

OFFICIAL STATEMENT

**New Issue
Book-Entry Only**

Rating: Standard & Poor's "AA+"

In the opinion of Bond Counsel, based on existing law and assuming compliance with certain tax covenants of the County, interest on the Bonds will be excluded from gross income for federal income tax purposes and is not an item of tax preference for purposes of the federal alternative minimum tax imposed on individuals and corporations; however, such interest is taken into account in determining the adjusted current earnings of certain corporations for purposes of the alternative minimum tax on corporations. For an explanation of certain tax consequences under federal law which may result from the ownership of the Bonds, see the discussion under the heading "Tax Matters" herein. Under existing law, the Bonds and the income therefrom will be exempt from all state, county and municipal taxation in the State of Tennessee, except inheritance, transfer and estate taxes, and Tennessee franchise and excise taxes. (See "Tax Matters" herein).

\$28,040,000

MONTGOMERY COUNTY, TENNESSEE

**GENERAL OBLIGATION PUBLIC IMPROVEMENT AND REFUNDING BONDS, SERIES 2012
(ULT) (NON-BANK QUALIFIED)**

Dated: October 11, 2012

Due: April 1, as shown below

Montgomery County, Tennessee (the "County") will issue its \$28,040,000 General Obligation Public Improvement and Refunding Bonds, Series 2012 (the "Bonds") in fully registered form, without coupons, and, when issued, the Bonds will be registered in the name of Cede & Co., as nominee of The Depository Trust Company, New York, New York ("DTC"). DTC will act as securities depository of the Bonds. Individual purchases of beneficial ownership interest in the Bonds will be made in book-entry form only, in denominations of \$5,000 or multiples thereof through DTC Participants. Interest on the Bonds will be payable semiannually on April 1 and October 1 of each year, commencing on April 1, 2013, calculated on the basis of a 360-day year consisting of twelve 30-day months.

Payments of principal of and interest on the Bonds are to be made to purchasers by DTC through the Participants (as such term is herein defined). Purchasers will not receive physical delivery of Bonds purchased by them. See "The Bonds-Book-Entry-Only System." Principal of and interest on the Bonds are payable by the County to the corporate trust office of Deutsche Bank National Trust Company, Olive Branch, Mississippi, as registration and paying agent (the "Registration Agent").

The Bonds are subject to redemption prior to their stated maturities at the option of the County. See "The Bonds – Optional Redemption" herein. The Bonds are payable on April 1 of each year as follows:

<u>Maturity (April 1)</u>	<u>Principal</u>	<u>Interest Rate</u>	<u>Price or Yield</u>	<u>CUSIP No.</u>	<u>Maturity (April 1)</u>	<u>Principal</u>	<u>Interest Rate</u>	<u>Price or Yield</u>	<u>CUSIP No.</u>
2013	\$1,470,000	5.00 %	0.250%	613664 5B3	2022	\$1,875,000	4.00%	1.850%	613664 5L1
2014	1,460,000	5.00	0.350	613664 5C1	2023	1,900,000	2.50	2.050*	613664 5M9
2015	1,490,000	5.00	0.420	613664 5D9	2024	1,980,000	2.50	2.200*	613664 5N7
2016	1,575,000	5.00	0.530	613664 5E7	2025	1,550,000	4.00	2.270*	613664 5P2
2017	1,590,000	5.00	0.750	613664 5F4	2026	1,595,000	4.00	2.330*	613664 5Q0
2018	1,650,000	5.00	1.000	613664 5G2	2027	1,955,000	3.00	2.550*	613664 5R8
2019	1,715,000	2.00	1.270	613664 5H0	2028	1,350,000	3.00	2.610*	613664 5S6
2020	1,735,000	2.00	1.500	613664 5J6	2029	1,395,000	3.00	2.670*	613664 5T4
2021	1,755,000	2.00	1.720	613664 5K3					

*yield to first optional call date of April 1, 2022

The Bonds shall be payable from unlimited ad valorem taxes to be levied on all taxable property within the County to the extent other revenues of the County are insufficient for such purposes. For the prompt payment of principal of and interest on the Bonds, the full faith and credit of the County are irrevocably pledged (see heading herein entitled "Security, Source of Payment and Levy of Tax").

The Bonds are offered when, as and if issued, subject to the approval of the legality by Bass, Berry & Sims PLC, Nashville, Tennessee, Bond Counsel, whose opinion will be delivered with the Bonds. Certain legal matters will be passed upon for the County by Austin Peay, Esq., Counsel to the County. The Bonds, in book-entry form, are expected to be available for delivery through Depository Trust Company in New York, New York, on or about October 11, 2012.

Stephens Inc.

Nashville, Tennessee
Financial Advisor

September 11, 2012

For purposes of compliance with Rule 15c2-12 of the Securities and Exchange Commission, this document, as the same may be supplemented or amended (collectively, the "Official Statement") by Montgomery County, Tennessee (the "County") from time to time, may be treated as an Official Statement with respect to the Bonds described herein that is deemed final by the County as of the date hereof (or of any such supplement or amendment). It is subject to completion with certain information to be established at the time of the sale of the Bonds as permitted by Rule 15c2-12 of the Securities and Exchange Commission.

No dealer, broker, salesman or other person has been authorized by the County or by Stephens Inc. (the "Financial Advisor") to give any information or make any representations other than those contained in this Official Statement and, if given or made, such information or representations with respect to the County or the Bonds must not be relied upon as having been authorized by the County or the Financial Advisor. This Official Statement does not constitute an offer to sell, or solicitation of an offer to buy, any securities other than the securities offered hereby to any person in any jurisdiction where such offer or solicitation of such offer would be unlawful.

This Official Statement should be considered in its entirety, and no one factor should be considered more or less important than any other by reason of its position in this Official Statement. Where statutes, reports or other documents are referred to herein, reference should be made to such statutes, reports or other documents for more complete information regarding the rights and obligations of parties thereto, facts and opinions contained therein and the subject matter thereof.

The information and expressions of opinion in this Official Statement are subject to change without notice, and neither the delivery of this Official Statement nor any sale made under it shall, under any circumstances, create any implication that there has been no change in the affairs of the County since the date as of which information is given in this Official Statement.

In making an investment decision investors must rely on their own examination of the County and the terms of the offering, including the merits and risks involved. No registration statement relating to the Bonds has been filed with the Securities and Exchange Commission or with any state securities agency. The Bonds have not been approved or disapproved by the Commission or any state securities agency, nor has the Commission or any state securities agency passed upon the accuracy or adequacy of this Official Statement. Any representation to the contrary is a criminal offense.

Montgomery County, Tennessee
 General Obligation Public Improvement and Refunding Bonds, Series 2012
 Dated October 11, 2012

<u>Maturity (April 1)</u>	<u>Amount</u>	<u>Rate</u>	<u>Yield</u>	<u>CUSIP No.**</u>
2013	\$1,470,000	5.00%	0.250%	613664 5B3
2014	1,460,000	5.00	0.350	613664 5C1
2015	1,490,000	5.00	0.420	613664 5D9
2016	1,575,000	5.00	0.530	613664 5E7
2017	1,590,000	5.00	0.750	613664 5F4
2018	1,650,000	5.00	1.000	613664 5G2
2019	1,715,000	2.00	1.270	613664 5H0
2020	1,735,000	2.00	1.500	613664 5J6
2021	1,755,000	2.00	1.720	613664 5K3
2022	1,875,000	4.00	1.850	613664 5L1
2023	1,900,000	2.50	2.050*	613664 5M9
2024	1,980,000	2.50	2.200*	613664 5N7
2025	1,550,000	4.00	2.270*	613664 5P2
2026	1,595,000	4.00	2.330*	613664 5Q0
2027	1,955,000	3.00	2.550*	613664 5R8
2028	1,350,000	3.00	2.610*	613664 5S6
2029	1,395,000	3.00	2.670*	613664 5T4

*Yield to first optional call date of April 1, 2022.

** These CUSIP numbers have been assigned by Standard & Poor's CUSIP Service Bureau, a Division of The McGraw-Hill Companies, Inc., and are included solely for convenience of the Bondholders. The County is not responsible for the selection or use of these CUSIP numbers, nor is any representation made as to their correctness on the Bonds or as indicated herein.

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The material contained herein has been obtained from sources believed to be current and reliable, but the accuracy thereof is not guaranteed. The Official Statement contains statements which are based upon estimates, forecasts, and matters of opinion, whether or not expressly so described, and such statements are intended solely as such and not as representations of fact. All summaries of statutes, resolutions, and reports contained herein are made subject to all the provisions of said documents. The Official Statement is not to be construed as a contract with the purchasers of any of the Montgomery County, Tennessee General Obligation Public Improvement and Refunding Bonds, Series 2012.

Table of Contents

Officials.....	i
Summary Statement	i
Official Statement	1
Introduction.....	1
The Issuer	1
The Bonds	1
Description	1
Optional Redemption.....	3
Notice of Redemption.....	3
Security, Sources of Payment and Levy of Tax	3
Discharge and Satisfaction of Bonds.....	4
Book-Entry-Only System	5
Plan of Financing	7
Sources and Uses of Funds.....	7
Plan of Refunding.....	7
The Project	7
Rating.....	7
Continuing Disclosure.....	8
General	8
Annual Report	8
Reporting of Significant Events	9
Termination of Reporting Obligation.....	10
Amendment/Waiver	10
Default	10
Future Issues	11
Litigation.....	11
Approval of Legal Proceedings.....	11
Tax Matters	11
Federal Taxes	11
General.....	11
Original Issue Discount	12
Bond Premium	12
Miscellaneous	12
State Taxes	12
Financial Advisor	12
Underwriting.....	13
Miscellaneous.....	13
Certificate of County Mayor	14
Form of Legal Opinion	Appendix A
Demographics and Financial Information Related to the County	Appendix B
Comprehensive Annual Financial Report of the County for the Fiscal Year Ended June 30, 2011.....	Appendix C

MONTGOMERY COUNTY, TENNESSEE
1 Millennium Plaza, Suite 200
Clarksville, Tennessee 37041-0368

OFFICIALS

Carolyn P. Bowers
County Mayor and Chairman

BOARD OF COMMISSIONERS

Jerry Albert	Glen Demorest	Lettie M. Kendall
Edward Baggett	Dalton Harrison	Robert Nichols
Mark Banasiak	John Fuson	Keith Politi
Jeremy Bowles	John M. Gannon	Mark Riggins
Martha Brockman	Robert Gibbs, Jr.	Nick Robards
Loretta J. Bryant	John Genis	Ronald J. Sokol
Joe L. Creek	Charles Keene	Tommy Vallejos

COUNTY OFFICIALS

Assessor of Property	Betty Burchett
Circuit Court Clerk	Cheryl J. Castle
Clerk and Master	Ted Crozier
County Clerk	Kellie A. Jackson
Director of Accounts and Budgets	Erinne J. Hester
Director of Adm. and Development	Phil Harpel
Director of Human Resources	Sheryl Gossard
Director of Schools	Michael Harris
Register of Deeds	Connie Bell
Sheriff	Norman Lewis
Superintendent of Highways	Mike Frost
Trustee	Brenda E. Radford

Counsel for the County

Austin Peay, Esq.
Clarksville, Tennessee

Bond Counsel

Bass, Berry & Sims PLC
Nashville, Tennessee

Registration and Paying Agent and Escrow Agent

Deutsche Bank National Trust Company
Olive Branch, Mississippi

Financial Advisor

Stephens Inc.
Nashville, Tennessee

Underwriter

Robert W. Baird & Co., Inc.
Red Bank, New Jersey

Summary Statement

This Summary is expressly qualified by the entire Official Statement, which should be viewed in its entirety by potential investors.

ISSUER	Montgomery, Tennessee (the "County").
ISSUE	\$28,040,000 General Obligation Public Improvement and Refunding Bonds, Series 2011 (the "Bonds")
PURPOSES	(A) prepayment of the principal portion of the County's outstanding loan under that certain Loan Agreement, dated June 6, 2008, by and between the County and The Public Building Authority of the City of Clarksville, Tennessee (the "Authority"), in the original principal amount of \$20,140,987 funded by the issuance of Adjustable Rate Pooled Financing Revenue Bonds, Series 2008 (Tennessee Municipal Bond Fund), dated February 14, 2008 (the "Outstanding Bonds") of the Authority; (B) (i) acquisition of land for, design, site development, and constructing, improving, renovating and equipping of County schools; (ii) acquisition and equipping of school buses; (iii) acquisition of land for, design, site development, and constructing, improving, renovating and equipping of County governmental buildings; (iv) acquisition of land and rights-of-way for, and construction of, County highways, roads and streets; (v) making a loan to Bi-County Solid Waste Management System; (vi) payment of legal, fiscal, administrative, architectural and engineering costs incident to any or all of the foregoing (collectively, the "Projects"); and (C) reimbursement to the appropriate fund of the County for prior expenditures for the foregoing costs, if applicable.
DATED DATE	October 11, 2012.
INTEREST DUE	Each April 1 and October 1, commencing April 1, 2013.
SETTLEMENT DATE	October 11, 2012.
OPTIONAL REDEMPTION	The Bonds may be optionally redeemed by the County as set forth herein.
SECURITY	The Bonds shall be payable from unlimited <u>ad valorem</u> taxes to be levied on all taxable property within the County to the extent other revenues of the County are insufficient for such purposes. For the prompt payment of principal of and interest on the Bonds, the full faith and credit of the County are irrevocably pledged (see heading herein entitled "Security, Source of Payment and Levy of Tax").
RATING	The Bonds have been assigned a rating of "AA+" by Standard & Poor's Ratings Services, a Division of the McGraw-Hill Companies ("S&P") based on documents and other information provided by the County. The rating reflects only the view of S&P, and neither the County nor the Underwriter makes any representations as to the appropriateness of such rating.

There is no assurance that such rating will continue for any given period of time or that it will not be lowered or withdrawn entirely by S&P if in its judgment circumstances so warrant. Any such downward change in or withdrawal of the rating may have an adverse effect on the secondary market price of the Bonds. Any explanation of the significance of the rating may be obtained from S&P.

TAX MATTERS	Bass, Berry & Sims PLC will provide its unqualified opinion as to the tax exemption of the Bonds discussed under "Tax Matters" herein.
REGISTRATION AND PAYING AGENT	Deutsche Bank National Association, Olive Branch, Mississippi.
FINANCIAL ADVISOR	Stephens Inc., Nashville, Tennessee.
UNDERWRITER	Robert W. Baird & Co., Inc., Red Bank, New Jersey.

Official Statement

\$28,040,000

Montgomery County, Tennessee

General Obligation Public Improvement and Refunding Bonds, Series 2012 (ULT) (Non-Bank Qualified)

Introduction

The Official Statement, including the cover page and appendices hereto, is furnished in connection with the issuance by Montgomery County, Tennessee (the "County") of \$28,040,000 General Obligation Public Improvement and Refunding Bonds, Series 2012 (the "Bonds").

The Bonds are issuable under and in full compliance with the constitution and statutes of the State of Tennessee, including Sections 9-21-101 et seq., Tennessee Code Annotated, and pursuant to resolutions adopted by the Board of Commissioners of the County on June 11, 2012 and August 13, 2012 (the "Resolutions") authorizing the execution, terms, issuance, and the sale of the Bonds.

All notices have been published in a newspaper as required by state law.

This Official Statement includes descriptions of, among other matters, the Bonds, the Resolutions and the County. Such descriptions and information do not purport to be comprehensive or definitive. All references to the Resolutions are qualified in their entirety by reference to the definitive document, including the form of the Bonds included in the Resolutions. During the period of the offering of the Bonds, copies of the Resolutions and any other documents described herein or in the Resolutions may be obtained from the County. After delivery of the Bonds, copies of such documents will be available for inspection at the County Mayor's office. All capitalized terms used in this Official Statement and not otherwise defined herein have the meanings set forth in the Resolutions.

The Issuer

The issuer is Montgomery County, Tennessee which is located in the north central part of Tennessee, approximately 45 miles northwest of Nashville, the State capital. For demographic and certain financial information concerning the County, see Appendix B, and for the Comprehensive Annual Financial Report of the County for the fiscal year ended June 30, 2011, see Appendix C.

The Bonds

Description

The Bonds are being issued for the purpose of providing funds for the following purposes: (A) prepayment of the principal portion of the County's outstanding loan under that certain Loan Agreement, dated June 6, 2008, by and between the County and The Public Building Authority of the City of Clarksville, Tennessee (the "Authority"), in the original principal amount of \$20,140,987 funded by the issuance of Adjustable Rate Pooled Financing Revenue Bonds, Series 2008 (Tennessee Municipal Bond Fund), dated February 14, 2008 (the "Outstanding Bonds") of the Authority; (B) (i) acquisition of land for, design, site development, and constructing, improving, renovating and equipping of County schools; (ii) acquisition and equipping of school buses; (iii) acquisition of land for, design, site development, and constructing, improving, renovating and equipping of County governmental buildings; (iv) acquisition of land and rights-of-way for, and construction of, County highways, roads and streets; (v) making a loan to Bi-

County Solid Waste Management System; (vi) payment of legal, fiscal, administrative, architectural and engineering costs incident to any or all of the foregoing (collectively, the "Projects"); and (C) reimbursement to the appropriate fund of the County for prior expenditures for the foregoing costs, if applicable.

The Bonds will be issued as fully registered book-entry Bonds, without coupons, in denominations of \$5,000 or any integral multiple thereof. The Bonds will be dated the date of issuance. Interest on the Bonds, at the rates per annum set forth on the cover page and calculated on the basis of a 360-day year, consisting of twelve 30-day months, will be payable semiannually on April 1 and October 1 of each year (herein an "Interest Payment Date"), commencing April 1, 2013.

The Bonds will mature on the dates and in the amounts set forth on the cover page.

The Bonds will be initially registered only in the name of Cede & Co., as nominee of The Depository Trust Company, New York, New York ("DTC"), which will act as securities depository for the Bonds. Deutsche Bank National Trust Company, Olive Branch, Mississippi (the "Registration Agent") will make all interest payments with respect to the Bonds on each Interest Payment Date directly to the registered owners as shown on the Bond registration records maintained by the Registration Agent as of the close of business on the fifteenth day of the month next preceding the Interest Payment Date (the "Regular Record Date") by check or draft mailed to such owners at their addresses shown on said registration records, without, except for final payment, the presentation or surrender of such registered Bonds, and all such payments shall discharge the obligations of the County in respect of such Bonds to the extent of the payments so made. Payment of principal of the Bonds shall be made upon presentation and surrender of such Bonds to the Registration Agent as the same shall become due and payable. In the event the Bonds are no longer registered in the name of DTC or its successor or assigns, if requested by the Owner of at least \$1,000,000 in aggregate principal amount of the Bonds, payment of interest on such Bonds shall be paid by wire transfer to a bank within the continental United States or deposited to a designated account if such account is maintained with the Registration Agent and written notice of any such election and designated account is given to the Registration Agent prior to the record date.

Any interest on any Bond which is payable but is not punctually paid or duly provided for on any interest payment date (hereinafter "Defaulted Interest") shall forthwith cease to be payable to the registered owner on the relevant Regular Record Date; and, in lieu thereof, such Defaulted Interest shall be paid by the County to the persons in whose names the Bonds are registered at the close of business on a date (the "Special Record Date") for the payment of such Defaulted Interest, which shall be fixed in the following manner: The County shall notify the Registration Agent in writing of the amount of Defaulted Interest proposed to be paid on each Bond and the date of the proposed payment, and at the same time the County shall deposit with the Registration Agent an amount of money equal to the aggregate amount proposed to be paid in respect of such Defaulted Interest or shall make arrangements satisfactory to the Registration Agent for such deposit prior to the date of the proposed payment, such money when deposited to be held in trust for the benefit of the persons entitled to such Defaulted Interest. Thereupon, not less than ten (10) days after the receipt by the Registration Agent of the notice of the proposed payment, the Registration Agent shall fix a Special Record Date for the payment of such Defaulted Interest which date shall not be more than fifteen (15) nor less than ten (10) days prior to the date of the proposed payment to the registered owners. The Registration Agent shall promptly notify the County of such Special Record Date and, in the name and at the expense of the County, not less than ten (10) days prior to such Special Record Date, shall cause notice of the proposed payment of such Defaulted Interest and the Special Record Date therefor to be mailed, first class postage prepaid, to each registered owner at the address thereof as it appears in the Bond registration records maintained by the Registration Agent as of the date of such notice. Nothing contained in the Resolutions or in the Bonds shall impair any statutory or other rights in law or in equity of any registered owner arising as a result of the failure of the County to punctually pay or duly provide for the payment of principal of and interest on the Bonds when due.

Optional Redemption

Bonds maturing on or before April 1, 2022 are not subject to redemption prior to maturity. Bonds maturing April 1, 2023 and thereafter shall be subject to redemption prior to maturity at the option of the County on April 1, 2022 and thereafter, as a whole or in part at any time, at the redemption price of par plus interest accrued to the redemption date.

If less than all the Bonds shall be called for redemption, the maturities to be redeemed shall be selected by the Board of Commissioners of the County in its discretion. If less than all of the Bonds within a single maturity shall be called for redemption, the interests within the maturity to be redeemed shall be selected as follows:

- (i) if the Bonds are being held under a Book-Entry System by DTC, or a successor Depository, the Bonds to be redeemed shall be determined by DTC, or such successor Depository, by lot or such other manner as DTC, or such successor Depository, shall determine;
- or
- (ii) if the Bonds are not being held under a Book-Entry System by DTC, or a successor Depository, the Bonds within the maturity to be redeemed shall be selected by the Registration Agent by lot or such other random manner as the Registration Agent in its discretion shall determine.

Notice of Redemption

Notice of call for redemption shall be given by the Registration Agent on behalf of the County not less than thirty (30) nor more than sixty (60) days prior to the date fixed for redemption by sending an appropriate notice to the registered owners of the Bonds to be redeemed by first-class mail, postage prepaid, at the addresses shown on the Bond registration records of the Registration Agent as of the date of the notice; but neither failure to mail such notice nor any defect in any such notice so mailed shall affect the sufficiency of the proceedings for redemption of any of the Bonds for which proper notice was given. As long as DTC, or a successor Depository, is the registered owner of the Bonds, all redemption notices shall be mailed by the Registration Agent to DTC, or such successor Depository, as the registered owner of the Bonds, as and when above provided, and neither the County nor the Registration Agent shall be responsible for mailing notices of redemption to DTC Participants, or Beneficial Owners. Failure of DTC, or any successor Depository, to provide notice to any DTC Participant or Beneficial Owner will not affect the validity of such redemption. The Registration Agent shall mail said notices as and when directed by the County pursuant to written instructions from an authorized representative of the County (other than for a mandatory sinking fund redemption, if applicable, notices of which shall be given at least forty-five (45) days prior to the redemption date unless a shorter notice period shall be satisfactory to the Registration Agent). From and after the redemption date, all Bonds called for redemption shall cease to bear interest if funds are available at the office of the Registration Agent for the payment thereof and if notice has been duly provided.

Security, Sources of Payment and Levy of Tax

Under Tennessee law, the County's legislative body is authorized to levy a tax on all taxable property within the County, or a portion thereof, without limitation as to rate or amount, and a referendum is neither required nor permitted to set the rate or amount. For a more complete statement of the general covenants and provisions pursuant to which the Bonds are issued, reference is hereby made to the Resolutions.

The Bonds shall be payable from unlimited ad valorem taxes to be levied on all taxable property within the County to the extent other revenues of the County are insufficient for such purposes. For the prompt payment of principal of and interest on the Bonds, the County has irrevocably pledged its full faith and credit.

The County, through its Governing Body, shall annually levy and collect a tax upon all taxable property within the County, in addition to all other taxes authorized by law, sufficient to pay principal of and interest on the Bonds when due, and for that purpose there is levied a direct annual tax in such amount as may be found necessary each year to pay principal and interest coming due on the Bonds in said year. Principal and interest falling due at any time when there are insufficient funds from this tax levy on hand shall be paid from the current funds of the County and reimbursement therefor shall be made out of the taxes authorized to be levied when the same shall have been collected. The tax may be reduced to the extent of any direct appropriations from other funds, taxes and revenues of the County to the payment of debt service on the Bonds.

Discharge and Satisfaction of Bonds

The Bonds may be discharged and defeased in any one or more of the following ways:

(a) By depositing sufficient funds as and when required with the Registration Agent, to pay the principal of and interest on such Bonds as and when the same become due and payable;

(b) By depositing or causing to be deposited with any trust company or financial institution whose deposits are insured by the Federal Deposit Insurance Corporation or similar federal agency and which has trust powers (an "Agent"; which Agent may be the Registration Agent) in trust or escrow, on or before the date of maturity or redemption, sufficient money or Defeasance Obligations, as hereafter defined, the principal of and interest on which, when due and payable, will provide sufficient moneys to pay or redeem such Bonds and to pay interest thereon when due until the maturity or redemption date (provided, if such Bonds are to be redeemed prior to maturity thereof, proper notice of such redemption shall have been given or adequate provision shall have been made for the giving of such notice);

(c) By delivering such Bonds to the Registration Agent, for cancellation by it;

and if the County shall also pay or cause to be paid all other sums payable under the Resolutions, or make adequate provision therefor, and by resolution of the Governing Body instruct any such Escrow Agent to pay amounts when and as required to the Registration Agent for the payment of principal of and interest on such Bonds when due, then such Bonds shall be discharged and satisfied and all covenants, agreements and obligations of the County to the holders of such Bonds shall be fully discharged and satisfied.

If the County pays and discharges the indebtedness evidenced by any of the Bonds in the manner provided in either clause (a) or clause (b) above, then the registered owners of such Bonds shall thereafter be entitled only to payment out of the money or Defeasance Obligations.

Defeasance Obligations are direct obligations of, or obligations, the principal of and interest on which are guaranteed by, the United States of America, or any agency thereof, obligations of any agency or instrumentality of the United States or any other obligations at the time of the purchase thereof are permitted investments under Tennessee law for the purposes described above, which bonds or other obligations shall not be subject to redemption prior to their maturity other than at the option of the registered owner thereof. Tennessee law, as codified, currently permits the use of the following as Defeasance Obligations:

(a) Direct obligation or, or obligations, the principal of and interest on which are guaranteed by, the United States;

(b) Obligations of any agency or instrumentality of the United States;

(c) Certificates of deposit issued by a bank or trust company located in the state of Tennessee; provided, that such certificates shall be secured by a pledge of any of the obligations referred to in subdivisions (a) and (b) having an aggregate market value, exclusive of accrued interest, equal at least to the principal amount of the certificates of deposit so secured; or

(d) Obligations which are rated in either of the top two (2) highest rated categories by a nationally recognized rating agency of such obligations and whose interest income is exempt from tax by the United States, which are direct general obligations of the state or a political subdivision thereof or obligations guaranteed by the state, to the payment of the principal of and interest on which the full faith and credit of the state are pledged or obligations of any other state or political subdivision or instrumentality thereof; provided, that approval of the state director of local finance is first obtained.

Book-Entry-Only System

DTC will act as securities depository for the Bonds. The Bonds will be issued as fully-registered securities registered in the name of Cede & Co. (DTC's partnership nominee). Only one fully-registered Bond certificate will be issued in the aggregate principal amount of each maturity of the Bonds, and will be deposited with DTC.

DTC is a limited-purpose trust company organized under the New York Banking Law, a "banking organization" within the meaning of the New York Banking Law, a member of the Federal Reserve System, a "clearing corporation" within the meaning of the New York Uniform Commercial Code, and a "clearing agency" registered pursuant to the provisions of Section 17A of the Securities Exchange Act of 1934. DTC holds securities that its participants ("Participants") deposit with DTC. DTC also facilitates the settlement among Participants of securities transactions, such as transfers and pledges, in deposited securities through electronic computerized book-entry changes in Participants' accounts, thereby eliminating the need for physical movement of securities certificates. Direct Participants include securities brokers and dealers, banks, trust companies, clearing corporations, and certain other organizations. DTC is owned by a number of its Direct Participants and by the New York Stock Exchange, Inc., the American Stock Exchange, Inc., and the National Association of Securities Dealers, Inc. Access to the DTC system is also available to others such as securities brokers and dealers, banks, and trust companies that clear through or maintain a custodial relationship with Direct Participants, either directly or indirectly ("Indirect Participants"). The Rules applicable to DTC and its Participants are on file with the Securities and Exchange Commission.

Purchases of Bonds under the DTC system must be made by or through Direct Participants, which will receive a credit for the Bonds on DTC's records. The ownership interest of each actual purchaser of each Bond ("Beneficial Owner") is in turn to be recorded on the Direct and Indirect Participants' records. Beneficial Owners will not receive written confirmation from DTC of their purchase, but Beneficial Owners are expected to receive written confirmation providing details of the transaction, as well as periodic statements of their holdings, from the Direct or Indirect Participant through which the Beneficial Owner entered into the transaction. Transfers of ownership interest in the Bonds are to be accomplished by entries made on the books of Participants acting on behalf of Beneficial Owners. Beneficial Owners will not receive certificates representing their ownership interest in the Bonds, except in the event that use of the book-entry system for the Bonds is discontinued.

To facilitate subsequent transfers, all Bonds deposited by participants with DTC are registered in the name of DTC's partnership nominee, Cede & Co. The deposit of Bonds with DTC and their registration in the name of Cede & Co. effect no change in beneficial ownership. DTC has no knowledge of the actual Beneficial Owners of the Bonds; DTC's records reflect only the identity of the Direct Participants to whose accounts such Bonds are credited, which may or may not be the Beneficial Owners. The Participants will remain responsible for keeping account of their holdings on behalf of their customers.

Conveyance of notices and other communications by DTC to Direct Participants, by Direct Participants to Indirect Participants, and by Direct Participants and Indirect Participants to Beneficial Owners will be governed by arrangements among them, subject to any statutory or regulatory requirements as may be in effect from time to time.

Neither DTC nor Cede & Co. will consent or vote with respect to the Bonds. Under its usual procedures, DTC mails an Omnibus Proxy to the County as soon as possible after the record date. The Omnibus Proxy assigns Cede & Co.'s consenting or voting rights to those Direct Participants to whose accounts the Bonds are credited on the record date (identified in a listing attached to the Omnibus Proxy).

Principal and interest payments on the Bonds will be made to DTC. DTC's practice is to credit Direct Participants' accounts on the payable date in accordance with their respective holdings shown on DTC's records unless DTC has reason to believe that it will not receive payment on the payable date. Payments by Participants to Beneficial Owners will be governed by standing instructions and customary practices, as in the case with securities held for the accounts of customers in bearer form or registered in "street name" and will be the responsibility of such Participant and not of DTC, the Registration Agent, or the County, subject to any statutory or regulatory requirements as may be in effect from time to time. Payment of principal and interest to DTC is the responsibility of the County or the Registration Agent, disbursement of such payments to Direct Participants shall be the responsibility of DTC, and disbursement of such payments to the Beneficial Owners shall be the responsibility of Direct and Indirect Participants.

DTC may discontinue providing its services as securities depository with respect to the Bonds at any time by giving reasonable notice to the County or the Registration Agent. Under such circumstances, in the event that a successor securities depository is not obtained, Bond certificates are required to be printed and delivered.

The County may decide to discontinue use of the system of book-entry transfers through DTC (or a successor securities depository). In that event, Bond certificates will be printed and delivered.

The information in this section concerning DTC and DTC's book-entry system has been obtained from sources that the County believes to be reliable, but the County takes no responsibility for the accuracy thereof.

THE COUNTY AND THE REGISTRATION AGENT HAVE NO RESPONSIBILITY OR OBLIGATION TO PARTICIPANTS, OR TO ANY BENEFICIAL OWNER WITH RESPECT TO (I) THE ACCURACY OF ANY RECORDS MAINTAINED BY DTC OR ANY PARTICIPANT; (II) THE PAYMENT BY DTC OR ANY PARTICIPANT OF ANY AMOUNT WITH RESPECT TO THE PRINCIPAL OF OR INTEREST ON THE BONDS; (III) THE DELIVERY OR TIMELINESS OF DELIVERY BY ANY PARTICIPANT OR ANY NOTICE TO ANY BENEFICIAL OWNER WHICH IS REQUIRED OR PERMITTED UNDER THE TERMS OF THE RESOLUTIONS TO BE GIVEN TO BONDHOLDERS; OR (IV) ANY CONSENT GIVEN OR OTHER ACTION TAKEN BY DTC OR CEDE & CO. AS BONDHOLDER.

Plan of Financing

Sources and Uses of Funds

The following table sets forth the sources and uses of funds in connection with the issuance of the Bonds.

Sources of Funds

Par Amount	\$28,040,000.00
Reoffering Premium	<u>2,447,451.05</u>
Total Sources	<u>\$30,487,451.05</u>

Uses of Funds

Prepayment of Outstanding Loan	\$17,941,000.00
Deposit to Construction Fund	12,305,441.03
Underwriter's Discount	<u>241,010.02</u>
Total Uses	<u>\$30,487,451.05</u>

Plan of Refunding

The Bonds are being issued, in part, to prepay the principal portion of the County's outstanding loan (the "Outstanding Loan") under that certain Loan Agreement, dated June 6, 2008, by and between the County and The Public Building Authority of the City of Clarksville, Tennessee (the "Authority"), in the original principal amount of \$20,140,987 funded by the issuance of Adjustable Rate Pooled Financing Revenue Bonds, Series 2008 (Tennessee Municipal Bond Fund), dated February 14, 2008 (the "Outstanding Bonds") of the Authority, and, in turn, redeem a portion of the Outstanding Bonds applicable thereto. An amount, which together with investment earnings thereon and legally available funds of the County, will be sufficient to prepay the Outstanding Loan will be deposited with the Trustee under the Indenture of Trust, dated as of February 1, 2008, pursuant to which the Outstanding Bonds were issued to fund the Outstanding Loan to be held and applied as provided in the Indenture.

The Project

The proceeds of the Bonds (other than proceeds used to prepay the Outstanding Loan) will be used to finance the Projects. Pursuant to the resolution adopted June 11, 2012 by the Governing Body, a portion of the proceeds of the Bonds will be deposited in a construction fund (the "Construction Fund") to be held and invested by the County, and used to pay costs of the Projects and reimbursement to the County for any funds previously expended for costs of the Projects, if applicable. Moneys in the Construction Fund may be invested as permitted by Tennessee law and may not be used for any purpose other than the Projects.

Rating

The Bonds have been assigned a rating of "AA+" by Standard & Poor's Ratings Services ("S&P"). The rating reflects only the view of S&P and neither the County nor the Financial Advisor makes any representation as to the appropriateness of such rating.

There is no assurance that such rating will continue for any given period of time or that it will not be lowered or withdrawn entirely. Any such downward change in or withdrawal of the rating may have an adverse effect on the secondary market price of the Bonds. Any explanation of the significance of the rating may be obtained from S&P.

Continuing Disclosure

General

The County will at the time the Bonds are delivered execute a Continuing Disclosure Certificate (the "Disclosure Certificate") under which it will covenant for the benefit of holders and beneficial owners of the Bonds to provide certain financial information and operating data relating to the County by not later than twelve months after the end of each fiscal year commencing with the fiscal year ending June 30, 2011 (the "Annual Report"), and to provide notice of the occurrence of certain significant events not later than ten business days after the occurrence of the events and notice of failure to provide any required financial information of the County. The Annual Report (and audited financial statements if filed separately) and notices described above will be filed by the County with the Municipal Securities Rulemaking Board ("MSRB") at emma.msrb.org and with any State Information Depository which may be established in Tennessee (the "SID"). The specific nature of the information to be contained in the Annual Report or the notices of events is summarized below. These covenants have been made in order to assist the Underwriters in complying with Securities and Exchange Commission Rule 15c2-12(b), as it may be amended from time to time (the "Rule"). The County is in compliance with the undertakings required under the Rule.

Annual Report

The County's Annual Report shall contain or incorporate by reference the General Purpose Financial Statements of the County for the fiscal year, prepared in accordance with generally accepted accounting principles; provided, however, if the County's audited financial statements are not available by the time the Annual Report is required to be filed, the Annual Report shall contain unaudited financial statements in a format similar to the financial statements contained herein, and the audited financial statements shall be filed when available. The Annual Report shall also include in a similar format the following information included in Appendix B to this Official Statement as follows:

1. "Summary of Outstanding Debt ";
2. "Debt Statement ";
3. "Per Capita Debt Ratios";
4. "Debt Ratios";
5. "Debt Trend";
6. "General Obligation Debt Service Requirements";
7. "Fund Balances";
8. "Top Taxpayers";
9. "Local Sales Tax Collections";
10. "Wheel Tax";
11. "Property Valuation and Property Tax";

12. "County Tax Rates"; and
13. "Tax Collections."

Any or all of the items above may be incorporated by reference from other documents, including Official Statements in final form for debt issues of the County or related public entities, which have been filed with the Securities and Exchange Commission or are available from the MSRB at emma.msrb.org. If the document incorporated by reference is a final Official Statement, in final form, it will be available from the MSRB at emma.msrb.org. The County shall clearly identify each such other document so incorporated by reference.

Reporting of Significant Events

The County will file notice regarding certain significant events with the MSRB as follows:

1. Upon the occurrence of a Listed Event (as defined in (3) below), the County shall in a timely manner, but in no event more than ten (10) business days after the occurrence of such event, file a notice of such occurrence with the MSRB.
2. For Listed Events where notice is only required upon a determination that such event would be material under applicable Federal securities laws, the County shall determine the materiality of such event as soon as possible after learning of its occurrence.
3. The following are the Listed Events:
 - a. Principal and interest payment delinquencies;
 - b. Non-payment related defaults, if material;
 - c. Unscheduled draws on debt service reserves reflecting financial difficulties;
 - d. Unscheduled draws on credit enhancements reflecting financial difficulties;
 - e. Substitution of credit or liquidity providers, or their failure to perform;
 - f. Adverse tax opinions, the issuance by the Internal Revenue Service of proposed or final determinations of taxability, Notices of Proposed Issue (IRS Form 5701-TEB) or other material notices or determinations with respect to the tax status of the Bonds or other material events affecting the tax status of the Bonds;
 - g. Modifications to rights of Bondholders, if material;
 - h. Bond calls, if material, and tender offers;
 - i. Defeasances;
 - j. Release, substitution, or sale of property securing repayment of the securities, if material;
 - k. Rating changes;
 - l. Bankruptcy, insolvency, receivership or similar event of the obligated person;

- m. The consummation of a merger, consolidation or acquisition involving an obligated person or the sale of all or substantially all of the assets of the obligated person, other than in the ordinary course of business, the entry into a definitive agreement to undertake such an action or the termination of a definitive agreement relating to any such actions, other than pursuant to its terms, if material; and
- n. Appointment of a successor or additional trustee or the change of name of a trustee, if material.

Termination of Reporting Obligation

The County's obligations under the Disclosure Certificate shall terminate upon the legal defeasance, prior redemption or payment in full of all of the Bonds.

Amendment/Waiver

Notwithstanding any other provision of the Disclosure Certificate, the County may amend the Disclosure Certificate, and any provision of the Disclosure Certificate may be waived, provided that the following conditions are satisfied:

(a) If the amendment or waiver relates to the provisions concerning the Annual Report and Reporting of Significant Events it may only be made in connection with a change in circumstances that arises from a change in legal requirements, change in law, or change in the identity, nature or status of an obligated person with respect to the Bonds, or the type of business conducted;

(b) The undertaking, as amended or taking into account such waiver, would, in the opinion of nationally recognized Bond Counsel, have complied with the requirements of the Rule at the time of the original issuance of the Bonds, after taking into account any amendments or interpretations of the Rule, as well as any change in circumstances; and

(c) The amendment or waiver either (i) is approved by the Holders of the Bonds in the same manner as provided in the Resolutions for amendments to the Resolutions with the consent of the Holders, or (ii) does not, in the opinion of nationally recognized Bond Counsel, materially impair the interests of the Holders or beneficial owners of the Bonds.

In the event of any amendment or waiver of a provision of the Disclosure Certificate, the County shall describe such amendment in the next Annual Report, and shall include, as applicable, a narrative explanation of the reason for the amendment or waiver and its impact on the type (or, in the case of a change of accounting principles, on the presentation) of financial information or operating data being presented by the County. In addition, if the amendment relates to the accounting principles to be followed in preparing financial statements, (i) notice of such change shall be given, and (ii) the Annual Report for the year in which the change is made should present a comparison (in narrative form and also, if feasible, in quantitative form) between the financial statements as prepared on the basis of the new accounting principles and those prepared on the basis of the former accounting principles.

Default

In the event of a failure of the County to comply with any provision of the Disclosure Certificate, any Bondholder, or any Beneficial Owner may take such actions as may be necessary and appropriate, including seeking mandate or specific performance by court order, to cause the County to comply with its obligations under the Disclosure Certificate. A default under the Disclosure Certificate shall not be

deemed an event of default, if any, under the Resolutions, and the sole remedy under the Disclosure Certificate in the event of any failure of the County to comply with the Disclosure Certificate shall be an action to compel performance.

Future Issues

Considering the population growth of the County, a plan for capital assets needed in the near future is being prepared with anticipation of approximately \$6 to \$8 million primarily for schools and parks to be issued the first quarter of 2013.

Litigation

As of the date of this Official Statement, the County has no knowledge or information concerning any pending or threatened litigation contesting the authority of the County to issue, sell or deliver the Bonds. The County has no knowledge or information of any actions pending or expected that would materially affect the County's ability to pay the debt service requirements of the Bonds.

Approval of Legal Proceedings

Legal matters incident to the authorization and issuance of the Bonds are subject to the unqualified approving opinion of Bass, Berry & Sims PLC, Bond Counsel. A copy of the opinion will be available upon delivery of the Bonds. (See Appendix A). Certain legal matters will be passed upon for the County by Austin Peay, Esq., Counsel to the County.

Tax Matters

Federal Taxes

General. Bass, Berry & Sims PLC, Nashville, Tennessee, is Bond Counsel for the Bonds. Its opinion under existing law, relying on certain statements by the County and assuming compliance by the County with certain covenants, is that interest on the Bonds:

- is excluded from a bondholder's federal gross income under the Internal Revenue Code of 1986, as amended,
- is not a preference item for a bondholder under the federal alternative minimum tax, but
- is included, however, in the adjusted current earnings of a corporation under the federal corporate alternative minimum tax.

The Internal Revenue Code of 1986, as amended (the "Code"), imposes requirements on the Bonds that the County must continue to meet after the Bonds are issued. These requirements generally involve the way that Bond proceeds must be invested and ultimately used. If the County does not meet these requirements, it is possible that a bondholder may have to include interest on the Bonds in its federal gross income on a retroactive basis to the date of issue. The County has covenanted to do everything necessary to meet these requirements of the Code.

A bondholder who is a particular kind of taxpayer may also have additional tax consequences from owning the Bonds. This is possible if a bondholder is:

- an S corporation,
- a United States branch of a foreign corporation,
- a financial institution,
- a property and casualty or a life insurance company,
- an individual receiving Social Security or railroad retirement benefits,

- an individual claiming the earned income credit or
- a borrower of money to purchase or carry the Bonds.

If a bondholder is in any of these categories, it should consult its tax advisor.

Bond Counsel is not responsible for updating its opinion in the future. It is possible that future events or changes in applicable law could change the tax treatment of the interest on the Bonds or affect the market price of the Bonds. See also “Miscellaneous” below in this heading.

Bond Counsel expresses no opinion on the effect of any action taken or not taken in reliance upon an opinion of other counsel on the federal income tax treatment of interest on the Bonds, or under State, local or foreign tax law.

Original Issue Discount. A Bond will have “original issue discount” if the price paid by the original purchaser of such Bond is less than the principal amount of such Bond. Bond Counsel’s opinion is that any original issue discount on these Bonds as it accrues is excluded from a bondholder’s federal gross income under the Internal Revenue Code. The tax accounting treatment of original issue discount is complex. It accrues on an actuarial basis and as it accrues a bondholder’s tax basis in these Bonds will be increased. If a bondholder owns one of these Bonds, it should consult its tax advisor regarding the tax treatment of original issue discount.

Bond Premium. If a bondholder purchases a Bond for a price that is more than the principal amount, generally the excess is “bond premium” on that Bond. The tax accounting treatment of bond premium is complex. It is amortized over time and as it is amortized a bondholder’s tax basis in that Bond will be reduced. The holder of a Bond that is callable before its stated maturity date may be required to amortize the premium over a shorter period, resulting in a lower yield on such Bonds. A bondholder in certain circumstances may realize a taxable gain upon the sale of a Bond with bond premium, even though the Bond is sold for an amount less than or equal to the owner’s original cost. If a bondholder owns any Bonds with bond premium, it should consult its tax advisor regarding the tax accounting treatment of bond premium.

Miscellaneous. Tax legislation, administrative actions taken by tax authorities, and court decision, whether at the Federal or state level, may adversely affect the tax-exempt status of interest on the Bonds under Federal or state law and could affect the market price or marketability of the Bonds.

Prospective bondholders should consult their own tax advisors regarding the foregoing matters.

State Taxes

Under existing law, the Bonds and the income therefrom are exempt from all present state, county and municipal taxes in Tennessee except (a) inheritance, transfer and estate taxes, (b) Tennessee excise taxes on interest on the Bonds during the period the Bonds are held or beneficially owned by any organization or entity, or other than a sole proprietorship or general partnership doing business in the State of Tennessee, and (c) Tennessee franchise taxes by reason of the inclusion of the book value of the Bonds in the Tennessee franchise tax base of any organization or entity, other than a sole proprietorship or general partnership, doing business in the State of Tennessee.

Financial Advisor

This Official Statement has been prepared under the direction of the County and with the assistance of Stephens Inc., Nashville, Tennessee, which has been contracted by the County to perform professional services in the capacity of financial advisor.

Underwriting

Robert W. Baird & Co., Inc., Red Bank, New Jersey (the “Underwriter”), acting for and on behalf of itself and such other securities dealers as it may designate, will purchase the Bonds for an aggregate purchase price of \$30,246,441.03, which is par, less \$241,010.02 underwriter’s discount, plus original issue premium of \$2,447,451.05. The Underwriter may offer and sell the Bonds to certain dealers (including dealer banks and dealers depositing the Bonds into investment trusts) and others at prices different from the public offering prices stated on the cover page of this Official Statement. Such initial public offering prices may be changed from time to time by the Underwriter.

Miscellaneous

Any statement made in this Official Statement involving matters of opinion and estimates, whether or not so expressly stated, are set forth as such and not as representations of fact, and no representation is made that any of the estimates will be realized.

The execution and delivery of this Official Statement was duly authorized by the County.

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Certificate of County Mayor

I, Carolyn P. Bowers, do hereby certify that I am the duly qualified and acting County Mayor of Montgomery County, Tennessee, and as such official, I do hereby further certify with respect to the Official Statement dated September 11, 2012 issued in connection with the sale of the County's \$28,040,000 General Obligation Public Improvement and Refunding Bonds, Series 2012, and to the best of my knowledge, information, and belief (a) the descriptions and statements contained in said Official Statement were at the time of the acceptance of the winning bid and are on the date hereof true and correct in all material respects; and (b) that said Official Statement did not at the time of the acceptance of the winning bid and does not on the date hereof contain an untrue statement of a material fact or omit to state a material fact required to be stated where necessary to make the statements made, in light of the circumstances under which they are made, not misleading.

WITNESS my official signature this 11th day of September, 2012.

/s/ Carolyn P. Bowers
County Mayor

I, Kellie A. Jackson, do hereby certify that I am the duly qualified and acting County Clerk of Montgomery County, Tennessee, and as such official, I do hereby certify that Carolyn P. Bowers is the duly qualified and acting County Mayor of said County and that the signature appended to the foregoing certificate is the true and genuine signature of such official.

WITNESS my official signature and the seal of said County as of the date subscribed to the foregoing certificate.

/s/ Kellie A. Jackson
County Clerk

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APPENDIX A

Form of Legal Opinion of Bass, Berry & Sims PLC, Attorneys,
Nashville, Tennessee relating to the Bonds.

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(Form of Opinion of Bond Counsel)

Bass, Berry & Sims PLC
150 Third Avenue South, Suite 2800
Nashville, Tennessee 37201

(Dated Closing Date)

We have acted as bond counsel to Montgomery County, Tennessee (the "Issuer") in connection with the issuance of \$28,040,000 General Obligation Public Improvement and Refunding Bonds, Series 2012, dated October 11, 2012 (the "Bonds"). We have examined the law and such certified proceedings and other papers as we deemed necessary to render this opinion.

As to questions of fact material to our opinion, we have relied upon the certified proceedings and other certifications of public officials furnished to us without undertaking to verify such facts by independent investigation.

Based on our examination, we are of the opinion, as of the date hereof, as follows:

1. The Bonds have been duly authorized, executed and issued in accordance with the constitution and laws of the State of Tennessee and constitute valid and binding general obligations of the Issuer.

2. The resolutions of the Board of Commissioners of the Issuer authorizing the Bonds have been duly and lawfully adopted, are in full force and effect and are valid and binding agreements of the Issuer enforceable in accordance with its terms.

3. The Bonds shall be payable from unlimited ad valorem taxes to be levied on all taxable property within the County. For the prompt payment of principal of and interest on the Bonds, the County has irrevocably pledged its full faith and credit.

4. Interest on the Bonds is excluded from gross income for federal income tax purposes and is not an item of tax preference for purposes of the federal alternative minimum tax imposed on individuals and corporations; however, such interest is taken into account in determining adjusted current earnings of certain corporations for purposes of alternative minimum tax on corporations. The opinion set forth in the preceding sentence is subject to the condition that the Issuer comply with all requirements of the Internal Revenue Code of 1986, as amended, that must be satisfied subsequent to the issuance of the Bonds in order that interest thereon be, or continue to be, excluded from gross income for federal income tax purposes. Failure to comply with certain of such requirements could cause interest on the Bonds to be so included in gross income retroactive to the date of issuance of the Bonds. The Issuer has covenanted to comply with all such requirements. Except as set forth in this Paragraph 4, we express no opinion regarding other federal tax consequences arising with respect to the Bonds.

5. Under existing law, the Bonds and the income therefrom are exempt from all present state, county and municipal taxes in Tennessee except (a) inheritance, transfer and estate taxes, (b) Tennessee excise taxes on all or a portion of the interest on any of the Bonds during the period such Bonds are held or beneficially owned by any organization or entity, other than a sole proprietorship or general partnership, doing business in the State of Tennessee, and (c) Tennessee franchise taxes by reason of the inclusion of the book value of the Bonds in the Tennessee franchise tax base of any organization or entity, other than a sole proprietorship or general partnership doing business in the State of Tennessee.

It is to be understood that the rights of the owners of the Bonds and the enforceability of the Bonds and the resolutions authorizing the Bonds may be subject to bankruptcy, insolvency, reorganization, moratorium and other similar laws affecting creditors' rights heretofore or hereafter enacted and that their enforcement may be subject to the exercise of judicial discretion in accordance with general principles of equity.

We express no opinion herein as to the accuracy, adequacy or completeness of the Official Statement relating to the Bonds.

This opinion is given as of the date hereof, and we assume no obligation to update or supplement this opinion to reflect any facts or circumstances that may hereafter come to our attention or any changes in law that may hereafter occur.

Yours truly,

Bass, Berry & Sims PLC

APPENDIX B

Demographic and General Financial Information
Related to the County

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GENERAL INFORMATION

Montgomery County (the “County”) is located in the north central part of Tennessee approximately 45 miles northwest of Nashville, the State Capitol, and comprises an area of approximately 543 square miles. The County is within 250 miles of the population center of the United States. It is the seventh largest county in the state and a regional hub for seven counties in Tennessee and Kentucky for jobs, higher education, health care, retail trade, and service establishments.

The City of Clarksville is the County seat and the only incorporated city in the County with a population of 132,939 based on the 2010 U.S. Census. The U.S. Census Bureau released data in July 2008 listing Clarksville as the 9th fastest-growing city in the nation for communities with populations over 100,000. The City of Clarksville is the fifth largest city in the state and the major city in the Metropolitan Statistical Area (the "MSA") of Clarksville-Hopkinsville, TN-KY, which is one of the seven MSAs in the state.

The Clarksville-Hopkinsville, TN-KY MSA adjoins the Nashville MSA, which includes eight counties in central Tennessee. All of the Tennessee counties in this area make up the Greater Nashville Regional Council (the "Region") which was organized by the Tennessee State Legislature over 30 years ago for regional planning and economic development. Included in the 13 counties are 53 cities. The Council coordinates the regional effort to solve problems pertaining to transportation, water and wastewater facilities, solid waste management, air and water quality, area growth forecasts and growth impact analysis, overall economic development and planning for the infrastructure of the region. The synergism of economic development, commercial trade and employment in the region is promoted by the state highway and federal interstate highway system along with the state capitol being located in the region. Within an hour, individuals can travel to most any major employer in the region.

DEMOGRAPHIC DATA

Population

Montgomery County's location in the central area of the state has promoted its population growth and economic expansion. According to the 2010 U. S. Census, the County is the seventh largest county in the state with a population of 172,331 reflecting a 30 percent increase since the 2000 census.

	Montgomery County		Tennessee	
	Number	% Change	Number	% Change
1970 U. S. Census	62,721		3,926,018	
1980 U. S. Census	83,342	32.9%	4,591,023	16.9%
1990 U. S. Census	100,498	20.6%	4,877,203	6.2%
2000 U. S. Census	134,768	34.1%	5,689,283	16.7%
2010 U. S. Census	172,331	27.9%	6,346,105	11.5%

Source: U.S. Bureau of Census

Income and Housing

In 2009, the County had a per capita personal income of \$39,104, which was 114% percent of the State average of \$34,277. In 2010 the U.S. Bureau of Economic Analysis released data ranking Montgomery County 4th in the State for per capita personal income. For the first time in recent history, Montgomery County surpassed the urban counties of Hamilton and Knox in per capita personal income. In 2001, Montgomery County ranked 17th in the State for per capita personal income.

Per Capita Personal Income

	County	Tennessee	Percent of State
1990 Per Capita Personal Income	\$14,761	\$16,692	88.4%
2000 Per Capita Personal Income	\$23,992	\$26,096	91.9%
2001 Per Capita Personal Income	\$24,890	\$26,833	92.8%
2002 Per Capita Personal Income	\$26,081	\$27,435	95.0%
2003 Per Capita Personal Income	\$27,512	\$28,257	97.4%
2004 Per Capita Personal Income	\$28,719	\$29,539	97.2%
2005 Per Capita Personal Income	\$32,029	\$30,827	103.9%
2006 Per Capita Personal Income	\$35,232	\$32,172	109.5%
2007 Per Capita Personal Income	\$35,337	\$33,395	105.8%
2008 Per Capita Personal Income	\$39,809	\$35,119	113.3%
2009 Per Capita Personal Income	\$39,104	\$34,277	114.1%
2010 Per Capita Personal Income	\$39,155	\$34,921	112.1%

Source: U.S. Department of Commerce, Bureau of Economic Analysis

Median Household Income

	County	Tennessee	Percent of State
1990 Median Household Income	\$25,568	\$24,807	103.1%
2000 Median Household Income	38,981	36,360	110.0%
2004 Median Household Income	42,959	38,794	110.7%
2005 Median Household Income	45,737	38,874	117.8%
2006 Median Household Income	47,864	40,315	118.7%
2009 Median Household Income	46,923	41,715	112.5%
2010 Median Household Income	46,703	41,461	112.6%

Source: U.S. Census Bureau

ECONOMIC DATA

Economic Base

The economic base and the quality of life in Montgomery County is reflected in the various awards and rankings received by the County and the City of Clarksville. In 2010 the County was ranked fourth in the nation for Alternative Energy Industry Leaders by Business Facilities Magazine. According to Business Week Magazine the County was ranked as the “*Best Place in Tennessee to Raise Your Kids*” in 2010. The U.S. Census Bureau released data in July 2008 listing *Clarksville as the 9th fastest-growing city in the nation for communities with populations over 100,000*. In 2006 the U.S. Census Bureau ranked *Clarksville as the 17th fastest growing city in the nation and Montgomery County as the 100th fastest growing county in the Nation*. In 2005 Clarksville was also ranked as having *the highest median household income of all major cities in Tennessee* by the 2005 American Community Survey Data Profile. The City was the *Top 20 Best-Performing City in the Country’s 200 largest metros* according to Milken Institute -2006.

Major Employers

A diversified employment base of military, industries, state and local governments, health care, higher education and retail trade supports the economic base of the County. Based on June 2012 statistics provided by the Tennessee Department of Employment Security, the County has a resident labor force of 77,180, which does not include military personnel (soldiers).

Fort Campbell Military Base, located on the Tennessee - Kentucky line, with about 85% of the base being in Tennessee, is the largest employer in the area with approximately 3,900 civilians. There is no breakdown of employee's residence. From discussions with various parties in the County, as well as individuals located on the Base, a large number of the employees reside in Montgomery County; however, the number of civilian employees would be less than 10% of the County's total labor force and, most likely, less than 10% of the County's total employment.

Military personnel are not included in employment statistics as reported by the Tennessee Department of Employment Security and are not included in the County's Major Employers list because a significant portion of the personnel are located in other counties included in the Base's operation.

In December 2008 Dow Corning Corporation and Hemlock Semiconductor LLC (HSC) announced that they will locate their next solar-grade polysilicon manufacturing facility in Montgomery County. The initial investment is \$1.2 billion and over 800 jobs will be created for phase one. More than 2,000 construction workers are currently active at the site as construction of the administration building nears completion. Warehouse, maintenance buildings, and other support facilities will be finished later in 2011 and production facilities will be complete in 2012. The plant is scheduled to begin producing polysilicon, the cornerstone material for solar cells, in late 2012. The Clarksville Hemlock Semiconductor facility will meet the needs of the growing solar industry.

The military and civilian personnel at Fort Campbell provide a direct and indirect benefit to the County and the Region; however, during recent years, the employment in the County and Region have continually grown and diversified to the extent that the following list of major employers provide over 22,000 diversified jobs in the County.

Major County Employers

Employer	Number of Employees	Products /Services
Fort Campbell Military Base	8,058	Major Defense Installation
USD Civilian	2,782	
NAF	533	
PX	917	
Schools	660	
Contract Employees	2,931	
Other Tenants	235	
Montgomery County School System	3,900	Education and Schools
Trane Company	1,400	Air Condition & Heating Equipment
Wal-Mart Supercenter	1,363	Retail
Gateway Health System (Hospital)	1,165	Medical Services
City of Clarksville	989	Municipal Services
Montgomery County General Government	921	County Services
Austin Peay State University	900	Higher Education
Quebecor Printing	850	Magazine Printing
Convergys Corp.	800	Telemarketing Call Center
Josten's Printing & Publication	700	Yearbook Printing
Akebono	650	Hubs, Rotors, & Corner Modules
Larson Enterprises (McDonalds)	600	Restaurants
Hemlock Semiconductor, L.L.C.	500	Polycrystalline Silicon
Bridgestone Metalpha USA Inc.	415	Metal Cord
State of Tennessee	411	State Government Services
Progressive Directions, Inc.	300	Health Care
Premier Medical Group	275	Health Care
Florim USA	260	Ceramic & Porcelain Tile Manufacturing
Carreca Enterprises (Pizza Hut)	250	Restaurants
Lowe's	250	Retail
Nyrstar	249	Zinc, Sulfuric Acid and Cadmium
F&M Bank	231	Financial Services
Cumberland Electric Co-op	225	Electricity Supplier
Spear USA	206	Pressure Sensitive Labels
Spear USA	194	Pressure Sensitive Labels
Centerstone	184	Behavioral Health Services
Sam's Club	170	Retail
Jenkins & Wynne	165	Car Dealership/Repairs
Beach Oil Company	150	Oil and Gas
Hendrickson Trailer Suspensions Systems	150	Tractor Trailer Air-Ride
Spring Meadows Health Care Center	150	Health Care

Source: Clarksville-Montgomery County Economic Development Council, State of Tennessee and individual companies.

Labor Force, Employment and Unemployment Data

The annual unemployment rate in the County has remained below the State average.

Year	Total Labor Force	Unemployment	Employment	Unemployment		
				County	State	U.S.
2000	59,200	1,840	57,360	3.1%	3.9%	4.0%
2001	60,220	2,240	57,980	3.7%	4.5%	4.8%
2002	64,160	3,050	61,110	4.8%	5.1%	5.8%
2003	63,320	3,000	60,320	4.7%	5.8%	6.0%
2004	62,530	3,100	59,430	5.0%	5.4%	5.5%
2005	64,480	3,230	61,250	5.0%	5.6%	5.1%
2006	67,440	3,230	64,210	4.8%	5.2%	4.6%
2007	70,290	3,160	67,130	4.5%	4.7%	4.6%
2008	67,330	4,140	63,200	6.1%	6.4%	5.8%
2009	67,740	6,040	61,700	8.9%	10.5%	9.3%
2010	71,490	6,510	64,980	9.1%	9.7%	9.6%
2011	76,360	7,000	69,360	9.1%	9.2%	8.9%
June 2012	77,180	6,550	70,630	8.5%	8.1%	8.2%

Source: Tennessee Department of Labor and Workforce Development, Employment Security Division

Transportation System

The highway system in the County includes Interstate 24 from Atlanta and Nashville to Interstate 75 leading to St. Louis and Chicago. Other highways in the County include U.S. Highways 79 and 41A and State Highways 12, 13, 48, 76, 149, 374, 112, 236, and 237.

Originally, SR 840 was planned to complete the connection through five counties through the north but that portion of the project has been placed on indefinite hold. The southern portion of the loop around Nashville is under construction with some portions completed, which will connect at Interstate 40 in Wilson County and west of Nashville to Interstate 40 in Dickson and provide additional access to Interstate 24, Interstate 40 and Interstate 65.

The highway system provides for one-day delivery to 76% of major U.S. markets. In addition to the highway system, the R.J. Corman Railroad runs from Clarksville to CSX Transportation mainline in Guthrie, Kentucky approximately 20 miles north.

The transportation system includes the Cumberland River, a navigable waterway, which runs from east of Nashville to the Tennessee River, which connects to the Ohio River and Mississippi River.

Air transportation includes Outlaw Field overseen by the Clarksville/Montgomery County Airport Authority with runways of 6,000 and 4,000 feet. For the 12-month period ending December 15, 2009, the airport had 20,600 aircraft operations, an average of 56 per day. Included in the current Bond issue is the funding for a new terminal at the Clarksville/Montgomery Airport. The Nashville International Airport located approximately 45 miles southeast in Nashville, Tennessee provides commercial service on 13 airlines operating to 66 markets with 366 daily flights.

Aspire Clarksville

Area leaders developed a focused economic development effort to recruit new businesses and work closely with existing businesses to meet current and future expansion needs. In 2004 Clarksville-Montgomery County Economic Development Council took action to move the Aspire Clarksville program into a foundation and call it “The Aspire Clarksville Foundation. In August 2005, the Internal Revenue Service officially granted the Foundation its 501c3 designation. This new IRS designation has enabled the Foundation to be considered for grants that it would not have otherwise been able to apply for. Since its inception in 1996, the Aspire Clarksville program had the following returns over the fourteen year period:

- “Aspire 2000” (1996 – 2000) raised \$1.6 million and created 8,151 new jobs
- “Aspire II” (2001 – 2004) raised \$2.2 million and created 4,311 new jobs.
- “Aspire III” (2005-2008) raised \$2 million and created 6,674 new jobs.

The current campaign, “Aspire Clarksville IV 2009-2014” set a goal of \$3 million (of which \$3.5 million in pledges has been received) and create 8,445 new jobs.

Fort Campbell Military Base

A key factor in the growth in Montgomery County is the Fort Campbell Military Base (the “Base”). The construction and development of the Base began July 16, 1941 to accommodate an armored division and various support troops for a total of approximately 30,000 military personnel. Fort Campbell supports the third largest military population in the Army and the seventh largest in the Department of Defense. The site includes approximately 105,000 acres located in Tennessee and Kentucky in four counties --- Montgomery and Stewart in Tennessee and Christian and Trigg in Kentucky. Approximately two-thirds of the installation is located in Tennessee. The site is one of the largest in the world.

The Base is home to the 101st Airborne Division (Air Assault Division), the 160th Special Operations Aviation Regiment, 101st Corps Support Group and the 5th Special Forces Group. It is one of the most powerful and prestigious divisions, having made a name for itself during World War II as the “Screaming Eagles.” In 1968, the 101st took on the structure and equipment of an air mobile division. Today, the highly trained soldiers of the 101st are the world’s only air assault division with unequalled strategic and tactical mobility. The 101st participates in combat missions at home and abroad with some of the most recent being in Iraq during “Desert Storm”, Afghanistan in “Operation Enduring Freedom”, and Iraq in “Operation Iraqi Freedom”. Some of the peacekeeping and humanitarian missions include Rwanda, Haiti, Sinai Peninsula, Panama, Bosnia, Kosovo, 2000 forest fires in Western U.S., South American 1999 Flood Relief, the Smoky Mountains, and hurricane ravaged Louisiana and Florida.

The Department of Defense classifies the 101st as one of four “Power Projection Platforms” with soldiers trained and equipped with the latest technology for “rapid deployment” anywhere in the world from 18 to 48 hours.

The 105,068 acre installation includes 49 ranges and four major drop zones. Fort Campbell is a city within itself, having six elementary schools, two middle schools, and one high school with a total enrollment of over 5,000 students. The Base also has a bowling alley, PX Mall, horseback riding, commissary, pools and a library. Blanchfield Army Community Hospital is a 66 bed facility and provides health care for the soldiers, eligible retirees and their family members at the Base.

The Base is constantly upgrading its infrastructure and military capability with no anticipated change in its status in the near future. According to military sources, there are no projections for the Base to be on the BRAC (Defense Base Closure and Realignment Commission) list.

Health Care Services

Clarksville is quickly becoming a regional medical hub for the area. The Gateway Health System operates a 270-bed hospital. Gateway Health System encompasses Gateway Medical Center, Gateway Home Care, and Gateway Health Foundation. Approximately 150 physicians, representing over 30 specialties, provide services in the hospital, with over 1,200 other personnel employed in the hospital. The 60 acre medical campus includes a 100,000 square foot Medical Office Building and allows for a second MOB to be added in the future as demand warrants.

Retail Trade

The area contains 17 shopping centers, downtown shopping, a regional shopping mall, and numerous specialty shops. Clarksville is home to several outlet stores, flea markets and antiques shops/malls. An open-air farmers market offers fresh fruit and produce.

From 2000 to 2010, sales subject to state sales tax have increased from \$1.4 billion to over \$2 billion reflecting a percentage increase of 70%.

Tourism, Restaurants and Lodging

As all other economic areas in the County have flourished, the tourism, restaurants and lodging business have expanded in sales and number of establishments. There are 39 hotels/motels and bed & breakfast facilities with more than 2,400 rooms in the County and more than 250 restaurants. More than 20 major attractions are available in the area.

The Kentucky Lake on the Tennessee River, Lake Barkley on the Cumberland River and the Land Between the Lakes form the most complete water related recreational area in the Tennessee Valley and are within a one-hour drive of the County. Fishing, boating, lodging and lake homes on the nearby lakes provide tourists with diversified attractions. The Parks and Recreation Department offers more than 18 parks, three community centers, and seven community pools.

Annual events include the Old-Time Fiddlers Championship, Mid South Jazz Festival, Oktoberfest, North Tennessee State Fair, Clarksville Rodeo, Tennessee Walking Horse Show, and Riverfest.

Higher Education

Montgomery County is home to one university, two colleges, a technology center and two vocational facilities offering a variety of four-year and two-year programs. These institutions include Austin Peay State University, Tennessee Technology Center, Draughton's Jr. College, Miller Motte Business College, North Central Institute, Tennessee Vocational Training Center, Bethel College and Nashville State Technical Institute.

Austin Peay State University is the primary institution of higher education in the County. It was founded in 1927 and had a Spring 2012 enrollment of over 10,800. The main campus is located on 160 acres with an additional site of 475 acres operated as an environmental education center. The University offers a diversified higher educational program offering 57 majors with more than 91 different areas of concentration and four Chairs of Excellence in the areas of creative arts, free enterprise, business and nursing and two Centers of Excellence in the areas of biology and the creative arts. The University has added a Business and Community Solution Center, which combines the efforts of the University and the Clarksville-Montgomery County Economic Development Council to provide a resource for business and economic development for the County.

Tennessee Technology Center is an occupational and technical training facility governed by the State Board of Regents and managed by the Dickson State Area Vocational-Technical Center.

Draughon's Jr. College offers one-year diplomas or two-year Associate degrees in Accounting, Business Management, Computer Information Technology, Health Information Technology, Pharmacy Technology, Criminal Justice, Legal Assisting, Medical Assisting, Radio Broadcasting, and Retail Management.

Miller-Motte Business College offers nine to eighteen month diplomas in Microcomputer Applications, Microcomputer Network Engineering, Electrician Technology, and Secretarial Science. Two-year Associate of Applied Science degrees are also available in Accounting Technology, Business Management, Computer-Aided Drafting, Medical Assisting, Microcomputer Applications, Office Administration, and Paralegal Technology.

North Central Institute is a non-denominational, privately owned, co-educational school of aviation and real estate, which operates by the authorization of the Tennessee Higher Education Commission.

Private Schools

There are multiple private schools in the County offering an educational program for grades pre-kindergarten through 12. The enrollment in these schools exceeds 1,000.

Public Education

One of the County's major assets is the education network of public and private elementary and secondary education and the higher education institutions. The Clarksville/Montgomery County School System provides the public education program in the County. All schools in the County are accredited by the Southern Association of Schools and Colleges and provide a diversified educational program within the state guidelines. The School System has been recognized in the top 10% of the nation's schools in meeting parents' goals. The enrollment is presented below.

School Year	Enrollment	Annual Increase
1990-1991	16,500	
2000-2001	24,141	
2001-2002	24,310	169
2002-2003	24,589	279
2003-2004	24,951	362
2004-2005	25,767	816
2005-2006	26,603	836
2006-2007	27,449	846
2007-2008	27,813	364
2008-2009	28,401	558
2009-2010	28,661	834
2010-2011	29,202	541
2011-2012	30,236	1,034

GREATER NASHVILLE REGION

Population for Region

The population of the Region is 27.1% of the state total population based on the 2010 U.S. Census. The County's population in 2010 represents 10.0% of the Region's total population of 1,722,648. The growth of the County was 27.9% from 2000 to 2010, which was more than the state's growth of 11.5%. The County is the fourth largest in the Region after Davidson, Rutherford and Williamson Counties.

County	2000	2010	Growth Percent	Percent of Region
Cheatham	35,912	39,105	8.9%	2.3%
Davidson	569,891	626,681	10.0%	36.4%
Dickson	43,156	49,666	15.1%	2.9%
Houston	8,088	8,426	4.2%	0.5%
Humphreys	17,929	18,538	3.4%	1.1%
Montgomery	134,768	172,331	27.9%	10.0%
Robertson	54,433	66,283	21.8%	3.8%
Rutherford	182,023	262,604	44.3%	15.2%
Stewart	12,370	13,324	7.7%	0.8%
Sumner	130,449	160,645	23.1%	9.3%
Trousdale	7,259	7,870	8.4%	0.5%
Williamson	126,638	183,182	44.7%	10.6%
Wilson	88,809	113,993	28.4%	6.6%
Total for Region	1,411,725	1,722,648	22.0%	100.0%
State of Tennessee	5,689,283	6,346,105	11.5%	
Region % of State	24.8%	27.1%		

Source: U.S. Bureau of the Census

Labor Force, Employment and Unemployment Data for Region – June 2012

For the month of June 2012, the County labor force represents 8.6% of the Region's total available labor force with an unemployment rate of 7.1%. The Region employs 28.2% of the state labor force and has an unemployment rate of 7.0 % while the State has a rate of 7.9% as presented in the table below.

County	Labor Force	Employment Number	% of Region	Unemployment Number	Rate
Cheatham	21,120	19,410	2.3%	1,710	8.1%
Davidson	335,450	310,980	37.2%	24,470	7.3%
Dickson	25,350	23,090	2.8%	2,260	8.9%
Houston	4,140	3,700	0.5%	440	10.6%
Humphreys	9,390	8,450	1.0%	940	10.0%
Montgomery	77,180	70,630	8.6%	6,550	8.5%
Robertson	34,690	32,260	3.8%	2,430	7.0%
Rutherford	143,040	133,210	15.9%	9,830	6.9%
Stewart	6,090	5,480	0.7%	610	10.0%
Sumner	83,710	78,110	9.3%	5,600	6.7%
Trousdale	3,710	3,450	0.4%	260	7.0%
Williamson	96,460	91,250	10.7%	5,210	5.4%
Wilson	61,520	57,580	6.8%	3,940	6.4%
Total for Region	901,850	837,600	100.0%	64,250	7.1%
State of Tennessee	3,106,100	2,861,300		244,800	7.9%
Region % of State	27.8%	28.2%			

GOVERNMENTAL STRUCTURE

County Government

The County government operates under the general laws and uniform structure for counties in Tennessee with a County Mayor, Highway Superintendent, Director of Schools, various county officials and a 21 member county legislative body. The County operates under the 1957 centralized accounting and budgeting for all departments except the Department of Education, which has its own business office.

Accounting and Financial Reporting for Post-Employment Benefits

See Appendix C, page 61, Note I.

Retirement Commitments

See page Appendix C, page 58, Note H.

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**GENERAL FINANCIAL INFORMATION
SUMMARY OF OUTSTANDING DEBT**

Amount Issued	Issue	Date Issued	Maturity Date	Interest Rate	Principal Outstanding 06/30/12
<u>Bonds</u>					
\$25,000,000	GO Public Improvement Bonds, Series 2003	6/1/13	6/1/23	2.00% - 4.25%	\$1,000,000
81,640,000	GO Refunding Bonds, Series 2003	6/1/03	6/1/13	4.75%	7,900,000
43,240,000	GO Refunding Bonds, Series 2004	3/15/04	3/15/20	2.30% - 4.75%	42,550,000
22,000,000	GO School and Public Improvement Bonds, Series 2004	11/1/04	4/1/15	4.00%	300,000
40,000,000	GO School and Public Improvement Bonds, Series 2005	12/1/05	4/1/26	4.00% - 4.50%	11,250,000
63,945,000	GO School Refunding Bonds, Series 2006	8/11/06	4/1/26	4.25% - 5.00%	56,120,000
18,000,000	GO School and Public Improvement Bonds, Series 2007	8/30/07	5/1/28	4.00% - 5.00%	15,450,000
18,450,000	GO Industrial Park Bonds, Series 2008	8/28/08	5/1/22	5.00% - 5.625%	16,825,000
5,400,000	GO Bonds, Series 2010 (Build America Bonds or BABs)	2/4/10	4/1/30	2.96% - 3.64% ⁽²⁾	5,400,000
74,155,000	GO Refunding Bonds, Series 2011	4/1/10	4/1/24	2.00% - 5.00%	74,025,000
62,335,000	GO Schools and Public Improvement Bonds, Series 2011	7/28/11	4/1/29	2.00% - 5.00%	62,335,000
19,465,000	GO Refunding Bonds, Series 2012	4/25/12	4/1/25	1.00% - 5.00%	19,465,000
Sub-Total					\$312,620,000
<u>Loan Agreements</u>					
\$20,140,987	PBA Loan through TN County Services Assn	6/6/08	5/25/29	Variable	\$17,941,000 ⁽¹⁾
20,000,000	Qualified School Construction Bonds Issued by State	12/17/09	7/1/26	1.72%	17,712,060
2,470,731	Qualified Zone Academy (School) Bonds, Series 2001	2001	12/18/15	0.00%	705,923
2,751,820	Qualified Zone Academy (School) Bonds, Series 2005	2005	12/1/17	0.00%	1,789,555
Sub-Total					\$38,148,538
<u>Notes</u>					
250,000	Promissory Note - Land for Park	3/31/10	7/1/14	4.00%	\$145,839
Sub-Total					\$145,839
Total Outstanding Debt					\$350,914,377

**DEBT STATEMENT
(as of June 30, 2012)**

Outstanding Debt	
Total Outstanding Debt	\$350,914,377
Gross Direct Debt	\$350,914,377
Less: Loan Agreement to be Refunded	(17,941,000)
Plus: Current Offering: General Obligation Public Improvement and Refunding Bonds, Series 2012	28,040,000
Less: Estimated Debt Service Fund Balance as of June 30, 2012	(32,022,285)
Net Direct Debt	\$328,991,092
Net Overlapping Debt (as of June 30, 2012)	
City of Clarksville	\$90,872,303
Total Net Overlapping Debt	\$90,872,303
Overall Net Debt	\$419,863,395

DEBT RECORD

There is no record of a default on bond principal and interest from information available.

⁽¹⁾To be refunded with the General Obligation Public Improvement and Refunding Bonds, Series 2012.

⁽²⁾Taxable Build America Bonds. Rate shown is net of 35% subsidy expected to be received from the U.S. Government.
Sources: Annual Financial Report for Fiscal Year ending June 30, 2011 and County Finance Department.

POPULATION

	Montgomery County	Since 2000 % Change	Tennessee	Since 2000 % Change
1980 Census	83,342	NA	4,591,023	NA
1990 Census	100,498	20.6%	4,877,203	6.2%
2000 Census	134,768	34.1%	5,689,283	16.7%
2007 Estimate	154,460	14.6%	6,156,719	8.2%
2008 Estimate	154,756	14.8%	6,214,888	9.2%
2009 Estimate	160,978	19.4%	6,296,254	10.7%
2010 Census	172,331	27.9%	6,346,105	11.5%

Source: US Census Bureau

DEBT PER CAPITA RATIOS

Outstanding Debt	\$2,036.28
Gross Direct Debt	\$2,036.28
Net Direct Debt	\$1,909.07
Total Net Overlapping Debt	\$527.31
Overall Net Debt	\$2,436.38

DEBT RATIOS

	Estimated Actual Value	Assessed Value
Outstanding Debt to	2.226%	11.184%
Gross Direct Debt to	2.226%	11.184%
Net Direct Debt to	2.087%	10.486%
Total Net Overlapping Debt to	0.576%	2.896%
Overall Net Debt to	2.664%	13.382%

DEBT TREND

Form of Debt	06/30/08	06/30/09	06/30/10	06/30/11	Estimate 06/30/12
Bonded Debt	\$281,490,000	\$288,540,000	\$280,180,000	\$266,750,000	\$312,620,000
Loan Agreements	23,785,452	20,278,371	39,231,202	41,012,415	38,148,538
Notes Payable	3,450,000	6,850,000	5,450,000	3,655,840	145,839
Gross Direct Debt	\$308,725,452	\$315,668,371	\$324,861,202	\$311,418,255	\$350,914,377
Less: Debt Service Fund Balance	(25,601,896)	(26,689,680)	(28,454,661)	(29,167,426)	(32,022,285)
Net Direct Debt	\$283,123,556	\$288,978,691	\$296,406,541	\$282,250,829	\$318,892,092

Sources: Annual Financial Reports as prepared and presented by The Division of County Audit for the fiscal years ending June 30, 2008-2011 and County officials.

DEBT SERVICE REQUIREMENTS
(as of June 30, 2012)

Year No.	Year Ended June 30	Principal Requirements					Percent Principal Retired	Interest Requirements					Total Debt Service Prin. & Int. Requirements
		Bonds & Notes	Loan Agreements QZABs & QSC Bonds	Less: Agreement to be Refunded	Plus: Current Offering Series 2012	Total Principal Requirements		Bonds & Notes ⁽¹⁾	Loan Agreements and QSC Bonds ⁽²⁾	Less: Agreement to be Refunded ⁽²⁾	Plus: Current Offering Series 2012	Total Interest Requirements	
1	2013	\$18,175,323	\$2,413,289	(\$790,000)	\$1,470,000	\$21,268,612		\$13,795,276	\$884,419	(\$715,007)	\$474,418	\$14,439,106	\$35,707,719
2	2014	19,157,336	2,440,289	(817,000)	1,460,000	22,240,625		13,044,177	884,419	(683,317)	931,150	14,176,429	36,417,054
3	2015	20,098,180	2,469,289	(846,000)	1,490,000	23,211,469		12,272,608	884,419	(650,540)	858,150	13,364,637	36,576,107
4	2016	20,160,000	2,499,289	(876,000)	1,575,000	23,358,289		11,475,581	884,419	(616,600)	783,650	12,527,050	35,885,339
5	2017	21,360,000	2,352,808	(906,000)	1,590,000	24,396,808	31.71%	10,634,431	884,419	(581,460)	704,900	11,642,290	36,039,099
6	2018	22,725,000	2,384,808	(938,000)	1,650,000	25,821,808		9,683,819	884,419	(545,113)	625,400	10,648,525	36,470,333
7	2019	23,850,000	2,417,808	(971,000)	1,715,000	27,011,808		8,692,069	877,560	(507,483)	542,900	9,605,046	36,616,854
8	2020	24,980,000	2,451,808	(1,005,000)	1,735,000	28,161,808		7,644,231	833,865	(468,530)	508,600	8,518,166	36,679,975
9	2021	25,780,000	2,486,808	(1,040,000)	1,755,000	28,981,808		6,486,119	788,640	(428,213)	473,900	7,320,446	36,302,254
10	2022	21,245,000	2,324,969	(1,077,000)	1,875,000	24,367,969	68.92%	5,220,925	741,840	(386,490)	438,800	6,015,075	30,383,044
11	2023	20,720,000	2,362,969	(1,115,000)	1,900,000	23,867,969		4,311,863	693,375	(343,283)	363,800	5,025,755	28,893,724
12	2024	20,600,000	2,401,969	(1,154,000)	1,980,000	23,827,969		3,374,775	643,200	(298,553)	316,300	4,035,722	27,863,691
13	2025	17,860,000	2,441,969	(1,194,000)	1,550,000	20,657,969		2,472,675	591,270	(252,260)	266,800	3,078,485	23,736,454
14	2026	16,080,000	2,606,816	(1,236,000)	1,595,000	19,045,816		1,629,250	537,540	(204,360)	204,800	2,167,230	21,213,046
15	2027	8,025,000	1,397,647	(1,280,000)	1,955,000	10,097,647	95.93%	938,325	204,170	(154,773)	141,000	1,128,722	11,226,369
16	2028	8,050,000	1,325,000	(1,325,000)	1,350,000	9,400,000		537,350	121,320	(103,423)	82,350	637,597	10,037,597
17	2029	3,175,000	1,371,000	(1,371,000)	1,395,000	4,570,000		171,475	61,695	(50,270)	41,850	224,750	4,794,750
18	2030	725,000				725,000	100.00%	40,600				40,600	765,600
		<u>\$312,765,839</u>	<u>\$38,148,537</u>	<u>(\$17,941,000)</u>	<u>\$28,040,000</u>	<u>\$361,013,376</u>		<u>\$112,425,549</u>	<u>\$11,400,989</u>	<u>(\$6,989,675)</u>	<u>\$7,758,768</u>	<u>\$124,595,631</u>	<u>\$485,609,008</u>

⁽¹⁾Includes Series 2010 Taxable Build America Bonds. The interest is net of 35% subsidy expected to be received from the U.S. Government.

⁽²⁾The PBA loan through the Tennessee County Services Association is a variable rate and resets weekly. We have used an estimated interest using a rate of 3.00% for the computations.

Sources: Annual Financial Report for Fiscal Year ending June 30, 2011 and County Finance Department.

REAL PROPERTY ASSESSMENT, TAX LEVY AND COLLECTION PROCEDURES

State Taxation of Property; Classifications of Taxable Property; Assessment Rates

Under the Constitution and laws of the State of Tennessee, all real and personal property is subject to taxation, except to the extent that the General Assembly of the State of Tennessee (the “*General Assembly*”) exempts certain constitutionally permitted categories of property from taxation. Property exempt from taxation includes federal, state and local government property, property of housing authorities, certain low cost housing for elderly persons, property owned and used exclusively for certain religious, charitable, scientific and educational purposes and certain other property as provided under Tennessee law.

Under the Constitution and laws of the State of Tennessee, property is classified into three separate classes for purposes of taxation: Real Property; Tangible Personal Property; and Intangible Personal Property. Real Property includes lands, structures, improvements, machinery and equipment affixed to realty and related rights and interests. Real Property is required constitutionally to be classified into four sub classifications and assessed at the rates as follows:

- (a) Public Utility Property (which includes all property of every kind used or held for use in the operation of a public utility, such as railroad companies, certain telephone companies, freight and private car companies, street car companies, power companies, express companies and other public utility companies), to be assessed at 55% of its value;
- (b) Industrial and Commercial Property (which includes all property of every kind used or held for use for any commercial, mining, industrial, manufacturing, business or similar purpose), to be assessed at 40% of its value;
- (c) Residential Property (which includes all property which is used or held for use for dwelling purposes and contains no more than one rental unit), to be assessed at 25% of its value; and
- (d) Farm Property (which includes all real property used or held for use in agriculture), to be assessed at 25% of its value.

Tangible Personal Property includes personal property such as goods, chattels and other articles of value, which are capable of manual or physical possession and certain machinery and equipment. Tangible Personal Property is required constitutionally to be classified into three sub classifications and assessed at the rates as follows:

- (a) Public Utility Property, to be assessed at 55% of its value;
- (b) Industrial and Commercial Property, to be assessed at 30% of its value; and
- (c) All other Tangible Personal Property (including that used in agriculture), to be assessed at 5% of its value, subject to an exemption of \$7,500 worth of Tangible Personal Property for personal household goods and furnishings, wearing apparel and other tangible personal property in the hands of a taxpayer.

Intangible Personal Property includes personal property, such as money, any evidence of debt owed to a taxpayer, any evidence of ownership in a corporation or other business organization having multiple owners and all other forms of property, the value of which is expressed in terms of what the property represents rather than its own intrinsic value. The Constitution of the State of Tennessee empowers the General Assembly to classify Intangible Personal Property into sub classifications and to establish a ratio of assessment to value in each class or subclass and to provide fair and equitable methods of apportionment of the value to the State of Tennessee for purposes of taxation.

The Constitution of the State of Tennessee requires that the ratio of assessment to value of property in each class or subclass be equal and uniform throughout the State of Tennessee and that the General Assembly direct the method to ascertain the value and definition of property in each class or subclass. Each respective taxing authority is constitutionally required to apply the same tax rate to all property within its jurisdiction.

County Taxation of Property

The Constitution of the State of Tennessee empowers the General Assembly to authorize the several counties and incorporated towns in the State of Tennessee to impose taxes for county and municipal purposes in the manner prescribed by law. Under the *Tennessee Code Annotated*, the General Assembly has authorized the counties in Tennessee to levy an *ad valorem* tax on all taxable property within their respective jurisdictions, the amount of which is required to be fixed by the county legislative body of each county based upon tax rates to be established on the first Monday of July of each year or as soon thereafter as practicable.

All property is required to be taxed according to its values upon the principles established in regard to State taxation as described above, including equality and uniformity. All counties, which levy and collect taxes to pay off any bonded indebtedness, are empowered, through the respective county legislative bodies, to place all funds levied and collected into a special fund of the respective counties and to appropriate and use the money for the purpose of discharging any bonded indebtedness of the respective counties.

Assessment of Property

County Assessments; County Board of Equalization. The function of assessment is to assess all property (with certain exceptions) to the person or persons owning or claiming to own such property on January 1 for the year for which the assessment is made. All assessment of real and personal property are required to be made annually and as of January 1 for the year to which the assessment applies. Not later than May 20 of each year, the assessor of property in each county is required to (a) make an assessment of all property in the county and (b) note upon the assessor's records the current classification and assessed value of all taxable property within the assessor's jurisdiction.

The assessment records are open to public inspection at the assessor's office during normal business hours. The assessor is required to notify each taxpayer of any change in the classification or assessed value of the taxpayer's property and to cause a notice to be published in a newspaper of general circulation stating where and when such records may be inspected and describing certain information concerning the convening of the county board of equalization. The notice to taxpayers and such

published notice are required to be provided and published at least 10 days before the local board of equalization begins its annual session.

The county board of equalization is required (among other things) to carefully examine, compare and equalize the county assessments; assure that all taxable properties are included on the assessments lists and that exempt properties are eliminated from the assessment lists; hear and act upon taxpayer complaints; and correct errors and assure conformity to State law and regulations.

State Assessments of Public Utility Property; State Board of Equalization. The State Comptroller of the Treasury is authorized and directed under Tennessee law to assess for taxation, for State, county and municipal purposes, all public utility properties of every description, tangible and intangible, within the State. Such assessment is required to be made annually as of the same day as other properties are assessed by law (as described above) and takes into account such factors as are prescribed by Tennessee law.

On or before the first Monday in August of each year, the assessments are required to be completed and the State Comptroller of the Treasury is required to send a notice of assessment to each company assessable under Tennessee law. Within ten days after the first Monday in August of each year, any owner or user of property so assessed may file an exception to such assessment together with supporting evidence to the State Comptroller of the Treasury, who may change or affirm the valuation. On or before the first Monday in September of each year, the State Comptroller of the Treasury is required to file with the State Board of Equalization assessments so made. The State Board of Equalization is required to examine such assessments and is authorized to increase or diminish the valuation placed upon any property valued by the State Comptroller of the Treasury.

The State Board of Equalization has jurisdiction over the valuation, classification and assessment of all properties in the State. The State Board of Equalization is authorized to create an assessment appeals commission to hear and act upon taxpayer complaints. The action of the State Board of Equalization is final and conclusive as to all matters passed upon by the Board, subject to judicial review consisting of a new hearing in chancery court.

Periodic Reappraisal and Equalization

Tennessee law requires reappraisal in each county by a continuous six-year cycle comprised of an on-site review of each parcel of real property over a five-year period, or, upon approval of the State Board of Equalization, by a continuous four-year cycle comprised of an on-site review of each parcel of real property over a three-year period, followed by revaluation of all such property in the year following completion of the review period. Alternatively, if approved by the assessor and adopted by a majority vote of the county legislative body, the reappraisal program may be completed by a continuous five-year cycle comprised of an on-site review of each parcel of real property over a four-year period followed by revaluation of all such property in the year following completion of the review period.

After a reappraisal program has been completed and approved by the Director of Property Assessments, the value so determined must be used as the basis of assessments and taxation for property that has been reappraised. The State Board of Equalization is responsible to determine whether or not property within each county of the State has been valued and assessed in accordance with the Constitution and laws of the State of Tennessee.

Valuation for Property Tax Purposes

County Valuation of Property. The value of all property is based upon its sound, intrinsic and immediate value for purposes of sale between a willing seller and a willing buyer without consideration of speculative values. In determining the value of all property of every kind, the assessor is to be guided by, and follow the instructions of, the appropriate assessment manuals issued by the division of property assessments and approved by the State board of equalization. Such assessment manuals are required to take into account various factors that are generally recognized by appraisers as bearing on the sound, intrinsic and immediate economic value of property at the time of assessment.

State Valuation of Public Utility Property. The State Comptroller of the Treasury determines the value of public utility property based upon the appraisal of the property as a whole without geographical or functional division of the whole (*i.e.*, the unit rule of appraisal) and on other factors provided by Tennessee law. In applying the unit rule of appraisal, the State Comptroller of the Treasury is required to determine the State's share of the unit or system value based upon factors that relate to the portion of the system relating to the State of Tennessee.

Certified Tax Rate

Upon a general reappraisal of property as determined by the State Board of Equalization, the county assessor of property is required to (1) certify to the governing bodies of the county and each municipality within the county the total assessed value of taxable property within the jurisdiction of each governing body and (2) furnish to each governing body an estimate of the total assessed value of all new construction and improvements not included on the previous assessment roll and the assessed value of deletions from the previous assessment roll. Exclusive of such new construction, improvements and deletions, each governing body is required to determine and certify a tax rate (herein referred to as the "*Certified Tax Rate*") which will provide the same *ad valorem* revenue for that jurisdiction as was levied during the previous year. The governing body of a county or municipality may adjust the Certified Tax Rate to reflect extraordinary assessment changes or to recapture excessive adjustments.

Tennessee law provides that no tax rate in excess of the Certified Tax Rate may be levied by the governing body of any county or of any municipality until a resolution or ordinance has been adopted by the governing body after publication of a notice of the governing body's intent to exceed the Certified Tax Rate in a newspaper of general circulation and the holding of a public hearing.

The Tennessee Local Government Public Obligations Act of 1986 provides that a tax sufficient to pay when due the principal of and interest on general obligation bonds (such as the Bonds) shall be levied annually and assessed, collected and paid, in like manner with the other taxes of the local government as described above and shall be in addition to all other taxes authorized or limited by law. Bonds issued pursuant to the Local Government Public Obligations Act of 1986 may be issued without regard to any limit on indebtedness provided by law.

Tax Collection and Tax Lien

Property taxes are payable the first Monday in October of each year. The county trustee of each county acts as the collector of all county property taxes and of all municipal property taxes when the municipality does not collect its own taxes.

The taxes assessed by the State of Tennessee, a county, a municipality, a taxing district or other local governmental entity, upon any property of whatever kind, and all penalties, interest and costs accruing thereon become and remain a first lien on such property from January 1 of the year for which such taxes are assessed. In addition, property taxes are a personal debt of the property owner as of January and, when delinquent, may be collected by suit as any other personal debt. Tennessee law prescribes the procedures to be followed to foreclose tax liens and to pursue legal proceedings against property owners whose property taxes are delinquent.

Tax Freeze for the Elderly Homeowners

The Tennessee Constitution was amended by the voters in November, 2006 to authorize the Tennessee General Assembly to enact legislation providing property tax relief for homeowners age 65 and older. The General Assembly subsequently adopted the Property Tax Freeze Act permitting (but not requiring) local governments to implement a program for “freezing” the property taxes of eligible taxpayers at an amount equal to the taxes for the year the taxpayer becomes eligible. For example, if a taxpayer’s property tax bill is \$500 for the year in which he becomes eligible, his property taxes will remain at \$500 even if property tax rates or appraisals increase so long as he continues to meet the program’s ownership and income requirements. On March 10, 2008, the Montgomery County Commission adopted the Property Tax Freeze Program for the County.

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PROPERTY VALUATION AND PROPERTY TAX

Fiscal Year	2007-2008	2008-2009	2009-2010	2010-2011	2011-2012
Tax Year	2007	2008	2009	2010	2011
ESTIMATED ACTUAL VALUES⁽¹⁾			Reappraisal Yr.		
Residential & Farm	\$5,832,902,800	\$6,873,701,571	\$7,295,617,300	\$7,409,691,000	\$7,629,042,000
Commercial & Industrial	1,826,682,000	2,252,824,579	2,489,254,100	2,420,216,100	2,384,158,200
Personal Tangible Property	556,167,407	555,072,110	432,963,867	594,728,107	551,657,790
Public Utilities	172,773,297	164,484,504	164,484,505	176,533,975	185,111,552
Total Assessor's Appraised Values	\$8,388,525,504	\$9,846,082,764	\$10,382,319,772	\$10,601,169,182	\$10,749,969,542
In-lieu of Property Tax Values (1)	28,402,164	36,188,299	43,857,793	83,330,100	83,330,100
Fort Campbell Property Values (2)	2,623,666,127	3,292,018,801	3,291,997,793	4,110,768,668	4,929,539,544
Total Estimated Actual Values	\$11,040,593,795	\$13,174,289,864	\$13,718,175,358	\$14,795,267,950	\$15,762,839,186
Annual Percentage Change	12.10%	19.33%	4.13%	7.85%	6.54%
Estimated Per Capita Actual Values	\$71,479	\$85,129	\$85,218	\$85,854	\$91,468
ASSESSED VALUES⁽¹⁾					
Residential & Farm (at 25%)	\$1,458,225,700	\$1,531,117,025	\$1,825,831,225	\$1,852,422,750	\$1,907,274,700
Commercial & Industrial (at 40%)	730,672,800	802,906,680	991,746,760	968,086,440	952,892,000
Personal Tangible Property (at 30%)	166,850,222	148,370,775	179,626,028	178,418,432	189,206,319
Public Utilities (at 30%-55%)	67,380,363	64,102,507	64,102,507	77,227,249	88,165,691
Total Assessor Assessed Values	\$2,423,129,085	\$2,546,496,987	\$3,061,306,520	\$3,076,154,871	\$3,137,538,710
Annual Percentage Change	5.94%	5.09%	20.22%	0.49%	2.00%
Estimated Per Capita Amount	\$15,688	\$16,455	\$19,782	\$19,109	\$18,206
Appraisal Ratio	100.00%	89.10%	100.00%	100.00%	100.00%
Assessed Values to Appraised Values	28.89%	25.86%	29.49%	29.02%	29.19%
Property Tax Rate					
General	\$0.970	\$0.970	\$0.930	\$0.930	\$0.930
Highway/Public Works	0.130	0.130	0.120	0.120	0.120
General Purpose School	1.020	1.020	0.884	0.884	0.968
Debt Service	0.897	0.897	0.840	0.850	1.026
General Capital Projects	0.055	0.055	0.047	0.037	0.037
Schools Capital Projects	<u>0.068</u>	<u>0.068</u>	<u>0.059</u>	<u>0.059</u>	<u>0.059</u>
Total Property Tax Rate	<u>\$3.140</u>	<u>\$3.140</u>	<u>\$2.880</u>	<u>\$2.880</u>	<u>\$3.140</u>
Taxes Levied					
Total Assessed Taxes Levied	\$76,568,756	\$80,683,368	\$86,705,215	\$88,145,400	\$98,122,675
Total In-lieu of Property Tax Levied	356,731	454,525	505,241	522,634	640,481
Collections					
Current Fiscal Year	\$72,955,555	\$76,335,210	\$81,486,889	\$83,640,297	\$94,119,376
Percent Collected Current FY	95.28%	94.61%	93.98%	94.89%	95.92%
Amount Uncollected as of 6/30/2012	\$103,827	\$109,994	\$530,641	\$1,232,521	\$4,003,299
Percent Collected	99.86%	99.86%	99.39%	98.60%	95.92%
Percent Uncollected	0.14%	0.14%	0.61%	1.40%	4.08%

(1) The County has entered into a tax abatement program with eight firms that are paying a total of \$811,950 for the 2011 Tax Year. The in-lieu of taxes paid were used to project the actual value for the property subject to the tax abatement program.

(2) The County has the only military base in the State of Tennessee and one of the largest in the USA. The base is the largest employer in Tennessee and Kentucky. The base has significant development amounting to over \$4,178,511,521 with 85% of it in Tennessee and 15% in Kentucky. The majority of the development in Tennessee is in Montgomery County except for a small portion of undeveloped land (25,973 acres) in Stewart County with an estimated value over \$250,000,000. The total land area in Tennessee is 68,444 acres amounting to a projected value of Fort Campbell in Montgomery County of \$3,291,997,793.

Sources: State Board of Equalization, State Board of Equalization Tax Aggregate Reports of Tennessee, Tennessee Office of State Assessed Properties, Property Assessor's office and County Trustee of Montgomery County, TN and Comprehensive Annual Financial Reports as prepared and presented by The Division of County Audit for the fiscal years ending June 30, 2007 - 2011.

TOP TAXPAYERS

<u>Business</u>	<u>Type of Business</u>	<u>2011 Tax Year</u>	<u>Assessed Value</u>
		<u>FY 2011-12</u>	<u>as a % of 2011</u>
		<u>Assessed Value</u>	<u>Total Assessment</u>
Clarksville Health System	Healthcare	\$65,376,557	2.08%
Cumberland Electric	Utility	34,904,980	1.11%
Bridgestone Metalpha USA	Tires	28,822,220	0.92%
Pasminco Zinc, Inc	Manufacturing	21,235,080	0.68%
Florim USA	Porcelain Tile Manufacturer	20,727,250	0.66%
Walmart	Retail	18,233,762	0.58%
Trane Company	Heating & cooling equipment	16,979,740	0.54%
Jostens / Quad Graphics	Yearbook Printing	16,489,954	0.53%
ABMA LLC (Akebono Brake)	Brake Manufacturing	16,203,396	0.52%
Governor's Square	Retail shopping mall	14,999,245	0.48%

Sources: Montgomery County Assessor of Property

FUND BALANCES

	<u>06/30/08</u>	<u>06/30/09</u>	<u>06/30/10</u>	<u>06/30/11</u>	<u>Estimate</u> <u>6/30/2012</u>
GOVERNMENTAL FUNDS					
General Government Fund	\$19,527,697	\$19,861,355	\$22,149,410	\$22,060,717	\$23,046,904
Special Revenue Funds	1,526,821	1,136,974	2,018,952	2,738,946	2,978,299
Education Funds	20,209,969	27,680,678	23,269,502	24,198,506	26,765,743
Debt Service Funds	24,741,067	26,689,670	28,454,661	30,418,761	32,022,285
Total Operating Funds	\$66,005,554	\$75,368,677	\$75,892,525	\$79,416,930	\$84,813,231
Capital Project - Gen. Government	23,415,979	7,614,678	3,132,866	2,124,037	38,435,661
Capital Project-Education	3,156,647	6,125,853	21,252,155	7,631,299	6,126,017
Total Governmental Funds	\$92,578,180	\$89,109,208	\$100,277,546	\$89,172,266	\$129,374,909

Sources: Annual Financial Reports as prepared and presented by The Division of County Audit for the fiscal years ending June 30, 2008-2011 and County officials.

LOCAL SALES TAX

	<u>06/30/08</u>	<u>06/30/09</u>	<u>06/30/10</u>	<u>06/30/11</u>	<u>Estimate</u> <u>6/30/2012</u>
Rate (Percent of retail sales)	2.50%	2.50%	2.50%	2.50%	2.50%
Distribution					
General Debt Service Fund	\$2,899,239	\$2,973,898	\$3,095,126	\$3,236,669	\$3,805,449
General Fund	0	1,182	0	0	0
General Purpose School Fund	31,227,581	32,020,303	33,320,858	34,832,038	41,032,880
Cities Portion	11,068,305	11,282,435	11,762,261	12,160,832	14,642,253
Total Amount Collected	\$45,195,125	\$46,277,818	\$48,178,245	\$50,229,539	\$59,480,582
% of Increase	-3.61%	2.40%	4.11%	4.26%	18.42%

The reason for the increase in sales tax revenues in 2012 is due to troops returning to Fort Campbell from deployment.

Sources: Annual Financial Reports as prepared and presented by The Division of County Audit for the fiscal years ending June 30, 2008-2011 and County officials.

WHEEL TAX

	<u>06/30/08</u>	<u>06/30/09</u>	<u>06/30/10</u>	<u>06/30/11</u>	<u>Estimate</u> <u>6/30/2012</u>
Rate Per Vehicle	\$30.50	\$30.50	\$30.50	\$30.50	\$30.50
General Purpose School Fund	\$3,650,243	\$3,710,968	\$3,379,672	\$3,890,329	\$3,907,191
Total Amount Collected	\$3,650,243	\$3,710,968	\$3,379,672	\$3,890,329	\$3,907,191
% of Increase	2.90%	1.66%	-8.93%	15.11%	0.43%

Sources: Annual Financial Reports as prepared and presented by The Division of County Audit for the fiscal years ending June 30, 2008-2011 and County officials.

SELECTED FINANCIAL INFORMATION REGARDING THE COUNTY

General

The County accounts for its financial resources on the basis of funds and account groups, each of which is considered a separate accounting entity. The General Fund is the general operating fund of the County. Other funds include Special Revenue Funds, the General Debt Service Fund, Capital Projects Funds, Internal Service Funds and Trust and Agency Funds. For additional information regarding the component units, see Notes to the General Purpose Financial Statements contained in APPENDIX C hereto.

Revenues received from ad valorem taxes levied on all taxable property within the boundaries of the County securing the payment of principal of and interest on the Obligations are deposited in the Debt Service Funds of the County. Such tax collections for the Obligations will be used exclusively to pay the principal of and interest on the Obligations. Included as APPENDIX C to this Official Statement are the General Purpose Financial Statements and notes thereto for the fiscal year ended June 30, 2010. Potential purchasers should read APPENDIX C in its entirety for more complete information concerning the County's financial position.

The County uses the modified accrual basis of accounting for all Governmental Funds, Expendable Trust Funds and Agency Funds. Under the modified accrual basis of accounting, revenues are recognized when they become measurable and available as net current assets. Expenditures are generally recognized when the related fund liability is incurred. Funds where expenditures determine the eligibility for grants recognize revenue at the time of the expenditures. Grant proceeds received prior to meeting the aforementioned revenue recognition policy are recorded as deferred revenues. Principal and interest on general long-term debt are recognized as fund liabilities when due or when amounts have been accumulated in the General Debt Service Fund for payments to be made early in the following year.

The primary revenue susceptible to accrual are revenues received from the State of Tennessee. Sales tax collected and held by the State at year end on behalf of the County and its component units are also recognized as revenue.

All Proprietary Funds are accounted for using the accrual basis of accounting. Their revenues are recognized when they are earned and their expenses are recognized when incurred.

For additional information regarding these funds, see Notes to the Comprehensive Annual Financial Report of the County for the Fiscal Year Ended June 30, 2010 in APPENDIX C hereto.

APPENDIX C

Comprehensive Annual Financial Report of the County for the
Fiscal Year Ended June 30, 2011

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**ANNUAL FINANCIAL REPORT
MONTGOMERY COUNTY, TENNESSEE**



FOR THE YEAR ENDED JUNE 30, 2011



ANNUAL FINANCIAL REPORT
MONTGOMERY COUNTY, TENNESSEE
FOR THE YEAR ENDED JUNE 30, 2011

COMPTROLLER OF THE TREASURY
JUSTIN P. WILSON

DIVISION OF COUNTY AUDIT
JAMES R. ARNETTE
Director

JEFF BAILEY, CPA, CGFM, CFE
Audit Manager

RACHELLE CABADING, CFE
Auditor 4

JOSEPH ENSMINGER, CFE
CARRIE SABIN
WENDY HEATH, CFE
State Auditors

This financial report is available at www.tn.gov/comptroller

MONTGOMERY COUNTY, TENNESSEE

TABLE OF CONTENTS

	Exhibit	Page(s)
Audit Highlights		6
<u>INTRODUCTORY SECTION</u>		7
Montgomery County Officials		8
<u>FINANCIAL SECTION</u>		9
Independent Auditor's Report		10-12
BASIC FINANCIAL STATEMENTS:		13
Government-wide Financial Statements:		
Statement of Net Assets	A	14-15
Statement of Activities	B	16-17
Fund Financial Statements:		
Governmental Funds:		
Balance Sheet	C-1	18
Reconciliation of the Balance Sheet of Governmental Funds to the Statement of Net Assets	C-2	19
Statement of Revenues, Expenditures, and Changes in Fund Balances	C-3	20
Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances of Governmental Funds to the Statement of Activities	C-4	21
Proprietary Funds:		
Statement of Net Assets	D-1	22
Statement of Revenues, Expenses, and Changes in Net Assets	D-2	23
Statement of Cash Flows	D-3	24
Fiduciary Funds:		
Statement of Fiduciary Assets and Liabilities	E	25
Notes to the Financial Statements		26-94
REQUIRED SUPPLEMENTARY INFORMATION:		95
Schedule of Revenues, Expenditures, and Changes in Fund Balance – Actual (Budgetary Basis) and Budget:		
General Fund	F-1	96-100
Schedule of Funding Progress – Pension Plan – Primary Government and Discretely Presented Clarksville- Montgomery County School System	F-2	101

	Exhibit	Page(s)
Schedule of Other Postemployment Benefits Plans – Primary Government and Discretely Presented Clarksville-Montgomery County School System	F-3	102
Notes to the Required Supplementary Information		103
COMBINING AND INDIVIDUAL FUND FINANCIAL STATEMENTS AND SCHEDULES:		104
Nonmajor Governmental Funds:		105
Combining Balance Sheet	G-1	106
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances	G-2	107
Schedules of Revenues, Expenditures, and Changes in Fund Balances – Actual (Budgetary Basis) and Budget:		
Drug Control Fund	G-3	108
Highway/Public Works Fund	G-4	109
Major Governmental Fund:		110
Schedule of Revenues, Expenditures, and Changes in Fund Balance – Actual and Budget:		
General Debt Service Fund	H	111
Proprietary Funds:		112
Combining Statement of Net Assets	I-1	113
Combining Statement of Revenues, Expenses, and Changes in Net Assets	I-2	114
Combining Statement of Cash Flows	I-3	115-116
Fiduciary Funds:		117
Combining Statement of Fiduciary Assets and Liabilities	J-1	118
Combining Statement of Changes in Assets and Liabilities – All Agency Funds	J-2	119-120
Component Unit:		
Discretely Presented Clarksville-Montgomery County School System:		121
Statement of Activities	K-1	122
Balance Sheet – Governmental Funds	K-2	123
Reconciliation of the Balance Sheet of Governmental Funds to the Statement of Net Assets	K-3	124
Statement of Revenues, Expenditures, and Changes in Fund Balances – Governmental Funds	K-4	125
Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances of Governmental Funds to the Statement of Activities	K-5	126
Combining Balance Sheet – Nonmajor Governmental Funds	K-6	127
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances – Nonmajor Governmental Funds	K-7	128
Schedules of Revenues, Expenditures, and Changes in Fund Balances – Actual (Budgetary Basis) and Budget:		
General Purpose School Fund	K-8	129-130
School Federal Projects Fund	K-9	131-132
Central Cafeteria Fund	K-10	133

	Exhibit	Page(s)
School Transportation Fund	K-11	134
Extended School Program Fund	K-12	135
Miscellaneous Schedules:		136
Schedule of Changes in Long-term Notes, Other Loans, and Bonds	L-1	137
Schedule of Long-term Debt Requirements by Year	L-2	138-139
Schedule of Transfers – Primary Government and Discretely Presented Clarksville-Montgomery County School System	L-3	140
Schedule of Salaries and Official Bonds of Principal Officials – Primary Government and Discretely Presented Clarksville-Montgomery County School System	L-4	141
Schedule of Detailed Revenues – All Governmental Fund Types	L-5	142-146
Schedule of Detailed Revenues – All Governmental Fund Types – Discretely Presented Clarksville-Montgomery County School System	L-6	147-149
Schedule of Detailed Expenditures – All Governmental Fund Types	L-7	150-191
Schedule of Detailed Expenditures – All Governmental Fund Types – Discretely Presented Clarksville-Montgomery County School System	L-8	192-210
Schedule of Detailed Revenues and Expenses – All Proprietary Funds	L-9	211-212
Schedule of Detailed Receipts, Disbursements, and Changes in Cash Balance – City Agency Fund	L-10	213
 <u>SINGLE AUDIT SECTION</u>		 214
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 <i>Government Auditing Standards</i>		215-217
Auditor’s Report on Compliance With Requirements That Could Have a Direct and Material Effect on Each Major Program and Internal Control Over Compliance in Accordance With OMB Circular A-133		218-220
Schedule of Expenditures of Federal Awards and State Grants		221-223
Schedule of Audit Findings Not Corrected		224
Schedule of Findings and Questioned Costs		225-230
Auditee Reporting Responsibilities		231

Audit Highlights

Annual Financial Report
Montgomery County, Tennessee
For the Year Ended June 30, 2011

Scope

We have audited the basic financial statements of Montgomery County as of and for the year ended June 30, 2011.

Results

Our report on the aggregate discretely presented component units is qualified because the financial statements do not include one component unit whose financial statements were not available from other auditors at the date of this report. Our report on the governmental activities, each major fund, and the aggregate remaining fund information is unqualified.

Our audit resulted in four findings and recommendations, which we have reviewed with Montgomery County management. Detailed findings, recommendations, and management's responses are included in the Single Audit section of this report.

Findings and Best Practice

The following are summaries of the audit findings and best practice:

OFFICES OF COUNTY MAYOR AND DIRECTOR OF ACCOUNTS AND BUDGETS

- ◆ Deficiencies were noted in the collection of funds at the Building and Codes Department.
- ◆ The Juvenile Court had accounting deficiencies related to the execution docket.
- ◆ Multiple employees operated from the same cash drawer in Juvenile Court.

OFFICE OF SHERIFF

- ◆ The sheriff did not obtain a letter of agreement or court decree to authorize deputy hires.

BEST PRACTICE

Montgomery County does not have a central system of accounting, budgeting, and purchasing. The Division of County Audit strongly believes that a central system of accounting, budgeting, and purchasing is a best practice that should be adopted by the governing body as a means of significantly improving accountability and the quality of services provided to the citizens of Montgomery County.

INTRODUCTORY SECTION

Montgomery County Officials
June 30, 2011

Officials

Carolyn Bowers, County Mayor
Mike Frost, Highway Supervisor
Michael Harris, Director of Schools
Brenda Radford, Trustee
Betty Burchett, Assessor of Property
Kellie Jackson, County Clerk
Cheryl Castle, Circuit and General Sessions Courts Clerk
Ted A. Crozier, Jr., Clerk and Master
Connie Bell, Register
Norman Lewis, Sheriff
Erinne Hester, Director of Accounts and Budgets
Jane Davis, Purchasing Agent

Board of County Commissioners

Carolyn Bowers, County Mayor, Chairperson
John Gannon, Sr.
Keith Politi
Edward Baggett
Mark Riggins
John Genis
Robert Gibbs, Jr.
Dalton Harrison
John Fuson
Ronald Sokol
Charles Keene

Martha Brockman
Joe Creek
Nick Robards
Loretta Bryant
Robert Nichols
Tommy Vallejos
Lettie Kendall
Glen Demorest
Mark Banasiak
Jeremy Bowles
Jerry Allbert

Highway Commission

Mike Frost, Highway Supervisor, Chairman
Edgar Ray Groves
Milan Lewis

Board of Education

George Giles, Chairman
Horace Murphy, Jr.
Josh Baggett
Jimmie Garland

Carol Smithson
Eula Dowdy
Ernest Brockman

Audit Committee

John Gannon, Sr., Chairman
Martha Brockman
Ronald Sokol

Nick Robards
Robert Gibbs, Jr.

FINANCIAL SECTION



**STATE OF TENNESSEE
COMPTROLLER OF THE TREASURY
DEPARTMENT OF AUDIT
DIVISION OF COUNTY AUDIT
SUITE 1500
JAMES K. POLK STATE OFFICE BUILDING
NASHVILLE, TENNESSEE 37243-1402
PHONE (615) 401-7841**

INDEPENDENT AUDITOR'S REPORT

January 12, 2012

Montgomery County Mayor and
Board of County Commissioners
Montgomery County, Tennessee

To the County Mayor and Board of County Commissioners:

We have audited the accompanying financial statements of the governmental activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of Montgomery County, Tennessee, as of and for the year ended June 30, 2011, which collectively comprise Montgomery County's basic financial statements as listed in the table of contents. These financial statements are the responsibility of Montgomery County's management. Our responsibility is to express opinions on these financial statements based on our audit. We did not audit the financial statements of the discretely presented Clarksville-Montgomery County Public Library, which represent 1.2 percent and .9 percent, respectively, of the assets and revenues of the aggregate discretely presented component units; the discretely presented Bi-County Solid Waste Management System, which represent 4.4 percent and 3.5 percent, respectively, of the assets and revenues of the aggregate discretely presented component units; and the discretely presented Clarksville-Montgomery County Industrial Development Board, which represent six percent and 10.2 percent, respectively, of the assets and revenues of the aggregate discretely presented component units. Those financial statements were audited by other auditors whose reports thereon have been furnished to us, and our opinion, insofar as it relates to the amounts included for the Clarksville-Montgomery County Public Library, Bi-County Solid Waste Management System, and Clarksville-Montgomery County Industrial Development Board, is based on the report of other auditors.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the auditing standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial

statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit and the reports of other auditors provide a reasonable basis for our opinions.

The financial statements of the Montgomery County Emergency Communications District, a component unit requiring discrete presentation, had not been made available by other auditors as of the date of this report. Accordingly, the aggregate discretely presented component units financial statements referred to above do not include amounts for the Montgomery County Emergency Communications District, which should be included to conform with accounting principles generally accepted in the United States of America. The effects on the financial statements of the aggregate discretely presented component units are not reasonably determinable.

In our opinion, except for the effects of not including the financial statements of the Montgomery County Emergency Communications District as discussed in the preceding paragraph, the financial statements referred to above present fairly, in all material respects, the financial position of the aggregate discretely presented component units of Montgomery County, Tennessee, as of June 30, 2011, and the results of operations of the aggregate discretely presented component units, for the year ended, in conformity with accounting principles generally accepted in the United States of America.

Additionally, in our opinion, based on our audit and the reports of other auditors, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of Montgomery County, Tennessee, as of June 30, 2011, and the respective changes in financial position and cash flows, where applicable, thereof for the year then ended, in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated January 12, 2012, on our consideration of Montgomery County's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

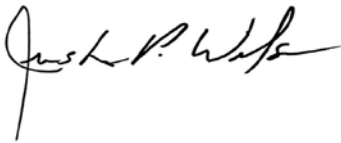
As described in Note V.A., Montgomery County has adopted the provisions of Governmental Accounting Standards Board Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions*, which became effective for the year ended June 30, 2011.

Management has omitted the management's discussion and analysis that accounting principles generally accepted in the United States of America require to be presented to supplement the basic financial statements. Such missing 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. Our opinion on the basic financial statements is not affected by this missing information.

Accounting principles generally accepted in the United States of America require that the budgetary comparison, pension, and other postemployment benefits information on pages 96 through 103 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise Montgomery County's financial statements as a whole. The introductory section, combining and individual nonmajor fund financial statements, budgetary comparison schedules of nonmajor governmental funds and the General Debt Service Fund, combining and individual fund financial statements of the Clarksville-Montgomery County School System (a discretely presented component unit), and miscellaneous schedules are presented for purposes of additional analysis and are not a required part of the financial statements. The combining and individual nonmajor fund financial statements, budgetary comparison schedules of nonmajor governmental funds and the General Debt Service Fund, combining and individual fund financial statements of the Clarksville-Montgomery County School System (a discretely presented component unit), and the miscellaneous schedules are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole. The introductory section 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.

Very truly yours,



Justin P. Wilson
Comptroller of the Treasury

JPW/yu

BASIC FINANCIAL STATEMENTS

Exhibit A

Montgomery County, Tennessee
Statement of Net Assets
June 30, 2011

	Primary Government Activities	Component Units			
		Clarksville- Montgomery County School System	Clarksville- Montgomery County Public Library	Bi-County Solid Waste Management System	Clarksville- Montgomery County Industrial Development Board
<u>ASSETS</u>					
Cash	\$ 133,298	\$ 4,888,477	\$ 573,377	\$ 0	\$ 1,962,590
Equity in Pooled Cash and Investments	68,209,276	34,003,905	0	7,452,341	0
Investments	0	0	2,309,942	0	0
Inventories	49,522	606,883	0	15,857	0
Accounts Receivable	5,323,303	161,867	486,006	1,369,473	32,922
Allowance for Uncollectibles	(1,567,121)	0	(243,002)	0	0
Due from Other Governments	2,513,878	14,396,697	0	63,115	2,251,491
Due from Other Funds	1,314	0	0	0	0
Due from Primary Government	0	42,852	0	0	0
Due from Component Units	10,210	0	0	0	0
Property Taxes Receivable	76,580,538	30,625,035	0	0	0
Allowance for Uncollectible Property Taxes	(1,669,400)	(729,204)	0	0	0
Prepaid Items	16,868	40,263	6,431	0	0
Deferred Charges - Debt Issuance Costs	2,083,778	0	0	0	0
Notes Receivable	0	0	0	0	3,376,157
Unbilled Reimbursable Costs	0	0	0	0	70,151
Property Held for Sale or Lease	0	0	0	0	14,250,534
Due from Related Party	0	0	0	0	18,688
Capital Assets:					
Assets Not Depreciated:					
Land	7,816,469	12,666,258	0	1,078,863	37,641
Construction in Progress	2,742,869	16,924,648	0	1,090,887	346,134
Assets Net of Accumulated Depreciation:					
Buildings and Improvements	81,768,339	232,583,410	0	0	0
Other Capital Assets	4,175,310	13,233,241	1,522,480	6,693,905	1,861,795
Intangibles	1,498,512	0	0	0	0
Infrastructure	24,804,769	0	0	0	0
Total Assets	\$ 274,491,732	\$ 359,444,332	\$ 4,655,234	\$ 17,764,441	\$ 24,208,103
<u>LIABILITIES</u>					
Accounts Payable	\$ 1,271,817	\$ 2,252,136	\$ 18,271	\$ 309,970	\$ 2,993,699
Accrued Payroll	1,603,458	5,974,582	0	124,935	0
Payroll Deductions Payable	216,837	3,628,542	0	0	0
Accrued Interest Payable	2,724,211	0	0	0	0
Due to State of Tennessee	1,203	0	0	0	0
Due to Primary Government	0	10,210	0	0	0
Due to Component Units	42,852	0	0	0	0
Due to Litigants, Heirs, and Others	77,151	0	0	0	0
Other Current Liabilities	273,920	0	0	37,923	3,283,696
Unearned State Grant Revenue	0	0	0	0	373,254
Customer Deposits Payable	2,000	109,304	0	33,630	0
Deferred Revenue - Current Taxes	72,978,393	28,954,902	0	0	0
Noncurrent Liabilities:					
Due Within One Year	24,891,815	1,424,535	0	0	146,293
Due in More Than One Year (net of unamortized premiums and deferred amount on refunding)	294,416,184	2,705,655	51,615	16,645,775	1,610,122
Total Liabilities	\$ 398,499,841	\$ 45,059,866	\$ 69,886	\$ 17,152,233	\$ 8,407,064

(Continued)

Exhibit A

Montgomery County, Tennessee
Statement of Net Assets (Cont.)

	Component Units				
	Primary Governmental Activities	Clarksville- Montgomery County School System	Clarksville- Montgomery County Public Library	Bi-County Solid Waste Management System	Clarksville- Montgomery County Industrial Development Board
<u>NET ASSETS</u>					
Invested in Capital Assets, Net of Related Debt	\$ 8,513,273	\$ 0	\$ 0	\$ 0	\$ 213,978
Invested in Capital Assets Restricted for:	0	275,407,557	1,522,480	8,863,655	0
Capital Projects	1,407,279	7,631,299	0	0	0
Debt Service	39,365,974	0	0	0	0
Highways	2,988,398	0	0	0	0
Inventory	0	606,883	0	0	0
Payroll	0	40,263	0	0	0
Library	0	0	2,817,419	0	0
General Government	216,274	0	0	0	0
Finance	501,097	0	0	0	0
Administration of Justice	651,243	0	0	0	0
Public Safety	254,721	0	0	0	0
Public Health and Welfare	260,596	0	0	0	0
Social, Cultural, and Recreational Services	7,566	0	0	0	0
Education	0	6,844,087	0	0	0
Unrestricted	<u>(178,174,530)</u>	<u>23,854,377</u>	<u>245,449</u>	<u>(8,251,447)</u>	<u>15,587,061</u>
Total Net Assets (Deficit)	<u>\$ (124,008,109)</u>	<u>\$ 314,384,466</u>	<u>\$ 4,585,348</u>	<u>\$ 612,208</u>	<u>\$ 15,801,039</u>

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

Exhibit B

Montgomery County, Tennessee
Statement of Activities
For the Year Ended June 30, 2011

Functions/Programs	Net (Expense) Revenue and Changes in Net Assets									
	Program Revenues					Component Units				
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Primary Government Total	Clarksville-Montgomery County School System	Clarksville-Montgomery County Public Library	Clarksville-Montgomery County Solid Waste Management System	Clarksville-Montgomery County Industrial Development Board	
Primary Government:										
Governmental Activities:										
General Government	\$ 9,020,549	\$ 2,608,266	\$ 170,346	\$ 0	\$ (6,241,937)	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
Finance	5,229,258	4,399,718	0	0	(829,540)	0	0	0	0	0
Administration of Justice	6,115,537	4,119,231	599,664	0	(1,396,642)	0	0	0	0	0
Public Safety	24,544,386	1,297,787	1,485,487	2,300	(21,758,812)	0	0	0	0	0
Public Health and Welfare	11,026,720	5,890,965	1,817,053	2,106,151	(1,212,551)	0	0	0	0	0
Social, Cultural, and Recreational Services	2,316,300	16,802	0	18,541	(2,280,957)	0	0	0	0	0
Agriculture and Natural Resources	389,824	0	22,000	0	(367,824)	0	0	0	0	0
Other Operations	4,362,226	0	0	0	(4,362,226)	0	0	0	0	0
Highways/Public Works	6,151,676	65,538	3,450,284	185,236	(2,450,618)	0	0	0	0	0
Education	31,446,470	33,716,628	0	0	2,270,158	0	0	0	0	0
Interest on Long-term Debt	14,463,509	0	0	0	(14,463,509)	0	0	0	0	0
Other Debt Service	633,784	0	0	0	(633,784)	0	0	0	0	0
Total Primary Government	\$ 115,700,239	\$ 52,114,935	\$ 7,544,834	\$ 2,312,228	\$ (53,728,242)	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
Component Units:										
Clarksville-Montgomery County School System	\$ 237,499,992	\$ 5,332,852	\$ 29,530,976	\$ 4,319,768	\$ 0	\$ (198,316,396)	\$ 0	\$ 0	\$ 0	\$ 0
Clarksville-Montgomery County Public Library	2,358,238	196,687	222,088	0	0	0	(1,939,463)	0	0	0
Bi-County Solid Waste Management System	10,280,036	9,659,774	0	0	0	0	0	(620,262)	0	0
Clarksville-Montgomery County Industrial Development Board	28,339,574	0	27,578,142	0	0	0	0	0	0	(761,432)
Total Component Unit	\$ 278,477,840	\$ 15,189,313	\$ 57,331,206	\$ 4,319,768	\$ 0	\$ (198,316,396)	\$ (1,939,463)	\$ (620,262)	\$ (761,432)	\$ (761,432)

(Continued)

Exhibit B

Montgomery County, Tennessee
Statement of Activities (Cont.)

Functions/Programs	Net (Expense) Revenue and Changes in Net Assets									
	Program Revenues					Component Units				
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Primary Government Total Governmental Activities	Clarksville-Montgomery County School System	Clarksville-Montgomery County Public Library	Bi-County Solid Waste Management System	Clarksville-Montgomery County Industrial Development Board	
General Revenues:										
Taxes:										
Property Taxes Levied for General Purposes					\$ 33,227,374	\$ 28,009,357	\$ 0	\$ 0	\$ 0	\$ 0
Property Taxes Levied for Debt Service					25,946,005	0	0	0	0	0
Local Option Sales Tax					3,225,459	34,725,687	0	0	0	0
Hotel/Motel Tax					1,553,554	0	0	0	0	0
Wheel Tax					0	3,890,329	0	0	0	0
Business Tax					1,262,844	609,651	0	0	0	0
Adequate Facilities/Development Tax					809,360	0	0	0	0	0
Litigation Tax					1,125,513	0	0	0	0	0
Wholesale Beer Tax					402,173	0	0	0	0	0
Mineral Severance Tax					345,726	0	0	0	0	0
Interstate Telecommunications Tax					2,117	9,110	0	0	0	0
Grants and Contributions Not Restricted to Specific Programs					5,165,006	133,450,885	1,771,472	123,909	624,616	
Interest Income					858,074	36,566	253,732	45,327	14,790	
Miscellaneous					1,579,781	158,487	3,811	0	360,759	
Total General Revenues					\$ 75,502,986	\$ 200,890,072	\$ 2,029,015	\$ 169,236	\$ 1,000,165	
Change in Net Assets					\$ 21,774,744	\$ 2,573,676	\$ 89,552	\$ (451,026)	\$ 238,733	
Net Assets (Deficit), July 1, 2010					(123,834,637)	311,810,790	4,495,796	788,051	15,562,306	
Prior-period Adjustment					(21,948,216)	0	0	275,183	0	
Net Assets (Deficit), June 30, 2011					\$ (124,008,109)	\$ 314,384,466	\$ 4,585,348	\$ 612,208	\$ 15,801,039	

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

Exhibit C-1

Montgomery County, Tennessee
Balance Sheet
Governmental Funds
June 30, 2011

	Major Funds		Nonmajor Funds	Total Govern- mental Funds
	General	General	Other	
		Service	Govern- mental Funds	
ASSETS				
Cash	\$ 82,438	\$ 0	\$ 860	\$ 83,298
Equity in Pooled Cash and Investments	21,928,429	27,535,744	6,353,668	55,817,841
Inventories	49,522	0	0	49,522
Accounts Receivable	5,115,704	182,302	25,068	5,323,074
Allowance for Uncollectibles	(1,567,121)	0	0	(1,567,121)
Due from Other Governments	1,265,369	561,126	687,383	2,513,878
Due from Other Funds	1,314	32,367	2,995	36,676
Property Taxes Receivable	34,617,501	36,484,612	5,478,425	76,580,538
Allowance for Uncollectible Property Taxes	(774,537)	(765,036)	(129,827)	(1,669,400)
Prepaid Items	16,868	0	0	16,868
Advances to Other Funds	0	1,275,000	0	1,275,000
Total Assets	\$ 60,735,487	\$ 65,306,115	\$ 12,418,572	\$ 138,460,174
LIABILITIES AND FUND BALANCES				
Liabilities				
Accounts Payable	\$ 724,887	\$ 0	\$ 443,509	\$ 1,168,396
Accrued Payroll	1,500,527	0	98,822	1,599,349
Payroll Deductions Payable	190,958	0	25,273	216,231
Due to Other Funds	85,705	0	1,379	87,084
Due to State of Tennessee	1,203	0	0	1,203
Due to Litigants, Heirs, and Others	74,038	0	3,113	77,151
Other Current Liabilities	23,920	250,000	0	273,920
Current Liabilities Payable from Restricted Assets:				
Customer Deposits Payable	2,000	0	0	2,000
Deferred Revenue - Current Property Taxes	32,915,007	34,881,421	5,181,965	72,978,393
Deferred Revenue - Delinquent Property Taxes	805,843	726,546	146,018	1,678,407
Other Deferred Revenues	2,350,682	280,723	380,510	3,011,915
Advances from Other Funds	0	0	1,275,000	1,275,000
Total Liabilities	\$ 38,674,770	\$ 36,138,690	\$ 7,555,589	\$ 82,369,049
Fund Balances				
Nonspendable:				
Inventory	\$ 49,522	\$ 0	\$ 0	\$ 49,522
Prepaid Items	16,868	0	0	16,868
Restricted:				
Restricted for General Government	216,274	0	0	216,274
Restricted for Finance	501,097	0	0	501,097
Restricted for Administration of Justice	651,243	0	0	651,243
Restricted for Public Safety	191,005	0	63,716	254,721
Restricted for Public Health and Welfare	260,596	0	0	260,596
Restricted for Social, Cultural, and Recreational Services	7,566	0	0	7,566
Restricted for Highways/Public Works	0	0	2,675,230	2,675,230
Restricted for Debt Service	0	29,167,425	0	29,167,425
Restricted for Capital Projects	0	0	2,124,037	2,124,037
Committed:				
Committed for Public Safety	91,275	0	0	91,275
Assigned:				
Assigned for General Government	107,591	0	0	107,591
Assigned for Finance	143,934	0	0	143,934
Assigned for Public Safety	4,481	0	0	4,481
Assigned for Public Health and Welfare	1,431	0	0	1,431
Assigned for Social, Cultural, and Recreational Services	21,439	0	0	21,439
Unassigned	19,796,395	0	0	19,796,395
Total Fund Balances	\$ 22,060,717	\$ 29,167,425	\$ 4,862,983	\$ 56,091,125
Total Liabilities and Fund Balances	\$ 60,735,487	\$ 65,306,115	\$ 12,418,572	\$ 138,460,174

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

Exhibit C-2

Montgomery County, Tennessee
Reconciliation of the Balance Sheet of Governmental Funds to
the Statement of Net Assets
June 30, 2011

Amounts reported for governmental activities in the statement of net assets (Exhibit A) are different because:

Total fund balances - balance sheet - governmental funds (Exhibit C-1)		\$	56,091,125
(1) Capital assets used in governmental activities are not financial resources and therefore are not reported in the governmental funds.			
Add: land	\$	7,816,469	
Add: construction in progress		2,742,869	
Add: buildings and improvements net of accumulated depreciation		81,768,339	
Add: other capital assets net of accumulated depreciation		4,175,310	
Add: intangibles net of accumulated depreciation		1,498,512	
Add: infrastructure net of accumulated depreciation		24,804,769	
Less: capital assets of internal service funds, which are included below in item (2)		(20,234)	122,786,034
(2) Internal service funds are used by management to charge the cost of liability, workers' compensation insurance, and employee dental benefits to individual funds. The assets and liabilities are included in governmental activities in the statement of net assets.			9,275,120
(3) Long-term liabilities are not due and payable in the current period and therefore are not reported in the governmental funds.			
Less: bonds payable	\$	(266,750,000)	
Less: notes payable		(3,655,840)	
Less: other loans payable		(41,012,415)	
Add: deferred amount on refunding		11,915,491	
Add: deferred charges - debt issuance costs		2,083,778	
Less: other deferred revenue - premium on debt		(13,491,294)	
Less: accrued interest on bonds, notes, and other loans		(2,724,211)	
Less: other postemployment benefits liability		(1,085,315)	
Less: compensated absences payable		(2,130,904)	(316,850,710)
(4) Other long-term assets are not available to pay for current-period expenditures and therefore are deferred in the governmental funds.			4,690,322
Net assets (deficit) of governmental activities (Exhibit A)		\$	<u>(124,008,109)</u>

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

Exhibit C-3

Montgomery County, Tennessee
Statement of Revenues, Expenditures,
and Changes in Fund Balances
Governmental Funds
For the Year Ended June 30, 2011

	Major Funds		Nonmajor Funds	Total Governmental Funds
	General	General Debt Service	Other Govern- mental Funds	
Revenues				
Local Taxes	\$ 33,659,026	\$ 31,688,761	\$ 5,267,751	\$ 70,615,538
Licenses and Permits	1,050,400	0	0	1,050,400
Fines, Forfeitures, and Penalties	1,169,054	0	6,556	1,175,610
Charges for Current Services	4,460,323	0	40,055	4,500,378
Other Local Revenues	2,045,233	235,246	132,299	2,412,778
Fees Received from County Officials	7,611,008	0	0	7,611,008
State of Tennessee	5,556,004	0	2,979,600	8,535,604
Federal Government	1,219,731	112,376	2,641,294	3,973,401
Other Governments and Citizens Groups	608,822	275,399	169,932	1,054,153
Total Revenues	\$ 57,379,601	\$ 32,311,782	\$ 11,237,487	\$ 100,928,870
Expenditures				
Current:				
General Government	\$ 6,407,864	\$ 0	\$ 0	\$ 6,407,864
Finance	5,398,215	0	0	5,398,215
Administration of Justice	5,720,352	0	39,865	5,760,217
Public Safety	23,025,799	0	29,019	23,054,818
Public Health and Welfare	10,154,877	0	0	10,154,877
Social, Cultural, and Recreational Services	1,904,905	0	0	1,904,905
Agriculture and Natural Resources	358,754	0	0	358,754
Other Operations	4,362,226	0	0	4,362,226
Highways	118,436	0	7,009,113	7,127,549
Debt Service:				
Principal on Debt	0	17,437,215	0	17,437,215
Interest on Debt	0	13,560,386	0	13,560,386
Other Debt Service	0	633,784	0	633,784
Capital Projects	0	0	8,507,555	8,507,555
Total Expenditures	\$ 57,451,428	\$ 31,631,385	\$ 15,585,552	\$ 104,668,365
Excess (Deficiency) of Revenues Over Expenditures				
	\$ (71,827)	\$ 680,397	\$ (4,348,065)	\$ (3,739,495)
Other Financing Sources (Uses)				
Other Loans Issued	\$ 0	\$ 0	\$ 3,994,268	\$ 3,994,268
Insurance Recovery	15,501	0	64,962	80,463
Transfers In	0	32,367	0	32,367
Transfers Out	(32,367)	0	0	(32,367)
Total Other Financing Sources (Uses)	\$ (16,866)	\$ 32,367	\$ 4,059,230	\$ 4,074,731
Net Change in Fund Balances				
	\$ (88,693)	\$ 712,764	\$ (288,835)	\$ 335,236
Fund Balance, July 1, 2010	22,149,410	28,454,661	5,151,818	55,755,889
Fund Balance, June 30, 2011	\$ 22,060,717	\$ 29,167,425	\$ 4,862,983	\$ 56,091,125

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

Exhibit C-4

Montgomery County, Tennessee
Reconciliation of the Statement of Revenues, Expenditures, and
Changes in Fund Balances of Governmental Funds to the
Statement of Activities
For the Year Ended June 30, 2011

Amounts reported for governmental activities in the statement of activities (Exhibit B) are different because:

Net change in fund balances - total governmental funds (Exhibit C-3)		\$ 335,236
(1) Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of these assets is allocated over their useful lives and reported as depreciation expense. The difference between capital outlays and depreciation is itemized as follows:		
Add: capital assets purchased in the current period	\$ 3,188,116	
Less: current-year depreciation expense	(3,701,397)	
Add: current-year depreciation expense in internal service fund	991	(512,290)
(2) The net effect of various miscellaneous transactions involving capital assets (sales, trade-ins, and donations) is to decrease net assets.		
Less: loss on disposal of capital assets		(141,095)
(3) Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.		
Less: deferred delinquent property taxes and other deferred June 30, 2010	\$ (4,491,954)	
Add: deferred delinquent property taxes and other deferred June 30, 2011	4,690,322	198,368
(4) The issuance of long-term debt (e.g., notes, bonds, other loans) provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net assets. Also, governmental funds report the effect of issuance costs, premiums, discounts, and similar items when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities. This amount is the effect of these differences in the treatment of long-term debt and related items.		
Less: other loan proceeds	\$ (3,994,268)	
Add: principal payments on notes	1,794,160	
Add: principal payments on bonds	13,430,000	
Add: principal payments on other loans	2,213,055	
Less: debt issuance cost amortized during year	(172,265)	
Less: deferred charges on refunding debt amortized during the year	(875,034)	
Add: amortization of debt issuance premiums	1,177,580	13,573,228
(5) Some expenses reported in the statement of activities do not require the use of current financial resources and therefore are not reported as expenditures in the governmental funds.		
Change in accrued interest payable	\$ 144,176	
Change in other postemployment benefits liability	(397,557)	
Change in compensated absences payable	(97,656)	(351,037)
(6) Internal service funds are used by management to charge the cost of liability, workers' compensation insurance, and employee dental benefits to individual funds. The net revenue (expense) of certain activities of the internal service funds is reported with governmental activities in the statement of activities.		8,672,334
Change in net assets of governmental activities (Exhibit B)		<u>\$ 21,774,744</u>

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

Exhibit D-1

Montgomery County, Tennessee
Statement of Net Assets
Proprietary Funds
June 30, 2011

Governmental
 Activities -
 Internal
 Service
 Funds

ASSETS

Current Assets:

Equity in Pooled Cash and Investments	\$ 12,391,435
Cash with Paying Agents	50,000
Accounts Receivable	229
Due from Other Funds	51,722
Due from Component Units	10,210
Total Current Assets	<u>\$ 12,503,596</u>

Noncurrent Assets:

Capital Assets:	
Buildings and Improvements	\$ 24,803
Accumulated Depreciation - Buildings and Improvements	(4,569)
Total Noncurrent Assets	<u>\$ 20,234</u>
Total Assets	<u>\$ 12,523,830</u>

LIABILITIES

Current Liabilities:

Accounts Payable	\$ 103,421
Accrued Payroll	4,109
Payroll Deductions Payable	606
Due to Component Units	42,852
Claims and Judgments Payable	1,548,861
Total Current Liabilities	<u>\$ 1,699,849</u>

Noncurrent Liabilities:

Claims and Judgments Payable	\$ 1,548,861
Total Noncurrent Liabilities	<u>\$ 1,548,861</u>

Total Liabilities	<u>\$ 3,248,710</u>
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NET ASSETS

Unrestricted	<u>\$ 9,275,120</u>
Total Net Assets	<u><u>\$ 9,275,120</u></u>

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

Exhibit D-2

Montgomery County, Tennessee
Statement of Revenues, Expenses, and
Changes in Net Assets
Proprietary Funds
For the Year Ended June 30, 2011

	Governmental Activities - Internal Service Funds
<u>Operating Revenues</u>	
Charges for Current Services	\$ 45,094,331
Total Operating Revenues	<u>\$ 45,094,331</u>
<u>Operating Expenses</u>	
Risk Management	\$ 326,610
Other Local Health Services	4,950
Depreciation	991
Other Charges	1,505,121
Employee Benefits	34,705,257
Total Operating Expenses	<u>\$ 36,542,929</u>
Operating Income (Loss)	<u>\$ 8,551,402</u>
<u>Nonoperating Revenues (Expenses)</u>	
Investment Income	\$ 21,301
Miscellaneous Refunds	99,631
Total Nonoperating Revenues (Expenses)	<u>\$ 120,932</u>
Changes in Net Assets	\$ 8,672,334
Net Assets, July 1, 2010	<u>602,786</u>
Nets Assets, June 30, 2011	<u><u>\$ 9,275,120</u></u>

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

Exhibit D-3

Montgomery County, Tennessee
Statement of Cash Flows
Proprietary Funds
For the Year Ended June 30, 2011

	Governmental Activities - Internal Service Funds
<u>Cash Flows from Operating Activities</u>	
Receipts from Interfund Services Provided	\$ 45,131,128
Other Self-Insured Claims	(36,764,312)
Other Receipts (Payments)	97,216
Net Cash Provided By (Used In) Operating Activities	<u>\$ 8,464,032</u>
<u>Cash Flows from Investing Activities</u>	
Investment Income	\$ 21,301
Net Cash Provided By (Used In) Investing Activities	<u>\$ 21,301</u>
Net Increase (Decrease) in Cash	\$ 8,485,333
Cash, July 1, 2010	<u>3,956,102</u>
Cash, June 30, 2011	<u>\$ 12,441,435</u>
<u>Reconciliation of Operating Income (Loss) to Net Cash Provided By (Used In) Operating Activities</u>	
Operating Income (Loss)	\$ 8,551,402
Miscellaneous Refunds	99,631
Adjustments to Reconcile Net Operating Income (Loss) to Net Cash Provided By (Used In) Operating Activities:	
Depreciation Expense	991
(Increase) Decrease in Accounts Receivable	26,433
(Increase) Decrease in Due from Other Funds	1,121
(Increase) Decrease in Due from Component Units	5,581
Increase (Decrease) in Accounts Payable	91,647
Increase (Decrease) in Accrued Payroll	(1,016)
Increase (Decrease) in Payroll Deductions Payable	(533)
Increase (Decrease) in Due to Component Units	2,186
Increase (Decrease) in Claims and Judgments Payable	(313,411)
Net Cash Provided By (Used In) Operating Activities	<u>\$ 8,464,032</u>

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

Exhibit E

Montgomery County, Tennessee
Statement of Fiduciary Assets and Liabilities
Fiduciary Funds
June 30, 2011

	<u>Agency Funds</u>
<u>ASSETS</u>	
Cash	\$ 7,833,185
Equity in Pooled Cash and Investments	156,081
Accounts Receivable	3,012
Due from Other Governments	<u>2,142,889</u>
Total Assets	<u>\$ 10,135,167</u>
<u>LIABILITIES</u>	
Accounts Payable	\$ 6,014
Accrued Payroll	7,210
Due to Other Taxing Units	2,131,940
Due to Litigants, Heirs, and Others	7,818,072
Due to Other Funds	1,314
Due to Joint Ventures	<u>170,617</u>
Total Liabilities	<u>\$ 10,135,167</u>

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

MONTGOMERY COUNTY, TENNESSEE
NOTES TO THE FINANCIAL STATEMENTS
For the Year Ended June 30, 2011

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Montgomery County's financial statements are presented in accordance with generally accepted accounting principles (GAAP). The Governmental Accounting Standards Board (GASB) is responsible for establishing GAAP for state and local governments.

The following are the more significant accounting policies of Montgomery County:

A. Reporting Entity

Montgomery County is a public municipal corporation governed by an elected 21-member board. As required by GAAP, these financial statements present Montgomery County (the primary government) and its component units. The component units discussed below are included in the county's reporting entity because of the significance of their operational or financial relationships with the county.

Discretely Presented Component Units – The following entities meet the criteria for discretely presented component units of the county. They are reported in separate columns in the government-wide financial statements to emphasize that they are legally separate from the county.

The Clarksville-Montgomery County School System operates the public school system in the county, and the voters of Montgomery County elect its board. The School System is fiscally dependent on the county because it may not issue debt without county approval, and its budget and property tax levy are subject to the County Commission's approval. The School System's taxes are levied under the taxing authority of the county and are included as part of the county's total tax levy.

The Emergency Communications District of Montgomery County provides a simplified means of securing emergency services through a uniform emergency number for the residents of Montgomery County, and the Montgomery County Commission and the Clarksville City Council appoint its governing body. The district is funded primarily through a service charge levied on telephone services. Before the issuance of most debt instruments, the district must obtain the County Commission's approval. The financial statements of the Emergency Communications District of Montgomery County were not available from other auditors in time for inclusion in this report.

The Bi-County Solid Waste Management System provides landfill and collection services for Montgomery and Stewart counties, and Montgomery

County operates the transfer station. The joint participants appoint the board members of the system; however, Montgomery County appoints a voting majority of the board members and contributes the majority of funding for the system. This system is treated as a discrete component unit of Montgomery County since the county may unilaterally control the operations of the system.

The Clarksville-Montgomery County Industrial Development Board primarily provides inducements to industry to locate or remain in Montgomery County, and the Montgomery County Commission appoints its governing body. City and county appropriations provide the majority of its funding.

The Clarksville-Montgomery County Public Library provides for the maintenance and operation of the public library for the benefit of residents of Montgomery County, and the Montgomery County Commission appoints its seven board members. County appropriations and donations provide the majority of its funding.

The Clarksville-Montgomery County School System does not issue separate financial statements from those of the county. Therefore, basic financial statements of the School System are included in this report as listed in the table of contents. Although required by GAAP, the financial statements of the Emergency Communications District of Montgomery County were not available in time for inclusion, as previously mentioned. Complete financial statements of the Emergency Communications District of Montgomery County, the Bi-County Solid Waste Management System, the Clarksville-Montgomery County Industrial Development Board, and the Clarksville-Montgomery County Public Library can be obtained from their administrative offices at the following addresses:

Administrative Offices:

Emergency Communications District of Montgomery County
P.O. Box 368
Clarksville, TN 37040

Bi-County Solid Waste Management System
P.O. Box 192
Woodlawn, TN 37191-0192

Clarksville-Montgomery County Industrial Development Board
P.O. Box 883
25 Jefferson Street, Suite 300
Clarksville, TN 37040

Clarksville-Montgomery County Public Library
350 Pageant Lane
Clarksville, TN 37040

Related Organization – The Montgomery County Public Building Authority is a related organization of Montgomery County. County officials are responsible for appointing members to the board of the Montgomery County Public Building Authority; however, the county's accountability for this organization does not extend beyond making the appointments.

B. Government-wide and Fund Financial Statements

The government-wide financial statements (i.e., the Statement of Net Assets and the Statement of Activities) report information on all of the nonfiduciary activities of the primary government and its component units. For the most part, the effect of interfund activity has been removed from these statements. However, when applicable, interfund services provided and used between functions are not eliminated in the process of consolidation in the Statement of Activities. Governmental activities are normally supported by taxes and intergovernmental revenues. Business-type activities, which rely to a significant extent on fees and charges, are required to be reported separately from governmental activities in government-wide financial statements. However, the primary government of Montgomery County does not have any business-type activities to report. Likewise, the primary government is reported separately from certain legally separate component units for which the primary government is financially accountable. The Clarksville-Montgomery County School System component unit only reports governmental activities in the government-wide financial statements.

The Statement of Activities demonstrates the degree to which the direct expenses of a given function are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function. Program revenues include (1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function and (2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function. Taxes and other items not properly included among program revenues are reported instead as general revenues.

Montgomery County issues all debt for the discretely presented Clarksville-Montgomery County School System. Net debt issues totaling \$4,319,768 were contributed by the county to the School System during the year ended June 30, 2011.

Separate financial statements are provided for governmental funds, proprietary funds (internal service), and fiduciary funds. The internal service funds are reported with the governmental activities in the government-wide financial statements, and the fiduciary funds are excluded from the government-wide financial statements. Major individual governmental funds are reported as separate columns in the fund financial statements.

C. **Measurement Focus, Basis of Accounting, and Financial Statement Presentation**

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting, as are the proprietary funds and fiduciary funds financial statements, except for agency funds, which have no measurement focus. Revenues are recorded when earned, and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

Fund financial statements of Montgomery County are organized into funds, each of which is considered to be a separate accounting entity. Each fund is accounted for by providing a separate set of self-balancing accounts that constitute its assets, liabilities, fund equity, revenues, and expenditures/expenses. Funds are organized into three major categories: governmental, proprietary, and fiduciary. An emphasis is placed on major funds within the governmental category. Montgomery County reports three proprietary funds (internal service funds). It has no enterprise funds to report.

Separate financial statements are provided for governmental funds, proprietary funds, and fiduciary funds. Major individual governmental funds are reported as separate columns in the fund financial statements. All other governmental funds are aggregated into a single column on the fund financial statements. The internal service funds and the fiduciary funds in total are reported in single columns by fund type.

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they become 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 county considers revenues other than grants to be available if they are collected within 30 days after year-end. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met and the revenues are available. Montgomery County considers grants and similar revenues to be available if they are collected within 60 days after year-end. Expenditures are generally recognized under the modified accrual basis of accounting when the related fund liability is incurred. Principal and interest on long-term debt are recognized as fund liabilities when due or when amounts have been accumulated in the General Debt Service Fund for payments to be made early in the following year.

Property taxes for the period levied, in-lieu-of tax payments, sales taxes, interest, and miscellaneous taxes are all considered to be susceptible to

accrual and have been recognized as revenues of the current period. Applicable business taxes, litigation taxes, state-shared excise taxes, fines, forfeitures, and penalties are not susceptible to accrual since they are not measurable (reasonably estimable). All other revenue items are considered to be measurable and available only when the county receives cash.

Proprietary funds and fiduciary funds financial statements are reported using the economic resources measurement focus (except for agency funds, which have no measurement focus) and the accrual basis of accounting. Revenues are recognized when earned, and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

Montgomery County reports the following major governmental funds:

General Fund – This is the county’s primary operating fund. It accounts for all financial resources of the general government, except those required to be accounted for in another fund.

General Debt Service Fund – This fund accounts for the resources accumulated and payments made for principal and interest on long-term general obligation debt of governmental funds.

Additionally, Montgomery County reports the following fund types:

Special Revenue Funds – These funds account for the proceeds of specific revenue sources (other than major capital projects) that are legally restricted to expenditures for specific purposes.

Capital Projects Fund – The General Capital Projects Fund accounts for the financial resources to be used for the acquisition or construction of major capital facilities.

Internal Service Funds – These funds, the Self-Insurance, the Workers’ Compensation, and the Unemployment Compensation funds, are used to account for risk management activities for employees’ health insurance, workers’ compensation, on-the-job injury, and unemployment compensation provided to other departments on a cost-reimbursement basis.

Agency Funds – These funds account for amounts collected in an agency capacity by the constitutional officers, local sales taxes received by the state to be forwarded to the various cities in Montgomery County and revenues, which are held in trust for the benefit of the judicial district drug task force. Agency funds are custodial in nature (assets equal liabilities) and do not involve measurement of results of operations. They do, however, use the accrual basis of accounting to recognize receivables and payables.

The discretely presented Clarksville-Montgomery County School System reports the following major governmental funds:

General Purpose School Fund – This fund is the primary operating fund for the School System. It is used to account for general operations of the School System.

School Federal Projects Fund – This special revenue fund is used to account for restricted federal revenues, which must be expended on specific education programs.

Education Capital Projects Fund – This fund is used to account for the receipt of debt issued by Montgomery County and contributed to the School System for building construction and renovations.

Private-sector standards of accounting and financial reporting issued prior to December 1, 1989, generally are followed in the government-wide and proprietary fund financial statements to the extent that those standards do not conflict with or contradict guidance of the Governmental Accounting Standards Board.

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

Proprietary funds distinguish operating revenues and expenses from nonoperating items. The county has three proprietary funds, internal service funds, used to account for the employees' health insurance, workers' compensation, on-the-job injury, and unemployment compensation programs. Operating revenues and expenses generally result from providing services in connection with the funds' principal ongoing operations. The principal operating revenues of the county's internal service funds are charges for services. Operating expenses for the internal service funds include administrative expenses and employee benefits.

It is the county's policy that restricted amounts would be reduced first followed by unrestricted amounts when expenditures are incurred for purposes for which both restricted and unrestricted fund balance is available. Also, it is the county's policy that committed amounts would be reduced first, followed by assigned amounts, and then unassigned amounts when expenditures are incurred for purposes for which amounts in any of these unrestricted fund balance classifications could be used.

D. Assets, Liabilities, and Net Assets or Equity

1. Deposits and Investments

For purposes of the Statement of Cash Flows, cash includes cash on deposit with the county trustee and cash with paying agents.

State statutes authorize the government to make direct investments in bonds, notes, or treasury bills of the U.S. government and obligations guaranteed by the U.S. government or any of its agencies; deposit accounts at state and federal chartered banks and savings and loan associations; repurchase agreements; the State Treasurer's Investment Pool; bonds of any state or political subdivision rated A or higher by any nationally recognized rating service; nonconvertible debt securities of certain federal government sponsored enterprises; and the county's own legally issued bonds or notes.

The county trustee maintains a cash and internal investment pool that is used by all funds of Montgomery County, the Clarksville-Montgomery County School System, the Bi-County Solid Waste Management System, the Emergency Communications District of Montgomery County, and the Montgomery County Rail Service Authority (joint venture). Each fund's portion of this pool is displayed on the balance sheets or statements of net assets as Equity in Pooled Cash and Investments. Most income from these pooled investments is assigned to the General Fund. Montgomery County and the School System have adopted a policy of reporting U.S. Treasury obligations, U.S. agency obligations, and repurchase agreements with maturities of one year or less when purchased on the balance sheet at amortized cost. Certificates of deposit and investments in the State Treasurer's Investment Pool are reported at cost. The State Treasurer's Investment Pool is not registered with the Securities and Exchange Commission (SEC) as an investment company, but nevertheless has a policy that it will, and does, operate in a manner consistent with the SEC's Rule 2a7 of the Investment Company Act of 1940. Rule 2a7 allows SEC-registered mutual funds to use amortized cost rather than fair value to report net assets to compute share prices if certain conditions are met. State statutes require the state treasurer to administer the pool under the same terms and conditions, including collateral requirements, as prescribed for other funds invested by the state treasurer. All other investments are reported at fair value. No investments required to be reported at fair value were held at the balance sheet date.

2. Receivables and Payables

Activity between funds for unremitted current collections outstanding at the end of the fiscal year is referred to as due to/from other funds.

Advances receivable between funds, as reported in the General Debt Service Fund financial statements are included in restricted fund balance.

All ambulance and property taxes receivable are shown with an allowance for uncollectibles. Ambulance receivables allowance for uncollectibles is based on historical collection data. The allowance for uncollectible property taxes is equal to one percent of total taxes levied.

Governmental funds report deferred revenue in connection with receivables for revenues that are not considered to be available to liquidate liabilities of the current period. Governmental funds also defer revenue recognition in connection with resources that have been received, but not yet earned.

Property taxes receivable are recognized as of the date an enforceable legal claim to the taxable property arises. This date is January 1 and is referred to as the lien date. However, revenues from property taxes are recognized in the period for which the taxes are levied, which is the ensuing fiscal year. Since the receivable is recognized before the period of revenue recognition, the entire amount of the receivable, less an estimated allowance for uncollectible taxes, is reported as deferred revenue as of June 30.

Property taxes receivable are also reported as of June 30 for the taxes that are levied, collected, and reported as revenue during the current fiscal year. These property taxes receivable are presented on the balance sheet with offsetting deferred revenue to reflect amounts not available as of June 30. Property taxes collected within 30 days of year-end are considered available and accrued. The allowance for uncollectible taxes represents the estimated amount of the receivable that will be filed in court for collection. Delinquent taxes filed in court for collection are not included in taxes receivable since they are neither measurable nor available.

Property taxes are levied as of the first Monday in October. Taxes become delinquent and begin accumulating interest and penalty the following March 1. Suit must be filed in Chancery Court between the following February 1 to April 1 for any remaining unpaid taxes. Additional costs attach to delinquent taxes after a court suit has been filed.

Most payables are disaggregated on the face of the financial statements. Claims and Judgments Payable totaling \$3,097,722 for the primary government and \$703,987 for the discretely presented Clarksville-Montgomery County School System are discussed in Note V.A. Risk Management.

3. Inventories and Prepaid Items

Inventories of governmental funds consist of expendable supplies held for consumption and are valued at cost on the average cost method. Inventories of governmental funds are recorded as expenditures when consumed rather than when purchased. Inventories are offset in the nonspendable fund balance account in governmental funds.

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items in both the government-wide and fund financial statements. Prepaids are offset in the nonspendable fund balance account in governmental funds.

4. Capital Assets

Governmental funds do not capitalize the cost of capital outlays; these funds report capital outlays as expenditures upon acquisition.

Capital assets, which include property, plant, equipment, and infrastructure assets (e.g., roads, bridges, and similar items), are reported in the governmental column in the government-wide financial statements. Capital assets are defined by the government as assets with an initial, individual cost of \$25,000 (\$5,000 for the School System) or more and an estimated useful life exceeding two years (one year for the School System). Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair market value at the date of donation.

The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend assets' lives are not capitalized.

Major outlays for capital assets and improvements are capitalized as projects are constructed.

Property, plant, equipment, and infrastructure of the primary government and the discretely presented School System are depreciated using the straight-line method over the following estimated useful lives:

<u>Assets</u>	<u>Years</u>
Buildings and Improvements	5 - 50
Other Capital Assets	4 - 20
Intangibles	7 - 100
Infrastructure:	
Roads	100
Bridges	50

5. Compensated Absences

It is the county's and the School System's policy to permit employees to accumulate earned but unused vacation and sick pay benefits. There is no liability for unpaid accumulated sick leave since the county and School Department do not have a policy to pay any amounts when employees separate from service with the government. All vacation pay is accrued when incurred in the government-wide financial statements for the county and the School System. A liability for vacation pay is reported in governmental funds only if amounts have matured, for example, as a result of employee resignations and retirements.

6. Long-term Obligations

In the government-wide financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities Statement of Net Assets. Debt premiums and discounts, as well as issuance costs, are deferred and amortized over the life of the debt using the straight-line method. Debt issuance costs are reported as deferred charges and amortized over the term of the related debt. In refunding transactions, the difference between the reacquisition price and the net carrying amount of the old debt is netted against the new debt and amortized over the remaining life of the refunded debt or the life of the new debt issued, whichever is shorter.

In the fund financial statements, governmental funds recognize debt premiums and discounts, as well as debt issuance costs, during the current period. The face amount of debt issued is reported as other financing sources. Premiums received on debt issuances are reported as other financing sources, while discounts on debt issuances are reported as other financing uses. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures.

Only the matured portion (the portion that has come due for payment) of long-term indebtedness, including bonds payable, is recognized as a liability and expenditure in the governmental fund financial statements. Liabilities and expenditures for other long-term obligations, including compensated absences, claims and judgments, and other postemployment benefits, are recognized to the extent that the liabilities have matured (come due for payment) each period.

7. Net Assets and Fund Equity

In the government-wide financial statements and the proprietary funds in the fund financial statements, equity is classified as net assets and displayed in three components:

- a. Invested in capital assets, net of related debt – Consists of capital assets, including restricted capital assets, net of accumulated depreciation and reduced by the outstanding balances of any bonds, mortgages, notes, or other borrowings that are attributable to the acquisition, construction, or improvement of those assets.
- b. Restricted net assets – Consists of net assets with constraints placed on the use either by (1) external groups such as creditors, grantors, contributors, or laws or regulations of other governments or (2) law through constitutional provisions or enabling legislation.
- c. Unrestricted net assets – All other net assets that do not meet the definition of restricted or invested in capital assets, net of related debt.

As of June 30, 2011, Montgomery County had \$202,515,653 in outstanding debt for capital purposes for the discretely presented Clarksville-Montgomery County School System. This debt is a liability of Montgomery County, but the capital assets acquired are reported in the financial statements of the School System. Therefore, Montgomery County has incurred a liability significantly decreasing its unrestricted net assets with no corresponding increase in the county's capital assets.

In the fund financial statements, governmental funds report fund balance in classifications that comprise a hierarchy based primarily on the extent to which the government is bound to honor constraints on the specific purposes for which amounts in these funds can be spent. These classifications may consist of the following:

Nonspendable Fund Balance – includes amounts that cannot be spent because they are either (a) not in spendable form or (b) legally or contractually required to be maintained intact.

Restricted Fund Balance – includes amounts that have constraints placed on the use of the resources that are either (a) externally imposed by creditors, grantors, contributors or laws and regulations of other governments or (b) imposed by law through constitutional provisions or enabling legislation.

Committed Fund Balance – includes amounts that can only be used for specific purposes pursuant to constraints imposed by formal resolutions of the County Commission, the county's highest level of decision-making authority and the Board of Education, the School System's highest level of decision-making authority.

Assigned Fund Balance – includes amounts that are constrained by the county’s intent to be used for specific purposes, but are neither restricted nor committed (excluding stabilization arrangements). The county’s Budget Committee and the Board of Education are authorized bodies to make assignments.

Unassigned Fund Balance – the residual classification of the General and General Purpose School funds. This classification represents fund balance that has not been assigned to other funds and that has not been restricted, committed, or assigned to specific purposes within the General and General Purpose School funds.

8. Prior-period Adjustment

Capital assets of the primary government were restated \$21,948,216 from the prior year due to a change in the capital assets policy.

II. RECONCILIATION OF GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS

A. Explanation of certain differences between the governmental fund balance sheet and the government-wide Statement of Net Assets

Primary Government

Exhibit C-2 includes explanations of the nature of individual elements of items required to reconcile the balance sheet of governmental funds with the government-wide Statement of Net Assets.

Discretely Presented Clarksville-Montgomery County School System

Exhibit K-3 includes explanations of the nature of individual elements of items required to reconcile the balance sheet of governmental funds with the government-wide Statement of Net Assets.

B. Explanation of certain differences between the governmental fund Statement of Revenues, Expenditures, and Changes in Fund Balances and the government-wide Statement of Activities

Primary Government

Exhibit C-4 includes explanations of the nature of individual elements of items required to reconcile the net change in fund balances – total governmental funds with the change in net assets of governmental activities reported in the government-wide Statement of Activities.

Discretely Presented Clarksville-Montgomery County School System

Exhibit K-5 includes explanations of the nature of individual elements of items required to reconcile the net change in fund balances – total governmental funds with the change in net assets of governmental activities reported in the government-wide Statement of Activities.

III. STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY

Budgetary Information

Annual budgets are adopted on a basis consistent with generally accepted accounting principles (GAAP) for all governmental funds except the Constitutional Officers - Fees Fund (special revenue fund), which is not budgeted, and the capital projects funds, which adopt project length budgets. All annual appropriations lapse at fiscal year end.

The county is required by state statute to adopt annual budgets. Annual budgets are prepared on the basis in which current available funds must be sufficient to meet current expenditures. Expenditures and encumbrances may not legally exceed appropriations authorized by the County Commission and any authorized revisions. Unencumbered appropriations lapse at the end of each fiscal year.

The budgetary level of control is at the major category level established by the County Uniform Chart of Accounts, as prescribed by the Comptroller of the Treasury of the State of Tennessee. Major categories are at the department level (examples of General Fund major categories: County Commission, Board of Equalization, Beer Board, Other Boards and Committees, etc.). Management may make revisions within major categories, but only the County Commission may transfer appropriations between major categories. During the year, several supplementary appropriations were necessary.

The county's budgetary basis of accounting is consistent with GAAP, except instances in which encumbrances are treated as budgeted expenditures. The difference between the budgetary basis and GAAP basis is presented on the face of each budgetary schedule.

At June 30, 2011, Montgomery County and the Clarksville-Montgomery County School System reported the following significant encumbrances:

Fund	Description	Amount
Primary Government		
Nonmajor Fund:		
Highway/Public Works	Guard-rail Improvements	\$ 279,858
School System:		
Major Fund:		
Education Capital Projects	School Construction	4,441,154

IV. DETAILED NOTES ON ALL FUNDS

A. Deposits and Investments

Montgomery County, the Clarksville-Montgomery County School System, the Bi-County Solid Waste Management System, the Emergency Communications District of Montgomery County, and the Montgomery County Rail Service Authority participate in an internal cash and investment pool through the Office of Trustee. The county trustee is the treasurer of the county and in this capacity is responsible for receiving, disbursing, and investing most county funds. Each fund's portion of this pool is displayed on the balance sheets or statements of net assets as Equity in Pooled Cash and Investments. Cash reflected on the balance sheets or statements of net assets represents nonpooled amounts held separately by individual funds.

Deposits

Legal Provisions. All deposits with financial institutions must be secured by one of two methods. One method involves financial institutions that participate in the bank collateral pool administered by the state treasurer. Participating banks determine the aggregate balance of their public fund accounts for the State of Tennessee and its political subdivisions. The amount of collateral required to secure these public deposits must equal at least 105 percent of the average daily balance of public deposits held. Collateral securities required to be pledged by the participating banks to protect their public fund accounts are pledged to the state treasurer on behalf of the bank collateral pool. The securities pledged to protect these accounts are pledged in the aggregate rather than against each account. The members of the pool may be required by agreement to pay an assessment to cover any deficiency. Under this additional assessment agreement, public fund accounts covered by the pool are considered to be insured for purposes of credit risk disclosure. For deposits with financial institutions that do not participate in the bank collateral pool, state statutes require that all deposits be collateralized with collateral whose market value is equal to 105 percent of the uninsured amount of the deposits. The collateral must be placed by the depository bank in an escrow account in a second bank for the benefit of the county.

Investments

Legal Provisions. Counties are authorized to make direct investments in bonds, notes, or treasury bills of the U.S. government and obligations guaranteed by the U.S. government or any of its agencies; deposits at state and federal chartered banks and savings and loan associations; bonds of any state or political subdivision rated A or higher by any nationally recognized rating service; nonconvertible debt securities of certain federal government sponsored enterprises; and the county's own legally issued bonds or notes. These investments may not have a maturity greater than two years. The county may make investments with longer maturities if various restrictions set out in state law are followed. Counties are also authorized to make investments in the State Treasurer's Investment Pool and in repurchase agreements. Repurchase agreements must be approved by the state Comptroller's Office and executed in accordance with procedures established by the State Funding Board. Securities purchased under a repurchase agreement must be obligations of the U.S. government or obligations guaranteed by the U.S. government or any of its agencies. When repurchase agreements are executed, the purchase of the securities must be priced at least two percent below the fair value of the securities on the day of purchase.

Investment Balances. As of June 30, 2011, Montgomery County had the following investments carried at cost. All investments are in the county trustee's investment pool. Separate disclosures concerning pooled investments cannot be made for Montgomery County and the discretely presented Clarksville-Montgomery County School System since both pool their deposits and investments through the county trustee.

<u>Investment</u>	<u>Maturities</u>	<u>Cost</u>
State Treasurer's Investment Pool	Daily	\$ 46,251

Interest Rate Risk. Interest rate risk is the risk that changes in interest rates will adversely affect the fair value of an investment. State statutes limit the maturities of certain investments as previously disclosed. Montgomery County does not have a formal investment policy that limits investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates.

Credit Risk. Credit risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligations. State statutes limit the ratings of certain investments as previously explained. Montgomery County has no investment policy that would further limit its investment choices. As of June 30, 2011, Montgomery County's investment in the State Treasurer's Investment Pool was unrated.

B. Capital Assets

Capital assets activity for the year ended June 30, 2011, was as follows:

Primary Government

Governmental Activities:

	* Restated Balance 7-1-10	Increases	Decreases	Balance 6-30-11
Capital Assets Not Depreciated:				
Land	\$ 7,904,463	\$ 0	\$ (87,994)	\$ 7,816,469
Construction in Progress	4,678,738	879,194	(2,815,063)	2,742,869
Total Capital Assets Not Depreciated	<u>\$ 12,583,201</u>	<u>\$ 879,194</u>	<u>\$ (2,903,057)</u>	<u>\$ 10,559,338</u>
Capital Assets Depreciated:				
Buildings and Improvements	\$ 101,025,561	\$ 2,542,587	\$ 0	\$ 103,568,148
Infrastructure	40,051,085	1,336,950	(84,526)	41,303,509
Intangibles	8,647,119	149,895	0	8,797,014
Other Capital Assets	10,348,340	1,094,553	(175,909)	11,266,984
Total Capital Assets Depreciated	<u>\$ 160,072,105</u>	<u>\$ 5,123,985</u>	<u>\$ (260,435)</u>	<u>\$ 164,935,655</u>
Less Accumulated Depreciation For:				
Buildings and Improvements	\$ 19,366,710	\$ 2,433,099	\$ 0	\$ 21,799,809
Infrastructure	16,202,052	345,704	(49,016)	16,498,740
Intangibles	7,116,837	181,665	0	7,298,502
Other Capital Assets	6,509,063	740,929	(158,318)	7,091,674
Total Accumulated Depreciation	<u>\$ 49,194,662</u>	<u>\$ 3,701,397</u>	<u>\$ (207,334)</u>	<u>\$ 52,688,725</u>
Total Capital Assets Depreciated, Net	<u>\$ 110,877,443</u>	<u>\$ 1,422,588</u>	<u>\$ (53,101)</u>	<u>\$ 112,246,930</u>
Governmental Activities Capital Assets, Net	<u>\$ 123,460,644</u>	<u>\$ 2,301,782</u>	<u>\$ (2,956,158)</u>	<u>\$ 122,806,268</u>

*See footnote I.D.8 for prior-period adjustment.

Depreciation expense was charged to functions of the primary government as follows:

Governmental Activities:

General Government	\$ 531,159
Finance	263,206
Administration of Justice	543,725
Public Safety	1,204,819
Public Health and Welfare	327,779
Social, Cultural, and Recreational Services	236,733
Agriculture and Natural Resources	34,982
Highway/Public Works	<u>558,994</u>
Total Depreciation Expense - Governmental Activities	<u>\$ 3,701,397</u>

Discretely Presented Clarksville-Montgomery County School System**Governmental Activities:**

	Balance 7-1-10	Increases	Decreases	Balance 6-30-11
Capital Assets Not Depreciated:				
Land	\$ 12,556,577	\$ 109,681	\$ 0	\$ 12,666,258
Construction in Progress	1,832,263	15,362,314	(269,929)	<u>16,924,648</u>
Total Capital Assets Not Depreciated	<u>\$ 14,388,840</u>	<u>\$ 15,471,995</u>	<u>\$ (269,929)</u>	<u>\$ 29,590,906</u>
Capital Assets Depreciated:				
Buildings and Improvements	\$ 308,978,223	\$ 1,160,834	\$ 0	\$ 310,139,057
Other Capital Assets	28,192,549	926,373	(800,257)	<u>28,318,665</u>
Total Capital Assets Depreciated	<u>\$ 337,170,772</u>	<u>\$ 2,087,207</u>	<u>\$ (800,257)</u>	<u>\$ 338,457,722</u>
Less Accumulated Depreciation For:				
Buildings and Improvements	\$ 70,902,172	\$ 6,653,475	\$ 0	\$ 77,555,647
Other Capital Assets	14,223,455	1,659,685	(797,716)	<u>15,085,424</u>
Total Accumulated Depreciation	<u>\$ 85,125,627</u>	<u>\$ 8,313,160</u>	<u>\$ (797,716)</u>	<u>\$ 92,641,071</u>
Total Capital Assets Depreciated, Net	<u>\$ 252,045,145</u>	<u>\$ (6,225,953)</u>	<u>\$ (2,541)</u>	<u>\$ 245,816,651</u>
Governmental Activities Capital Assets, Net	<u>\$ 266,433,985</u>	<u>\$ 9,246,042</u>	<u>\$ (272,470)</u>	<u>\$ 275,407,557</u>

Depreciation expense was charged to functions of the discretely presented School System as follows:

Governmental Activities:

Instruction	\$ 29,131
Support Services	8,175,702
Operation of Non-Instructional Services	<u>108,327</u>
Total Depreciation Expense - Governmental Activities	<u>\$ 8,313,160</u>

C. Construction Commitments

At June 30, 2011, the discretely presented School System's Education Capital Projects Fund had uncompleted construction contracts of approximately \$4,441,154 for various construction projects. Funding for these future expenditures has been received.

D. Interfund Receivables, Payables, and Transfers

The composition of interfund balances as of June 30, 2011, was as follows:

Due to/from Other Funds:

Receivable Fund	Payable Fund	Amount
Primary Government:		
General Debt Service	General	\$ 32,367
General	Agency	1,314
Internal Service	General	50,343
Internal Service	Nonmajor governmental	1,379
Nonmajor governmental	General	2,995
School System Component Unit:		
General Purpose School	School Federal Projects	1,687,993
General Purpose School	Nonmajor governmental	428
School Federal Projects	General Purpose School	10,348
Nonmajor governmental	General Purpose School	9,347
Nonmajor governmental	School Federal Projects	78
Nonmajor governmental	Nonmajor governmental	10,430

These balances resulted from the time lag between the dates that interfund goods and services are provided or reimbursable expenditures occur and payments between funds are made.

Due to/from Primary Government and Component Unit:

Receivable Fund	Payable Fund	Amount
	Component Unit:	
Primary Government:	School System:	
Self-Insurance (Internal Service)	General Purpose School	\$ 9,361
Self-Insurance (Internal Service)	School Federal Projects	193
Self-Insurance (Internal Service)	Nonmajor governmental	656
Component Unit:	Primary Government:	
School System:	Self-Insurance (Internal Service)	42,852
General Purpose School		

Interfund Transfers:

Interfund transfers for the year ended June 30, 2011, consisted of the following amounts:

Primary Government

Transfer Out	Transfer In
	General Debt Service Fund
General Fund	\$ 32,367

Discretely Presented Clarksville-Montgomery County School Department

Transfers Out	Transfers In	
	General Purpose School Fund	Nonmajor Governmental Funds
School Federal Projects Fund	\$ 4,096,130	\$ 1,297,915

Transfers are used to move revenues from the fund that statute or budget requires to collect them to the fund that statute or budget requires to expend them and to use unrestricted revenues collected in the General Fund to finance various programs accounted for in other funds in accordance with budgetary authorizations.

E. Long-term Debt

Primary Government

General Obligation Bonds, Notes, and Other Loans

The county issues general obligation bonds and other loans to provide funds for the acquisition and construction of major capital facilities. In addition, general obligation bonds have been issued to refund other general obligation bonds. Capital outlay notes are also issued to fund capital facilities and other capital outlay purchases, such as equipment.

General obligation bonds, capital outlay notes, and other loans are direct obligations and pledge the full faith and credit of the government. General obligation bonds, capital outlay notes, and other loans outstanding were issued for original terms of up to 21 years for bonds, up to four years for notes, and up to 21 years for other loans. Repayment terms are generally structured with increasing amounts of principal maturing as interest requirements decrease over the term of the debt. All bonds, notes, and other loans included in long-term debt as of June 30, 2011, will be retired from the General Debt Service Fund.

General obligation bonds, other loans, and capital outlay notes outstanding as of June 30, 2011, for governmental activities are as follows:

Type	Interest Rate	Original Amount of Issue	Balance 6-30-11
General Obligation Bonds	2 to 5.625%	\$ 128,850,000	\$ 69,525,000
General Obligation Bonds - Refunding	2 to 5.12095	331,705,000	197,225,000
Capital Outlay Notes	2.65 to 4	4,750,000	3,655,840
Other Loans	variable	46,375,705	41,012,415

In prior years, Montgomery County entered into loan agreements with the Tennessee State School Bond Authority. Under these loan agreements, the authority borrowed \$2,470,731 (Series 2001) and \$3,763,987 (Series 2005) Qualified Zone Academy Bonds and loaned the proceeds to Montgomery County for various renovation and construction projects. These loans are repayable at zero percent interest with annual administrative fees of \$847 and \$1,246, respectively.

In prior years, Montgomery County entered into a loan agreement with the City of Clarksville Public Building Authority. This loan agreement provided for the authority to make \$20,140,987 available for loan to Montgomery County on an as-needed basis for various renovation and construction projects. This loan is repayable at an interest rate that is a tax-exempt variable rate determined by the remarketing agent daily or weekly,

depending on the particular program. In addition, the county pays various other fees (trustee, letter of credit, and debt remarketing) in connection with this loan. At June 30, 2011, the variable interest rate was .24 percent and other fees totaled approximately .15 percent (letter of credit), .08 percent (remarketing) of the outstanding loan principal, and \$85 per month trustee fee.

Qualified School Construction Bonds were issued through the State of Tennessee, and the proceeds were loaned to Montgomery County and various other local governments across Tennessee. The county pays interest of 1.515 percent on its share of the bonds and also pays a monthly administrative fee. The county and the other borrowers of the bond proceeds are required to comply with federal regulations established for the Qualified School Construction Bond program. Failure to comply with those requirements may result in the loss of the tax credit status on the bonds. This would result in further charges to the borrowers including the requirement to pay the tax-credit rate (5.86 percent) in addition to the 1.515 percent for a total rate of 7.375 percent.

The annual requirements to amortize all general obligation bonds, notes, and other loans outstanding as of June 30, 2011, including interest payments and other loan fees, are presented in the following tables:

Year Ending June 30	Bonds		
	Principal	Interest	Total
2012	\$ 15,265,000	\$ 12,363,313	\$ 27,628,313
2013	17,050,000	11,659,011	28,709,011
2014	18,085,000	10,874,562	28,959,562
2015	19,055,000	10,101,261	29,156,261
2016	19,190,000	9,299,263	28,489,263
2017-2021	109,885,000	32,207,605	142,092,605
2022-2026	63,345,000	9,534,213	72,879,213
2027-2030	4,875,000	529,725	5,404,725
Total	\$ 266,750,000	\$ 96,568,953	\$ 363,318,953

Year Ending June 30	Notes		
	Principal	Interest	Total
2012	\$ 3,500,000	\$ 92,749	\$ 3,592,749
2013	49,923	6,234	56,157
2014	51,920	4,237	56,157
2015	53,997	2,160	56,157
Total	\$ 3,655,840	\$ 105,380	\$ 3,761,220

Year Ending June 30	Other Loans			
	Principal	Interest	Other Fees	Total
2012	\$ 2,447,050	\$ 347,890	\$ 84,974	\$ 2,879,914
2013	2,474,047	346,058	74,848	2,894,953
2014	2,501,049	344,162	61,325	2,906,536
2015	2,530,049	342,202	59,405	2,931,656
2016	2,560,049	340,171	57,417	2,957,637
2017-2021	12,267,832	1,667,820	254,736	14,190,388
2022-2026	12,138,692	1,605,252	193,471	13,937,415
2027-2029	4,093,647	44,552	26,962	4,165,161
Total	\$ 41,012,415	\$ 5,038,107	\$ 813,138	\$ 46,863,660

There is \$29,167,425 available in the General Debt Service Fund to service long-term debt. Bonded debt per capita totaled \$1,548, based on the 2010 federal census. Debt per capita, including bonds, notes, and other loans, totaled \$1,807, based on the 2010 federal census.

Changes in Long-term liabilities

Long-term liability activity for the year ended June 30, 2011, was as follows:

Primary Government

Governmental Activities:

	Bonds	Notes	Other Loans
Balance, July 1, 2010	\$ 280,180,000	\$ 5,450,000	\$ 39,231,202
Additions	0	0	3,994,268
Deductions	(13,430,000)	(1,794,160)	(2,213,055)
Balance, June 30, 2011	<u>\$ 266,750,000</u>	<u>\$ 3,655,840</u>	<u>\$ 41,012,415</u>
Balance Due Within One Year	<u>\$ 15,265,000</u>	<u>\$ 3,500,000</u>	<u>\$ 2,447,050</u>

	Compensated Absences	Other Postemployment Benefits	Claims and Judgments
Balance, July 1, 2010	\$ 2,033,248	\$ 687,758	\$ 3,411,133
Additions	2,711,650	442,745	31,027,678
Deductions	(2,613,994)	(45,188)	(31,341,089)
Balance, June 30, 2011	<u>\$ 2,130,904</u>	<u>\$ 1,085,315</u>	<u>\$ 3,097,722</u>
Balance Due Within One Year	<u>\$ 2,130,904</u>	<u>\$ 0</u>	<u>\$ 1,548,861</u>

Analysis of Noncurrent Liabilities Presented on Exhibit A:

Total Noncurrent Liabilities, June 30, 2011	\$ 317,732,196
Less: Due Within One Year	(24,891,815)
Add: Unamortized Premium on Debt	13,491,294
Less: Deferred Amount on Refunding	<u>(11,915,491)</u>
Noncurrent Liabilities - Due in More Than One Year - Exhibit A	<u>\$ 294,416,184</u>

The internal service funds primarily serve the governmental funds. Accordingly, claims and judgments for the internal service funds are included as part of the above totals for governmental activities. Compensated absences and other postemployment benefits will be paid from the employing funds, primarily the General and Highway/Public Works funds.

Defeasance of Prior Debt

In prior years, Montgomery County defeased certain outstanding general obligation bonds by placing the proceeds of new bonds into an irrevocable trust to provide for all future debt service payments on the old bonds. The trustee is empowered and required to pay all principal and interest on the defeased bonds as originally scheduled. Accordingly, the trust accounts and the defeased bonds are not included in the county's financial statements. At June 30, 2011, the following outstanding bonds are considered defeased:

2001 General Obligation	\$42,345,000
2001 General Obligation and Public Improvement	6,940,000
2003 General Obligation Refunding	17,300,000
2003 General Obligation and Public Improvement	5,000,000
2004 General Obligation School and Public Improvement	18,300,000
2005 General Obligation School and Public Improvement	27,850,000

Discretely Presented Clarksville-Montgomery County School System

Changes in Long-term Liabilities

Long-term liability activity for the discretely presented Clarksville-Montgomery County School System for the year ended June 30, 2011, was as follows:

	Other Postemployment Benefits	Compensated Absences	Claims and Judgments
Balance, July 1, 2010	\$ 1,624,666	\$ 1,101,610	\$ 764,028
Additions	1,326,413	1,172,858	74,846
Deductions	(600,358)	(1,198,986)	(134,887)
Balance, June 30, 2011	<u>\$ 2,350,721</u>	<u>\$ 1,075,482</u>	<u>\$ 703,987</u>
Balance Due Within One Year	<u>\$ 0</u>	<u>\$ 1,043,217</u>	<u>\$ 381,318</u>

Analysis of Noncurrent Liabilities Presented on Exhibit A:

Total Noncurrent Liabilities, June 30, 2011	\$ 4,130,190
Less: Due Within One Year	<u>(1,424,535)</u>
Noncurrent Liabilities - Due in More Than One Year - Exhibit A	<u>\$ 2,705,655</u>

Claims and judgments for the School System's workers' compensation program will be retired from the General Purpose School Fund. Compensated absences and other postemployment benefits will be paid from the employing funds, primarily the General Purpose School and School Federal Projects funds.

F. On-Behalf Payments – Discretely Presented Clarksville-Montgomery County School System

The State of Tennessee pays health insurance premiums for retired teachers on-behalf of the Clarksville-Montgomery County School System. These payments are made by the state to the Medicare Supplement Plan. This plan is administered by the State of Tennessee and reported in the state's Comprehensive Annual Financial Report. Payments by the state to the Medicare Supplement Plan for the year ended June 30, 2011, were \$72,742. The School System has recognized these on-behalf payments as revenues and expenditures in the General Purpose School Fund.

G. Short-term Debt

Montgomery County issued tax anticipation notes in advance of property tax collections and deposited the proceeds in the School Federal Projects Fund. These notes were necessary because funds were not available to meet obligations coming due before current tax collections. Short-term debt activity for the year ended June 30, 2011, was as follows:

	7-1-10	Issued	Paid	6-30-11
Tax Anticipation Notes	\$ 0	\$ 1,250,000	\$ (1,250,000)	\$ 0

V. OTHER INFORMATION

A. Risk Management

Montgomery County, and the Clarksville-Montgomery County School System, the Bi-County Solid Waste Management System, the Emergency Communications District of Montgomery County, component units, have chosen to establish the Self-Insurance Fund for risks associated with the employees' health insurance plan. The Self-Insurance Fund is accounted for as an internal service fund where assets are set aside for claim settlements. The county retains the risk of loss to a limit of \$175,000 per specific loss. The county obtained a stop/loss commercial insurance policy to cover claims beyond this liability. The county carries no aggregate reinsurance coverage.

All full-time and part-time employees of the primary government and the above-noted discretely presented component units are eligible to participate. A premium charge is allocated to each fund that accounts for all eligible participating employees. This charge is based on actuarial estimates of the amounts needed to pay prior- and current-year claims and to establish a reserve for catastrophic losses. Liabilities of the fund are reported when it is probable that a loss has occurred and the amount of the loss can be reasonably estimated. The Self-Insurance Fund establishes claims liabilities based on estimates of the ultimate cost of claims that have been reported but not settled and of claims that have been incurred but not reported. Claims liabilities include incremental claim adjustment expenditures/expenses, if any. In addition, estimated recoveries, if any, on settled claims have been deducted from the liability for unpaid claims. The process used to compute claims liabilities does not necessarily result in an exact amount. Changes in the balance of claims liabilities during the past two fiscal years are as follows:

	Beginning of Fiscal Year Liability	Current-year Claims and Estimates	Payments	Balance at Fiscal Year-end
2009-10	\$ 2,367,526	\$ 36,848,360	\$ (36,203,153)	\$ 3,012,733
2010-11	3,012,733	30,957,495	(31,213,229)	2,756,999

Montgomery County has decided to maintain a self-insurance plan for risks associated with workers' compensation claims. Claims are paid from the Workers' Compensation Fund. The county administers this plan internally instead of contracting out this service. The county retains the risk of loss to a limit of \$300,000 per specific loss. Montgomery County has obtained a stop/loss commercial insurance policy to cover claims beyond this liability.

All employees of Montgomery County, the Bi-County Solid Waste Management System, and the Emergency Communications District of Montgomery County participate. Liabilities of the fund are reported when it is probable that a loss has occurred, and the amount of the loss can be reasonably estimated. The fund establishes claims liabilities based on estimates of the ultimate cost of claims that have been reported but not settled, and of claims that have been incurred but not reported. Claims liabilities include incremental claim adjustment expenditures/expenses, if any. In addition, estimated recoveries, if any, on settled claims have been deducted from the liability for unpaid claims. The process used to compute claims liabilities does not necessarily result in an exact amount. Changes in the balance of claims liabilities during the past two fiscal years are as follows:

	Beginning of Fiscal Year Liability	Current-year Claims and Estimates	Payments	Balance at Fiscal Year-end
2009-10	\$ 456,164	\$ 0	\$ (139,164)	\$ 317,000
2010-11	317,000	0	(57,677)	259,323

On December 1, 2004, Montgomery County decided to establish an on-the-job injury program for risks associated with workplace injury. The on-the-job injury program is accounted for in the Workers' Compensation Fund (internal service fund) where assets are set aside for claims settlements. All employees of the primary government, the Emergency Communications District of Montgomery County, and the Bi-County Solid Waste Management System are eligible to participate. Qualified individuals shall receive a portion of their salary, not to exceed six months of benefits, provided there is medical documentation from a county-designated physician. Benefits shall not extend beyond one calendar year from the date of injury or illness. The process used to compute claims liabilities does not necessarily result in an exact amount. Changes in the balance of claims liabilities during the current fiscal year are as follows:

	Beginning of Fiscal Year Liability	Current-year Claims and Estimates	Payments	Balance at Fiscal Year-end
2009-10	\$ 67,500	\$ 13,900	\$ 0	\$ 81,400
2010-11	81,400	70,183	(70,183)	81,400

Montgomery County, the Clarksville-Montgomery County School System, the Emergency Communications District of Montgomery County, and the Bi-County Solid Waste Management System decided to maintain a self-insurance plan for risks associated with unemployment compensation claims. The county and the above-noted component units participate in the unemployment

compensation program administered by the State of Tennessee. The fund is financed from interest earnings, and each fund is assessed for excess claims filed.

Montgomery County and the discretely presented Clarksville-Montgomery County School System are exposed to various risks related to general liability, property, and casualty losses. Officials decided it was more economically feasible to join a public entity risk pool for general liability, property, and casualty insurance coverage. Montgomery County and the School System joined the Local Government Property and Casualty Fund (LGPCF), which is a public entity risk pool established by the Tennessee County Services Association, an association of member counties. Montgomery County and the School System pay annual premiums to the LGPCF for its general liability, property, and casualty insurance coverage. The creation of the LGPCF provides for it to be self-sustaining through member premiums. The LGPCF reinsures through commercial insurance companies.

The School System decided to maintain a self-insurance plan for risks associated with workers' compensation claims. Claims are paid from the General Purpose School Fund, and the plan is administered by Brentwood Services. The School System retains the risk of loss to a limit of \$275,000 per specific loss. The School System has obtained a stop/loss commercial insurance policy to cover claims beyond this liability.

All employees of the School System participate. Liabilities of the fund are reported when it is probable that a loss has occurred, and the amount of the loss can be reasonably estimated. The fund establishes claims liabilities based on estimates of the ultimate cost of claims that have been reported but not settled, and of claims that have been incurred but not reported. Claims liabilities include incremental claim adjustment expenditures/expenses, if any. In addition, estimated recoveries, if any, on settled claims have been deducted from the liability for unpaid claims. The process used to compute claims liabilities does not necessarily result in an exact amount. Changes in the balance of claims liabilities during the past two fiscal years are as follows:

	Beginning of Fiscal Year Liability	Current-year Claims and Estimates	Payments	Balance at Fiscal Year-end
2009-10	\$ 817,623	\$ 0	\$ (134,267)	\$ 683,356
2010-11	683,356	0	(38,017)	645,339

On January 1, 2006, the School System decided to establish an on-the-job injury program for risks associated with workplace injury. The on-the-job injury program is accounted for in the General Purpose School Fund where assets are set aside for claims settlements. All employees of the School System are eligible to participate. Qualified individuals shall receive

a portion of their salary, not to exceed three months of benefits, provided there is medical documentation from a county-designated physician. Benefits shall not extend beyond one calendar year from the date of injury or illness. The process used to compute claims liabilities does not necessarily result in an exact amount. Changes in the balance of claims liabilities during the past two fiscal years are as follows:

	Beginning of Fiscal Year Liability	Current-year Claims and Estimates	Payments	Balance at Fiscal Year-end
2009-10	\$ 86,254	\$ 87,207	\$(92,789)	\$ 80,672
2010-11	80,672	74,846	(96,870)	58,648

B. Accounting Change

Provisions of Governmental Accounting Standards Board (GASB) Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions* became effective for the year ended June 30, 2011.

GASB Statement No. 54 establishes fund balance classifications that comprise a hierarchy based primarily on the extent to which a government is bound to observe constraints imposed upon the use of the resources reported in governmental funds. These classifications include nonspendable, restricted, committed, assigned, and unassigned and are based on the relative strength of the constraints that control how specific amounts can be spent. Also, Statement No. 54 clarified the definitions of the General Fund and the special revenue, capital projects, debt service, and permanent fund types. Montgomery County and the Clarksville-Montgomery County School System have implemented provisions of this statement in the financial statements of this report for their governmental funds.

C. Subsequent Event

On July 28, 2011, Montgomery County issued general obligation bonds totaling \$65,000,000 for various county and school improvements.

D. Contingent Liabilities

The county is involved in several pending lawsuits. The county attorney estimates that the potential claims against the county not covered by insurance resulting from such litigation would not materially affect the county's financial statements.

E. Landfill Closure/Postclosure Care Costs

State and federal laws and regulations require the county to place a final cover on its landfill site when it stops accepting waste and to perform certain

maintenance and monitoring functions at the site for 30 years after closure. Although closure and postclosure care costs will be paid only near or after the date that the landfill stops accepting waste, the Bi-County Solid Waste Management System, a component unit, will report a portion of these closure and postclosure care costs as an operating expense in each period based on landfill capacity used as of each balance sheet date.

F. Joint Ventures

The Montgomery County Rail Service Authority provides a continuation of rail service within the area of Montgomery County, and its governing body comprises four members. The county mayor serves as a member of the authority and appoints another member subject to the County Commission's approval. The mayor of the City of Clarksville serves as a member and appoints another member subject to the Clarksville City Council's approval. State grants provide the majority of funding for the rail authority.

Montgomery County and the City of Clarksville jointly created the Clarksville Montgomery County Airport and the Clarksville Montgomery County Regional Planning Commission. These joint ventures are operated by county/city-appointed boards/commissions for the benefit of all citizens of the two entities. Montgomery County has control over budgeting and financing the joint ventures only to the extent of representation by the board members appointed. Each entity is responsible for funding 50 percent of any deficits from operations if not covered by prior earnings. Montgomery County contributed \$272,156 to the operations of the airport during the year ended June 30, 2011.

The Economic and Community Development Board is a joint venture between Montgomery County and the City of Clarksville. The board comprises the county mayor, city mayor, and several additional members. The purpose of the board is to foster communications relative to economic and community development between and among governmental entities, industry, and private citizens. The county and city will provide the majority of funding for the board based on the percentage of their population compared to the total census of the county when financial activity begins. Montgomery County did not appropriate any funds to the Economic and Community Development Board during the 2010-11 year.

The Clarksville-Montgomery County Sports Authority promotes and develops sports and recreational opportunities in Montgomery County. The county and the City of Clarksville jointly appoint the 11-member board. Montgomery County has control over budgeting and financing the joint venture only to the extent of representation by the board members appointed.

The Nineteenth Judicial District Drug Task Force (DTF) is a joint venture formed by an interlocal agreement between the district attorney general of the Nineteenth Judicial District and Montgomery County. The purpose of the DTF is to provide multi-jurisdictional law enforcement to promote the

investigation and prosecution of drug-related activities. Funds for the operations of the DTF come primarily from federal grants, drug fines, and the forfeiture of drug-related assets to the DTF. The DTF is overseen by the district attorney general and is governed by a board of directors including the district attorney general and the Montgomery County Sheriff. Montgomery County did not appropriate any funds to the DTF during the 2010-11 year.

Montgomery County does not have an equity interest in any of the above-noted joint ventures. Complete financial statements for the joint ventures can be obtained from their administrative offices at the following addresses:

Administrative Offices:

Montgomery County Rail Service Authority
Montgomery County Mayor
P.O. Box 368
Clarksville, TN 37040

Clarksville Montgomery County Airport
200 Airport Road
Clarksville, TN 37042

Clarksville Montgomery County Regional
Planning Commission
329 Main Street
Clarksville, TN 37040

Economic and Community Development Board
329 Main Street
Clarksville, TN 37040

Montgomery County Sports Authority
c/o Economic Development Council
312 Madison Street
Clarksville, TN 37040

Office of District Attorney General
Nineteenth Judicial District Drug Task Force
P.O. Box 3203
Clarksville, TN 37043

G. Jointly Governed Organizations

The county and the City of Clarksville jointly appoint the 13-member board of the Clarksville-Montgomery County Community Health Foundation, Inc. The foundation is designed to facilitate activities that promote the general health of the community. The county and city do not have any ongoing financial interest or responsibility for the foundation.

The county, in conjunction with the City of Clarksville, has created the Clarksville-Montgomery County Tourism Commission. The nine-member Tourism Commission is selected by and with the joint approval of the city mayor and county mayor. Major funding for this organization is from the hotel/motel tax; however, the county and city do not have any ongoing financial interest or responsibility for this entity.

H. Retirement Commitments

1. Tennessee Consolidated Retirement System (TCRS)

Plan Description

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

The TCRS issues a publicly available financial report that includes financial statements and required supplementary information for the PSPP. That report may be obtained by writing to the Tennessee Treasury Department, Consolidated Retirement System, 10th Floor, Andrew Jackson Building, Nashville, TN 37243-0230 or can be accessed at <http://www.tn.gov/treasury/tcrs/PS/>.

Funding Policy

Montgomery County has adopted a noncontributory retirement plan for its employees by assuming employee contributions up to five percent of annual covered payroll. The county is required to contribute

at an actuarially determined rate; the rate for the fiscal year ended June 30, 2011, was 14.63 percent of annual covered payroll. The contribution requirement of plan members is set by state statute. The contribution requirement for the county is established and may be amended by the TCRS Board of Trustees.

Annual Pension Cost

For the year ended June 30, 2011, the county’s annual pension cost of \$8,861,226 to TCRS was equal to the county’s required and actual contributions. The required contribution was determined as part of the July 1, 2009, actuarial valuation using the frozen entry age actuarial cost method. Significant actuarial assumptions used in the valuation include (a) rate of return on investment of present and future assets of 7.5 percent a year compounded annually, (b) projected salary increases of 4.75 percent (graded) annual rate (no explicit assumption is made regarding the portion attributable to the effects of inflation on salaries), (c) projected 3.5 percent annual increase in the Social Security wage base, and (d) projected post retirement increases of 2.5 percent annually. The actuarial value of assets was determined using techniques that smooth the effect of short-term volatility in the market value of total investments over a ten-year period. The county’s unfunded actuarial accrued liability is being amortized as a level dollar amount on a closed basis. The remaining amortization period at July 1, 2009, was six years. An actuarial valuation was performed as of July 1, 2009, which established contribution rates effective July 1, 2010.

Trend Information

Fiscal Year Ended	Annual Pension Cost (APC)	Percentage of APC Contributed	Net Pension Obligation
6-30-11	\$8,861,226	100%	\$0
6-30-10	8,448,199	100	0
6-30-09	8,182,159	100	0

Funded Status and Funding Progress

As of July 1, 2009, the most recent actuarial valuation date, the plan was 83.59 percent funded. The actuarial accrued liability for benefits was \$145 million, and the actuarial value of assets was \$122 million, resulting in an unfunded actuarial accrued liability (UAAL) of \$24 million. The covered payroll (annual payroll of active employees covered by the plan) was \$56 million, and the ratio of the UAAL to the covered payroll was 42.25 percent.

The Schedule of Funding Progress, presented as required supplementary information following the notes to the financial statements, presents multi-year trend information about whether the actuarial values of plan assets are increasing or decreasing over time relative to the actuarial accrued liability for benefits.

The annual required contribution was calculated using the aggregate actuarial cost method. Since the aggregate actuarial cost method does not identify or separately amortize unfunded actuarial liabilities, information about funded status and funding progress has been prepared using the entry age actuarial cost method for that purpose, and this information is intended to serve as a surrogate for the funded status and funding progress of the plan.

SCHOOL TEACHERS

Plan Description

The Montgomery County School Department contributes to the State Employees, Teachers, and Higher Education Employees Pension Plan (SETHEEPP), a cost-sharing multiple-employer defined benefit pension plan administered by the Tennessee Consolidated Retirement System (TCRS). TCRS provides retirement benefits as well as death and disability benefits to plan members and their beneficiaries. Benefits are determined by a formula using the member's high five-year average salary and years of service. Members become eligible to retire at the age of 60 with five years of service or at any age with 30 years of service. A reduced retirement benefit is available to vested members who are at least 55 years of age or have 25 years of service. Disability benefits are available to active members with five years of service who become disabled and cannot engage in gainful employment. There is no service requirement for disability that is the result of an accident or injury occurring while the member was in the performance of duty. Members joining the plan on or after July 1, 1979, are vested after five years of service. Members joining prior to July 1, 1979, are vested after four years of service. Benefit provisions are established in state statute found in Title 8, Chapters 34-37 of *Tennessee Code Annotated*. State statutes are amended by the Tennessee General Assembly. Cost of living adjustments (COLA) are provided to retirees each July based on the percentage change in the Consumer Price Index (CPI) during the previous calendar year. No COLA is granted if the CPI increases less than one-half percent. The annual COLA is capped at three percent.

The TCRS issues a publicly available financial report that includes financial statements and required supplementary information for the SETHEEPP. That report may be obtained by writing to the Tennessee Treasury Department, Consolidated Retirement System,

10th Floor, Andrew Jackson Building, Nashville, TN 37243-0230, or can be accessed at www.tn.gov/treasury/tcrs/Schools.

Funding Policy

Most teachers are required by state statute to contribute five percent of their salary to the plan. The employer contribution rate for the School Department is established at an actuarially determined rate. The employer rate for the fiscal year ended June 30, 2011, was 9.05 percent of annual covered payroll. The employer contribution requirement for the School Department is established and may be amended by the TCRS Board of Trustees. The employer's contributions to TCRS for the years ended June 30, 2011, 2010, and 2009, were \$9,822,189, \$6,735,354, and \$6,367,471, respectively, equal to the required contributions for each year.

2. Deferred Compensation – Primary Government

Montgomery County offers its employees two deferred compensation plans, one established pursuant to IRC Section 457 and the other pursuant to IRC Section 401(k). All costs of administering and funding these programs are the responsibility of plan participants. The Section 401(k) and Section 457 plan assets remain the property of the contributing employees and are not presented in the accompanying financial statements. IRC Sections 401(k) and 457 establish participation, contribution, and withdrawal provisions for the plans.

3. Deferred Compensation – Discretely Presented Clarksville-Montgomery County School System

The discretely presented Clarksville-Montgomery County School System offers its employees a deferred compensation plan established pursuant to IRC Section 403(b). All costs of administering and funding this program are the responsibility of plan participants. The Section 403(b) plan assets remain the property of the contributing employees and are not presented in the accompanying financial statements. IRC Section 403(b) establishes participation, contribution, and withdrawal provisions for the plans.

I. Other Postemployment Benefits (OPEB)

Self-Insurance Plan

Plan Description

All full-time employees and eligible retirees of the primary government and the discretely presented Clarksville-Montgomery County School System are eligible to participate in the health and dental insurance cost sharing plan

accounted for in the Self-Insurance Fund (internal service fund). For accounting purposes, the plan is an agent single-employer defined benefit OPEB plan. Benefits are established and amended by an insurance committee established by the County Commission.

Funding Policy

The premium requirements of plan members are established and may be amended by the insurance committee. The plan is self-insured and financed on a pay-as-you-go basis. Claims liabilities of the plan are periodically computed using actuarial and statistical techniques to establish premium rates. The county develops its own contribution policy in terms of subsidizing active employees or retired employees' premiums.

Employees who retire from Montgomery County become eligible for retiree health coverage if they have 20 years of service and were enrolled in the health insurance program for at least three years. Montgomery County pays a portion of the premium for retirees and their spouses.

The School System also offers postemployment health care benefits to employees who have 30 years of verified Tennessee Consolidated Retirement System service or have reached 55 years of age with a minimum of 20 years of service. The School System provides retirees and their spouses with the same health insurance coverage that full-time employees receive if the eligible employees were covered with the same before their retirement. A portion of the cost of the insurance premium will be paid by the School System. The insurance coverage will remain in effect until the retiree attains the age of 65 or ten years of service, whichever comes first.

The School System also provides postemployment life insurance benefits to certified employees with 20 years of service. The School System pays 100 percent of life insurance premiums (\$7,000 policy) until death. Employees hired after July 1, 2008, are not eligible for this benefit.

Annual OPEB Cost and Net OPEB Obligation

	Primary Government	School System	Total
ARC	\$ 440,843	\$ 1,321,044	\$ 1,761,887
Interest on the NPO	25,896	73,110	99,006
Adjustment to the ARC	(23,994)	(67,741)	(91,735)
Annual OPEB cost	\$ 442,745	\$ 1,326,413	\$ 1,769,158
Amount of contribution	(45,188)	(600,358)	(645,546)
Increase/decrease in NPO	\$ 397,557	\$ 726,055	\$ 1,123,612
Net OPEB obligation, 7-1-10	687,758	1,624,666	2,312,424
Net OPEB obligation, 6-30-11	\$ 1,085,315	\$ 2,350,721	\$ 3,436,036

Fiscal Year Ended	Plans	Annual OPEB Cost	Percentage of Annual OPEB Cost Contributed	Net OPEB Obligation at Year End
6-30-09	Primary Government	\$ 350,621	12 %	\$ 309,188
6-30-10	"	410,808	8	687,758
6-30-11	"	442,745	10	1,085,315
6-30-09	School System	1,330,852	40	796,831
6-30-10	"	1,332,892	38	1,624,666
6-30-11	"	1,326,413	45	2,350,721

Funded Status and Funding Progress

The funded status of the plans as of January 1, 2010, and July 1, 2010, was:

	Primary Government	School System
Actuarial valuation date	1-1-10	7-1-10
Actuarial accrued liability (AAL)	\$ 3,650,542	\$ 13,235,795
Actuarial value of plan assets	\$ 0	\$ 0
Unfunded actuarial accrued liability (UAAL)	\$ 3,650,542	\$ 13,235,795
Actuarial value of assets as a % of the AAL	0%	0%
Covered payroll (active plan members)	\$ 26,550,578	\$ 137,204,785
UAAL as a % of covered payroll	14%	10%

Actuarial valuations involve estimates of the value of reported amounts and assumptions about the probability of events far into the future, and actuarially determined amounts are subject to continual revision as actual results are compared to past expectations and new estimates are made about the future. The Schedule of Funding Progress, presented as required supplementary information following the notes to the financial statements, presents multi-year trend information about whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liability for benefits.

Actuarial Methods and Assumptions

Calculations are based on the types of benefits provided under the terms of the substantive plan at the time of each valuation and on the pattern of sharing of costs between the employer and plan members to that point. Actuarial calculations reflect a long-term perspective. Consistent with that perspective, actuarial methods and assumptions used include techniques that are designed to reduce short-term volatility in actuarial accrued liabilities and the actuarial value of assets.

In the July 1, 2010, actuarial valuation for the School System, the projected unit credit actuarial cost method was used. The actuarial assumptions included a 4.5 percent investment rate of return (net of administrative expenses) and an annual healthcare cost trend rate of 11 percent for 2010, grading down to five percent for 2019 and beyond. The unfunded actuarial accrued liability is being amortized as a level dollar amount on a closed basis over a 30-year period beginning with June 30, 2009.

In the January 1, 2010, actuarial valuation for the primary government, the projected unit credit actuarial cost method was used. The actuarial assumptions included a 4.5 percent investment rate of return (net of administrative expenses) and an annual healthcare cost trend rate of eight percent for 2010, grading down to five percent for 2016 and beyond. The unfunded actuarial accrued liability is being amortized as a level dollar amount on a closed basis over a 30-year period beginning with June 30, 2009.

J. Office of Central Accounting, Budgeting, and Purchasing

Montgomery County operates under the provisions of the Fiscal Control Acts of 1957. These acts provide for a central system of accounting, budgeting, and purchasing covering funds administered by the county mayor and highway supervisor. These funds are maintained in the Offices of Central Accounting and Budgeting and Central Purchasing under the supervision of the director of accounts and budgets and the purchasing agent.

K. Purchasing Laws

Office of Central Purchasing

Purchasing procedures for the County Mayor's Office and the Highway Department are governed by the County Purchasing Law of 1957, Section 5-14-101 et seq., *Tennessee Code Annotated (TCA)*. Purchases for the Highway Department are also governed by the Uniform Road Law, Section 54-7-113, *TCA*. Section 5-14-101 et seq., *TCA*, provides for a purchasing agent, appointed by the county mayor and approved by the Montgomery County Commission, to make all purchases. This statute also provides for a County Purchasing Commission to assist the purchasing agent in the determination of overall purchasing policies. These statutes require all purchases exceeding \$10,000 to be made on the basis of publicly advertised competitive bids.

Office of Director of Schools

Purchasing procedures for the School System are governed by purchasing laws applicable to schools as set forth in Section 49-2-203, *TCA*, which provides for the county Board of Education, through its executive committee (director of schools and chairman of the Board of Education), to make all purchases. This statute also provides for the School System, which has a purchasing division, to use a comprehensive vendor list to solicit competitive

bids on all purchases exceeding \$10,000 provided the vendors on such list are given notice to bid. This statute also requires the purchasing division to periodically advertise in a county newspaper of general circulation for vendors and to update the list of vendors following such advertisement.

VI. OTHER NOTES – DISCRETELY PRESENTED CLARKSVILLE-MONTGOMERY COUNTY PUBLIC LIBRARY

A. Significant Accounting Policies

1. Reporting Entity

The Clarksville-Montgomery County Public Library, for financial purposes, includes all of the funds for which the library is considered to be financially accountable. The library is a special purpose single-program government with only governmental activities. The library is a component unit of Montgomery County Government. The board is comprised of members that are appointed by the Montgomery County Commission. The county provides approximately 78 percent of the revenues of the library.

2. Government-wide Financial Statements

The government-wide financial statements include a statement of net assets and a statement of activities. These statements present summaries of governmental activities for the library.

Government-wide statements are prepared using an economic resources measurement focus and the accrual basis of accounting. Accordingly, all of the library's assets and liabilities are included in the accompanying Statement of Net Assets.

3. Basis of Presentation and Measurement Focus

The library uses funds to maintain its financial records during the year. A fund is defined as a fiscal and accounting entity with a self-balancing set of accounts. The library has only governmental type funds.

4. Property, Plant, and Equipment

All property, plant, and equipment are valued at historical cost or estimated historical cost if actual historical cost is not available. Donated items are valued at their estimated fair value on the date donated. No interest was capitalized during the audit period.

Depreciation is computed on capital assets using the straight-line method over the following useful lives:

<u>Assets</u>	<u>Years</u>
Furniture and Equipment	5 - 10
Building Improvements	10
Books and Videos	5

Property with an expected life of five years or greater and that is susceptible to misappropriation is capitalized. There is no dollar threshold.

5. Basis of Accounting

Basis of accounting refers to when revenues and expenditures or expenses are recognized in the accounts and reported in the financial statements. Basis of accounting relates to the timing of the measurements made, regardless of the measurement focus applied.

The library is subject to the accounting directives issued by the Governmental Accounting Standards Board (GASB) and, therefore, has adopted, in all material respects, the provisions of all applicable GASB pronouncements and all applicable pronouncements of the Financial Accounting Standards Board issued through November 30, 1989, which do not conflict with GASB pronouncements.

The library utilizes the modified accrual basis of accounting as required for governmental fund types. Revenues are recognized when they become both measurable and available. Available means collectible within the current period or soon enough thereafter to pay current liabilities. The library considers revenues to be available if they are collected within 60 days of the end of the fiscal year. All major revenues are susceptible to accrual.

Expenditures are generally recognized under the modified accrual basis of accounting when the related fund liability is incurred.

6. Donated Services

Donated services are not valued as contributions and are not recorded as expenditures.

7. Donated Supplies and Equipment

Donated supplies and equipment are recorded as gifts at fair market value on the date donated. Supplies are recorded as expenditures at the same value and donated equipment is capitalized.

8. Accrued Compensated Absences

The library accrues unused annual leave as compensated absences. Unused sick leave is not valued since it is paid only when actually used.

9. Major Funding

The library is primarily funded by transfers of funds from Montgomery County. Cessation of funding by Montgomery County would have a major economic impact on the library and might adversely affect the library's ability to continue operations.

10. Grant Accounting

Grants are accounted for separately, and separate bank accounts are utilized for large grants. The library received no material grants during the audit period.

11. Restricted/Unrestricted Resources Usage

The library's policy is to apply restricted resources first when an expense is incurred for purposes for which both restricted and unrestricted net assets are available.

12. Date of Management Review

Subsequent events have been evaluated through November 10, 2011, which is the date the financial statements were available to be issued.

13. Net Assets

In the government-wide financial statements, equity is classified as net assets and displayed in three components:

- a. Invested in capital assets – Consists of capital assets, including restricted capital assets, net of accumulated depreciation.
- b. Restricted net assets – Consists of net assets with constraints placed on the use either by (1) external groups such as creditors, grantors, contributors, or laws or regulations of other governments or (2) law through constitutional provisions or enabling legislation.
- c. Unrestricted net assets – All other net assets that do not meet the definition of restricted or invested in capital assets.

14. Other Significant Accounting Policies

Other significant accounting policies are described throughout the notes section of this audit report or disclosed in the statement formats.

B. Bank Deposit Information

Statement No. 40, *Deposit and Investment Risk Disclosures*, of the Governmental Accounting Standards Board, states "If a government has no deposit or investment policy that addresses a specific type of risk that it is exposed to, the disclosure should indicate that fact." The library does not have an official investment policy. Although there is no official investment policy for the library, to provide a safe temporary medium for investment of the library's idle funds, the library invests those idle funds under the provisions of *Tennessee Code Annotated (TCA)*, Section 6-56-106. The library is a passive investor, in that investments are held until maturity. The investments made by the library are authorized by Section 6-56-106, *TCA*. The library recognizes its investments may have one or more risks: (1) custodial credit risk, (2) concentrations of credit risk, (3) interest rate risk, and (4) foreign currency risk; however, because of the relative safety of the investments authorized in *TCA*, Sections 6-56-106 (a) 1-6 and 8, the exposure to risk is generally limited to interest rate risk.

State statutes authorize the library to invest in: (1) U.S. government securities and obligations guaranteed by the U.S. government; (2) deposit accounts at state and federally chartered banks and savings and loan associations; and (3) the Local Government Investment Pool of the State of Tennessee. During the current fiscal year, the library invested funds in regular demand deposits. At year end, the carrying amount of the library's cash deposits was \$74,828, and the bank balances were \$105,069. The cash deposits at year end were held by a bank that is a member of the Tennessee bank collateral pool.

The library's deposits are entirely covered by federal depository insurance (FDIC) or by collateral held in a multiple financial institution collateral pool administered by the State of Tennessee. The FDIC insures the first \$250,000 of the library's deposits at each financial institution. Deposit balances over \$250,000 are insured by the collateral pool. State statutes provide for additional amounts to be assessed on a pro rata basis to financial institutions in the collateral pool in the event that the pool's funds would be insufficient to cover a loss.

C. Gracey Trust Income

The library was named as a beneficiary of a portion of the estate of Mrs. Donald Gracey. The principal of the bequest is held in trust for a period of 30 years from the settlement of the estate. Income from this trust totaling 28.5 percent is to be paid to the library on at least a quarterly basis. Upon expiration of 30 years, 28.5 percent of the trust corpus will be delivered to the

library. The estate was settled in 1992. During the year, income of \$93,137 was donated to the library. The bequest is to be used for general library purposes as directed by its board.

D. Memorial Income

The memorial income is used to receive and expense memorial and other special donations to the library. The funds are restricted and are accounted for as a part of the general fund. The restricted cash balance on June 30, 2011, was \$10,678.

E. Component Unit

The Clarksville-Montgomery County Public Library Foundation is a legally separate, tax-exempt component unit of the library. The foundation's primary purpose is to provide assistance to the library through fund-raising activities and through the management, investment, and administration of the funds under the foundation's control. The funds raised by the foundation are not to be used for the funding of day-to-day operations of the library but for special programs, activities, and capital projects. The three-member board is self-perpetuating and consists of residents of Montgomery County with diverse business, personal, and professional experience. Although the library does not control the timing or amount of receipts from the foundation, the majority of the resources that the foundation holds are restricted to library purposes. Because these resources can only be used by or for the benefit of the library, the foundation is considered a component unit of the library. The foundation is required to disburse between 25 percent and 75 percent of the annual interest or dividends earned on foundation investments during the previous year ending December 31.

The foundation's year-end, December 31, differs from the library's year-end. The December 31, 2010, audited financial statements are included in the library's June 30, 2011, basic financial statements. The foundation's bylaws, adopted April 1, 2005, require the foundation's accounts to be audited annually.

Complete financial statements for the foundation can be obtained from the Secretary/Treasurer, Clarksville-Montgomery County Public Library Foundation, 350 Pageant Lane, Suite 501, Clarksville, Tennessee 37040.

F. Capital Assets

Changes in the capital assets for the year were as follows:

	Balance			Balance
	7-1-10	Additions	Deductions	6-30-11
<u>Depreciable Assets</u>				
Furniture, Fixtures, Equipment and Software	\$ 1,884,960	\$ 156,679	\$ 0	\$ 2,041,639
Building Improvements	120,976	3,051	0	124,027
Library Resources	3,786,038	303,971	174,097	3,915,912
Total	\$ 5,791,974	\$ 463,701	\$ 174,097	\$ 6,081,578
<u>Accumulated Depreciation</u>				
Furniture, Fixtures, Equipment and Software	\$ 1,327,680	\$ 157,748	\$ 0	\$ 1,485,428
Building Improvements	60,679	625	0	61,304
Library Resources	2,879,149	307,314	174,097	3,012,366
Total	\$ 4,267,508	\$ 465,687	\$ 174,097	\$ 4,559,098
Capital Assets, Net of Accumulated Depreciation	\$ 1,524,466	\$ (1,986)	\$ 0	\$ 1,522,480

The building and related facilities are furnished to the library by Montgomery County. Depreciation expense for the year is \$465,687.

G. Pension Information

1. Plan Description

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

plan. Benefit improvements are not applicable to a political subdivision unless approved by the chief governing body.

The TCRS issues a publicly available financial report that includes financial statements and required supplementary information for the PSPP. That report may be obtained by writing to the Tennessee Treasury Department, Consolidated Retirement System, 10th Floor, Andrew Jackson Building, Nashville, TN 37243-0230 or can be accessed at <http://www.tn.gov/treasury/tcrs/PS>.

2. Funding Policy

The library has adopted a noncontributory retirement plan for its employees by assuming employee contributions up to five percent of annual covered payroll.

The library is required to contribute at an actuarially determined rate; the rate for the fiscal year ending June 30, 2011, was 14.77 percent of annual covered payroll. The contribution requirement of plan members is set by state statute. The contribution requirement for the library is established and may be amended by the TCRS Board of Trustees.

3. Annual Pension Cost

For the year ended June 30, 2011, the library's annual pension cost of \$109,944 to TCRS was equal to the library's required and actual contributions. The required contribution was determined as part of the July 1, 2009, actuarial valuation using the frozen entry age actuarial cost method. Significant actuarial assumptions used in the valuation include (a) rate of return on investment of present and future assets of 7.5 percent a year compounded annually, (b) projected salary increases of 4.75 percent (graded) annual rate (no explicit assumption is made regarding the portion attributable to the effects of inflation on salaries), (c) projected 3.5 percent annual increase in the social security wage base, and (d) projected post retirement increases of 2.5 percent annually. The actuarial value of assets was determined using techniques that smooth the effect of short-term volatility in the market value of total investments over a five-year period. The library's unfunded actuarial accrued liability is being amortized as a level dollar amount on a closed basis. The remaining amortization period at July 1, 2009, was six years. An actuarial valuation was performed at July 1, 2009, which established contribution rates effective July 1, 2010.

Trend Information

Fiscal Year Ended	Annual Pension Cost (APC)	Percentage of APC Contributed	Net Pension Obligation
6-30-11	\$ 109,944	100%	\$ 0
6-30-10	92,618	100	0
6-30-09	85,849	100	0

Funded Status and Funding Progress

As of July 1, 2009, the most recent actuarial valuation date, the plan was 82.54 percent funded. The actuarial accrued liability for benefits was \$1.63 million, and the actuarial value of assets was \$1.3 million, resulting in an unfunded actuarial accrued liability (UAAL) of \$.3 million. The covered payroll (annual payroll of active employees covered by the plan) was \$.7 million, and the ratio of the UAAL to the covered payroll was 43.37 percent.

The Schedule of Funding Progress, presented as required supplementary information following the notes to the financial statements, presents multi-year trend information about whether the actuarial values of plan assets are increasing or decreasing over time relative to the actuarial accrued liability for benefits.

The annual required contribution was calculated using the aggregate actuarial cost method. Since the aggregate actuarial cost method does not identify or separately amortize unfunded actuarial liabilities, information about funded status and funding progress has been prepared using the entry age actuarial cost method for that purpose, and this information is intended to serve as a surrogate for the funded status and funding progress of the plan.

H. Risk Management

The library is exposed to various risks of loss to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The library has elected to obtain various insurance policies to transfer risk to a commercial insurance company either directly or through the Tennessee Municipal League Pool. Insurance settlements have not been in excess of insurance coverage in any of the prior three fiscal years.

I. Customer Receivables

There were customer receivables of \$486,006 and uncollectible amounts of \$243,002, which include uncollectible, waived, or returned items. Gross customer receivables include not only fines and fees receivable, but also an

amount due the library for lost books. When a book is returned, the amount due the library is reduced by the cost of the book, but the library receives no cash in this situation. The estimate of uncollectible, waived and returned items is based on statistical information traced by the library of amounts due and amounts collected by month.

VII. OTHER NOTES – DISCRETELY PRESENTED BI-COUNTY SOLID WASTE MANAGEMENT SYSTEM

A. Summary of Significant Accounting Policies

1. Reporting Entity

Bi-County Solid Waste Management System was established by inter-local agreement on July 22, 1974, by Montgomery County, Stewart County, and the City of Clarksville for the joint and cooperative operation and maintenance of a solid waste collection and disposal system. The system currently operates a landfill (permit number SNL 63-102-0108 MOD), a transfer station, and numerous convenience centers. The system office is located at the landfill site, which is on Highway 79, east of Oakwood, and approximately ten miles west of Clarksville, Tennessee.

The system, a component unit of Montgomery County, Tennessee, provides landfill and collection services for Montgomery and Stewart counties. The board members of the system are appointed by the joint participants; however, Montgomery County appoints a voting majority of the board members. The system is treated as a discrete component unit of Montgomery County since Montgomery County may unilaterally control the operations of the system. The financial reporting entity of the system only includes the assets and operations of the system and does not include any other fund, organization, institution, agency, department, or office of Montgomery County, the primary government.

2. Basis of Accounting

The system uses the economic resources measurement focus and the accrual basis of accounting. Revenue is recognized when earned and measurable, and expenses are recognized when the liability is incurred. Operating revenue is revenue that is generated from the primary operations of the system. All other revenue is reported as non-operating revenue. Operating expenses are those expenses that are essential to the primary operations of the system. All other expenses are reported as non-operating expenses.

The system follows all pronouncements of the Governmental Accounting Standards Board (GASB) and pronouncements of the Financial Accounting Standards Board (FASB) issued on or before

November 30, 1989. The system has not elected to follow FASB pronouncements issued after November 30, 1989.

GASB Statement No. 34, *Basic Financial Statements and Management's Discussion and Analysis for State and Local Governments* establishes standards for external financial reporting for state and local governments and requires that resources be classified for accounting reporting purposes in the following three net asset groups:

Invested in capital assets: Capital assets, net of accumulated depreciation and outstanding principal balances of debt attributable to the acquisition, construction, or improvement of those assets. The system had no debt as of June 30, 2011. Invested in capital assets at June 30, 2011, has been calculated as follows:

Capital Assets	\$ 16,722,228
Accumulated Depreciation	<u>(7,858,573)</u>
Total	<u><u>\$ 8,863,655</u></u>

Restricted: Net assets for which use is subject to externally imposed stipulations that can be fulfilled by actions of the system pursuant to those stipulations or that expire by the passage of time. The system had no restricted net assets as of June 30, 2011.

Unrestricted: Net assets that are not subject to externally imposed stipulations and that do not meet the definition of "restricted" or "invested in capital assets." Unrestricted net assets may be otherwise limited by contractual agreements with outside parties. The system had a deficit of unrestricted net assets of \$8,251,447 as of June 30, 2011.

3. Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates in the near term and those variations can have a material effect on these financial statements.

4. **Concentration of Credit Risk**

Financial instruments that potentially subject the system to significant concentrations of credit risk consist principally of cash and cash equivalents and accounts receivable. Custodial credit risk for the system's deposits is the risk that in the event of a bank failure, the deposits may not be returned to it. As required by state statutes, the system's policy is to require that financial institutions holding its deposits be members of the Tennessee Collateral Pool or pledge collateral in excess of federal depository insurance. The collateral is required to be held by the system or its agent in the system's name. With respect to accounts receivable, credit risk is dispersed across a large number of customers who are geographically concentrated in the system's service area.

5. **Cash and Cash Equivalents**

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

6. **Accounts Receivable**

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

7. **Inventories**

Inventories consist of expendable supplies, primarily fuel held for consumption, and are valued at average cost. The cost is expensed at the time individual items or quantities are used and not at the time purchased.

8. **Capital Assets**

Capital assets, which include property, plant and equipment, are defined by the system as assets with an initial, individual cost of \$10,000 or more and an estimated useful life exceeding two years. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair market value at the date of donation.

The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend assets' lives are not capitalized.

Major outlays for capital assets and improvements are capitalized once the asset is placed in service.

Property, plant, and equipment are depreciated using the straight-line method with salvage value over the following estimated useful lives:

<u>Assets</u>	<u>Years</u>
Buildings and Improvements	15 - 30
Equipment and Vehicles	5 - 10

9. Compensated Absences

The system’s policy is to permit employees to accumulate a limited amount of earned but unused vacation benefits which will be paid to employees upon separation from service. The system also provides for time worked in excess of a 40-hour work week known as “comp time.” Comp time is to be paid within 12 months of being accrued or it will be forfeited. The granting of sick leave has no guaranteed payment attached, either through official policy or custom, and is therefore not required to be accrued or recorded.

10. Restricted Net Assets

When an expense is incurred for which both restricted and unrestricted resources are available, the system first applies restricted resources to these expenses.

11. Date of Management’s Review

Subsequent events have been evaluated through December 19, 2011, which is the date the financial statements were available to be issued.

B. Deposits and Investments

The system participates in an internal cash and investment pool through the Office of Montgomery County Trustee. The county trustee is the treasurer of the county and in this capacity is responsible for receiving, disbursing, and investing most county funds. The system’s portion of this pool is displayed on the Statement of Net Assets as cash and cash equivalents. The system paid the County Trustee’s Office \$93,239 during the year ended June 30, 2011, for these services.

All deposits with financial institutions must be secured by one of two methods. One method involves financial institutions that participate in the bank collateral pool administered by the state treasurer. Participating banks determine the aggregate balance of their public fund accounts for the State of Tennessee and its political subdivisions. The amount of collateral required to secure these public deposits must equal at least 105 percent of the average daily balance of public deposits held. Collateral securities required to be pledged by the participating banks to protect their public fund accounts are pledged by the state treasurer on behalf of the bank collateral pool. The securities pledged to protect these accounts are pledged in the aggregate rather than against each account. The members of the pool may be required

by agreement to pay an assessment to cover any deficiency. Under this additional assessment agreement, public funds covered by the pool are considered to be insured for purposes of credit risk disclosure.

For deposits with financial institutions that do not participate in the bank collateral pool, state statutes require that all deposits be collateralized with collateral with market value equal to 105 percent of the average uninsured amount of the deposits. The collateral must be placed by the depository bank in an escrow account in a second bank for the benefit of the system.

The system is authorized to make direct investments in bonds, notes, or treasury bills of the U.S. government and obligations guaranteed by the U.S. government or any of its agencies; deposits at state and federal chartered banks and savings and loan associations; bonds of any state or political subdivision rated A or higher by any nationally recognized rating service; nonconvertible debt securities of certain federal government sponsored enterprises; and the county's own legally issued bonds or notes. These investments may not have a maturity greater than two years. The county may make investments with longer maturities if various restrictions set out in state law are followed. The system is also authorized to make investments in the State Treasurer's Investment Pool and in repurchase agreements. Repurchase agreements must be approved by the State Comptroller's Office and executed in accordance with procedures established by the State Funding Board. Securities purchased under a repurchase agreement must be obligations of the U.S. government or obligations guaranteed by the U.S. government or any of its agencies. When repurchase agreements are executed, the purchase of the securities must be priced at least two percent below the fair value of the securities on the day of purchase.

Interest rate risk is the risk that changes in interest rates will adversely affect the fair value of the investment. State statutes limit the maturities of certain investments as previously disclosed. The system does not have a formal investment policy that limits investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates.

Credit risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligations. State statutes limit the ratings of certain investments as previously explained. The system has no investment policy that would further limit its investments choices.

C. Capital Assets

A summary of changes in capital assets follows:

	Balance		Balance	
	7-1-10	Increases	Decreases	6-30-11
Land-Held for Expansion	\$ 616,156	\$ 0	\$ 0	\$ 616,156
Land	91,853	370,854	0	462,707
Construction in Progress	193,979	896,908	0	1,090,887
Buildings and Improvments	2,705,804	0	(55,020)	2,650,784
Property and Equipment	9,895,735	1,438,473	(301,452)	11,032,756
Other Property	868,938	0	0	868,938
Total Capital Assets	\$ 14,372,465	\$ 2,706,235	\$ (356,472)	\$ 16,722,228

Land included in the totals above is not depreciated. Construction in progress is not depreciated until placed in service.

A summary of changes in accumulated depreciation follows:

	Balance		Balance	
	7-1-10	Increases	Decreases	6-30-11
Buildings and Improvments	\$ 905,194	\$ 73,819	\$ (49,517)	\$ 929,496
Property and Equipment	5,650,040	704,523	(271,308)	6,083,255
Other Property	843,647	2,175	0	845,822
Total Accumulated Depreciation	\$ 7,398,881	\$ 780,517	\$ (320,825)	\$ 7,858,573

D. Landfill Closure and Postclosure Care Cost

State and federal laws and regulations require the system to place a final cover on its landfill site when it stops accepting waste and to perform certain maintenance and monitoring functions at the site for 30 years after closure. Although closure and postclosure care costs will be paid only near or after the date that the landfill stops accepting waste, the system will report a portion of these closure and postclosure care costs as an operating expense in each period based on landfill capacity used as of each balance sheet date. Closure/postclosure costs are calculated from an engineering evaluation. The \$16,307,461 reported as landfill closure and postclosure liability at June 30, 2011, represents the cumulative amount reported to date based on 85 percent use of the estimated capacity of the currently open sections of the landfill. The landfill will recognize an additional estimated cost of closure and postclosure care of \$2,857,314 as the remaining estimated capacity is filled. These amounts are based on what it would cost to perform all closure and postclosure care in 2011. Actual cost may be higher due to inflation, changes in technology, or changes in regulations. Also, expansion of the landfill property could change these estimates. The system expects to close the landfill in 2017.

Montgomery and Stewart counties have executed a Contract in-Lieu-of Performance Bond totaling \$19,164,775 to provide financial assurance to the State of Tennessee for estimated operation, closure, and postclosure costs.

Change in Long-term Obligation for Closure and Postclosure Cost:

Accrued Liability at July 1, 2010	\$ 15,780,674
Current Year Accrual	535,287
Current Year Closure Costs	<u>(8,500)</u>
Accrued Liability at June 30, 2011	<u>\$ 16,307,461</u>

These calculations are based upon a closure/postclosure study conducted in June 2000, but estimated costs have been updated for inflation by the State of Tennessee, Department of Environment and Conservation.

E. Accrued Compensated Absences

Changes in accrued compensated absences for the year ended June 30, 2011, were as follows:

	Balance 7-1-10	Additions	Deletions	Balance 6-30-11
Accrued Compensated Absences	\$ 199,026	\$ 128,647	\$ (117,372)	\$ 210,301

F. Other Postemployment Benefits (OPEB)

The system provides support for medical and dental insurance coverage and premiums for qualifying retired employees. Qualifying retired employees must have a minimum of 30 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 20 years of service with the system, 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 director of accounts and budgets for Montgomery County 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 system and must elect to receive this benefit at the time of retirement. For qualifying retired employees the system pays a portion of the medical insurance premium until the retired employee is eligible for Medicare. The co-payment schedule is as follows:

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

This plan is a single-employer defined benefit plan. Prior to the year ended June 30, 2010, the plan was funded and expensed on a pay-as-you-go basis. The provisions of Governmental Accounting Standards Board (GASB) Statement No. 45 were retroactively implemented in the year ended June 30, 2010, to be effective as of June 30, 2009. For 2010 and forward, the plan continued to be funded on a pay-as-you-go basis with expense calculated under provisions of GASB Statement No. 45 as described below. The plan does not issue stand-alone financial reports.

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

The annual OPEB expense is calculated based on the annual required contribution (ARC) of the employer, an amount actuarially determined in accordance with the parameters of GASB Statement No. 45. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover the normal cost each year and amortize any unfunded actuarial liabilities over a period not to exceed 30 years.

The following table shows the components of the system's annual medical and dental insurance OPEB cost for the year, the amount actually contributed to the plan, and changes in the system's net OPEB obligation:

	Year Ended 6-30-11
Normal Cost	\$ 30,662
30 year Amortization of Accrued Liability	14,648
Interest on Net OPEB Obligation	1,008
Annual Required Contribution	\$ 46,318
Interest on Net OPEB Obligation	3,664
Adjustment on Annual Required Contribution	(3,395)
Annual OPEB Expense	\$ 46,587
Contributions Made	0
Increase in Net OPEB Obligation	\$ 46,587
Net OPEN Obligation - 7-1-10	81,426
Net OPEN Obligation - 6-30-11	\$ 128,013

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

Fiscal Year Ended	Annual OPEB Cost	Percentage of Annual OPEB Cost Contributed	Net OPEB Obligation
6-30-11	\$ 46,587	0%	\$ 128,013

As of January 1, 2010, the most recent actuarial valuation date, the plan was unfunded. The actuarial accrued liability for benefits was \$359,100, and the actuarial value of assets was zero, resulting in an unfunded actuarial accrued liability (UAAL) of \$359,100. The covered payroll (annual payroll of active employees covered by the plan) was \$2,170,500 and the ratio of the UAAL to the covered payroll was 16.55 percent. The ARC was 2.13 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, presents 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 to be consistent with the long-term perspective of the calculations.

In the January 1, 2010, actuarial valuations, the projected unit credit cost method was used. The actuarial assumption included an annual healthcare cost trend rate of eight percent initially, reduced by decrements to an ultimate rate of five percent after six years. UAAL is being amortized as a level percentage of projected payroll on an open basis. The remaining amortization period at June 30, 2011, is 27 years.

The system pays and expenses the costs of the benefits as they are incurred. At June 30, 2011, the system had no eligible retirees receiving benefits and made no related cash payments during the year then ended.

G. Retirement Commitments

1. Plan Description

Certain employees of the system are members of the Political Subdivision Pension Plan (PSPP), an agent multiple-employer defined benefits pension plan administered by the Tennessee Consolidated Retirement System (TCRS). TCRS provides retirement benefits, as well as death and disability benefits. Benefits are determined by a formula using the member's high five-year average salary and years of service. Members become eligible to retire at the age of 60 with five years of service or at any age with 30 years of service. A reduced retirement benefit is available to vested members at the age of 55. Disability benefits are available to active members with five years of service who become disabled and cannot engage in gainful employment. There is no service requirement for disability that is the result of an accident or injury occurring while the member was in the performance of duty. Members joining the system after July 1, 1979, become vested after five years of service, and members joining the system prior to July 1, 1979, were vested after four years of service. Benefit provisions are established in state statute found in Title 8, Chapters 34-37 of *Tennessee Code Annotated*. State statutes are amended by the Tennessee General Assembly. Political subdivisions such as the system participate in the TCRS as individual entities and are liable for all costs associated with the operation of their plan. Benefit improvements are not applicable to a political subdivision unless approved by the chief governing body. The TCRS issues a publicly available financial report that includes financial statements and required supplementary information for the PSPP. That report may be obtained by writing to the Tennessee Treasury

Department, Consolidated Retirement System, 10th Floor, Andrew Jackson Building, Nashville, TN 37243-0230 or can be accessed at www.treasury.state.tn.us.

2. Funding Policy

Montgomery County has adopted a noncontributory retirement plan for its employees by assuming employee contributions up to five percent of annual covered payroll. Montgomery County is required to contribute at an actuarially determined rate; the rate for the fiscal year ended June 30, 2011, was 14.63 percent of annual covered payroll. The contribution requirement of plan members is set by state statute. The contribution requirements for the system are established and may be amended by the TCRS Board of Trustees.

3. Annual Pension Costs and Actuarial Information

Pension costs and actuarial information for the system's Solid Waste Management System cannot be separately stated. The system is a component unit of Montgomery County, and aggregated pension information is reported for all Montgomery County employees in the June 30, 2011, Montgomery County Annual Financial Report.

H. Concentrations

The system receives a substantial amount of its Charges for Services (tipping fees) from three haulers: Clarksville Disposal, Outlaw Disposal, and Waste Industries. These three haulers comprised 66.05 percent of tipping fee revenues earned during the year ended June 30, 2011, as well as \$373,316 (27.26 percent) of accounts receivable balances at June 30, 2011. The system also collects a user fee from each household in Montgomery and Stewart counties. A major reduction in revenue from any of the above sources may have a significant effect on the future operations of the system.

I. Operating Leases

The system has convenience centers in 18 locations in Montgomery and Stewart counties. These convenience centers are located on leased property. The lease payments for the year ended June 30, 2011, were \$13,777 and are included in the contracted services category on the Statement of Revenues, Expenses, and Changes in Net Assets.

Future cash flows from lease contracts are expected to be as follows:

Year Ending June 30,	Lease Payments
2012	\$ 16,350
2013	8,400
2014	6,150
2015	3,150
2016	<u>2,400</u>
Total	<u>\$ 36,450</u>

J. Risk Management

The system is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The system through its primary government, Montgomery County, has elected to obtain various insurance policies to transfer risk to a commercial insurance company either directly or through the Tennessee County Services Association Pool. Insurance settlements have not been in excess of insurance coverage in any of the prior three fiscal years.

The system, along with other Montgomery County component units, has chosen to establish a combined Self-Insurance Fund for risks associated with the employees' health insurance plan, worker's compensation claims (including on-the-job-injury) and unemployment compensation claims.

K. Commitments and Contingencies

In the normal course of conducting its business, the system may be involved in legal proceedings. Due to the nature and scope of the system's business, which brings it into regular contact with the general public, a variety of businesses, and multiple governmental entities, which regulate and examine its operations, the system is inherently subject to the hazards of potential litigation, claims, and assessments. Additionally, routine examination performed by the system's federal and state oversight agencies could result in findings and violations, which have an adverse effect on the system. Currently, management is not aware of any such conditions, which would have a material adverse effect on the System.

L. Prior-period Adjustment

Accounts receivable and accumulated depreciation were adjusted as of June 30, 2010, to correct accounting errors that occurred in previous years. These errors resulted from failure to properly accrue revenues related to user fees and failure to depreciate assets using proper salvage values and estimated useful lives.

Following is a schedule of adjustments to the June 30, 2010, Statement of Net Assets:

Increase in Accounts Receivable	\$ 231,100
Decrease in Accumulated Depreciation	<u>44,083</u>
Total Increase in Net Assets	\$ 275,183
Net Assets (Deficit), June 30, 2010, as Previously Reported	<u>(3,080,765)</u>
Net Assets (Deficit), June 30, 2010, as Restated	<u><u>\$ (2,805,582)</u></u>

Historically, the system accounted for two funds, the landfill, accounted for as a proprietary fund, and the recycle fund, accounted for as a special revenue fund. Per state statute *Tennessee Code Annotated* 68-211-874, the recycle fund may be presented as either a special revenue fund or a proprietary fund. Management has concluded that the recycle fund should be presented as a proprietary fund. Accordingly, beginning net assets of the proprietary fund were adjusted to include the net assets of the recycle fund as of June 30, 2010.

Following is a schedule of reclassifications to the June 30, 2010, Statement of Net Assets:

Net Assets, June 30, 2010, as Restated Before Reclassification	\$ (2,805,582)
Reclassification of Recycle Fund Net Assets	<u>3,868,816</u>
Net Assets, June 30, 2010, as Restated After Reclassification	<u><u>\$ 1,063,234</u></u>

VIII. OTHER NOTES – DISCRETELY PRESENTED CLARKSVILLE-MONTGOMERY COUNTY INDUSTRIAL DEVELOPMENT BOARD

A. Summary of Significant Accounting Policies

1. Financial Reporting Entity

The Clarksville-Montgomery County Industrial Development Board is a nonprofit corporate agency and instrumentality of Montgomery County, Tennessee, organized under Title 7, Chapter 53 of the *Tennessee Code Annotated*. The board has as its main purpose maintaining and increasing employment opportunities and furthering the use of Montgomery County’s agricultural products and natural resources by promoting industry, trade, commerce, and construction by inducing manufacturing, industrial, governmental, educational, financial, service, commercial, and recreational enterprises to locate in or remain in this area.

The board is a component unit of Montgomery County, Tennessee, which is the principal reporting entity and primary government. The board is treated as a discrete component unit of Montgomery County

since Montgomery County may unilaterally control the operations of the board. The county is responsible for appointing the majority of the board of directors and provides its primary funding support. The financial reporting entity of the board only includes the assets and operations of the board and does not include any other fund, organization, institution, agency, department, or office of Montgomery County, the primary government.

In fiscal year 1995, the Clarksville-Montgomery County Tourism Commission (Tourism), the Clarksville Area Chamber of Commerce (Chamber), and the board jointly organized the Clarksville-Montgomery County Economic Development Council (EDC) to develop, coordinate, and implement a comprehensive marketing plan relating to economic prosperity of Clarksville-Montgomery County and the surrounding area. The board, Tourism, and Chamber evenly share the cost of the EDC director's salary, payroll taxes, benefits, and other operating costs and of expenses related to the general administration of the EDC. All other expenses of the EDC are share based on usage allocations.

2. Government-wide and Fund Financial Statements

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

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 operation expenses are those that are clearly identifiable with a specific function or segment. Program revenues include: 1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment; and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Subsidies and other items that are not properly included among program revenues are reported instead as general revenues.

3. Measurement Focus, Basis of Accounting, and Basis of Presentation

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

recorded when a liability is incurred, regardless of the timing of the related cash flow.

Governmental fund financial statements are reported using the current financial resources measurement focus and the 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 board 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 board's only fund is the general fund. It accounts for all the financial resources of the board.

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

4. Funding

The board receives operating subsidies from Montgomery County. A major reduction of funds by this supporting organization could have a significant effect on the future operations of the board.

5. Use of Estimates

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

6. Concentrations of Credit Risk

Financial instruments that potentially subject the board to significant concentrations of credit risk consist principally of cash and receivables. The board is exposed to credit risk by placing its deposits in financial institutions. The board has mitigated this risk because the bank balance in excess of the FDIC limit is collateralized by the State of Tennessee bank collateral pool. With respect to receivables,

credit risk is primarily limited to amounts due from escrow agents in connection with the sale of property and from grantors including Aspire Clarksville and the State of Tennessee.

7. Capital Assets

Capital assets, which include property, plant, and equipment, are reported in the government-wide financial statements. Capital assets are defined by the board as assets with an initial, individual cost of \$500 or more and an estimated useful life in excess of two years. Such assets are recorded at historical cost if purchased or constructed and are depreciated over their estimated useful lives, which range from five years for furniture, fixtures and equipment to 39 years for buildings, using the straight-line method. Donated capital assets are recorded at their estimated fair value at the date of the donation. The cost of normal maintenance and repairs are not capitalized.

8. Property Held for Sale or Lease

Property held for sale or lease is recorded at cost. The cost of property sold is charged to expense using the specific identification method.

9. Accrued Compensated Absences

Employees are required to take earned vacation days within the fiscal year, and sick days are not paid upon separation. Therefore, there are no accrued compensated absences at the financial statement date.

10. Fund Equity

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

- Nonspendable Fund Balance – amounts that are not in spendable form (such as inventory) or are required to remain intact.
- Restricted Fund Balance – amounts constrained to specific purposes by their providers (such as grantors, bondholders, and higher levels of government), through constitutional provisions, or by enabling legislation.

- Committed Fund Balance – amounts constrained to specific purposes by the board’s governing body, using its highest level of decision-making authority (i.e., the board of directors). To be reported as committed, amounts cannot be used for any other purpose unless the board of directors takes the same highest level action to remove or change the constraint.
- Assigned Fund Balance – amounts the board intends to use for a specific purpose. Intent can be expressed by management of the board.
- Unassigned Fund Balance – amounts that are available for any purpose.

It is the board’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 reduce unassigned fund balance; in the event that unassigned fund balance becomes zero, then assigned and committed fund balances are used in that order.

11. Uncollectible Accounts

Receivables are reported net of an allowance for uncollectible accounts and revenues net of uncollectibles.

12. Date of Management’s Review

Subsequent events have been evaluated through December 28, 2011, which is the date the financial statements were available to be issued.

B. Cash and Cash Equivalents

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

Custodial credit risk for the board’s deposits is the risk that in the event of a bank failure, the board’s deposits may not be returned to it. As required by state statutes, the board’s policy is to require that financial institutions holding its deposits to be members of the Tennessee Collateral Pool or pledge collateral of 105 percent for deposits in excess of federal depository insurance. The collateral is required to be held by the board or its agent in the board’s name. At June 30, 2011, cash and other deposits reported in the financial statements totaling \$1,962,590 were represented by bank balances totaling \$1,962,733, all of which were insured by the Federal Deposit Insurance Corporation (FDIC) or the State of Tennessee Collateral Pool.

The board considers all highly liquid debt instruments purchased with maturities of 90 days or less to be cash equivalents. Both cash and cash equivalents are carried at cost, which approximated fair value at June 30, 2011.

C. Investments and Other Deposits

Investments and other deposits are restricted by state law to deposits with financial institutions and certain obligations guaranteed by the United States Government. Investments and other deposits are stated at cost or amortized cost, which approximates fair value at June 30, 2011. The following is a summary of the board's certificates of deposit at June 30, 2011, all of which were insured by the FDIC or the State of Tennessee Collateral Pool.

	<u>Carrying Amount</u>	<u>Market Value</u>
Certificates of Deposit	\$ 590,582	\$ 590,582

D. Note Receivable from Sale of Land

The Three C Group, LLC note is a non-interest bearing note receivable, secured by a subordinate deed of trust on the eight acres sold and improvements. The Hemlock Semiconductor, LLC (HSC) note is a non-interest bearing note receivable received in exchange for land.

	<u>Balance 6-30-11</u>
Three C Group, LLC note	\$ 233,300
Hemlock Semiconductor, LLC note	<u>3,142,857</u>
Total	<u><u>\$ 3,376,157</u></u>

The Three C Group, LLC note is due and payable upon the earlier of: (1) the date Three C Group, LLC obtains a binding lease for all or substantially all of the improvements on the property; or (2) the closing date for sale of the property. The HSC note is due in seven annual installments of \$785,714 with the last payment occurring on January 1, 2015.

E. Property Held for Sale or Lease

	<u>Acres Available</u>	<u>At Cost</u>
Land-Park Expansion	893.21	\$ 12,740,868
Goodpasture Property	20.19	125,032
Bell Property	54.18	199,398
Hamill Property	7.75	44,602
Darnell Property	28.84	35,949
Homemax Property	2	13,965
Pad-Ready Site	40	<u>1,090,720</u>
Total		<u>\$ 14,250,534</u>

Access property is included in the acres available shown above. All acres are approximate.

F. Capital Assets

A summary of changes in capital assets and accumulated depreciation follows:

<u>Capital Assets</u>	<u>Balance</u> 7-1-10	<u>Additions</u>	<u>Deductions</u>	<u>Balance</u> 6-30-11
Equipment	\$ 80,335	\$ 0	\$ 0	\$ 80,335
Vehicles	36,790	0	0	36,790
Leasehold Improvements	48,793	0	0	48,793
Buildings	1,883,553	0	0	1,883,553
Land	37,641	0	0	37,641
Software	1,385	0	0	1,385
Total	<u>\$ 2,088,497</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 2,088,497</u>

Accumulated Depreciation

Equipment	\$ 42,710	\$ 10,229	\$ 0	\$ 52,939
Vehicles	11,333	7,358	0	18,691
Leasehold Improvements	11,114	3,253	0	14,367
Buildings	54,936	47,089	0	102,025
Software	577	462	0	1,039
Total	<u>\$ 120,670</u>	<u>\$ 68,391</u>	<u>\$ 0</u>	<u>\$ 189,061</u>

Land is not depreciated or amortized. Capital assets with net book values totaling \$1,883,337 were pledged as collateral for debt at June 30, 2011.

G. Construction in Progress

A summary of changes in construction in progress follows:

	Balance 7-1-10	Additions	Deductions	Balance 6-30-11
Rail to Park Expansion	\$ 267,662	\$ 0	\$ 0	\$ 267,662
Speculative Building	75,337	3,135	0	78,472
Total	\$ 342,999	\$ 3,135	\$ 0	\$ 346,134

Construction in progress is not depreciated until placed in service.

H. Land Sale Options

The board had two land sales options from prospective buyers outstanding at June 30, 2011. The first outstanding option, granted in fiscal year 2004, allows the holder to purchase a 20-acre tract of land at \$16,000 per acre. The option was given for a \$6,400 consideration, with \$7,200 additional consideration received in fiscal year 2009 in order to purchase the right of first refusal. This option expires in 2014.

On August 1, 2008, the board entered into a letter of agreement for the second land sale option in which a developer would purchase or lease a 225-acre lot for the development of approximately two million square feet of Class A bulk warehouse, manufacturing, office, and flex distribution space thereon. Once the option is final, the developer will pay \$5,000 initial consideration and \$50,000 earnest money. The purchase price of the lot is \$34,000 per acre. The option will expire five years after being finalized, at which time additional consideration of \$5,000 will be due if the developer has not acquired all of the property. On June 10, 2009, the board extended the letter of agreement for one year. On June 10, 2010, the board extended the letter of agreement for an additional year. On May 11, 2011, the board extended the letter of agreement until December 31, 2011.

The option that was exercised, granted in fiscal year 2006, allowed the holder to purchase 12 acres of land for \$240,000. This option was given for the initial consideration of \$5,000 and additional consideration of \$1,000 payable annually for the next five years. The option was exercised during the fiscal year ended June 30, 2011.

I. Unearned State Grant Revenue

During the fiscal year ended June 30, 2009, the board was required to prepay the estimated costs to move a gas pipeline. Upon completion of the project during the fiscal year ended June 30, 2010, the vendor refunded approximately \$835,000 in project costs, which was credited to unearned state grant revenue. The State of Tennessee allowed the board to keep these funds in anticipation of any future unforeseen nonreimbursable project-related expenses. As of June 30, 2011, the unexpended portion of the unearned state grant revenue was \$373,254.

J. Notes Payable

Notes payable consists of the following:

	<u>2011</u>
Note payable bearing interest at 5.5% secured by land and a building; principal and interest paid in monthly installments, maturing May 2021.	\$ 1,743,358
Note payable bearing interest at 3.9% secured by a vehicle; principal and interest are payable in monthly installments, maturing November 2013.	<u>13,057</u>
Total Notes Payable	\$ 1,756,415
Less: Current Portion	<u>(146,293)</u>
Total Notes Payable Excluding Current Portion	<u><u>\$ 1,610,122</u></u>

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

	Balance 7-1-10	Increases	Decreases	Balance 6-30-11	Estimated Amount Due in Year Ending 6-30-10
Notes Payable \$	2,050,361	\$ 0	\$ 293,946	\$ 1,756,415	\$ 146,293

Future payments on notes payable are as follows:

Year Ending June 30	Total Principal	Total Interest
2012	\$ 146,293	\$ 95,388
2013	154,457	87,223
2014	159,776	78,634
2015	166,291	69,732
2016	175,672	60,352
2017-2021	953,926	141,538
Total	<u>\$ 1,756,415</u>	<u>\$ 532,867</u>

K. Operating Leases

Beginning December 2006, the board began subleasing office space in the Green Bank building from the EDC under a five-year agreement. Rental expense under the operating lease was \$19,998 for the year ended June 30, 2011. This lease expires in November 2011. The board intends to extend the lease for an additional five years.

Future payments on lease obligations are as follows:

2012	\$ 19,565
2013	24,444
2014	26,667
2015	26,667
2016	26,667
After 2016	<u>8,889</u>
Total	<u>\$ 132,899</u>

L. Lease Contracts

On June 27, 2008, the board entered into a lease contract with the State of Tennessee for rental of a medical office building. The lease contract began January 1, 2009, and ends December 31, 2020. Under the terms of the lease, the state makes monthly lease payments of \$21,542 to the board. The state has one option to renew the lease for an additional ten years with monthly rent of \$15,866.

Future cash flows from this lease contract are expected to be as follows:

Year Ending June 30	Lease Payments
2012	\$ 258,513
2013	258,513
2014	258,513
2015	258,513
2016	258,513
2017 and thereafter	1,163,309

M. Retirement Plan

EDC maintains a defined contribution 401(k) plan administered by American Chamber of Commerce Executives (ACCE) under which employees of the board can participate. Substantially all employees who have completed one year of service, reached age 21, and work 1,000 hours or more per year are eligible to participate. For each plan year that an employee participates, the board will contribute an amount equal to four percent of the participant's total annual earnings as the employer's basic contribution. Employees can make pre-tax contributions from one to 100 percent of total annual earnings in which they are immediately vested. The board will match 100 percent of pre-tax contributions up to a maximum of four percent as the employer matching contribution. With regard to contributions of the board, vesting occurs immediately.

During the fiscal year ended June 30, 2011, contributions totaling \$31,033 were paid and expensed by the board. Employee contributions to the plan were \$20,857 for the year ended June 30, 2011.

N. Related-party Transactions

The board paid EDC \$256,845 for its share of EDC expenses during the year ended June 30, 2011. The board had related-party payables at June 30, 2011, totaling \$58,807, and related-party receivables of \$18,688. Included in related party receivables at June 30, 2011, is \$17,000 that was advanced to the EDC to facilitate payment of routine board expenses and is not expected to be collected within one year.

O. Conduit Debt Obligations

The board has participated in several issues of industrial revenue bonds to provide financial assistance to private-sector entities for the acquisition and construction of industrial and commercial facilities deemed to be in the public interest. The board is not obligated in any manner for repayment of the bonds. Accordingly, the bonds are not reported as liabilities in the financial statements. The principal balance outstanding as of June 30, 2011, totaled \$604,919,229.

P. Annual Budget Procedures

There is no requirement for the board to legally adopt a budget. However, an annual budget is prepared by management and approved by the board of directors. The budget is prepared using the cash basis of accounting and is primarily used as a cash management tool. The board members review the board's needs for the year as well as prior-year expenditures to arrive at the current-year budget. There is no requirement that the budget be amended for variances that are inconsequential and which occur as the result of normal operations. The encumbrance method of budgeting and accounting for expenditures is not used.

Q. Commitments and Contingencies

Under terms of an interlocal agreement among Montgomery County, Tennessee, the City of Clarksville, Tennessee, and the board, the sales price of property held for sale or lease will be split 90 percent to the city and ten percent to the board. Any revenue in excess of the first \$10,000 per acre (per transaction) will be split 45 percent to the city, 45 percent to the county, and ten percent to the board. The splitting of the proceeds will remain in effect until such time as either the city annexes the land being purchased for expansion or the city has recovered its investment, which shall include interest paid.

After such time as the city has either annexed the land being purchased or recovered its investment, the sale of the land shall be divided equally between the city and county after ten percent is deducted for the board. At June 30, 2011, there was an accrued liability of \$141,322 to the city and \$68,332 to the county for sales of land that took place during the fiscal year ended June 30, 2008.

The board'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 past three fiscal years.

**REQUIRED SUPPLEMENTARY
INFORMATION**

Exhibit F-1

Montgomery County, Tennessee
 Schedule of Revenues, Expenditures, and Changes
 in Fund Balance - Actual (Budgetary Basis) and Budget
 General Fund
 For the Year Ended June 30, 2011

	Actual (GAAP Basis)	Less: Encumbrances 7/1/2010	Add: Encumbrances 6/30/2011	Actual Revenues/ Expenditures (Budgetary Basis)	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
					Original	Final	
Revenues							
Local Taxes	\$ 33,659,026	\$ 0	\$ 0	\$ 33,659,026	\$ 33,232,851	\$ 33,582,851	\$ 76,175
Licenses and Permits	1,050,400	0	0	1,050,400	1,091,503	1,091,503	(41,103)
Fines, Forfeitures, and Penalties	1,169,054	0	0	1,169,054	1,354,891	1,354,891	(185,837)
Charges for Current Services	4,460,323	0	0	4,460,323	4,271,505	4,240,605	219,718
Other Local Revenues	2,045,233	0	0	2,045,233	3,100,260	3,170,774	(1,125,541)
Fees Received from County Officials	7,611,008	0	0	7,611,008	7,632,249	7,664,616	(53,608)
State of Tennessee	5,556,004	0	0	5,556,004	5,850,513	5,985,734	(429,730)
Federal Government	1,219,731	0	0	1,219,731	1,469,677	2,489,522	(1,269,791)
Other Governments and Citizens Groups	608,822	0	0	608,822	158,630	200,430	408,392
Total Revenues	\$ 57,379,601	\$ 0	\$ 0	\$ 57,379,601	\$ 58,162,079	\$ 59,780,926	\$ (2,401,325)
Expenditures							
General Government							
County Commission	\$ 196,757	0	170	\$ 196,927	\$ 207,248	\$ 207,248	\$ 10,321
Board of Equalization	1,464	0	0	1,464	2,688	2,688	1,224
Beer Board	1,340	0	0	1,340	3,076	3,076	1,736
Other Boards and Committees	1,938	0	0	1,938	3,121	3,121	1,183
County Mayor/Executive	415,942	0	0	415,942	438,408	438,408	22,466
Personnel Office	308,427	0	0	308,427	326,992	326,992	18,565
County Attorney	53,373	0	0	53,373	24,000	59,000	5,627
Election Commission	566,834	0	0	566,834	623,767	623,767	56,933
Register of Deeds	425,219	0	0	425,219	445,942	445,942	20,723
Planning	332,227	0	0	332,227	332,227	332,227	0
Building	143,081	0	0	143,081	144,327	144,327	1,246
Codes Compliance	594,601	(9,900)	0	584,701	613,828	623,728	39,027

(Continued)

Exhibit F-1

Montgomery County, Tennessee
 Schedule of Revenues, Expenditures, and Changes
 in Fund Balance - Actual (Budgetary Basis) and Budget
 General Fund (Cont.)

	Actual (GAAP Basis)	Less: Encumbrances 7/1/2010	Add: Encumbrances 6/30/2011	Actual Revenues/ Expenditures (Budgetary Basis)	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
					Original	Final	
<u>Expenditures (Cont.)</u>							
<u>General Government (Cont.)</u>							
Geographical Information Systems	\$ 160,178	\$ 0	\$ 0	\$ 160,178	\$ 114,896	\$ 185,410	\$ 25,232
County Buildings	1,375,290	0	0	1,375,290	1,307,170	1,457,981	82,691
Other Facilities	1,148,379	0	0	1,148,379	1,156,489	1,156,489	8,110
Other General Administration	554,417	0	0	554,417	555,014	555,014	597
Preservation of Records	128,397	0	0	128,397	120,261	131,261	2,864
<u>Finance</u>							
Accounting and Budgeting	659,290	0	0	659,290	743,362	743,362	84,072
Purchasing	269,291	0	0	269,291	279,272	279,272	9,981
Property Assessor's Office	1,035,260	0	0	1,035,260	1,047,499	1,047,499	12,239
County Trustee's Office	495,244	0	0	495,244	465,166	533,316	38,072
County Clerk's Office	1,624,021	0	2,257	1,626,278	1,702,060	1,690,060	63,782
Data Processing	1,270,047	(799)	0	1,269,248	1,345,236	1,346,036	76,788
Other Finance	45,062	0	0	45,062	50,550	50,550	5,488
<u>Administration of Justice</u>							
Circuit Court	1,886,537	0	0	1,886,537	1,984,697	1,992,237	105,700
General Sessions Court	1,667,085	0	4,658	1,671,743	1,679,191	1,760,612	88,869
Drug Court	43,317	0	0	43,317	50,000	50,000	6,683
Chancery Court	478,922	0	0	478,922	483,277	485,277	6,355
District Attorney General	137,913	0	0	137,913	139,983	192,515	54,602
Office of Public Defender	23,207	0	0	23,207	23,625	23,625	418
Judicial Commissioners	237,092	0	0	237,092	245,834	250,834	13,742
Other Administration of Justice	516,385	0	0	516,385	520,111	520,111	3,726
Probation Services	729,894	0	0	729,894	842,861	842,861	112,967

(Continued)

Exhibit F-1

Montgomery County, Tennessee
 Schedule of Revenues, Expenditures, and Changes
 in Fund Balance - Actual (Budgetary Basis) and Budget
 General Fund (Cont.)

	Actual (GAAP Basis)	Less: Encumbrances 7/1/2010	Add: Encumbrances 6/30/2011	Actual Revenues/ Expenditures (Budgetary Basis)	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
					Original	Final	
<u>Expenditures (Cont.)</u>							
<u>Public Safety</u>							
Sheriff's Department	\$ 6,936,650	\$ (2,536)	7,908	\$ 6,942,022	\$ 7,128,347	\$ 7,262,795	\$ 320,773
Special Patrols	1,578,201	0	0	1,578,201	1,758,504	1,758,504	180,303
Administration of the Sexual Offender Registry	8,330	0	0	8,330	16,841	16,841	8,511
Jail	10,940,777	0	0	10,940,777	11,482,077	11,778,635	837,858
Workhouse	1,506,826	0	0	1,506,826	1,599,247	1,599,247	92,421
Correctional Incentive Program Improvements	445,883	0	0	445,883	468,789	483,789	37,906
Juvenile Services	201,155	0	0	201,155	214,711	213,666	12,511
Fire Prevention and Control	209,200	(31,300)	0	177,900	187,840	228,340	50,440
Civil Defense	394,188	0	0	394,188	390,458	398,242	4,054
Other Emergency Management	625,232	0	0	625,232	1,111,936	1,869,287	1,244,055
County Coroner/Medical Examiner	179,357	0	0	179,357	213,120	213,120	33,763
<u>Public Health and Welfare</u>							
Local Health Center	261,882	0	0	261,882	267,892	280,092	18,210
Rabies and Animal Control	476,363	0	0	476,363	467,072	496,072	19,709
Ambulance/Emergency Medical Services	7,192,833	0	0	7,192,833	6,747,526	7,255,328	62,495
Other Local Health Services	1,817,054	0	0	1,817,054	2,076,400	2,134,300	317,246
Regional Mental Health Center	10,000	0	0	10,000	10,000	10,000	0
Appropriation to State	214,695	0	0	214,695	214,695	214,695	0
Other Local Welfare Services	101,900	0	0	101,900	101,825	101,900	0
Other Public Health and Welfare	80,150	0	0	80,150	42,500	117,425	37,275
<u>Social, Cultural, and Recreational Services</u>							
Libraries	1,604,251	0	0	1,604,251	1,604,251	1,604,251	0
Parks and Fair Boards	291,639	0	0	291,639	307,837	307,837	16,198
Other Social, Cultural, and Recreational	9,015	0	0	9,015	9,728	9,728	713

(Continued)

Exhibit F-1

Montgomery County, Tennessee
 Schedule of Revenues, Expenditures, and Changes
 in Fund Balance - Actual (Budgetary Basis) and Budget
 General Fund (Cont.)

	Actual (GAAP Basis)	Less: Encumbrances 7/1/2010	Add: Encumbrances 6/30/2011	Actual Revenues/ Expenditures (Budgetary Basis)	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
					Original	Final	
<u>Expenditures (Cont.)</u>							
<u>Agriculture and Natural Resources</u>							
Agriculture Extension Service	\$ 305,304	\$ (399)	\$ 0	\$ 304,905	\$ 362,420	\$ 343,473	\$ 38,568
Forest Service	2,000	0	0	2,000	2,000	2,000	0
Soil Conservation	51,450	0	0	51,450	52,945	52,945	1,495
<u>Other Operations</u>							
Tourism	1,230,415	0	0	1,230,415	1,087,100	1,332,313	101,898
Industrial Development	624,616	0	0	624,616	624,616	624,616	0
Airport	272,156	0	0	272,156	272,156	272,156	0
Veterans' Services	334,913	0	0	334,913	345,235	344,603	9,690
Other Charges	1,132,591	0	0	1,132,591	1,696,178	1,246,178	113,587
Contributions to Other Agencies	142,493	0	0	142,493	168,858	168,857	26,364
Employee Benefits	400,055	0	0	400,055	326,300	401,300	1,245
ARRA Grant # 2	45,266	0	0	45,266	50,000	50,000	4,734
ARRA Grant # 3	118,753	0	0	118,753	129,156	124,903	6,150
ARRA Grant # 5	46,202	0	40,494	86,696	0	100,000	13,304
Miscellaneous	14,766	0	0	14,766	22,025	22,025	7,259
<u>Highways</u>							
Litter and Trash Collection	118,436	0	0	118,436	128,966	128,966	10,530
Total Expenditures	\$ 57,451,428	\$ (44,934)	\$ 55,487	\$ 57,461,981	\$ 59,711,729	\$ 62,073,275	\$ 4,611,294
Excess (Deficiency) of Revenues Over Expenditures	\$ (71,827)	\$ 44,934	\$ (55,487)	\$ (82,380)	\$ (1,549,650)	\$ (2,292,349)	\$ 2,209,969
<u>Other Financing Sources (Uses)</u>							
Insurance Recovery	\$ 15,501	\$ 0	\$ 0	\$ 15,501	\$ 0	\$ 0	\$ 15,501

(Continued)

Exhibit F-1

Montgomery County, Tennessee
 Schedule of Revenues, Expenditures, and Changes
 in Fund Balance - Actual (Budgetary Basis) and Budget
 General Fund (Cont.)

	Actual (GAAP Basis)	Less: Encumbrances 7/1/2010	Add: Encumbrances 6/30/2011	Actual Revenues/ Expenditures (Budgetary Basis)	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
					Original	Final	
Other Financing Sources (Uses) (Cont.)							
Transfers In	\$ 0 \$	0 \$	0 \$	0 \$	302,028 \$	309,568 \$	(309,568)
Transfers Out	(32,367)	0	0	(32,367)	0	(32,367)	0
Total Other Financing Sources (Uses)	\$ (16,866) \$	0 \$	0 \$	(16,866) \$	302,028 \$	277,201 \$	(294,067)
Net Change in Fund Balance Fund Balance, July 1, 2010	\$ (88,693) \$	44,934 \$	(55,487) \$	(99,246) \$	(1,247,622) \$	(2,015,148) \$	1,915,902
Fund Balance, July 1, 2010	22,149,410	(44,934)	0	22,104,476	18,986,675	18,986,675	3,117,801
Fund Balance, June 30, 2011	\$ 22,060,717 \$	0 \$	(55,487) \$	22,005,230 \$	17,739,053 \$	16,971,527 \$	5,033,703

Exhibit F-2

Montgomery County, Tennessee
Schedule of Funding Progress – Pension Plan
Primary Government and Discretely Presented Clarksville-Montgomery
County School System
June 30, 2011

(Dollar amounts in thousands)

Actuarial Valuation Date	Actuarial Value of Plan Assets (a)	Actuarial Accrued Liability (AAL) Entry Age (b)	Unfunded AAL (UAAL) (b)-(a)	Funded Ratio (a/b)	Covered Payroll (c)	UAAL as a Percentage of Covered Payroll ((b-a)/c)
7-1-09	\$ 121,574	\$ 145,437	23,863	83.59 %	\$ 56,479	42.25 %
7-1-07	108,665	125,967	17,302	86.26	49,014	35.3

The Governmental Accounting Standards Board requires the plan to prepare the Schedule of Funding Progress using the entry age actuarial cost method. The requirement to present the Schedule of Funding Progress using the entry age actuarial cost method went into effect during the 2007 actuarial valuation; therefore, only the two most recent valuations are presented.

Exhibit F-3

Montgomery County, Tennessee
Schedule of Funding Progress – Other Postemployment Benefits Plans
Primary Government and Discretely Presented Clarksville-Montgomery County School System
June 30, 2011

(Dollar amounts in thousands)

Plans	Actuarial Valuation Date *	Actuarial Value of Assets (a)	Actuarial		Unfunded AAL (UAAAL) (b)-(a)	Funded Ratio (a/b)	Covered Payroll (c)	UAAAL as a Percentage of Covered Payroll (b-a)/c
			Accrued Liability (AAL) (b)	Liability (AAL) (b)				
Primary Government	7-1-08	\$ 0	\$ 3,753	\$ 3,753	0%	\$ 25,359	15%	
"	1-1-10	0	3,651	3,651	0	26,551	14	
School System	7-1-08	0	14,188	14,188	0	129,482	11	
"	7-1-10	0	13,236	13,236	0	137,205	10	

* Data for three actuarial valuations will be presented when available.

MONTGOMERY COUNTY, TENNESSEE
NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION
For the Year Ended June 30, 2011

BUDGETARY INFORMATION

The county is required by state statute to adopt annual budgets. Annual budgets are prepared on the basis in which current available funds must be sufficient to meet current expenditures. Expenditures and encumbrances may not legally exceed appropriations authorized by the County Commission and any authorized revisions. Unencumbered appropriations lapse at the end of each fiscal year.

The budgetary level of control is at the major category level established by the County Uniform Chart of Accounts, as prescribed by the Comptroller of the Treasury of the State of Tennessee. Major categories are at the department level (examples of General Fund major categories: County Commission, Board of Equalization, Beer Board, Other Boards and Committees, etc.). Management may make revisions within major categories, but only the County Commission may transfer appropriations between major categories. During the year, several supplementary appropriations were necessary.

The county's budgetary basis of accounting is consistent with GAAP, except instances in which encumbrances are treated as budgeted expenditures. The difference between the budgetary basis and GAAP basis is presented on the face of each budgetary schedule.

**COMBINING AND INDIVIDUAL FUND
FINANCIAL STATEMENTS AND SCHEDULES**

Nonmajor Governmental Funds

Special Revenue Funds

Special Revenue Funds are used to account for and report the proceeds of specific revenue sources that are restricted or committed to expenditure for specified purposes other than debt service or capital projects.

Drug Control Fund – The Drug Control Fund is used to account for revenues received from drug-related fines, forfeitures, and seizures.

Constitutional Officers - Fees Fund – The Constitutional Officers - Fees Fund is used to account for operating expenses paid directly from the fee and commission accounts of the trustee, clerks, register, and sheriff.

Highway/Public Works Fund – The Highway/Public Works Fund is used to account for the transactions of the county’s Highway Department.

Capital Projects Fund

Capital Projects Funds are used to account for and report financial resources that are restricted, committed, or assigned to expenditure for capital outlays, including the acquisition or construction of capital facilities and other capital assets.

General Capital Projects Fund – The General Capital Projects Fund is used to account for general capital expenditures of the county.

Exhibit G-1

Montgomery County, Tennessee
 Combining Balance Sheet
 Nonmajor Governmental Funds
 June 30, 2011

	Special Revenue Funds				Capital Projects Fund	Total Nonmajor Governmental Funds
	Drug Control	Constitu- tional Officers - Fees	Highway/ Public Works	Total		
Cash	\$ 0	\$ 810	\$ 50	\$ 860	\$ 0	\$ 860
Equity in Pooled Cash and Investments	63,032	0	2,580,865	2,643,897	3,709,771	6,353,668
Accounts Receivable	684	2,303	12,398	15,385	9,683	25,068
Due from Other Governments	0	0	687,383	687,383	0	687,383
Due from Other Funds	0	0	0	0	2,995	2,995
Property Taxes Receivable	0	0	4,261,020	4,261,020	1,217,405	5,478,425
Allowance for Uncollectible Property Taxes	0	0	(97,359)	(97,359)	(32,468)	(129,827)
Total Assets	\$ 63,716	\$ 3,113	\$ 7,444,357	\$ 7,511,186	\$ 4,907,386	\$ 12,418,572
<u>LIABILITIES AND FUND BALANCES</u>						
<u>Liabilities</u>						
Accounts Payable	\$ 0	\$ 0	\$ 115,239	\$ 115,239	\$ 328,270	\$ 443,509
Accrued Payroll	0	0	98,822	98,822	0	98,822
Payroll Deductions Payable	0	0	25,273	25,273	0	25,273
Due to Other Funds	0	0	1,379	1,379	0	1,379
Due to Litigants, Heirs, and Others	0	3,113	0	3,113	0	3,113
Deferred Revenue - Current Property Taxes	0	0	4,043,924	4,043,924	1,138,041	5,181,965
Deferred Revenue - Delinquent Property Taxes	0	0	103,980	103,980	42,038	146,018
Other Deferred Revenues	0	0	380,510	380,510	0	380,510
Advances from Other Funds	0	0	0	0	1,275,000	1,275,000
Total Liabilities	\$ 0	\$ 3,113	\$ 4,769,127	\$ 4,772,240	\$ 2,783,349	\$ 7,555,589
<u>Fund Balances</u>						
<u>Restricted:</u>						
Restricted for Public Safety	\$ 63,716	\$ 0	\$ 0	\$ 63,716	\$ 0	\$ 63,716
Restricted for Highways/Public Works	0	0	2,675,230	2,675,230	0	2,675,230
Restricted for Capital Projects	0	0	0	0	2,124,037	2,124,037
Total Fund Balances	\$ 63,716	\$ 0	\$ 2,675,230	\$ 2,738,946	\$ 2,124,037	\$ 4,862,983
Total Liabilities and Fund Balances	\$ 63,716	\$ 3,113	\$ 7,444,357	\$ 7,511,186	\$ 4,907,386	\$ 12,418,572

Exhibit G-2

Montgomery County, Tennessee
 Combining Statement of Revenues, Expenditures,
 and Changes in Fund Balances
 Nonmajor Governmental Funds
 For the Year Ended June 30, 2011

	Special Revenue Funds				Total	Capital Projects Fund		Total Nonmajor Governmental Funds
	Drug Control	Constitutional Officers - Fees	Highway / Public Works	General Capital Projects		General Capital Projects	Nonmajor Governmental Funds	
Revenues								
Local Taxes	\$ 0	\$ 0	\$ 4,118,810	\$ 1,148,941	\$ 4,118,810	\$ 1,148,941	\$ 5,267,751	
Fines, Forfeitures, and Penalties	6,556	0	0	0	6,556	0	6,556	
Charges for Current Services	0	39,865	190	0	40,055	0	40,055	
Other Local Revenues	0	0	87,731	44,568	132,299	0	132,299	
State of Tennessee	0	0	2,979,600	0	2,979,600	0	2,979,600	
Federal Government	0	0	514,302	2,126,992	514,302	2,126,992	2,641,294	
Other Governments and Citizens Groups	0	0	33,701	136,231	33,701	136,231	169,932	
Total Revenues	\$ 6,556	\$ 39,865	\$ 7,734,334	\$ 3,456,732	\$ 7,780,755	\$ 3,456,732	\$ 11,237,487	
Expenditures								
Current:								
Administration of Justice	\$ 0	\$ 39,865	\$ 0	\$ 0	\$ 39,865	\$ 0	\$ 39,865	
Public Safety	29,019	0	0	0	29,019	0	29,019	
Highways	0	0	7,009,113	0	7,009,113	0	7,009,113	
Capital Projects	0	0	0	8,507,555	0	8,507,555	8,507,555	
Total Expenditures	\$ 29,019	\$ 39,865	\$ 7,009,113	\$ 8,507,555	\$ 7,077,997	\$ 8,507,555	\$ 15,585,552	
Excess (Deficiency) of Revenues Over Expenditures	\$ (22,463)	\$ 0	\$ 725,221	\$ (5,050,823)	\$ 702,758	\$ (5,050,823)	\$ (4,348,065)	
Other Financing Sources (Uses)								
Other Loans Issued	\$ 0	\$ 0	\$ 0	\$ 3,994,268	\$ 0	\$ 3,994,268	\$ 3,994,268	
Insurance Recovery	0	0	17,236	47,726	17,236	47,726	64,962	
Total Other Financing Sources (Uses)	\$ 0	\$ 0	\$ 17,236	\$ 4,041,994	\$ 17,236	\$ 4,041,994	\$ 4,059,230	
Net Change in Fund Balances Fund Balance, July 1, 2010	\$ (22,463)	\$ 0	\$ 742,457	\$ (1,008,829)	\$ 719,994	\$ (1,008,829)	\$ (288,835)	
	86,179	0	1,932,773	3,132,866	2,018,952	3,132,866	5,151,818	
Fund Balance, June 30, 2011	\$ 63,716	\$ 0	\$ 2,675,230	\$ 2,124,037	\$ 2,738,946	\$ 2,124,037	\$ 4,862,983	

Exhibit G-3

Montgomery County, Tennessee
 Schedule of Revenues, Expenditures, and Changes
 in Fund Balance - Actual (Budgetary Basis) and Budget
Drug Control Fund
For the Year Ended June 30, 2011

	Actual (GAAP Basis)	Less: Encumbrances 7/1/2010	Actual Revenues/ Expenditures (Budgetary Basis)	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
				Original	Final	
<u>Revenues</u>						
Fines, Forfeitures, and Penalties	\$ 6,556 \$	0 \$	6,556 \$	12,500 \$	12,500 \$	(5,944)
Total Revenues	\$ 6,556 \$	0 \$	6,556 \$	12,500 \$	12,500 \$	(5,944)
<u>Expenditures</u>						
<u>Public Safety</u>						
Sheriff's Department	\$ 29,019 \$	(10,500) \$	18,519 \$	52,115 \$	52,115 \$	33,596
Total Expenditures	\$ 29,019 \$	(10,500) \$	18,519 \$	52,115 \$	52,115 \$	33,596
Excess (Deficiency) of Revenues Over Expenditures	\$ (22,463) \$	10,500 \$	(11,963) \$	(39,615) \$	(39,615) \$	27,652
Net Change in Fund Balance Fund Balance, July 1, 2010	\$ (22,463) \$	10,500 \$	(11,963) \$	(39,615) \$	(39,615) \$	27,652
	86,179	(10,500)	75,679	39,615	39,615	36,064
Fund Balance, June 30, 2011	\$ 63,716 \$	0 \$	63,716 \$	0 \$	0 \$	63,716

Exhibit G-4

Montgomery County, Tennessee
Schedule of Revenues, Expenditures, and Changes
in Fund Balance - Actual (Budgetary Basis) and Budget
Highway/Public Works Fund
For the Year Ended June 30, 2011

	Actual (GAAP Basis)	Less: Encumbrances 7/1/2010	Add: Encumbrances 6/30/2011	Actual Revenues/ Expenditures (Budgetary Basis)	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
					Original	Final	
Revenues							
Local Taxes	\$ 4,118,810	\$ 0	\$ 0	\$ 4,118,810	\$ 4,015,000	\$ 4,015,000	\$ 103,810
Charges for Current Services	190	0	0	190	100	100	90
Other Local Revenues	87,731	0	0	87,731	64,000	64,000	23,731
State of Tennessee	2,979,600	0	0	2,979,600	3,931,579	3,931,579	(951,979)
Federal Government	514,302	0	0	514,302	0	0	514,302
Other Governments and Citizens Groups	33,701	0	0	33,701	100,000	100,000	(66,299)
Total Revenues	\$ 7,734,334	\$ 0	\$ 0	\$ 7,734,334	\$ 8,110,679	\$ 8,110,679	\$ (376,345)
Expenditures							
<u>Highways</u>							
Administration	\$ 386,207	\$ 0	\$ 0	\$ 386,207	\$ 383,213	\$ 389,713	\$ 3,506
Highway and Bridge Maintenance	4,149,494	(1,800)	0	4,147,694	4,204,175	4,630,975	483,281
Operation and Maintenance of Equipment	1,110,704	0	0	1,110,704	1,103,084	1,203,084	92,380
Traffic Control	407,284	(2,497)	0	404,787	441,634	444,131	39,344
Other Charges	380,610	0	0	380,610	564,990	568,290	187,680
Employee Benefits	44,374	0	0	44,374	33,000	53,000	8,626
Capital Outlay	530,440	(161,386)	372,262	741,316	1,595,442	1,756,828	1,015,512
Interest on Debt	0	0	0	0	7,000	7,000	7,000
Highways and Streets	0	0	0	0	7,000	7,000	7,000
Total Expenditures	\$ 7,009,113	\$ (165,683)	\$ 372,262	\$ 7,215,692	\$ 8,332,538	\$ 9,053,021	\$ 1,837,329
Excess (Deficiency) of Revenues Over Expenditures	\$ 725,221	\$ 165,683	\$ (372,262)	\$ 518,642	\$ (221,859)	\$ (942,342)	\$ 1,460,984
<u>Other Financing Sources (Uses)</u>							
Insurance Recovery	\$ 17,236	\$ 0	\$ 0	\$ 17,236	\$ 0	\$ 0	\$ 17,236
Transfers In	0	0	0	0	670,937	670,937	(670,937)
Total Other Financing Sources (Uses)	\$ 17,236	\$ 0	\$ 0	\$ 17,236	\$ 670,937	\$ 670,937	\$ (653,701)
Net Change in Fund Balance Fund Balance, July 1, 2010	\$ 742,457	\$ 165,683	\$ (372,262)	\$ 535,878	\$ 449,078	\$ (271,405)	\$ 807,283
Fund Balance, July 1, 2010	1,932,773	(165,683)	0	1,767,090	721,902	721,902	1,045,188
Fund Balance, June 30, 2011	\$ 2,675,230	\$ 0	\$ (372,262)	\$ 2,302,968	\$ 1,170,980	\$ 450,497	\$ 1,852,471

Major Governmental Fund

General Debt Service Fund

The General Debt Service Fund is used to account for and report financial resources that are restricted, committed, or assigned to expenditure for principal and interest.

Exhibit H

Montgomery County, Tennessee
Schedule of Revenues, Expenditures, and Changes
in Fund Balance - Actual and Budget
General Debt Service Fund
For the Year Ended June 30, 2011

	Actual	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
		Original	Final	
<u>Revenues</u>				
Local Taxes	\$ 31,688,761	\$ 29,750,000	\$ 30,535,000	\$ 1,153,761
Other Local Revenues	235,246	985,000	280,962	(45,716)
Federal Government	112,376	0	112,376	0
Other Governments and Citizens Groups	275,399	112,376	0	275,399
Total Revenues	<u>\$ 32,311,782</u>	<u>\$ 30,847,376</u>	<u>\$ 30,928,338</u>	<u>\$ 1,383,444</u>
<u>Expenditures</u>				
<u>Principal on Debt</u>				
General Government	\$ 4,935,902	\$ 5,141,743	\$ 5,189,746	\$ 253,844
Education	12,501,313	12,442,648	12,521,306	19,993
<u>Interest on Debt</u>				
General Government	4,641,679	4,633,525	4,641,679	0
Education	8,918,707	9,436,258	9,411,469	492,762
<u>Other Debt Service</u>				
General Government	181,610	178,500	188,500	6,890
Education	452,174	458,500	475,593	23,419
Total Expenditures	<u>\$ 31,631,385</u>	<u>\$ 32,291,174</u>	<u>\$ 32,428,293</u>	<u>\$ 796,908</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>\$ 680,397</u>	<u>\$ (1,443,798)</u>	<u>\$ (1,499,955)</u>	<u>\$ 2,180,352</u>
<u>Other Financing Sources (Uses)</u>				
Transfers In	\$ 32,367	\$ 0	\$ 0	\$ 32,367
Total Other Financing Sources (Uses)	<u>\$ 32,367</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 32,367</u>
Net Change in Fund Balance	\$ 712,764	\$ (1,443,798)	\$ (1,499,955)	\$ 2,212,719
Fund Balance, July 1, 2010	<u>28,454,661</u>	<u>26,381,709</u>	<u>26,381,709</u>	<u>2,072,952</u>
Fund Balance, June 30, 2011	<u>\$ 29,167,425</u>	<u>\$ 24,937,911</u>	<u>\$ 24,881,754</u>	<u>\$ 4,285,671</u>

Proprietary Funds

Internal Service Funds are used to account for the financing of goods or services provided by one department or agency to other departments or agencies of the county, or other governments, on a cost-reimbursed basis.

Self-Insurance Fund – The Self-Insurance Fund is used to account for transactions of the county’s self-insured group medical plan.

Workers’ Compensation Fund – The Workers’ Compensation Fund is used to account for the county’s self-insured workers’ compensation and on-the-job injury programs.

Unemployment Compensation Fund – The Unemployment Compensation Fund is used to account for transactions of the county’s self-insured unemployment compensation plan.

Exhibit I-1

Montgomery County, Tennessee
Combining Statement of Net Assets
Proprietary Funds
June 30, 2011

	Internal Service Funds			Total
	Self-Insurance	Workers' Compensation	Unemployment Compensation	
<u>ASSETS</u>				
Current Assets:				
Equity in Pooled Cash and Investments	\$ 10,316,086	\$ 1,989,082	\$ 86,267	\$ 12,391,435
Cash with Paying Agents	0	50,000	0	50,000
Accounts Receivable	0	201	28	229
Due from Other Funds	1,972	0	49,750	51,722
Due from Component Units	10,210	0	0	10,210
Total Current Assets	<u>\$ 10,328,268</u>	<u>\$ 2,039,283</u>	<u>\$ 136,045</u>	<u>\$ 12,503,596</u>
Noncurrent Assets:				
Capital Assets:				
Buildings and Improvements	\$ 24,803	\$ 0	\$ 0	\$ 24,803
Accumulated Depreciation - Buildings and Improvements	(4,569)	0	0	(4,569)
Total Noncurrent Assets	<u>\$ 20,234</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 20,234</u>
Total Assets	<u>\$ 10,348,502</u>	<u>\$ 2,039,283</u>	<u>\$ 136,045</u>	<u>\$ 12,523,830</u>
<u>LIABILITIES</u>				
Current Liabilities:				
Accounts Payable	\$ 32,828	\$ 48,024	\$ 22,569	\$ 103,421
Accrued Payroll	0	4,109	0	4,109
Payroll Deductions Payable	0	606	0	606
Due to Component Units	42,852	0	0	42,852
Claims and Judgments Payable	1,378,499	170,362	0	1,548,861
Total Current Liabilities	<u>\$ 1,454,179</u>	<u>\$ 223,101</u>	<u>\$ 22,569</u>	<u>\$ 1,699,849</u>
Noncurrent Liabilities:				
Claims and Judgments Payable	\$ 1,378,500	\$ 170,361	\$ 0	\$ 1,548,861
Total Noncurrent Liabilities	<u>\$ 1,378,500</u>	<u>\$ 170,361</u>	<u>\$ 0</u>	<u>\$ 1,548,861</u>
Total Liabilities	<u>\$ 2,832,679</u>	<u>\$ 393,462</u>	<u>\$ 22,569</u>	<u>\$ 3,248,710</u>
<u>NET ASSETS</u>				
Unrestricted	<u>\$ 7,515,823</u>	<u>\$ 1,645,821</u>	<u>\$ 113,476</u>	<u>\$ 9,275,120</u>
Total Net Assets	<u>\$ 7,515,823</u>	<u>\$ 1,645,821</u>	<u>\$ 113,476</u>	<u>\$ 9,275,120</u>

Exhibit I-2

Montgomery County, Tennessee
Combining Statement of Revenues, Expenses, and
Changes in Net Assets
Proprietary Funds
For the Year Ended June 30, 2011

	Internal Service Funds				Total
	Self- Insurance	Workers' Compensation	Unemployment Compensation		
<u>Operating Revenues</u>					
Charges for Current Services	\$ 44,979,331	\$ 0	\$ 115,000	\$	\$ 45,094,331
Total Operating Revenues	\$ 44,979,331	\$ 0	\$ 115,000	\$	\$ 45,094,331
<u>Operating Expenses</u>					
Risk Management	\$ 0	\$ 326,610	\$ 0	\$	\$ 326,610
Other Local Health Services	0	0	4,950		4,950
Depreciation	991	0	0		991
Other Charges	1,214,125	0	290,996		1,505,121
Employee Benefits	34,705,257	0	0		34,705,257
Total Operating Expenses	\$ 35,920,373	\$ 326,610	\$ 295,946	\$	\$ 36,542,929
Operating Income (Loss)	\$ 9,058,958	\$ (326,610)	\$ (180,946)	\$	\$ 8,551,402
<u>Nonoperating Revenues (Expenses)</u>					
Investment Income	\$ 17,600	\$ 2,442	\$ 1,259	\$	\$ 21,301
Miscellaneous Refunds	97,216	2,415	0		99,631
Total Nonoperating Revenues (Expenses)	\$ 114,816	\$ 4,857	\$ 1,259	\$	\$ 120,932
Changes in Net Assets	\$ 9,173,774	\$ (321,753)	\$ (179,687)	\$	\$ 8,672,334
Nets Assets (Deficit), July 1, 2010	(1,657,951)	1,967,574	293,163		602,786
Nets Assets, June 30, 2011	\$ 7,515,823	\$ 1,645,821	\$ 113,476	\$	\$ 9,275,120

Exhibit I-3

Montgomery County, Tennessee
Combining Statement of Cash Flows
Proprietary Funds
For the Year Ended June 30, 2011

	Internal Service Funds			Total
	Self-Insurance	Workers' Compensation	Unemployment Compensation	
<u>Cash Flows from Operating Activities</u>				
Receipts from Interfund Services Provided	\$ 45,011,339	\$ 4,789	\$ 115,000	\$ 45,131,128
Other Self-Insured Claims	(36,141,591)	(342,968)	(279,753)	(36,764,312)
Other Receipts (Payments)	97,216	0	0	97,216
Net Cash Provided By (Used In) Operating Activities	\$ 8,966,964	\$ (338,179)	\$ (164,753)	\$ 8,464,032
<u>Cash Flows from Investing Activities</u>				
Investment Income	\$ 17,600	\$ 2,442	\$ 1,259	\$ 21,301
Net Cash Provided By (Used In) Investing Activities	\$ 17,600	\$ 2,442	\$ 1,259	\$ 21,301
Net Increase (Decrease) in Cash	\$ 8,984,564	\$ (335,737)	\$ (163,494)	\$ 8,485,333
Cash, July 1, 2010	1,331,522	2,374,819	249,761	3,956,102
Cash, June 30, 2011	\$ 10,316,086	\$ 2,039,082	\$ 86,267	\$ 12,441,435

(Continued)

Exhibit I-3

Montgomery County, Tennessee
Combining Statement of Cash Flows
Proprietary Funds (Cont.)

	Internal Service Funds			Total
	Self-Insurance	Workers' Compensation	Unemployment Compensation	
\$ 9,058,958	\$ (326,610)	\$ (180,946)	\$ 8,551,402	
97,216	2,415	0	99,631	
991	0	0	991	
26,351	(1)	83	26,433	
76	2,375	(1,330)	1,121	
5,581	0	0	5,581	
31,339	42,868	17,440	91,647	
0	(1,016)	0	(1,016)	
0	(533)	0	(533)	
2,186	0	0	2,186	
(255,734)	(57,677)	0	(313,411)	
\$ 8,966,964	\$ (338,179)	\$ (164,753)	\$ 8,464,032	

Reconciliation of Operating Income (Loss) to Net Cash Provided By (Used In) Operating Activities
Operating Income (Loss)
Miscellaneous Refunds
Adjustments to Reconcile Net Operating Income (Loss) to Net Cash Provided By (Used In) Operating Activities:
Depreciation Expense
(Increase) Decrease in Accounts Receivable
(Increase) Decrease in Due from Other Funds
(Increase) Decrease in Due from Component Units
Increase (Decrease) in Accounts Payable
Increase (Decrease) in Accrued Payroll
Increase (Decrease) in Payroll Deductions Payable
Increase (Decrease) in Due to Component Units
Increase (Decrease) in Claims and Judgments Payable
Net Cash Provided By (Used In) Operating Activities

Fiduciary Funds

Agency Funds are used to account for assets held by the county as an agent for individuals, private organizations, other governments, and/or other funds. Agency funds are custodial in nature (assets equal liabilities) and do not involve measurement of results of operations.

Cities - Sales Tax Fund – The Cities - Sales Tax Fund is used to account for the second half of the sales tax revenues collected inside incorporated cities of the county. These revenues are received by the county from the State of Tennessee and forwarded to the various cities on a monthly basis.

Constitutional Officers - Agency Fund – The Constitutional Officers - Agency Fund is used to account for amounts collected in an agency capacity by the county clerk, circuit and general sessions courts clerk, clerk and master, register, and sheriff. Such collections include amounts due the state, cities, other county funds, litigants, heirs, and others.

Judicial District Drug Fund – The Judicial District Drug Fund is used to account for state grants and other restricted revenues that are held for the benefit of the multi-jurisdictional drug task force, which was created by contract (mutual aid agreement) between the participating city and county governments.

Exhibit J-1

Montgomery County, Tennessee
Combining Statement of Fiduciary Assets and Liabilities
Fiduciary Funds
June 30, 2011

	Agency Funds			
	Cities - Sales Tax	Constitu- tional Officers - Agency	Judicial District Drug	Total
<u>ASSETS</u>				
Cash	\$ 0	\$ 7,815,243	\$ 17,942	\$ 7,833,185
Equity in Pooled Cash and Investments	0	0	156,081	156,081
Accounts Receivable	0	2,829	183	3,012
Due from Other Governments	2,131,940	0	10,949	2,142,889
Total Assets	<u>\$ 2,131,940</u>	<u>\$ 7,818,072</u>	<u>\$ 185,155</u>	<u>\$ 10,135,167</u>
<u>LIABILITIES</u>				
Accounts Payable	\$ 0	\$ 0	\$ 6,014	\$ 6,014
Accrued Payroll	0	0	7,210	7,210
Due to Other Taxing Units	2,131,940	0	0	2,131,940
Due to Litigants, Heirs, and Others	0	7,818,072	0	7,818,072
Due to Other Funds	0	0	1,314	1,314
Due to Joint Ventures	0	0	170,617	170,617
Total Liabilities	<u>\$ 2,131,940</u>	<u>\$ 7,818,072</u>	<u>\$ 185,155</u>	<u>\$ 10,135,167</u>

Exhibit J-2

Montgomery County, Tennessee
Combining Statement of Changes in Assets and
Liabilities - All Agency Funds
For the Year Ended June 30, 2011

	Beginning Balance	Additions	Deductions	Ending Balance
<u>Cities - Sales Tax Fund</u>				
<u>Assets</u>				
Equity in Pooled Cash and Investments	\$ 0	\$ 12,160,832	\$ 12,160,832	\$ 0
Due from Other Governments	2,011,097	2,131,940	2,011,097	2,131,940
Total Assets	\$ 2,011,097	\$ 14,292,772	\$ 14,171,929	\$ 2,131,940
<u>Liabilities</u>				
Due to Other Taxing Units	\$ 2,011,097	\$ 14,292,772	\$ 14,171,929	\$ 2,131,940
Total Liabilities	\$ 2,011,097	\$ 14,292,772	\$ 14,171,929	\$ 2,131,940
<u>Constitutional Officers - Agency Fund</u>				
<u>Assets</u>				
Cash	\$ 6,747,183	\$ 33,428,227	\$ 32,360,167	\$ 7,815,243
Accounts Receivable	2,784	2,829	2,784	2,829
Total Assets	\$ 6,749,967	\$ 33,431,056	\$ 32,362,951	\$ 7,818,072
<u>Liabilities</u>				
Due to Litigants, Heirs, and Others	\$ 6,749,967	\$ 33,431,056	\$ 32,362,951	\$ 7,818,072
Total Liabilities	\$ 6,749,967	\$ 33,431,056	\$ 32,362,951	\$ 7,818,072
<u>Judicial District Drug Fund</u>				
<u>Assets</u>				
Cash	\$ 13,786	\$ 17,942	\$ 13,786	\$ 17,942
Equity in Pooled Cash and Investments	248,764	384,866	477,549	156,081
Accounts Receivable	358	183	358	183
Due from Other Governments	8,520	10,949	8,520	10,949
Total Assets	\$ 271,428	\$ 413,940	\$ 500,213	\$ 185,155
<u>Liabilities</u>				
Accounts Payable	\$ 6,942	\$ 6,014	\$ 6,942	\$ 6,014
Accrued Payroll	7,994	7,210	7,994	7,210
Other Current Liabilities	62,036	0	62,036	0
Due to Other Funds	0	1,314	0	1,314
Due to Joint Ventures	194,456	399,402	423,241	170,617
Total Liabilities	\$ 271,428	\$ 413,940	\$ 500,213	\$ 185,155

(Continued)

Exhibit J-2

Montgomery County, Tennessee
Combining Statement of Changes in Assets and
Liabilities - All Agency Funds (Cont.)

	Beginning Balance	Additions	Deductions	Ending Balance
<u>Totals - All Agency Funds</u>				
<u>Assets</u>				
Cash	\$ 6,760,969	\$ 33,446,169	\$ 32,373,953	\$ 7,833,185
Equity in Pooled Cash and Investments	248,764	12,545,698	12,638,381	156,081
Accounts Receivable	3,142	3,012	3,142	3,012
Due from Other Governments	2,019,617	2,142,889	2,019,617	2,142,889
Total Assets	<u>\$ 9,032,492</u>	<u>\$ 48,137,768</u>	<u>\$ 47,035,093</u>	<u>\$ 10,135,167</u>
<u>Liabilities</u>				
Accounts Payable	\$ 6,942	\$ 6,014	\$ 6,942	\$ 6,014
Accrued Payroll	7,994	7,210	7,994	7,210
Other Current Liabilities	62,036	0	62,036	0
Due to Other Funds	0	1,314	0	1,314
Due to Other Taxing Units	2,011,097	14,292,772	14,171,929	2,131,940
Due to Litigants, Heirs, and Others	6,749,967	33,431,056	32,362,951	7,818,072
Due to Joint Ventures	194,456	399,402	423,241	170,617
Total Liabilities	<u>\$ 9,032,492</u>	<u>\$ 48,137,768</u>	<u>\$ 47,035,093</u>	<u>\$ 10,135,167</u>

Clarksville-Montgomery County School System

This section presents combining and individual fund financial statements for the Clarksville-Montgomery County School System, a discretely presented component unit. The School System uses a General Fund, four Special Revenue Funds, and one Capital Projects Fund.

General Purpose School Fund – The General Purpose School Fund is used to account for general operations of the School System.

School Federal Projects Funds – The School Federal Projects Fund is used to account for restricted federal revenues, which must be expended on specific education programs.

Central Cafeteria Fund – The Central Cafeteria Fund is used to account for the cafeteria operations in each of the schools.

School Transportation Fund – The School Transportation Fund accounts for a local tax levy used to fund school transportation.

Extended School Program Fund – The Extended School Program Fund is used to account for transactions related to the after-school programs in the individual schools.

Education Capital Projects Fund – The Education Capital Projects Fund is used to account for building construction and renovations of the School System.

Exhibit K-1

Montgomery County, Tennessee
 Statement of Activities
 Discretely Presented Clarksville-Montgomery County School System
 For the Year Ended June 30, 2011

Functions/Programs	Program Revenues			Expenses	Program Revenues		Net (Expense) Revenue and Changes in Net Assets
	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions		Operating Grants and Contributions	Total Governmental Activities	
Governmental Activities:							
Instruction	\$ 134,112,503	\$ 218,984	\$ 16,292,560	\$ 0	\$ 0	\$ (117,600,959)	
Support Services	89,938,623	233,546	3,606,464	4,319,768		(81,778,845)	
Operation of Non-Instructional Services	13,415,012	4,880,322	9,631,952	0	0	1,097,262	
Other Debt Service	33,854	0	0	0	0	(33,854)	
Total Governmental Activities	\$ 237,499,992	\$ 5,332,852	\$ 29,530,976	\$ 4,319,768	\$ (198,316,396)		
General Revenues:							
Taxes:							
Property Taxes Levied for General Purposes					\$ 28,009,357		
Local Option Sales Tax					34,725,687		
Wheel Tax					3,890,329		
Business Tax					609,651		
Interstate Telecommunications Tax					9,110		
Grants and Contributions Not Restricted to Specific Programs					133,450,885		
Unrestricted Investment Earnings					36,566		
Miscellaneous					158,487		
Total General Revenues					\$ 200,890,072		
Change in Net Assets					\$ 2,573,676		
Net Assets, July 1, 2010					311,810,790		
Net Assets, June 30, 2011					\$ 314,384,466		

Exhibit K-2

Montgomery County, Tennessee
Balance Sheet - Governmental Funds
 Discretely Presented Clarksville-Montgomery County School System
June 30, 2011

	Major Funds			Nonmajor Funds	Total Governmental Funds
	General Purpose School	School Federal Projects	Education Capital Projects	Other Governmental Funds	
<u>ASSETS</u>					
Cash	\$ 6,335	\$ 0	\$ 4,315,164	\$ 566,978	\$ 4,888,477
Equity in Pooled Cash and Investments	22,363,791	3,407,820	3,436,317	4,795,977	34,003,905
Inventories	245,307	0	0	361,576	606,883
Accounts Receivable	83,668	1,378	0	76,821	161,867
Due from Other Governments	11,524,353	1,387,790	829,059	655,495	14,396,697
Due from Other Funds	1,688,421	10,348	0	19,855	1,718,624
Due from Primary Government	42,852	0	0	0	42,852
Property Taxes Receivable	28,865,628	0	0	1,759,407	30,625,035
Allowance for Uncollectible Property Taxes	(685,546)	0	0	(43,658)	(729,204)
Prepaid Items	36,799	0	0	3,464	40,263
Total Assets	\$ 64,171,608	\$ 4,807,336	\$ 8,580,540	\$ 8,195,915	\$ 85,755,399
<u>LIABILITIES AND FUND BALANCES</u>					
<u>Liabilities</u>					
Accounts Payable	\$ 876,513	\$ 287,014	\$ 949,241	\$ 139,368	\$ 2,252,136
Accrued Payroll	5,521,669	452,913	0	0	5,974,582
Payroll Deductions Payable	3,356,054	265,014	0	7,474	3,628,542
Due to Other Funds	19,696	1,688,072	0	10,856	1,718,624
Due to Primary Government	9,361	193	0	656	10,210
Current Liabilities Payable from Restricted Assets:					
Customer Deposits Payable	0	0	0	109,304	109,304
Deferred Revenue - Current Property Taxes	27,298,023	0	0	1,656,879	28,954,902
Deferred Revenue - Delinquent Property Taxes	765,985	0	0	51,123	817,108
Other Deferred Revenues	3,343,431	896,500	0	0	4,239,931
Total Liabilities	\$ 41,190,732	\$ 3,589,706	\$ 949,241	\$ 1,975,660	\$ 47,705,339
<u>Fund Balances</u>					
Nonspendable:					
Inventory	\$ 245,307	\$ 0	\$ 0	\$ 361,576	\$ 606,883
Prepaid Items	36,799	0	0	3,464	40,263
Restricted:					
Restricted for Education	6,229	1,217,630	0	5,788,962	7,012,821
Restricted for Capital Projects	0	0	7,631,299	0	7,631,299
Committed:					
Committed for Education	2,850,218	0	0	66,253	2,916,471
Assigned:					
Assigned for Education	338,521	0	0	0	338,521
Unassigned	19,503,802	0	0	0	19,503,802
Total Fund Balances	\$ 22,980,876	\$ 1,217,630	\$ 7,631,299	\$ 6,220,255	\$ 38,050,060
Total Liabilities and Fund Balances	\$ 64,171,608	\$ 4,807,336	\$ 8,580,540	\$ 8,195,915	\$ 85,755,399

Exhibit K-3

Montgomery County, Tennessee
Reconciliation of the Balance Sheet of Governmental Funds to the Statement of Net Assets
Discretely Presented Clarksville-Montgomery County School System
June 30, 2011

Amounts reported for governmental activities in the statement of net assets (Exhibit A) are different because:

Total fund balances - balance sheet - governmental funds (Exhibit K-2)		\$	38,050,060
(1) Capital assets used in governmental activities are not financial resources and therefore are not reported in the governmental funds.			
Add: land	\$	12,666,258	
Add: construction in progress		16,924,648	
Add: buildings and improvements net of accumulated depreciation		232,583,410	
Add: other capital assets net of accumulated depreciation		<u>13,233,241</u>	275,407,557
(2) Long-term liabilities are not due and payable in the current period and therefore are not reported in the governmental funds.			
Less: claims and judgments payable	\$	(703,987)	
Less: other postemployment benefits liability		(2,350,721)	
Less: compensated absences payable		<u>(1,075,482)</u>	(4,130,190)
(3) Other long-term assets are not available to pay for current-period expenditures and therefore are deferred in the governmental funds.			<u>5,057,039</u>
Net assets of governmental activities (Exhibit A)		\$	<u><u>314,384,466</u></u>

Exhibit K-4

Montgomery County, Tennessee
Statement of Revenues, Expenditures,
and Changes in Fund Balances -
Governmental Funds
Discretely Presented Clarksville-Montgomery County School System
For the Year Ended June 30, 2011

	Major Funds			Nonmajor Funds	Total Governmental Funds
	General Purpose School	School Federal Projects	Education Capital Projects	Other Govern- mental Funds	
<u>Revenues</u>					
Local Taxes	\$ 66,477,940	\$ 0	\$ 0	\$ 1,811,171	\$ 68,289,111
Charges for Current Services	61,020	0	0	4,943,892	5,004,912
Other Local Revenues	440,560	301	28,351	182,293	651,505
State of Tennessee	115,943,880	391,466	0	7,851,876	124,187,222
Federal Government	5,561,255	23,842,369	0	7,448,432	36,852,056
Other Governments and Citizens Groups	31,768	0	4,319,768	0	4,351,536
Total Revenues	<u>\$ 188,516,423</u>	<u>\$ 24,234,136</u>	<u>\$ 4,348,119</u>	<u>\$ 22,237,664</u>	<u>\$ 239,336,342</u>
<u>Expenditures</u>					
Current:					
Instruction	\$ 119,871,240	\$ 13,359,545	\$ 0	\$ 143,287	\$ 133,374,072
Support Services	64,779,092	5,009,641	0	11,176,177	80,964,910
Operation of Non-Instructional Services	1,913,538	0	0	11,580,102	13,493,640
Debt Service:					
Interest on Debt	33,854	0	0	0	33,854
Capital Projects	0	0	17,968,975	0	17,968,975
Total Expenditures	<u>\$ 186,597,724</u>	<u>\$ 18,369,186</u>	<u>\$ 17,968,975</u>	<u>\$ 22,899,566</u>	<u>\$ 245,835,451</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>\$ 1,918,699</u>	<u>\$ 5,864,950</u>	<u>\$ (13,620,856)</u>	<u>\$ (661,902)</u>	<u>\$ (6,499,109)</u>
<u>Other Financing Sources (Uses)</u>					
Insurance Recovery	\$ 27,512	\$ 0	\$ 0	\$ 0	\$ 27,512
Transfers In	4,096,130	0	0	1,297,915	5,394,045
Transfers Out	0	(5,394,045)	0	0	(5,394,045)
Total Other Financing Sources (Uses)	<u>\$ 4,123,642</u>	<u>\$ (5,394,045)</u>	<u>\$ 0</u>	<u>\$ 1,297,915</u>	<u>\$ 27,512</u>
Net Change in Fund Balances	\$ 6,042,341	\$ 470,905	\$ (13,620,856)	\$ 636,013	\$ (6,471,597)
Fund Balance, July 1, 2010	<u>16,938,535</u>	<u>746,725</u>	<u>21,252,155</u>	<u>5,584,242</u>	<u>44,521,657</u>
Fund Balance, June 30, 2011	<u>\$ 22,980,876</u>	<u>\$ 1,217,630</u>	<u>\$ 7,631,299</u>	<u>\$ 6,220,255</u>	<u>\$ 38,050,060</u>

Exhibit K-5

Montgomery County, Tennessee
Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances
of Governmental Funds to the Statement of Activities
Discretely Presented Clarksville-Montgomery County School System
For the Year Ended June 30, 2011

Amounts reported for governmental activities in the statement of activities (Exhibit B) are different because:

Net change in fund balances - total governmental funds (Exhibit K-4)		\$ (6,471,597)
(1) Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of these assets is allocated over their useful lives and reported as depreciation expense. The difference between capital outlays and depreciation is itemized as follows:		
Add: capital assets purchased in the current period	\$ 17,289,273	
Less: current-year depreciation expense	<u>(8,313,160)</u>	8,976,113
(2) The net effect of various miscellaneous transactions involving capital assets (sales, trade-ins, and donations) is to decrease net assets.		
Less: revenue from the sale of capital assets	\$ (43,962)	
Add: gain on disposal of capital assets	<u>41,421</u>	(2,541)
(3) Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.		
Less: deferred delinquent property taxes and other deferred June 30, 2010	\$ (4,345,452)	
Add: deferred delinquent property taxes and other deferred June 30, 2011	<u>5,057,039</u>	711,587
(4) Some expenses reported in the statement of activities do not require the use of current financial resources and therefore are not reported as expenditures in the governmental funds.		
Change in claims and judgments payable	\$ 60,041	
Change in other postemployment benefits liability	(726,055)	
Change in compensated absences payable	<u>26,128</u>	<u>(639,886)</u>
Change in net assets of governmental activities (Exhibit B)		<u>\$ 2,573,676</u>

Exhibit K-6

Montgomery County, Tennessee
 Combining Balance Sheet - Nonmajor Governmental Funds
 Discretely Presented Clarksville-Montgomery County School System
 June 30, 2011

	Special Revenue Funds			Total Nonmajor Governmental Funds
	Central Cafeteria	School Transpor - tation	Extended School Program	
<u>ASSETS</u>				
Cash	\$ 566,978	\$ 0	\$ 0	\$ 566,978
Equity in Pooled Cash and Investments	3,384,835	1,334,528	76,614	4,795,977
Inventories	361,576	0	0	361,576
Accounts Receivable	50,021	26,800	0	76,821
Due from Other Governments	655,495	0	0	655,495
Due from Other Funds	15,578	4,277	0	19,855
Property Taxes Receivable	0	1,759,407	0	1,759,407
Allowance for Uncollectible Property Taxes	0	(43,658)	0	(43,658)
Prepaid Items	0	0	3,464	3,464
Total Assets	\$ 5,034,483	\$ 3,081,354	\$ 80,078	\$ 8,195,915
<u>LIABILITIES AND FUND BALANCES</u>				
<u>Liabilities</u>				
Accounts Payable	\$ 57,580	\$ 77,588	\$ 4,200	\$ 139,368
Payroll Deductions Payable	527	786	6,161	7,474
Due to Other Funds	60	10,796	0	10,856
Due to Primary Government	221	435	0	656
Current Liabilities Payable from Restricted Assets:				
Customer Deposits Payable	109,304	0	0	109,304
Deferred Revenue - Current Property Taxes	0	1,656,879	0	1,656,879
Deferred Revenue - Delinquent Property Taxes	0	51,123	0	51,123
Total Liabilities	\$ 167,692	\$ 1,797,607	\$ 10,361	\$ 1,975,660
<u>Fund Balances</u>				
Nonspendable:				
Inventory	\$ 361,576	\$ 0	\$ 0	\$ 361,576
Prepaid Items	0	0	3,464	3,464
Restricted:				
Restricted for Education	4,505,215	1,283,747	0	5,788,962
Committed:				
Committed for Education	0	0	66,253	66,253
Total Fund Balances	\$ 4,866,791	\$ 1,283,747	\$ 69,717	\$ 6,220,255
Total Liabilities and Fund Balances	\$ 5,034,483	\$ 3,081,354	\$ 80,078	\$ 8,195,915

Exhibit K-7

Montgomery County, Tennessee
Combining Statement of Revenues, Expenditures,
and Changes in Fund Balances -
Nonmajor Governmental Funds
Discretely Presented Clarksville-Montgomery County School System
For the Year Ended June 30, 2011

	Special Revenue Funds			Total Nonmajor Governmental Funds
	Central Cafeteria	School Transpor - tation	Extended School Program	
<u>Revenues</u>				
Local Taxes	\$ 0	\$ 1,811,171	\$ 0	\$ 1,811,171
Charges for Current Services	4,759,195	0	184,697	4,943,892
Other Local Revenues	127,477	54,816	0	182,293
State of Tennessee	121,726	7,730,150	0	7,851,876
Federal Government	7,448,432	0	0	7,448,432
Total Revenues	\$ 12,456,830	\$ 9,596,137	\$ 184,697	\$ 22,237,664
<u>Expenditures</u>				
Current:				
Instruction	\$ 0	\$ 0	\$ 143,287	\$ 143,287
Support Services	0	11,139,675	36,502	11,176,177
Operation of Non-Instructional Services	11,580,102	0	0	11,580,102
Total Expenditures	\$ 11,580,102	\$ 11,139,675	\$ 179,789	\$ 22,899,566
Excess (Deficiency) of Revenues Over Expenditures	\$ 876,728	\$ (1,543,538)	\$ 4,908	\$ (661,902)
<u>Other Financing Sources (Uses)</u>				
Transfers In	\$ 0	\$ 1,297,915	\$ 0	\$ 1,297,915
Total Other Financing Sources (Uses)	\$ 0	\$ 1,297,915	\$ 0	\$ 1,297,915
Net Change in Fund Balances	\$ 876,728	\$ (245,623)	\$ 4,908	\$ 636,013
Fund Balance, July 1, 2010	3,990,063	1,529,370	64,809	5,584,242
Fund Balance, June 30, 2011	\$ 4,866,791	\$ 1,283,747	\$ 69,717	\$ 6,220,255

Exhibit K-8

Montgomery County, Tennessee
 Schedule of Revenues, Expenditures, and Changes
 in Fund Balance - Actual (Budgetary Basis) and Budget
 Discretely Presented Clarksville-Montgomery County School System
 General Purpose School Fund
 For the Year Ended June 30, 2011

	Actual (GAAP Basis)	Less: Encumbrances 7/1/2010	Add: Encumbrances 6/30/2011	Actual Revenues/ Expenditures (Budgetary Basis)	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
					Original	Final	
Revenues							
Local Taxes	\$ 66,477,940	\$ 0	\$ 0	\$ 66,477,940	\$ 64,912,219	\$ 65,712,324	\$ 765,616
Charges for Current Services	61,020	0	0	61,020	43,300	43,300	17,720
Other Local Revenues	440,560	0	0	440,560	282,000	459,910	(19,350)
State of Tennessee	115,943,880	0	0	115,943,880	112,822,073	115,630,269	313,611
Federal Government	5,561,255	0	0	5,561,255	4,580,000	5,644,585	(83,330)
Other Governments and Citizens Groups	31,768	0	0	31,768	25,000	25,000	6,768
Total Revenues	\$ 188,516,423	\$ 0	\$ 0	\$ 188,516,423	\$ 182,664,592	\$ 187,515,388	\$ 1,001,035
Expenditures							
<u>Instruction</u>							
Regular Instruction Program	\$ 97,350,629	\$ (621,956)	\$ 0	\$ 96,728,673	\$ 97,786,830	\$ 99,156,241	\$ 2,427,568
Alternative Instruction Program	841,845	0	0	841,845	843,056	875,482	33,637
Special Education Program	16,950,804	(24,100)	4,213	16,930,917	17,217,406	19,657,364	2,726,447
Vocational Education Program	4,727,962	0	2,412	4,730,374	5,060,988	4,993,700	263,326
<u>Support Services</u>							
Attendance	722,952	0	0	722,952	703,831	782,651	59,699
Health Services	1,114,830	0	2,101	1,116,931	1,160,891	1,189,077	72,146
Other Student Support	7,022,993	(554)	2,000	7,024,439	7,217,045	7,335,520	311,081
Regular Instruction Program	7,700,030	0	1,197	7,701,227	7,567,526	7,900,459	199,232
Alternative Instruction Program	36,048	0	0	36,048	36,256	36,861	813
Special Education Program	1,490,873	(160)	0	1,490,713	1,647,824	1,944,148	453,435
Vocational Education Program	101,729	0	0	101,729	100,934	103,403	1,674
Adult Programs	76,914	0	0	76,914	76,381	78,611	1,697
Other Programs	72,742	0	0	72,742	0	72,742	0

(Continued)

Exhibit K-8

Montgomery County, Tennessee
 Schedule of Revenues, Expenditures, and Changes
 in Fund Balance - Actual (Budgetary Basis) and Budget
 Discretely Presented Clarksville-Montgomery County School System
 General Purpose School Fund (Cont.)

	Actual (GAAP Basis)	Less:		Add: Encumbrances 6/30/2011	Actual Revenues/ Expenditures (Budgetary Basis)	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
		7/1/2010	Encumbrances 6/30/2011			Original	Final	
<u>Expenditures (Cont.)</u>								
<u>Support Services (Cont.)</u>								
Board of Education	\$ 212,915	\$ 0	\$ 0	\$ 212,915	\$ 220,165	\$ 220,507	\$ 7,592	
Director of Schools	829,916	0	18,489	848,405	883,589	927,231	78,826	
Office of the Principal	13,870,410	0	0	13,870,410	14,194,732	14,703,698	833,288	
Fiscal Services	3,317,817	0	0	3,317,817	3,370,535	3,442,392	124,575	
Human Services/Personnel	2,320,616	(136)	10,301	2,330,781	2,560,492	2,713,530	382,749	
Operation of Plant	14,683,742	(61,910)	89,990	14,711,822	15,075,192	15,287,516	575,694	
Maintenance of Plant	4,755,162	(84,699)	116,682	4,787,145	4,812,352	4,971,064	183,919	
Central and Other	6,449,403	(28,097)	91,136	6,512,442	6,920,341	7,438,148	925,706	
<u>Operation of Non-Instructional Services</u>								
Early Childhood Education	1,913,538	(19,177)	0	1,894,361	1,886,964	1,942,603	48,242	
Interest on Debt								
Education	33,854	0	0	33,854	35,000	35,000	1,146	
Total Expenditures	\$ 186,597,724	\$ (840,789)	\$ 338,521	\$ 186,095,456	\$ 189,378,330	\$ 195,807,948	\$ 9,712,492	
<u>Excess (Deficiency) of Revenues Over Expenditures</u>	\$ 1,918,699	\$ 840,789	\$ (338,521)	\$ 2,420,967	\$ (6,713,738)	\$ (8,292,560)	\$ 10,713,527	
<u>Other Financing Sources (Uses)</u>								
Insurance Recovery	\$ 27,512	\$ 0	\$ 0	\$ 27,512	\$ 25,000	\$ 25,000	\$ 2,512	
Transfers In	4,096,130	0	0	4,096,130	1,426,000	4,117,760	(21,630)	
Total Other Financing Sources (Uses)	\$ 4,123,642	\$ 0	\$ 0	\$ 4,123,642	\$ 1,451,000	\$ 4,142,760	\$ (19,118)	
<u>Net Change in Fund Balance Fund Balance, July 1, 2010</u>	\$ 6,042,341	\$ 840,789	\$ (338,521)	\$ 6,544,609	\$ (5,262,738)	\$ (4,149,800)	\$ 10,694,409	
Fund Balance, July 1, 2010	16,938,535	(840,789)	0	16,097,746	13,561,798	13,561,798	2,535,948	
Fund Balance, June 30, 2011	\$ 22,980,876	\$ 0	\$ (338,521)	\$ 22,642,355	\$ 8,299,060	\$ 9,411,998	\$ 13,230,357	

Exhibit K-9

Montgomery County, Tennessee
Schedule of Revenues, Expenditures, and Changes
in Fund Balance - Actual (Budgetary Basis) and Budget
Discretely Presented Clarksville-Montgomery County School System
School Federal Projects Fund
For the Year Ended June 30, 2011

	Actual (GAAP Basis)	Less:		Add:	Actual Revenues/ Expenditures (Budgetary Basis)	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
		7/1/2010	Encumbrances 6/30/2011			Original	Final	
Revenues								
Other Local Revenues	\$ 301	\$ 0	\$ 0	\$ 301	\$ 0	\$ 300	\$ 1	
State of Tennessee	391,466	0	0	391,466	486,442	569,411	(177,945)	
Federal Government	23,842,369	0	0	23,842,369	13,790,687	28,209,141	(4,366,772)	
Total Revenues	\$ 24,234,136	\$ 0	\$ 0	\$ 24,234,136	\$ 14,277,129	\$ 28,778,852	\$ (4,544,716)	
Expenditures								
<u>Instruction</u>								
Regular Instruction Program	\$ 7,902,001	\$ (6,275)	\$ 0	\$ 7,895,726	\$ 5,570,161	\$ 10,742,557	\$ 2,846,831	
Alternative Instruction Program	0	0	0	0	0	1,269	1,269	
Special Education Program	5,097,276	0	8,048	5,105,324	2,567,520	6,217,462	1,112,138	
Vocational Education Program	277,377	0	867	278,244	240,360	290,973	12,729	
Adult Education Program	82,891	0	0	82,891	94,849	120,480	37,589	
<u>Support Services</u>								
Attendance	0	0	0	0	0	1,850	1,850	
Other Student Support	571,617	0	0	571,617	359,329	604,844	33,227	
Regular Instruction Program	2,350,421	(26,807)	1,590	2,325,204	2,116,909	3,066,807	741,603	
Special Education Program	1,636,670	(3,269)	11,483	1,644,884	1,236,375	2,239,918	595,034	
Vocational Education Program	2,378	0	0	2,378	5,500	2,378	0	
Adult Programs	139,116	0	0	139,116	136,119	144,766	5,650	
Director of Schools	519	0	0	519	0	519	0	
Office of the Principal	52,369	0	0	52,369	0	58,176	5,807	
Human Services/Personnel	0	0	0	0	0	298	298	
Operation of Plant	130,041	0	0	130,041	76,200	145,800	15,759	
Transportation	126,510	0	0	126,510	1,390,443	173,648	47,138	

(Continued)

Exhibit K-9

Montgomery County, Tennessee
Schedule of Revenues, Expenditures, and Changes
in Fund Balance - Actual (Budgetary Basis) and Budget
Discretely Presented Clarksville-Montgomery County School System
School Federal Projects Fund (Cont.)

	Actual (GAAP Basis)	Less: Encumbrances 7/1/2010	Add: Encumbrances 6/30/2011	Actual Revenues/ Expenditures (Budgetary Basis)	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
					Original	Final	
<u>Expenditures (Cont.)</u>							
<u>Support Services (Cont.)</u>							
Central and Other	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 2,949	\$ 2,949
<u>Operation of Non-Instructional Services</u>							
Early Childhood Education	0	0	0	0	0	492	492
Total Expenditures	\$ 18,369,186	\$ (36,351)	\$ 21,988	\$ 18,354,823	\$ 13,793,765	\$ 23,815,186	\$ 5,460,363
<u>Excess (Deficiency) of Revenues</u>							
Over Expenditures	\$ 5,864,950	\$ 36,351	\$ (21,988)	\$ 5,879,313	\$ 483,364	\$ 4,963,666	\$ 915,647
<u>Other Financing Sources (Uses)</u>							
Transfers In	\$ 0	\$ 0	\$ 0	\$ 0	\$ 1,250,000	\$ 0	\$ 0
Transfers Out	(5,394,045)	0	0	(5,394,045)	(1,233,364)	(5,580,755)	186,710
Total Other Financing Sources (Uses)	\$ (5,394,045)	\$ 0	\$ 0	\$ (5,394,045)	\$ 16,636	\$ (5,580,755)	\$ 186,710
Net Change in Fund Balance	\$ 470,905	\$ 36,351	\$ (21,988)	\$ 485,268	\$ 500,000	\$ (617,089)	\$ 1,102,357
Fund Balance, July 1, 2010	746,725	(36,351)	0	710,374	750,926	746,551	(36,177)
Fund Balance, June 30, 2011	\$ 1,217,630	\$ 0	\$ (21,988)	\$ 1,195,642	\$ 1,250,926	\$ 129,462	\$ 1,066,180

Exhibit K-10

Montgomery County, Tennessee
Schedule of Revenues, Expenditures, and Changes
in Fund Balance - Actual (Budgetary Basis) and Budget
Discretely Presented Clarksville-Montgomery County School System
Central Cafeteria Fund
For the Year Ended June 30, 2011

	Actual (GAAP Basis)	Less:		Add:	Actual Revenues/ Expenditures (Budgetary Basis)	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
		Encumbrances 7/1/2010	Encumbrances 6/30/2011			Original	Final	
<u>Revenues</u>								
Charges for Current Services	\$ 4,759,195	\$ 0	\$ 0	\$ 4,759,195	\$ 4,659,274	\$ 4,892,107	\$ (132,912)	
Other Local Revenues	127,477	0	0	127,477	197,986	177,926	(50,449)	
State of Tennessee	121,726	0	0	121,726	115,500	121,726	0	
Federal Government	7,448,432	0	0	7,448,432	6,261,734	6,648,467	799,965	
Total Revenues	\$ 12,456,830	\$ 0	\$ 0	\$ 12,456,830	\$ 11,234,494	\$ 11,840,226	\$ 616,604	
<u>Expenditures</u>								
Operation of Non-Instructional Services								
Food Service	\$ 11,580,102	(70,139)	41,951	\$ 11,551,914	\$ 11,424,312	\$ 11,876,479	\$ 324,565	
Total Expenditures	\$ 11,580,102	(70,139)	41,951	\$ 11,551,914	\$ 11,424,312	\$ 11,876,479	\$ 324,565	
Excess (Deficiency) of Revenues Over Expenditures	\$ 876,728	\$ 70,139	(41,951)	\$ 904,916	\$ (189,818)	\$ (36,253)	\$ 941,169	
Net Change in Fund Balance Fund Balance, July 1, 2010	\$ 876,728	\$ 70,139	(41,951)	\$ 904,916	\$ (189,818)	\$ (36,253)	\$ 941,169	
Fund Balance, July 1, 2010	3,990,063	(70,139)	0	3,919,924	3,412,582	3,919,925	(1)	
Fund Balance, June 30, 2011	\$ 4,866,791	\$ 0	(41,951)	\$ 4,824,840	\$ 3,222,764	\$ 3,883,672	\$ 941,168	

Exhibit K-11

Montgomery County, Tennessee
 Schedule of Revenues, Expenditures, and Changes
 in Fund Balance - Actual (Budgetary Basis) and Budget
 Discretely Presented Clarksville-Montgomery County School System
 School Transportation Fund
 For the Year Ended June 30, 2011

	Actual (GAAP Basis)	Less:		Add:	Actual Revenues/ Expenditures (Budgetary Basis)	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
		Encumbrances 7/1/2010	Encumbrances 6/30/2011			Original	Final	
Revenues								
Local Taxes	\$ 1,811,171	\$ 0	\$ 0	\$ 1,811,171	\$ 1,803,441	\$ 1,789,441	\$ 21,730	
Other Local Revenues	54,816	0	0	54,816	53,700	55,700	(884)	
State of Tennessee	7,730,150	0	0	7,730,150	7,730,150	7,730,150	0	
Federal Government	0	0	0	0	1,297,915	0	0	
Total Revenues	\$ 9,596,137	\$ 0	\$ 0	\$ 9,596,137	\$ 10,885,206	\$ 9,575,291	\$ 20,846	
Expenditures								
Support Services								
Fiscal Services	\$ 36,665	\$ 0	\$ 0	36,665	40,000	40,000	\$ 3,335	
Transportation	11,103,010	(55,929)	25,181	11,072,262	11,491,467	12,006,544	934,282	
Total Expenditures	\$ 11,139,675	\$ (55,929)	\$ 25,181	\$ 11,108,927	\$ 11,531,467	\$ 12,046,544	\$ 937,617	
Excess (Deficiency) of Revenues Over Expenditures	\$ (1,543,538)	\$ 55,929	\$ (25,181)	\$ (1,512,790)	\$ (646,261)	\$ (2,471,253)	\$ 958,463	
Other Financing Sources (Uses)								
Transfers In	\$ 1,297,915	\$ 0	\$ 0	1,297,915	0	1,297,915	\$ 0	
Total Other Financing Sources (Uses)	\$ 1,297,915	\$ 0	\$ 0	\$ 1,297,915	\$ 0	\$ 1,297,915	\$ 0	
Net Change in Fund Balance Fund Balance, July 1, 2010	\$ (245,623)	\$ 55,929	\$ (25,181)	\$ (214,875)	\$ (646,261)	\$ (1,173,338)	\$ 958,463	
	1,529,370	(55,929)	0	1,473,441	992,672	1,467,051	6,390	
Fund Balance, June 30, 2011	\$ 1,283,747	\$ 0	\$ (25,181)	\$ 1,258,566	\$ 346,411	\$ 293,713	\$ 964,853	

Exhibit K-12

Montgomery County, Tennessee
Schedule of Revenues, Expenditures, and Changes
in Fund Balance - Actual and Budget
Discretely Presented Clarksville-Montgomery County School System
Extended School Program Fund
For the Year Ended June 30, 2011

	Actual	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
		Original	Final	
<u>Revenues</u>				
Charges for Current Services	\$ 184,697	\$ 165,000	\$ 165,000	\$ 19,697
Total Revenues	\$ 184,697	\$ 165,000	\$ 165,000	\$ 19,697
<u>Expenditures</u>				
<u>Instruction</u>				
Regular Instruction Program	\$ 143,287	\$ 154,930	\$ 154,930	\$ 11,643
<u>Support Services</u>				
Office of the Principal	27,629	28,008	28,008	379
Fiscal Services	821	1,000	1,000	179
Operation of Plant	8,052	9,783	9,783	1,731
Total Expenditures	\$ 179,789	\$ 193,721	\$ 193,721	\$ 13,932
Excess (Deficiency) of Revenues Over Expenditures	\$ 4,908	\$ (28,721)	\$ (28,721)	\$ 33,629
Net Change in Fund Balance	\$ 4,908	\$ (28,721)	\$ (28,721)	\$ 33,629
Fund Balance, July 1, 2010	64,809	48,344	48,344	16,465
Fund Balance, June 30, 2011	\$ 69,717	\$ 19,623	\$ 19,623	\$ 50,094

MISCELLANEOUS SCHEDULES

Exhibit L-1

Montgomery County, Tennessee
 Schedule of Changes in Long-term Notes, Other Loans, and Bonds
 For the Year Ended June 30, 2011

Description of Indebtedness	Original Amount of Issue	Interest Rate	Date of Issue	Last Maturity Date	Outstanding 7-1-10	Issued During Period	Paid and/or Matured During Period	Outstanding 6-30-11
NOTES PAYABLE								
Payable through General Debt Service Fund								
Refunding Capital Outlay Notes - Courts Center	\$ 5,585,000	4 to 5 %	3-15-04	5-1-11	\$ 1,200,000	0 \$	1,200,000 \$	0
Various Capital Projects	4,500,000	2.65	3-6-09	4-1-12	4,000,000	0	500,000	3,500,000
Promissory Note - Land for Park	250,000	4	3-31-10	7-1-14	250,000	0	94,160	155,840
Total Notes Payable					\$ 5,450,000	0 \$	1,794,160 \$	3,655,840
OTHER LOANS PAYABLE								
Payable through General Debt Service Fund								
Qualified Zone Academy Bonds	2,470,731	0	10-17-02	12-18-15	\$ 1,058,883	0 \$	176,481 \$	882,402
Qualified Zone Academy Bonds	(1)	0	5-22-06	12-1-20	2,725,587	0	259,600	2,465,987
School Projects	20,140,987	variable	6-6-08	5-5-29	15,446,732	3,994,268	737,000	18,704,000
Qualified School Construction Bonds	20,000,000	1.515	12-1-09	7-1-26	20,000,000	0	1,039,974	18,960,026
Total Other Loans Payable					\$ 39,231,202	\$ 3,994,268	\$ 2,213,055	\$ 41,012,415
BONDS PAYABLE								
Payable through General Debt Service Fund								
General Obligation Public Improvement and General Obligation Refunding								
Various County Capital Projects	68,725,000	5.12095	12-1-01	5-1-21	\$ 9,265,000	0 \$	2,000,000 \$	7,265,000
General Obligation Refunding	25,000,000	2 to 5	6-17-03	5-1-23	17,000,000	0	1,000,000	16,000,000
General Obligation Refunding	81,640,000	3 to 4.75	6-17-03	5-1-13	22,540,000	0	7,140,000	15,400,000
General Obligation Refunding	43,240,000	2 to 5	3-15-04	3-15-20	42,750,000	0	100,000	42,650,000
General Obligation Public Improvement	22,000,000	2.1 to 5	11-1-04	4-1-25	3,200,000	0	100,000	3,100,000
General Obligation Public Improvement	40,000,000	4 to 5	12-1-05	4-1-26	11,700,000	0	200,000	11,500,000
General Obligation Refunding	63,945,000	4 to 5	8-11-06	6-30-26	59,445,000	0	1,625,000	57,820,000
General Obligation Public Improvement and Schools	18,000,000	4 to 5	8-30-07	5-1-28	16,775,000	0	650,000	16,125,000
General Obligation Industrial Park	18,450,000	5 to 5.625	8-28-08	5-1-24	17,950,000	0	550,000	17,400,000
General Obligation Schools - Build America Bonds	5,400,000	4.55 to 5.6	2-4-10	4-1-30	5,400,000	0	0	5,400,000
General Obligation Refunding	74,155,000	2 to 5	4-1-10	4-1-24	74,155,000	0	65,000	74,090,000
Total Bonds Payable					\$ 280,180,000	0 \$	\$ 13,430,000	\$ 266,750,000

(1) Total amount available for draws is \$130,013 of an authorized \$3,894,000.

Exhibit L-2

Montgomery County, Tennessee
Schedule of Long-term Debt Requirements by Year

Year Ending June 30	Notes		Total
	Principal	Interest	
2012	\$ 3,500,000	\$ 92,749	\$ 3,592,749
2013	49,923	6,234	56,157
2014	51,920	4,237	56,157
2015	53,997	2,160	56,157
Total	\$ 3,655,840	\$ 105,380	\$ 3,761,220

Year Ending June 30	Other Loans			Total
	Principal	Interest	Other Fees	
2012	\$ 2,447,050	\$ 347,890	\$ 84,974	\$ 2,879,914
2013	2,474,047	346,058	74,848	2,894,953
2014	2,501,049	344,162	61,325	2,906,536
2015	2,530,049	342,202	59,405	2,931,656
2016	2,560,049	340,171	57,417	2,957,637
2017	2,413,569	338,069	55,358	2,806,996
2018	2,445,569	335,894	53,229	2,834,692
2019	2,478,569	333,643	51,025	2,863,237
2020	2,512,569	331,313	48,743	2,892,625
2021	2,417,556	328,901	46,381	2,792,838
2022	2,324,969	326,405	43,937	2,695,311
2023	2,362,969	323,820	41,406	2,728,195
2024	2,401,969	321,144	38,786	2,761,899
2025	2,441,969	318,374	36,074	2,796,417
2026	2,606,816	315,509	33,268	2,955,593
2027	1,397,647	34,792	15,364	1,447,803
2028	1,325,000	6,470	7,356	1,338,826
2029	1,371,000	3,290	4,242	1,378,532
Total	\$ 41,012,415	\$ 5,038,107	\$ 813,138	\$ 46,863,660

(Continued)

Exhibit L-2

Montgomery County, Tennessee
Schedule of Long-term Debt Requirements by Year (Cont.)

Year Ending June 30	Bonds		Total
	Principal	Interest	
2012	\$ 15,265,000	\$ 12,363,313	\$ 27,628,313
2013	17,050,000	11,659,011	28,709,011
2014	18,085,000	10,874,562	28,959,562
2015	19,055,000	10,101,261	29,156,261
2016	19,190,000	9,299,263	28,489,263
2017	20,445,000	8,422,537	28,867,537
2018	21,340,000	7,469,501	28,809,501
2019	22,500,000	6,480,242	28,980,242
2020	22,645,000	5,465,556	28,110,556
2021	22,955,000	4,369,769	27,324,769
2022	14,435,000	3,262,888	17,697,888
2023	14,475,000	2,565,875	17,040,875
2024	13,600,000	1,859,775	15,459,775
2025	11,755,000	1,185,175	12,940,175
2026	9,080,000	660,500	9,740,500
2027	1,725,000	247,700	1,972,700
2028	1,750,000	163,700	1,913,700
2029	675,000	77,725	752,725
2030	725,000	40,600	765,600
Total	\$ 266,750,000	\$ 96,568,953	\$ 363,318,953

Exhibit L-3

Montgomery County, Tennessee
Schedule of Transfers
Primary Government and Discretely Presented Clarksville-Montgomery County School System
For the Year Ended June 30, 2011

<u>From Fund</u>	<u>To Fund</u>	<u>Purpose</u>	<u>Amount</u>
<u>PRIMARY GOVERNMENT</u>			
General	General Debt Service	Commission on sales tax	\$ 32,367
Total Transfers Primary Government			<u>\$ 32,367</u>
<u>DISCRETELY PRESENTED CLARKSVILLE-MONTGOMERY COUNTY SCHOOL SYSTEM</u>			
School Federal Projects	General Purpose School	Operations reimbursement	\$ 750,000
"	"	Salaries	2,691,760
"	"	Indirect costs	654,370
"	School Transportation	Equipment	15,000
	"	Salaries	<u>1,282,915</u>
Total Transfers Discretely Presented Montgomery County School System			<u>\$ 5,394,045</u>

Exhibit L-4

Montgomery County, Tennessee
Schedule of Salaries and Official Bonds of Principal Officials
Primary Government and Discretely Presented Clarksville-Montgomery County School System
For the Year Ended June 30, 2011

Official	Authorization for Salary	Salary Paid During Period	Bond	Surety
County Mayor	Section 8-24-102, TCA	\$ 125,437	\$ 50,000	RLI Insurance Company
Highway Supervisor	Section 8-24-102, TCA	92,102	100,000	Auto-Owners Mutual Insurance Company
Director of Schools	State Board of Education and Local Board of Education	164,801 (1)		
Trustee	Section 8-24-102, TCA	83,720	7,383,400	Ohio Casualty Insurance Company
Assessor of Property	Section 8-24-102, TCA	83,720	10,000	RLI Insurance Company
Director of Accounts and Budgets	County Commission	85,238	115,700	"
Purchasing Agent	County Commission	63,939	25,000	Ohio Casualty Insurance Company
County Clerk	Section 8-24-102, TCA	83,720	50,000	RLI Insurance Company
Circuit and General Sessions Courts Clerk and Master	Section 8-24-102, TCA, and Chancery Judge	83,720 (2)	50,000	Auto-Owners Mutual Insurance Company
Register	Section 8-24-102, TCA	83,720	50,000	RLI Insurance Company
Sheriff	Section 8-24-102, TCA, and County Commission	107,574 (3)	25,000	"
<u>County Employees:</u>				
Public Employees Blanket Bond			150,000	Local Government Insurance Pool
<u>School Employees:</u>				
Public School System			500,000	Travelers Insurance

(1) Includes \$4,800 transportation supplement and \$5,809 payment for unused vacation days.

(2) Does not include special commissioner fees totaling \$39,865.

(3) Includes \$7,500 as workhouse superintendent and \$600 for a law enforcement training supplement.

Exhibit L-5

Montgomery County, Tennessee
 Schedule of Detailed Revenues -
 All Governmental Fund Types
 For the Year Ended June 30, 2011

	Special Revenue Funds							Total
	Constitutional Officers - Fees			Highway / Public Works	Debt Service Fund		Capital Projects Fund	
	General	Drug Control	0 \$		General Debt Service	General Capital Projects		
<u>Local Taxes</u>								
<u>County Property Taxes</u>								
Current Property Tax	\$ 27,237,148	0 \$	0 \$	3,514,471	\$ 24,894,168	\$ 1,083,628	\$ 56,729,415	
Trustee's Collections - Prior Year	1,004,248	0	0	129,576	907,057	50,753	2,091,634	
Interest and Penalty	261,013	0	0	33,678	236,279	12,665	543,635	
Payments in-Lieu-of Taxes - T.V.A.	2,501	0	0	0	0	0	2,501	
Payments in-Lieu-of Taxes - Local Utilities	886,496	0	0	0	0	0	886,496	
Payments in-Lieu-of Taxes - Other	742,632	0	0	0	785,714	0	1,528,346	
<u>County Local Option Taxes</u>								
Local Option Sales Tax	0	0	0	0	3,236,669	0	3,236,669	
Hotel/Motel Tax	1,553,554	0	0	0	0	0	1,553,554	
Litigation Tax - General	373,254	0	0	0	326,490	0	699,744	
Litigation Tax - Special Purpose	69,131	0	0	0	0	0	69,131	
Litigation Tax - Jail, Workhouse, or Courthouse	0	0	0	0	356,638	0	356,638	
Business Tax	1,077,132	0	0	92,856	92,856	0	1,262,844	
Mineral Severance Tax	0	0	0	342,084	0	0	342,084	
Adequate Facilities/Development Tax	0	0	0	0	809,360	0	809,360	
<u>Statutory Local Taxes</u>								
Bank Excise Tax	47,627	0	0	6,145	43,530	1,895	99,197	
Wholesale Beer Tax	402,173	0	0	0	0	0	402,173	
Interstate Telecommunications Tax	2,117	0	0	0	0	0	2,117	
Total Local Taxes	\$ 33,659,026	0 \$	0 \$	4,118,810	\$ 31,688,761	\$ 1,148,941	\$ 70,615,538	
<u>Licenses and Permits</u>								
<u>Licenses</u>								
Animal Registration	31,616	0	0	0	0	0	31,616	
Animal Vaccination	5,159	0	0	0	0	0	5,159	
Cable TV Franchise	209,543	0	0	0	0	0	209,543	
<u>Permits</u>								
Building Permits	744,072	0	0	0	0	0	744,072	
Plumbing Permits	1,425	0	0	0	0	0	1,425	
Other Permits	58,585	0	0	0	0	0	58,585	
Total Licenses and Permits	\$ 1,050,400	0 \$	0 \$	0 \$	0 \$	0 \$	1,050,400	

(Continued)

Montgomery County, Tennessee
 Schedule of Detailed Revenues -
 All Governmental Fund Types (Cont.)

	Special Revenue Funds							Total
	Constitutional			Debt		Capital		
	General	Drug Control	Officers - Fees	Highway / Public Works	General Debt Service	General Capital Projects	Fund	
<u>Circuit Court</u>								
Fines	\$ 5,738	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	5,738	
Officers Costs	25,701	0	0	0	0	0	25,701	
Drug Court Fees	4,108	0	0	0	0	0	4,108	
Jail Fees	38,579	0	0	0	0	0	38,579	
Data Entry Fee - Circuit Court	4,978	0	0	0	0	0	4,978	
Courtroom Security Fee	6,913	0	0	0	0	0	6,913	
Victims Assistance Assessments	29,640	0	0	0	0	0	29,640	
<u>General Sessions Court</u>								
Fines	329,908	0	0	0	0	0	329,908	
Fines for Littering	1,031	0	0	0	0	0	1,031	
Officers Costs	186,451	0	0	0	0	0	186,451	
Game and Fish Fines	736	0	0	0	0	0	736	
Drug Court Fees	16,251	0	0	0	0	0	16,251	
Jail Fees	233,366	0	0	0	0	0	233,366	
DUI Treatment Fines	33,052	0	0	0	0	0	33,052	
Data Entry Fee - General Sessions Court	23,840	0	0	0	0	0	23,840	
Victims Assistance Assessments	57,930	0	0	0	0	0	57,930	
<u>Juvenile Court</u>								
Fines	2,342	0	0	0	0	0	2,342	
Jail Fees	73,889	0	0	0	0	0	73,889	
Data Entry Fee - Juvenile Court	4,999	0	0	0	0	0	4,999	
<u>Chancery Court</u>								
Officers Costs	30,366	0	0	0	0	0	30,366	
Data Entry Fee - Chancery Court	2,232	0	0	0	0	0	2,232	
<u>Other Courts - In-county</u>								
Fines	3,945	0	0	0	0	0	3,945	
Drug Control Fines	0	6,556	0	0	0	0	6,556	
Drug Court Fees	17,400	0	0	0	0	0	17,400	
District Attorney General Fees	19,701	0	0	0	0	0	19,701	

(Continued)

Exhibit L-5

Montgomery County, Tennessee
 Schedule of Detailed Revenues -
 All Governmental Fund Types (Cont.)

	Special Revenue Funds							Total
	Constitutional Officers - Fees			Highway / Public Works	Debt Service Fund	Capital Projects Fund	Total	
	General	Drug Control	0 \$					
Fines, Forfeitures, and Penalties (Cont.)								
Other Fines, Forfeitures, and Penalties								
Other Fines, Forfeitures, and Penalties	\$ 15,958	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 15,958	
Total Fines, Forfeitures, and Penalties	\$ 1,169,054	\$ 6,556	\$ 0	\$ 0	\$ 0	\$ 0	\$ 1,175,610	
Charges for Current Services								
General Service Charges								
Patient Charges	\$ 4,086,966	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 4,086,966	
Zoning Studies	2,500	0	0	0	0	0	2,500	
Other General Service Charges	40,521	0	0	0	0	0	40,521	
Fees								
Recreation Fees	16,802	0	0	0	0	0	16,802	
Copy Fees	9,028	0	0	0	0	0	9,028	
Greenbelt Late Application Fee	200	0	0	0	0	0	200	
Telephone Commissions	130,479	0	0	0	0	0	130,479	
Vending Machine Collections	43,750	0	0	190	0	0	43,940	
Special Commissioner Fees/Special Master Fees	0	0	39,865	0	0	0	39,865	
Data Processing Fee - Register	64,264	0	0	0	0	0	64,264	
Probation Fees	12,790	0	0	0	0	0	12,790	
Data Processing Fee - Sheriff	30,305	0	0	0	0	0	30,305	
Sexual Offender Registration Fees - Sheriff	9,700	0	0	0	0	0	9,700	
Data Processing Fee - County Clerk	12,892	0	0	0	0	0	12,892	
Other Charges for Services								
Other Charges for Services	126	0	0	0	0	0	126	
Total Charges for Current Services	\$ 4,460,323	\$ 0	\$ 39,865	\$ 190	\$ 0	\$ 0	\$ 4,500,378	
Other Local Revenues								
Recurring Items								
Investment Income	\$ 589,767	\$ 0	\$ 0	\$ 0	\$ 235,246	\$ 11,760	\$ 836,773	
Lease/Rentals	602,269	0	0	0	0	0	602,269	
Sale of Gasoline	0	0	0	64,628	0	0	64,628	
Sale of Maps	978	0	0	0	0	0	978	

(Continued)

Exhibit L-5

Montgomery County, Tennessee
 Schedule of Detailed Revenues -
 All Governmental Fund Types (Cont.)

	Special Revenue Funds							Total
	Constitutional			Debt		Capital		
	General	Drug Control	Highway / Public Works	General Debt Service	General Debt Service	Capital Projects	Capital Projects	
<u>Other Local Revenues (Cont.)</u>								
<u>Recurring Items (Cont.)</u>								
Miscellaneous Refunds	\$ 172,164	\$ 0	\$ 23,103	\$ 0	\$ 0	\$ 0	\$ 195,267	
<u>Nonrecurring Items</u>								
Sale of Equipment	3,830	0	0	0	0	32,808	36,638	
Damages Recovered from Individuals	543	0	0	0	0	0	543	
Contributions and Gifts	10,400	0	0	0	0	0	10,400	
<u>Other Local Revenues</u>								
Other Local Revenues	665,282	0	0	0	0	0	665,282	
Total Other Local Revenues	\$ 2,045,233	\$ 0	\$ 87,731	\$ 235,246	\$ 0	\$ 44,568	\$ 2,412,778	
<u>Fees Received from County Officials</u>								
<u>Fees in-Lieu-of Salary</u>								
County Clerk	\$ 1,501,992	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 1,501,992	
Circuit Court Clerk	663,996	0	0	0	0	0	663,996	
General Sessions Court Clerk	1,277,204	0	0	0	0	0	1,277,204	
Clerk and Master	335,335	0	0	0	0	0	335,335	
Register	920,018	0	0	0	0	0	920,018	
Sheriff	28,624	0	0	0	0	0	28,624	
Trustee	2,883,839	0	0	0	0	0	2,883,839	
Total Fees Received from County Officials	\$ 7,611,008	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 7,611,008	
<u>State of Tennessee</u>								
<u>General Government Grants</u>								
Juvenile Services Program	\$ 578,664	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 578,664	
Public Safety Grants	46,200	0	0	0	0	0	46,200	
Law Enforcement Training Programs	0	0	185,236	0	0	0	185,236	
Public Works Grants	54,613	0	0	0	0	0	54,613	
State Aid Program	18,724	0	0	0	0	0	18,724	
Litter Program	0	0	0	0	0	0	0	
Other State Revenues	0	0	0	0	0	0	0	
Beer Tax	0	0	0	0	0	0	0	

(Continued)

Exhibit L-5

Montgomery County, Tennessee
 Schedule of Detailed Revenues -
 All Governmental Fund Types (Cont.)

	Special Revenue Funds						Total
	Constituti			onal			
	General	Drug Control	Officers - Fees	Highway / Public Works	Debt Service	Capital Projects	
<u>State of Tennessee (Cont.)</u>							
<u>Other State Revenues (Cont.)</u>							
Alcoholic Beverage Tax	\$ 166,342	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	166,342
State Revenue Sharing - T.V.A.	1,412,457	0	0	0	0	0	1,412,457
Board of Jurors	6,533	0	0	0	0	0	6,533
Prisoner Transportation	10,242	0	0	0	0	0	10,242
Contracted Prisoner Boarding	921,235	0	0	0	0	0	921,235
Gasoline and Motor Fuel Tax	0	0	0	2,686,131	0	0	2,686,131
Petroleum Special Tax	0	0	0	108,233	0	0	108,233
Registrar's Salary Supplement	15,164	0	0	0	0	0	15,164
Other State Grants	2,271,840	0	0	0	0	0	2,271,840
Other State Revenues	53,990	0	0	0	0	0	53,990
Total State of Tennessee	\$ 5,556,004	\$ 0	\$ 0	\$ 2,979,600	\$ 0	\$ 0	\$ 8,535,604
<u>Federal Government</u>							
<u>Federal Through State</u>							
Disaster Relief	\$ 50,192	\$ 0	\$ 0	\$ 514,302	\$ 0	\$ 0	\$ 564,494
Homeland Security Grants	661,448	0	0	0	0	0	661,448
ARRA Grant # 2	45,267	0	0	0	0	0	45,267
ARRA Grant # 3	155,659	0	0	0	0	0	155,659
Other Federal through State	219,780	0	0	0	0	2,126,992	2,346,772
<u>Direct Federal Revenue</u>							
Tax Credit Bond Rebate	0	0	0	0	112,376	0	112,376
Other Direct Federal Revenue	87,385	0	0	0	0	0	87,385
Total Federal Government	\$ 1,219,731	\$ 0	\$ 0	\$ 514,302	\$ 112,376	\$ 2,126,992	\$ 3,973,401
<u>Other Governments and Citizens Groups</u>							
<u>Other Governments</u>							
Prisoner Board	\$ 92,285	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 92,285
Paving and Maintenance	0	0	0	33,701	0	0	33,701
Contributions	233,274	0	0	0	275,399	107,981	616,654
<u>Citizens Groups</u>							
Donations	283,263	0	0	0	0	28,250	311,513
Total Other Governments and Citizens Groups	\$ 608,822	\$ 0	\$ 0	\$ 33,701	\$ 275,399	\$ 136,231	\$ 1,054,153
Total	\$ 57,379,601	\$ 6,556	\$ 39,865	\$ 7,734,334	\$ 32,311,782	\$ 3,456,732	\$ 100,928,870

Exhibit L-6

Montgomery County, Tennessee
 Schedule of Detailed Revenues -
 All Governmental Fund Types
 Discretely Presented Clarksville-Montgomery County School System
 For the Year Ended June 30, 2011

	General Purpose School	School Federal Projects	Central Cafeteria	School Transportation	Extended School Program	Education Capital Projects	Total
Local Taxes							
<u>County Property Taxes</u>							
Current Property Tax	\$ 25,227,168	\$ 0	\$ 0	\$ 1,683,714	\$ 0	\$ 0	\$ 26,910,882
Trustee's Collections - Prior Year	954,577	0	0	63,713	0	0	1,018,290
Interest and Penalty	247,031	0	0	16,488	0	0	263,519
Payments in-Lieu-of Taxes - Local Utilities	662,765	0	0	44,234	0	0	706,999
<u>County Local Option Taxes</u>							
Local Option Sales Tax	34,832,038	0	0	0	0	0	34,832,038
Wheel Tax	3,890,329	0	0	0	0	0	3,890,329
Business Tax	609,651	0	0	0	0	0	609,651
<u>Statutory Local Taxes</u>							
Bank Excise Tax	45,271	0	0	3,022	0	0	48,293
Interstate Telecommunications Tax	9,110	0	0	0	0	0	9,110
Total Local Taxes	\$ 66,477,940	\$ 0	\$ 0	\$ 1,811,171	\$ 0	\$ 0	\$ 68,289,111
<u>Charges for Current Services</u>							
<u>Education Charges</u>							
Tuition - Regular Day Students	\$ 25,153	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 25,153
Tuition - Summer School	0	0	0	0	184,697	0	184,697
Tuition - Out-of-State Systems	9,134	0	0	0	0	0	9,134
Lunch Payments - Children	0	0	2,754,893	0	0	0	2,754,893
Lunch Payments - Adults	0	0	146,622	0	0	0	146,622
Income from Breakfast	0	0	205,336	0	0	0	205,336
A la carte Sales	0	0	1,582,402	0	0	0	1,582,402
TBI Criminal Background Fees	20,212	0	0	0	0	0	20,212
<u>Other Charges for Services</u>							
Other Charges for Services	6,521	0	69,942	0	0	0	76,463
Total Charges for Current Services	\$ 61,020	\$ 0	\$ 4,759,195	\$ 0	\$ 184,697	\$ 0	\$ 5,004,912
<u>Other Local Revenues</u>							
<u>Recurring Items</u>							
Investment Income	\$ 323	\$ 0	\$ 7,892	\$ 0	\$ 0	\$ 28,351	\$ 36,566
Lease/Rentals	119,936	0	0	0	0	0	119,936
Sale of Materials and Supplies	95	0	71,133	2,465	0	0	73,693
Sale of Recycled Materials	9,496	0	0	1,799	0	0	11,295

(Continued)

Exhibit L-6

Montgomery County, Tennessee
 Schedule of Detailed Revenues -
 All Governmental Fund Types
 Discretely Presented Clarksville-Montgomery County School System (Cont.)

	General Purpose School	School Federal Projects	Central Cafeteria	School Transportation	Extended School Program	Education Capital Projects	Total
<u>Other Local Revenues (Cont.)</u>							
<u>Recurring Items (Cont.)</u>							
Refund of Telecommunication & Internet Fees (E-Rate)	\$ 167,711	0	0	0	0	0	167,711
Miscellaneous Refunds	6,548	0	42,301	13,090	0	0	61,939
<u>Nonrecurring Items</u>							
Sale of Equipment	26,612	0	6,079	36,554	0	0	69,245
Damages Recovered from Individuals	584	0	72	908	0	0	1,564
Contributions and Gifts	109,255	301	0	0	0	0	109,556
Total Other Local Revenues	\$ 440,560	\$ 301	\$ 127,477	\$ 54,816	\$ 0	\$ 28,351	\$ 651,505
<u>State of Tennessee</u>							
<u>General Government Grants</u>							
On-Behalf Contributions for OPEB	\$ 72,742	0	0	0	0	0	72,742
Health and Welfare Grants	67,129	0	0	0	0	0	67,129
<u>State Education Funds</u>							
Basic Education Program	102,133,542	0	0	7,730,150	0	0	109,863,692
Basic Education Program - ARRA	10,245,308	0	0	0	0	0	10,245,308
Early Childhood Education	1,829,270	0	0	0	0	0	1,829,270
School Food Service	0	0	121,726	0	0	0	121,726
Energy Efficient School Initiative	98,350	0	0	0	0	0	98,350
Other State Education Funds	49,982	156,427	0	0	0	0	206,409
Coordinated School Health - ARRA	0	105,000	0	0	0	0	105,000
Internet Connectivity - ARRA	36,411	0	0	0	0	0	36,411
Career Ladder Program	792,881	0	0	0	0	0	792,881
Career Ladder - Extended Contract - ARRA	174,764	0	0	0	0	0	174,764
<u>Other State Revenues</u>							
Income Tax	193,335	0	0	0	0	0	193,335
Mixed Drink Tax	250,166	0	0	0	0	0	250,166
Safe Schools - ARRA	0	130,039	0	0	0	0	130,039
Total State of Tennessee	\$ 115,943,880	\$ 391,466	\$ 121,726	\$ 7,730,150	\$ 0	\$ 0	\$ 124,187,222
<u>Federal Government</u>							
Federal Through State	\$ 0	0	5,042,064	0	0	0	5,042,064
USDA School Lunch Program							

(Continued)

Montgomery County, Tennessee
 Schedule of Detailed Revenues -
 All Governmental Fund Types
 Discretely Presented Clarksville-Montgomery County School System (Cont.)

	General Purpose School	School Federal Projects	Central Cafeteria	School Transportation	Extended School Program	Education Capital Projects	Total
Federal Government (Cont.)							
Federal Through State (Cont.)							
USDA - Commodities	\$ 0 \$	0 \$	850,217 \$	0 \$	0 \$	0 \$	850,217
Breakfast	0	0	1,556,151	0	0	0	1,556,151
Adult Education State Grant Program	0	166,281	0	0	0	0	166,281
Vocational Education - Basic Grants to States	0	405,600	0	0	0	0	405,600
Title I Grants to Local Education Agencies	0	7,024,716	0	0	0	0	7,024,716
Special Education - Grants to States	0	8,272,941	0	0	0	0	8,272,941
Special Education Preschool Grants	0	118,215	0	0	0	0	118,215
English Language Acquisition Grants	0	188,239	0	0	0	0	188,239
Safe and Drug-free Schools - State Grants	0	753,197	0	0	0	0	753,197
Education for Homeless Children and Youth	0	4,182	0	0	0	0	4,182
Eisenhower Professional Development State Grants	0	1,233,103	0	0	0	0	1,233,103
Race to the Top - ARRA	0	1,069,184	0	0	0	0	1,069,184
Other Federal through State	159,533	3,366,466	0	0	0	0	3,525,999
Direct Federal Revenue							
Public Law 874 - Maintenance and Operation	4,933,061	0	0	0	0	0	4,933,061
ROTC Reimbursement	468,661	0	0	0	0	0	468,661
Other Direct Federal Revenue	0	1,240,245	0	0	0	0	1,240,245
Total Federal Government	\$ 5,561,255 \$	23,842,369 \$	7,448,432 \$	0 \$	0 \$	0 \$	36,852,056
Other Governments and Citizens Groups							
Other Governments							
Contributions	0 \$	0 \$	0 \$	0 \$	0 \$	4,319,768 \$	4,319,768
Contracted Services	31,768	0	0	0	0	0	31,768
Total Other Governments and Citizens Groups	\$ 31,768 \$	0 \$	0 \$	0 \$	0 \$	4,319,768 \$	4,351,536
Total	\$ 188,516,423 \$	24,234,136 \$	12,456,830 \$	9,596,137 \$	184,697 \$	4,348,119 \$	239,336,342

Exhibit L-7

Montgomery County, Tennessee
Schedule of Detailed Expenditures -
All Governmental Fund Types
For the Year Ended June 30, 2011

General Fund

General Government

County Commission

Secretary(ies)	\$	31,548	
Board and Committee Members Fees		77,900	
Social Security		6,543	
State Retirement		2,299	
Life Insurance		32	
Medical Insurance		11,677	
Employer Medicare		1,530	
Advertising		1,072	
Audit Services		40,430	
Legal Notices, Recording, and Court Costs		3,099	
Printing, Stationery, and Forms		1,303	
Travel		6,970	
Tuition		4,445	
Other Contracted Services		5,571	
Duplicating Supplies		406	
Food Supplies		1,087	
Office Supplies		83	
Other Supplies and Materials		762	
Total County Commission			\$ 196,757

Board of Equalization

Board and Committee Members Fees	\$	1,360	
Social Security		84	
Employer Medicare		20	
Total Board of Equalization			1,464

Beer Board

Board and Committee Members Fees	\$	1,250	
Social Security		73	
Employer Medicare		17	
Total Beer Board			1,340

Other Boards and Committees

Board and Committee Members Fees	\$	1,800	
Social Security		112	
Employer Medicare		26	
Total Other Boards and Committees			1,938

County Mayor/Executive

County Official/Administrative Officer	\$	125,437	
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(Continued)

Exhibit L-7

Montgomery County, Tennessee
Schedule of Detailed Expenditures -
All Governmental Fund Types (Cont.)

General Fund (Cont.)

General Government (Cont.)

County Mayor/Executive (Cont.)

Supervisor/Director	\$	85,220	
Secretary(ies)		55,430	
Clerical Personnel		22,069	
Overtime Pay		5	
Social Security		16,074	
State Retirement		39,439	
Life Insurance		161	
Medical Insurance		35,908	
Employer Medicare		4,058	
Advertising		324	
Communication		2,947	
Data Processing Services		10	
Dues and Memberships		335	
Licenses		15	
Maintenance and Repair Services - Vehicles		1,093	
Postal Charges		999	
Printing, Stationery, and Forms		363	
Rentals		2,496	
Travel		6,611	
Tuition		2,390	
Other Contracted Services		7,498	
Custodial Supplies		98	
Food Supplies		345	
Gasoline		2,531	
Library Books/Media		612	
Office Supplies		2,572	
Periodicals		180	
Tires and Tubes		515	
Other Supplies and Materials		207	
Total County Mayor/Executive			\$ 415,942

Personnel Office

Supervisor/Director	\$	81,598
Accountants/Bookkeepers		41,475
Clerical Personnel		65,152
Overtime Pay		1,612
Social Security		11,024
State Retirement		25,480
Life Insurance		141
Medical Insurance		24,532

(Continued)

Exhibit L-7

Montgomery County, Tennessee
Schedule of Detailed Expenditures -
All Governmental Fund Types (Cont.)

General Fund (Cont.)

General Government (Cont.)

Personnel Office (Cont.)

Unemployment Compensation	\$	7,759	
Employer Medicare		2,578	
Communication		1,175	
Dues and Memberships		823	
Evaluation and Testing		12,328	
Legal Services		210	
Postal Charges		1,298	
Rentals		2,796	
Travel		1,103	
Tuition		2,936	
Other Contracted Services		16,490	
Data Processing Supplies		617	
Duplicating Supplies		645	
Riprap		1,565	
Instructional Supplies and Materials		3,966	
Office Supplies		1,009	
Periodicals		115	
Total Personnel Office			\$ 308,427

County Attorney

Legal Services	\$	53,373	
Total County Attorney			53,373

Election Commission

Supervisor/Director	\$	75,358	
Clerical Personnel		107,195	
Temporary Personnel		19,026	
Overtime Pay		10,179	
Election Commission		7,244	
Election Workers		109,443	
Social Security		12,882	
State Retirement		28,102	
Life Insurance		192	
Medical Insurance		43,199	
Employer Medicare		3,013	
Communication		2,351	
Legal Notices, Recording, and Court Costs		15,636	
Maintenance and Repair Services - Office Equipment		14,050	
Postal Charges		14,009	
Printing, Stationery, and Forms		9,697	

(Continued)

Exhibit L-7

Montgomery County, Tennessee
Schedule of Detailed Expenditures -
All Governmental Fund Types (Cont.)

General Fund (Cont.)

General Government (Cont.)

Election Commission (Cont.)

Rentals	\$	50,913	
Travel		3,534	
Tuition		1,900	
Other Contracted Services		21,854	
Data Processing Supplies		843	
Equipment and Machinery Parts		996	
Office Supplies		4,873	
Other Supplies and Materials		3,606	
Data Processing Equipment		6,254	
Furniture and Fixtures		485	
Total Election Commission			\$ 566,834

Register of Deeds

County Official/Administrative Officer	\$	83,720	
Deputy(ies)		161,226	
Social Security		14,519	
State Retirement		35,835	
Life Insurance		230	
Medical Insurance		51,218	
Employer Medicare		3,396	
Communication		1,175	
Data Processing Services		63,148	
Maintenance and Repair Services - Office Equipment		615	
Postal Charges		691	
Rentals		3,375	
Other Contracted Services		2,247	
Data Processing Supplies		1,317	
Duplicating Supplies		1,583	
Other Supplies and Materials		826	
Premiums on Corporate Surety Bonds		98	
Total Register of Deeds			425,219

Planning

Contributions	\$	332,227	
Total Planning			332,227

Building

Supervisor/Director	\$	76,523	
Other Salaries and Wages		32,072	
Social Security		6,606	

(Continued)

Exhibit L-7

Montgomery County, Tennessee
Schedule of Detailed Expenditures -
All Governmental Fund Types (Cont.)

General Fund (Cont.)

General Government (Cont.)

Building (Cont.)

State Retirement	\$	15,887	
Life Insurance		77	
Medical Insurance		5,642	
Employer Medicare		1,532	
Communication		1,509	
Dues and Memberships		500	
Licenses		400	
Postal Charges		144	
Tuition		790	
Other Contracted Services		565	
Gasoline		610	
Office Supplies		45	
Other Supplies and Materials		179	
Total Building			\$ 143,081

Codes Compliance

Assistant(s)	\$	232,614
Supervisor/Director		61,547
Clerical Personnel		73,195
Social Security		21,837
State Retirement		53,545
Life Insurance		379
Medical Insurance		73,561
Employer Medicare		5,107
Advertising		2,000
Communication		7,402
Contracts with Private Agencies		18,550
Dues and Memberships		1,105
Legal Services		840
Legal Notices, Recording, and Court Costs		2,164
Licenses		18
Maintenance and Repair Services - Office Equipment		1,435
Maintenance and Repair Services - Vehicles		3,420
Postal Charges		1,017
Rentals		6,214
Tuition		1,790
Permits		3,460
Other Contracted Services		813
Gasoline		15,780
Library Books/Media		2,704

(Continued)

Exhibit L-7

Montgomery County, Tennessee
Schedule of Detailed Expenditures -
All Governmental Fund Types (Cont.)

General Fund (Cont.)

General Government (Cont.)

Codes Compliance (Cont.)

Office Supplies	\$	603	
Uniforms		1,079	
Other Supplies and Materials		<u>2,422</u>	
Total Codes Compliance	\$		594,601

Geographical Information Systems

Contracts with Government Agencies	\$	52,190	
Data Processing Equipment		<u>107,988</u>	
Total Geographical Information Systems			160,178

County Buildings

Supervisor/Director	\$	92,227	
Secretary(ies)		34,108	
Custodial Personnel		91,624	
Maintenance Personnel		297,772	
Part-time Personnel		14,536	
Overtime Pay		9,494	
Social Security		31,216	
State Retirement		73,852	
Life Insurance		643	
Medical Insurance		144,433	
Employer Medicare		7,301	
Communication		23,133	
Data Processing Services		24	
Evaluation and Testing		170	
Licenses		768	
Maintenance and Repair Services - Buildings		10,049	
Maintenance and Repair Services - Equipment		73,083	
Maintenance and Repair Services - Vehicles		7,675	
Pest Control		2,760	
Postal Charges		26	
Printing, Stationery, and Forms		159	
Rentals		2,440	
Travel		637	
Tuition		1,800	
Disposal Fees		3,600	
Other Contracted Services		16,716	
Custodial Supplies		26,027	
Data Processing Supplies		11,897	
Drugs and Medical Supplies		563	

(Continued)

Exhibit L-7

Montgomery County, Tennessee
Schedule of Detailed Expenditures -
All Governmental Fund Types (Cont.)

General Fund (Cont.)

General Government (Cont.)

County Buildings (Cont.)

Duplicating Supplies	\$	84	
Electricity		250,380	
Equipment Parts - Light		1,194	
Gasoline		17,994	
General Construction Materials		571	
Library Books/Media		253	
Natural Gas		39,256	
Office Supplies		876	
Salt		6,319	
Tires and Tubes		468	
Uniforms		2,669	
Water and Sewer		11,477	
Other Supplies and Materials		42,201	
Boiler Insurance		1,096	
Building Improvements		6,816	
Communication Equipment		4,467	
Maintenance Equipment		3,610	
Other Equipment		1,027	
Other Capital Outlay		5,799	
Total County Buildings			\$ 1,375,290

Other Facilities

Secretary(ies)	\$	34,846
Clerical Personnel		25,023
Custodial Personnel		123,103
Maintenance Personnel		166,331
Overtime Pay		4,481
Social Security		19,823
State Retirement		51,759
Life Insurance		480
Medical Insurance		111,273
Employer Medicare		4,636
Communication		8,187
Licenses		1,095
Maintenance and Repair Services - Buildings		520
Maintenance and Repair Services - Equipment		110,770
Pest Control		3,200
Rentals		2,505
Disposal Fees		1,860
Other Contracted Services		9,935

(Continued)

Exhibit L-7

Montgomery County, Tennessee
Schedule of Detailed Expenditures -
All Governmental Fund Types (Cont.)

General Fund (Cont.)

General Government (Cont.)

Other Facilities (Cont.)

Custodial Supplies	\$	17,268	
Electricity		294,898	
Equipment and Machinery Parts		827	
Food Supplies		811	
Natural Gas		58,467	
Uniforms		1,767	
Water and Sewer		37,536	
Other Supplies and Materials		30,913	
Building and Contents Insurance		2,678	
Communication Equipment		9,553	
Heating and Air Conditioning Equipment		2,966	
Other Equipment		10,868	
Total Other Facilities			\$ 1,148,379

Other General Administration

County Official/Administrative Officer	\$	50,929	
Social Security		2,932	
State Retirement		7,451	
Life Insurance		38	
Medical Insurance		13,247	
Employer Medicare		686	
Communication		1,110	
Contracts with Other Public Agencies		467,804	
Travel		474	
Other Contracted Services		5,764	
Other Supplies and Materials		1,034	
Furniture and Fixtures		2,948	
Total Other General Administration			554,417

Preservation of Records

Supervisor/Director	\$	39,998	
Clerical Personnel		20,806	
Part-time Personnel		10,594	
Board and Committee Members Fees		550	
Social Security		4,296	
State Retirement		8,896	
Life Insurance		96	
Medical Insurance		5,642	
Employer Medicare		1,005	
Communication		1,088	

(Continued)

Exhibit L-7

Montgomery County, Tennessee
Schedule of Detailed Expenditures -
All Governmental Fund Types (Cont.)

General Fund (Cont.)

General Government (Cont.)

Preservation of Records (Cont.)

Data Processing Services	\$	9,000	
Dues and Memberships		367	
Maintenance and Repair Services - Office Equipment		2,569	
Rentals		338	
Travel		1,664	
Other Contracted Services		7,391	
Duplicating Supplies		263	
Library Books/Media		2,652	
Office Supplies		3,771	
Other Supplies and Materials		55	
Data Processing Equipment		1,500	
Furniture and Fixtures		856	
Other Equipment		5,000	
Total Preservation of Records			\$ 128,397

Finance

Accounting and Budgeting

County Official/Administrative Officer	\$	85,238
Accountants/Bookkeepers		297,793
Clerical Personnel		23,062
Overtime Pay		5,507
Social Security		23,568
State Retirement		57,139
Life Insurance		378
Medical Insurance		90,475
Employer Medicare		5,512
Communication		2,782
Data Processing Services		27,369
Dues and Memberships		1,004
Legal Services		172
Legal Notices, Recording, and Court Costs		1,878
Postal Charges		4,252
Printing, Stationery, and Forms		55
Rentals		720
Travel		3,404
Tuition		9,216
Other Contracted Services		8,806
Data Processing Supplies		3,007
Duplicating Supplies		598
Food Supplies		364

(Continued)

Exhibit L-7

Montgomery County, Tennessee
Schedule of Detailed Expenditures -
All Governmental Fund Types (Cont.)

General Fund (Cont.)

Finance (Cont.)

Accounting and Budgeting (Cont.)

Library Books/Media	\$	254	
Office Supplies		2,214	
Periodicals		10	
Other Supplies and Materials		473	
Premiums on Corporate Surety Bonds		580	
Other Charges		1,083	
Data Processing Equipment		2,058	
Furniture and Fixtures		319	
Total Accounting and Budgeting			\$ 659,290

Purchasing

County Official/Administrative Officer	\$	63,939	
Purchasing Personnel		36,816	
Clerical Personnel		33,675	
Other Salaries and Wages		27,206	
Social Security		9,396	
State Retirement		23,648	
Life Insurance		154	
Medical Insurance		38,832	
Employer Medicare		2,197	
Communication		2,824	
Dues and Memberships		420	
Maintenance and Repair Services - Equipment		9,067	
Maintenance and Repair Services - Vehicles		748	
Postal Charges		1,796	
Rentals		7,008	
Travel		102	
Other Contracted Services		619	
Custodial Supplies		7	
Duplicating Supplies		4,034	
Food Supplies		65	
Gasoline		2,536	
Office Supplies		267	
Periodicals		115	
Tires and Tubes		508	
Other Supplies and Materials		3,148	
Premiums on Corporate Surety Bonds		164	
Total Purchasing			269,291

(Continued)

Exhibit L-7

Montgomery County, Tennessee
Schedule of Detailed Expenditures -
All Governmental Fund Types (Cont.)

General Fund (Cont.)

Finance (Cont.)

Property Assessor's Office

County Official/Administrative Officer	\$	83,720	
Deputy(ies)		466,821	
Temporary Personnel		7,717	
Overtime Pay		132	
Social Security		32,129	
State Retirement		80,563	
Life Insurance		538	
Medical Insurance		156,090	
Employer Medicare		7,514	
Audit Services		80,343	
Communication		6,655	
Data Processing Services		38,498	
Dues and Memberships		3,187	
Legal Notices, Recording, and Court Costs		199	
Licenses		6,902	
Maintenance and Repair Services - Vehicles		2,771	
Postal Charges		7,051	
Printing, Stationery, and Forms		186	
Rentals		2,322	
Travel		4,420	
Tuition		3,110	
Other Contracted Services		4,923	
Data Processing Supplies		16,464	
Duplicating Supplies		865	
Food Supplies		286	
Gasoline		13,074	
Library Books/Media		543	
Office Supplies		1,045	
Other Supplies and Materials		1,610	
Data Processing Equipment		5,238	
Furniture and Fixtures		344	
Total Property Assessor's Office			\$ 1,035,260

County Trustee's Office

County Official/Administrative Officer	\$	83,720
Supervisor/Director		41,018
Deputy(ies)		99,567
Accountants/Bookkeepers		40,789
Part-time Personnel		20,723
Overtime Pay		986

(Continued)

Exhibit L-7

Montgomery County, Tennessee
Schedule of Detailed Expenditures -
All Governmental Fund Types (Cont.)

General Fund (Cont.)

Finance (Cont.)

County Trustee's Office (Cont.)

Board and Committee Members Fees	\$	250	
Social Security		16,668	
State Retirement		38,180	
Life Insurance		262	
Medical Insurance		68,018	
Employer Medicare		3,898	
Bank Charges		60	
Communication		4,265	
Data Processing Services		22,053	
Dues and Memberships		1,071	
Legal Notices, Recording, and Court Costs		1,880	
Postal Charges		22,836	
Printing, Stationery, and Forms		2,136	
Rentals		6,188	
Travel		2,341	
Tuition		515	
Other Contracted Services		689	
Food Supplies		154	
Office Supplies		6,705	
Periodicals		876	
Premiums on Corporate Surety Bonds		5,434	
Other Capital Outlay		3,962	
Total County Trustee's Office			\$ 495,244

County Clerk's Office

County Official/Administrative Officer	\$	83,720
Supervisor/Director		46,904
Deputy(ies)		801,291
Accountants/Bookkeepers		631
Part-time Personnel		45,551
Overtime Pay		4,850
Social Security		54,539
State Retirement		131,882
Life Insurance		1,184
Medical Insurance		309,378
Unemployment Compensation		2,142
Employer Medicare		12,755
Communication		6,375
Maintenance and Repair Services - Equipment		16,965
Postal Charges		43,738

(Continued)

Exhibit L-7

Montgomery County, Tennessee
Schedule of Detailed Expenditures -
All Governmental Fund Types (Cont.)

General Fund (Cont.)

Finance (Cont.)

County Clerk's Office (Cont.)

Printing, Stationery, and Forms	\$	6,097	
Rentals		23,480	
Travel		1,482	
Other Contracted Services		2,251	
Data Processing Supplies		9,847	
Duplicating Supplies		1,686	
Food Supplies		954	
Office Supplies		8,650	
Other Supplies and Materials		2,160	
Premiums on Corporate Surety Bonds		248	
Data Processing Equipment		400	
Furniture and Fixtures		4,861	
Total County Clerk's Office			\$ 1,624,021

Data Processing

Supervisor/Director	\$	75,489
Computer Programmer(s)		312,246
Data Processing Personnel		157,248
Secretary(ies)		31,490
Temporary Personnel		1,758
Social Security		34,677
State Retirement		82,784
Life Insurance		403
Medical Insurance		69,256
Employer Medicare		8,110
Communication		34,401
Data Processing Services		391,224
Dues and Memberships		230
Licenses		47,724
Maintenance and Repair Services - Vehicles		37
Postal Charges		6
Rentals		1,541
Travel		3,177
Tuition		675
Custodial Supplies		51
Data Processing Supplies		13,221
Food Supplies		123
Gasoline		787
Instructional Supplies and Materials		90
Office Supplies		277

(Continued)

Exhibit L-7

Montgomery County, Tennessee
Schedule of Detailed Expenditures -
All Governmental Fund Types (Cont.)

General Fund (Cont.)

Finance (Cont.)

Data Processing (Cont.)

Uniforms	\$	54	
Other Supplies and Materials		603	
Communication Equipment		<u>2,365</u>	
Total Data Processing			\$ 1,270,047

Other Finance

Legal Notices, Recording, and Court Costs	\$	35,062	
Postal Charges		<u>10,000</u>	
Total Other Finance			45,062

Administration of Justice

Circuit Court

County Official/Administrative Officer	\$	83,720	
Assistant(s)		80,444	
Supervisor/Director		135,128	
Deputy(ies)		699,916	
Accountants/Bookkeepers		71,490	
Part-time Personnel		76,257	
Overtime Pay		3,792	
Jury and Witness Expense		49,308	
Social Security		65,875	
State Retirement		155,659	
Life Insurance		1,450	
Medical Insurance		299,689	
Employer Medicare		15,406	
Communication		7,390	
Data Processing Services		9,193	
Dues and Memberships		566	
Legal Services		22,980	
Legal Notices, Recording, and Court Costs		1,797	
Maintenance and Repair Services - Office Equipment		442	
Postal Charges		12,482	
Printing, Stationery, and Forms		14,846	
Rentals		8,977	
Travel		2,330	
Tuition		240	
Other Contracted Services		3,917	
Custodial Supplies		520	
Data Processing Supplies		6,614	
Duplicating Supplies		7,117	

(Continued)

Exhibit L-7

Montgomery County, Tennessee
Schedule of Detailed Expenditures -
All Governmental Fund Types (Cont.)

General Fund (Cont.)

Administration of Justice (Cont.)

Circuit Court (Cont.)

Food Supplies	\$	2,075	
Library Books/Media		1,341	
Office Supplies		7,671	
Other Supplies and Materials		102	
Premiums on Corporate Surety Bonds		388	
Building Improvements		919	
Data Processing Equipment		14,276	
Furniture and Fixtures		13,568	
Office Equipment		1,112	
Other Equipment		7,540	
Total Circuit Court			\$ 1,886,537

General Sessions Court

Judge(s)	\$	437,986	
Supervisor/Director		67,642	
Probation Officer(s)		44,097	
Youth Service Officer(s)		186,775	
Secretary(ies)		39,099	
Clerical Personnel		136,865	
Part-time Personnel		16,636	
Overtime Pay		6,811	
Social Security		51,583	
State Retirement		128,510	
Life Insurance		627	
Medical Insurance		166,125	
Employer Medicare		13,278	
Communication		8,450	
Operating Lease Payments		4,389	
Legal Services		35	
Postal Charges		1,372	
Travel		17,237	
Other Contracted Services		322,605	
Library Books/Media		3,643	
Office Supplies		11,241	
Uniforms		1,242	
Furniture and Fixtures		837	
Total General Sessions Court			1,667,085

Drug Court

Communication	\$	1,080	
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(Continued)

Exhibit L-7

Montgomery County, Tennessee
Schedule of Detailed Expenditures -
All Governmental Fund Types (Cont.)

General Fund (Cont.)Administration of Justice (Cont.)Drug Court (Cont.)

Dues and Memberships	\$	220	
Evaluation and Testing		10,601	
Travel		3,304	
Other Contracted Services		26,080	
Office Supplies		2,032	
Total Drug Court			\$ 43,317

Chancery Court

County Official/Administrative Officer	\$	83,720	
Deputy(ies)		235,249	
Social Security		18,361	
State Retirement		46,666	
Life Insurance		346	
Medical Insurance		64,272	
Employer Medicare		4,294	
Communication		396	
Dues and Memberships		716	
Legal Notices, Recording, and Court Costs		2,409	
Maintenance and Repair Services - Office Equipment		981	
Postal Charges		4,441	
Printing, Stationery, and Forms		3,739	
Rentals		6,012	
Tuition		50	
Data Processing Supplies		2,693	
Duplicating Supplies		2,019	
Library Books/Media		935	
Office Supplies		1,036	
Premiums on Corporate Surety Bonds		587	
Total Chancery Court			478,922

District Attorney General

Assistant(s)	\$	7,216	
Other Salaries and Wages		48,500	
Social Security		3,454	
State Retirement		7,096	
Medical Insurance		13,015	
Employer Medicare		808	
Communication		2,602	
Dues and Memberships		645	
Janitorial Services		3,000	

(Continued)

Exhibit L-7

Montgomery County, Tennessee
Schedule of Detailed Expenditures -
All Governmental Fund Types (Cont.)

General Fund (Cont.)

Administration of Justice (Cont.)

District Attorney General (Cont.)

Legal Notices, Recording, and Court Costs	\$	20	
Postal Charges		117	
Travel		34,787	
Tuition		4,804	
Other Contracted Services		1,882	
Custodial Supplies		796	
Data Processing Supplies		370	
Duplicating Supplies		542	
Food Supplies		951	
Library Books/Media		3,533	
Office Supplies		1,050	
Other Supplies and Materials		436	
Premiums on Corporate Surety Bonds		129	
Data Processing Equipment		2,160	
Total District Attorney General			\$ 137,913

Office of Public Defender

Contributions	\$	124	
Travel		19,908	
Tuition		3,175	
Total Office of Public Defender			23,207

Judicial Commissioners

Part-time Personnel	\$	53,048	
Other Salaries and Wages		101,815	
Social Security		8,365	
State Retirement		16,291	
Life Insurance		182	
Medical Insurance		47,488	
Employer Medicare		1,956	
Communication		3,134	
Rentals		1,862	
Travel		989	
Other Contracted Services		1,791	
Duplicating Supplies		75	
Office Supplies		96	
Total Judicial Commissioners			237,092

Other Administration of Justice

Supervisor/Director	\$	59,987	
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(Continued)

Exhibit L-7

Montgomery County, Tennessee
Schedule of Detailed Expenditures -
All Governmental Fund Types (Cont.)

General Fund (Cont.)

Administration of Justice (Cont.)

Other Administration of Justice (Cont.)

Social Security	\$	3,548	
State Retirement		8,776	
Life Insurance		38	
Medical Insurance		11,689	
Employer Medicare		830	
Communication		1,280	
Contracts with Private Agencies		422,082	
Dues and Memberships		850	
Postal Charges		218	
Printing, Stationery, and Forms		235	
Travel		541	
Duplicating Supplies		367	
Instructional Supplies and Materials		5,911	
Office Supplies		33	
Total Other Administration of Justice			\$ 516,385

Probation Services

Assistant(s)	\$	23,583
Supervisor/Director		58,072
Probation Officer(s)		172,254
Part-time Personnel		22,610
Overtime Pay		156
Other Salaries and Wages		170,976
Social Security		26,448
State Retirement		61,800
Life Insurance		493
Medical Insurance		80,992
Unemployment Compensation		181
Employer Medicare		6,114
Communication		717
Dues and Memberships		250
Evaluation and Testing		39,836
Legal Notices, Recording, and Court Costs		747
Licenses		810
Postal Charges		435
Printing, Stationery, and Forms		2,715
Rentals		1,577
Travel		1,463
Tuition		410
Other Contracted Services		16,327

(Continued)

Exhibit L-7

Montgomery County, Tennessee
Schedule of Detailed Expenditures -
All Governmental Fund Types (Cont.)

General Fund (Cont.)

Administration of Justice (Cont.)

Probation Services (Cont.)

Data Processing Supplies	\$	2,125	
Duplicating Supplies		818	
Instructional Supplies and Materials		26,268	
Office Supplies		5,882	
Other Supplies and Materials		2,416	
Data Processing Equipment		755	
Furniture and Fixtures		2,280	
Office Equipment		384	
Total Probation Services			\$ 729,894

Public Safety

Sheriff's Department

County Official/Administrative Officer	\$	99,474
Assistant(s)		81,569
Supervisor/Director		51,559
Deputy(ies)		2,235,805
Investigator(s)		381,971
Captain(s)		204,949
Lieutenant(s)		162,039
Sergeant(s)		539,425
Secretary(ies)		30,769
Clerical Personnel		281,236
Part-time Personnel		29,864
Overtime Pay		279,454
In-Service Training		46,200
Social Security		259,420
State Retirement		626,107
Life Insurance		3,801
Medical Insurance		900,476
Unemployment Compensation		5,969
Employer Medicare		60,671
Communication		23,584
Evaluation and Testing		4,142
Legal Services		25,739
Licenses		156
Maintenance and Repair Services - Equipment		45,788
Maintenance and Repair Services - Vehicles		49,073
Medical and Dental Services		410
Pest Control		128
Postal Charges		4,761

(Continued)

Exhibit L-7

Montgomery County, Tennessee
Schedule of Detailed Expenditures -
All Governmental Fund Types (Cont.)

General Fund (Cont.)

Public Safety (Cont.)

Sheriff's Department (Cont.)

Printing, Stationery, and Forms	\$	5,109	
Rentals		14,430	
Transportation - Other than Students		17,119	
Travel		12,674	
Tuition		6,719	
Veterinary Services		785	
Other Contracted Services		52,700	
Animal Food and Supplies		1,074	
Custodial Supplies		484	
Data Processing Supplies		5,144	
Drugs and Medical Supplies		345	
Duplicating Supplies		33	
Electricity		3,016	
Food Supplies		157	
Gasoline		235,711	
Law Enforcement Supplies		33,268	
Library Books/Media		1,980	
Natural Gas		1,281	
Office Supplies		7,003	
Periodicals		1,119	
Tires and Tubes		12,699	
Uniforms		64,583	
Vehicle Parts		1,670	
Water and Sewer		329	
Other Supplies and Materials		3,506	
Liability Insurance		8,835	
Premiums on Corporate Surety Bonds		1,832	
Law Enforcement Equipment		5,336	
Other Capital Outlay		3,170	
Total Sheriff's Department			\$ 6,936,650

Special Patrols

Supervisor/Director	\$	97,899
Deputy(ies)		737,594
Investigator(s)		142,336
Sergeant(s)		45,972
Clerical Personnel		32,905
Overtime Pay		8,490
Social Security		62,917
State Retirement		155,838

(Continued)

Exhibit L-7

Montgomery County, Tennessee
Schedule of Detailed Expenditures -
All Governmental Fund Types (Cont.)

General Fund (Cont.)

Public Safety (Cont.)

Special Patrols (Cont.)

Life Insurance	\$	981	
Medical Insurance		182,223	
Employer Medicare		14,714	
Communication		8,467	
Evaluation and Testing		180	
Maintenance and Repair Services - Equipment		1,382	
Maintenance and Repair Services - Vehicles		5,879	
Postal Charges		36	
Printing, Stationery, and Forms		45	
Rentals		504	
Travel		10,661	
Tuition		5,960	
Other Contracted Services		1,440	
Data Processing Supplies		688	
Gasoline		29,092	
Law Enforcement Supplies		8,448	
Office Supplies		237	
Tires and Tubes		3,300	
Uniforms		8,920	
Vehicle Parts		20	
Other Supplies and Materials		773	
Law Enforcement Equipment		9,478	
Other Equipment		822	
Total Special Patrols			\$ 1,578,201

Administration of the Sexual Offender Registry

Overtime Pay	\$	3,957	
Communication		2,609	
Tuition		671	
Other Contracted Services		682	
Data Processing Supplies		102	
Law Enforcement Supplies		94	
Office Supplies		215	
Total Administration of the Sexual Offender Registry			8,330

Jail

Supervisor/Director	\$	103,313
Deputy(ies)		3,782,224
Lieutenant(s)		63,972
Sergeant(s)		454,674

(Continued)

Exhibit L-7

Montgomery County, Tennessee
Schedule of Detailed Expenditures -
All Governmental Fund Types (Cont.)

General Fund (Cont.)Public Safety (Cont.)Jail (Cont.)

Clerical Personnel	\$ 573,162
Maintenance Personnel	162,523
Temporary Personnel	5,153
Overtime Pay	131,814
Board and Committee Members Fees	1,600
Social Security	308,012
State Retirement	715,548
Life Insurance	5,692
Medical Insurance	1,137,098
Unemployment Compensation	21,688
Employer Medicare	72,035
Communication	9,374
Evaluation and Testing	7,778
Laundry Service	4,590
Operating Lease Payments	600
Legal Services	30,685
Licenses	1,550
Maintenance and Repair Services - Buildings	2,636
Maintenance and Repair Services - Equipment	83,710
Maintenance and Repair Services - Vehicles	2,080
Medical and Dental Services	1,576,982
Pest Control	4,440
Postal Charges	263
Printing, Stationery, and Forms	2,575
Rentals	10,365
Travel	1,108
Tuition	270
Disposal Fees	28,871
Other Contracted Services	518,394
Custodial Supplies	50,696
Data Processing Supplies	4,815
Duplicating Supplies	2,967
Electricity	375,994
Equipment and Machinery Parts	3,364
Food Preparation Supplies	71
Gasoline	10,132
Law Enforcement Supplies	23,088
Library Books/Media	476
Natural Gas	72,095
Office Supplies	1,173

(Continued)

Exhibit L-7

Montgomery County, Tennessee
Schedule of Detailed Expenditures -
All Governmental Fund Types (Cont.)

General Fund (Cont.)

Public Safety (Cont.)

Jail (Cont.)

Prisoners Clothing	\$ 4,985	
Tires and Tubes	722	
Uniforms	40,637	
Water and Sewer	114,206	
Other Supplies and Materials	72,256	
Boiler Insurance	731	
Building and Contents Insurance	149,001	
Liability Insurance	143,464	
Communication Equipment	3,538	
Furniture and Fixtures	1,414	
Maintenance Equipment	4,952	
Other Equipment	35,221	
Total Jail		\$ 10,940,777

Workhouse

County Official/Administrative Officer	\$ 7,500
Deputy(ies)	616,411
Lieutenant(s)	17,622
Sergeant(s)	81,201
Overtime Pay	11,384
Social Security	42,748
State Retirement	100,559
Life Insurance	720
Medical Insurance	106,733
Employer Medicare	9,998
Communication	3,221
Laundry Service	1,783
Maintenance and Repair Services - Buildings	1,050
Maintenance and Repair Services - Equipment	2,850
Maintenance and Repair Services - Vehicles	973
Medical and Dental Services	301,000
Pest Control	360
Rentals	1,432
Disposal Fees	2,559
Other Contracted Services	86,072
Custodial Supplies	12,359
Data Processing Supplies	45
Diesel Fuel	4,351
Electricity	26,890
Gasoline	3,685

(Continued)

Exhibit L-7

Montgomery County, Tennessee
Schedule of Detailed Expenditures -
All Governmental Fund Types (Cont.)

General Fund (Cont.)

Public Safety (Cont.)

Workhouse (Cont.)

Law Enforcement Supplies	\$	1,947	
Natural Gas		6,531	
Prisoners Clothing		1,398	
Tires and Tubes		416	
Uniforms		1,922	
Water and Sewer		15,131	
Other Supplies and Materials		8,446	
Building and Contents Insurance		14,328	
Liability Insurance		10,868	
Furniture and Fixtures		476	
Other Equipment		1,857	
Total Workhouse			\$ 1,506,826

Correctional Incentive Program Improvements

Supervisor/Director	\$	55,071
Probation Officer(s)		199,796
Secretary(ies)		19,196
Social Security		16,781
State Retirement		38,857
Life Insurance		314
Medical Insurance		30,621
Employer Medicare		3,924
Communication		9,398
Maintenance and Repair Services - Office Equipment		90
Maintenance and Repair Services - Vehicles		590
Postal Charges		78
Printing, Stationery, and Forms		385
Rentals		31,692
Travel		6,849
Tuition		2,264
Other Contracted Services		6,516
Custodial Supplies		370
Data Processing Supplies		49
Duplicating Supplies		287
Electricity		1,356
Food Supplies		177
Gasoline		2,551
Natural Gas		646
Office Supplies		2,994
Periodicals		120

(Continued)

Exhibit L-7

Montgomery County, Tennessee
Schedule of Detailed Expenditures -
All Governmental Fund Types (Cont.)

General Fund (Cont.)

Public Safety (Cont.)

Correctional Incentive Program Improvements (Cont.)

Water and Sewer	\$	276	
Other Supplies and Materials		4,055	
Building and Contents Insurance		455	
Liability Insurance		1,286	
Vehicle and Equipment Insurance		1,607	
Data Processing Equipment		7,232	
Total Correctional Incentive Program Improvements			\$ 445,883

Juvenile Services

Supervisor/Director	\$	43,472	
Probation Officer(s)		24,000	
Medical Personnel		36,878	
Clerical Personnel		21,946	
Overtime Pay		11	
Social Security		5,825	
State Retirement		14,701	
Life Insurance		96	
Medical Insurance		30,191	
Employer Medicare		1,362	
Communication		2,882	
Dues and Memberships		942	
Operating Lease Payments		2,256	
Postal Charges		530	
Rentals		7,500	
Travel		2,183	
Other Contracted Services		2,000	
Custodial Supplies		40	
Data Processing Supplies		45	
Electricity		777	
Food Supplies		25	
Natural Gas		39	
Office Supplies		1,339	
Water and Sewer		117	
Other Supplies and Materials		531	
Liability Insurance		1,467	
Total Juvenile Services			201,155

Fire Prevention and Control

Board and Committee Members Fees	\$	2,550	
Social Security		158	

(Continued)

Exhibit L-7

Montgomery County, Tennessee
Schedule of Detailed Expenditures -
All Governmental Fund Types (Cont.)

General Fund (Cont.)

Public Safety (Cont.)

Fire Prevention and Control (Cont.)

Employer Medicare	\$	37	
Communication		2,183	
Contributions		2,980	
Licenses		46	
Maintenance and Repair Services - Equipment		9,474	
Maintenance and Repair Services - Vehicles		24,346	
Medical and Dental Services		144	
Postal Charges		31	
Other Contracted Services		9,186	
Diesel Fuel		13,144	
Equipment and Machinery Parts		1,703	
Food Preparation Supplies		33	
Food Supplies		191	
Gasoline		15,747	
Instructional Supplies and Materials		862	
Uniforms		14,819	
Utilities		26,898	
Chemicals		2,025	
Other Supplies and Materials		14,608	
Liability Insurance		6,998	
Workers' Compensation Insurance		11,621	
Communication Equipment		4,427	
Other Equipment		44,989	
Total Fire Prevention and Control			\$ 209,200

Civil Defense

Assistant(s)	\$	42,153
Supervisor/Director		78,753
Secretary(ies)		38,646
Other Salaries and Wages		33,700
Social Security		11,496
State Retirement		28,273
Life Insurance		154
Medical Insurance		25,490
Employer Medicare		2,689
Communication		5,970
Contracts with Private Agencies		960
Maintenance and Repair Services - Vehicles		1,003
Rentals		80,303
Other Contracted Services		3,026

(Continued)

Exhibit L-7

Montgomery County, Tennessee
Schedule of Detailed Expenditures -
All Governmental Fund Types (Cont.)

General Fund (Cont.)

Public Safety (Cont.)

Civil Defense (Cont.)

Gasoline	\$	1,226	
Utilities		38,874	
Other Supplies and Materials		1,472	
Total Civil Defense			\$ 394,188

Other Emergency Management

Tuition	\$	148,709	
Other Contracted Services		4,681	
Other Supplies and Materials		373	
Communication Equipment		352,965	
Other Equipment		118,504	
Total Other Emergency Management			625,232

County Coroner/Medical Examiner

Medical and Dental Services	\$	178,100	
Liability Insurance		1,257	
Total County Coroner/Medical Examiner			179,357

Public Health and Welfare

Local Health Center

Medical Personnel	\$	42,207	
Custodial Personnel		48,651	
Social Security		5,055	
State Retirement		12,963	
Life Insurance		109	
Medical Insurance		24,384	
Employer Medicare		1,182	
Communication		22,352	
Dues and Memberships		200	
Laundry Service		345	
Licenses		275	
Maintenance Agreements		2,536	
Maintenance and Repair Services - Buildings		6,175	
Maintenance and Repair Services - Equipment		2,813	
Pest Control		225	
Rentals		1,064	
Travel		118	
Disposal Fees		2,446	
Other Contracted Services		4,883	
Custodial Supplies		5,187	

(Continued)

Exhibit L-7

Montgomery County, Tennessee
Schedule of Detailed Expenditures -
All Governmental Fund Types (Cont.)

General Fund (Cont.)

Public Health and Welfare (Cont.)

Local Health Center (Cont.)

Drugs and Medical Supplies	\$	2,856	
Duplicating Supplies		216	
Electricity		58,184	
Instructional Supplies and Materials		302	
Natural Gas		11,546	
Office Supplies		450	
Periodicals		115	
Water and Sewer		2,899	
Other Supplies and Materials		708	
Boiler Insurance		242	
Furniture and Fixtures		1,194	
Total Local Health Center			\$ 261,882

Rabies and Animal Control

Supervisor/Director	\$	46,485
Clerical Personnel		26,636
Overtime Pay		11,364
Other Salaries and Wages		148,992
Board and Committee Members Fees		600
Social Security		13,490
State Retirement		33,718
Life Insurance		298
Medical Insurance		74,429
Unemployment Compensation		225
Employer Medicare		3,155
Communication		5,719
Legal Services		70
Maintenance and Repair Services - Buildings		35
Maintenance and Repair Services - Equipment		203
Maintenance and Repair Services - Vehicles		4,584
Printing, Stationery, and Forms		1,745
Rentals		974
Travel		1,734
Tuition		600
Other Contracted Services		14,242
Animal Food and Supplies		1,870
Custodial Supplies		6,562
Drugs and Medical Supplies		8,986
Electricity		20,761
Gasoline		17,691

(Continued)

Exhibit L-7

Montgomery County, Tennessee
Schedule of Detailed Expenditures -
All Governmental Fund Types (Cont.)

General Fund (Cont.)

Public Health and Welfare (Cont.)

Rabies and Animal Control (Cont.)

Natural Gas	\$	5,334	
Office Supplies		927	
Tires and Tubes		1,098	
Uniforms		1,697	
Water and Sewer		2,526	
Other Supplies and Materials		8,839	
Other Capital Outlay		10,774	
Total Rabies and Animal Control			\$ 476,363

Ambulance/Emergency Medical Services

Assistant(s)	\$	64,958
Supervisor/Director		96,574
Captain(s)		228,329
Lieutenant(s)		370,712
Accountants/Bookkeepers		36,014
Medical Personnel		1,964,940
Part-time Personnel		264,479
Overtime Pay		1,293,923
Board and Committee Members Fees		2,650
Social Security		250,594
State Retirement		567,090
Life Insurance		3,694
Medical Insurance		850,795
Unemployment Compensation		1,860
Employer Medicare		58,607
Communication		36,231
Data Processing Services		9,912
Debt Collection Services		24,674
Dues and Memberships		655
Freight Expenses		227
Janitorial Services		8,305
Laundry Service		7,503
Legal Services		939
Licenses		5,250
Maintenance and Repair Services - Buildings		6,908
Maintenance and Repair Services - Equipment		81,523
Maintenance and Repair Services - Vehicles		154,375
Medical and Dental Services		3,474
Pest Control		2,212
Postal Charges		11,487

(Continued)

Exhibit L-7

Montgomery County, Tennessee
Schedule of Detailed Expenditures -
All Governmental Fund Types (Cont.)

General Fund (Cont.)

Public Health and Welfare (Cont.)

Ambulance/Emergency Medical Services (Cont.)

Printing, Stationery, and Forms	\$	2,164	
Rentals		2,460	
Travel		8,530	
Tuition		44,686	
Disposal Fees		4,131	
Other Contracted Services		13,147	
Custodial Supplies		5,291	
Diesel Fuel		202,678	
Drugs and Medical Supplies		252,334	
Duplicating Supplies		1,289	
Electricity		52,380	
Food Supplies		4,052	
Gasoline		20,754	
Instructional Supplies and Materials		6,828	
Natural Gas		12,094	
Office Supplies		5,358	
Propane Gas		10,383	
Tires and Tubes		24,418	
Uniforms		33,053	
Water and Sewer		6,958	
Other Supplies and Materials		17,691	
Indirect Cost		5,552	
Building Improvements		1,245	
Communication Equipment		2,070	
Data Processing Equipment		22,000	
Food Service Equipment		838	
Furniture and Fixtures		7,096	
Other Equipment		3,357	
Other Capital Outlay		11,102	
Total Ambulance/Emergency Medical Services			\$ 7,192,833

Other Local Health Services

Social Workers	\$	182,057
Medical Personnel		618,104
Clerical Personnel		380,887
Educational Assistants		23,751
Part-time Personnel		35,585
Social Security		71,800
State Retirement		160,601
Life Insurance		1,270

(Continued)

Exhibit L-7

Montgomery County, Tennessee
Schedule of Detailed Expenditures -
All Governmental Fund Types (Cont.)

General Fund (Cont.)

Public Health and Welfare (Cont.)

Other Local Health Services (Cont.)

Medical Insurance	\$ 274,142	
Unemployment Compensation	8,367	
Employer Medicare	16,973	
Licenses	800	
Pest Control	150	
Rentals	3,060	
Travel	8,847	
Disposal Fees	176	
Liability Insurance	30,484	
Total Other Local Health Services		\$ 1,817,054

Regional Mental Health Center

Contributions	\$ 10,000	
Total Regional Mental Health Center		10,000

Appropriation to State

Contributions	\$ 214,695	
Total Appropriation to State		214,695

Other Local Welfare Services

Contributions	\$ 85,000	
Pauper Burials	16,500	
Other Contracted Services	400	
Total Other Local Welfare Services		101,900

Other Public Health and Welfare

Contributions	\$ 30,000	
Medical and Dental Services	50,150	
Total Other Public Health and Welfare		80,150

Social, Cultural, and Recreational Services

Libraries

Contributions	\$ 1,604,251	
Total Libraries		1,604,251

Parks and Fair Boards

Assistant(s)	\$ 35,105	
Supervisor/Director	61,381	
Maintenance Personnel	13,443	
Temporary Personnel	34,624	

(Continued)

Exhibit L-7

Montgomery County, Tennessee
Schedule of Detailed Expenditures -
All Governmental Fund Types (Cont.)

General Fund (Cont.)

Social, Cultural, and Recreational Services (Cont.)

Parks and Fair Boards (Cont.)

Overtime Pay	\$	213	
Social Security		8,766	
State Retirement		11,111	
Life Insurance		81	
Medical Insurance		13,033	
Employer Medicare		2,050	
Communication		5,775	
Dues and Memberships		270	
Postal Charges		110	
Rentals		250	
Travel		2,088	
Tuition		400	
Disposal Fees		1,819	
Other Contracted Services		29,338	
Custodial Supplies		1,357	
Electricity		29,019	
Food Supplies		4	
Gasoline		9,593	
Office Supplies		155	
Water and Sewer		4,655	
Other Supplies and Materials		18,640	
Furniture and Fixtures		5,002	
Maintenance Equipment		3,357	
Total Parks and Fair Boards			\$ 291,639

Other Social, Cultural, and Recreational

Postal Charges	\$	31	
Gasoline		7,271	
Office Supplies		106	
Vehicle and Equipment Insurance		1,607	
Total Other Social, Cultural, and Recreational			9,015

Agriculture and Natural Resources

Agriculture Extension Service

Assistant(s)	\$	54,926	
Salary Supplements		158,200	
Part-time Personnel		5,070	
Board and Committee Members Fees		500	
Social Security		7,163	
State Retirement		18,116	

(Continued)

Exhibit L-7

Montgomery County, Tennessee
Schedule of Detailed Expenditures -
All Governmental Fund Types (Cont.)

General Fund (Cont.)

Agriculture and Natural Resources (Cont.)

Agriculture Extension Service (Cont.)

Life Insurance	\$	60	
Medical Insurance		31,661	
Unemployment Compensation		35	
Employer Medicare		2,910	
Communication		4,126	
Rentals		3,143	
Other Contracted Services		18,000	
Office Supplies		927	
Workers' Compensation Insurance		68	
Other Capital Outlay		399	
Total Agriculture Extension Service			\$ 305,304

Forest Service

Contributions	\$	2,000	
Total Forest Service			2,000

Soil Conservation

Secretary(ies)	\$	36,704	
Social Security		2,194	
State Retirement		5,370	
Life Insurance		38	
Medical Insurance		5,642	
Employer Medicare		513	
Other Contracted Services		814	
Office Supplies		15	
Other Supplies and Materials		160	
Total Soil Conservation			51,450

Other Operations

Tourism

Contracts with Government Agencies	\$	307,604	
Contracts with Other Public Agencies		922,811	
Total Tourism			1,230,415

Industrial Development

Contributions	\$	624,616	
Total Industrial Development			624,616

Airport

Contributions	\$	272,156	
Total Airport			272,156

(Continued)

Exhibit L-7

Montgomery County, Tennessee
Schedule of Detailed Expenditures -
All Governmental Fund Types (Cont.)

General Fund (Cont.)

Other Operations (Cont.)

Veterans' Services

Assistant(s)	\$	115,960	
Supervisor/Director		49,608	
Secretary(ies)		49,088	
Board and Committee Members Fees		1,350	
Social Security		12,753	
State Retirement		31,404	
Life Insurance		266	
Medical Insurance		44,475	
Employer Medicare		2,983	
Communication		2,011	
Postal Charges		2,829	
Printing, Stationery, and Forms		128	
Travel		4,823	
Other Contracted Services		2,854	
Custodial Supplies		60	
Electricity		3,456	
Food Supplies		661	
Natural Gas		10	
Office Supplies		117	
Water and Sewer		843	
Other Supplies and Materials		7,627	
Furniture and Fixtures		1,607	
Total Veterans' Services			\$ 334,913

Other Charges

Boiler Insurance	\$	10,854	
Building and Contents Insurance		334,325	
Premiums on Corporate Surety Bonds		1,560	
Trustee's Commission		785,852	
Total Other Charges			1,132,591

Contributions to Other Agencies

Contributions	\$	127,490	
Dues and Memberships		15,003	
Total Contributions to Other Agencies			142,493

Employee Benefits

Handling Charges and Administrative Costs	\$	14,870	
Medical Insurance		153,203	
Disability Insurance		200,947	

(Continued)

Exhibit L-7

Montgomery County, Tennessee
Schedule of Detailed Expenditures -
All Governmental Fund Types (Cont.)

General Fund (Cont.)

Other Operations (Cont.)

Employee Benefits (Cont.)

Other Fringe Benefits	\$ 31,035	
Total Employee Benefits		\$ 400,055

ARRA Grant # 2

Probation Officer(s)	\$ 36,954	
Social Security	2,260	
State Retirement	5,486	
Life Insurance	38	
Employer Medicare	528	
Total ARRA Grant # 2		45,266

ARRA Grant # 3

Communication	\$ 30,706	
Other Contracted Services	2,512	
Other Supplies and Materials	5,443	
Data Processing Equipment	80,092	
Total ARRA Grant # 3		118,753

ARRA Grant # 5

Heating and Air Conditioning Equipment	\$ 20,956	
Traffic Control Equipment	25,246	
Total ARRA Grant # 5		46,202

Miscellaneous

Advertising	\$ 1,000	
Legal Services	324	
Postal Charges	21	
Travel	1,599	
Other Contracted Services	9,550	
Office Supplies	61	
Other Supplies and Materials	2,211	
Total Miscellaneous		14,766

Highways

Litter and Trash Collection

Deputy(ies)	\$ 84,543
Social Security	5,242
State Retirement	12,368
Life Insurance	77
Unemployment Compensation	180

(Continued)

Exhibit L-7

Montgomery County, Tennessee
Schedule of Detailed Expenditures -
All Governmental Fund Types (Cont.)

General Fund (Cont.)

Highways (Cont.)

Litter and Trash Collection (Cont.)

Employer Medicare	\$ 1,226	
Printing, Stationery, and Forms	5,000	
Other Contracted Services	5,650	
Other Supplies and Materials	4,150	
Total Litter and Trash Collection		<u>\$ 118,436</u>

Total General Fund \$ 57,451,428

Drug Control Fund

Public Safety

Sheriff's Department

Legal Services	\$ 11,078	
Veterinary Services	1,015	
Other Contracted Services	10,239	
Animal Food and Supplies	631	
Trustee's Commission	56	
Other Equipment	6,000	
Total Sheriff's Department		<u>\$ 29,019</u>

Total Drug Control Fund 29,019

Constitutional Officers - Fees Fund

Administration of Justice

Chancery Court

Special Commissioner Fees/Special Master Fees	<u>\$ 39,865</u>	
Total Chancery Court		<u>\$ 39,865</u>

Total Constitutional Officers - Fees Fund 39,865

Highway/Public Works Fund

Highways

Administration

County Official/Administrative Officer	\$ 92,102
Assistant(s)	57,585
Accountants/Bookkeepers	37,697
Secretary(ies)	32,080
Clerical Personnel	32,080
Overtime Pay	943
Board and Committee Members Fees	3,600
Social Security	15,069

(Continued)

Exhibit L-7

Montgomery County, Tennessee
Schedule of Detailed Expenditures -
All Governmental Fund Types (Cont.)

Highway/Public Works Fund (Cont.)

Highways (Cont.)

Administration (Cont.)

State Retirement	\$	36,937	
Life Insurance		192	
Medical Insurance		47,527	
Employer Medicare		3,524	
Dues and Memberships		4,110	
Legal Services		4,200	
Printing, Stationery, and Forms		314	
Rentals		3,222	
Travel		377	
Other Contracted Services		5,293	
Drugs and Medical Supplies		2,486	
Office Supplies		1,095	
Other Supplies and Materials		5,774	
Total Administration			\$ 386,207

Highway and Bridge Maintenance

Foremen	\$	376,196
Mechanic(s)		112,666
Equipment Operators - Heavy		475,122
Equipment Operators - Light		173,882
Truck Drivers		482,232
Laborers		59,246
Temporary Personnel		14,510
Overtime Pay		75,018
Social Security		102,698
State Retirement		250,912
Life Insurance		1,870
Medical Insurance		441,529
Employer Medicare		24,018
Rentals		10,031
Other Contracted Services		5,032
Asphalt - Hot Mix		933,552
Asphalt - Liquid		36,303
Concrete		3,630
Crushed Stone		110,487
Fertilizer, Lime, and Seed		2,498
Pipe - Metal		26,382
Salt		408,919
Sand		5,067
Structural Steel		4,858

(Continued)

Exhibit L-7

Montgomery County, Tennessee
Schedule of Detailed Expenditures -
All Governmental Fund Types (Cont.)

Highway/Public Works Fund (Cont.)

Highways (Cont.)

Highway and Bridge Maintenance (Cont.)

Other Supplies and Materials	\$ 12,836	
Total Highway and Bridge Maintenance		\$ 4,149,494

Operation and Maintenance of Equipment

Foremen	\$ 46,726	
Mechanic(s)	168,162	
Truck Drivers	28,501	
Clerical Personnel	32,163	
Overtime Pay	8,833	
Social Security	16,831	
State Retirement	40,594	
Life Insurance	259	
Medical Insurance	52,963	
Employer Medicare	3,936	
Operating Lease Payments	880	
Maintenance and Repair Services - Equipment	8,337	
Maintenance and Repair Services - Vehicles	12,173	
Other Contracted Services	1,878	
Diesel Fuel	181,555	
Equipment and Machinery Parts	178,906	
Garage Supplies	2,361	
Gasoline	143,918	
Lubricants	28,271	
Small Tools	4,915	
Tires and Tubes	51,000	
Vehicle Parts	72,915	
Other Supplies and Materials	24,627	
Total Operation and Maintenance of Equipment		1,110,704

Traffic Control

Foremen	\$ 46,726
Equipment Operators - Heavy	59,937
Laborers	51,831
Overtime Pay	6,887
Social Security	9,997
State Retirement	24,195
Life Insurance	166
Medical Insurance	22,669
Employer Medicare	2,338
Operating Lease Payments	390

(Continued)

Exhibit L-7

Montgomery County, Tennessee
Schedule of Detailed Expenditures -
All Governmental Fund Types (Cont.)

Highway/Public Works Fund (Cont.)

Highways (Cont.)

Traffic Control (Cont.)

Other Contracted Services	\$	6,213	
Electricity		4,597	
Road Signs		42,633	
Small Tools		72	
Other Supplies and Materials		128,633	
Total Traffic Control			\$ 407,284

Other Charges

Communication	\$	7,531	
Licenses		818	
Electricity		26,895	
Natural Gas		8,877	
Water and Sewer		2,587	
Building and Contents Insurance		216,065	
Indirect Cost		11,690	
Trustee's Commission		106,147	
Total Other Charges			380,610

Employee Benefits

Medical Insurance	\$	42,995	
Unemployment Compensation		1,379	
Total Employee Benefits			44,374

Capital Outlay

Engineering Services	\$	35,427	
Bridge Construction		1,136	
Building Construction		625	
Building Improvements		11,697	
Communication Equipment		9,095	
Data Processing Equipment		2,722	
Furniture and Fixtures		802	
Heating and Air Conditioning Equipment		1,817	
Highway Equipment		146,078	
Motor Vehicles		22,620	
State Aid Projects		295,955	
Other Equipment		2,466	
Total Capital Outlay			530,440

Total Highway/Public Works Fund \$ 7,009,113

(Continued)

Exhibit L-7

Montgomery County, Tennessee
 Schedule of Detailed Expenditures -
All Governmental Fund Types (Cont.)

General Debt Service Fund

Principal on Debt

General Government

Principal on Bonds	\$ 3,773,302	
Principal on Notes	1,162,600	
Total General Government		\$ 4,935,902

Education

Principal on Bonds	\$ 9,656,698	
Principal on Notes	631,560	
Principal on Other Loans	2,213,055	
Total Education		12,501,313

Interest on Debt

Education

Interest on Other Loans	\$ 366,868	
Total Education		8,918,707

General Government

Interest on Bonds	\$ 4,489,103	
Interest on Notes	152,576	
Total General Government		4,641,679

Education

Interest on Bonds	\$ 8,520,261	
Interest on Notes	31,578	
Total Education		8,918,707

Other Debt Service

General Government

Trustee's Commission	\$ 179,708	
Other Debt Service	1,902	
Total General Government		181,610

Education

Trustee's Commission	\$ 388,987	
Other Debt Issuance Charges	58,886	
Other Debt Service	4,301	
Total Education		452,174

Total General Debt Service Fund \$ 31,631,385

(Continued)

Exhibit L-7

Montgomery County, Tennessee
Schedule of Detailed Expenditures -
All Governmental Fund Types (Cont.)

General Capital Projects Fund

Capital Projects

General Administration Projects

Architects	\$	34,335	
Contracts with Private Agencies		3,688	
Trustee's Commission		23,082	
Building Construction		267,101	
Building Improvements		225,949	
Data Processing Equipment		314,156	
Heating and Air Conditioning Equipment		43,895	
Highway Construction		89,064	
Maintenance Equipment		15,885	
Motor Vehicles		49,767	
Other Equipment		11,780	
Other Capital Outlay		34,700	
Total General Administration Projects			\$ 1,113,402

Administration of Justice Projects

Building Improvements	\$	18,891	
Total Administration of Justice Projects			18,891

Public Safety Projects

Building Improvements	\$	192,474	
Furniture and Fixtures		35,025	
Motor Vehicles		463,389	
Other Equipment		374,068	
Other Capital Outlay		20,330	
Total Public Safety Projects			1,085,286

Public Health and Welfare Projects

Architects	\$	147,250	
Engineering Services		39,965	
Building Construction		8,425	
Communication Equipment		2,138	
Motor Vehicles		77,600	
Health Equipment		84,523	
Other Equipment		40,467	
Total Public Health and Welfare Projects			400,368

Social, Cultural, and Recreation Projects

Architects	\$	66,344	
Printing, Stationery, and Forms		2,619	
Building Construction		260,222	

(Continued)

Exhibit L-7

Montgomery County, Tennessee
Schedule of Detailed Expenditures -
All Governmental Fund Types (Cont.)

General Capital Projects Fund (Cont.)

Capital Projects (Cont.)

Social, Cultural, and Recreation Projects (Cont.)

Maintenance Equipment	\$ 11,788	
Motor Vehicles	58,207	
Other Capital Outlay	<u>195,863</u>	
Total Social, Cultural, and Recreation Projects		\$ 595,043

Other General Government Projects

Building Improvements	\$ 101,033	
Data Processing Equipment	60,426	
Other Capital Outlay	<u>813,338</u>	
Total Other General Government Projects		974,797

Education Capital Projects

Contributions	\$ 4,319,768	
Total Education Capital Projects		<u>4,319,768</u>

Total General Capital Projects Fund \$ 8,507,555

Total Governmental Funds - Primary Government \$ 104,668,365

Exhibit L-8

Montgomery County, Tennessee
Schedule of Detailed Expenditures -
All Governmental Fund Types
Discretely Presented Clarksville-Montgomery County School System
For the Year Ended June 30, 2011

General Purpose School Fund

Instruction

Regular Instruction Program

Teachers	\$ 67,141,263	
Career Ladder Program	429,891	
Career Ladder Extended Contracts	108,818	
Homebound Teachers	129,427	
Educational Assistants	1,056,139	
Overtime Pay	190	
Social Security	4,081,131	
State Retirement	6,287,491	
Life Insurance	94,073	
Medical Insurance	12,161,489	
Employer Medicare	954,609	
Maintenance and Repair Services - Equipment	12,600	
Transportation - Other than Students	1,745	
Travel	13,449	
Tuition	185,377	
Contracts for Substitute Teachers - Certified	926,903	
Contracts for Substitute Teachers - Non-certified	725,267	
Other Contracted Services	24,556	
Basic Skills Materials	33,511	
Instructional Supplies and Materials	750,976	
Textbooks	1,802,402	
Other Supplies and Materials	137	
Fee Waivers	366,910	
Regular Instruction Equipment	62,275	
Total Regular Instruction Program		\$ 97,350,629

Alternative Instruction Program

Teachers	\$ 621,715	
Career Ladder Program	3,000	
Educational Assistants	11,756	
Social Security	38,231	
State Retirement	57,130	
Life Insurance	777	
Medical Insurance	73,682	
Employer Medicare	8,941	
Rentals	1,227	
Contracts for Substitute Teachers - Certified	16,848	
Contracts for Substitute Teachers - Non-certified	5,538	
Instructional Supplies and Materials	3,000	
Total Alternative Instruction Program		841,845

(Continued)

Exhibit L-8

Montgomery County, Tennessee
Schedule of Detailed Expenditures -
All Governmental Fund Types
Discretely Presented Clarksville-Montgomery County School System (Cont.)

General Purpose School Fund (Cont.)

Instruction (Cont.)

Special Education Program

Teachers	\$ 8,793,349	
Career Ladder Program	80,750	
Career Ladder Extended Contracts	810	
Homebound Teachers	56,037	
Educational Assistants	1,682,096	
Speech Pathologist	997,002	
Overtime Pay	60	
Social Security	682,050	
State Retirement	1,133,309	
Life Insurance	17,156	
Medical Insurance	2,195,701	
Employer Medicare	159,610	
Contracts with Private Agencies	756,201	
Travel	2,679	
Contracts for Substitute Teachers - Certified	128,909	
Contracts for Substitute Teachers - Non-certified	173,097	
Other Contracted Services	15,151	
Instructional Supplies and Materials	67,130	
Special Education Equipment	9,707	
Total Special Education Program		\$ 16,950,804

Vocational Education Program

Teachers	\$ 3,198,902	
Career Ladder Program	14,999	
Salary Supplements	27,341	
Social Security	192,060	
State Retirement	293,393	
Life Insurance	4,376	
Medical Insurance	603,973	
Employer Medicare	44,856	
Maintenance and Repair Services - Equipment	690	
Contracts for Substitute Teachers - Certified	30,347	
Contracts for Substitute Teachers - Non-certified	43,203	
Instructional Supplies and Materials	152,967	
T&I Construction Materials	106,250	
Vocational Instruction Equipment	14,605	
Total Vocational Education Program		4,727,962

(Continued)

Exhibit L-8

Montgomery County, Tennessee
Schedule of Detailed Expenditures -
All Governmental Fund Types
Discretely Presented Clarksville-Montgomery County School System (Cont.)

General Purpose School Fund (Cont.)

Support Services

Attendance

Supervisor/Director	\$	90,185	
Career Ladder Program		6,000	
Career Ladder Extended Contracts		600	
Pupil Personnel		380,129	
Secretary(ies)		62,273	
Social Security		32,052	
State Retirement		52,069	
Life Insurance		558	
Medical Insurance		77,135	
Employer Medicare		7,496	
Dues and Memberships		160	
Travel		5,926	
Office Supplies		3,174	
In Service/Staff Development		5,195	
Total Attendance			\$ 722,952

Health Services

Medical Personnel	\$	756,314	
Temporary Personnel		14,527	
Overtime Pay		146	
Social Security		44,731	
State Retirement		101,851	
Life Insurance		1,412	
Medical Insurance		152,258	
Employer Medicare		10,461	
Other Contracted Services		11,051	
Other Supplies and Materials		13,831	
Health Equipment		8,248	
Total Health Services			1,114,830

Other Student Support

Career Ladder Program	\$	28,080	
Guidance Personnel		3,263,673	
Career Ladder Extended Contracts		4,388	
Social Workers		125,525	
Salary Supplements		1,435,437	
Clerical Personnel		268,354	
Educational Assistants		127,656	
Overtime Pay		188	

(Continued)

Exhibit L-8

Montgomery County, Tennessee
Schedule of Detailed Expenditures -
All Governmental Fund Types
Discretely Presented Clarksville-Montgomery County School System (Cont.)

General Purpose School Fund (Cont.)

Support Services (Cont.)

Other Student Support (Cont.)

Other Salaries and Wages	\$	26,406	
Social Security		313,926	
State Retirement		481,591	
Life Insurance		5,257	
Medical Insurance		732,744	
Employer Medicare		73,447	
Evaluation and Testing		125,983	
Other Contracted Services		9,488	
Instructional Supplies and Materials		850	
Total Other Student Support			\$ 7,022,993

Regular Instruction Program

Supervisor/Director	\$	1,103,309	
Career Ladder Program		65,716	
Career Ladder Extended Contracts		3,000	
Librarians		2,183,248	
Salary Supplements		169,272	
Secretary(ies)		67,578	
Clerical Personnel		31,083	
Educational Assistants		626,149	
Overtime Pay		33	
Other Salaries and Wages		985,732	
Social Security		309,260	
State Retirement		511,704	
Life Insurance		5,885	
Medical Insurance		805,881	
Employer Medicare		72,681	
Dues and Memberships		26,900	
Travel		10,735	
Other Contracted Services		9,400	
Gasoline		1,346	
Library Books/Media		76,587	
Office Supplies		9,397	
Periodicals		26,649	
Other Supplies and Materials		404,641	
In Service/Staff Development		178,598	
Other Charges		15,246	
Total Regular Instruction Program			7,700,030

(Continued)

Exhibit L-8

Montgomery County, Tennessee
Schedule of Detailed Expenditures -
All Governmental Fund Types
Discretely Presented Clarksville-Montgomery County School System (Cont.)

General Purpose School Fund (Cont.)

Support Services (Cont.)

Alternative Instruction Program

Clerical Personnel	\$	18,744	
Social Security		938	
State Retirement		2,742	
Life Insurance		40	
Medical Insurance		13,365	
Employer Medicare		219	
Total Alternative Instruction Program			\$ 36,048

Special Education Program

Supervisor/Director	\$	92,124	
Career Ladder Program		9,725	
Psychological Personnel		594,401	
Secretary(ies)		47,655	
Other Salaries and Wages		332,005	
Social Security		63,927	
State Retirement		101,618	
Life Insurance		1,058	
Medical Insurance		162,551	
Employer Medicare		14,951	
Dues and Memberships		1,652	
Travel		18,698	
Office Supplies		5,419	
Other Supplies and Materials		40,007	
In Service/Staff Development		5,082	
Total Special Education Program			1,490,873

Vocational Education Program

Supervisor/Director	\$	61,416	
Secretary(ies)		15,260	
Social Security		4,588	
State Retirement		7,690	
Life Insurance		82	
Medical Insurance		11,162	
Employer Medicare		1,073	
Office Supplies		458	
Total Vocational Education Program			101,729

Adult Programs

Supervisor/Director	\$	35,314	
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(Continued)

Exhibit L-8

Montgomery County, Tennessee
Schedule of Detailed Expenditures -
All Governmental Fund Types
Discretely Presented Clarksville-Montgomery County School System (Cont.)

General Purpose School Fund (Cont.)

Support Services (Cont.)

Adult Programs (Cont.)

Career Ladder Program	\$	1,000	
Guidance Personnel		29,510	
Social Security		4,029	
State Retirement		3,131	
Life Insurance		142	
Medical Insurance		2,846	
Employer Medicare		942	
Total Adult Programs			\$ 76,914

Other Programs

On-Behalf Payments to OPEB	\$	72,742	
Total Other Programs			72,742

Board of Education

Secretary to Board	\$	25,488	
Board and Committee Members Fees		24,450	
Social Security		3,013	
State Retirement		3,729	
Life Insurance		31	
Medical Insurance		5,581	
Employer Medicare		705	
Dues and Memberships		31,625	
Legal Services		103,308	
In Service/Staff Development		13,592	
Other Charges		1,393	
Total Board of Education			212,915

Director of Schools

County Official/Administrative Officer	\$	164,801	
Education Media Personnel		77,223	
Secretary(ies)		25,488	
Clerical Personnel		106,274	
Other Salaries and Wages		142,032	
Social Security		27,350	
State Retirement		74,427	
Life Insurance		441	
Medical Insurance		66,651	
Employer Medicare		7,167	
Dues and Memberships		2,412	

(Continued)

Exhibit L-8

Montgomery County, Tennessee
Schedule of Detailed Expenditures -
All Governmental Fund Types
Discretely Presented Clarksville-Montgomery County School System (Cont.)

General Purpose School Fund (Cont.)

Support Services (Cont.)

Director of Schools (Cont.)

Postal Charges	\$	53,943	
Travel		854	
Other Contracted Services		12,210	
Duplicating Supplies		34,333	
Food Supplies		2,063	
Office Supplies		7,159	
Periodicals		403	
Other Supplies and Materials		5,379	
In Service/Staff Development		13,322	
Other Equipment		5,984	
Total Director of Schools			\$ 829,916

Office of the Principal

Principals	\$	2,952,407	
Career Ladder Program		58,749	
Accountants/Bookkeepers		1,257,082	
Career Ladder Extended Contracts		32,138	
Assistant Principals		3,859,466	
Clerical Personnel		1,912,805	
Temporary Personnel		5,528	
Overtime Pay		13,201	
Social Security		597,518	
State Retirement		1,067,394	
Life Insurance		11,115	
Medical Insurance		1,912,031	
Employer Medicare		139,796	
Dues and Memberships		7,875	
Other Contracted Services		11,805	
In Service/Staff Development		31,500	
Total Office of the Principal			13,870,410

Fiscal Services

Supervisor/Director	\$	212,056	
Accountants/Bookkeepers		648,451	
Purchasing Personnel		68,673	
Secretary(ies)		2,683	
Temporary Personnel		8,581	
Overtime Pay		1,597	
Other Salaries and Wages		336,918	

(Continued)

Exhibit L-8

Montgomery County, Tennessee
Schedule of Detailed Expenditures -
All Governmental Fund Types
Discretely Presented Clarksville-Montgomery County School System (Cont.)

General Purpose School Fund (Cont.)

Support Services (Cont.)

Fiscal Services (Cont.)

Social Security	\$	75,475	
State Retirement		187,112	
Life Insurance		1,220	
Medical Insurance		194,956	
Employer Medicare		17,681	
Advertising		682	
Audit Services		58,500	
Bank Charges		10,262	
Dues and Memberships		1,245	
Laundry Service		3,162	
Maintenance and Repair Services - Equipment		1,781	
Travel		559	
Other Contracted Services		34,319	
Gasoline		12,006	
Office Supplies		49,357	
Other Supplies and Materials		1,440	
Premiums on Corporate Surety Bonds		1,493	
Trustee's Commission		1,137,138	
Liability Claims		67,808	
Other Self-Insured Claims		109,674	
In Service/Staff Development		4,059	
Other Charges		68,929	
Total Fiscal Services			\$ 3,317,817

Human Services/Personnel

Supervisor/Director	\$	435,461
Secretary(ies)		378,547
Overtime Pay		94
Other Salaries and Wages		37,745
Other Per Diem and Fees		6,000
Social Security		51,026
State Retirement		123,684
Life Insurance		723
Medical Insurance		105,725
Disability Insurance		412,345
Unemployment Compensation		115,000
Employer Medicare		11,938
Other Fringe Benefits		394,716
Advertising		2,087

(Continued)

Exhibit L-8

Montgomery County, Tennessee
Schedule of Detailed Expenditures -
All Governmental Fund Types
Discretely Presented Clarksville-Montgomery County School System (Cont.)

General Purpose School Fund (Cont.)

Support Services (Cont.)

Human Services/Personnel (Cont.)

Dues and Memberships	\$	2,415	
Travel		5,280	
Other Contracted Services		33,345	
Office Supplies		14,095	
Other Supplies and Materials		9,452	
Workers' Compensation Insurance		127,677	
In Service/Staff Development		26,327	
Criminal Investigation of Applicants - TBI		26,262	
Administration Equipment		672	
Total Human Services/Personnel			\$ 2,320,616

Operation of Plant

Supervisor/Director	\$	202,432
Salary Supplements		30,000
Foremen		51,240
Secretary(ies)		33,026
Custodial Personnel		4,066,447
Overtime Pay		10,691
Social Security		254,628
State Retirement		622,222
Life Insurance		6,844
Medical Insurance		1,325,953
Employer Medicare		59,499
Evaluation and Testing		7,400
Laundry Service		63,554
Licenses		5,085
Travel		1,438
Other Contracted Services		247,985
Custodial Supplies		337,291
Electricity		5,406,008
Fertilizer, Lime, and Seed		35,000
Fuel Oil		24,585
Natural Gas		485,565
Office Supplies		3,001
Water and Sewer		624,545
Gravel and Chert		16,756
Other Supplies and Materials		26,244
Building and Contents Insurance		671,238
In Service/Staff Development		1,725

(Continued)

Exhibit L-8

Montgomery County, Tennessee
Schedule of Detailed Expenditures -
All Governmental Fund Types
Discretely Presented Clarksville-Montgomery County School System (Cont.)

General Purpose School Fund (Cont.)

Support Services (Cont.)

Operation of Plant (Cont.)

Furniture and Fixtures	\$	36,066	
Plant Operation Equipment		27,274	
Total Operation of Plant			\$ 14,683,742

Maintenance of Plant

Supervisor/Director	\$	71,857	
Foremen		54,950	
Secretary(ies)		51,976	
Maintenance Personnel		2,013,716	
Overtime Pay		528	
Social Security		129,290	
State Retirement		310,141	
Life Insurance		2,405	
Medical Insurance		504,473	
Employer Medicare		30,238	
Dues and Memberships		50	
Laundry Service		11,157	
Maintenance and Repair Services - Equipment		331,427	
Maintenance and Repair Services - Vehicles		1,185	
Other Contracted Services		138,506	
Gasoline		177,201	
Lubricants		3,171	
Office Supplies		3,376	
Tires and Tubes		8,929	
Vehicle Parts		34,638	
Chemicals		32,165	
Other Supplies and Materials		809,779	
Vehicle and Equipment Insurance		14,946	
In Service/Staff Development		5,694	
Maintenance Equipment		13,364	
Total Maintenance of Plant			4,755,162

Central and Other

Supervisor/Director	\$	220,010	
Computer Programmer(s)		275,267	
Instructional Computer Personnel		927,907	
Salary Supplements		5,208	
Secretary(ies)		33,697	
Other Salaries and Wages		531,229	

(Continued)

Exhibit L-8

Montgomery County, Tennessee
Schedule of Detailed Expenditures -
All Governmental Fund Types
Discretely Presented Clarksville-Montgomery County School System (Cont.)

General Purpose School Fund (Cont.)

Support Services (Cont.)

Central and Other (Cont.)

Social Security	\$	118,304	
State Retirement		263,583	
Life Insurance		1,804	
Medical Insurance		294,161	
Employer Medicare		27,668	
Communication		633,845	
Dues and Memberships		1,095	
Travel		29,895	
Other Contracted Services		1,316,711	
Data Processing Supplies		825,254	
Office Supplies		1,460	
Other Supplies and Materials		72,982	
In Service/Staff Development		19,835	
Data Processing Equipment		226,392	
Other Equipment		623,096	
Total Central and Other			\$ 6,449,403

Operation of Non-Instructional Services

Early Childhood Education

Teachers	\$	914,998	
Educational Assistants		308,319	
Overtime Pay		145	
Other Salaries and Wages		89,163	
Social Security		76,540	
State Retirement		131,435	
Life Insurance		2,175	
Medical Insurance		302,456	
Employer Medicare		17,901	
Travel		517	
Contracts for Substitute Teachers - Certified		14,135	
Contracts for Substitute Teachers - Non-certified		21,576	
Instructional Supplies and Materials		9,939	
In Service/Staff Development		5,062	
Other Equipment		19,177	
Total Early Childhood Education			1,913,538

Interest on Debt

Education

Interest on Notes	\$	33,854	
Total Education			33,854

Total General Purpose School Fund \$ 186,597,724

(Continued)

Exhibit L-8

Montgomery County, Tennessee
Schedule of Detailed Expenditures -
All Governmental Fund Types
Discretely Presented Clarksville-Montgomery County School System (Cont.)

School Federal Projects Fund

Instruction

Regular Instruction Program

Teachers	\$ 3,488,184	
Salary Supplements	949,532	
Educational Assistants	472,714	
Other Salaries and Wages	98,324	
Social Security	289,570	
State Retirement	485,469	
Life Insurance	5,781	
Medical Insurance	698,738	
Employer Medicare	77,487	
Travel	3,925	
Contracts for Substitute Teachers - Certified	93,299	
Contracts for Substitute Teachers - Non-certified	59,320	
Other Contracted Services	118,598	
Instructional Supplies and Materials	733,015	
Textbooks	157,704	
Regular Instruction Equipment	170,341	
Total Regular Instruction Program		\$ 7,902,001

Special Education Program

Teachers	\$ 1,350,636	
Educational Assistants	1,775,486	
Speech Pathologist	73,105	
Overtime Pay	68	
Other Salaries and Wages	9,778	
Social Security	183,604	
State Retirement	369,910	
Life Insurance	6,320	
Medical Insurance	686,312	
Employer Medicare	44,668	
Contracts for Substitute Teachers - Certified	1,278	
Contracts for Substitute Teachers - Non-certified	429	
Other Contracted Services	166,902	
Instructional Supplies and Materials	94,596	
Textbooks	209,939	
Other Supplies and Materials	16,793	
Special Education Equipment	107,452	
Total Special Education Program		5,097,276

(Continued)

Exhibit L-8

Montgomery County, Tennessee
Schedule of Detailed Expenditures -
All Governmental Fund Types
Discretely Presented Clarksville-Montgomery County School System (Cont.)

School Federal Projects Fund (Cont.)

Instruction (Cont.)

Vocational Education Program

Teachers	\$	35,743	
Social Security		1,604	
State Retirement		3,356	
Life Insurance		62	
Medical Insurance		5,693	
Employer Medicare		897	
Contracts for Substitute Teachers - Non-certified		89	
Instructional Supplies and Materials		14,434	
Other Supplies and Materials		8,861	
Other Charges		2,411	
Vocational Instruction Equipment		204,227	
Total Vocational Education Program			\$ 277,377

Adult Education Program

Teachers	\$	63,472	
Social Security		3,288	
State Retirement		600	
Employer Medicare		917	
Other Contracted Services		525	
Instructional Supplies and Materials		9,589	
Regular Instruction Equipment		4,500	
Total Adult Education Program			82,891

Support Services

Other Student Support

Guidance Personnel	\$	42,095	
Social Workers		44,805	
Other Salaries and Wages		125,328	
Social Security		8,529	
State Retirement		14,691	
Life Insurance		343	
Medical Insurance		27,953	
Employer Medicare		3,269	
Travel		51,221	
Other Contracted Services		125,003	
Other Supplies and Materials		33,584	
In Service/Staff Development		56,728	
Other Charges		27,447	
Other Equipment		10,621	
Total Other Student Support			571,617

(Continued)

Exhibit L-8

Montgomery County, Tennessee
Schedule of Detailed Expenditures -
All Governmental Fund Types
Discretely Presented Clarksville-Montgomery County School System (Cont.)

School Federal Projects Fund (Cont.)

Support Services (Cont.)

Regular Instruction Program

Supervisor/Director	\$	120,907	
Secretary(ies)		14,695	
Clerical Personnel		19,751	
Other Salaries and Wages		1,223,721	
Social Security		82,781	
State Retirement		129,531	
Life Insurance		1,276	
Medical Insurance		190,347	
Employer Medicare		19,919	
Communication		720	
Consultants		2,291	
Dues and Memberships		2,995	
Travel		9,857	
Other Contracted Services		119,605	
Library Books/Media		22,986	
Other Supplies and Materials		36,805	
In Service/Staff Development		318,098	
Other Charges		21,476	
Other Equipment		12,660	
Total Regular Instruction Program			\$ 2,350,421

Special Education Program

Psychological Personnel	\$	210,811	
Assessment Personnel		184,919	
Secretary(ies)		35,122	
Clerical Personnel		62,776	
Other Salaries and Wages		507,344	
Social Security		59,293	
State Retirement		95,992	
Life Insurance		1,152	
Medical Insurance		171,023	
Employer Medicare		13,867	
Travel		785	
Other Contracted Services		10,190	
Other Supplies and Materials		218,907	
In Service/Staff Development		63,579	
Other Equipment		910	
Total Special Education Program			1,636,670

(Continued)

Exhibit L-8

Montgomery County, Tennessee
Schedule of Detailed Expenditures -
All Governmental Fund Types
Discretely Presented Clarksville-Montgomery County School System (Cont.)

School Federal Projects Fund (Cont.)

Support Services (Cont.)

Vocational Education Program

Travel	\$	206	
In Service/Staff Development		2,172	
Total Vocational Education Program			\$ 2,378

Adult Programs

Supervisor/Director	\$	35,314	
Clerical Personnel		26,603	
Other Salaries and Wages		31,180	
Social Security		5,417	
State Retirement		11,653	
Medical Insurance		19,701	
Employer Medicare		1,267	
Office Supplies		3,989	
In Service/Staff Development		3,992	
Total Adult Programs			139,116

Director of Schools

Other Supplies and Materials	\$	519	
Total Director of Schools			519

Office of the Principal

Assistant Principals	\$	35,468	
Other Salaries and Wages		3,790	
Social Security		2,306	
State Retirement		3,553	
Life Insurance		31	
Medical Insurance		6,682	
Employer Medicare		539	
Total Office of the Principal			52,369

Operation of Plant

Communication	\$	14,000	
Other Contracted Services		2,200	
Other Equipment		113,841	
Total Operation of Plant			130,041

Transportation

Bus Drivers	\$	78,707	
Social Security		4,747	

(Continued)

Exhibit L-8

Montgomery County, Tennessee
Schedule of Detailed Expenditures -
All Governmental Fund Types
Discretely Presented Clarksville-Montgomery County School System (Cont.)

School Federal Projects Fund (Cont.)

Support Services (Cont.)

Transportation (Cont.)

State Retirement	\$	8,411	
Life Insurance		68	
Medical Insurance		4,350	
Employer Medicare		1,111	
Contracts with Parents		177	
Travel		9,717	
Gasoline		15,472	
Lubricants		950	
Vehicle Parts		2,800	
Total Transportation			\$ 126,510

Total School Federal Projects Fund \$ 18,369,186

Central Cafeteria Fund

Operation of Non-Instructional Services

Food Service

Supervisor/Director	\$	162,408	
Salary Supplements		14,570	
Truck Drivers		58,776	
Secretary(ies)		111,414	
Cafeteria Personnel		2,635,406	
Custodial Personnel		188,300	
Overtime Pay		22,352	
Other Salaries and Wages		258,264	
Social Security		198,047	
State Retirement		495,640	
Life Insurance		7,562	
Medical Insurance		1,020,280	
Employer Medicare		46,360	
Bank Charges		4,433	
Dues and Memberships		8,014	
Laundry Service		59,653	
Licenses		2,640	
Printing, Stationery, and Forms		3,106	
Travel		7,989	
Other Contracted Services		376,686	
Equipment and Machinery Parts		58,635	
Food Supplies		3,828,556	
Gasoline		8,202	

(Continued)

Exhibit L-8

Montgomery County, Tennessee
Schedule of Detailed Expenditures -
All Governmental Fund Types
Discretely Presented Clarksville-Montgomery County School System (Cont.)

Central Cafeteria Fund (Cont.)

Operation of Non-Instructional Services (Cont.)

Food Service (Cont.)

Lubricants	\$	90	
Office Supplies		33,891	
Tires and Tubes		495	
Uniforms		12,199	
Utilities		244,500	
Vehicle Parts		1,981	
USDA - Commodities		850,217	
Other Supplies and Materials		450,431	
Workers' Compensation Insurance		2,606	
In Service/Staff Development		14,674	
Food Service Equipment		391,725	
Total Food Service			\$ 11,580,102

Total Central Cafeteria Fund

\$ 11,580,102

School Transportation Fund

Support Services

Fiscal Services

Trustee's Commission	\$	36,665	
Total Fiscal Services			\$ 36,665

Transportation

Supervisor/Director	\$	187,845	
Salary Supplements		13,750	
Mechanic(s)		539,004	
Bus Drivers		3,729,431	
Dispatchers/Radio Operators		170,078	
Secretary(ies)		116,230	
Temporary Personnel		258,296	
Overtime Pay		12,679	
Other Salaries and Wages		852,095	
Social Security		344,362	
State Retirement		801,521	
Life Insurance		13,638	
Medical Insurance		1,522,825	
Employer Medicare		80,756	
Dues and Memberships		250	
Laundry Service		6,604	
Licenses		5,743	

(Continued)

Exhibit L-8

Montgomery County, Tennessee
Schedule of Detailed Expenditures -
All Governmental Fund Types
Discretely Presented Clarksville-Montgomery County School System (Cont.)

School Transportation Fund (Cont.)

Support Services (Cont.)

Transportation (Cont.)

Maintenance and Repair Services - Equipment	\$	11,628	
Maintenance and Repair Services - Vehicles		19,069	
Medical and Dental Services		30,880	
Transportation - Other than Students		115,025	
Other Contracted Services		27,448	
Garage Supplies		5,744	
Gasoline		1,043,592	
Lubricants		20,474	
Office Supplies		13,114	
Tires and Tubes		74,989	
Vehicle Parts		266,780	
Other Supplies and Materials		6,329	
Vehicle and Equipment Insurance		51,684	
In Service/Staff Development		8,830	
Communication Equipment		81,462	
Transportation Equipment		670,855	
Total Transportation			\$ 11,103,010

Total School Transportation Fund \$ 11,139,675

Extended School Program Fund

Instruction

Regular Instruction Program

Teachers	\$	105,972	
Educational Assistants		11,298	
Social Security		7,271	
State Retirement		11,346	
Employer Medicare		1,700	
Other Contracted Services		5,700	
Total Regular Instruction Program			\$ 143,287

Support Services

Office of the Principal

Assistant Principals	\$	23,675	
Social Security		1,468	
State Retirement		2,143	
Employer Medicare		343	
Total Office of the Principal			27,629

(Continued)

Exhibit L-8

Montgomery County, Tennessee
 Schedule of Detailed Expenditures -
All Governmental Fund Types
 Discretely Presented Clarksville-Montgomery County School System (Cont.)

<u>Extended School Program Fund (Cont.)</u>			
<u>Support Services (Cont.)</u>			
<u>Fiscal Services</u>			
Trustee's Commission	\$ 821		
Total Fiscal Services	<u>821</u>	\$	821
<u>Operation of Plant</u>			
Custodial Personnel	\$ 6,585		
Social Security	408		
State Retirement	963		
Employer Medicare	96		
Total Operation of Plant	<u>8,052</u>	<u>8,052</u>	
Total Extended School Program Fund		\$	179,789
<u>Education Capital Projects Fund</u>			
<u>Capital Projects</u>			
<u>Education Capital Projects</u>			
Architects	\$ 600,811		
Contributions	285,382		
Building Construction	13,818,580		
Building Improvements	2,215,422		
Data Processing Equipment	384,268		
Land	313,646		
Plant Operation Equipment	80,882		
Site Development	269,984		
Total Education Capital Projects	<u>17,968,975</u>	<u>\$ 17,968,975</u>	
Total Education Capital Projects Fund			<u>17,968,975</u>
Total Governmental Funds - Clarksville-Montgomery County School System			<u><u>\$ 245,835,451</u></u>

Exhibit L-9

Montgomery County, Tennessee
 Schedule of Detailed Revenues and Expenses
 All Proprietary Funds
 For the Year Ended June 30, 2011

	Internal Service Funds			Total
	Self-Insurance	Workers' Compensation	Unemployment Compensation	
<u>Revenues</u>				
<u>Operating Revenues</u>				
<u>Charges for Current Services</u>				
Self-Insurance Premiums/Contributions	\$ 40,349,978	\$ 0	\$ 115,000	\$ 40,464,978
Other Employee Benefit Charges	3,039,656	0	0	3,039,656
Other Charges for Services	44,044	0	0	44,044
Retirees' Insurance Payments	1,545,653	0	0	1,545,653
Total Operating Revenues	\$ 44,979,331	\$ 0	\$ 115,000	\$ 45,094,331
<u>Nonoperating Revenues</u>				
Investment Income	\$ 17,600	\$ 2,442	\$ 1,259	\$ 21,301
Miscellaneous Refunds	97,216	2,415	0	99,631
Total Nonoperating Revenues	\$ 114,816	\$ 4,857	\$ 1,259	\$ 120,932
Total Revenues	\$ 45,094,147	\$ 4,857	\$ 116,259	\$ 45,215,263
<u>Expenses</u>				
<u>Operating Expenses</u>				
<u>Risk Management</u>				
Supervisor/Director	\$ 0	\$ 38,093	\$ 0	\$ 38,093
Clerical Personnel	0	6,794	0	6,794
Social Security	0	2,533	0	2,533
State Retirement	0	5,573	0	5,573
Life Insurance	0	38	0	38
Medical Insurance	0	13,247	0	13,247
Employer Medicare	0	592	0	592
Communication	0	696	0	696
Consultants	0	13,400	0	13,400
Contracts with Private Agencies	0	59,462	0	59,462
Dues and Memberships	0	170	0	170
Legal Services	0	1,976	0	1,976
Medical and Dental Services	0	117,693	0	117,693
Postal Charges	0	46	0	46
Printing, Stationery, and Forms	0	165	0	165
Travel	0	857	0	857
Tuition	0	425	0	425
Drug and Medical Supplies	0	10,167	0	10,167
Other Supplies and Materials	0	738	0	738
Judgments	0	51,996	0	51,996
Furniture and Fixtures	0	1,949	0	1,949
Total Risk Management	\$ 0	\$ 326,610	\$ 0	\$ 326,610

(Continued)

Exhibit L-9

Montgomery County, Tennessee
Schedule of Detailed Revenues and Expenses
All Proprietary Funds (Cont.)

	Internal Service Funds			Total
	Self-Insurance	Workers' Compensation	Unemployment Compensation	
<u>Expenses (Cont.)</u>				
<u>Other Local Health Services</u>				
Unemployment Compensation	\$ 0	\$ 0	\$ 4,950	\$ 4,950
Total Other Local Health Services	\$ 0	\$ 0	\$ 4,950	\$ 4,950
<u>Other Charges</u>				
Other Contracted Services	\$ 961,763	\$ 0	\$ 0	\$ 961,763
Other Supplies and Materials	210,475	0	0	210,475
Depreciation	991	0	0	991
Other Charges	41,887	0	0	41,887
Total Other Charges	\$ 1,215,116	\$ 0	\$ 0	\$ 1,215,116
<u>Employee Benefits</u>				
Life Insurance	\$ 274,980	\$ 0	\$ 0	\$ 274,980
Medical and Dental Services	175,346	0	0	175,346
Excess Risk Insurance	719,940	0	0	719,940
Medical Claims	28,802,406	0	0	28,802,406
Contracts with Private Agencies	1,654,110	0	0	1,654,110
Other Contracted Services	563,977	0	0	563,977
Other Charges	359,409	0	0	359,409
Other Self-Insured Claims	2,155,089	0	0	2,155,089
Total Employee Benefits	\$ 34,705,257	\$ 0	\$ 0	\$ 34,705,257
<u>Other</u>				
Unemployment Compensation	\$ 0	\$ 0	\$ 290,996	\$ 290,996
Total Other	\$ 0	\$ 0	\$ 290,996	\$ 290,996
Total Expenses	\$ 35,920,373	\$ 326,610	\$ 295,946	\$ 36,542,929

Exhibit L-10

Montgomery County, Tennessee
Schedule of Detailed Receipts, Disbursements,
and Changes in Cash Balance - City Agency Fund
For the Year Ended June 30, 2011

	Cities - Sales Tax Fund
<hr/>	
<u>Cash Receipts</u>	
Local Option Sales Tax	\$ 12,160,832
Total Cash Receipts	<u>\$ 12,160,832</u>
 <u>Cash Disbursements</u>	
Remittance of Revenues Collected	\$ 12,039,224
Trustee's Commission	121,608
Total Cash Disbursements	<u>\$ 12,160,832</u>
 Excess of Cash Receipts Over (Under) Cash Disbursements	 \$ 0
Cash Balance, July 1, 2010	<u>0</u>
 Cash Balance, June 30, 2011	 <u><u>\$ 0</u></u>

SINGLE AUDIT SECTION



STATE OF TENNESSEE
COMPTROLLER OF THE TREASURY
DEPARTMENT OF AUDIT
DIVISION OF COUNTY AUDIT
SUITE 1500
JAMES K. POLK STATE OFFICE BUILDING
NASHVILLE, TENNESSEE 37243-1402
PHONE (615) 401-7841

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

January 12, 2012

Montgomery County Mayor and
Board of County Commissioners
Montgomery County, Tennessee

To the County Mayor and Board of County Commissioners:

We have audited the financial statements of the governmental activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of Montgomery County, Tennessee, as of and for the year ended June 30, 2011, which collectively comprise Montgomery County's basic financial statements and have issued our report thereon dated January 12, 2012. Our report on the aggregate discretely presented component units financial statements was qualified due to not including the financial statements of the Montgomery County Emergency Communications District, which were not available from other auditors as of the date of this report. Our report includes a reference to other auditors. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the auditing standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States. Other auditors audited the financial statements of the discretely presented Clarksville-Montgomery County Public Library, the discretely presented Bi-County Solid Waste Management System, and the discretely presented Clarksville-Montgomery County Industrial Development Board as described in our report on Montgomery County's financial statements. This report does not include the results of the other auditors testing of internal control over financial reporting or compliance and other matters that are reported on separately by those auditors.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered Montgomery County's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of Montgomery County's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of Montgomery County's internal control over financial reporting.

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 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.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over financial reporting that might be deficiencies, significant deficiencies, or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined above. However, we identified certain deficiencies in internal control over financial reporting, described in the accompanying Schedule of Findings and Questioned Costs that we consider to be significant deficiencies in internal control over financial reporting: items 11.02(A) and 11.03. 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.

Compliance and Other Matters

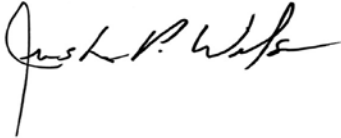
As part of obtaining reasonable assurance about whether Montgomery County's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards* and are described in the accompanying Schedule of Findings and Questioned Costs as items 11.01, 11.02(B), and 11.04.

We also noted certain matters that we reported to management of Montgomery County in separate communications.

Montgomery County's responses to the findings identified in our audit are described in the accompanying Schedule of Findings and Questioned Costs. We did not audit Montgomery County's responses and, accordingly, we express no opinion on the responses.

This report is intended solely for the information and use of management, the county mayor, director of schools, highway supervisor, director of accounts and budgets, County Commission, Board of Education, others within Montgomery County, federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

Very truly yours,

A handwritten signature in black ink, appearing to read "Justin P. Wilson". The signature is fluid and cursive, with a prominent vertical stroke at the beginning.

Justin P. Wilson
Comptroller of the Treasury

JPW/yu



STATE OF TENNESSEE
COMPTROLLER OF THE TREASURY
DEPARTMENT OF AUDIT
DIVISION OF COUNTY AUDIT
SUITE 1500
JAMES K. POLK STATE OFFICE BUILDING
NASHVILLE, TENNESSEE 37243-1402
PHONE (615) 401-7841

REPORT ON COMPLIANCE WITH REQUIREMENTS
THAT COULD HAVE A DIRECT AND MATERIAL EFFECT ON
EACH MAJOR PROGRAM AND INTERNAL CONTROL OVER
COMPLIANCE IN ACCORDANCE WITH OMB CIRCULAR A-133

January 12, 2012

Montgomery County Mayor and
Board of County Commissioners
Montgomery County, Tennessee

To the County Mayor and Board of County Commissioners:

Compliance

We have audited the compliance of Montgomery County with the types of compliance requirements described in the *U.S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement* that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2011. Montgomery County's major federal programs are identified in the summary of auditor's results section of the accompanying Schedule of Findings and Questioned Costs. Compliance with the requirements of laws, regulations, contracts, and grants applicable to each of its major federal programs is the responsibility of Montgomery County's management. Our responsibility is to express an opinion on Montgomery County's compliance based on our audit.

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test

basis, evidence about Montgomery County's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination of Montgomery County's compliance with those requirements.

In our opinion, Montgomery County complied, in all material respects, with the requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2011.

Internal Control Over Compliance

The management of Montgomery County is responsible for establishing and maintaining effective internal control over compliance with the requirements of laws, regulations, contracts, and grants applicable to federal programs. In planning and performing our audit, we considered Montgomery County's internal control over compliance with the requirements that could have a direct and material effect on a major federal program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance and to test and report on internal control over compliance in accordance with OMB Circular A-133, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of Montgomery County's internal control over compliance.

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

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

Schedule of Expenditures of Federal Awards

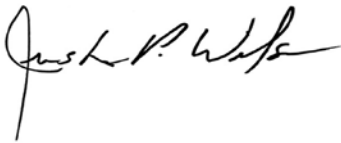
We have audited the financial statements of the governmental activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of Montgomery County as of and for the year ended June 30, 2011, and have issued our report thereon dated January 12, 2012. Our report on the aggregate discretely presented component units financial statements was qualified due to not including the financial statements of the Montgomery County Emergency Communications District, which were not available from other auditors as of the date of this report. Our audit was performed for the purpose of forming our opinions on the financial statements as a whole. The Schedule of Expenditures of Federal Awards is presented for purposes of additional analysis as required by OMB Circular A-133 and is not a required part of the financial

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

Montgomery County's responses to the findings identified in our audit are described in the accompanying Schedule of Findings and Questioned Costs. We did not audit Montgomery County's responses and, accordingly, we express no opinion on the responses.

This report is intended solely for the information and use of management, the county mayor, director of schools, highway supervisor, director of accounts and budgets, County Commission, Board of Education, others within Montgomery County, federal awarding agencies, and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

Very truly yours,

A handwritten signature in black ink, appearing to read "Justin P. Wilson". The signature is fluid and cursive, with a long vertical stroke extending downwards from the end.

Justin P. Wilson
Comptroller of the Treasury

JPW/yu

Montgomery County, Tennessee
Schedule of Expenditures of Federal Awards and State Grants (1)
For the Year Ended June 30, 2011

Federal/Pass-through Agency/State Grantor Program Title	Federal CFDA Number	Pass-through Entity Identifying Number	Expenditures
U.S. Department of Agriculture:			
Direct Program:			
Rural Business Enterprise Grants	10.769	N/A	\$ 22,000
Passed-through State Department of Agriculture:			
National School Lunch Program (Commodities - Noncash Assistance)	10.555	(2)	850,217 (3)
Cooperative Forestry Assistance	10.664	(2)	20,841
Passed-through State Department of Education:			
Child Nutrition Cluster:			
School Breakfast Program	10.553	(2)	1,556,151
National School Lunch Program	10.555	(2)	5,042,064 (3)
Passed-through State Department of Health:			
Special Supplemental Nutrition Program for Women, Infants, and Children	10.557	(2)	155,675
Total U.S. Department of Agriculture			<u>\$ 7,646,948</u>
U.S. Department of Defense:			
Direct Program:			
Competitive Grants: Promoting K-12 Student Achievement at Military-Connected Schools	12.556	N/A	\$ 490,245
Passed through WBKearney & Associates, Inc.:			
Army Youth Programs in Your Neighborhood	12.XXX	(2)	361,255
Total U.S. Department of Defense			<u>\$ 851,500</u>
U.S. Department of Justice:			
Direct Program:			
State Criminal Alien Assistance Program	16.606	N/A	\$ 34,558
Bulletproof Vest Partnership Program	16.607	N/A	8,559
Passed-through State Office of Criminal Justice Programs:			
Project Safe Neighborhoods	16.609	(2)	72,321
Passed-through State Commission on Children and Youth:			
Juvenile Justice and Delinquency Prevention - Allocation to States	16.540	(2)	12,000
Passed-through the City of Clarksville:			
Edward Byrne Memorial Justice Assistance Grant Program	16.738	(2)	13,551
Passed-through State Administrative Office of the Courts:			
Recovery Act - Edward Byrne Memorial Justice Assistance Grant (JAG) Program/ Grants to States and Territories	16.803	(2)	45,267
Recovery Act - Edward Byrne Memorial Justice Assistance Grant (JAG) Program/ Grants to Units of Local Government	16.804	(2)	155,659
Total U.S. Department of Justice			<u>\$ 341,915</u>
U.S. Department of Transportation:			
Passed-through State Department of Transportation:			
State and Community Highway Safety	20.600	(2)	\$ 70,908
Total U.S. Department of Transportation			<u>\$ 70,908</u>
U.S. Department of Energy:			
Passed-through State Housing Development Agency:			
Energy Efficiency and Conservation Block Grant Program (EECBG), Recovery Act	81.128	(2)	\$ 46,202
Total U.S. Department of Energy			<u>\$ 46,202</u>
U.S. Department of Education:			
Direct Program:			
Impact Aid	84.041	N/A	\$ 4,933,061
Passed-through State Department of Education:			
Adult Education - Basic Grants to States	84.002	(2)	166,281
Title I Cluster:			
Title I Grants to Local Educational Agencies	84.010	N/A	4,291,882
Title I Grants to Local Educational Agencies, Recovery Act	84.389	N/A	2,369,860

(Continued)

Montgomery County, Tennessee
Schedule of Expenditures of Federal Awards and State Grants (1) (Cont.)

Federal/Pass-through Agency/State Grantor Program Title	Federal CFDA Number	Pass-through Entity Identifying Number	Expenditures
U.S. Department of Education (Cont):			
Special Education Cluster:			
Special Education - Grants to States	84.027	N/A	\$ 5,031,369
Special Education - Preschool Grants	84.173	N/A	20,268
Special Education - Grants to States, Recovery Act	84.391	N/A	3,199,849
Special Education - Preschool Grants, Recovery Act	84.392	N/A	93,339
Career and Technical Education - Basic Grants to States	84.048	N/A	399,263
Safe and Drug-free Schools and Communities - State Grants	84.186	(2)	3,197
Twenty-first Century Community Learning Centers	84.287	(2)	750,000
Education Technology State Grants Cluster:			
Education Technology State Grants	84.318	(2)	52,987
Education Technology State Grants, Recovery Act	84.386	N/A	23,038
English Language Acquisition Grants	84.365	N/A	173,767
Improving Teacher Quality State Grants	84.367	N/A	1,096,310
Education for Homeless Children and Youth, Recovery Act	84.387	N/A	4,182
State Fiscal Stabilization Funds Cluster:			
State Fiscal Stabilization Funds - Education State Grants, Recovery Act	84.394	N/A	10,245,308
State Fiscal Stabilization Funds - Government Services, Recovery Act	84.397	N/A	335,351
State Fiscal Stabilization Fund (SFSF) - Race to the Top Grants, Recovery Act	84.395	(2)	1,066,121
Education Jobs Fund	84.410	(2)	2,881,753
Total U.S. Department of Education			<u>\$ 37,137,186</u>
National Archives and Records Administration			
Passed-through Tennessee Department of State:			
National Historical Publications and Records Grants	89.003	(2)	\$ 5,000
Total National Archives and Records Administration			<u>\$ 5,000</u>
U.S. Election Assistance Commission			
Passed-through Tennessee Secretary of State:			
Help America Vote Act Requirements Payments	90.401	(2)	\$ 46,000
Total U.S. Election Assistance Commission			<u>\$ 46,000</u>
U.S. Department of Health and Human Services			
Passed-through State Department of Education:			
ARRA - Emergency Contingency Fund for Temporary Assistance for Needy Families (TANF) State Program	93.714	(2)	\$ 156,061
Total U.S. Department of Health and Human Services			<u>\$ 156,061</u>
U.S. Department of Homeland Security:			
Direct Program:			
Assistance to Firefighters Grant	97.044	N/A	\$ 8,490
Passed-through Department of Military:			
Disaster Grants - Public Assistance (Presidentially Declared Disasters)	97.036	(2)	564,494
Emergency Management Performance Grant	97.042	(2)	1,814
Homeland Security Grant Program	97.067	(2)	651,144
Total U.S. Department of Homeland Security			<u>\$ 1,225,942</u>
Total Federal Awards			<u>\$ 47,527,662</u>

(Continued)

Montgomery County, Tennessee
Schedule of Expenditures of Federal Awards and State Grants (1) (Cont.)

Federal/Pass-through Agency/State Grantor Program Title	Federal CFDA Number	Contract Number	Expenditures
<u>State Grants</u>			
Early Childhood Education - State Department of Education	N/A	(2)	\$ 1,829,270
Lottery for Education: Afterschool Program - State Department of Education	N/A	(2)	247,500
Juvenile Justice and Delinquency Prevention - State Commission on Children and Youth	N/A	(2)	9,000
Safe Schools Act - State Department of Education	N/A	(2)	130,039
Adult Education - State Department of Education	N/A	(2)	55,727
Child Advocacy Center - State Department of Children's Services	N/A	(2)	95,732
Juvenile Court Prevention - State Department of Children's Services	N/A	(2)	60,850
Litter Program - State Department of Transportation	N/A	(2)	54,613
Rural Local Health Services - State Department of Health	N/A	(2)	1,817,053
Community Correction Grant - State Department of Correction	N/A	(2)	445,787
School to Work Transition Grant - State Department of Human Services	N/A	(2)	67,129
Teen Learning Center - State Department of Children's Services	N/A	(2)	<u>422,082</u>
Total State Grants			<u>\$ 5,234,782</u>

CFDA = Catalog of Federal Domestic Assistance
N/A = Not Applicable

- (1) Presented in conformity with generally accepted accounting principles using the modified accrual basis of accounting.
- (2) Information not available.
- (3) Total for CFDA No. 10.555 is \$5,892,281.

Montgomery County, Tennessee
Schedule of Audit Findings Not Corrected
June 30, 2011

Government Auditing Standards require auditors to report the status of uncorrected findings from prior audits. Presented below is the finding from the Annual Financial Report for Montgomery County, Tennessee, for the year ended June 30, 2010, which has not been corrected.

OFFICE OF SHERIFF

<u>Finding Number</u>	<u>Page Number</u>	<u>Subject</u>
10.05	200	The sheriff did not obtain a letter of agreement or court decree to authorize deputy hires

MONTGOMERY COUNTY, TENNESSEE

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

For the Year Ended June 30, 2011

PART I, SUMMARY OF AUDITOR'S RESULTS

1. Our report on the aggregate discretely presented component units is qualified. Our report on the governmental activities, each major fund, and the aggregate remaining fund information is unqualified.
2. The audit of the financial statements of Montgomery County disclosed significant deficiencies in internal control. None of these deficiencies was considered to be a material weakness.
3. The audit disclosed no instances of noncompliance that were considered material to the financial statements of Montgomery County.
4. The audit disclosed no significant deficiencies in internal control over major programs.
5. An unqualified opinion was issued on compliance for major programs.
6. The audit revealed no findings that are required to be reported under Section 510(a) of OMB Circular A-133.
7. The Child Nutrition Cluster: School Breakfast Program and National School Lunch Program (CFDA Nos. 10.553 and 10.555); Impact Aid (CFDA No. 84.041); the Special Education Cluster: Special Education – Grants to States, Special Education - Preschool Grants, Special Education – Grants to States, Recovery Act, and Special Education – Preschool Grants, Recovery Act (CFDA Nos. 84.027, 84.173, 84.391, and 84.392); the Title I Cluster: Title I Grants to Local Educational Agencies and Title I Grants to Local Educational Agencies, Recovery Act (CFDA Nos. 84.010 and 84.389); the State Fiscal Stabilization Fund Cluster: State Fiscal Stabilization Fund – Education State Grants, Recovery Act and State Fiscal Stabilization Fund – Government Services, Recovery Act (CFDA Nos. 84.394 and 84.397); and Education Jobs Fund (CFDA No. 84.410) were determined to be major programs.
8. A \$1,425,830 threshold was used to distinguish between Type A and Type B federal programs.
9. Montgomery County did not qualify as a low-risk auditee.

PART II, FINDINGS RELATING TO THE FINANCIAL STATEMENTS

Findings and recommendations, as a result of our examination, are presented below. We reviewed these findings and recommendations with management to provide an opportunity for their response. The director of accounts and budgets and the director of schools provided written responses on certain findings, which are paraphrased in this report. Other management officials did not provide responses for inclusion in this report.

OFFICES OF COUNTY MAYOR AND DIRECTOR OF ACCOUNTS AND BUDGETS

FINDING 11.01 **DEFICIENCIES WERE NOTED IN THE COLLECTION OF FUNDS AT THE BUILDING AND CODES DEPARTMENT (Noncompliance Under *Government Auditing Standards*)**

We noted the following deficiencies in the collection of funds at the Building and Codes Department:

- A. In some instances, Building and Codes Department funds were not deposited with the county trustee within three days of collection. Section 5-8-207, *Tennessee Code Annotated (TCA)*, requires county officials to deposit public funds within three days of receiving the funds. This deficiency is the result of a lack of management oversight and increases the risk of fraud and abuse.
- B. In some instances, the Building and Codes Department did not issue official receipts for collections as required by Section 9-2-104, *TCA*. Instead, the department used generic receipts that did not display the official name of the department on each receipt. This deficiency is the result of management decisions and exposes the department to risks that collections may not be accounted for properly.

RECOMMENDATION

All funds should be deposited within three days of collection. The department should issue official prenumbered receipts that clearly reflect the name of the county and the department.

MANAGEMENT'S RESPONSE – DIRECTOR OF ACCOUNTS AND BUDGETS

Part A. has been addressed with the Building and Codes Department as well as the entire county government in the form of an email reminder and during a monthly department head and elected officials meeting.

Regarding Part B., Montgomery County government goes beyond the state mandate and requires that all departments post publicly a notice stating that the public be issued a prenumbered receipt for all revenue collections. If a receipt is not issued, citizens are directed to contact the Office of Accounts and Budgets or the State of Tennessee Fraud and Abuse Hotline. In Montgomery County, a prenumbered receipt is issued from a system where receipt numbers cannot be altered, rather than costly preprinted receipts. Generic receipts were issued during the year for permit renewals originally issued on an old system.

This policy has been discontinued and all permits are generated in a system that issued a computerized receipt.

FINDING 11.02 THE JUVENILE COURT HAD ACCOUNTING DEFICIENCIES RELATED TO THE EXECUTION DOCKET

(A. – Internal Control – Significant Deficiency Under *Government Auditing Standards*; B. – Noncompliance Under *Government Auditing Standards*)

The following deficiencies were noted that related to the Juvenile Court, which resulted from a lack of management oversight and could result in unauthorized transactions:

- A. The computerized execution docket did not accurately reflect litigant investment activity and account balances. Three investments totaling \$34,500 were not recorded on the execution docket.

- B. A trial balance of execution docket cause balances was not prepared for cash bonds as required by Section 18-2-103, *Tennessee Code Annotated (TCA)*. Furthermore, we were unable to determine if the clerk had complied with provisions of the Unclaimed Property Act, Section 66-29-110, *TCA*. This statute provides that any funds held by the court for more than one year and unclaimed by the owner are considered abandoned. Section 66-29-113, *TCA*, further requires these funds to be reported and paid to the state Treasurer's Office.

RECOMMENDATION

Execution dockets should reflect all financial activity and account balances. Trial balances of execution docket cause balances should be prepared and reconciled with cash journal accounts for Juvenile Court cash bonds as required by state statutes. To further comply with state statutes, the office should report and pay to the state Treasurer's Office any unclaimed funds held for more than one year.

MANAGEMENT'S RESPONSE – DIRECTOR OF ACCOUNTS AND BUDGETS

We concur. Monthly reconciliations are performed by the department. Due to an employee transition in the department, the process of printing the monthly reconciliation report was not continued. This has been corrected. Further, the Adult Probation Department is moving toward closing this account and transitioning the related processes to the Office of Accounts and Budgets.

FINDING 11.03 MULTIPLE EMPLOYEES OPERATED FROM THE SAME CASH DRAWER IN JUVENILE COURT
(Internal Control – Significant Deficiency Under *Government Auditing Standards*)

All employees operated from the same cash drawer in the Juvenile Court. Good internal controls dictate that each employee have their own cash drawer, start the day with a standard fixed amount of cash, and remove all but that beginning amount at the end of the day. This amount should be verified to the employee's receipts at the end of each day. Failure to adhere to this control regimen greatly increases the risk that a cash shortage may not be detected in a timely manner. Furthermore, in the event of a cash shortage, the office would not be able to determine who was responsible for the shortage because multiple employees were working from one cash drawer. This deficiency in internal controls was the result of a lack of management oversight over risks related to safeguarding assets.

RECOMMENDATION

Each employee in the office should be assigned their own cash drawer.

MANAGEMENT'S RESPONSE – DIRECTOR OF ACCOUNTS AND BUDGETS

We concur. This was discussed with the department on December 9, 2011, following a review by the Office of Accounts and Budgets. The Juvenile Department maintains \$50 in cash on hand. This will have to be increased to add additional cash drawers. We are currently working out the logistics of securing additional cash drawers and expect this to be resolved in the immediate future.

OFFICE OF SHERIFF

FINDING 11.04 THE SHERIFF DID NOT OBTAIN A LETTER OF AGREEMENT OR COURT DECREE TO AUTHORIZE DEPUTY HIRES
(Noncompliance Under *Government Auditing Standards*)

The sheriff did not obtain a letter of agreement or file suit in Circuit Court to authorize the number and salaries of his deputies. Section 8-20-101, *Tennessee Code Annotated*, requires the sheriff to enter into a letter of agreement with the county mayor concerning the number and the salaries of deputies or to file suit in Circuit Court. This noncompliance is the result of management's decision based on the sheriff's interpretation that the statute does not require him to obtain a letter of agreement or file suit in Circuit Court.

RECOMMENDATION

The sheriff should obtain a letter of agreement with the county mayor or petition Circuit Court for the number and salaries of deputies as required by state statute.

BEST PRACTICE

MONTGOMERY COUNTY SHOULD ADOPT A CENTRAL SYSTEM OF ACCOUNTING, BUDGETING, AND PURCHASING

Montgomery County does not have a central system of accounting, budgeting, and purchasing for all departments. Montgomery County operates under the provisions of the Fiscal Control Acts of 1957. These acts provide for a central system of accounting, budgeting, and purchasing covering all funds administered by the county mayor and highway supervisor, but exclude the School Department. Sound business practices dictate that establishing a central system for all departments would significantly improve internal controls over the accounting, budgeting, and purchasing processes. The absence of a central system of accounting, budgeting, and purchasing has been a management decision by the County Commission resulting in decentralization and some duplication of effort. We recommend the adoption of the County Financial Management System of 1981 or a private act, which would provide for a central system of accounting, budgeting, and purchasing covering all county departments.

MANAGEMENT'S RESPONSE – DIRECTOR OF ACCOUNTS AND BUDGETS

Montgomery County has adopted the Fiscal, Purchasing, and Budgeting Acts of 1957, which are currently active, legal, and legitimate formats for counties to operate. Presently, local governments are experiencing more state mandates with less funding than ever before. A costly time-intensive consolidation will not necessarily result in decentralization and duplication of effort. Montgomery County government and School Department have open lines of communication and work together very well. We understand this is not the reality across the state, but do not agree that a one size fits all solution is the best thing for the citizens of Montgomery County.

MANAGEMENT'S RESPONSE – DIRECTOR OF SCHOOLS

While it is acknowledged that this is a best practice that would be beneficial for many counties in the State of Tennessee, such would not be the case for a county or school system with the size and sophistication of operations of Montgomery County or the Clarksville-Montgomery County School System (CMCSS). That being said, the CMCSS is not a county school system, nor is it a department of Montgomery County. It is a consolidated school system created pursuant to TCA 49-2-1201 and operates under a plan approved by the City of Clarksville, County of Montgomery, and the voters in a special referendum. Pursuant to the plan for the consolidation and unification of the public school systems of the City of Clarksville and of Montgomery County, CMCSS has operated its own accounting, budgeting, and purchasing department since the unification plan was approved by the voters in 1963, and does so efficiently and effectively, providing for the needs of the approximately 4,000 employees and over 30,000 students without duplication of effort.

AUDITOR'S COMMENT

We recommend the adoption of the County Financial Management System of 1981 or a private act, which would provide for a central system of accounting, budgeting, and purchasing covering all county departments.

**PART III, FINDINGS AND QUESTIONED
COSTS FOR FEDERAL AWARDS**

There were no findings and questioned costs for federal awards.

**MONTGOMERY COUNTY, TENNESSEE
AUDITEE REPORTING RESPONSIBILITIES
For the Year Ended June 30, 2011**

There were no audit findings relative to federal awards presented in the prior- or current-years' Schedules of Findings and Questioned Costs.

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