>	<u>Accrued Receivable (Payable) June 30, 2011</u>
<u>U.S. Department of Transportation</u>							
Passed Through State of Tennessee							
Federal Highway Administration (Sec.112)	07/09 - 06/10	Z-07-036292-00	20.205	\$ 96,939	\$ 96,939	\$ -	\$ -
	07/10 - 06/11	Z-07-036292-00	20.205	-	55,092	87,292	32,200
TN SPR	07/09 - 06/10	GG-09-26432-00	20.205	2,644	2,644	-	-
	07/10 - 06/11	GG-09-26432-00	20.205	-	47,878	35,766	(12,112)
CMAQ	07/09 - 06/10	070144	20.205	2,640	2,640	-	-
	07/10 - 06/11	080118	20.205	-	22,685	25,250	2,565
Passed Through State of Kentucky							
Federal Transit Administration (Sec. 8)	07/09 - 06/10	G03MPO3Z	20.505	2,646	2,646	-	-
	07/10 - 06/11	G03MPO3Z	20.505	-	18,685	31,613	12,928
Federal Highway Administration (Sec. 104(f))	07/09 - 06/10	100002296	20.507B	2,989	2,989	-	-
	07/10 - 06/11	100002296	20.507B	-	28,016	28,016	-
	07/10 - 06/11	100005259	20.507B	-	17,655	27,495	9,840
Total U.S. Department of Transportation				<u>107,858</u>	<u>297,869</u>	<u>235,432</u>	<u>45,421</u>
Total Federal Assistance				<u>\$ 107,858</u>	<u>\$ 297,869</u>	<u>\$ 235,432</u>	<u>\$ 45,421</u>

Note: See information regarding matching contributions on the accompanying schedule of operating income and expenses.

CLARKSVILLE-MONTGOMERY COUNTY REGIONAL PLANNING COMMISSION  
NOTE TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

NOTE A - BASIS OF PRESENTATION

The accompanying schedule of expenditures of federal awards includes the federal grant activity of the Planning Commission and is presented on the accrual basis of accounting. Some amounts presented in this schedule may differ from amounts presented in, or used in the preparation thereof, the basic financial statements.

CLARKSVILLE-MONTGOMERY COUNTY REGIONAL PLANNING COMMISSION  
SCHEDULE OF BOARD OF COMMISSIONERS AND DIRECTOR (UNAUDITED)  
JUNE 30, 2011

BOARD OF COMMISSIONERS

		<u>Term Expires</u>
* Mr. Mike Harrison, Chairman	City	Jan. 10, 2014
* Ms. Mable Larson, Vice-Chairman (Coterminous with County Mayor's Term)	County	Aug 31, 2014
Mr. Robert Nichols (Coterminous with County Commission Term)	County	Aug 31, 2014
Mr. Mark Grant	City	Jan. 10, 2015
Mr. Geno Grubbs (Coterminous with City Council Term)	City	Dec. 31, 2015
Mr. John Laida	City	Jan. 10, 2013
Mr. Bryce Powers	County	Jan. 10, 2015
Mr. George Marks	County	Jan. 10, 2012
* Ms. Kim McMillan (Coterminous with City Mayor's Term)	City	Dec. 31, 2015

\* Indicates members of the Executive Committee.

DIRECTOR

Mr. David Riggins

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*

Board of Commissioners  
Clarksville-Montgomery County Regional Planning Commission  
Clarksville, Tennessee

We have audited the accompanying financial statements of the governmental activities and major fund of Clarksville-Montgomery County Regional Planning Commission (the Planning Commission) as of and for the year ended June 30, 2011, which collectively comprise the Planning Commission's basic financial statements, and have issued our report thereon dated January 16, 2012. 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.

Internal Control Over Financial Reporting

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

Our consideration of internal control over financial reporting was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control over financial reporting that might be significant deficiencies or material weaknesses and therefore, there can be no assurance that all deficiencies, significant deficiencies, or material weaknesses have been identified. However, as described on the following page, we identified a certain deficiency in internal control over financial reporting that we consider to be a material weakness.

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. We consider the deficiency described on the following page as finding 2011-1 to be a material weakness.

The Planning Commission did not resolve prior year finding number 2010-1. The finding recurred in the current year and is reported as finding 2011-1. The Planning Commission resolved prior-year finding number 2010-2 by performing the specific tasks outlined in our report dated November 29, 2010.

2011-1 (Recurring Finding) Management Oversight of Financial Reporting: We noted a lack of management oversight of financial reporting with regard to the preparation of the financial statements and footnote disclosures in conformity with generally accepted accounting principles (GAAP). Three adjusting entries were required for the financial statements to be presented in conformity with GAAP.

Recommendation: We recommend that management implement review procedures to ensure the financial statements are prepared in conformity with generally accepted accounting principles.

Management Response: A cost-benefit analysis of the financial reporting process deemed it cost-prohibitive to obtain third-party assistance to prepare financial statements and footnotes in accordance with generally accepted accounting principles prior to an independent audit. However, we believe that our knowledge and experience enables us to review the report and understand it fully. We take full responsibility for the financial statements and all adjusting and reclassification entries.

#### Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Planning Commission's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards* and which are described below as items 2011-2 and 2011-3.

2011-2 Audit Filing Deadline: The Planning Commission's annual financial statement audit was not completed by December 31, 2011 as required by the State of Tennessee.

Recommendation: We recommend that the Planning Commission's year-end closing procedures be reviewed and revised as necessary to ensure a timely start and completion of the annual audit by the required date.

Management Response: The staff provided all of the reports and calculations requested by the audit firm in a timely manner. The audit firm stated it would be best to wait to submit the yearly audit when the results of a desk audit conducted by TDOT was resolved rather than send the audit in and make a correction at a later date. They further stated that they had written a letter to the State office, apprising them of the situation and that there should be no problem with submitting the audit a few days late.

Agreement on the TDOT audit findings was not accomplished until January 10, 2012. The figures needed to recognize one liability was supplied to the audit firm after the meeting with TDOT.

The staff feels it did comply with all these requests in a timely manner and that extenuating circumstances delayed their ability to give the audit firm the liability figures it needed in one area of the audit. We tried on numerous occasions to resolve the issue with TDOT, but it took many emails, phone calls and, finally, a visit to TDOT offices, accompanied by the auditors, to get this matter resolved.

2011-3 Indirect Cost Rate Usage: During the year ended June 30, 2011, the Planning Commission utilized an unapproved indirect cost rate in requesting reimbursements for grants.

Recommendation: We recommend that the Planning Commission use a rate that has been approved by the appropriate cognizant agency before utilizing the rate in grant reimbursement requests.

Management Response: Management recognizes that an error was made in not submitting the new indirect cost rate to the appropriate agency for approval. In a recent meeting with TDOT, we had discussion regarding who was the cognizant agency for the Planning Commission. The TDOT staff is looking into this matter and will be directing us to the correct agency to submit this proposal. The Planning Commission is currently not using an indirect cost rate, but rather using direct costs in their billings. If, in the future, it becomes a benefit for the Planning Commission to use an indirect cost rate, approval will be obtained by the appropriate agency before doing so.

The Planning Commission's responses to the findings identified in our audit are described above and on the preceding page. We did not audit the Planning Commission's responses and, accordingly, we express no opinion on them.

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

*Stone Rudolph & Henry, PLC*

January 16, 2012