

CLARKSVILLE-MONTGOMERY COUNTY
REGIONAL PLANNING COMMISSION
AUDITED FINANCIAL STATEMENTS
AND OTHER INFORMATION
JUNE 30, 2012

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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, 2012, 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, 2012, 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 November 26, 2012, on our consideration of the Planning Commission's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis 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. The other information is the responsibility of management and was derived from and relate directly to the underlying accounting and other records used to prepare 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 financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole.

Stone Rudolph & Henry, PLC

November 26, 2012

CLARKSVILLE-MONTGOMERY COUNTY REGIONAL PLANNING COMMISSION
MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)
JUNE 30, 2012

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. The members are nominated for appointment by the County Mayor and the City Mayor; however, the Local Government Planning Advisory Committee of the Tennessee Department of Economic and Community Development actually appoints all members of the Board of Commissioners. The five citizen Planning Commissioners serve four-year terms. The four elected officials (or their designees in the case of the mayors) serve during their terms of office. One Planning Commissioner will serve on the Regional Historic Zoning Commission as required by State law. Planning Commissioners also serve on other local boards as established by local laws.

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 citizen appointments made by the City Mayor
- (6) Two citizen appointments made by the County Mayor

A full-time planning staff employed by the Planning Commission carries out all administrative activities. This agency also 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 waste of financial and human resources that 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 professional staff to oversee rezoning, review subdivision development, review site 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, 2012

As noted earlier, the Planning Commission processes and reviews requests for zoning changes, as well as proposed subdivisions within Clarksville and Montgomery County, Tennessee. It also processes site development reviews for the City and County that are required in many zoning 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 that are involved in transportation planning activities. These staff members are funded through federal, state and some local monies. As the Clarksville Urbanized Area Metropolitan Planning Agency, they conduct federally mandated transportation activities in the southwest portion of Christian County, Kentucky, as well as all of Montgomery County, Tennessee, that constitute the U.S. Bureau of Census designated "Urbanized Area."

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 land and site plan developments in the City and County. Citizens file applications in our office to have their property rezoned, subdivided, or site development plans 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.

The Board of Commissioners usually meets on the Wednesday before the last Thursday of each month. The City Council usually meets informally on the last Thursday of each month, and their formal meeting is held on the first Thursday of each month. The Board of County Commissioners usually meets informally on the first Monday of each month and their formal meeting is held on the second Monday of each month.

In order to have adequate time to process the requests for zone changes, subdivision approvals, site reviews and right-of-way 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.

CLARKSVILLE-MONTGOMERY COUNTY REGIONAL PLANNING COMMISSION
MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED) (CONT'D)
JUNE 30, 2012

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

MAPS AND OTHER INFORMATION

The Planning Commission maintains and updates various layers of the community's GIS system. 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.

A wide variety of planning 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, 2012. Please read it in conjunction with the Planning Commission's financial statements.

FINANCIAL HIGHLIGHTS

- The Planning Commission's net assets were \$618,911 compared to \$583,418 for the prior period (as adjusted).
- During the year, Planning Commission operating revenues were \$1,296,113 with operating expenses of \$1,266,835.

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, 2012

The following condensed financial information provides an overview of the Planning Commission's financial activities for the years ended June 30, 2012 and 2011.

NET ASSETS

	2012	2011	Dollar Change	Total Percent Change
Cash and cash equivalents	\$ 774,078	\$ 495,894	\$ 278,184	56.2%
Capital assets (net)	94,880	110,375	(15,495)	-14.0%
Other assets	123,007	287,679	(164,672)	-57.2%
Total assets	<u>\$ 991,965</u>	<u>\$ 893,948</u>	<u>\$ 98,017</u>	11.0%
Current liabilities	\$ 87,608	\$ 22,475	\$ 65,133	289.9%
Other liabilities	285,446	288,055	(2,609)	-0.9%
Total liabilities	<u>373,054</u>	<u>310,530</u>	<u>62,524</u>	20.1%
Unrestricted net assets	524,031	473,043	50,988	10.8%
Invested in capital assets, net of related debt	94,880	110,375	(15,495)	-14.0%
Total net assets	<u>618,911</u>	<u>583,418</u>	<u>35,493</u>	6.1%
Total liabilities and net assets	<u>\$ 991,965</u>	<u>\$ 893,948</u>	<u>\$ 98,017</u>	11.0%

Net assets – Total net assets increased \$35,493 primarily due to the change in net assets as detailed on the following page. Net assets invested in capital assets were \$94,880 for the year ending June 30, 2012. Unrestricted net assets were \$524,031 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.”

Other liabilities - Liabilities increased \$62,524 primarily due to an increase in unearned revenues and an increase in accounts payable due to an on-going transportation-related household survey.

CLARKSVILLE-MONTGOMERY COUNTY REGIONAL PLANNING COMMISSION
MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED) (CONT'D)
JUNE 30, 2012

CHANGES IN NET ASSETS FOR YEAR ENDED JUNE 30,

	<u>2012</u>	<u>2011</u>	<u>Dollar Change</u>	<u>Total Percent Change</u>
Total operating revenues	\$1,296,113	\$1,147,167	\$ 148,946	13.0%
Total operating expenses	(1,266,835)	(1,158,178)	(108,657)	9.4%
Other income	<u>6,215</u>	<u>8,832</u>	<u>(2,617)</u>	-29.6%
Change in net assets	35,493	(2,179)	37,672	1,728.9%
Net assets, beginning of year	<u>583,418</u>	<u>585,597</u>	<u>(2,179)</u>	-0.4%
Net assets, end of year	<u>\$ 618,911</u>	<u>\$ 583,418</u>	<u>\$ 35,493</u>	6.1%

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, 2012, City and County funding was \$653,074, or 50.4%, of operating revenues. Grant contracts totaled \$302,276 or 23.3% of operating revenues. Fees, donated facilities and interest on investments accounted for the balance of \$340,763 or 26.3%.

The main source of the Planning Commission's non-operating revenues consists of interest earned on its investments. For the year ended June 30, 2012, the Planning Commission earned \$5,470, while in 2011 interest was \$8,269.

Expenses – The main expenditures for the Planning Commission are for salaries and employee benefits. A total of \$563,680 or 44.5% of total expenses was expended for salaries and payroll taxes and \$212,584 or 16.8% for employee benefits. A total of \$354,811 or 28.0% 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, 2012

COMPARISON OF FY 2011-12 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 and 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 (fees) for services are usually kept low because we can never know what fees will actually be filed. The number of cases and therefore the derived fees depend on the local economy and building economy in the area.

CLARKSVILLE-MONTGOMERY COUNTY REGIONAL PLANNING COMMISSION
MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED) (CONT'D)
JUNE 30, 2012

	Original/Final Budgeted Amounts	Actual Amounts	Variance Favorable (Unfavorable)
Revenues:			
City and County Funding	\$ 638,074	\$ 638,074	\$ -
Grant Contracts	299,508	274,629	(24,879)
Rent	-	165,200	165,200
MPO Match	18,285	42,647	24,362
Interest	3,000	5,470	2,470
Other	525	745	220
Charges for Services	<u>80,000</u>	<u>175,563</u>	<u>95,563</u>
Total Revenues	<u>\$ 1,039,392</u>	<u>\$ 1,302,328</u>	<u>\$ 262,936</u>
Expenditures:			
Board Fees	\$ 12,000	\$ 9,250	\$ 2,750
Communications	10,000	7,412	2,588
Depreciation	-	23,176	(23,176)
Dues and Memberships	6,500	5,391	1,109
Janitorial Services	5,500	4,455	1,045
Lease Payments	22,000	19,166	2,834
Legal Notices	17,000	38,436	(21,436)
Maintenance Agreements	16,000	13,162	2,838
Rent	-	165,200	(165,200)
Repairs and Maintenance	21,000	22,665	(1,665)
Postal Charges	3,500	2,618	882
Travel	25,000	22,088	2,912
Tuition	4,000	1,845	2,155
Contracted and Professional Services	290,691	106,036	184,655
Office Supplies	20,000	20,046	(46)
Utilities	21,000	15,250	5,750
Insurance	17,000	14,375	2,625
Salaries	546,263	523,209	23,054
Payroll Taxes	42,938	40,471	2,467
Employee Benefits	<u>217,878</u>	<u>212,584</u>	<u>5,294</u>
Total Operating Expenses	1,298,270	1,266,835	31,435
Equipment and Capital Outlay	<u>18,500</u>	<u>7,681</u>	<u>10,819</u>
Total	<u>1,316,770</u>	<u>1,274,516</u>	<u>42,254</u>
Expenditures/Expenses	<u>\$ 1,316,770</u>	<u>\$ 1,274,516</u>	<u>\$ 42,254</u>

CLARKSVILLE-MONTGOMERY COUNTY REGIONAL PLANNING COMMISSION
MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED) (CONT'D)
JUNE 30, 2012

CAPITAL ASSET AND DEBT ADMINISTRATION

Capital Assets – At June 30, 2012, the Planning Commission had \$94,880 invested in its furniture, fixtures and equipment (see table below).

	<u>2012</u>
Property and equipment	\$ 531,901
Total accumulated depreciation	<u>(437,021)</u>
Net capital assets	<u>\$ 94,880</u>

Liabilities – At June 30, 2012, the Planning Commission had outstanding liabilities of \$373,054, which consisted of accounts payable, accrued compensated absences, other postemployment benefits and unearned revenue.

ECONOMIC FACTORS AND NEXT YEAR'S BUDGET AND RATES

It is anticipated that new housing development in Clarksville and Montgomery County will be comparable with the previous year. The local market appears to be more stable than the national average. However, the pace of development has declined with the downturn in the national economy, the pace of recovery has been slow but steady, and the pace of development is not likely to return to that prior to the national economic downturn. Commercial and industrial development is expected to increase in the foreseeable future in response to slow growth in basic industries (especially with commissioning of the new Hemlock Semiconductor plant in Montgomery County) and population growth. With 40,000 federal employees, the Fort Campbell Army Military Base is the critical driver of the economy and the stability and growth of Montgomery County's economy is tied to the level of employment at Fort Campbell. Any significant cut in military spending or reorganization has the potential to affect Fort Campbell and the local economy.

- 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 possible further revisions to the city/county growth plan.
- Work will begin on a major update of the MPO's Long-Range Transportation Plan and will continue through the end of the calendar year 2013.

As long as the housing and development markets remain steady or show slow growth, these factors are expected to enhance the operations of the Clarksville-Montgomery County Regional Planning Commission.

CLARKSVILLE-MONTGOMERY COUNTY REGIONAL PLANNING COMMISSION
MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED) (CONT'D)
JUNE 30, 2012

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, 2012

	Governmental Fund	Adjustments - Note 5	Statement of Net Assets
<u>ASSETS</u>			
Cash and cash equivalents			
Unrestricted	\$ 532,552		\$ 532,552
Restricted	241,526		241,526
Grants receivable	123,007		123,007
Capital assets, net of accumulated depreciation		\$ 94,880	94,880
Total assets	\$ 897,085	\$ 94,880	\$ 991,965
<u>LIABILITIES</u>			
Accounts payable	\$ 87,608		\$ 87,608
Accrued compensated absences	32,717		32,717
Other postemployment benefits	11,203		11,203
Unearned revenue	241,526		241,526
Total liabilities	373,054	-	373,054
<u>FUND BALANCE/NET ASSETS</u>			
Fund balance:			
Assigned	75,444		
Unassigned	448,587	\$ 94,880	
Total fund balance	524,031	94,880	
Total liabilities and fund balance	\$ 897,085		
Net assets:			
Invested in capital assets			94,880
Unrestricted			524,031
Total net assets		\$ 94,880	\$ 618,911

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, 2012

	Governmental Fund	Adjustments - Note 5	Statement of Activities
<u>EXPENDITURES/EXPENSES:</u>			
Operating expenses:			
Advertising and legal notices	\$ 38,436		\$ 38,436
Board fees	9,250		9,250
Depreciation		\$ 23,176	23,176
Dues and publications	5,391		5,391
Education	1,845		1,845
Employee benefits	212,584		212,584
Insurance	14,375		14,375
Janitorial	4,455		4,455
Lease expense – office equipment	19,166		19,166
Office expenses	2,618		2,618
Payroll taxes	40,471		40,471
Professional services	106,036		106,036
Rent	165,200		165,200
Repairs and maintenance	35,827		35,827
Salaries	523,209		523,209
Supplies	20,046		20,046
Telephone	7,412		7,412
Travel	22,088		22,088
Utilities	15,250		15,250
Total operating expenses	1,243,659	23,176	1,266,835
Capital outlays	7,681	(7,681)	-
Total expenditures/expenses	1,251,340	15,495	1,266,835
 <u>PROGRAM REVENUES:</u>			
Charges for services	175,563		175,563
Operating grant contracts	302,276		302,276
Total program revenues	477,839	-	477,839
Net program expense	773,501	15,495	788,996

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, 2012

	<u>Governmental</u> <u>Fund</u>	<u>Adjustments -</u> <u>Note 5</u>	<u>Statement of</u> <u>Activities</u>
<u>GENERAL REVENUES</u>			
City and county funding	653,074		653,074
Donated facilities	165,200		165,200
Interest	5,470		5,470
Other	745		745
Total general revenues	<u>824,489</u>	<u>-</u>	<u>824,489</u>
Excess of revenues over (under) expenditures/changes in net assets	50,988	(15,495)	35,493
Fund balance/Net assets:			
Balance, beginning of year	<u>473,043</u>	<u>-</u>	<u>583,418</u>
Balance, end of year	<u>\$ 524,031</u>	<u>\$ -</u>	<u>\$ 618,911</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.

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 reporting period. Actual results could differ from those estimates in the near term and those variations could have a material effect on the financial statements.

Concentrations of Credit Risk

Financial instruments that potentially subject the Planning Commission to significant concentrations of credit risk consist principally of cash and receivables. The Planning Commission is exposed to credit risk by placing its deposits in financial institutions. The Planning Commission has mitigated this risk because the bank balance in excess of the FDIC limit is collateralized by the State of Tennessee bank collateral pool. With respect to receivables, credit risk is related to state grants (see Note 3). The Planning Commission does not obtain collateral for receivables.

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.

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

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

Government-wide and Fund Financial Statements (Cont'd)

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

Measurement focus refers to what is being measured; basis of accounting refers to when revenues and expenditures are recognized in the accounts and reported in the financial statements. Basis of accounting relates to the timing of the measurement made, regardless of the measurement focus applied.

The government-wide financial statements are reported using the economic resources measurement focus using the accrual basis of accounting. Revenues are recognized when earned and expenses are recognized when the related liabilities are incurred.

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.

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 Planning Commission has not elected to follow FASB pronouncements issued after November 30, 1989.

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.

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

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

Capital Assets

Property and equipment are valued at cost for assets purchased. All assets with an initial, individual cost of more than \$500 and an estimated useful life in excess of two years are capitalized. Depreciation of buildings and equipment is provided over the estimated useful lives of the respective assets on a straight-line basis.

Accrued Compensated Absences

Vacation benefits are accrued as earned and charged to salaries.

Fund Equity

The Planning Commission has 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.

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

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

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.

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 November 26, 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, 2012, cash and other deposits reported in the financial statements in the amount of \$774,078 were represented by bank balances totaling \$811,192, 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 \$241,526 which were considered to be restricted.

Both cash and cash equivalents are carried at cost which approximated fair value at June 30, 2012.

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

3. Grants Receivable - Contracts

Grants receivable - contracts consisted of amounts due from:

Tennessee Department of Transportation funds	\$ 108,984
Kentucky Department of Transportation funds	<u>14,023</u>
	<u>\$ 123,007</u>

4. Capital Assets

Changes in depreciable capital assets follow:

	<u>Balance</u> <u>July 1, 2011</u>	<u>Additions</u>	<u>Dispositions</u>	<u>Balance</u> <u>June 30, 2012</u>
<u>Capital Assets</u>				
Furniture	\$ 50,978	\$ -	\$ -	\$ 50,978
Equipment	223,810	3,873	-	227,683
Software	14,871	378	-	15,249
Leasehold improvements	<u>234,560</u>	<u>3,430</u>	-	<u>237,990</u>
	<u>\$ 524,219</u>	<u>\$ 7,681</u>	<u>\$ -</u>	<u>\$ 531,900</u>
 <u>Accumulated Depreciation</u>				
Furniture	\$ 37,757	\$ 2,105	\$ -	\$ 39,862
Equipment	187,918	8,510	-	196,428
Software	13,419	622	-	14,041
Leasehold improvements	<u>174,750</u>	<u>11,939</u>	-	<u>186,689</u>
	<u>\$ 413,844</u>	<u>\$ 23,176</u>	<u>\$ -</u>	<u>\$ 437,020</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	\$ 531,900
Less: Accumulated depreciation	<u>437,020</u>
	<u>\$ 94,880</u>

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

5. Adjustments to Governmental Fund Statements (Cont'd)

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	\$ (7,681)
Depreciation expense	<u>23,176</u>
	<u>\$ 15,495</u>

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, 2012 were as follows:

	<u>Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Balance</u>	<u>Estimated Amount Due Year Ending June 30, 2013</u>
	<u>July 1, 2011</u>			<u>June 30, 2012</u>	
Accrued Compensated Absences	<u>\$ 48,605</u>	<u>\$ -</u>	<u>\$ 15,888</u>	<u>\$ 32,717</u>	<u>\$ 16,385</u>

9. Postemployment Benefits

The Planning Commission provides support for medical insurance coverage and premiums, excluding 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 55.

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

9. Postemployment Benefits (Cont'd)

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 up to age 65</u>	<u>Planning Commission</u>	<u>Retiree</u>
0 to 120 months	85%	15%
121-132 months	80%	20%
133-144 months	75%	25%
145-156 months	70%	30%
157-168 months	65%	35%
169-180 months	60%	40%

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.

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

9. Postemployment Benefits (Cont'd)

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:

	<u>Year Ended</u>	
	<u>June 30,</u> <u>2012</u>	<u>June 30,</u> <u>2011</u>
Normal Cost	\$ 2,679	\$ 3,076
30 year Amortization of Accrued Liability	2,310	1,487
Interest on Net OPEB Obligation	<u>99</u>	<u>306</u>
Annual Required Contribution	5,088	4,869
Interest on Net OPEB Obligation	372	-
Adjustment on Annual Required Contribution	<u>(367)</u>	<u>-</u>
Annual OPEB Expense	5,093	4,869
Contributions Made	<u>(3,194)</u>	<u>-</u>
Increase in Net OPEB Obligation	1,899	4,869
Net OPEB Obligation - Beginning	<u>9,304</u>	<u>4,435</u>
Net OPEB Obligation - Ending	<u>\$ 11,203</u>	<u>\$ 9,304</u>

The Planning Commission's annual OPEB expense, the percentage of annual OPEB cost contributed to the plan, and the net OPEB obligation for 2012 is as follows:

<u>Fiscal Year</u> <u>Ended</u>	<u>Annual</u> <u>OPEB Cost</u>	<u>Percentage of Annual</u> <u>OPEB Cost Contributed</u>	<u>Net OPEB</u> <u>Obligation</u>
June 30, 2012	\$ 5,088	62%	\$ 1,899
June 30, 2011	\$ 4,869	0%	\$ 4,869
June 30, 2010	\$ 4,435	0%	\$ 4,435

As of July 2, 2012, the most recent actuarial valuation date, the plan was unfunded. The actuarial accrued liability for benefits for the fiscal year ended June 30, 2012, was \$58,076 and the actuarial value of assets was zero, resulting in an unfunded actuarial accrued liability (UAAL) of \$58,076. The covered payroll (annual payroll of active employees covered by the plan) was \$431,566 and the ratio of the UAAL to the covered payroll was 13.43 percent. The ARC was 1.18% 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.

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

9. Postemployment Benefits (Cont'd)

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 July 1, 2012, 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, 2012, is 27 years.

The Planning Commission pays and expenses the costs of the benefits as they are incurred. At June 30, 2012, the Planning Commission had one eligible retirees receiving benefits and incurred \$2,035 in expense for the year then ended.

10. Fund Balance

The Planning Commission has unassigned fund balance of \$448,587 and assigned fund balance of \$75,444 at June 30, 2012. Assigned fund balance consisted of funds set aside by management to be used to fund other postemployment benefits.

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:

2013	\$ 4,752
2014	4,752
2015	<u>1,908</u>
	<u>\$ 11,412</u>

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

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 \$165,200 and \$144,500 for 2012 and 2011, respectively, 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 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, 10th Floor Andrew Jackson Building, Nashville, TN 37243-0230 or can be accessed at 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, 2012 was 16.7% 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.

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

14. Retirement Plan (Cont'd)

c. Annual Pension Cost: For the year ending June 30, 2012, the Planning Commission's annual pension cost of \$86,280 to TCRS was equal to 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 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, 2011 was 16 years. An actuarial valuation was performed as of July 1, 2011, which established contribution rates effective July 1, 2011. 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>
6/30/12	\$ 86,280	100%	\$ 0.00
6/30/11	\$ 88,908	100%	\$ 0.00
6/30/10	\$ 80,251	100%	\$ 0.00

15. Concentrations

The Planning Commission received approximately 52% of its 2012 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.

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, 2012

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)
7/1/2011	\$ 2,577,000	\$ 2,167,000	\$ (410,000)	118.92%	\$ 536,000	-76.49%
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 POSTEMPLOYMENT BENEFITS
YEAR ENDED JUNE 30, 2012

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)
6/30/2012	\$ -	\$ 58,000	\$ 58,000	0.00%	\$ 432,000	13.43%
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, 2012

	Tennessee Dept. of Transportation			Kentucky Dept. of Transportation		Routine Services	Total
	CMAQ	FHWA	SPR	FTA	FHWA		
<u>OPERATING INCOME</u>							
Gross contract income	\$ 34,559	\$ 203,637	\$ 74,689	\$ 25,695	\$ 36,955	\$ -	\$ 375,535
Less: Local matching							
15% Rate	-	-	-	-	(5,543)	-	(5,543)
20% Rate	(6,912)	(40,727)	(14,938)	(5,139)	-	-	(67,716)
Net contract income	<u>27,647</u>	<u>162,910</u>	<u>59,751</u>	<u>20,556</u>	<u>31,412</u>	-	<u>302,276</u>
City and county funding	-	-	-	-	-	653,074	653,074
Donated facilities	-	-	-	-	-	165,200	165,200
Charges for services	-	-	-	-	-	175,563	175,563
Miscellaneous	-	-	-	-	-	6,215	6,215
Total operating income	<u>\$ 27,647</u>	<u>\$ 162,910</u>	<u>\$ 59,751</u>	<u>\$ 20,556</u>	<u>\$ 31,412</u>	<u>\$ 1,000,052</u>	<u>\$ 1,302,328</u>

CLARKSVILLE-MONTGOMERY COUNTY REGIONAL PLANNING COMMISSION
SCHEDULE OF OPERATING INCOME AND EXPENSES (CONT'D)
YEAR ENDED JUNE 30, 2012

	Tennessee Dept. of Transportation			Kentucky Dept. of Transportation		Routine Services	Total
	CMAQ	FHWA	SPR	FTA	FHWA		
<u>OPERATING EXPENSES</u>							
Advertising and legal notices	\$ 28,838	\$ 971	\$ 271	\$ 108	\$ 828	\$ 7,420	\$ 38,436
Depreciation	-	-	-	-	-	23,176	23,176
Dues	-	1,333	1,072	137	137	1,432	4,111
Education	-	-	-	-	-	1,845	1,845
Employee benefits	-	21,498	19,635	6,597	8,662	156,192	212,584
Insurance	-	1,113	-	-	371	12,891	14,375
Janitorial	-	614	544	-	-	3,297	4,455
Lease expense - office equipment	-	2,460	1,453	281	479	14,493	19,166
Maintenance agreement	-	2,649	1,910	713	713	7,177	13,162
Office supplies and postage	-	2,841	7,582	192	842	11,078	22,535
Other contracted services	-	60,887	204	-	181	26,551	87,823
Payroll taxes	-	5,564	2,482	1,172	1,525	29,728	40,471
Professional services	-	7,258	2,783	126	126	7,920	18,213
Publications	-	-	-	-	-	1,280	1,280
Rent	-	-	-	-	-	165,200	165,200
Repairs and maintenance	-	-	333	-	-	22,332	22,665
Salaries and board fees	-	71,278	34,036	16,050	20,933	390,162	532,459
Supplies	-	-	-	-	-	129	129
Telephone	-	657	838	79	166	5,672	7,412

CLARKSVILLE-MONTGOMERY COUNTY REGIONAL PLANNING COMMISSION
SCHEDULE OF OPERATING INCOME AND EXPENSES (CONT'D)
YEAR ENDED JUNE 30, 2012

	Tennessee Dept. of Transportation			Kentucky Dept. of Transportation		Routine Services	Total
	CMAQ	FHWA	SPR	FTA	FHWA		
<u>OPERATING EXPENSES (CONT'D)</u>							
Travel	-	7,738	1,338		930	12,082	22,088
Utilities	-	1,775	206	241	1,061	11,967	15,250
Total direct operating expenses	28,838	188,636	74,687	25,696	36,954	912,024	1,266,835
Total expenses - allowable program costs	<u>\$ 28,838</u>	<u>\$ 188,636</u>	<u>\$ 74,687</u>	<u>\$ 25,696</u>	<u>\$ 36,954</u>	<u>\$ 912,024</u>	<u>\$ 1,266,835</u>

CLARKSVILLE-MONTGOMERY COUNTY REGIONAL PLANNING COMMISSION
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
YEAR ENDED JUNE 30, 2012

<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, 2011</u>	<u>Net Receipts (Payments)</u>	<u>Expenditures</u>	<u>Accrued Receivable June 30, 2012</u>
<u>U.S. Department of Transportation</u>							
Passed Through State of Tennessee							
Federal Highway Administration (Sec.112)	7/1/10-6/30/11	Z-07-036292-00	20.205	\$ 32,200	\$ 32,200	\$ -	\$ -
	7/1/11-9/30/11	Z-07-036292-00	20.205	-	31,041	31,041	-
	10/1/11-6/30/12	GG1237134	20.205	-	46,799	131,870	85,071
TN SPR	4/1/11-6/30/11	GG1133023	20.205	(12,112)	(12,112)	-	-
	7/1/11-9/30/11	GG1133023	20.205	-	9,431	9,431	-
	10/1/11-6/30/12	GG1133023	20.205	-	35,257	50,318	15,061
CMAQ	4/1/11-6/30/11	080118	20.205	2,565	2,565	-	-
	7/1/11-9/30/11	080118	20.205	-	15,915	15,915	-
	10/1/11-6/30/12	080118	20.205	-	2,880	11,732	8,852
Passed Through State of Kentucky							
Federal Transit Administration (Sec. 8)	4/1/11-6/30/11	G03MPO3Z	20.505	12,928	12,928	-	-
	7/1/11-9/30/11	G03MPO3Z	20.505	-	131	131	-
	10/1/11-6/30/12	G03MPO3Z	20.505	-	16,928	20,426	3,498
Federal Highway Administration (Sec. 104(f))	4/1/11-6/30/11	100005259	20.507B	9,840	9,840	-	-
	7/1/11-9/30/11	100005259	20.507B	-	1,832	1,832	-
	10/1/11-6/30/12	110004286	20.507B	-	19,055	29,580	10,525
Total U.S. Department of Transportation				<u>45,421</u>	<u>224,690</u>	<u>302,276</u>	<u>123,007</u>
Total Federal Assistance				<u>\$ 45,421</u>	<u>\$ 224,690</u>	<u>\$ 302,276</u>	<u>\$ 123,007</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, 2012

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) (representing County Mayor)	County	Aug. 31, 2014
Mr. Russell Adkins	County	Jan. 10, 2016
* Ms. Carolyn Bowers (Coterminous with County Mayor's Term)	County	Aug. 31, 2014
Mr. Geno Grubbs (Coterminous with City Council Term)	City	Dec. 31, 2015
Mr. Mark Kelly (Coterminous with City Mayor's Term) (representing City Mayor)	City	Dec. 31, 2015
Mr. John Laida	City	Jan. 10, 2013
* Ms. Kim McMillan (Coterminous with City Mayor's Term)	City	Dec. 31, 2015
Mr. Robert Nichols (Coterminous with County Commission Term)	County	Aug. 31, 2014
Mr. Bryce Powers	County	Jan. 10, 2015
Vacant (City Position)	City	Jan. 10, 2015

* Indicates members of the Executive Committee.

DIRECTOR

Dr. David Ripple



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RUDOLPH
& HENRY, PLC

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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, 2012, which collectively comprise the Planning Commission's basic financial statements, and have issued our report thereon dated November 26, 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 in the accompanying schedule of findings, 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 as finding 2012-1 in the accompanying schedule of findings to be a material weakness.

The Planning Commission did not resolve prior year finding number 2011-1. The finding recurred in the current year and is reported as finding 2012-1. The Planning Commission resolved prior-year findings numbered 2011-2 and 2011-3 by performing the specific tasks outlined in our report dated January 16, 2012.

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 no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

The Planning Commission's response to the finding identified in our audit is described in the accompanying schedule of findings. We did not audit the Planning Commission's response and, accordingly, we express no opinion on it.

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

November 26, 2012

CLARKSVILLE-MONTGOMERY COUNTY REGIONAL PLANNING COMMISSION
SCHEDULE OF FINDINGS
YEAR ENDED JUNE 30, 2012

FINDINGS RELATED TO INTERNAL CONTROL

2012-1 (Recurring Finding) Management Oversight of Financial Reporting

Condition: The Planning Commission has a lack of management oversight over financial reporting which includes the preparation of the financial statements and footnote disclosures in conformity with generally accepted accounting principles (GAAP). In addition, five adjusting entries were required for the financial statements to be presented in conformity with GAAP.

Criteria: Proper management oversight over financial reporting should include the preparation of the financial statements and footnote disclosures in conformity with GAAP.

Effect: The financial statements and footnote disclosures may not be in conformity with GAAP.

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

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 the 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 journal entries.