

Town Report Fiscal Year 2010 - 2011

Fiscal Year 2010-2011Budget Summary

Budget Category	Revenues	Expenditures	Surplus/(deficit)
General Fund	1,362,720	1,316,831	45,889
Water Fund	1,067,950	1,036,012	31,938
Total	2,430,670	2,352,843	77,827

General Fund

Revenue	FY 09-10 Budget	FY 10-11 Budget	Revenue	FY 09-10 Budget	FY 10-11 Budget
General Property Taxes			Categorical Aid		
Real Property Tax	355,000	355,000	Mobile Home/U-Haul Tax	0	0
Public Service Corporations Tax	7,000	10,000	Railroad Rolling Stock Tax	1,000	1,000
Personal Property Tax	82,500	79,000	Arts Grant	5,000	5,000
Miscellaneous Tax	550	550	Law Enforcement Grant	35,283	31,754
Delinquent Taxes	2,000	1,000	PPTRA Funds	54,356	54,356
Penalties and Interest	1,500	1,500	Litter Control Grant	500	500
Total	448,550	447,050	Intergovernmental Fire Dept. Grant	8,000	8,000
			Total	104,139	100,610
Other Local Taxes					
Sales and Use Tax	56,000	43,700	Other Revenue		
Communication Tax	35,000	35,000	Court Fines	36,000	36,000
Utility/Consumption Tax	58,000	59,000	Parking Fines	750	200
Business License Tax	85,000	83,000	Interest Income	1,400	1,400
Business License Penalty	100	100	Cemetery Interest Income	0	0
Franchise License Tax	2,500	2,500	Rental of General Property	22,380	15,300
Motor Vehicle License Tax	13,000	13,000	Community Center Rent	8,000	15,000
Bank Franchise Tax	35,000	55,000	Bingo Proceeds	15,000	17,000
Lodging Tax	70,000	70,000	Brush & Debris Fees	100	100
Meals Tax	240,000	245,000	Lot Cutting Fees	100	100
Total	594,600	606,300	Miscellaneous Revenue	1,000	1000
			Total	84,730	86,100
Zoning Permits and Fees	500	500			
Garbage Fees	118,000	122,160	Total General Fund Revenues	1,350,519	1,362,720

General Fund continued

Expenditures	FY 09-10 Budget	FY 10-11 Budget	Expenditures	FY 09-10 Budget	FY 10-11 Budget
Town Administration			Police Department		
Mayor/Council Fees	3,780	3,780	Salaries and Benefits	339,600	333,578
Mayor/Council Travel	1,000	1,000	Uniforms	2,000	2,000
Town Manager Salary and Benefits	50,435	51,011	Travel and Training	6,000	6,000
Town Manager Travel and Training	2,000	2,500	Communications	3,500	3,500
Town Staff Salaries and Benefits	49,229	50,136	Utilities	2,760	2,700
Town Staff Travel and Training	250	250	Office Supplies	2,000	2,000
Dues and Subscriptions	4,100	4,100	Equipment Repair/Replacement	2,000	2,000
Communications	1,700	2,500	Operating Supplies	2,500	2,500
Postage	2,500	2,500	Equipment Purchases	2,500	2,500
Utilities	3,240	3,000	Equipment Gas	14,000	13,000
Advertising	1,000	1,000	Equipment Maintenance	9,000	7,000
Office Supplies	6,500	6,500	Building Maintenance	700	700
Equipment Repair/Replacement	500	500	Drug Enforcement Salaries/Benefits	48,723	51,315
Equipment Purchases	2,000	2,450	Drug Enforcement Travel/Training	400	400
Town Hall Building Maintenance	1,000	1,000	Drug Enforcement Supplies/Other	5,215	5,700
Capital Outlays	0	0	Drug Enforcement Gas	1,200	3,500
Legal Services	25,000	25,000	Total	442,098	438,393
Insurance/Bonds	69,496	69,496			
Miscellaneous	2,500	2,500			
Independent Auditor	5,000	5,000	Streets and Sidewalks		
Contract Labor	400	400	Salaries and Benefits	42,452	43,088
Computer Maintenance	3,000	3,000	Uniforms	1,500	1,500
Total	235,080	237,614	Utilities	34,200	32,000
			Operating Supplies	4,500	5,500
Fire Department			Equipment Purchases	500	500
Communications	800	800	Gas and Diesel	1,000	500
Utilities	6,600	7,500	Equipment Maintenance	2,500	2,500
Gas and Diesel	1,500	1,500	Street Repair/Maintenance	15,000	15,000
Equipment Maintenance	500	500	Street Capital Outlay	0	0
Building Maintenance	500	500	Sidewalk Repair/Maintenance	1,000	1,000
Town Donation to Fire Department	9,500	8,000	Sidewalk Capital Outlay	0	0
Total	19,400	18,880	Total	102,652	101,588

General Fund continued

Expenditures	FY 09-10 Budget	FY 10-11 Budget
Sanitation		
Salaries and Benefits	72,273	73,220
Uniforms	1,500	1,500
Operating Supplies	2,000	1,500
Equipment Purchases	3,000	700
Gas and Diesel	8,000	9,500
Equipment Maintenance	18,000	9,200
Capital Outlays	0	0
Tipping Fee	32,000	36,160
Litter Control	500	500
Total	137,273	132,280
Buildings & Grounds		
Salaries and Benefits	113,215	115,760
Uniforms	2,100	2,100
Travel and Training	2,000	2,000
Communications	2,600	2,600
Utilities (Shop)	9,600	10,500
Office Equip. Repair/Maintenance	300	300
Supplies	11,000	11,000
Equipment Purchases	500	2,850.
Gas and Diesel	10,500	9,500
Equipment Maintenance	7,000	7,000
Repairs/Maintenance	1,000	1,000
Shop Building Maintenance	500	500
Total	160,315	165,110
Town-Owned Properties		
Ballpark Utilities	1,440	1,200
Ballpark Repairs and Maintenance	500	500
Recreation	1,000	500
Marina Repairs and Maintenance	500	500
Municipal Dock Repairs/Maint.	500	500
YMCA Building Maintenance	0	0
Cemetery Repairs & Maintenance	250	250
Comm. Center Communications	450	450

Expenditures	FY 09-10 Budget	FY 10-11 Budget
Town-Owned Properties (continued)		
Comm. Center Utilities	4,320	4,000
Comm. Center Bldg. Maintenance	4,000	4,000
Comm. Center Capital Outlay	0	C
Comm. Center Contract Labor	3,600	3,600
Fine Arts Center (FAC) Utilities	7,200	6,600
FAC Building Maintenance	500	500
FAC Capital Outlays	0	6
FAC Contributions - Players	5,000	5,000
Library Utilities	5,760	4,800
Library Building Maintenance	1,000	1,000
Library Contribution	1,876	1,876
Visitor Center Utilities	3,600	1,800
Visitor Center Building Maintenance	500	500
Total	41,996	37,576
Other		
Other Donation to Rescue Squad	3,000	3,000
	3,000 20,000	
Donation to Rescue Squad		20,000
Donation to Rescue Squad Tourism/Donations	20,000	3,000 20,000 9,000 500
Donation to Rescue Squad Tourism/Donations Donation to EDA	20,000 9,000	20,000 9,000 500
Donation to Rescue Squad Tourism/Donations Donation to EDA Marina Bldg. Project Consultant	20,000 9,000 500	20,000 9,000
Donation to Rescue Squad Tourism/Donations Donation to EDA Marina Bldg. Project Consultant Airport Commission Donation	20,000 9,000 500 5,000	20,000 9,000 500 5,000
Tourism/Donations Donation to EDA Marina Bldg. Project Consultant Airport Commission Donation Transfer Out - Water Fund	20,000 9,000 500 5,000 60,000	20,000 9,000 500 5,000
Donation to Rescue Squad Tourism/Donations Donation to EDA Marina Bldg. Project Consultant Airport Commission Donation Transfer Out - Water Fund Total	20,000 9,000 500 5,000 60,000	20,000 9,000 500 5,000
Donation to Rescue Squad Tourism/Donations Donation to EDA Marina Bldg. Project Consultant Airport Commission Donation Transfer Out - Water Fund Total Debt Service	20,000 9,000 500 5,000 60,000 97,500	20,000 9,000 500 5,000 60,000 97,500

Total General Fund Expenditures

1,301,212 1,316,831

Water Fund

Revenue	FY 09-10 Budget	FY 10-11 Budget
Interest	1,500	1,500
Interest Earned - Suntrust	0	0
Water & Sewer Fees	965,000	975,000
Water Bill Late Penalty	10,000	10,000
Cut-On Fees	250	250
Sale of Water	2,000	2.000
Charges for Services	1,000	1,000
Connection Fees	10,000	10,000
Facility Fees	5,000	5,000
E-One Sewer Pump Maintenance	2,000	2,000
Miscellaneous Revenue	700	700
Interfund Transfer - General Fund	60,000	60,000
Total Water Fund Revenue	1,057,950	1,067,950

Expenditures

Administration		
Salaries and Benefits	64,508	65,356
Town Manager Travel and Training	572	750
Town Staff Travel and Training	0	0
Dues and Subscriptions	500	500
Communications	600	700
Postage	2,500	2,000
Utilities	1,080	1,000
Advertising	225	225
Office Supplies	2,000	2,500
Office Equipment Repair	200	200
Equipment Purchases	516	516.
Building Maintenance	1,000	1,000
Legal Services	3,000	3,000
Insurance/Bonds	21,090	21,090
Depreciation	0	0
Miscellaneous	500	500
Independent Auditor	1,670	1,670
Professional Services - Computer	2,856	2,856
Total	102,817	104,863

Expenditures	FY 09-10 Budget	FY 10-11 Budget
Line Maintenance		
Salaries and Benefits	95,678	97,236
Uniforms	1,000	1,000
Water/Sewer Connection Supplies	6,000	6,000
Equipment Purchases	5,200	1,450
Gas and Diesel	4,000	6,000
Equipment Maintenance	7,500	7,500
Repairs and Maintenance	50,000	50,000
Capital Outlays	0	0
Total	169,378	169,186
Water Plant		
Salaries and Benefits	91,617	92,949
Uniforms	500	500
Travel and Training	2,500	2,500
Dues and Subscriptions	1,850	1,850
Communications	2,300	2,300
Utilities	26,400	21,500
Operating Supplies	800	1,000
Chemicals/Lab Supplies	41,125	41,125
Equipment Purchases	2,000	5,600
Gas and Diesel	1,500	2,100
Equipment Maintenance	1,000	1,000
Repairs and Maintenance	15,000	16,000
Building Maintenance	2,000	1,000
Capital Outlays	0	0
Miscellaneous	200	200
Total	188,792	189,624

Water Fund (continued)

Expenditures	FY 09-10 Budget	FY 10-11 Budget
Waste Treatment Plant		
Salaries and Benefits	109,688	111,739
Uniforms	1,300	1,300
Travel and Training	2,500	2,500
Communications	1,400	1,800
Utilities	39,600	31,000
Operating Supplies	1,500	1,500
Chemicals/Lab Supplies	3,000	3,500
Equipment Purchases	1,500	3,000
Gas and Diesel	3,500	4,500
Equipment Maintenance	3,000	3,000
Repairs and Maintenance	6,500	6,000
Building Maintenance	500	500
Capital Outlays	0	0
Dues and Subscriptions	1,500	1,500
Total	175,488	171,839
Lift Stations		
Communications	600	600
Utilities	13,200	13,200
Repairs and Maintenance	10,000	10,000
Building Maintenance	2,000	2,000
Capital Outlays	8,000	8,200
Total	33,800	34,000
Debt Service		
Principal	95,163	96,000
Interest	270,051	270,500
Total	365,214	366,500

TOTAL WATER FUND EXPENDITURES 1,035,489 1,036,012

Cemetery Fund

Revenue	FY 09-10 Budget	FY 10-11 Budget
Interest	500	500
Dividends Earned - Stocks	0	0
Perpetual Care	1,000	1,000
Total Cemetery Fund Revenue	1,500	1,500

Expenditures

Miscellaneous	0	0
Capital Outlay	0	0
Transfer Out to General Fund	500	500
Total Cemetery Fund Expenditures	500	500

Police Asset Forfeiture Fund

Revenue	FY 09-10 Budget	FY 10-11 Budget
Interest	500	500
PAF Miscellaneous Revenue	0	0
State/Fed. Assistance	0	0
Total PAF Fund Revenue	500	500

Expenditures

Equipment Purchases	0	0
Miscellaneous	0	0
Total PAF Fund Expenditures	0	0

EDA Fund

Revenue	FY 09-10 Budget	FY 10-11 Budget
EDA Rental Income	42,000	42,000
Contributions from Town	9,000	9,000
Total EDA Fund Revenue	51,000	51,000

Expenditures

Total EDA Fund Expenditures	49,677	49,677
Debt Service - Interest	6,597	6,597
Debt Service - Principal	16,530	16,530
Legal Fees	5,000	5,000
Professional Services/Fees	20,900	20,900
Utilities	650	650
l Itilities	650	6'

Veteran's Memorial Fund

Revenue	FY 09-10 Budget	FY 10-11 Budget
Interest	100	100
Donations/Brick Purchases	1,000	1,000
Total VM Fund Revenue	1,100	1,100

Expenditures

Total VM Fund Expenditures	500	500
Construction	0	0
Professional Services	0	0
Repairs/Maintenance	0	0
Bricks/Supplies	500	500
Utilities	0	0

Will real estate or personal property taxes be increased?

No. The real estate and personal property tax rates will remain the same. The real estate tax is \$0.24 per \$100 of assessed value, and the personal property tax is \$1.65 per \$100 of assessed value.

How are real estate tax rates determined and when are my taxes due?

Real Property values are determined by the Mecklenburg County Commissioner of the Revenue based on real estate assessments performed by the County Assessor every two years. The reassessment may result in depreciation or appreciation in property values. Tax rates are set according to the assessed values. The last reassessment was completed in 2008. While the tax rate did not increase, property values did. The result was that most property owners experienced an increase in their tax bill.

Personal Property Tax Values are based on NADA book values. As vehicles age and depreciate in value, the tax revenue generated decreases. When residents purchase new vehicles, the tax revenue increases.

Mecklenburg County's current real estate tax rate is \$0.34 per \$100 of assessed value. County taxes are due on June 5th and December 5th of each year. Town taxes are due on February 1 of each year.

			similar pop
County	Population*	Tax Rate	
Carroll	30,125	0.71	
Smyth	31,868	0.63	
Mecklenburg	32,186	0.34	
Louisa	32,231	0.62	
Botetourt	32,956	0.65	
Orange	33,105	0.42	
Isle of Wight	34,374	0.52	
Pulaski County	34,391	0.62	
Halifax	35,952	0.44	
Warren	36,101	0.45	
Gloucester	36,109	0.61	
Prince George	37,723	0.80	
Accomack	38,968	0.30	

How does Mecklenburg County's real estate tax rate compare with other Virginia counties with similar populations?

*Source: Weldon Cooper Center 2008 Provisional Population Estimate

How does Clarksville's real estate tax rate compare with other Virginia towns with similar populations?

Town	Population*	Tax Rate
Buchanan	1,233	0.19
Kilmarnock	1,244	0.10
Kenbridge	1,253	0.38
Gretna	1,257	0.21
Brookneal	1,259	0.17
Courtland	1,270	0.19
Lawrenceville	1,275	0.28
Hurt	1,276	0.14
Stanley	1,326	0.11
Clarksville	1,329	0.24
Chatham	1,338	0.22
Dayton	1,344	0.08
Rural Retreat	1,350	0.17
Glade Spring	1,374	0.20
Halifax	1,389	0.18
Louisa	1,401	0.17
*Source: U.S. Cer	nsus Bureau, 200	00 Census

*Source: U.S. Census Bureau, 2000 Census

How does Clarksville's real estate tax rate compare with other towns in Mecklenburg County?

Town	Real Estate Tax Rate
Boydton	0.33
Chase City	0.39
Clarksville	0.24
LaCrosse	0.31
South Hill	0.34

How does Clarksville's personnel property tax rate compare with other Virginia towns with similar populations?

Town	Population*	Tax Rate
Buchanan	1,233	0.32
Kilmarnock	1,244	0.20
Kenbridge	1,253	1.31
Gretna	1,257	2.00
Brookneal	1,259	1.70
Courtland	1,270	1.14
Lawrenceville	1,275	1.80
Hurt	1,276	2.50
Stanley	1,326	.45
Clarksville	1,329	1.65
Chatham	1,338	4.50
Dayton	1,344	0.00
Rural Retreat	1,350	0.45
Glade Spring	1,374	0.20
Halifax	1,389	1.68
Louisa	1,401	0.71
*Source: U.S. Cer	nsus Bureau 200	00 Census

*Source: U.S. Census Bureau, 2000 Census

How does Clarksville's personal property tax rate compare with other towns in Mecklenburg County?

Town	Personal Property Tax Rate
Boydton	0.88
Chase City	1.21
Clarksville	1.65
LaCrosse	1.05
South Hill	1.05

Questions and Answers (continued)

Will water and/or sewer rates be increased?

No. Water and Sewer rates will remain at the FY09/10 rates.

In-Town water rates will remain at \$58.00 for the first 6,000 gallons and \$6.80 for each additional 1,000 gallons. Out-of-Town water rates will remain \$115.50 for the first 6,000 gallons and \$13.50 for each additional 1,000 gallons.

In-Town sewer rates will remain at \$57.50 for the first 10,000 gallons and \$7.56 to \$7.95 for each additional 1,000 gallons. Out-of-Town sewer rates will remain at \$131.25 for the first 10,000 gallons and \$13.30 for each additional 10,000 gallons.

While no one likes to see increases in their monthly expenses, increases in our property taxes and/or water and sewer rates will continue to climb if we are to keep pace with the necessary repair and replacement of our aging water and sewer lines. We are unable to fund preventative maintenance at our current rate structure. The majority of all repairs and maintenance were a result of water or sewer line breakages which required an immediate response in order to restore service to Town residents and businesses. The Town spent \$35,168 in repairing water and sewer breaks this year. It should be noted that the Water Fund is subsidized from the General Fund at the rate of \$60,000 per year to offset maintenance costs and to . Due to higher and higher line repair, this year's subsidy has been doubled to \$60,000.

How do our water and sewer rates compare to other localities

* Based on 5,000 gallons/month.

** Based on 1 million gallons/month.

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Locality	# of Residential Water Units	# of Non- Residential Water Units	Residential Water Rate Inside*	Residential Water Rate Outside*	Last Water Rate Change	Business Water Rate Inside**	Residential Connection Fee
Clarksville, Town of	735	124	\$42.60	\$84.75	2009	\$6,808.60	\$1,000
Gordonsville, Town of	698	0	\$38.85	\$60.47	2009	\$4,571.00	Not Provided
Jonesville, Town of	883	35	\$34.75	\$42.70	2008	\$2,500.00	\$350
Kilmarnock, Town of	808	283	\$20.75	\$31.12	2006	\$5,613.50	\$345
Lawrenceville, Town of	843	151	\$20.20	\$35.35	2010	\$3,406.40	\$400+ cost
Mount Jackson, Town of	749	114	\$25.45	\$38.20	2010	\$5,090.00	\$5,000
Pembroke, Town of	740	0	\$66.40	\$74.80	1995	Not Provided	\$750
Shenandoah, Town of	913	84	\$23.65	\$42.50	2005	\$4,502.30	\$4,000
Victoria, Town of	834	55	\$32.58	\$39.10	2006	\$827.00	\$500

WATER RATES

Towns chosen based on similar number of Residential Water Units.

Source: "The 22nd Annual Virginia Water and Wastewater Rate Report 2010", Draper Aden Associates.

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Locality	# of Residential Wastewater Units	# of Non- Residential Wastewater Units	Residential Wastewater Rate Inside*	Residential Wastewater Rate Outside*	Last Wastewater Rate Change	Business Wastewater Rate Inside**	Residential Connection Fee
Amherst, Town of	674	133	\$33.00	\$66.00	2010	\$9,000.00	\$500 + cost
Clarksville, Town of	716	122	\$28.75	\$65.63	2009	\$7,939.00	\$800
Gordonsville, Town of	665	0	\$45.60	\$48.37	2008	Not Provided	Not Provided
Hamilton, Town of	542	5	\$52.00	\$63.00	2009	\$17,464.50	\$5,000
Kilmarnock, Town of	768	271	\$39.38	\$59.07	2006	\$12,516.50	\$250
Lawrenceville, Town of	728	13	\$18.20	\$31.85	2010	\$3,402.40	\$400 + cost
Mount Jackson, Town of	749	114	\$41.95	\$62.95	2010	\$8,390.00	\$10,000
Pembroke, Town of	738	0	\$66.40	\$74.80	1995	Not Provided	\$750

WASTEWATER (SEWER) RATES

* Based on 5,000 gallons/month.

** Based on 1 million gallons/month.

Towns chosen based on similar number of Residential Wastewater Units.

Source: "The 22nd Annual Virginia Water and Wastewater Rate Report 2010", Draper Aden Associates.

The results of Draper Aden's 2011 report were obtained from the responses of 89 towns, 38 service authorities, 29 cities and 26 counties. Out of these respondents, a control group was created of 20 water and wastewater providers who have participated in the survey for the past 15 years.

The average monthly residential water rate increased \$1.42 or 6% from last year. The average monthly residential wastewater rate increased \$1.47 or 5% during the same time period. Over the past decade water rates have risen 55% while wastewater rates have risen a little over 67%.

There is wide variation from locality to locality in the cost to produce and distribute safe drinking water; therefore, it is very difficult to make an "apples to apples" comparison of water rates. For example, it is much cheaper to provide well water as opposed to surface water because of the additional treatment requirements necessary to make surface water safe for human consumption. The drawback with well water is that the locality is typically limited in the amount of water it can provide to its customers, while most surface water localities can accommodate large water users. The age and condition of the water treatment plant and distribution system is another factor in determining the cost of water in a particular community. Likewise, the age and condition of the wastewater treatment plant, pump stations, and sewer mains determines sewer rates. Topography is a major factor as well because of the need for pumps and boosters. A locality can delay maintenance and upgrades for a while, but eventually, antiquated plants and lines must be replaced. This often requires the local government to incur debt because of the cost of large capital improvements, and the customer rates must account for the debt service. Larger localities can spread these costs over a greater number of customers so the impact to an individual customer is not as acute as it may be in a small community. There is also variation in how local governments fund their water and wastewater operations. Some localities subsidize water and sewer funds with general fund monies to help control the customer rates.

Will garbage rates be increased?

No. Garbage rates will remain the same. Residential garbage is picked up on Fridays only. The Town will continue collection of limbs and brush and leaves for in-town residents and businesses. Large piles of brush that require more than 30 minutes to collect result in a charge to the property owner. The owner must agree to the charge before the brush will be collected.

What are some of the significant changes in this year's budget versus last year?

Revenue

There is a projected increase in total revenue this fiscal year versus last year of 1% or \$15,619.

In the General Fund, the major factor resulting in increased revenue is an increase of \$20,000 in Bank Franchise Tax and \$5,000 in Meals Tax. The Bank Franchise Tax is based on deposits in the local banks, and changes in federal banking regulations are resulting in the banks retaining more capital. Meals Tax has shown and increase over last year. The ongoing efforts of the Chamber of Commerce, the Clarksville Economic Development Association, and the Clarksville Economic Development Authority, and the Town government to market and promote Clarksville also impact Meals receipts. The special events, including Lakefest, the Hydroplane Challenge, the Wine Festival, and others are successful in drawing people to Town.

Water Fund revenue increased by \$10,000 based on customer billing., and subtracting \$49,300 VA Department of Health Planning Grant that increased revenues last year.

Other revenue accounts have not been so fortunate. As people tighten their personal spending on cars, boats and other nonessentials, the amount of projected personal property tax revenue has been decreased by \$3,500, which follows the \$10,000 decrease from last year. Other declines in revenue are anticipated in business license taxes, franchise license taxes, mobile home/Uhaul taxes, and interest income. The net result is a minor 1% increase in revenue this year over last year.

Expenditures

In an effort to meet the challenges of the current economic downturn, two significant cost saving measures have been incorporated into this budget. First, no increase in salaries for Town employees will be granted again this year. However, the Town will continue to pay the full cost of health insurance for all full-time employees. This expense increased 10.5 % this year. And, again this year, no monies have been set aside for future repairs (capital outlays) such as roof replacement, water or waste treatment plan improvements, Police Department improvements, etc.

General Fund budgeted expenditures include:

- A 30% increase in debt service due to the financing through Rural Development for a new fire truck.
- A 13% increase in the tipping fee.
- \$2,350 budgeted for purchase of safety supplies and radios for Buildings and Grounds.

Water Fund budgeted expenditures include:

- \$3,600 for Water Plant safety equipment and meters
- The cost of chemicals and tests at both the Water and Waste plant continue to increase.

The Town continues to budget funds for professional services related to the Boundary Adjustment project, with \$25,000 being including for this purpose this year. This project will continue into the next budget year as well.

To<u>wn Debt</u>

The use of long-term debt is a common and often necessary way for a community to address major infrastructure and equipment needs. It is a means of spreading the cost of large capital projects over a larger, changing population base. Local governments typically have two different types of debt; general obligation debt and revenue debt.

General obligation debt is backed by the full faith and credit of the town. The amount of general obligation debt a town can incur is limited by the town's debt ceiling. The debt ceiling is ten percent of the total assessed value for all the land located within the municipal boundary. The total assessed value for all the land in Clarksville for FY10/11 is \$146,522,700, resulting in a general obligation debt ceiling of \$14,652,770.

Revenue debts are backed by an agreement with the lender that the local government will establish rates for town services that will provide enough revenue to pay for the debt service. Revenue debt does not count towards the debt ceiling.

General Obligation Debt							
Item / Project	Date Incurred	Lender	Original Loan Amount	Interest Rate	Loan Term	Annual Debt Service	Retirement Date
Chamber/Visitor Center	September 1996	Bank of America	\$50,000.00	6.83%	15 years	\$5,336.16	September 2011
Community Center	June 1998	USDA Rural Development	\$500,000.00	4.75%	40 years	\$28,200.00	June 2038
Revitalization Street Lights	July 2003	Community National	\$99,800.00	3.71%	10 years	\$11,869.55	July 2013
Grit Collector	November 2006	Community National	\$50,000.00	4.27%	10 years	\$6,247.68	November 2016
Sewer Camera Lease Purchase	December 2008	Carter Bank and Trust	\$49,355.00	4.00%	7 years	\$8,095.44	December 2015
Public Works Truck	August 2008	Carter Bank and Trust	\$16,500.00	4.00%	5 years	\$3,646.44	August 2013
4th St Lot Next to Marina	April 2009	Benchmark	\$72,000.00	5.00%	3 years \$20,198 balloon	\$6,881.28	April 2012
3 Police Cars	July 2009	USDA Rural Development	\$33,750.00	4.50%	5 years	\$7,560.00	July 2014
Fire Dept Pumper Truck	Dec 2010	USDA Rural Development	\$188,000.00	4.125%	10 years	\$22,922.00	December 2020
Total			\$1,059,405.00			\$100,758.55	

The annual debt service on the Fire Department Pumper Truck will be reduced due to a \$50,000 contribution from the Fire Department.

Revenue Debt							
Item / Project	Date Incurred	Lender	Original Loan Amount	Interest Rate	Loan Term	Annual Debt Service	Retire- ment Date
Waterline Replacement	1992	VA Revolving Loan Fund	\$150,000.00	3.00%	20 years	\$10,216.38	2012
Mill Village Pump Station/ UV System Waste Plant	June 2004	VA Resources Authority	\$2,760,000.00	4.65%	30 years	\$209,316.60	June 2032
Sewerline Extension	August 2001	VA Revolving Loan Fund	\$220,000.00	4.50%	20 years	\$17,065.60	August 2012
Water Treatment Plant Upgrade	June 2004	Rural Development	\$2,491,100.00	4.50%	40 years	\$134,820.00	June 2044
Total			\$5,621,100.00			\$371,418.58	

Total Debt Amounts					
General Obligation	\$1,059,405.00				
Revenue Debt	\$5,621,100.00				
Total	\$6,680,505.00				

While the Town's General Obligation Debt is a relatively low 14 percent of the debt ceiling, the Revenue Debt is much higher due mainly to the high cost of upgrading the Town's utility infrastructure. Because the Revenue Debt is guaranteed through rate agreements, the Town does not have much flexibility in adjusting water and sewer rates.