

CLARKSVILLE-MONTGOMERY COUNTY
REGIONAL PLANNING COMMISSION
AUDITED FINANCIAL STATEMENTS
AND OTHER INFORMATION
JUNE 30, 2015

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CLARKSVILLE-MONTGOMERY COUNTY REGIONAL PLANNING COMMISSION
SCHEDULE OF BOARD OF COMMISSIONERS AND DIRECTOR (UNAUDITED)
JUNE 30, 2015

BOARD OF COMMISSIONERS

		<u>Term Expires</u>
* Mr. Richard Swift, Chairman	City	Jan. 10, 2017
* Mr. Bryce Powers, Vice Chairman	County	Jan. 10, 2019
Mr. Russell Adkins	County	Jan. 10, 2016
* Mayor Jim Durrett (Coterminous with County Mayor's Term)	County	Aug. 31, 2018
Mr. Geno Grubbs (Coterminous with City Council Term)	City	Dec. 31, 2018
Mr. Wade Hadley	City	Jan. 10, 2019
Mr. Mark Kelly (Coterminous with City Mayor's Term) (representing City Mayor)	City	Dec. 31, 2018
Mr. Bill Kimbrough (Coterminous with County Mayor's Term) (representing County Mayor)	County	Aug. 31, 2018
* Mayor Kim McMillan (Coterminous with City Mayor's Term)	City	Dec. 31, 2018
Mr. Robert Nichols (Coterminous with County Commission Term)	County	Aug. 31, 2018
Dr. Linda Rudolph	City	Jan. 10, 2018

* Indicates members of the Executive Committee.

DIRECTOR

Dr. David Ripple



INDEPENDENT AUDITOR'S REPORT

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

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities and major fund of the Clarksville-Montgomery County Regional Planning Commission (the Planning Commission) as of and for the year ended June 30, 2015, and the related notes to the financial statements, which collectively comprise the Planning Commission's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

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

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

Opinions

In our opinion, the financial statements referred to on the previous page present fairly, in all material respects, the financial position of the governmental activities and major fund of the Planning Commission as of June 30, 2015, and the respective changes in financial position thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, the schedule of funding progress – other postemployment benefits, the schedule of changes in net pension liability (asset) and related ratios based on participation in the public employee pension plan of TCRS and the schedule of contributions based on participation in the public employee pension plan of TCRS, as listed on 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.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements. The schedule of board of commissioners and director, the schedule of operating income and expenses, and the schedule of expenditures of federal awards listed in the table of contents are presented for purposes of additional analysis and are not a required part of the basic financial statements.

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

The schedule of board of commissioners and director has not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on it.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated October 16, 2015, 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* in considering the Planning Commission’s internal control over financial reporting and compliance.

Stone Rudolph & Henry, PLC

Clarksville, Tennessee

October 16, 2015

CLARKSVILLE-MONTGOMERY COUNTY REGIONAL PLANNING COMMISSION
MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)
JUNE 30, 2015

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, such as the City and County Boards of Zoning Appeals.

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, 2015

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.

There are two employees who 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 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. For right-of way abandonments and site development plans requiring Planning Commission Board approval, adjacent property owners are also notified. 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, 2015

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.

OTHER FUNCTIONS

The Planning Commission also serves as the staff to several design review boards, including the Clarksville-Montgomery County Historic Zoning Commission, which approves “certificates of appropriateness” for modifications to existing and new developments within locally Designated Historic District Overlays, and the Madison Street Corridor Design Review Board, which approves new and modified developments in the Madison Street Corridor Overlay District.

The Planning Commission staff also processes City of Clarksville annexation requests and the long-range capital improvements programs of City and County governments.

Finally, the Planning Commission provides staff support to a number of special boards and commissions, such as the Clarksville-Montgomery County Economic and Community Development Board, the Growth Plan Coordinating Committee and the Clarksville-Montgomery County Residential Development Commission.

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, 2015. Please read it in conjunction with the Planning Commission’s financial statements.

CLARKSVILLE-MONTGOMERY COUNTY REGIONAL PLANNING COMMISSION
MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED) (CONT'D)
JUNE 30, 2015

FINANCIAL HIGHLIGHTS

- The Planning Commission's net position was \$503,679 compared to \$600,935 for the prior period.
- During the year, Planning Commission operating revenues and other income were \$964,573, with operating expenses of \$1,061,829.

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 Position* 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, 2015

The following condensed financial information provides an overview of the Planning Commission's financial activities for the years ended June 30, 2015 and 2014.

NET POSITION

	<u>2015</u>	<u>Restated 2014*</u>	<u>Dollar Change</u>	<u>Percent Change</u>
<u>ASSETS AND DEFERRED</u>				
<u>OUTFLOWS OF RESOURCES</u>				
Cash and cash equivalents	\$ 589,589	\$ 672,707	\$ (83,118)	-12.4%
Net pension asset	195,366	91,692	103,674	113.1%
Capital assets (net)	77,142	90,364	(13,222)	-14.6%
Other assets	<u>92,050</u>	<u>95,490</u>	<u>(3,440)</u>	-3.6%
Total assets	954,147	950,253	3,894	0.4%
DEFERRED OUTFLOWS OF RESOURCES	<u>101,676</u>	<u>-</u>	<u>101,676</u>	100.0%
TOTAL ASSETS AND DEFERRED OUTFLOWS OF RESOURCES	<u>\$ 1,055,823</u>	<u>\$ 950,253</u>	<u>\$ 105,570</u>	10.0%
<u>LIABILITIES, DEFERRED INFLOWS</u>				
<u>OF RESOURCES AND NET POSITION</u>				
Current liabilities	\$ 9,974	\$ 33,341	\$ (23,367)	-70.1%
Other liabilities	<u>346,458</u>	<u>315,977</u>	<u>30,481</u>	9.6%
Total liabilities	356,432	349,318	7,114	2.0%
DEFERRED INFLOWS OF RESOURCES	<u>195,712</u>	<u>-</u>	<u>195,712</u>	100.0%
NET POSITION				
Unrestricted net position	426,537	510,571	(84,034)	-16.5%
Investment in capital assets	<u>77,142</u>	<u>90,364</u>	<u>(13,222)</u>	-14.6%
Total net position	<u>503,679</u>	<u>600,935</u>	<u>(97,256)</u>	-16.2%
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND NET POSITION	<u>\$ 1,055,823</u>	<u>\$ 950,253</u>	<u>\$ 105,570</u>	10.0%

*2014 adjusted for effect of prior period adjustment (see note 18)

Net position – Total net position decreased \$97,256 primarily due to the change in unrestricted net position as detailed on the following page. Investment in capital assets was \$77,142 for the year ended June 30, 2015. Unrestricted net position was \$426,537 this fiscal year. Unrestricted net position consists of net position that does not meet the definition of “restricted” or “investment in capital assets.”

Other liabilities - Liabilities increased \$7,114 primarily due to an increase in unearned revenue.

CLARKSVILLE-MONTGOMERY COUNTY REGIONAL PLANNING COMMISSION
MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED) (CONT'D)
JUNE 30, 2015

CHANGES IN NET POSITION FOR YEAR ENDED JUNE 30,

	<u>2015</u>	<u>Restated 2014*</u>	<u>Dollar Change</u>	<u>Total Percent Change</u>
Total operating revenues	\$ 960,796	\$1,045,046	\$ (84,250)	-8.1%
Total operating expenses	(1,061,829)	(1,126,975)	65,146	-5.8%
Other income	<u>3,777</u>	<u>4,271</u>	<u>(494)</u>	-11.6%
Change in net position	(97,256)	(77,658)	(19,598)	-25.2%
Net position, beginning of year	<u>600,935</u>	<u>678,593</u>	<u>(77,658)</u>	-11.4%
Net position, end of year	<u>\$ 503,679</u>	<u>\$ 600,935</u>	<u>\$ (97,256)</u>	-16.2%

**2014 adjusted for effect of prior period adjustment (see note 18)*

Revenues – The Planning Commission generates revenue through the collection of filing fees for zoning cases, subdivision reviews and site reviews. It also receives 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, 2015, City and County funding was \$584,000, or 60.8%, of operating revenues. Grant contracts totaled \$262,880, or 27.4%, of operating revenues. Fees and interest on investments accounted for the balance of \$113,916, or 11.8%, of operating 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, 2015, the Planning Commission earned \$3,109, while for the year ended June 30, 2014, interest was \$3,444.

Expenses – The main expenditures for the Planning Commission are for salaries and employee benefits. A total of \$671,520, or 63.2%, of total expenses was expended for salaries and payroll taxes and \$143,587, or 13.5%, for employee benefits. A total of \$76,764, or 7.2%, 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, 2015

COMPARISON OF FY 2014-15 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 how many cases 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, 2015

	Original/Final Budgeted Amounts	Actual Amounts	Variance Favorable (Unfavorable)
	<u> </u>	<u> </u>	<u> </u>
Revenues:			
City and county funding	\$ 574,000	\$ 574,000	\$ -
Grant contracts	411,000	262,880	(148,120)
MPO match	30,998	10,000	(20,998)
Interest	3,700	3,109	(591)
Other	600	668	68
Charges for services	<u>95,575</u>	<u>113,916</u>	<u>18,341</u>
Total revenues	<u>\$ 1,115,873</u>	<u>\$ 964,573</u>	<u>\$ (151,300)</u>
Expenditures:			
Board fees	\$ 27,000	\$ 13,050	\$ 13,950
Communications	6,000	4,883	1,117
Depreciation	-	16,789	(16,789)
Dues and memberships	4,500	2,735	1,765
Janitorial services	5,500	4,185	1,315
Lease payments	20,000	18,108	1,892
Legal notices	14,000	11,077	2,923
Maintenance agreements	7,000	4,031	2,969
Repairs and maintenance	11,500	8,262	3,238
Postal charges	3,000	2,804	196
Travel	22,000	11,362	10,638
Tuition	2,500	815	1,685
Contracted and professional services	265,245	92,611	172,634
Office supplies	22,000	19,251	2,749
Periodicals	4,500	1,979	2,521
Utilities	20,000	15,914	4,086
Insurance	21,000	18,834	2,166
Salaries	638,097	624,713	13,384
Payroll taxes	51,180	46,807	4,373
Employee benefits	<u>168,321</u>	<u>143,619</u>	<u>24,702</u>
Total operating expenses	1,313,343	1,061,829	251,514
Equipment and capital outlay	<u>6,000</u>	<u>3,567</u>	<u>2,433</u>
Total	<u> </u>	<u> </u>	<u> </u>
Expenditures/expenses	<u>\$ 1,319,343</u>	<u>\$ 1,065,396</u>	<u>\$ 253,947</u>

CLARKSVILLE-MONTGOMERY COUNTY REGIONAL PLANNING COMMISSION
MANAGEMENT’S DISCUSSION AND ANALYSIS (UNAUDITED) (CONT’D)
JUNE 30, 2015

CAPITAL ASSET AND DEBT ADMINISTRATION

Capital Assets – At June 30, 2015, the Planning Commission had \$77,142 invested in its furniture, fixtures and equipment (see table below).

	<u>2015</u>
Property and equipment	\$ 544,869
Total accumulated depreciation	<u>(467,727)</u>
Net capital assets	<u>\$ 77,142</u>

Liabilities – At June 30, 2015, the Planning Commission had outstanding liabilities of \$356,400, 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 slightly lower than 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 Great Recession, the pace of recovery has been slow, Congressional Sequestration has threatened military cuts creating uncertainty in the local economy, 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 into the foreseeable future in response to slow growth in basic industries and population growth. However, the number of rezoning, major subdivision and site design reviews are expected to continue their decline over prior years. Therefore, actual fees collected are expected to continue their annual slow decline. With 40,000 federal employees, the Fort Campbell Army Post 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. The U.S. Army is exploring a significant force reduction nationwide with a force reduction of up to 16,000 federal employees at the Fort Campbell Army Post. The 159th Combat Aviation Brigade was inactivated on May 7, 2015, resulting in a reduction of about 2,500 troops. On July 9, 2015, the U.S. Army announced a force reduction of another 363 soldiers. Further force reductions are possible in future years as long as Congressional Sequestration continues every other year. Depending on the magnitude of any force reduction at Fort Campbell, local development may be severely impacted along with public revenues and Planning Commission fees. This may necessitate a reduction in Planning Commission staff commensurate with the loss of City and County revenues and Planning Commission fees. However, the transportation planning mission portion funded by Federal and State transportation planning reviews is not expected to be affected by decisions concerning the workforce at Fort Campbell.

- 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 the County’s zoning regulations; creating new City sign regulations; creating a common design review board in the City; and adopting a new City/County Major Road/Street Plan.

CLARKSVILLE-MONTGOMERY COUNTY REGIONAL PLANNING COMMISSION
MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED) (CONT'D)
JUNE 30, 2015

- Work continues on amendments to the new MPO Short-Range Transportation Plan for fiscal year 2014-17 adopted in October, 2013. Consultant contracts are anticipated for the Northwest Corridor Transit Study, the Clarksville Transit System (CTS) Downtown Transfer Center Relocation Feasibility Study, the CTS Comprehensive Operational Analysis, and the start of the Metropolitan Transportation Plan Update for adoption in the spring of 2018.

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. On June 30, 2015, one position was eliminated through attrition because the County failed to restore the 10 percent (10%) general fund cut since the fiscal year ended June 30, 2012. However, any significant future workforce reduction at Fort Campbell will result in the need to further reduce the agency staff.

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 POSITION
JUNE 30, 2015

	Governmental Fund	Adjustments - Note 5	Statement of Net Position
<u>ASSETS</u>			
Cash and cash equivalents			
Unrestricted	\$ 298,908		\$ 298,908
Restricted	290,681		290,681
Grants receivable	92,050		92,050
Net pension asset	-	\$ 195,366	195,366
Capital assets, net of accumulated depreciation	-	77,142	77,142
Total assets	681,639	272,508	954,147
<u>DEFERRED OUTFLOWS OF RESOURCES</u>	-	101,676	101,676
Total assets and deferred outflows of resources	\$ 681,639	\$ 374,184	\$ 1,055,823
<u>LIABILITIES</u>			
Accounts payable	\$ 9,974		\$ 9,974
Accrued compensated absences	42,234		42,234
Other postemployment benefits	-	\$ 13,543	13,543
Unearned revenue	290,681		290,681
Total liabilities	342,889	13,543	356,432
<u>DEFERRED INFLOWS OF RESOURCES</u>	-	195,712	195,712
<u>FUND BALANCE/NET POSITION</u>			
Fund balance:			
Assigned	76,133		
Unassigned	262,617	77,142	
Total fund balance	338,750	77,142	
Total liabilities and fund balance	\$ 681,639		
Net position:			
Investment in capital assets			77,142
Unrestricted			426,537
Total net position		\$ 77,142	\$ 503,679

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, 2015

	<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	\$ 11,077		\$ 11,077
Board fees	13,050		13,050
Depreciation	-	\$ 16,789	16,789
Dues and publications	4,714		4,714
Education	815		815
Employee benefits	153,289	(9,670)	143,619
Insurance	18,834		18,834
Janitorial	4,185		4,185
Lease – office equipment	18,108		18,108
Office	2,804		2,804
Payroll taxes	46,807		46,807
Professional services	92,611		92,611
Repairs and maintenance	12,293		12,293
Salaries	624,713		624,713
Supplies	19,251		19,251
Telephone	4,883		4,883
Travel	11,362		11,362
Utilities	15,914		15,914
Total operating expenses	<u>1,054,710</u>	<u>7,119</u>	<u>1,061,829</u>
Capital outlays	3,567	(3,567)	-
Total expenditures/expenses	<u>1,058,277</u>	<u>3,552</u>	<u>1,061,829</u>
<u>PROGRAM REVENUES:</u>			
Charges for services	113,916		113,916
Operating grant contracts	262,880		262,880
Total program revenues	<u>376,796</u>	<u>-</u>	<u>376,796</u>
Net program expense	<u>681,481</u>	<u>3,552</u>	<u>685,033</u>

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 (CONT'D)
YEAR ENDED JUNE 30, 2015

	<u>Governmental Fund</u>	<u>Adjustments - Note 5</u>	<u>Statement of Activities</u>
<u>GENERAL REVENUES</u>			
City and County funding	584,000		584,000
Interest	3,109		3,109
Other	668		668
Total general revenues	<u>587,777</u>	<u>-</u>	<u>587,777</u>
Excess of revenues over (under) expenditures/changes in net position	(93,704)	(3,552)	(97,256)
Fund balance/net position:			
Beginning of year, as previously reported	418,879	90,364	509,243
Prior period adjustment - see note 18	<u>13,575</u>	<u>-</u>	<u>91,692</u>
Beginning of year, as restated	<u>432,454</u>	<u>90,364</u>	<u>600,935</u>
End of year	<u>\$ 338,750</u>	<u>\$ 164,929</u>	<u>\$ 503,679</u>

CLARKSVILLE-MONTGOMERY COUNTY REGIONAL PLANNING COMMISSION
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2015

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 of whom 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 Planning Commission's financial statements are presented in accordance with accounting principles generally accepted in the United States of America which require the use of management's estimates and assumptions. Those estimates and assumptions affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities, and the reported revenues and expenses. Actual results could vary from these estimates in the near term and these variations could have a material effect on these 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. Custodial credit risk for the Planning Commission's deposits is the risk that the Planning Commission's deposits may not be returned in the event of a bank failure. As required by state statutes, the Planning Commission's policy is to require that financial institutions holding its deposits be members of the Tennessee Collateral Pool or pledge collateral 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. With respect to receivables, credit risk is related to state and federal 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 position 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

CLARKSVILLE-MONTGOMERY COUNTY REGIONAL PLANNING COMMISSION
NOTES TO FINANCIAL STATEMENTS (CONT'D)
JUNE 30, 2015

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

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

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 and the accrual basis of accounting. Revenues are recognized when earned and expenses are recognized when the related liabilities are 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.

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

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

Capital assets 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.

CLARKSVILLE-MONTGOMERY COUNTY REGIONAL PLANNING COMMISSION
NOTES TO FINANCIAL STATEMENTS (CONT'D)
JUNE 30, 2015

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

Pensions

For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the Planning Commission's participation in the Public Employee Retirement Plan of the Tennessee Consolidated Retirement System (TCRS), and additions to/deductions from the Planning Commission's fiduciary net position have been determined on the same basis as they are reported by the TCRS for the Public Employee Retirement Plan. For this purpose, benefits (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms of the Public Employee Retirement Plan of TCRS. Investments are reported at fair value.

Fund Balance

The Planning Commission has implemented Governmental Accounting Standards Board (GASB) Codification 1800, "Classification and Terminology." This code 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., through a majority vote by the board of commissioners during an official meeting). 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.

CLARKSVILLE-MONTGOMERY COUNTY REGIONAL PLANNING COMMISSION
NOTES TO FINANCIAL STATEMENTS (CONT'D)
JUNE 30, 2015

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

Fund Balance (Cont'd)

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.

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 October 16, 2015, 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.

At June 30, 2015, cash and other deposits included bank balances totaling \$616,498, all of which were insured by the Federal Deposit Insurance Corporation (FDIC) or was covered by eligible collateral securities held by a third-party in the Planning Commission's name. Cash included funds from grant contracts totaling \$290,681 which were considered to be restricted.

Both cash and cash equivalents are carried at cost which approximated fair value at June 30, 2015.

3. Grants Receivable

Grants receivable consisted of the following amounts related to contracts due from:

Tennessee Department of Transportation funds	\$ 78,955
Kentucky Department of Transportation funds	<u>13,095</u>
	<u>\$ 92,050</u>

CLARKSVILLE-MONTGOMERY COUNTY REGIONAL PLANNING COMMISSION
NOTES TO FINANCIAL STATEMENTS (CONT'D)
JUNE 30, 2015

4. Capital Assets

Changes in depreciable capital assets follow:

<u>Capital Assets</u>	<u>Balance</u> <u>July 1, 2014</u>	<u>Additions</u>	<u>Dispositions</u>	<u>Balance</u> <u>June 30, 2015</u>
Furniture	\$ 50,197	\$ 50	\$ -	\$ 50,247
Equipment	236,871	3,517	-	240,388
Software	15,249	-	-	15,249
Leasehold improvements	238,985	-	-	238,985
	<u>\$ 541,302</u>	<u>\$ 3,567</u>	<u>\$ -</u>	<u>\$ 544,869</u>

<u>Accumulated Depreciation</u>	<u>Balance</u> <u>July 1, 2014</u>	<u>Additions</u>	<u>Dispositions</u>	<u>Balance</u> <u>June 30, 2015</u>
Furniture	\$ 42,930	\$ 1,735	\$ -	\$ 44,665
Equipment	194,382	10,473	-	204,855
Software	15,223	26	-	15,249
Leasehold improvements	198,403	4,555	-	202,958
	<u>\$ 450,938</u>	<u>\$ 16,789</u>	<u>\$ -</u>	<u>\$ 467,727</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 Position:

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 position includes those capital assets among the assets of the Planning Commission, net of related accumulated depreciation.

Cost of capital assets	\$ 544,869
Less: Accumulated depreciation	<u>467,727</u>
	<u>\$ 77,142</u>

Due to issuance of GASB 68, appropriate accounts related to pensions are recorded in the statement of net position. These accounts, along with other postemployment benefits liability, are not recorded in the governmental fund balance sheet.

Net pension asset	<u>\$ 195,366</u>
Deferred outflows related to pensions	<u>\$ 101,676</u>
Deferred inflows related to pensions	<u>\$ 195,712</u>
Other postemployment benefits	<u>\$ 13,543</u>

CLARKSVILLE-MONTGOMERY COUNTY REGIONAL PLANNING COMMISSION
NOTES TO FINANCIAL STATEMENTS (CONT'D)
JUNE 30, 2015

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, cash funding for pensions as expenditures, and do not record changes in other postemployment benefits liability. However, in the statement of activities, the cost of capital assets is allocated over their estimated useful lives as depreciation expense, pension expense is adjusted based on actuarial reports prepared in accordance with GASB 68 and the change in other postemployment benefits liability is recorded.

This is the amount of adjustments in the current period.

Capital outlays	\$	(3,567)
Change in other postemployment benefits		(32)
Depreciation expense		16,789
Pension expense measured		18,941
Employer contributions to pension		<u>(28,579)</u>
	\$	<u>3,552</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, 2015 were as follows:

	<u>Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Balance</u>	<u>Estimated</u>
	<u>July 1, 2014</u>			<u>June 30, 2015</u>	<u>Amount Due</u>
					<u>Year Ending</u>
					<u>June 30, 2016</u>
Accrued compensated absences	\$ <u>32,718</u>	\$ <u>9,484</u>	\$ <u>-</u>	\$ <u>42,202</u>	\$ <u>22,375</u>

CLARKSVILLE-MONTGOMERY COUNTY REGIONAL PLANNING COMMISSION
NOTES TO FINANCIAL STATEMENTS (CONT'D)
JUNE 30, 2015

9. Postemployment Benefits

The Planning Commission provides support for medical and dental 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. 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 GASB Codification Po50 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 Codification Po50 as described below. The plan does not issue stand-alone financial reports.

The GASB issued GASB Codification Po50, “Postemployment Benefit Plans Other Than Pension Plans—Defined Benefit” which 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 Codification Po50. 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:

CLARKSVILLE-MONTGOMERY COUNTY REGIONAL PLANNING COMMISSION
NOTES TO FINANCIAL STATEMENTS (CONT'D)
JUNE 30, 2015

9. Postemployment Benefits (Cont'd)

Normal cost	\$ 5,116
30 year amortization of accrued liability	7,381
Interest on net OPEB obligation	<u>247</u>
Annual required contribution	12,744
Interest on net OPEB obligation	543
Adjustment on annual required contribution	<u>(576)</u>
Annual OPEB expense	12,711
Contributions made	<u>(12,743)</u>
Decrease in net OPEB obligation	(32)
Net OPEB obligation - beginning	<u>13,575</u>
Net OPEB obligation - ending	<u><u>\$ 13,543</u></u>

The Planning Commission's annual OPEB expense, the percentage of annual OPEB cost contributed to the plan, and the net OPEB obligation for 2015 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, 2015	\$ 12,744	100%	\$ (32)
June 30, 2014	\$ 12,266	96%	\$ 449
June 30, 2013	\$ 5,368	64%	\$ 1,923

As of July 1, 2014, the most recent actuarial valuation date, the plan was unfunded. The actuarial accrued liability for benefits for the fiscal year ended June 30, 2015, was \$180,969 and the actuarial value of assets was zero, resulting in an unfunded actuarial accrued liability (UAAL) of \$180,969. The covered payroll (annual payroll of active employees covered by the plan) was \$616,241 and the ratio of the UAAL to the covered payroll was 29.37 percent. The ARC was 2.07 percent 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.

CLARKSVILLE-MONTGOMERY COUNTY REGIONAL PLANNING COMMISSION
NOTES TO FINANCIAL STATEMENTS (CONT'D)
JUNE 30, 2015

9. Postemployment Benefits (Cont'd)

In the June 30, 2015, 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, 2015, is 24 years.

The Planning Commission pays and expenses the costs of the benefits as they are incurred. At June 30, 2015, the Planning Commission had one eligible retiree receiving benefits and incurred \$12,307 in expense for the year then ended.

10. Fund Balance

The Planning Commission had unassigned fund balance of \$262,617 and assigned fund balance of \$76,133 at June 30, 2015. 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 May 2013, the Commission entered into a 60-month lease for office equipment requiring monthly payments of \$513. Rental expense under the operating lease was \$6,151.

Future payments on lease obligations are as follows:

<u>Year Ending</u> <u>June 30,</u>	
2016	\$ 6,151
2017	6,151
2018	<u>5,126</u>
	<u>\$ 17,428</u>

13. In-Kind Donation of Office Space

The City of Clarksville provides office space to the Planning Commission at no cost. The fair rental value of the building was \$165,200 for the year ended June 30, 2015. 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. No recognition was made in these financial statements for in-kind rent.

CLARKSVILLE-MONTGOMERY COUNTY REGIONAL PLANNING COMMISSION
NOTES TO FINANCIAL STATEMENTS (CONT'D)
JUNE 30, 2015

14. Retirement Plan

a. General Information

i. Plan Description

Employees of Clarksville-Montgomery County Regional Planning Commission are provided a defined benefit pension plan through the Public Employee Retirement Plan, an agent multiple-employer pension plan administered by the TCRS. The TCRS was created by state statute under Tennessee Code Annotated Title 8, Chapters 34-37. The TCRS Board of Trustees is responsible for the proper operation and administration of the TCRS. The Tennessee Treasury Department, an agency in the legislative branch of state government, administers the plans of the TCRS. The TCRS issues a publically available financial report that can be obtained at www.treasury.tn.gov/tcrs.

ii. Benefits Provided

Tennessee Code Annotated Title 8, Chapters 34-37 establishes the benefit terms and can be amended only by the Tennessee General Assembly. The chief legislative body may adopt the benefit terms permitted by statute. Members are eligible to retire with an unreduced benefit at age 60 with five years of service credit or after thirty years of service credit regardless of age. Benefits are determined by a formula using the member's highest five consecutive year average compensation and the member's years of service credit. Reduced benefits for early retirement are available at age 55 and vested. Members vest with five years of service credit. Service related disability benefits are provided regardless of length of service. Five years of service is required for non-service related disability eligibility. The service related and non-service related disability benefits are determined in the same manner as a service retirement benefit but are reduced ten percent and include projected service credits. A variety of death benefits are available under various eligibility criteria.

Member and beneficiary annuitants are entitled to automatic cost of living adjustments (COLAs) after retirement. A COLA is granted each July for annuitants retired prior to the 2nd of July of the previous year. The COLA is based on the change in the consumer price index (CPI) during the prior calendar year, capped at three percent, and applied to the current benefit. No COLA is granted if the change in the CPI is less than one-half percent. A one percent COLA is granted if the CPI change is between one-half percent and one percent. A member who leaves employment may withdraw their employee contributions, plus any accumulated interest.

ii. Employee Covered by Benefit Terms

At the measurement date of June 30, 2014, the following employees were covered by the benefit terms:

Inactive employees or beneficiaries currently receiving benefits	6
Inactive employees entitled to but not yet receiving benefits	6
Active employees	<u>10</u>
	<u>22</u>

CLARKSVILLE-MONTGOMERY COUNTY REGIONAL PLANNING COMMISSION
NOTES TO FINANCIAL STATEMENTS (CONT'D)
JUNE 30, 2015

14. Retirement Plan (Cont'd)

a. General Information (Cont'd)

iii. Contributions

Contributions for employees are established in the statutes governing the TCRS and may only be changed by the Tennessee General Assembly. Employees contribute five percent of salary. The Planning Commission makes employer contributions at the rate set by the Board of Trustees as determined by an actuarial valuation. For the year ended June 30, 2015, employer contributions for the Planning Commission were \$28,579 based on a rate of 4.65 percent of covered payroll. By law, employer contributions are required to be paid. The TCRS may intercept the Planning Commission's state shared taxes if required employer contributions are not remitted. The employer's actuarially determined contribution (ADC) and member contributions are expected to finance the costs of benefits earned by members during the year, the cost of administration, as well as an amortized portion of any unfunded liability.

b. Net Pension Liability (Asset)

The Planning Commission's net pension liability (asset) was measured as of June 30, 2014, and the total pension liability used to calculate net pension liability (asset) was determined by an actuarial valuation as of that date.

i. Actuarial Assumptions

The total pension liability as of June 30, 2014 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	3.0 percent
Salary increases	Graded salary ranges from 8.97 to 3.71 percent based on age, including inflation, averaging 4.25 percent
Investment rate of return	7.5 percent, net of pension plan investment expenses, including inflation
Cost-of-living adjustment	2.5 percent

Mortality rates were based on actual experience from June 30, 2012 actuarial experience study adjusted for some of the expected future improvement in life expectancy.

The actuarial assumptions used in the June 30, 2014 actuarial valuation were based on the results of an actuarial experience study performed for the period July 1, 2008 through June 30, 2012. The demographic assumptions were adjusted to more closely reflect actual and expected future experience.

The long-term expected rate of return on pension plan investments was established by the TCRS Board of Trustees in conjunction with the June 30, 2012 actuarial experience study by considering the following three techniques: (1) the 25-year historical return of the TCRS at June 30, 2012, (2) the historical market returns of asset classes from 1926 to 2012 using the TCRS investment policy asset allocation, and (3) capital market projections that were utilized as a building-block method in which best-estimate ranges of

CLARKSVILLE-MONTGOMERY COUNTY REGIONAL PLANNING COMMISSION
NOTES TO FINANCIAL STATEMENTS (CONT'D)
JUNE 30, 2015

14. Retirement Plan (Cont'd)

b. Net Pension Liability (Asset) (Cont'd)

i. Actuarial Assumptions (Cont'd)

expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. Four sources of capital market projections were blended and utilized in the third technique. The blended capital market projection established the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding inflation of three percent.

The target allocation and best estimates of arithmetic real rates of return for each major asset class are summarized in the following table:

<u>Asset Class</u>	<u>Long-Term Expected Real Rate of Return</u>	<u>Target Allocation</u>
U.S. equity	6.46%	33%
Developed market international equity	6.26%	17%
Emerging market international equity	6.40%	5%
Private equity and strategic lending	4.61%	8%
U.S. fixed income	0.98%	29%
Real estate	4.73%	7%
Short-term securities	0.00%	1%
		<u>100%</u>

The long-term expected rate of return on pension plan investments was established by the TCRS Board of Trustees as 7.5 percent based on a blending of the three factors described on the previous page.

ii. Discount Rate

The discount rate used to measure the total pension liability was 7.5 percent. The projection of cash flows used to determine the discount rate assumed that employee contributions will be made at the current rate and that contributions from the Planning Commission will be made at the actuarially determined contribution rate pursuant to an actuarial valuation in accordance with the funding policy of the TCRS Board of Trustees and as required to be paid by state statute. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make projected future benefit payments of current active and inactive members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

CLARKSVILLE-MONTGOMERY COUNTY REGIONAL PLANNING COMMISSION
NOTES TO FINANCIAL STATEMENTS (CONT'D)
JUNE 30, 2015

14. Retirement Plan (Cont'd)

b. Net Pension Liability (Asset) (Cont'd)

iii. Changes in the Net Pension Liability (Asset):

	Total Pension Liability (a)	Increase (Decrease) Plan Fiduciary Net Position (b)	Net Pension Liability (Asset) (a) – (b)
Balance at June 30, 2013	\$ 2,689,581	\$ 2,706,096	\$ (16,515)
Changes for the year:			
Service cost	49,398		49,398
Interest	201,788		201,788
Differences between expected and actual experience	91,371		91,371
Contributions – employer		75,177	(75,177)
Contributions – employees		-	-
Net investment income		446,761	(446,761)
Benefit payment, including refunds of employee contributions	(96,959)	(96,959)	
Administrative expense		(530)	530
Net changes	<u>245,598</u>	<u>424,449</u>	<u>(178,851)</u>
Balance at June 30, 2014	<u>\$ 2,935,179</u>	<u>\$ 3,130,545</u>	<u>\$ (195,366)</u>

iv. Sensitivity of the Net Pension Liability (Asset) to Changes in the Discount Rate

The following presents the net pension liability (asset) of the Planning Commission calculated using the discount rate of 7.5 percent, as well as what the net pension liability (asset) would be if it were calculated using a discount rate that is 1-percentage-point lower (6.5 percent) or 1-percentage-point higher (8.5 percent) than the current rate:

	1% Decrease (6.5%)	Current Discount Rate (7.5%)	1% Increase (8.5%)
Planning Commission's net Pension liability (asset)	\$ 223,864	\$ (195,366)	\$ (542,553)

c. Pension Expense (Income) and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions

i. Pension Expense

For the year ended June 30, 2015, the Planning Commission recognized pension expense of \$18,941.

CLARKSVILLE-MONTGOMERY COUNTY REGIONAL PLANNING COMMISSION
NOTES TO FINANCIAL STATEMENTS (CONT'D)
JUNE 30, 2015

14. Retirement Plan (Cont'd)

c. Pension Expense (Income) and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions (Cont'd)

ii. Deferred Outflows of Resources and Deferred Inflows of Resources

For the year ended June 30, 2015, the Planning Commission reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 73,097	\$ -
Net difference between projected and actual earning on pension plan investments	-	195,712
Contributions subsequent to the measurement date of June 30, 2014	28,579	N/A
Total	\$ 101,676	\$ 195,712

The amount shown above for “Contributions subsequent to the measurement date of June 30, 2014,” will be recognized as a reduction (increase) to net pension liability (asset) in the following measurement period.

Amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year Ended June 30:	
2016	\$ (30,654)
2017	(30,654)
2018	(30,654)
2019	(30,654)
2020	-
Thereafter	-

In the table shown above, positive amounts will increase pension expense while negative amounts will decrease pension expense.

15. Concentrations

During the year ended June 30, 2015, the Planning Commission received approximately 61% of its 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.

CLARKSVILLE-MONTGOMERY COUNTY REGIONAL PLANNING COMMISSION
NOTES TO FINANCIAL STATEMENTS (CONT'D)
JUNE 30, 2015

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. The Planning Commission is party to various lawsuits whose ultimate outcome is not determinable. The Planning Commission’s management believes that the outcome of those proceedings will not have a materially adverse effect on the accompanying financial statements.

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.

18. Prior Period Adjustments

For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the Planning Commission’s participation in the Public Employee Retirement Plan of the Tennessee Consolidated Retirement System (TCRS), and additions to/deductions from Planning Commission’s fiduciary net position have been determined on the same basis as they are reported by the TCRS for the Public Employee Retirement Plan. The Planning Commission’s initial net pension asset of \$91,692 was measured as of June 30, 2014 in accordance with GASB 68, Accounting and Financial Reporting for Pensions. Also, other postemployment benefits were previously recorded in the governmental balance sheet in error.

Following is a schedule of adjustments to the June 30, 2014 governmental balance sheet/statement of net position:

	<u>Fund Balance</u>	<u>Net Position</u>
Increase in net pension asset	\$ -	\$ 91,692
Decrease in other postemployment benefits liability	13,575	-
Fund balance/net position, June 30, 2014, as previously reported	<u>418,879</u>	<u>509,243</u>
Fund balance/net position, June 30, 2014, as restated	<u>\$ 432,454</u>	<u>\$ 600,935</u>

CLARKSVILLE-MONTGOMERY COUNTY REGIONAL PLANNING COMMISSION
REQUIRED SUPPLEMENTARY INFORMATION (UNAUDITED)
SCHEDULE OF FUNDING PROGRESS - OTHER POSTEMPLOYMENT BENEFITS
YEAR ENDED JUNE 30, 2015

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)
6/30/2015	\$ -	\$ 180,969	\$ 180,969	0.00%	\$ 616,241	29.37%
6/30/2014	\$ -	\$ 180,936	\$ 180,936	0.00%	\$ 616,241	29.36%
6/30/2013	\$ -	\$ 59,863	\$ 59,863	0.00%	\$ 431,566	13.87%

CLARKSVILLE-MONTGOMERY COUNTY REGIONAL PLANNING COMMISSION
SCHEDULE OF CHANGES IN NET PENSION LIABILITY (ASSET) AND RELATED
RATIOS BASED ON PARTICIPATION IN THE PUBLIC EMPLOYEE
PENSION PLAN OF TCRS (UNAUDITED)
YEAR ENDED JUNE 30

	2014
Total Pension Liability	
Service cost	\$ 49,398
Interest	201,788
Changes in benefit terms	-
Differences between actual and expected experience	91,371
Change of assumptions	-
Benefit payments, including refunds of employee contributions	(96,959)
Net change in total pension liability	245,598
Total Pension liability-beginning	2,689,581
Total pension liability-ending (a)	\$ 2,935,179
 Plan fiduciary net position	
Contributions-employer	\$ 75,177
Contributions-employee	-
Net investment income	446,761
Benefit payments, including refunds of employee contributions	(96,959)
Administrative expense	(530)
Net change in fiduciary net position	424,449
Plan fiduciary net position-beginning	2,706,096
Plan fiduciary net position-ending (b)	\$ 3,130,545
 Net Pension Liability (asset)-ending (a) – (b)	\$ (195,366)
 Plan fiduciary net position as a percentage of total pension liability	106.66%
 Covered-employee payroll	\$ 592,877
 Net Pension liability (asset) as a percentage of covered-employee payroll	32.95%

This is a 10-year schedule; however, the information in this schedule is not required to be presented retroactively. Years will be added to this schedule in future fiscal years until 10 years of information is available.

CLARKSVILLE-MONTGOMERY COUNTY REGIONAL PLANNING COMMISSION
SCHEDULE OF CONTRIBUTIONS
BASED ON PARTICIPATION IN THE PUBLIC EMPLOYEE PENSION PLAN OF TCRS (UNAUDITED)
YEAR ENDED JUNE 30

	<u>2014</u>	<u>2015</u>
Actuarially determined contribution	\$ 75,177	\$ 28,579
Contribution in relation to the actuarially determined contribution	75,177	28,579
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>
Covered-employee payroll	\$ 592,877	\$ 616,241
Contribution as a percentage of covered-employee payroll	12.68%	4.65%

This is a 10-year schedule; however, the information in this schedule is not required to be presented retroactively. Years will be added to this schedule in future fiscal years until 10 years of information is available.

CLARKSVILLE-MONTGOMERY COUNTY REGIONAL PLANNING COMMISSION
NOTES TO THE SCHEDULE OF CONTRIBUTIONS BASED ON PARTICIPATION
IN THE PUBLIC EMPLOYEE PENSION PLAN OF TCRS (UNAUDITED)
JUNE 30, 2015

Note A – VALUATION DATE

Actuarially determined contribution rates for 2015 were calculated based on the July 1, 2013 actuarial valuation.

Note B – METHODS AND ASSUMPTIONS

Methods and assumptions used to determine contribution rates are as follows:

Actuarial cost method	Frozen initial liability
Amortization method	Level dollar, closed (not to exceed 20 years)
Remaining amortization period	1 year
Asset valuation	10-year smoothed within a 20 percent corridor to market value
Inflation	3.0 percent
Salary increases	Graded salary ranges from 8.97 to 3.71 percent based on age, including inflation, averaging 4.25 percent
Investment rate of return	7.5 percent, net of investment expense, including inflation
Retirement age	Pattern of retirement determined by experience study
Mortality	Customized table based on actual experience including an adjustment for some anticipated improvement
Cost of living adjustments	2.5 percent

CLARKSVILLE-MONTGOMERY COUNTY REGIONAL PLANNING COMMISSION
SCHEDULE OF OPERATING INCOME AND EXPENSES
YEAR ENDED JUNE 30, 2015

	Tennessee Dept. of Transportation			Kentucky Dept. of Transportation		Routine Services	Total
	FTA	FHWA	SPR	FTA	FHWA		
<u>OPERATING INCOME</u>							
Gross contract income	\$ 13,398	\$ 156,430	\$ 72,000	\$ 25,683	\$ 54,343	\$ -	\$ 321,854
Less: Local matching							
15% Rate	-	-	-	-	(8,152)	-	(8,152)
20% Rate	-	(31,286)	(14,400)	(5,136)	-	-	(50,822)
Net contract income	<u>13,398</u>	<u>125,144</u>	<u>57,600</u>	<u>20,547</u>	<u>46,191</u>	-	<u>262,880</u>
City and county funding	-	-	-	-	-	584,000	584,000
Charges for services	-	-	-	-	-	113,916	113,916
Miscellaneous	-	-	-	-	-	3,777	3,777
Total operating income	<u>\$ 13,398</u>	<u>\$ 125,144</u>	<u>\$ 57,600</u>	<u>\$ 20,547</u>	<u>\$ 46,191</u>	<u>\$ 701,693</u>	<u>\$ 964,573</u>

CLARKSVILLE-MONTGOMERY COUNTY REGIONAL PLANNING COMMISSION
SCHEDULE OF OPERATING INCOME AND EXPENSES (CONT'D)
YEAR ENDED JUNE 30, 2015

	Tennessee Dept. of Transportation			Kentucky Dept. of Transportation		Routine Services	Total
	FTA	FHWA	SPR	FTA	FHWA		
<u>OPERATING EXPENSES</u>							
Advertising and legal notices	\$ -	\$ 1,188	\$ 2,986	\$ 344	\$ 999	\$ 5,560	\$ 11,077
Depreciation	-	-	-	-	-	16,789	16,789
Dues	-	463	639	119	119	678	2,018
Education	-	32	350	-	11	422	815
Employee benefits	-	20,697	9,058	4,580	9,244	100,040	143,619
Insurance	-	703	5,257	132	132	12,610	18,834
Janitorial	-	655	661	88	88	2,693	4,185
Lease expense - office equipment	-	1,772	3,230	289	1,255	11,562	18,108
Maintenance agreement	-	-	740	123	123	2,351	3,337
Office supplies and postage	-	1,234	1,620	34	271	18,896	22,055
Other contracted services	-	-	-	-	-	13,139	13,139
Payroll taxes	-	5,088	2,491	1,300	2,638	35,290	46,807
Professional services	13,398	51,562	5,271	574	574	8,093	79,472
Publications	-	197	150	-	270	2,079	2,696
Repairs and maintenance	-	-	-	-	-	8,956	8,956
Salaries and board fees	-	69,337	33,805	17,545	35,723	481,353	637,763
Telephone	-	382	1,243	263	375	2,620	4,883
Travel	-	463	2,411	-	2,102	6,386	11,362
Utilities	-	2,657	2,087	292	419	10,459	15,914
Total direct expenses - allowable program costs	<u>\$ 13,398</u>	<u>\$ 156,430</u>	<u>\$ 71,999</u>	<u>\$ 25,683</u>	<u>\$ 54,343</u>	<u>\$ 739,976</u>	<u>\$ 1,061,829</u>

CLARKSVILLE-MONTGOMERY COUNTY REGIONAL PLANNING COMMISSION
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
YEAR ENDED JUNE 30, 2015

<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, 2014</u>	<u>Receipts</u>	<u>Expenditures</u>	<u>Accrued Receivable June 30, 2015</u>
<u>U.S. Department of Transportation</u>							
Passed Through State of Tennessee							
Federal Highway Administration (Sec.112)	4/1/14-6/30/14	Z14MPO0003	20.205	\$ 23,771	\$ 23,771	\$ -	\$ -
	7/1/14-9/30/14	Z14MPO0003	20.205	-	33,519	33,519	-
	10/1/14-6/30/15	Z14MPO0003	20.205	-	31,141	91,625	60,484
TN SPR	4/1/14-6/30/14	GG1335405	20.205	24,034	24,034	-	-
	7/1/14-9/30/14	GG1335405	20.205	-	9,776	9,776	-
	10/1/14-6/30/15	GG1335405	20.205	-	29,353	47,824	18,471
TN FTA							
Passed Through to Clarksville Transit System	1/1/14-3/31/14	GG1441362	20.505	33,343	33,343	-	-
	7/1/14-9/30/14	GG1441362	20.505	-	13,398	13,398	-
Passed Through State of Kentucky							
Federal Transit Administration (5303)	4/1/14-6/30/14	1400002608	20.505	4,956	4,956	-	-
	10/1/14-6/30/15	GO4M503Z	20.505	-	19,970	20,547	577
Federal Highway Administration (Sec. 104(f))	4/1/14-6/30/14	1300004315	20.205	9,386	9,386	-	-
	7/1/14-9/30/14	1300004315	20.205	-	7,100	7,100	-
	10/1/14-6/30/15	1400005563	20.205	-	26,573	39,091	12,518
Total U.S. Department of Transportation				<u>95,490</u>	<u>266,320</u>	<u>262,880</u>	<u>92,050</u>
Total Federal Assistance				<u>\$ 95,490</u>	<u>\$ 266,320</u>	<u>\$ 262,880</u>	<u>\$ 92,050</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
JUNE 30, 2015

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.



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

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

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities and major fund of the Clarksville-Montgomery County Regional Planning Commission (the Planning Commission) as of and for the year ended June 30, 2015, and the related notes to the financial statements, which collectively comprise the Planning Commission's basic financial statements, and have issued our report thereon dated October 16, 2015.

Internal Control over Financial Reporting

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

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

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

Compliance and Other Matters

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

Purpose of this Report

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

Stone Rudolph & Henry, PLC

Clarksville, Tennessee

October 16, 2015

CLARKSVILLE-MONTGOMERY COUNTY REGIONAL PLANNING COMMISSION
SCHEDULE OF PRIOR YEAR FINDINGS AND QUESTIONED COSTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2015

No prior year findings were reported.