

ANNUAL FINANCIAL REPORT
MONTGOMERY COUNTY, TENNESSEE



FOR THE YEAR ENDED JUNE 30, 2005

**Comptroller of the Treasury
Department of Audit
Division of County Audit
Nashville, Tennessee**

ANNUAL FINANCIAL REPORT
MONTGOMERY COUNTY, TENNESSEE
FOR THE YEAR ENDED JUNE 30, 2005

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MONTGOMERY COUNTY, TENNESSEE

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Audit Highlights

Annual Financial Report
Montgomery County, Tennessee
For the Year Ended June 30, 2005

Scope

We have audited the basic financial statements of Montgomery County as of and for the year ended June 30, 2005.

Results

Our report on the aggregate discretely presented component units is qualified because the financial statements did 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 12 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

The following are summaries of the audit findings:

OFFICE OF COUNTY MAYOR

- ◆ The Workers' Compensation Fund had a net asset deficit of \$647,451 at June 30, 2005.
- ◆ A report on debt obligations was not filed with the state director of Local Finance for a capital lease totaling \$200,372.
- ◆ General Fund expenditures exceeded appropriations approved by the County Commission in several major appropriation categories (the legal level of control).
- ◆ Montgomery County did not enter into an interlocal agreement for fuel purchased from another county's bid.
- ◆ The office did not implement adequate controls to protect its information resources.

OFFICE OF DIRECTOR OF SCHOOLS

- ◆ Interfund loans were not properly authorized as required by state statute.
 - ◆ Reimbursements of expenditures were not filed timely in the School Federal Projects Fund.
-

OFFICE OF HIGHWAY SUPERVISOR

- ◆ A county road list was not submitted to the County Commission for approval.
-

OFFICE OF TRUSTEE

- ◆ Some funds were not invested in accordance with state statute.
-

OFFICE OF CLERK AND MASTER

- ◆ Bank statements were not properly reconciled with general ledger accounts.
-

OFFICE OF SHERIFF

- ◆ The sheriff had deficiencies in the operation of the commissary.
- ◆ The sheriff did not obtain a letter of agreement or court decree to authorize deputy hires.

INTRODUCTORY SECTION

Montgomery County Officials

June 30, 2005

Officials:

Doug Weiland, County Mayor
Doug Black, Highway Supervisor
Dr. Sandra Husk, Director of Schools
Carolyn Bowers, Trustee
Ronnie Boyd, Assessor of Property
Wilma Drye, County Clerk
Cheryl Castle, Circuit and General Sessions Courts Clerk
Ted A. Crozier, Jr., Clerk and Master
Joyce Sawyer, Register
Norman Lewis, Sheriff
Bob Boydston, Director of Accounts and Budgets
Jane Davis, Purchasing Agent

Board of County Commissioners:

Doug Weiland, Chairman	Joe Creek
Elizabeth Rankin	John O. Morris, Jr.
Brenda Radford	Loretta Bryant
Edward Baggett	Nancy Kahihikolo
Benny Skinner	Ginger Miles
Barry Bellamy	Lettie Kendall
Robert Gibbs, Jr.	Mark Kelly
Ruth Milliken	Pat Vaden
Ronald Sokol	Mabel Steeley
Jack Nagrod	Suzanne Uffelman
Lewis Baggett	Reber P. Kennedy, Jr.

Highway Commission:

Doug Black
Conroy Head
Milan Lewis

Board of Education:

Horace Murphy, Jr., Chairman	Morris Stevens
James Mann	George Giles
Eula Dowdy	Gail Cobb
Jimmie M. Garland, Sr.	

FINANCIAL SECTION



**STATE OF TENNESSEE
COMPTROLLER OF THE TREASURY
DEPARTMENT OF AUDIT
DIVISION OF COUNTY AUDIT
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JAMES K. POLK STATE OFFICE BUILDING
NASHVILLE, TENNESSEE 37243-0269
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INDEPENDENT AUDITOR'S REPORT

February 23, 2006

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, 2005, 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 Emergency Communications District of Montgomery County, which represent .5 percent and one 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 6.5 percent and 4.1 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 5.7 percent and .3 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 Emergency Communications District of Montgomery County, Bi-County Solid Waste Management System, and the Clarksville-Montgomery County Industrial Development Board is based on the reports of the 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 Nursing Home, 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 referred to above do not include the financial statements of the Montgomery County Nursing Home, which should be included to conform with accounting principles generally accepted in the United States of America. The effects on the basic financial statements are not reasonably determinable.

In our opinion, based on our audit and the reports of other auditors and except for the matter discussed in the preceding paragraph, the financial statements referred to above present fairly, in all material respects, the respective financial position of the aggregate discretely presented component units of Montgomery County, Tennessee, as of June 30, 2005, and the respective changes in financial position thereof for the year then ended, in conformity with accounting principles generally accepted in the United States of America.

Also, in our opinion, 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, 2005, 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 February 23, 2006, 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.B., Montgomery County has implemented Governmental Accounting Standards Board Statement No. 40, Deposit and Investment Risk Disclosures, which modifies the county's disclosures for custodial credit risk and adds disclosures about other types of risk.

The management of Montgomery County did not prepare a management's discussion and analysis. The management's discussion and analysis section is not a required part of the basic financial statements but is supplementary information required by the Governmental Accounting Standards Board.

The budgetary comparison information on pages 93 through 97 is not a required part of the basic financial statements but is supplementary information required by the Governmental Accounting Standards Board. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise Montgomery County's basic financial statements. The introductory section, combining and individual nonmajor fund financial statements, budgetary comparison schedules of nonmajor governmental funds, the General Debt Service Fund, and the General Capital Projects Fund, combining and individual fund financial statements of the Montgomery County School Department (a discretely presented component unit), miscellaneous schedules, and statistical tables are presented for purposes of additional analysis and are not a required part of the basic financial statements. The combining and individual nonmajor fund financial statements, budgetary comparison schedules of nonmajor governmental funds, the General Debt Service Fund, and the General Capital Projects Fund, combining and individual fund financial statements of the Montgomery County School Department (a discretely presented component unit), and the miscellaneous schedules have been subjected to the auditing procedures applied by us in the audit of the basic financial statements and, in our opinion, are fairly stated in all material respects in relation to the basic financial statements taken as a whole. The introductory section and statistical tables have not been subjected to the auditing procedures applied by us in the audit of the basic financial statements, and accordingly, we express no opinion on them.

Very truly yours,

A handwritten signature in black ink that reads "John G. Morgan". The signature is written in a cursive style with a long horizontal flourish at the end.

John G. Morgan
Comptroller of the Treasury

JGM/sb

BASIC FINANCIAL STATEMENTS

Exhibit A

Montgomery County, Tennessee
Statement of Net Assets
June 30, 2005

	Component Units				
	Primary Governmental Activities	Montgomery County School Department	Bi-County Solid Waste Management System	Clarksville- Montgomery County Industrial Development Board	Emergency Communications District
<u>ASSETS</u>					
Cash	\$ 172,478	\$ 46,675	\$ 10,675,586	\$ 1,165,190	\$ 535,601
Equity in Pool Cash and Investments	53,041,889	10,698,103	0	0	0
Accounts Receivable	3,944,941	85,200	360,917	27,330	186,195
Allowance for Uncollectibles	(590,697)	0	0	0	0
Property Taxes Receivable	39,633,165	22,113,811	0	0	0
Allowance for Uncollectible Property Taxes	(839,767)	(471,566)	0	0	0
Due from Other Governments	1,949,412	10,400,767	0	0	0
Due from Primary Government	0	2,839	15,400	0	0
Due from Component Units	22,502	0	0	0	0
Prepaid Items	1,251,497	50,000	0	805,357	312,109
Deferred Charges - Debt Issuance Costs	788,560	0	0	0	0
Inventories	37,307	472,682	7,261	12,344,762	0
Capital Assets:					
Assets Not Depreciated:					
Land	23,466,334	8,231,614	654,992	0	0
Construction in Progress	98,651	12,698,458	0	0	0
Assets Net of Accumulated Depreciation:					
Buildings and Improvements	88,293,832	146,314,651	0	0	0
Other Capital Assets	5,566,499	9,843,540	4,673,157	27,930	299,460
Infrastructure	18,294,039	0	0	0	0
Total Assets	\$ 235,130,642	\$ 220,486,774	\$ 16,387,313	\$ 14,370,569	\$ 1,333,365
<u>LIABILITIES</u>					
Accounts Payable	\$ 1,387,136	\$ 1,099,629	\$ 115,692	\$ 213,075	\$ 308,563
Accrued Payroll	0	0	0	0	14,873
Payroll Deductions Payable	208,942	70,102	28,211	0	0
Contracts Payable	61,806	1,502,433	55,384	0	0
Accrued Interest Payable	1,996,621	4,884	0	0	0
Retainage Payable	0	133,092	0	0	0
Other Current Liabilities	0	0	29,524	586,000	46,753
Due to Component Units	18,239	0	0	0	0
Due to Primary Government	0	22,145	304	0	0
Due to State of Tennessee	23,463	0	0	0	0
Deferred Revenue - Current Taxes	37,856,000	21,112,000	0	0	0
Noncurrent Liabilities:					
Due Within One Year	14,559,724	2,862,566	10,153	32,805	27,951
Due In More Than One Year (net of unamortized premiums and deferred amount on refunding)	216,590,678	703,202	6,489,481	243,264	0
Total Liabilities	\$ 272,702,609	\$ 27,510,053	\$ 6,728,749	\$ 1,075,144	\$ 398,140
<u>NET ASSETS</u>					
Invested in Capital Assets, Net of Related Debt	\$ 62,063,973	\$ 176,947,455	\$ 5,288,472	\$ 0	\$ 252,707
Invested in Capital Assets Restricted for:	0	0	0	27,930	0
Capital Projects	10,288,058	217,210	0	0	0
Debt Service	22,660,040	0	0	0	0
Other Purposes	2,234,805	3,870,055	0	0	0
Unrestricted	(134,818,843)	11,942,001	4,370,092	13,267,495	682,518
Total Net Assets	\$ (37,571,967)	\$ 192,976,721	\$ 9,658,564	\$ 13,295,425	\$ 935,225

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, 2005

Functions/Programs	Program Revenues					Net (Expense) Revenue and Changes in Net Assets				
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Total Governmental Activities	Component Units				
						Primary Government	Montgomery County School Department	Bi-County Solid Waste Management System	Clarksville-Montgomery County Industrial Development Board	Emergency Communications District
Primary Government:										
Governmental Activities:										
General Government	\$ 6,824,444	\$ 2,566,187	\$ 35,627	\$ 0	\$ (4,222,630)	\$ 0	\$ 0	\$ 0	\$ 0	0
Finance	3,252,388	3,359,741	95,962	0	203,315	0	0	0	0	0
Administration of Justice	4,160,526	3,744,951	566,863	0	151,288	0	0	0	0	0
Public Safety	15,223,523	1,167,645	1,190,098	0	(12,865,780)	0	0	0	0	0
Public Health and Welfare	8,038,023	5,480,334	1,196,474	0	(1,361,215)	0	0	0	0	0
Social, Cultural and Recreational Services	1,596,614	12,935	0	0	(1,583,679)	0	0	0	0	0
Agriculture & Natural Resources	340,749	0	0	0	(340,749)	0	0	0	0	0
Other Operations	4,007,441	0	21,318	0	(3,986,123)	0	0	0	0	0
Highways/Public Works	5,062,196	8,015	2,986,160	381,453	(1,686,568)	0	0	0	0	0
Education	25,427,188	14,316,818	0	0	(11,110,370)	0	0	0	0	0
Interest on Long-term Debt	9,631,506	0	0	0	(9,631,506)	0	0	0	0	0
Other Debt Service	495,813	0	711,845	0	216,032	0	0	0	0	0
Total Primary Government	\$ 84,060,411	\$ 30,656,626	\$ 6,804,347	\$ 381,453	\$ (46,217,985)	\$ 0	\$ 0	\$ 0	\$ 0	0
Component Units:										
Montgomery County School Department	\$ 169,440,181	\$ 5,308,901	\$ 17,572,553	\$ 7,927,245	\$ 0	\$ (138,631,482)	\$ 0	\$ 0	\$ 0	0
Bi-County Solid Waste Management System	6,986,860	7,039,945	125,311	0	0	0	178,396	0	0	0
Industrial Development Board	693,418	44,732	0	0	0	0	0	(648,686)	0	0
Emergency Communication District	2,026,655	1,456,047	0	0	0	0	0	0	0	(570,608)
Total Component Units	\$ 179,147,114	\$ 13,849,625	\$ 17,697,864	\$ 7,927,245	\$ 0	\$ (138,631,482)	\$ 178,396	\$ (648,686)	\$ 0	(570,608)

(Continued)

Exhibit B

Montgomery County, Tennessee
Statement of Activities (Cont.)

Functions/Programs	Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Assets					
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Primary Governmental Total Governmental Activities	Component Units				
						Montgomery County School Department	Bi-County Solid Waste Management System	Clarksville- Montgomery County Industrial Development Board	Emergency Communications District	
General Revenues:										
Taxes:										
Property taxes levied for general purposes					\$ 20,972,106	\$ 19,631,097	\$ 0	\$ 0	\$ 0	0
Property taxes levied for debt service					14,846,959	27,589,610	0	0	0	0
Local option sales tax					2,557,127	3,704,151	0	0	0	0
Other local taxes					4,432,225	0	0	0	0	0
Grants & contributions not restricted for specific programs					1,759,989	85,937,237	0	425,400		350,025
Interest Income					1,739,716	1,498	159,666	20,142		7,650
Gain (loss) on disposal of fixed assets					0	5,300	(16,856)	(5,286)		0
Miscellaneous					761,996	339,439	14,983	0		0
Total General Revenues					<u>\$ 47,070,118</u>	<u>\$ 137,208,332</u>	<u>\$ 157,793</u>	<u>\$ 440,256</u>		<u>\$ 357,675</u>
Change in net assets					\$ 852,133	\$ (1,423,150)	\$ 336,189	\$ (208,430)		\$ (212,933)
Prior Period Adjustment					(663,072)	2,438,514	0	7,313		0
Net assets, July 1, 2004					<u>(37,761,028)</u>	<u>191,961,357</u>	<u>9,322,375</u>	<u>13,496,542</u>		<u>1,148,158</u>
Net assets, June 30, 2005					<u>\$ (37,571,967)</u>	<u>\$ 192,976,721</u>	<u>\$ 9,658,564</u>	<u>\$ 13,295,425</u>		<u>\$ 935,225</u>

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, 2005

	Major Funds				Nonmajor	Total
	General	General Debt Service	General Capital Projects	Other Capital Projects #3	Other Governmental Funds	
<u>ASSETS</u>						
Cash	\$ 31,930	\$ 0	\$ 0	\$ 0	\$ 140,548	\$ 172,478
Equity in Pooled Cash and Investments	7,947,674	18,988,279	14,469	15,043,065	5,202,055	47,195,542
Inventories	37,307	0	0	0	0	37,307
Accounts Receivable	2,443,679	139,908	1,302,584	31,101	16,120	3,933,392
Allowance for Uncollectibles	(590,697)	0	0	0	0	(590,697)
Due from Other Governments	840,721	441,620	0	0	667,071	1,949,412
Due from Other Funds	136,659	1,080	0	0	2,748	140,487
Due from Component Units	304	0	0	0	0	304
Property Taxes Receivable	21,125,533	15,651,363	0	0	2,856,269	39,633,165
Allowance for Uncollectible Property Taxes	(440,631)	(339,148)	0	0	(59,988)	(839,767)
Prepaid Items	0	1,997	0	0	0	1,997
Total Assets	<u>\$ 31,532,479</u>	<u>\$ 34,885,099</u>	<u>\$ 1,317,053</u>	<u>\$ 15,074,166</u>	<u>\$ 8,824,823</u>	<u>\$ 91,633,620</u>
<u>LIABILITIES AND FUND BALANCES</u>						
<u>Liabilities</u>						
Accounts Payable	\$ 912,516	\$ 0	\$ 188,985	\$ 0	\$ 231,625	\$ 1,333,126
Payroll Deductions Payable	181,040	0	0	0	27,119	208,159
Contracts Payable	0	0	61,806	0	0	61,806
Due to Other Funds	4,440	0	0	0	136,620	141,060
Due to Component Units	15,400	0	0	0	0	15,400
Due to State of Tennessee	23,463	0	0	0	0	23,463
Deferred Revenue - Current Property Taxes	20,202,000	14,924,000	0	0	2,730,000	37,856,000
Deferred Revenue - Delinquent Property Taxes	424,482	341,250	0	0	58,262	823,994
Other Deferred Revenues	1,832,977	221,003	0	0	355,251	2,409,231
Total Liabilities	<u>\$ 23,596,318</u>	<u>\$ 15,486,253</u>	<u>\$ 250,791</u>	<u>\$ 0</u>	<u>\$ 3,538,877</u>	<u>\$ 42,872,239</u>
<u>Fund Balances</u>						
Reserved for Encumbrances	\$ 996,574	\$ 0	\$ 452,669	\$ 0	\$ 112,839	\$ 1,562,082
Reserved for Alcohol and Drug Treatment	97,157	0	0	0	0	97,157
Reserved for Litigation Tax - Jail, Workhouse, or Courthouse	0	798,237	0	0	0	798,237

(Continued)

Exhibit C-1

Montgomery County, Tennessee
 Balance Sheet
 Governmental Funds (Cont.)

	Major Funds				Nonmajor	Total
	General	General Debt Service	General Capital Projects	Other Capital Projects #3	Other Govern- mental Funds	
<u>LIABILITIES AND FUND BALANCES (Cont.)</u>						
<u>Fund Balances (Cont.)</u>						
Reserved for Sexual Offender Registration	\$ 1,432	\$ 0	\$ 0	\$ 0	\$ 0	\$ 1,432
Reserved for Computer System - Register	143,677	0	0	0	0	143,677
Reserved for Automation Purposes - Sheriff	20,171	0	0	0	0	20,171
Reserved for Fraud and Crimes Prosecution Act	38,589	0	0	0	0	38,589
Reserved for Other General Purposes	3,262	0	0	0	0	3,262
Unreserved, Reported In:						
General Fund	6,635,299	0	0	0	0	6,635,299
Special Revenue Funds	0	0	0	0	1,494,879	1,494,879
Debt Service Funds	0	18,600,609	0	0	0	18,600,609
Capital Projects Funds	0	0	613,593	15,074,166	3,678,228	19,365,987
Total Fund Balances	<u>\$ 7,936,161</u>	<u>\$ 19,398,846</u>	<u>\$ 1,066,262</u>	<u>\$ 15,074,166</u>	<u>\$ 5,285,946</u>	<u>\$ 48,761,381</u>
Total Liabilities and Fund Balances	<u>\$ 31,532,479</u>	<u>\$ 34,885,099</u>	<u>\$ 1,317,053</u>	<u>\$ 15,074,166</u>	<u>\$ 8,824,823</u>	<u>\$ 91,633,620</u>

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, 2005

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)	\$ 48,761,381
(1) Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds.	135,719,355
(2) Internal service funds are used by management to charge the costs of the self-insurance program to individual funds. The assets and liabilities of the internal service funds are included in governmental activities in the statement of net assets.	2,656,114
(3) Long-term liabilities are not due in the current period and therefore are not reported in the funds.	(227,942,042)
(4) Other long-term assets are not available to pay for current-period expenditures and therefore are deferred in the funds.	<u>3,233,225</u>
Net assets of governmental activities (Exhibit A)	<u>\$ (37,571,967)</u>

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

Exhibit D-1

Montgomery County, Tennessee
 Statement of Revenues, Expenditures,
 and Changes in Fund Balances
 Governmental Funds
 For the Year Ended June 30, 2005

	Major Funds				Nonmajor Funds	Total Governmental Funds
	General	General Debt Service	General Capital Projects	Other Capital Projects #3	Other Govern- mental Funds	
Revenues						
Local Taxes	\$ 22,305,745	\$ 18,854,422	\$ 0	\$ 0	\$ 2,991,436	\$ 44,151,603
Licenses and Permits	669,958	0	0	0	0	669,958
Fines, Forfeitures, and Penalties	1,093,959	0	0	0	19,479	1,113,438
Charges for Current Services	3,633,137	0	0	0	46,802	3,679,939
Other Local Revenues	2,760,063	90,575	0	242,728	219,499	3,312,865
Fees Received from County Officials	6,560,759	0	0	0	0	6,560,759
State of Tennessee	3,802,798	0	96,745	0	3,218,708	7,118,251
Federal Government	1,058,604	0	0	0	21,318	1,079,922
Other Governments and Citizens Groups	110,669	711,845	22,750	0	0	845,264
Total Revenues	\$ 41,995,692	\$ 19,656,842	\$ 119,495	\$ 242,728	\$ 6,517,242	\$ 68,531,999
Expenditures						
Current:						
General Government	\$ 3,840,966	\$ 0	\$ 0	\$ 0	\$ 0	\$ 3,840,966
Finance	3,014,909	0	0	0	0	3,014,909
Administration of Justice	3,586,712	0	0	0	46,386	3,633,098
Public Safety	14,328,582	0	0	0	3,334	14,331,916
Public Health and Welfare	5,669,629	0	0	0	0	5,669,629
Social, Cultural, and Recreational Services	1,495,922	0	0	0	0	1,495,922
Agricultural and Natural Resources	289,005	0	0	0	0	289,005
Other Operations	9,025,161	0	0	0	21,318	9,046,479
Highways	108,039	0	0	0	6,297,813	6,405,852
Debt Service:						
Principal	0	10,480,134	0	0	0	10,480,134
Interest	0	9,566,194	0	0	0	9,566,194
Other Debt Service	0	412,707	0	254,763	0	667,470
Capital Projects	0	0	9,011,111	6,829,000	997,860	16,837,971
Total Expenditures	\$ 41,358,925	\$ 20,459,035	\$ 9,011,111	\$ 7,083,763	\$ 7,366,711	\$ 85,279,545
Excess (Deficiency) of Revenues Over Expenditures	\$ 636,767	\$ (802,193)	\$ (8,891,616)	\$ (6,841,035)	\$ (849,469)	\$ (16,747,546)

(Continued)

Exhibit D-1

Montgomery County, Tennessee
Statement of Revenues, Expenditures,
and Changes in Fund Balances
Governmental Funds (Cont.)

	Major Funds				Nonmajor	Total
	General	General Debt Service	General Capital Projects	Other Capital Projects #3	Other Govern- mental Funds	
<u>Other Financing Sources (Uses)</u>						
Bonds Issued	\$ 0	\$ 0	\$ 0	\$ 22,000,000	\$ 0	\$ 22,000,000
Notes Issued	0	0	1,302,585	0	0	1,302,585
Capital Leases Issued	0	0	0	0	200,372	200,372
Premiums on Debt Issued	0	0	0	1,111,181	0	1,111,181
Transfers In	0	0	7,205,983	0	0	7,205,983
Transfers Out	(19,071)	0	0	(1,195,980)	(5,990,932)	(7,205,983)
Total Other Financing Sources (Uses)	\$ (19,071)	\$ 0	\$ 8,508,568	\$ 21,915,201	\$ (5,790,560)	\$ 24,614,138
Net Change in Fund Balances	\$ 617,696	\$ (802,193)	\$ (383,048)	\$ 15,074,166	\$ (6,640,029)	\$ 7,866,592
Fund Balance, July 1, 2004	7,318,465	20,201,039	1,449,310	0	11,925,975	40,894,789
Fund Balance, June 30, 2005	\$ 7,936,161	\$ 19,398,846	\$ 1,066,262	\$ 15,074,166	\$ 5,285,946	\$ 48,761,381

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

Exhibit D-2

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, 2005

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

Net change in fund balances - total governmental funds (Exhibit D-1)	\$ 7,866,592
(1) Governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which capital outlays exceeded depreciation in the current period.	6,610,629
(2) The net effect of various miscellaneous transactions involving capital assets (sales, trade-ins, and donations) is to decrease net assets.	(207,857)
(3) Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.	(763,401)
(4) The issuance of long-term debt (e.g., bonds, notes, other loans, leases) 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 net effect of these differences in the treatment of long-term debt and related items.	(13,584,587)
(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 governmental funds.	(224,183)
(6) Internal service funds are used by management to charge the costs of employee insurance benefits to individual funds. The net revenue of certain activities of internal service funds is reported with governmental activities.	<u>1,154,940</u>
Change in net assets of governmental activities (Exhibit B)	<u>\$ 852,133</u>

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

Exhibit E-1

Montgomery County, Tennessee
Statement of Net Assets
Proprietary Funds
June 30, 2005

	<u>Governmental Activities - Internal Service Funds</u>
<u>ASSETS</u>	
Current Assets:	
Equity in Pooled Cash and Investments	\$ 5,846,347
Accounts Receivable	10,430
Due from Other Funds	184,222
Due from Component Units	22,198
Prepaid Items	1,249,500
Total Assets	<u>\$ 7,312,697</u>
<u>LIABILITIES</u>	
Current Liabilities:	
Accounts Payable	\$ 54,010
Payroll Deductions Payable	783
Claims and Judgements Payable	2,265,670
Due to Other Funds	182,530
Due to Component Units	2,839
Total Current Liabilities	<u>\$ 2,505,832</u>
Noncurrent Liabilities:	
Claims and Judgements Payable	\$ 2,150,751
Total Noncurrent Liabilities	<u>\$ 2,150,751</u>
Total Liabilities	<u>\$ 4,656,583</u>
<u>NET ASSETS</u>	
Unrestricted	<u>\$ 2,656,114</u>
Total Net Assets	<u>\$ 2,656,114</u>

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

Exhibit E-2

Montgomery County, Tennessee
Statement of Revenues, Expenses, and
Changes in Net Assets
Proprietary Funds
For the Year Ended June 30, 2005

	Governmental Activities - Internal Service Funds
<u>Operating Revenues</u>	
Charges for Current Services	\$ 22,781,251
Total Operating Revenues	<u>\$ 22,781,251</u>
<u>Operating Expenses</u>	
Risk Management	\$ 255,791
Property Assessor's Office	79
Probation Services	1,170
Sheriff's Department	13,383
Jail	152,472
Workhouse	539
Ambulance/Emergency Medical Services	10,426
Nursing Home	31,446
Landfill Operation and Maintenance	635
Other Charges	1,252,885
Employee Benefits	20,241,727
Highway Administration	92
Highway and Bridge Maintenance	433
Total Operating Expenses	<u>\$ 21,961,078</u>
Operating Income (Loss)	<u>\$ 820,173</u>
<u>Nonoperating Revenues (Expenses)</u>	
Investment Income	\$ 75,586
Miscellaneous Refunds	259,181
Total Nonoperating Revenues (Expenses)	<u>\$ 334,767</u>
Changes in Net Assets	\$ 1,154,940
Net Assets, July 1, 2004	<u>1,501,174</u>
Nets Assets, June 30, 2005	<u><u>\$ 2,656,114</u></u>

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

Exhibit E-3

Montgomery County, Tennessee
Statement of Cash Flows
Proprietary Funds
For the Year Ended June 30, 2005

	Governmental Activities - Internal Service Funds
	<u> </u>
<u>CASH FLOWS FROM OPERATING ACTIVITIES</u>	
Receipts from Interfund Services Provided	\$ 22,705,077
Other Self-Insured Claims	(21,233,185)
Other Receipts (Payments)	259,181
Net cash provided by (used in) operating activities	<u>\$ 1,731,073</u>
<u>CASH FLOWS FROM INVESTING ACTIVITIES</u>	
Investment Income	<u>\$ 75,586</u>
Net cash provided by (used in) investing activities	<u>\$ 75,586</u>
Net increase (decrease) in cash and cash equivalents	\$ 1,806,659
Cash and cash equivalents, July 1, 2004	<u>4,039,688</u>
Cash and cash equivalents, June 30, 2005	<u><u>\$ 5,846,347</u></u>
<u>RECONCILIATION OF OPERATING INCOME (LOSS)</u>	
<u>TO NET CASH PROVIDED BY OPERATING ACTIVITIES</u>	
Operating income (loss)	\$ 820,173
Miscellaneous Refunds	259,181
Adjustments to reconcile net operating income (loss) to net cash provided by (used in) operating activities:	
(Increase) decrease in accounts receivable	107,923
(Increase) decrease in accrued interest receivable	2,390
(Increase) decrease in due from other funds	(184,222)
(Increase) decrease in due from component units	(2,265)
Increase (decrease) in accounts payable	53,987
Increase (decrease) in payroll deductions payable	783
Increase (decrease) in due to other funds	182,530
Increase (decrease) in due to component units	2,839
Increase (decrease) in claims and judgements payable	487,754
Net cash provided by (used in) operating activities	<u><u>\$ 1,731,073</u></u>

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

Exhibit F

Montgomery County, Tennessee
Statement of Fiduciary Assets and Liabilities
Fiduciary Funds
June 30, 2005

	<u>Agency Funds</u>
<u>ASSETS</u>	
Cash	\$ 4,374,004
Equity in Pooled Cash and Investments	292,806
Accounts Receivable	373
Due from Other Governments	<u>1,686,840</u>
Total Assets	<u><u>\$ 6,354,023</u></u>
<u>LIABILITIES</u>	
Accounts Payable	\$ 1,323
Payroll Deductions Payable	59
Due to Other Funds	1,119
Due to State of Tennessee	1,224
Due to Other Taxing Units	1,680,734
Due to Litigants, Heirs, and Others	4,364,466
Due to Joint Ventures	<u>305,098</u>
Total Liabilities	<u><u>\$ 6,354,023</u></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, 2005

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.

Blended Component Units – There are no legally separate component units of Montgomery County that meet the criteria for being reported as part of the primary government by the blending method.

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 Montgomery County School Department operates the public school system in the county, and the voters of Montgomery County elect its board. The School Department 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 Department'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 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 Montgomery County Nursing Home provides health care to the citizens of Montgomery County, and the Montgomery County Commission appoints its governing body. Patient charges provide the majority of the revenues for the entity. Before the issuance of any debt instruments, the nursing home must obtain the approval of the County Commission. The financial statements of the Montgomery County Nursing Home were not available from other auditors in time for inclusion in this report.

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 Montgomery County School Department does not issue separate financial statements from those of the county. Therefore, basic financial statements of the Montgomery County School Department are included in this report as listed in the table of contents. Although required by GAAP, the financial statements of the Montgomery County Nursing Home were not available in time for inclusion, as previously mentioned. Complete financial statements of the Emergency Communications District of Montgomery County, Bi-County Solid Waste Management System, Montgomery County Nursing Home, and the Clarksville-Montgomery County Industrial Development Board 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 1112
Clarksville, TN 37040

Montgomery County Nursing Home
Montgomery County Director of Accounts and Budgets
P. O. Box 368
Clarksville, TN 37040

Clarksville-Montgomery County Industrial Development Board
P. O. Box 883
312 Madison Street
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. 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 Montgomery County School Department 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 Montgomery County School Department. Net debt issues (\$7,826,860) were contributed by the county to the School Department during the year ended June 30, 2005.

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. 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 fund and fiduciary fund financial statements are reported using the economic resources 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.

General Capital Projects Fund – This fund accounts for general capital expenditures of the county.

Other Capital Projects #3 Fund – This fund is used to account for debt proceeds that will be transferred to other funds as capital projects progress.

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.

Internal Service Funds – These funds 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 Montgomery County School Department reports the following major governmental fund:

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

Additionally, the Montgomery County School Department 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 Education Capital Projects Fund is used to account for the receipt of debt issued by Montgomery County and contributed to the School Department for construction and renovations.

Private-sector standards of accounting and financial reporting issued prior to December 1, 1989, generally are followed in the government-wide financial statements and the 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.

When both restricted and unrestricted resources are available for use, it is the government's policy to use restricted revenues first, then unrestricted resources as they are needed.

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.

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; bonds of any state or political subdivision rated A or higher by any nationally recognized rating service; the county's own legally issued bonds or notes; the State Treasurer's Investment Pool; and repurchase agreements.

The county trustee maintains a cash and internal investment pool that is used by all funds of Montgomery County, Montgomery County School Department, Bi-County Solid Waste Management System, Montgomery County Nursing Home, 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 Montgomery County School Department 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. The Montgomery County trustee had pooled investments consisting of funds in the State Treasurer's Investment Pool and government sponsored securities. The net change in fair value of the government sponsored securities is not considered material to the financial statements of this report, and therefore, has been reported at cost rather than fair value.

2. Receivables and Payables

Activity between funds for unremitted current collections or that is representative of lending/borrowing arrangements outstanding at the end of the fiscal year is referred to as either due to/from other funds.

Accounts receivable in the General Fund are 82 percent ambulance service receivables and 18 percent other receivables. 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.

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.

Prepaid items in the Self-Insurance Fund (internal service fund) represent amounts prepaid to the claims administrator for estimated claims outstanding at June 30, 2005.

Prepaid items in the General Purpose School Fund represent amounts prepaid to the claims administrator for estimated workers' compensation claims outstanding at June 30, 2005.

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 \$5,000 or more and an estimated useful life exceeding two years (one year for the School Department). 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 Department 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
Infrastructure:	
Roads	100
Bridges	50

5. Compensated Absences

It is the county's and School Department'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 their policies do not 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 Department. 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 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 and claims and judgments, 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, 2005, Montgomery County had \$144,129,978 in outstanding debt for capital purposes for the discretely presented Montgomery County School Department. The debt is a liability of Montgomery County, but the capital assets acquired are reported in the financial statements of the School Department. 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 reservations of fund balance for amounts that are not available for appropriation or are legally restricted by outside parties for use for a specific purpose. Designations of fund balance represent tentative management plans that are subject to change. The following table reflects designations on June 30, 2005:

<u>Fund/Purpose</u>	<u>Amount</u>
General:	
Insurance	\$ 10,000
Mobile Data Terminals	7,399
Veterans' Services	9,221
Child Advocacy Center	45,263
Animal Shelter	3,822
Register's Office	1,000
Legacy 2000	2,546
Highway/Public Works:	
Insurance	5,000
General Debt Service:	
Variable Loan Program	3,895,627
General Purpose School (School Department):	
Workers' Compensation	852,818

8. Prior-period Adjustments

Montgomery County’s capital assets were restated (\$663,072) from the prior period because the county jail was demolished in a prior year and certain county roads had been omitted.

In the discretely presented Montgomery County School Department’s General Purpose School Fund, beginning fund balance was restated (\$2,438,514) from the prior year because the claims and judgments payable had been posted in error.

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 presents a reconciliation between fund balance – total governmental funds and net assets – governmental activities as reported in the government-wide statement of net assets. One element of that reconciliation explains that long-term liabilities, including debt payable, are not due and payable in the current period and therefore are not reported in the funds. The details of the \$227,942,042 difference are as follows:

Bonds payable	\$ (188,721,000)
Notes payable	(9,388,274)
Other loans payable	(26,536,289)
Capital leases payable	(200,372)
Deferred charges - debt issuance costs (to be amortized over life of debt)	788,560
Deferred amount on refunding	4,695,562
Deferred revenue - premium on debt (to be amortized over life of debt)	(5,300,426)
Accrued interest payable	(1,996,621)
Compensated absences payable	<u>(1,283,182)</u>
Net adjustment to reduce fund balance - total governmental funds to arrive at net assets - governmental activities	<u><u>\$ (227,942,042)</u></u>

Discretely Presented Montgomery County School Department

Exhibit L-3 presents a reconciliation between fund balance – total governmental funds and net assets – governmental activities as reported in the government-wide statement of net assets. One element of that reconciliation explains that long-term liabilities, including debt payable, are not due and payable in the current period and therefore are not reported in the funds. The details of the \$3,570,652 difference are as follows:

Notes payable	\$ (45,183)
Accrued interest payable	(4,884)
Capital leases payable	(95,625)
Claims and judgments payable	(2,655,941)
Compensated absences payable	<u>(769,019)</u>
Net adjustment to reduce fund balance - total governmental funds to arrive at net assets - governmental activities	<u>\$ (3,570,652)</u>

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 D-2 presents a reconciliation between net changes in fund balances – total governmental funds and changes in net assets of governmental activities as reported in the government-wide statement of activities. One element of that reconciliation explains that governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. The details of this \$6,610,629 difference are as follows:

Capital outlay	\$ 9,513,540
Depreciation expense	<u>(2,902,911)</u>
Net adjustment to increase net changes in fund balances - total governmental funds to arrive at changes in net assets of governmental activities	<u>\$ 6,610,629</u>

Another element of that reconciliation states that the issuance of long-term debt (e.g., bonds, notes, and 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. The details of this \$13,584,587 difference are as follows:

Debt issued or incurred:	
General obligation bonds	\$ (22,000,000)
Capital outlay notes	(1,302,585)
Capital leases	(200,372)
Related items:	
Current debt issuance costs to defer	254,763
Amortization of issuance costs	(52,291)
Current debt premium to defer	(1,111,181)
Amortization of premium	377,760
Amortization of deferred amount on refunding	(30,815)
Principal repayments:	
Bonds	8,066,000
Notes	2,237,653
Other loans	<u>176,481</u>
Net adjustment to decrease net changes in fund balances - total governmental funds to arrive at changes in net assets of governmental activities	<u><u>\$ (13,584,587)</u></u>

Another element of that reconciliation states that 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 governmental funds. The details of this \$224,183 difference are as follows:

Net change in accrued interest on bonds	\$ (132,606)
Net change in accrued interest on notes	13,863
Net change in compensated absences	<u>(105,440)</u>
Net adjustment to decrease net changes in fund balances - total governmental funds to arrive at changes in net assets of governmental activities	<u><u>\$ (224,183)</u></u>

Discretely Presented Montgomery County School Department

Exhibit L-5 presents a reconciliation between net changes in fund balances – total governmental funds and changes in net assets of governmental activities as reported in the government-wide statement of activities. One element of that reconciliation explains that governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. The details of this \$1,846,847 difference are as follows:

Capital outlay	\$ 7,114,548
Depreciation expense	<u>(5,267,701)</u>
Net adjustment to increase net changes in fund balances - total governmental funds to arrive at changes in net assets of governmental activities	<u>\$ 1,846,847</u>

Another element of that reconciliation states that 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 governmental funds. The details of this \$2,692,755 difference are as follows:

Net change in accrued interest on leases	\$ 2,871
Net change in accrued interest on notes	4,612
Net change in compensated absences	(44,297)
Net change in claims and judgments payable	<u>(2,655,941)</u>
Net adjustment to decrease net changes in fund balances - total governmental funds to arrive at changes in net assets of governmental activities	<u>\$ (2,692,755)</u>

III. STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY

A. Net Assets Deficit/Fund Deficit

The Workers' Compensation Fund had a net assets deficit of \$464,921 at June 30, 2005. This net assets deficit resulted from the recognition of outstanding claims at year-end.

The discretely presented School Federal Projects Fund had a fund deficit of \$318,688 at June 30, 2005. This fund deficit resulted from the School Department's failure to file requests for reimbursements from the state in a timely manner. Funding for these future expenditures has been received.

The discretely presented Education Capital Projects Fund had a fund deficit of \$7,595,077 at June 30, 2005. This fund deficit resulted from the unperformed portions of construction projects of \$7,812,287 being reserved as encumbrances. Funding for these future expenditures should be received subsequent to year-end.

B. Expenditures Exceeded Appropriations

Expenditures exceeded appropriations approved by the County Commission in several major categories (the legal level of control) of the following funds:

<u>Fund/Category</u>	<u>Amount</u>
Primary Government:	
General:	
Beer Board	\$ 1,000
County Attorney	1,210
Building	326
Data Processing	10,762
Jail	7,347
County Coroner/Medical Examiner	9,101
Local Health Center	10,622
Other Social, Cultural, and Recreational	42
Tourism	88,780
Transfers Out	19,071
Discretely Presented School Department:	
School Federal Projects:	
Instruction:	
Vocational Education Program	2,818

Such overexpenditures are a violation of state statute. These overexpenditures were funded from available fund balance in the General Fund and additional revenues in the School Federal Projects Fund.

C. The County Had Unauthorized Investments and Investments Subject to Credit Risk

The county had investments totaling \$6,806,187 in Federal Home Loan Mortgage Corporation (Freddie Mac) securities at June 30, 2005. This investment is not an investment type permitted by Section 5-8-301, Tennessee Code Annotated. In addition to the Freddie Mac securities, the county had investments with the Federal National Mortgage Association (Fannie Mae, \$3,999,092) and Federal Home Loan Bank (\$9,149,193). These investments are government sponsored enterprises that are independent organizations not backed by the full faith and credit of the federal government and therefore are subject to credit risk.

IV. DETAILED NOTES ON ALL FUNDS

A. Deposits and Investments

Montgomery County and the Montgomery County School Department 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, depositing, 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 and investments reflected in the fund financial statements represent 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. Public fund accounts covered by the pool are considered to be insured for purposes of custodial credit risk exposure.

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; bonds of any state or political subdivision rated A or higher by any nationally recognized rating service; 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 director of Local Finance 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 market value of the securities on the day of purchase. The county's investment in Federal Home Loan Mortgage Corporation (Freddie Mac) of \$6,806,187 is not authorized by state statute.

Investment Balances. As of June 30, 2005, Montgomery County had the following investments carried at cost. Separate disclosures concerning pooled investments cannot be made for Montgomery County and the discretely presented Montgomery County School Department since both pool their deposits and investments through the county trustee.

Investment	Maturities	Cost
Federal Home Loan Bank	2-24-06	\$ 1,000,000
Federal Home Loan Bank	3-24-06	1,000,000
Federal Home Loan Bank	8-11-06	950,396
Federal Home Loan Bank	8-24-06	2,000,000
Federal Home Loan Bank	1-12-07	1,000,291
Federal Home Loan Bank	3-7-07	1,198,975
Federal Home Loan Bank	4-5-07	1,000,000
Federal Home Loan Bank	6-25-07	999,531
Total Federal Home Loan Bank		<u>\$ 9,149,193</u>
Federal National Mortgage Association	12-5-05	\$ 499,531
Federal National Mortgage Association	1-30-06	2,000,000
Federal National Mortgage Association	9-22-06	1,499,561
Total Federal National Mortgage Association		<u>\$ 3,999,092</u>
Federal Home Loan Mortgage Corporation	2-13-06	\$ 998,683
Federal Home Loan Mortgage Corporation	2-17-06	1,302,808
Federal Home Loan Mortgage Corporation	4-28-06	2,003,500
Federal Home Loan Mortgage Corporation	7-21-06	499,531
Federal Home Loan Mortgage Corporation	7-27-06	1,000,004
Federal Home Loan Mortgage Corporation	11-22-06	1,001,661
Total Federal Home Loan Mortgage Corporation		<u>\$ 6,806,187</u>
State Treasurer's Investment Pool	Daily	<u>\$ 859,474</u>
Total		<u><u>\$ 20,813,946</u></u>

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, 2005, Montgomery County's investment in the State Treasurer's Investment Pool was unrated. Montgomery County's investments with the Federal Home Loan Bank, Federal National Mortgage Association, and Federal Home Loan Mortgage Corporation are government sponsored enterprises that are independent organizations not backed by the full faith and credit of the federal government and, therefore the county could lose its investments if these enterprises were to fail. These investments were rated Aaa by Moody's Investor's Service and AAA by Standard & Poors.

Concentration of Credit Risk. Concentration of credit risk is the risk of loss attributed to the magnitude of the county's investment in a single issuer. Montgomery County places no limit on the amount the county may invest in one issuer. More than five percent of the county's investments are in the Federal Home Loan Bank (44 percent), the Federal National Mortgage Association (19 percent), and the Federal Home Loan Mortgage Corporation (33 percent).

Custodial Credit Risk. Custodial credit risk for investments is the risk that, in the event of a failure of the counterparty to a transaction, the county will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. Montgomery County does not have a formal policy that limits custodial credit risk for investments. The county's investment of \$19,954,472 in the investments listed in the above table have custodial credit risk exposure because the securities are uninsured, unregistered, and held by the county's financial agent which is also the counterparty for these investments.

B. Capital Assets

Capital asset activity for the year ended June 30, 2005, was as follows:

Primary Government

Governmental Activities:

	Balance 7-1-04	Increases	Decreases	Balance 6-30-05
Capital Assets Not Depreciated:				
Land	\$ 22,988,713	\$ 477,621	\$ 0	\$ 23,466,334
Construction in Progress	35,029,105	100,848	(35,031,302)	98,651
Total Capital Assets Not Depreciated	\$ 58,017,818	\$ 578,469	\$ (35,031,302)	\$ 23,564,985
Capital Assets Depreciated:				
Buildings and Improvements	\$ 56,994,315	\$ 40,748,878	\$ (1,370,364)	\$ 96,372,829
Infrastructure	34,512,519	1,599,484	0	36,112,003
Other Capital Assets	12,687,317	1,711,119	(874,858)	13,523,578
Total Capital Assets Depreciated	\$ 104,194,151	\$ 44,059,481	\$ (2,245,222)	\$ 146,008,410

Governmental Activities: (Cont.)

	Balance 7-1-04	Increases	Decreases	Balance 6-30-05
Less Accumulated Depreciation For:				
Buildings and Improvements	\$ 7,185,390	\$ 1,424,688	\$ (531,081)	\$ 8,078,997
Infrastructure	17,502,228	315,736	0	17,817,964
Other Capital Assets	7,544,696	1,173,290	(760,907)	7,957,079
Total Accumulated Depreciation	\$ 32,232,314	\$ 2,913,714	\$ (1,291,988)	\$ 33,854,040
Total Capital Assets Depreciated, Net	\$ 71,961,837	\$ 41,145,767	\$ (953,234)	\$ 112,154,370
Governmental Activities Capital Assets, Net	\$ 129,979,655	\$ 41,724,236	\$ (35,984,536)	\$ 135,719,355

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

Governmental Activities:	
General Government	\$ 490,192
Finance	172,003
Administration of Justice	557,067
Public Safety	684,449
Public Health and Welfare	257,716
Social, Cultural, and Recreational Services	119,900
Agriculture & Natural Resources	35,805
Highway/Public Works	587,539
Total Depreciation Expense - Governmental Activities	<u>\$ 2,904,671</u>

Discretely Presented Montgomery County School Department

Governmental Activities:

	Balance 7-1-04	Increases	Decreases	Balance 6-30-05
Capital Assets Not Depreciated:				
Land	\$ 8,046,331	\$ 185,283	\$ 0	\$ 8,231,614
Construction in Progress	7,925,129	4,773,329	0	12,698,458
Total Capital Assets Not Depreciated	\$ 15,971,460	\$ 4,958,612	\$ 0	\$ 20,930,072

Governmental Activities: (Cont.)

	Balance 7-1-04	Increases	Decreases	Balance 6-30-05
Capital Assets Depreciated:				
Buildings and Improvements	\$ 189,124,547	\$ 644,158	\$ 0	\$ 189,768,705
Other Capital Assets	18,545,265	1,511,778	(52,000)	20,005,043
Total Capital Assets Depreciated	\$ 207,669,812	\$ 2,155,936	\$ (52,000)	\$ 209,773,748
Less Accumulated Depreciation For:				
Buildings and Improvements	\$ 39,494,079	\$ 3,959,975	\$ 0	\$ 43,454,054
Other Capital Assets	8,905,777	1,307,726	(52,000)	10,161,503
Total Accumulated Depreciation	\$ 48,399,856	\$ 5,267,701	\$ (52,000)	\$ 53,615,557
Total Capital Assets Depreciated, Net	\$ 159,269,956	\$ (3,111,765)	\$ 0	\$ 156,158,191
Governmental Activities Capital Assets, Net	\$ 175,241,416	\$ 1,846,847	\$ 0	\$ 177,088,263

Depreciation expense was charged to functions of the discretely presented Montgomery County School Department as follows:

Governmental Activities:

Instruction	\$ 2,318
Support Services	5,239,720
Operation of Non-Instructional Services	<u>25,663</u>
Total Depreciation Expense - Governmental Activities	<u>\$ 5,267,701</u>

C. Construction Commitments

At June 30, 2005, the General Capital Projects Fund had uncompleted construction contracts of approximately \$452,669, for various construction projects. Funding for these future expenditures has been received.

At June 30, 2005, the discretely presented School Department's Education Capital Projects Fund had uncompleted construction contracts of approximately \$7,812,287, for various construction projects. Funding for

these future expenditures is expected to be received from contributions from the primary government.

D. Interfund Receivables, Payables and Transfers

The composition of interfund balances as of June 30, 2005, is as follows:

Due to/from other funds:

Receivable Fund	Payable Fund	Amount
Primary Government:		
General	Nonmajor governmental	\$ 136,620
General	Fiduciary	39
General Debt Service	Fiduciary	1,080
Nonmajor governmental	General	2,748
Internal Service	General	1,692
Internal Service	Internal Service	182,530
School Department Component Unit:		
General Purpose School	Nonmajor governmental	248,918
Nonmajor governmental	General Purpose School	232

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 units:

Receivable Fund	Payable Fund	Amount
Primary government:		
General	Component unit:	
	Bi-County Solid Waste Management System	\$ 304
Self-Insurance (Internal Service)	Montgomery County Nursing Home	53
Self-Insurance (Internal Service)	School Department	22,145
Component unit:		
Bi-County Solid Waste Management System	Primary government:	
School Department	General	15,400
	Self-Insurance (Internal Service)	2,839

Interfund Transfers:

Interfund transfers for the year ended June 30, 2005, consisted of the following amounts:

Primary Government

Transfers Out	Transfers In
	General Capital Projects Fund
General Fund	\$ 19,071
Other Capital Projects #3 Fund	1,195,980
Nonmajor governmental funds	5,990,932
Total	\$ 7,205,983

Discretely Presented Montgomery County School Department

Transfers Out	Transfers In	
	General Purpose School Fund	Nonmajor Governmental Funds
General Purpose School Fund	\$ 0	\$ 2,245,076
Nonmajor governmental funds	274,540	0
Total	\$ 274,540	\$ 2,245,076

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. Capital Leases

Primary Government

On May 5, 2005, the county entered into a five-year lease-purchase agreement for a paver. The terms of the agreement require total lease payments of \$200,372 plus interest of 5.07 percent. Title to the equipment transfers to the county at the end of the lease period. The lease payments are being made by the General Debt Service Fund.

Future minimum lease payments and the net present value of these minimum lease payments as of June 30, 2005, were as follows:

<u>Year Ending June 30</u>	<u>Governmental Funds</u>
2006	\$ 72,139
2007	72,140
2008	72,140
Total Minimum Lease Payments	\$ 216,419
Amounts Representing Interest	<u>(16,047)</u>
Present Value of Minimum Lease Payments	<u>\$ 200,372</u>

Discretely Presented School Department

On September 8, 1998, the Montgomery County School Department entered into a seven-year lease-purchase agreement for a HVAC system for the School Department. The terms of the agreement require total lease payments of \$571,945 plus interest of 5.591 percent. Title to the system transfers to the School Department at the end of the lease period. The lease payments are being made by the General Purpose School Fund.

Future minimum lease payments and the net present value of these minimum lease payments as of June 30, 2005, were as follows:

<u>Year Ending June 30</u>	<u>Governmental Funds</u>
2006	\$ 100,482
Total Minimum Lease Payments	\$ 100,482
Amounts Representing Interest	<u>(4,857)</u>
Present Value of Minimum Lease Payments	<u>\$ 95,625</u>

F. 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, other loans, and capital outlay notes are direct obligations and pledge the full faith and credit of the government. General obligation bonds, other loans, and capital outlay notes outstanding were

issued for original terms of up to 32 years for bonds, up to 23 years for other loans, and up to 12 years for notes. Repayment terms are generally structured with increasing amounts of principal maturing as interest requirements decrease over the term of the debt. All bonds, other loans, and notes included in long-term debt as of June 30, 2005, will be retired from the General Debt Service Fund.

General obligation bonds, other loans, capital outlay notes, and capital leases outstanding as of June 30, 2005, are as follows:

Type	Interest Rate	Original Amount of Issue	Balance 6-30-05
General Obligation Bonds	2 to 5.12095%	\$ 111,802,000	\$ 68,497,035
General Obligation Bonds - Refunding	2 to 5.25	144,764,029	120,223,965
Capital Outlay Notes	3.33 to 5.21	18,901,119	9,388,274
Capital Leases	5.07	200,372	200,372
Other Loans	variable	86,315,731	26,536,289

In prior years, Montgomery County entered into a loan agreement with the Montgomery County Public Building Authority. Under this loan agreement, the authority loaned \$83,845,000 to Montgomery County for various renovation and construction projects. Montgomery County has subsequently refunded a portion of this loan. The 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, 2005, the variable interest rate was 2.34 percent, and other fees amounted to approximately .2 percent (letter of credit), .08 percent (remarketing), and .01 percent (trustee) of the outstanding loan principal.

In previous years, Montgomery County entered into a loan agreement with the Tennessee State School Bond Authority. Under this loan agreement, the authority borrowed \$2,470,731 Qualified Zone Academy Bonds, Series 2001 (QZAB) and loaned the proceeds to Montgomery County for various renovation and construction projects. The loan is repayable at zero percent interest with an annual administrative fee of \$847.

The annual requirements to amortize all general obligation bonds, other loans, and notes outstanding as of June 30, 2005, including interest payments, are presented in the following table:

Year Ending June 30	Bonds		Notes	
	Principal	Interest	Principal	Interest
2006	\$ 8,610,000	\$ 8,662,375	\$ 2,162,020	\$ 415,785
2007	9,271,000	8,295,460	2,140,778	315,173
2008	9,645,000	7,902,095	1,566,726	234,678
2009	9,200,000	7,494,081	1,168,750	173,088
2010	9,700,000	7,126,281	1,150,000	117,500
2011-2015	64,595,000	28,064,781	1,200,000	60,000
2016-2020	52,500,000	13,924,944	0	0
2021-2025	25,200,000	2,621,874	0	0
Total	\$ 188,721,000	\$ 84,091,891	\$ 9,388,274	\$ 1,316,224

Year Ending June 30	Other Loan (\$24,595,000)			Total
	Principal	Interest	Other Fees	
2006	\$ 0	\$ 575,523	\$ 71,326	\$ 646,849
2007	0	575,523	71,326	646,849
2008	0	575,523	71,326	646,849
2009	0	575,523	71,326	646,849
2010	0	575,523	71,326	646,849
2011-2015	0	2,877,615	356,630	3,234,245
2016-2019	24,595,000	1,477,242	183,072	26,255,314
Total	\$ 24,595,000	\$ 7,232,472	\$ 896,332	\$ 32,723,804

Year Ending June 30	Other QZAB Loan (\$2,470,731)		
	Principal	Other Fees	Total
2006	\$ 176,481	\$ 847	\$ 177,328
2007	176,481	847	177,328
2008	176,481	847	177,328
2009	176,481	847	177,328
2010	176,481	847	177,328
2011-2015	882,404	4,235	886,639
2016	176,480	847	177,327
Total	\$ 1,941,289	\$ 9,317	\$ 1,950,606

There is \$18,600,609 available in the General Debt Service Fund to service long-term debt. Bonded debt per capita amounted to \$1,400, based on the 2000 federal census. Total debt per capita, including bonds, notes, capital leases, and other loans, amounted to \$1,668, based on the 2000 federal census.

Changes in Long-term liabilities

Long-term liability activity for the year ended June 30, 2005, was as follows:

Primary Government

Governmental Activities:

	Bonds	Notes	Capital Lease
Balance, July 1, 2004	\$ 174,787,000	\$ 10,323,342	\$ 0
Additions	22,000,000	1,302,585	200,372
Deductions	(8,066,000)	(2,237,653)	0
Balance, June 30, 2005	<u>\$ 188,721,000</u>	<u>\$ 9,388,274</u>	<u>\$ 200,372</u>
Balance Due Within One Year	<u>\$ 8,610,000</u>	<u>\$ 2,162,020</u>	<u>\$ 63,441</u>

	Compensated Absences	Other Loans	Claims and Judgments
Balance, July 1, 2004	\$ 1,177,742	\$ 26,712,770	\$ 3,928,667
Additions	1,455,587	0	18,515,817
Deductions	(1,350,147)	(176,481)	(18,112,090)
Balance, June 30, 2005	<u>\$ 1,283,182</u>	<u>\$ 26,536,289</u>	<u>\$ 4,332,394</u>
Balance Due Within One Year	<u>\$ 1,282,112</u>	<u>\$ 176,481</u>	<u>\$ 2,265,670</u>

Analysis of Noncurrent Liabilities Presented on Exhibit A:

Total Noncurrent Liabilities, June 30, 2005	\$ 230,545,538
Less: Due Within One Year	(14,559,724)
Add: Unamortized Premium on Debt	5,300,426
Less: Deferred Amount on Refunding	<u>(4,695,562)</u>

Noncurrent Liabilities - Due In

More Than One Year - Exhibit A	<u><u>\$ 216,590,678</u></u>
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The primary government's internal service funds predominantly serve the governmental funds. Accordingly, long-term liabilities for the internal service funds are included above as claims and judgments payable. Compensated absences payable will be paid from the employing funds, primarily the General and Highway/Public Works Funds.

School Department

Governmental Activities:

	Notes	Capital Lease
Balance, July 1, 2004	\$ 397,227	\$ 185,748
Deductions	(352,044)	(90,123)
Balance, June 30, 2005	\$ 45,183	\$ 95,625
Balance Due Within One Year	\$ 34,098	\$ 95,625

	Compensated Absences	Claims and Judgments
Balance, July 1, 2004	\$ 724,722	\$ 2,438,514
Additions	780,692	1,567,500
Deductions	(736,395)	(1,350,073)
Balance, June 30, 2005	\$ 769,019	\$ 2,655,941
Balance Due Within One Year	\$ 76,902	\$ 2,655,941

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

Defeasance of Prior Debt

In prior years, Montgomery County defeased certain outstanding general obligation bonds and capital outlay notes by placing the proceeds of new bonds into an irrevocable trust to provide for all future debt service payments on the old bonds and notes. The trustee is empowered and required to pay all principal and interest on the defeased bonds and notes as originally scheduled. Accordingly, the trust accounts and the defeased bonds and notes are not included in the county's financial statements. At June 30, 2005, the following outstanding bonds and notes are considered defeased:

1993 General Obligation Series	\$ 4,670,000
2000 Capital Outlay Notes	6,050,000
2001 General Obligation Series	42,345,000

G. Internal Financing

In-lieu-of issuing debt with financial institutions, Montgomery County often chooses to internally finance various projects with idle county funds. These

debt issues that will be repaid from the same fund in which the loan was obtained are reflected as operating transfers (not notes receivable) in the financial statements of this report. Internally reported notes receivable from idle funds loaned from the General Debt Service Fund, that will subsequently be paid by the General Debt Service Fund, are reflected below:

Internally Reported Interfund Notes Receivable/Payable
through the General Debt Service Fund

	Original Amount of Issue	Interest Rate	Date of Issue	Last Maturity Date
Industrial Park	\$ 4,632,655	2 %	4-17-02	4-17-06
Industrial Park	977,030	2	6-10-02	6-10-06
Industrial Park	177,232	2	12-28-02	12-28-05
Industrial Park	206,537	2	8-21-03	8-21-06
Industrial Park	165,441	2	12-31-03	12-31-06
			Paid and/or Issued	Matured
	Outstanding 7-1-04	During Period	During Period	Outstanding 6-30-05
Industrial Park	\$ 3,603,175	\$ 0	\$ 514,740	\$ 3,088,435
Industrial Park	759,912	0	108,559	651,353
Industrial Park	157,540	0	19,692	137,848
Industrial Park	206,537	0	22,949	183,588
Industrial Park	165,441	0	18,382	147,059
Total	<u>\$ 4,892,605</u>	<u>\$ 0</u>	<u>\$ 684,322</u>	<u>\$ 4,208,283</u>

H. Short-term Debt

Montgomery County issued tax anticipation notes in advance of property tax collections and deposited the proceeds in the primary government's General Fund (\$1,500,000) and the discretely presented School Department's School Federal Projects Fund (\$1,500,000) and Education Capital Projects Fund (\$400,000). These notes were necessary because funds were not available to meet current obligations before current tax collections. Short-term debt activity for the year ended June 30, 2005, was as follows:

	Balance 7-1-04	Issued	Redeemed	Balance 6-30-05
Tax Anticipation Notes	\$ 0	\$ 3,400,000	\$ (3,400,000)	\$ 0

V. OTHER INFORMATION

A. Risk Management

Montgomery County and the Montgomery County School Department, Bi-County Solid Waste Management System, Montgomery County Nursing Home, 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 employees of the primary government and the above-noted component units are eligible to participate. A premium charge is allocated to each fund that accounts for full-time employees. This charge is based on actuarial estimates of the amounts needed to pay prior-year and current-year claims. 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 expenditure/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
2003-04	\$ 3,644,888	\$ 14,680,303	\$ (15,438,289)	\$ 2,886,902
2004-05	2,886,902	17,733,248	(17,640,226)	2,979,924

Montgomery County decided to maintain a self-insurance plan for risks associated with workers' compensation claims. Claims are paid from the Worker's Compensation Fund, and the plan is administered by Brentwood Services. The county retains the risk of loss to a limit of \$350,000 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, Montgomery County Nursing Home, 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 expenditure/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
2003-04	\$ 983,240	\$ 912,706	\$ (854,181)	\$ 1,041,765
2004-05	1,041,765	783,569	(471,864)	1,353,470

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 (internal service) fund where assets are set aside for claims settlements. All employees of the primary government, the Emergency Communications District of Montgomery County, the Bi-County Solid Waste Management System, and the Montgomery County Nursing Home are eligible to participate. Qualified individuals shall receive a portion of their salary, not to exceed six (6) 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
2004-05	\$ 0	\$ 413,616	\$ (330,589)	\$ 83,027

Montgomery County, the Montgomery County School Department, Emergency Communications District of Montgomery County, Bi-County Solid Waste Management System, and the Montgomery County Nursing Home 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 is 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 as opposed to purchasing commercial insurance for general liability, property, and casualty insurance coverage. Montgomery County 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 pays 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 Department 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 Department retains the risk of loss to a limit of \$275,000 per specific loss. The maximum liability amounted to \$2,529,570 for the year. The School Department has obtained a stop/loss commercial insurance policy to cover claims beyond this liability.

All employees of the School Department 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 expenditure/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
2003-04	\$ 1,879,997	\$ 2,339,031	\$ (1,780,514)	\$ 2,438,514
2004-05	2,438,514	1,567,500	(1,350,073)	2,655,941

The School Department joined the Tennessee School Boards Risk Management Trust (TSB-RMT), which is a public entity risk pool established by the Tennessee School Boards Association, an association of member school districts. The School Department pays an annual premium to the TSB-RMT

for its general liability, property, and casualty insurance coverage. The creation of the TSB-RMT provides for it to be self-sustaining through member premiums.

B. Accounting Change

During the year, Montgomery County adopted the provisions of Governmental Accounting Standards Board Statement No. 40, Deposit and Investment Risk Disclosures. These provisions modified the county's previous custodial risk disclosures for deposits and investments and related collateral. These provisions also added disclosures about other types of risk, including credit risk, interest rate risk, foreign currency risk, and concentrations of credit risk. Governments are also required to provide brief disclosures about their deposit and investment policies that are related to any of the risks required to be disclosed.

C. Subsequent Events

On July 11, 2005, Montgomery County authorized \$1,414,068 in capital outlay notes for various equipment purchases and construction projects and \$1,265,000 in capital outlay notes for school construction.

On August 8, 2005, Montgomery County authorized \$285,000 in bond anticipation notes for school construction.

On September 12, 2005, Montgomery County authorized the sale of the Montgomery County Nursing Home.

On September 12, 2005, Montgomery County authorized \$300,000 in bond anticipation notes for school construction.

On October 10, 2005, Montgomery County authorized Qualified Zone Academy Bonds totaling \$3,771,500 for school construction.

On November 27, 2005, Doug Black, Highway Supervisor, died. On January 9, 2006, Mike Frost was appointed by the County Commission to fill the remainder of Mr. Black's term.

On December 1, 2005, Montgomery County issued general obligation bonds totaling \$40,000,000 for various construction projects.

On January 9, 2006, Montgomery County authorized \$980,000 in bond anticipation notes for school construction.

On February 13, 2005, Montgomery County authorized capital outlay notes totaling \$460,000 to purchase vehicles for the Sheriff's Department.

D. Contingent Liabilities

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

Montgomery County is contingently liable for certain revenue bonds of the Montgomery County Nursing Home. Montgomery County would become liable for these bonds and the interest thereon, in the event of default by the Montgomery County Nursing Home. The principal of these revenue bonds is reflected on the financial statements of the Montgomery County Nursing Home.

E. Change in Administration

Ted Crozier, Jr. succeeded Ed Davis as clerk and master effective January 1, 2005.

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 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, the Clarksville Montgomery County Public Library, 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.

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 2004-05 year.

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 2004-05 year.

The county does not retain an equity interest in any of the listed joint ventures.

Complete financial statements for the above-noted 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 Public Library
350 Pageant Lane, Suite 501
Clarksville, TN 37040

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

Economic and Community Development Board
329 Main 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 Organization

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. 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.

I. Retirement Commitments

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 www.treasury.state.tn.us. Copies of footnotes in PDF format can be accessed at <http://www.treasury.state.tn.us/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, 2005, was 13.14 percent of annual covered payroll. The contribution requirement of plan members is set by state statute. The contribution requirement for Montgomery County is established and may be amended by the TCRS Board of Trustees.

Annual Pension Cost

For the year ended June 30, 2005, Montgomery County’s annual pension cost of \$5,911,199 to TCRS was equal to the county’s required and actual contributions. The required contribution was determined as part of the July 1, 2003, 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 three 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. Montgomery 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, 2003, was 12 years.

Trend Information

Fiscal Year Ended	Annual Pension Cost (APC)	Percentage of APC Contributed	Net Pension Obligation
6-30-05	\$5,911,199	100%	\$0
6-30-04	4,764,732	100	0
6-30-03	4,445,503	100	0

Required Supplementary Information
Schedule of Funding Progress for Montgomery County

(Dollar amounts in thousands)

Actuarial Valuation Date	Actuarial Value of Assets	Actuarial Accrued Liability (AAL)	Unfunded AAL (UAAL)	Funded Ratio	Covered Payroll	UAAL as a Percentage of Covered Payroll
	(a)	(b)	(b) - (a)	(a/b)	(c)	((b-a)/c)
6-30-03	\$75,336	\$85,440	\$10,104	88.17%	\$38,964	25.93%
6-30-01	64,298	75,200	10,902	85.50	35,718	30.52
6-30-99	52,331	61,468	9,137	85.14	31,150	29.33

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. A cost of living adjustment (COLA) is 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.treasury.state.tn.us. Copies of footnotes in PDF format can be accessed at <http://www.treasury.state.tn.us/tcrs/Schools/>.

Funding Policy

Most teachers are required by state statute to contribute five percent of their salaries 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, 2005, was 5.5 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, 2005, 2004, and 2003, were \$4,202,984, \$2,416,297, and \$2,276,729, respectively, equal to the required contributions for each year.

J. Other Post-employment Benefits

In addition to the retirement commitments described above, Montgomery County provides post-employment health care benefits to full-time employees with 20 years of service who were enrolled in the health insurance program for at least two years. Montgomery County pays a portion of the premium for retirees and their spouses. The retirees may remain on the plan until they become eligible for Medicare. Currently, there are 13 employees receiving this benefit.

Also, in addition to the retirement commitments described above, the discretely presented Montgomery County School Department offers post-employment health care benefits. Eligible employees are those who will have 30 years of verified Tennessee Consolidated Retirement System service, or reached 55 years of age and a minimum of 20 years of service. For an eligible employee, the school system will provide that employee and spouse with the same health insurance coverage provided for regular full-time employees if the eligible employee has been covered with the same before their retirement. A portion of the cost of the insurance premium will be paid by the Montgomery County School Department. The insurance coverage will remain in effect until the retiree attains the age of 65 or ten years, whichever comes first. Currently, there are 104 employees receiving this benefit.

The discretely presented Montgomery County School Department provides post-employment life insurance benefits to certified employees with 20 years of service. The School Department pays 100 percent of life insurance premiums (\$7,000 policy) until death.

K. Office of Central Accounting, Budgeting, and Purchasing

Montgomery County operates under provisions of the Fiscal Control Acts of 1957, which provide for a central system of accounting, budgeting, and purchasing covering funds administered by the county mayor and highway supervisor. These funds were maintained in the Office of Central Accounting

and Budgeting and the Office of Central Purchasing under the supervision of the director of accounts and budgets and the purchasing agent.

L. Purchasing Laws

Office of Central Purchasing

Purchasing for the County Mayor's Office and the Highway Department was governed by Section 5-14-101 et seq., Tennessee Code Annotated (TCA). Purchases for the Highway Department were 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 that sealed bids be solicited on purchases exceeding \$5,000 for the Office of County Mayor and \$10,000 for the Highway Department.

Office of Director of Schools

Purchasing procedures for the School Department are governed by purchasing laws applicable to schools as set forth in Section 49-2-203, Tennessee Code Annotated, 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 Department, which has a purchasing division, to use a comprehensive vendor list for the purpose of soliciting competitive bids; provided, that the vendors on such list are given notice to bid; and provided further, that such purchasing division shall periodically advertise in a newspaper of general circulation in the county for vendors and shall update the list of vendors following such advertisement.

VI. OTHER NOTES – DISCRETELY PRESENTED EMERGENCY COMMUNICATIONS DISTRICT OF MONTGOMERY COUNTY

A. Summary of Significant Accounting Policies

The accounting and reporting policies of E-911 Emergency Communications District of Montgomery County relating to the accounts included in the accompanying financial statements conform to generally accepted accounting principles applicable to state and local governments.

The following significant accounting policies were applied in the preparation of the accompanying financial statements:

Reporting Entity – The district, a component unit of Montgomery County, provides emergency communications and dispatch services for all fire, law enforcement, and other emergency departments within the county. As a component unit, the district cannot issue bond debt without approval of the

county. The governing board of the district is appointed equally by the city and county and a substantial portion of operating revenues are provided by allocations from Montgomery County and the City of Clarksville. The district's financial statements include only the assets and operations of the district and do not include any other fund, organization, agency, or department of the city or county.

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

District operations are accounted for on a cost of service measurement focus using the accrual basis of accounting. Revenues are recognized when earned, and expenses are recognized when the related liabilities are incurred.

The major sources of revenue are customer service charges and operating subsidies, as discussed below:

- (1) Subscriber Fees – A monthly subscriber fee is added to each telephone line in Montgomery County. The charge is billed and collected by the telephone company and is remitted to the district after deduction of a one percent administrative fee.
- (2) Operating Subsidies – The district received an operating subsidy from Montgomery County.

Budgets and Budgetary Accounting – The district's annual budget is a management tool that assists its users in analyzing financial activity for its fiscal year ended June 30.

The district board of directors formally approves the budget. The budget is adopted on a basis consistent with generally accepted accounting principles except that depreciation is not budgeted and the budgeted cost of capital assets purchased is included as an expenditure.

Budgeted amounts lapse at the end of the fiscal year, and no unexpended balances are carried to the subsequent year.

Leave Policies – Annual leave is accrued on a monthly basis from the effective date of an employee's appointment. Annual leave may be accrued up to a maximum of 160 hours for less than five years of employment, 192 hours for five to ten years of employment, and 200 hours for more than ten years employment. At the end of each month, accrued hours for each employee in excess of the maximum are transferred to sick leave. On termination of employment, the district pays an accrued vacation leave in a lump cash payment to such employee. All accrued compensated absences are

shown on the balance sheet as long-term liabilities since a reasonable estimation of the current portion cannot be made.

Sick leave is accumulated on a monthly basis from the effective date of an employee's appointment. Employees may accrue an unlimited number of hours. On termination of employment of any employee, for any reason except retirement, all sick leave is forfeited. On retirement of an employee, accrued sick leave is credited toward extending the computation of longevity. Accrued sick leave is not included as a liability in the balance sheet.

Encumbrances – Encumbrance accounting, under which purchase orders, contracts, and other commitments for the expenditure of monies are recorded in order to reserve that portion of the applicable appropriation, is not employed by the district.

Capital Assets and Depreciation – Capital assets are recorded at cost. Capital expenditures of \$5,000 or more and certain sensitive equipment, such as computer equipment, are capitalized for future depreciation. General equipment costing less than \$5,000 is an expense of the period when placed in service. Computer software is not considered capital equipment. Depreciation and accumulated depreciation are recorded on capitalized equipment. Assets are depreciated using the straight-line basis, and a five to 15 year expected useful life.

Occupancy – An interlocal agreement has been signed by Montgomery County, City of Clarksville, and E-911 Emergency Communications District whereby the City of Clarksville has furnished the land and a newly constructed building to house the operations of E-911. The city owns the property and has issued bond indebtedness for construction of the building. E-911 reimburses the city for each bond and interest payment, and the city promises to transfer title to the property to the district at a date no later than retirement of the indebtedness. The payments by the district to the city are reported as occupancy expense each year when paid. The district occupied the building on November 4, 2003. Prior to occupancy, the district paid a bond and interest payment for the year ended June 30, 2003. This payment of \$346,787 is reported as prepaid rent to be amortized over the 20-year term.

Cash and Cash Equivalents – Cash and cash equivalents as shown in the Statement of Cash Flows include all cash in bank accounts and on hand that is allocated for use by the district.

Election in Accordance with GASB 20 – The district has elected to follow only GASB guidance issued after November 30, 1989, and not to follow any FASB guidance issued after that date.

Use of Estimates – The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

Cash Funds – Cash funds of the district are combined with other county funds and managed by the county trustee. Interest earned on these combined cash funds is allocated as directed by the County Commissioners. Interest income of \$7,650 was allocated to the district during the current year.

Other Significant Accounting Principles – Other significant accounting principles are described throughout the notes section of this audit report or disclosed in the statement format.

B. Cash Deposits

Cash deposits are carried at cost, which approximates market value. The carrying amount of deposits is separately displayed on the balance sheet at \$535,601. At June 30, 2005, the deposits of the district were held by the Montgomery County Trustee in a combined fund with other Montgomery County deposits. The deposits of Montgomery County Trustee, that exceed Federal Deposit Insurance Corporation insurance limits, are further insured by securities set aside as collateral and pledged to the state treasurer of the State of Tennessee. This pledging is accomplished as prescribed by Tennessee State Code, Public Funds Collateral Pool Board.

C. Accounts Receivable

Accounts receivable consists primarily of amounts due for monthly service charges collected for the district:

Service Charges:	
Bell South	\$ 82,330
Other Service Providers	24,673
State Wireless Charges	<u>78,291</u>
Total Service Charges	\$ 185,294
Interest and Miscellaneous	<u>901</u>
 Total	 <u><u>\$ 186,195</u></u>

D. Change in Property and Equipment

	Balance 7-1-04	Additions	Balance 6-30-05
Capital Assets Depreciated:			
Furniture and Fixtures	\$ 65,100	\$ 0	\$ 65,100
Communication Equipment	522,015	0	522,015
Total Capital Assets Depreciated	\$ 587,115	\$ 0	\$ 587,115
Less: Accumulated Depreciation For:			
Furniture and Fixtures	17,902	3,906	21,808
Communication Equipment	211,457	54,390	265,847
Total Accumulated Depreciation	\$ 229,359	\$ 58,296	\$ 287,655
Total Capital Assets Depreciated, Net	\$ 357,756	\$ (58,296)	\$ 299,460

Equipment costing \$404,325 is subject to capital leases totaling \$46,753 at June 30, 2005.

The City of Clarksville has constructed a building to be used by, and eventually transferred to, the district. The district is responsible for payment of debt service to the city. The district has reported \$410,969 for use of the building for the year ended June 30, 2005.

E. Service Arrangement Contract

On March 11, 1988, the district negotiated a service agreement with South Central Bell for the installation and service of an Enhanced 911 Emergency Service System. South Central Bell furnishes equipment and service sufficient to operate the system for an initial installation fee and a monthly fee based upon the number of telephone stations and access lines served by the system. At June 30, 2005, the monthly fee was \$8,290.

F. Retirement Commitments

Plan Description – Employees of the district 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 the district 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, Tennessee 37243-0230 or can be accessed at www.treasury.state.tn.us. Copies of footnotes in PDF form can be accessed at <http://www.treasury.state.tn.us/tcrs/PS/>.

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

The district is required to contribute at an actuarially determined rate; the rate for the fiscal year ended June 30, 2005, was 10.2 percent of annual covered payroll. The contribution requirements of plan members are set by state statute. The contribution requirement for the district is established and may be amended by the TCRS Board of Trustees.

Annual Pension Cost – For the year ended June 30, 2005, the district's annual pension cost of \$94,019 to TCRS was equal to the district's required and actual contributions. The required contribution was determined as part of the July 1, 2003, 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 three 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 district's unfunded actuarial accrued liability is being amortized as a level dollar amount on a closed basis. The remaining amortization period at July 1, 2003, was eighteen years.

Trend Information

Fiscal Year Ended	Annual Pension Cost (APC)	Percentage of APC Contributed	Net Pension Obligation
6-30-05	\$ 94,019	100%	\$ 0
6-30-04	94,755	100	0
6-30-03	87,489	100	0

G. Contingencies

There are no material contingencies that should be disclosed in these financial statements.

H. Related Party Transactions

There were no related party transactions that should be disclosed in these financial statements.

I. Subsequent Events

There were no material subsequent events that should be disclosed in these financial statements.

J. Risk Management

The district 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 district 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. Insurance for the district is included in the policies written for Montgomery County and the City of Clarksville.

K. Long-term Debt

District debt consist of capital leases for equipment as follows:

	Debt Balance <u>6-30-05</u>
Equipment and fees totaling \$269,842 on 6-12-01 with five-year lease payable at \$5,173 per month	<u>\$ 46,753</u>

Schedule of debt payments:

Year Ended	Principal	Interest	Total
6-30-06	\$ 46,753	\$ 1,139	\$ 47,892

L. Required Supplementary Information (RSI)

Information required to be included in the RSI section has been omitted from this report. This omission includes the Management Discussion and Analysis, a required part of RSI.

M. Prepaid Expenses

Prepaid expenses at June 30, 2005, consisted of the following:

	Current	Non-Current	Total
Pre-Occupancy building costs of \$346,787 being amortized over 20 years	\$ 17,339	\$ 294,770	\$ 312,109

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

A. Summary of Significant Accounting Policies

The financial statements of the Bi-County Solid Waste Management System (Bi-County) have been prepared in conformity with generally accepted accounting principles (GAAP) as applied to government units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The more significant accounting policies for Bi-County are described as follows:

1. The Financial Reporting Entity

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

2. Government-wide Financial Statements

The government-wide financial statements include statements of net assets and a statement of activities. These statements present summaries of governmental and business-type activities for Bi-County.

These statements are presented on an economic resources measurement focus and the accrual basis of accounting. Accordingly, all of Bi-County's assets and liabilities, including capital assets, infrastructure assets, and long-term liabilities are included in the accompanying statement of net assets.

The government-wide statement of activities presents a comparison between direct expenses and program revenues for each function or program of Bi-County's activities. Direct expenses are those that are specifically associated with a particular function. Program revenues include charges paid by the recipient of the goods or services offered by the program and grants and contributions that have been obtained to meet the operational or capital requirements of a particular program. Revenues that are not classified as program revenues are presented as general revenues. The comparison of direct expenses with program revenues identifies the extent to which each function of Bi-County is self-financed or draws from general revenues.

3. Basis of Accounting

Basis of accounting refers to when revenues 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 proprietary fund utilizes the accrual basis of accounting. Its revenues are recognized when earned, and its expenses are recognized when incurred.

Bi-County 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.

4. Budgetary Control

Bi-County, as a component unit of Montgomery County, is required by state statute to adopt an annual budget. Expenditures may not legally exceed appropriations authorized by the County Commission,

and any authorized revisions. Appropriations lapse at the end of each year.

The budgetary level of control is at the major category level. Management may make revisions within major categories except for certain line items such as salaries, but only the governing body may transfer appropriations between major categories.

Bi-County's budgetary basis of accounting is consistent with generally accepted accounting principles.

5. Inventories

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

6. 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 property, plant, and equipment are valued at their estimated fair value on the date donated. Bi-County does not have a material amount of donated assets. Property items with cost or value of less than \$5,000 are recorded as a current year expense, and therefore, are not included on the balance sheet, except that all real property is recorded as a capital asset. No interest costs were capitalized for the year ended June 30, 2005.

Depreciation is provided in amounts sufficient to relate the cost of the depreciable assets to operations over their estimated service lives on the straight-line basis. The service lives by type of asset are as follows:

<u>Assets</u>	<u>Years</u>
Building and Improvements	15-30 years
Equipment and Vehicles	5-10 years
Cell Construction	5 years

7. Compensated Absences

Bi-County's policy is to permit employees to accumulate a limited amount of earned but unused vacation benefits as well as unused compensatory time, which will be paid to employees upon separation from service. Compensatory time is to be paid within 45 days of being accrued. 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.

8. Interfund Transactions

All interfund transactions are accounted for as transfers. Nonrecurring or nonroutine transfers of equity are considered residual equity transfers, and all other transfers are treated as operating transfers.

9. Cash and Cash Equivalents

Cash and cash equivalents include cash on hand and on deposit with the Montgomery County Trustee.

10. Management Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

11. Concentration of Credit Risk

Financial instruments that potentially subject Bi-County to concentrations of credit risk consist principally of cash deposits. The Montgomery County Trustee generally limits Bi-County's exposure to this credit risk by maintaining cash deposits only in financial institutions covered by FDIC insurance and/or members of the state collateral pool.

12. Classification of Proprietary Fund Revenue

Operating revenues and expenses generally result from providing services in connection with the principal ongoing operations of the fund. The principal operating revenues for the proprietary fund are charges for services and user fees. Operating expenses are the costs of providing services and include administrative expenses and depreciation. Other revenues and expenses are classified as non-operating in the financial statements.

13. Other Significant Accounting Principles

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

B. Deposits and Investments

1. Deposits

Cash deposits are carried at cost which approximates market value. The carrying amount of deposits is \$10,675,586. At June 30, 2005, the deposits of Bi-County totaled \$10,743,389 and were held by the Montgomery County Trustee in a combined fund with other Montgomery County deposits. The deposits of the Montgomery County Trustee, that exceed FDIC insurance limits, are further insured by securities set aside as collateral and pledged to the state treasurer of the State of Tennessee. This pledging is accomplished as prescribed by Tennessee State Code, Public Funds Collateral Pool Board. These securities are held at the Federal Reserve Branch in Nashville, Tennessee for the State of Tennessee.

Interest income of \$159,666 earned by these deposits has been recorded or disclosed in these financial statements. Interest earned by the combined county funds is allocated by direction of the County Commission.

2. Investments

Bi-County 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. These investments may not have maturity greater than two years. Bi-County may make investments with longer maturities if it follows various restrictions set out in state law. Bi-County is also authorized to make investments in the State Pooled Investment Fund and in repurchase agreements.

C. Retirement Commitments

Plan Description – Certain employees of Bi-County (as 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 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 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 www.treasury.state.tn.us. Copies of footnotes in PDF format can be accessed at www.treasury.state.tn.us/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. Montgomery County is required to contribute at an actuarially determined rate; the rate for the fiscal year ended June 30, 2005, was 13.14 percent of annual covered payroll. The contribution requirements of plan members are set by state statute. Contribution requirements for Montgomery County are established and may be amended by the TCRS Board of Trustees.

Annual Pension Cost and Actuarial Information – Pension costs and actuarial information for Bi-County Solid Waste Management System cannot be separately stated. Bi-County is a component unit of Montgomery County, and aggregated pension information is reported for all Montgomery County employees in the June 30, 2005, Montgomery County Annual Financial Report.

D. Landfill Closure and Postclosure Care Cost

State and federal laws and regulations require Bi-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, Bi-County 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 \$6,416,000 reported as landfill closure and postclosure care liability at June 30, 2005, represents the cumulative amount reported to date. The landfill will recognize an additional estimated cost of closure and postclosure care of \$2,063,000 as the remaining estimated capacity is filled.

These amounts are based on what it would cost to perform all closure and postclosure care in 2005. Bi-County expects to close the landfill in the year 2010. Actual cost may be higher due to inflation, changes in technology, or changes in regulation. Also, expansion of the landfill property could change these estimates.

Montgomery and Stewart Counties have executed a “Contract in-Lieu-of Performance Bond” for \$8,759,160 to provide financial assurance to the State of Tennessee for estimated operation, closure, and postclosure care costs.

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

Accrued liability at July 1, 2004	\$ 5,900,478
Current year accrual	<u>515,522</u>
Accrued liability at June 30, 2005	<u>\$ 6,416,000</u>

These calculations are based upon a closure/postclosure study conducted in June 2000, but estimated costs have been updated for inflation at May 6, 2005, by the State of Tennessee, Department of Environment and Conservation.

E. Accounts Receivable

Accounts receivable at June 30, 2005, consist of the following categories of receivables:

	Special Revenue Fund	Enterprise Fund	Total
Pass-through Grants Receivable	\$ 0	\$ 14,712	\$ 14,712
Customers Receivables	0	251,213	251,213
User Fees Receivables	0	75,958	75,958
Other	250	27,684	27,934
Total Accounts Receivable	<u>\$ 250</u>	<u>\$ 369,567</u>	<u>\$ 369,817</u>

Loans Receivable – consist of an advance from Bi-County of \$6,500 which is pooled with other Montgomery County funds to establish the account for workers’ compensation self-insurance.

The paying agent, Brentwood Services, holds this money on behalf of Bi-County at AmSouth Bank, and Montgomery County maintains records to account for the Bi-County portion.

F. Schedule of Changes in Property, Plant, and Equipment

	Balance 7-1-04	Additions	Transfers or Retirements	Balance 6-30-05
<u>Enterprise Assets-Landfill</u>				
Capital Assets Not Depreciated:				
Land-Held for Expansion	\$ 616,156	\$ 0	\$ 0	\$ 616,156
Land	20,849	0	0	20,849
Total Capital Assets Not Depreciated	\$ 637,005	\$ 0	\$ 0	\$ 637,005
Capital Assets Depreciated:				
Buildings and Improvements	\$ 1,878,724	\$ 36,308	\$ 5,545	\$ 1,909,487
Machinery and Equipment	4,861,056	831,801	307,804	5,385,053
Other Property	845,863	0	0	845,863
Total Capital Assets Depreciated	\$ 7,585,643	\$ 868,109	\$ 313,349	\$ 8,140,403
Less Accumulated Depreciation For:				
Buildings and Improvements	\$ 364,254	\$ 75,306	\$ 886	\$ 438,674
Machinery and Equipment	2,826,281	345,940	252,907	2,919,314
Other Property	657,877	83,785	0	741,662
Total Accumulated Depreciation	\$ 3,848,412	\$ 505,031	\$ 253,793	\$ 4,099,650
Total Capital Assets Depreciated, Net	\$ 3,737,231	\$ 363,078	\$ 59,556	\$ 4,040,753
Total Enterprise Assets, Net	\$ 4,374,236	\$ 363,078	\$ 59,556	\$ 4,677,758
<u>Governmental Assets</u>				
Capital Assets Not Depreciated:				
Land	\$ 17,987	\$ 0	\$ 0	\$ 17,987
Capital Assets Depreciated:				
Buildings and Improvements	\$ 52,094	\$ 0	\$ 0	\$ 52,094
Machinery and Equipment	1,462,379	143,666	0	1,606,045
Total Capital Assets Depreciated	\$ 1,514,473	\$ 143,666	\$ 0	\$ 1,658,139
Less Accumulated Depreciation For:				
Buildings and Improvements	\$ 12,114	\$ 6,857	\$ 0	\$ 18,971
Machinery and Equipment	915,825	90,939	0	1,006,764
Total Accumulated Depreciation	\$ 927,939	\$ 97,796	\$ 0	\$ 1,025,735
Total Capital Assets Depreciated, Net	\$ 586,534	\$ 45,870	\$ 0	\$ 632,404
Total Governmental Assets, Net	\$ 604,521	\$ 45,870	\$ 0	\$ 650,391

Equipment costing \$136,844 is encumbered by a capital lease obligation of \$39,677.

G. Contingent Liabilities

There were no material contingent liabilities that should be disclosed in these audited financial statements.

H. Sources of Revenue

Bi-County receives a substantial amount of its charges for services (tipping fees) from Cheatham County and three haulers: Clarksville Disposal, Mark Dunning Industries, and Dependable Disposal. Bi-County also collects a user fee from each household in Montgomery and Stewart Counties. A major reduction in revenue from any of the above sources, should this occur, may have a significant effect on the future operations of Bi-County.

I. Related Parties

There were no material related party transactions that should be disclosed in these audited financial statements.

J. Subsequent Events

There were no significant subsequent events that should be disclosed in these audited financial statements.

K. Risk Management

Bi-County 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. Bi-County 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.

Bi-County Solid Waste Management 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.

L. Operating Leases

Bi-County has convenience centers in 17 locations in Montgomery and Stewart Counties. These convenience centers are located on leased property. The \$26,100 lease payments for this year are included in the contracted services category on the statement of revenue and expenditures.

None of these are considered to be capital leases, and a schedule of future required minimum rental payments is not presented. None of these leases are noncancelable and each can be renewed or canceled by either party.

M. Governmental Long-term Debt

On November 1, 2001, Bi-County entered into a capital lease agreement for equipment costing \$136,844. The five-year lease bears interest at 4.69 percent. Projected liability for the debt is as follows:

<u>Year Ending</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
6-30-07	\$ 29,524	\$ 1,231	\$ 30,755
6-30-08	10,153	100	10,253
Total	<u>\$ 39,677</u>	<u>\$ 1,331</u>	<u>\$ 41,008</u>

N. Changes in Long-term Debt

	<u>Balance</u>		<u>Balance</u>
	<u>7-1-04</u>	<u>Payments</u>	<u>6-30-05</u>
Capital Lease	\$ 67,852	\$ 28,175	\$ 39,677

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 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 county is responsible for appointing the majority of the board of directors and provides its primary funding support.

The board applies all Governmental Accounting Standards Board (GASB) pronouncements as well as the Financial Accounting Standards Board pronouncements issued on or before November 30, 1989, unless those pronouncements or opinions conflict with or contradict GASB pronouncements. The board is treated as a

discrete component unit of Montgomery County since Montgomery County may unilaterally control the operations of the board. 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 organized the Clarksville-Montgomery County Economic Development Council (EDC) to develop, coordinate, and implement a comprehensive marketing plan relating to economic development in Montgomery County and to advance the general welfare and economic prosperity of Clarksville-Montgomery County and the surrounding area.

The board is responsible for 45 percent of the EDC director's salary, payroll taxes, benefits, and certain other operating costs and expenses related to general administration of the EDC. The Chamber and Tourism are responsible for 38 percent and 17 percent, respectively, for expenses related to the EDC director and general administration expenses. All other expenses of the EDC are shared based on usage allocations.

The EDC issues a publicly available financial report. That report may be obtained by writing to Clarksville-Montgomery County Economic Development Council, 312 Madison Street, Clarksville, TN 37040.

2. Basis of Presentation

In preparing the statement of net assets and statement of activities, the board uses the accrual basis of accounting. The economic resource focus concerns determining costs as a means of maintaining the capital investment and management control. Allocations of costs, such as depreciation, are recorded. All assets and liabilities (whether current or noncurrent) associated with the board's activities are reported.

3. Funding

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

4. 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 be material to the financial statements.

5. Concentrations of Credit Risk/Custodial Credit Risk

Financial instruments that potentially subject the board to significant concentrations of credit risk consist principally of cash and accounts receivable. The board places its cash with federally insured financial institutions and limits the amount of credit exposure to any one institution by requiring collateral.

At June 30, 2005, cash in banks reported in the financial statements at \$670,016 were represented by bank balances of \$838,578, all of which were insured by the FDIC or the State of Tennessee Collateral Pool.

6. Capital Assets

All capital assets are valued at historical cost or estimated historical cost if actual historical cost is not available. Donated capital assets are valued at their estimated fair value on the date donated. The board does not have a material amount of donated assets. Depreciation is provided in amounts sufficient to relate the cost of the depreciable assets to operations over their estimated service lives on the straight-line basis.

7. 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.

8. Accrued Compensated Absences

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

9. Uncollectible Accounts

Bad debts are charged to expense using the direct-write-off method, which is not materially different from the allowance-for-bad-debt method.

B. 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, 2005. The following is a summary of the board's certificates of deposit at June 30, 2005, 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	<u>\$ 495,174</u>	<u>\$ 495,174</u>

C. Capital Assets

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

<u>Property and Equipment</u>	<u>Balance 7-1-04</u>	<u>Additions</u>	<u>Balance 6-30-05</u>
Equipment	\$ 40,123	\$ 4,703	\$ 44,826
Vehicles	<u>28,282</u>	<u>0</u>	<u>28,282</u>
	<u>\$ 68,405</u>	<u>\$ 4,703</u>	<u>\$ 73,108</u>
Accumulated Depreciation	<u>\$ 37,594</u>	<u>\$ 7,584</u>	<u>\$ 45,178</u>

D. Land Purchase Options and Preacquisition Costs

The board had a land purchase option outstanding at June 30, 2005, for one property. The \$100,000 recorded in the financial statements for this option will be applied against the purchase price of the property when the option is exercised. The tract of land is approximately 98 acres and the option price is \$20,000 per acre. The term of the option is for seven years. The sellers will retain the \$100,000 if the option is not exercised. The board incurred preacquisition costs related to the option of \$11,674.

E. Property Held for Sale or Lease

			<u>At Cost</u>
Land-Park Expansion	814.133	acres available	\$ 10,862,770
Goodpasture Property	46.014	"	273,251
Bell Property	116.5	"	428,735
Hamill Property	7.75	"	44,602
Darnell Property	92.2	"	110,602
Hayes Property	55.29	"	478,093
Homemax Property	5	"	<u>35,035</u>
Total			<u>\$ 12,233,088</u>

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

F. Land Sales Options

The board had two land sales options from prospective buyers outstanding at June 30, 2005. The first option, granted in fiscal year 2002, allows the holder to purchase one acre of land for \$50,000. The option was given for \$1,000 consideration. The second option allows the holder to purchase a 20-acre tract of land for \$16,000 per acre. The option was given for \$6,500 consideration.

G. Long-term Debt

Long-term debt includes one note payable bearing interest at a fixed rate of 5.5 percent secured by approximately 55.29 acres of land. Principal and interest are payable in quarterly installments, maturing March 25, 2013.

Changes in long-term debt and other noncurrent liabilities (including current portions) for the year ended June 30, 2005, were as follows:

	<u>Notes Payable</u>	<u>Contributions Payable</u>
Balance, July 1, 2004	\$ 287,495	\$ 14,912
Deductions	(26,326)	(12)
Balance, June 30, 2005	<u>\$ 261,169</u>	<u>\$ 14,900</u>
Estimated amount due within one year	<u>\$ 27,805</u>	<u>\$ 5,000</u>

Future payments on notes payable are as follows:

Year Ending June 30	Total Principal	Total Interest
2006	\$ 27,805	\$ 13,789
2007	29,366	12,228
2008	31,015	10,579
2009	32,756	8,838
2010	34,595	6,999
2011-2013	<u>105,632</u>	<u>8,900</u>
Total	<u>\$ 261,169</u>	<u>\$ 61,333</u>

H. Retirement Plan

EDC maintains a 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 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.

The expense to the board for the year ended June 30, 2005, was \$10,322. Employee contributions to the plan were \$15,999.

I. Operating Leases

The board has entered into various operating leases. Lease expense payments were \$2,089 for the year ended June 30, 2005.

J. 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 principle balance outstanding as of June 30, 2005, totaled \$319,434,716.

K. Related Party Transactions

The board's total payments to EDC for expenses and group purchases were \$237,842 for the year ended June 30, 2005.

In addition to the transactions with the EDC, the board paid \$12,480 for office rent to the Chamber of Commerce for the year ended June 30, 2005, and had transactions with other member agencies of EDC for group purchases.

L. Commitment 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. The city's investment 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, 2005, there were no commitments or contracts for the sale of property. No amount is accrued for this commitment in these financial statements because the amount to be paid to the city or county, if any, is not currently determinable.

At June 30, 2005, the board had accrued a liability of \$355,000 in accordance with the terms of a real estate sales contract for property sold during the year ended June 30, 2004. Per the terms of the contract, certain actions are to be completed by the board, and in the event these items are not completed, the board will be required to pay damages to the buyer not exceeding \$355,000. The board's management believes that all required actions will be completed and expects the \$355,000 to be disbursed to the board, the city, and the county in accordance with the interlocal agreement.

At June 30, 2005, the board had also accrued a liability of \$231,000 in connection with an agreement with a property owner to install a rail spur connection.

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.

M. Prior Period Adjustment

Payroll liabilities were reduced (\$7,313) from the prior period.

**REQUIRED SUPPLEMENTARY
INFORMATION**

Exhibit G

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, 2005

	Actual (GAAP Basis)	Less: Encumbrances 7/1/2004	Add: Encumbrances 6/30/2005	Actual Revenues/ Expenditures (Budgetary Basis)	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
					Original	Final	
<u>Revenues</u>							
Local Taxes	\$ 22,305,745	\$ 0	\$ 0	\$ 22,305,745	\$ 22,982,169	\$ 21,975,187	\$ 330,558
Licenses and Permits	669,958	0	0	669,958	626,378	629,378	40,580
Fines, Forfeitures, and Penalties	1,093,959	0	0	1,093,959	1,013,200	1,013,200	80,759
Charges for Current Services	3,633,137	0	0	3,633,137	2,956,925	2,959,295	673,842
Other Local Revenues	2,760,063	0	0	2,760,063	2,133,636	2,319,831	440,232
Fees Received from County Officials	6,560,759	0	0	6,560,759	6,037,000	6,041,350	519,409
State of Tennessee	3,802,798	0	0	3,802,798	5,189,894	4,388,350	(585,552)
Federal Government	1,058,604	0	0	1,058,604	41,959	3,106,794	(2,048,190)
Other Governments and Citizens Groups	110,669	0	0	110,669	98,566	98,566	12,103
Total Revenues	\$ 41,995,692	\$ 0	\$ 0	\$ 41,995,692	\$ 41,079,727	\$ 42,531,951	\$ (536,259)
<u>Expenditures</u>							
<u>General Government</u>							
County Commission	\$ 127,831	\$ 0	\$ 29,868	\$ 157,699	\$ 142,322	\$ 172,072	\$ 14,373
Board of Equalization	1,180	0	0	1,180	3,415	3,365	2,185
Beer Board	1,000	0	0	1,000	1,000	0	(1,000)
Other Boards and Committees	2,650	0	0	2,650	1,800	3,300	650
County Mayor	243,121	(492)	0	242,629	252,221	252,221	9,592
Personnel Office	98,861	(1,694)	0	97,167	119,789	119,789	22,622
County Attorney	25,210	0	0	25,210	24,000	24,000	(1,210)
Election Commission	311,045	(2,265)	1,465	310,245	360,545	360,545	50,300
Register of Deeds	314,728	(3,263)	308	311,773	295,336	317,336	5,563
Planning	217,127	0	0	217,127	217,127	217,127	0
Building	61,628	0	2,224	63,852	63,526	63,526	(326)
Codes Compliance	289,354	(256)	417	289,515	287,561	290,560	1,045
Geographical Information Systems	90,250	0	0	90,250	90,250	90,250	0
County Buildings	773,227	(91)	9,668	782,804	859,202	851,078	68,274

(Continued)

Exhibit G

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 7/1/2004	Add: Encumbrances 6/30/2005	Actual Revenues/ Expenditures (Budgetary Basis)	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
					Original	Final	
<u>Expenditures (Cont.)</u>							
<u>General Government (Cont.)</u>							
Other Facilities	\$ 859,802	\$ (40,098)	\$ 11,847	\$ 831,551	\$ 929,057	\$ 929,058	\$ 97,507
Other General Administration	350,234	0	0	350,234	355,834	355,834	5,600
Preservation of Records	73,718	(1,001)	1,550	74,267	80,051	80,051	5,784
<u>Finance</u>							
Accounting and Budgeting	285,638	(1,479)	697	284,856	317,366	317,365	32,509
Purchasing	150,809	(2,631)	772	148,950	152,261	153,261	4,311
Property Assessor's Office	478,339	(2,900)	0	475,439	521,383	521,382	45,943
Reappraisal Program	92,640	0	0	92,640	103,938	103,939	11,299
County Trustee's Office	280,728	(1,241)	811	280,298	287,337	287,336	7,038
County Clerk's Office	844,307	(2,453)	3,089	844,943	864,547	864,548	19,605
Data Processing	811,633	(15,315)	15,811	812,129	801,368	801,367	(10,762)
Other Finance	70,815	0	0	70,815	90,019	90,019	19,204
<u>Administration of Justice</u>							
Circuit Court	1,008,877	(22,207)	5,908	992,578	1,071,215	1,092,763	100,185
General Sessions Court	1,167,896	(33,750)	1,280	1,135,426	1,180,313	1,180,312	44,886
Chancery Court	280,091	(4,293)	2,521	278,319	301,249	301,248	22,929
District Attorney General	52,099	(14,502)	0	37,597	55,450	55,450	17,853
Judicial Commissioners	136,920	0	0	136,920	131,117	138,017	1,097
Other Administration of Justice	551,987	0	30	552,017	689,604	689,604	137,587
Probation Services	388,842	(115)	6,587	395,314	458,565	437,017	41,703
<u>Public Safety</u>							
Sheriff's Department	3,724,603	(70,068)	19,756	3,674,291	3,757,100	3,848,994	174,703
Special Patrols	1,238,082	0	208	1,238,290	1,193,293	1,311,352	73,062
Traffic Control	3,958	0	0	3,958	5,000	5,000	1,042
Administration of the Sexual Offender Registry	1,568	0	0	1,568	0	2,370	802
Jail	6,632,171	(4,818)	9,058	6,636,411	6,294,675	6,629,064	(7,347)

(Continued)

Exhibit G

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 7/1/2004	Add: Encumbrances 6/30/2005	Actual Revenues/ Expenditures (Budgetary Basis)	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
					Original	Final	
<u>Expenditures (Cont.)</u>							
<u>Public Safety (Cont.)</u>							
Workhouse	\$ 925,378	\$ (208)	\$ 0	\$ 925,170	\$ 985,618	\$ 985,619	\$ 60,449
Correctional Incentive Program Improvements	328,640	(60)	0	328,580	335,872	356,057	27,477
Juvenile Services	187,634	0	320	187,954	223,596	223,597	35,643
Fire Prevention and Control	66,537	(1,004)	229	65,762	87,244	89,744	23,982
Civil Defense	127,391	0	0	127,391	131,689	131,689	4,298
Other Emergency Management	952,211	(204,234)	808,443	1,556,420	506,119	2,657,196	1,100,776
County Coroner/Medical Examiner	99,101	0	0	99,101	90,000	90,000	(9,101)
Public Safety Grant Programs	41,308	0	0	41,308	122,203	122,203	80,895
<u>Public Health and Welfare</u>							
Local Health Center	230,201	(690)	0	229,511	200,639	218,889	(10,622)
Rabies and Animal Control	214,818	(144)	0	214,674	223,450	223,449	8,775
Ambulance/Emergency Medical Services	3,854,469	(4,900)	16,159	3,865,728	4,003,281	4,003,280	137,552
Other Local Health Services	1,186,771	(49)	35,108	1,221,830	1,446,642	1,446,643	224,813
Regional Mental Health Center	10,000	0	0	10,000	10,000	10,000	0
Appropriation to State	113,829	0	0	113,829	113,829	113,829	0
Other Local Welfare Services	47,666	(7,500)	0	40,166	71,925	50,975	10,809
Other Public Health and Welfare	11,875	0	11,875	23,750	0	23,750	0
<u>Social, Cultural, and Recreational Services</u>							
Libraries	1,440,000	0	0	1,440,000	1,440,000	1,440,000	0
Parks and Fair Boards	50,680	(772)	565	50,473	51,856	51,856	1,383
Other Social, Cultural, and Recreational	5,242	0	0	5,242	5,200	5,200	(42)
<u>Agriculture & Natural Resources</u>							
Agriculture Extension Service	253,202	0	0	253,202	293,451	293,451	40,249
Forest Service	2,000	0	0	2,000	2,000	2,000	0
Soil Conservation	33,803	0	0	33,803	33,804	33,804	1

(Continued)

Exhibit G

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 7/1/2004	Add: Encumbrances 6/30/2005	Actual Revenues/ Expenditures (Budgetary Basis)	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
					Original	Final	
<u>Expenditures (Cont.)</u>							
<u>Other Operations</u>							
Tourism	\$ 903,780	\$ 0	\$ 0	\$ 903,780	\$ 690,000	\$ 815,000	\$ (88,780)
Industrial Development	440,400	0	0	440,400	425,400	440,400	0
Veterans' Services	223,007	(4,430)	0	218,577	232,312	237,612	19,035
Other Charges	1,377,850	(3,750)	0	1,374,100	1,454,100	1,504,100	130,000
Contributions to Other Agencies	52,023	0	0	52,023	66,044	66,259	14,236
Employee Benefits	6,021,515	0	0	6,021,515	6,445,800	6,511,641	490,126
Miscellaneous	6,586	0	0	6,586	20,000	20,000	13,414
<u>Highways</u>							
Litter and Trash Collection	108,039	0	0	108,039	120,746	120,746	12,707
Total Expenditures	\$ 41,358,925	\$ (452,673)	\$ 996,574	\$ 41,902,826	\$ 42,191,656	\$ 45,249,509	\$ 3,346,683
Excess (Deficiency) of Revenues Over Expenditures	\$ 636,767	\$ 452,673	\$ (996,574)	\$ 92,866	\$ (1,111,929)	\$ (2,717,558)	\$ 2,810,424
<u>Other Financing Sources (Uses)</u>							
Transfers In	\$ 0	\$ 0	\$ 0	\$ 0	\$ 102,157	\$ 139,048	\$ (139,048)
Transfers Out	(19,071)	0	0	(19,071)	0	0	(19,071)
Total Other Financing Sources (Uses)	\$ (19,071)	\$ 0	\$ 0	\$ (19,071)	\$ 102,157	\$ 139,048	\$ (158,119)
Net Change in Fund Balance	\$ 617,696	\$ 452,673	\$ (996,574)	\$ 73,795	\$ (1,009,772)	\$ (2,578,510)	\$ 2,652,305
Fund Balance, July 1, 2004	7,318,465	(452,673)	0	6,865,792	6,073,555	6,073,555	792,237
Fund Balance, June 30, 2005	\$ 7,936,161	\$ 0	\$ (996,574)	\$ 6,939,587	\$ 5,063,783	\$ 3,495,045	\$ 3,444,542

MONTGOMERY COUNTY, TENNESSEE
NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION
For the Year Ended June 30, 2005

A. 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 State 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, County Mayor, County Attorney, 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 generally accepted accounting principles (GAAP), except instances in which encumbrances are treated as budgeted expenditures. The difference between the budgetary basis and the GAAP basis is presented on the face of each budgetary statement.

B. EXPENDITURES EXCEEDED APPROPRIATIONS

Expenditures exceeded appropriations approved by the County Commission in the following major categories:

<u>Fund/Category</u>	<u>Amount</u>
General:	
Beer Board	\$ 1,000
County Attorney	1,210
Building	326
Data Processing	10,762
Jail	7,347
County Coroner/Medical Examiner	9,101
Local Health Center	10,622
Other Social, Cultural, and Recreational	42
Tourism	88,780
Transfers Out	19,071

Such overexpenditures are a violation of state statute. These overexpenditures were funded from available fund balance.

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

Nonmajor Governmental Funds

Special Revenue Funds

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

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 Highway Department.

Capital Projects Funds

Capital Projects Funds are used to account for financial resources to be used for the acquisition or construction of major capital facilities.

Community Development/Industrial Park Fund – The Community Development/Industrial Park Fund is used to account for industrial park projects.

Other Capital Projects Fund #2 – The Other Capital Projects Fund #2 is used to account for bond issues that will be transferred to other funds as capital projects progress.

Other Capital Projects Fund #1 – The Other Capital Projects Fund #1 is used to account for bond issues that will be transferred to other funds as capital projects progress.

Exhibit H-1

Montgomery County, Tennessee
 Combining Balance Sheet
 Nonmajor Governmental Funds
 June 30, 2005

	Special Revenue Funds				Capital Projects Funds			Total Nonmajor Governmental Funds
	Drug Control	Constitu- tional Officers - Fees	Highway/ Public Works	Total	Other Capital Projects #2	Other Capital Projects #1	Total	
ASSETS								
Cash	\$ 0	\$ 132,998	\$ 7,550	\$ 140,548	\$ 0	\$ 0	\$ 0	\$ 140,548
Equity in Pooled Cash and Investments	68,743	0	1,464,683	1,533,426	3,134,031	534,598	3,668,629	5,202,055
Accounts Receivable	0	3,142	3,379	6,521	9,599	0	9,599	16,120
Due from Other Governments	0	0	667,071	667,071	0	0	0	667,071
Due from Other Funds	0	0	2,748	2,748	0	0	0	2,748
Property Taxes Receivable	0	0	2,856,269	2,856,269	0	0	0	2,856,269
Allowance for Uncollectible Property Taxes	0	0	(59,988)	(59,988)	0	0	0	(59,988)
Total Assets	\$ 68,743	\$ 136,140	\$ 4,941,712	\$ 5,146,595	\$ 3,143,630	\$ 534,598	\$ 3,678,228	\$ 8,824,823
LIABILITIES AND FUND BALANCES								
Liabilities								
Accounts Payable	\$ 2,522	\$ 0	\$ 229,103	\$ 231,625	\$ 0	\$ 0	\$ 0	\$ 231,625
Payroll Deductions Payable	0	0	27,119	27,119	0	0	0	27,119
Due to Other Funds	0	136,140	480	136,620	0	0	0	136,620
Deferred Revenue - Current Property Taxes	0	0	2,730,000	2,730,000	0	0	0	2,730,000
Deferred Revenue - Delinquent Property Taxes	0	0	58,262	58,262	0	0	0	58,262
Other Deferred Revenues	0	0	355,251	355,251	0	0	0	355,251
Total Liabilities	\$ 2,522	\$ 136,140	\$ 3,400,215	\$ 3,538,877	\$ 0	\$ 0	\$ 0	\$ 3,538,877
Fund Balances								
Reserved for Encumbrances	\$ 357	\$ 0	\$ 112,482	\$ 112,839	\$ 0	\$ 0	\$ 0	\$ 112,839
Unreserved	65,864	0	1,429,015	1,494,879	3,143,630	534,598	3,678,228	5,173,107
Total Fund Balances	\$ 66,221	\$ 0	\$ 1,541,497	\$ 1,607,718	\$ 3,143,630	\$ 534,598	\$ 3,678,228	\$ 5,285,946
Total Liabilities and Fund Balances	\$ 68,743	\$ 136,140	\$ 4,941,712	\$ 5,146,595	\$ 3,143,630	\$ 534,598	\$ 3,678,228	\$ 8,824,823

Exhibit H-2

Montgomery County, Tennessee
 Combining Statement of Revenues, Expenditures,
 and Changes in Fund Balances
 Nonmajor Governmental Funds
 For the Year Ended June 30, 2005

	Special Revenue Funds				Capital Projects Funds				Total Nonmajor Governmental Funds
	Drug Control	Constitu- tional Officers - Fees	Highway/ Public Works	Total	Community Development/ Industrial Park	Other Capital Projects #2	Other Capital Projects #1	Total	
<u>Revenues</u>									
Local Taxes	\$ 0	\$ 0	\$ 2,991,436	\$ 2,991,436	\$ 0	\$ 0	\$ 0	\$ 0	\$ 2,991,436
Fines, Forfeitures and Penalties	19,479	0	0	19,479	0	0	0	0	19,479
Charges for Current Services	0	46,386	416	46,802	0	0	0	0	46,802
Other Local Revenues	0	0	89,470	89,470	0	108,948	21,081	130,029	219,499
State of Tennessee	0	0	3,218,708	3,218,708	0	0	0	0	3,218,708
Federal Government	0	0	0	0	21,318	0	0	21,318	21,318
Total Revenues	\$ 19,479	\$ 46,386	\$ 6,300,030	\$ 6,365,895	\$ 21,318	\$ 108,948	\$ 21,081	\$ 151,347	\$ 6,517,242
<u>Expenditures</u>									
Current:									
Administration of Justice	\$ 0	\$ 46,386	\$ 0	\$ 46,386	\$ 0	\$ 0	\$ 0	\$ 0	\$ 46,386
Public Safety	3,334	0	0	3,334	0	0	0	0	3,334
Other Operations	0	0	0	0	21,318	0	0	21,318	21,318
Highways	0	0	6,297,813	6,297,813	0	0	0	0	6,297,813
Capital Projects	0	0	0	0	0	997,860	0	997,860	997,860
Total Expenditures	\$ 3,334	\$ 46,386	\$ 6,297,813	\$ 6,347,533	\$ 21,318	\$ 997,860	\$ 0	\$ 1,019,178	\$ 7,366,711
Excess (Deficiency) of Revenues Over Expenditures	\$ 16,145	\$ 0	\$ 2,217	\$ 18,362	\$ 0	\$ (888,912)	\$ 21,081	\$ (867,831)	\$ (849,469)
<u>Other Financing Sources (Uses)</u>									
Capital Leases Issued	\$ 0	\$ 0	\$ 200,372	\$ 200,372	\$ 0	\$ 0	\$ 0	\$ 0	\$ 200,372
Transfers Out	0	0	0	0	0	(4,105,606)	(1,885,326)	(5,990,932)	(5,990,932)
Total Other Financing Sources (Uses)	\$ 0	\$ 0	\$ 200,372	\$ 200,372	\$ 0	\$ (4,105,606)	\$ (1,885,326)	\$ (5,990,932)	\$ (5,790,560)
Net Change in Fund Balances	\$ 16,145	\$ 0	\$ 202,589	\$ 218,734	\$ 0	\$ (4,994,518)	\$ (1,864,245)	\$ (6,858,763)	\$ (6,640,029)
Fund Balance, July 1, 2004	50,076	0	1,338,908	1,388,984	0	8,138,148	2,398,843	10,536,991	11,925,975
Fund Balance, June 30, 2005	\$ 66,221	\$ 0	\$ 1,541,497	\$ 1,607,718	\$ 0	\$ 3,143,630	\$ 534,598	\$ 3,678,228	\$ 5,285,946

Exhibit H-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, 2005

	Actual (GAAP Basis)	Add: Encumbrances 6/30/2005	Actual Revenues/ Expenditures (Budgetary Basis)	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
				Original	Final	
<u>Revenues</u>						
Fines, Forfeitures, and Penalties	\$ 19,479	\$ 0	\$ 19,479	\$ 12,000	\$ 17,000	\$ 2,479
Total Revenues	\$ 19,479	\$ 0	\$ 19,479	\$ 12,000	\$ 17,000	\$ 2,479
<u>Expenditures</u>						
<u>Public Safety</u>						
Sheriff's Department	\$ 3,334	\$ 357	\$ 3,691	\$ 36,072	\$ 41,072	\$ 37,381
Total Expenditures	\$ 3,334	\$ 357	\$ 3,691	\$ 36,072	\$ 41,072	\$ 37,381
Excess (Deficiency) of Revenues Over Expenditures	\$ 16,145	\$ (357)	\$ 15,788	\$ (24,072)	\$ (24,072)	\$ 39,860
Net Change in Fund Balance	\$ 16,145	\$ (357)	\$ 15,788	\$ (24,072)	\$ (24,072)	\$ 39,860
Fund Balance, July 1, 2004	50,076	0	50,076	24,072	24,072	26,004
Fund Balance, June 30, 2005	\$ 66,221	\$ (357)	\$ 65,864	\$ 0	\$ 0	\$ 65,864

Exhibit H-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, 2005

	Actual (GAAP Basis)	Less: Encumbrances 7/1/2004	Add: Encumbrances 6/30/2005	Actual Revenues/ Expenditures (Budgetary Basis)	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
					Original	Final	
<u>Revenues</u>							
Local Taxes	\$ 2,991,436	\$ 0	\$ 0	\$ 2,991,436	\$ 2,816,873	\$ 2,870,496	\$ 120,940
Charges for Current Services	416	0	0	416	500	380	36
Other Local Revenues	89,470	0	0	89,470	112,000	144,242	(54,772)
State of Tennessee	3,218,708	0	0	3,218,708	3,011,477	3,190,376	28,332
Total Revenues	\$ 6,300,030	\$ 0	\$ 0	\$ 6,300,030	\$ 5,940,850	\$ 6,205,494	\$ 94,536
<u>Expenditures</u>							
<u>Highways</u>							
Administration	\$ 239,969	\$ 0	\$ 0	\$ 239,969	\$ 241,631	\$ 243,005	\$ 3,036
Highway and Bridge Maintenance	2,827,344	0	0	2,827,344	2,757,235	2,932,141	104,797
Operation and Maintenance of Equipment	763,898	0	0	763,898	748,787	833,118	69,220
Traffic Control	281,388	0	6,984	288,372	268,878	299,963	11,591
Other Charges	513,124	0	0	513,124	533,638	575,963	62,839
Employee Benefits	790,028	0	0	790,028	812,121	812,121	22,093
Capital Outlay	882,062	(25,000)	105,498	962,560	802,230	1,022,227	59,667
<u>Interest</u>							
Highways and Streets	0	0	0	0	2,500	2,500	2,500
Total Expenditures	\$ 6,297,813	\$ (25,000)	\$ 112,482	\$ 6,385,295	\$ 6,167,020	\$ 6,721,038	\$ 335,743
Excess (Deficiency) of Revenues Over Expenditures	\$ 2,217	\$ 25,000	\$ (112,482)	\$ (85,265)	\$ (226,170)	\$ (515,544)	\$ 430,279
<u>Other Financing Sources (Uses)</u>							
Capital Leases Issued	\$ 200,372	\$ 0	\$ 0	\$ 200,372	\$ 0	\$ 200,372	\$ 0
Total Other Financing Sources (Uses)	\$ 200,372	\$ 0	\$ 0	\$ 200,372	\$ 0	\$ 200,372	\$ 0
Net Change in Fund Balance	\$ 202,589	\$ 25,000	\$ (112,482)	\$ 115,107	\$ (226,170)	\$ (315,172)	\$ 430,279
Fund Balance, July 1, 2004	1,338,908	(25,000)	0	1,313,908	635,400	635,400	678,508
Fund Balance, June 30, 2005	\$ 1,541,497	\$ 0	\$ (112,482)	\$ 1,429,015	\$ 409,230	\$ 320,228	\$ 1,108,787

Major Governmental Funds

General Debt Service Fund

The General Debt Service Fund is used to account for the accumulation of resources for, and the payment of, debt principal, interest, and related costs.

General Capital Projects Fund

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

Exhibit I-1

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, 2005

	Actual	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
		Original	Final	
<u>Revenues</u>				
Local Taxes	\$ 18,854,422	\$ 18,025,432	\$ 18,025,432	\$ 828,990
Other Local Revenues	90,575	0	0	90,575
Other Governments and Citizens Groups	711,845	18,805	379,523	332,322
Total Revenues	<u>\$ 19,656,842</u>	<u>\$ 18,044,237</u>	<u>\$ 18,404,955</u>	<u>\$ 1,251,887</u>
<u>Expenditures</u>				
<u>Principal</u>				
General Government	\$ 3,435,877	\$ 3,491,200	\$ 3,491,199	\$ 55,322
Education	7,044,257	7,044,256	7,044,257	0
<u>Interest</u>				
General Government	3,772,145	3,892,313	3,892,314	120,169
Education	5,794,049	5,975,638	5,975,637	181,588
<u>Other Debt Service</u>				
General Government	136,688	144,809	144,809	8,121
Education	276,019	320,157	320,157	44,138
Total Expenditures	<u>\$ 20,459,035</u>	<u>\$ 20,868,373</u>	<u>\$ 20,868,373</u>	<u>\$ 409,338</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>\$ (802,193)</u>	<u>\$ (2,824,136)</u>	<u>\$ (2,463,418)</u>	<u>\$ 1,661,225</u>
<u>Other Financing Sources (Uses)</u>				
Transfers In	\$ 0	\$ 360,718	\$ 0	\$ 0
Total Other Financing Sources (Uses)	<u>\$ 0</u>	<u>\$ 360,718</u>	<u>\$ 0</u>	<u>\$ 0</u>
Net Change in Fund Balance	\$ (802,193)	\$ (2,463,418)	\$ (2,463,418)	\$ 1,661,225
Fund Balance, July 1, 2004	<u>20,201,039</u>	<u>14,286,880</u>	<u>14,286,880</u>	<u>5,914,159</u>
Fund Balance, June 30, 2005	<u>\$ 19,398,846</u>	<u>\$ 11,823,462</u>	<u>\$ 11,823,462</u>	<u>\$ 7,575,384</u>

Exhibit I-2

Montgomery County, Tennessee
 Schedule of Revenues, Expenditures, and Changes
 in Fund Balance - Actual (Budgetary Basis) and Budget
 General Capital Projects Fund
 For the Year Ended June 30, 2005

	Actual (GAAP Basis)	Less: Encumbrances 7/1/2004	Add: Encumbrances 6/30/2005	Actual Revenues/ Expenditures (Budgetary Basis)	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
					Original	Final	
Revenues							
Other Local Revenues	\$ 0	\$ 0	\$ 0	\$ 0	\$ 795,000	\$ 795,000	\$ (795,000)
State of Tennessee	96,745	0	0	96,745	0	0	96,745
Other Governments and Citizens Groups	22,750	0	0	22,750	104,750	104,750	(82,000)
Total Revenues	\$ 119,495	\$ 0	\$ 0	\$ 119,495	\$ 899,750	\$ 899,750	\$ (780,255)
Expenditures							
Capital Projects							
General Administration Projects	\$ 6,118,081	\$ (194,671)	\$ 384,075	\$ 6,307,485	\$ 10,762,502	\$ 10,936,202	\$ 4,628,717
Public Safety Projects	1,642,335	(1,178,706)	22,275	485,904	979,302	979,302	493,398
Public Health and Welfare Projects	268,218	(425)	0	267,793	0	305,791	37,998
Other General Government Projects	982,477	(7,100)	46,319	1,021,696	1,152,585	1,152,585	130,889
Total Expenditures	\$ 9,011,111	\$ (1,380,902)	\$ 452,669	\$ 8,082,878	\$ 12,894,389	\$ 13,373,880	\$ 5,291,002
Excess (Deficiency) of Revenues Over Expenditures	\$ (8,891,616)	\$ 1,380,902	\$ (452,669)	\$ (7,963,383)	\$ (11,994,639)	\$ (12,474,130)	\$ 4,510,747
Other Financing Sources (Uses)							
Bonds Issued	\$ 0	\$ 0	\$ 0	\$ 0	\$ 10,572,837	\$ 10,878,628	\$ (10,878,628)
Notes Issued	1,302,585	0	0	1,302,585	1,353,690	1,353,689	(51,104)
Transfers In	7,205,983	0	0	7,205,983	0	0	7,205,983
Total Other Financing Sources (Uses)	\$ 8,508,568	\$ 0	\$ 0	\$ 8,508,568	\$ 11,926,527	\$ 12,232,317	\$ (3,723,749)
Net Change in Fund Balance	\$ (383,048)	\$ 1,380,902	\$ (452,669)	\$ 545,185	\$ (68,112)	\$ (241,813)	\$ 786,998
Fund Balance, July 1, 2004	1,449,310	(1,380,902)	0	68,408	1,605,045	1,605,045	(1,536,637)
Fund Balance, June 30, 2005	\$ 1,066,262	\$ 0	\$ (452,669)	\$ 613,593	\$ 1,536,933	\$ 1,363,232	\$ (749,639)

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-insurance unemployment compensation plan.

Exhibit J-1

Montgomery County, Tennessee
Combining Statement of Net Assets
Proprietary Funds
June 30, 2005

Governmental Activities -
Internal Service Funds

	Self- Insurance	Workers' Compensation	Unemployment Compensation	Total
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ASSETS

Current Assets:

Equity in Pooled Cash and Investments	\$ 4,059,450	\$ 843,839	\$ 943,058	\$ 5,846,347
Accounts Receivable	10,430	0	0	10,430
Due from Other Funds	1,692	182,530	0	184,222
Due from Component Units	22,198	0	0	22,198
Prepaid Items	1,249,500	0	0	1,249,500
Total Assets	\$ 5,343,270	\$ 1,026,369	\$ 943,058	\$ 7,312,697

LIABILITIES

Current Liabilities:

Accounts Payable	\$ 0	\$ 54,010	\$ 0	\$ 54,010
Payroll Deductions Payable	0	783	0	783
Claims and Judgments Payable	1,489,962	775,708	0	2,265,670
Due to Other Funds	0	0	182,530	182,530
Due to Component Units	2,839	0	0	2,839
Total Current Liabilities	\$ 1,492,801	\$ 830,501	\$ 182,530	\$ 2,505,832

Noncurrent Liabilities:

Claims and Judgments Payable	\$ 1,489,962	\$ 660,789	\$ 0	\$ 2,150,751
Total Noncurrent Liabilities	\$ 1,489,962	\$ 660,789	\$ 0	\$ 2,150,751
Total Liabilities	\$ 2,982,763	\$ 1,491,290	\$ 182,530	\$ 4,656,583

NET ASSETS

Unrestricted	\$ 2,360,507	\$ (464,921)	\$ 760,528	\$ 2,656,114
Total Net Assets	\$ 2,360,507	\$ (464,921)	\$ 760,528	\$ 2,656,114

Exhibit J-2

Montgomery County, Tennessee
Combining Statement of Revenues, Expenses, and
Changes in Net Assets
Proprietary Funds
For the Year Ended June 30, 2005

	Governmental Activities - Internal Service Funds			
	Self- Insurance	Workers' Compensation	Unemployment Compensation	Total
<u>Operating Revenues</u>				
Charges for Current Services	\$ 21,671,143	\$ 1,109,264	\$ 844	\$ 22,781,251
Total Operating Revenues	<u>\$ 21,671,143</u>	<u>\$ 1,109,264</u>	<u>\$ 844</u>	<u>\$ 22,781,251</u>
<u>Operating Expenses</u>				
Risk Management	\$ 0	\$ 255,791	\$ 0	\$ 255,791
Property Assessor's Office	0	79	0	79
Probation Services	0	1,170	0	1,170
Sheriff's Department	0	13,383	0	13,383
Jail	0	152,472	0	152,472
Workhouse	0	539	0	539
Ambulance/Emergency Medical Services	0	10,426	0	10,426
Nursing Home	0	31,446	0	31,446
Landfill Operation and Maintenance	0	635	0	635
Other Charges	255,641	866,141	131,103	1,252,885
Employee Benefits	20,241,727	0	0	20,241,727
Highway Administration	0	92	0	92
Highway and Bridge Maintenance	0	433	0	433
Total Operating Expenses	<u>\$ 20,497,368</u>	<u>\$ 1,332,607</u>	<u>\$ 131,103</u>	<u>\$ 21,961,078</u>
Operating Income (Loss)	<u>\$ 1,173,775</u>	<u>\$ (223,343)</u>	<u>\$ (130,259)</u>	<u>\$ 820,173</u>
<u>Nonoperating Revenues (Expenses)</u>				
Investment Income	\$ 38,607	\$ 18,453	\$ 18,526	\$ 75,586
Miscellaneous Refunds	259,181	0	0	259,181
Total Nonoperating Revenues (Expenses)	<u>\$ 297,788</u>	<u>\$ 18,453</u>	<u>\$ 18,526</u>	<u>\$ 334,767</u>
Changes in Net Assets	\$ 1,471,563	\$ (204,890)	\$ (111,733)	\$ 1,154,940
Net Assets, July 1, 2004	888,944	(260,031)	872,261	1,501,174
Nets Assets, June 30, 2005	<u>\$ 2,360,507</u>	<u>\$ (464,921)</u>	<u>\$ 760,528</u>	<u>\$ 2,656,114</u>

Exhibit J-3

Montgomery County, Tennessee
Combining Statement of Cash Flows
Proprietary Funds
For the Year Ended June 30, 2005

	Governmental Activities - Internal Service Funds			
	Self- Insurance	Workers' Compensation	Unemployment Compensation	Total
<u>CASH FLOWS FROM OPERATING ACTIVITIES</u>				
Receipts from Interfund Services Provided	\$ 21,658,987	\$ 1,044,354	\$ 1,736	\$ 22,705,077
Other Self-Insured Claims	(20,401,530)	(883,082)	51,427	(21,233,185)
Other Receipts (Payments)	259,181	0	0	259,181
Net cash provided by (used in) operating activities	\$ 1,516,638	\$ 161,272	\$ 53,163	\$ 1,731,073
<u>CASH FLOWS FROM INVESTING ACTIVITIES</u>				
Investment Income	\$ 38,607	\$ 18,453	\$ 18,526	\$ 75,586
Net cash provided by (used in) investing activities	\$ 38,607	\$ 18,453	\$ 18,526	\$ 75,586
Net increase (decrease) in cash and cash equivalents	\$ 1,555,245	\$ 179,725	\$ 71,689	\$ 1,806,659
Cash and cash equivalents, June 30, 2004	2,504,205	664,114	871,369	4,039,688
Cash and cash equivalents, June 30, 2005	\$ 4,059,450	\$ 843,839	\$ 943,058	\$ 5,846,347
<u>RECONCILIATION OF OPERATING INCOME (LOSS)</u> <u>TO NET CASH PROVIDED BY OPERATING ACTIVITIES</u>				
Operating income (loss)	\$ 1,173,775	\$ (223,343)	\$ (130,259)	\$ 820,173
Miscellaneous Refunds	259,181	0	0	259,181
Adjustments to reconcile net operating income (loss) to net cash provided by (used in) operating activities:				
(Increase) decrease in Accounts Receivable	(9,063)	116,986	0	107,923
(Increase) decrease in Accrued Interest Receivable	864	634	892	2,390
(Increase) decrease in Due from Other Funds	(1,692)	(182,530)	0	(184,222)
(Increase) decrease in Due from Component Units	(2,265)	0	0	(2,265)
Increase (decrease) in Accounts Payable	(23)	54,010	0	53,987
Increase (decrease) in Payroll Deductions Payable	0	783	0	783
Increase (decrease) in Due to Other Funds	0	0	182,530	182,530
Increase (decrease) in Due to Component Units	2,839	0	0	2,839
Increase (decrease) in Claims and Judgements Payable	93,022	394,732	0	487,754
Net cash provided by (used in) operating activities	\$ 1,516,638	\$ 161,272	\$ 53,163	\$ 1,731,073

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.

Judicial District Drug Fund – The Judicial District Drug Fund is used to account for state grants and other restricted revenues which 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.

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.

Exhibit K-1

Montgomery County, Tennessee
Combining Statement of Fiduciary Assets and Liabilities
Fiduciary Funds
June 30, 2005

	Agency Funds			Total
	Cities - Sales Tax	Judicial District Drug	Constitu- tional Officers - Agency	
<u>ASSETS</u>				
Cash	\$ 0	\$ 8,458	\$ 4,365,546	\$ 4,374,004
Equity in Pooled Cash and Investments	0	292,806	0	292,806
Accounts Receivable	0	373	0	373
Due from Other Governments	1,680,734	6,106	0	1,686,840
Total Assets	<u>\$ 1,680,734</u>	<u>\$ 307,743</u>	<u>\$ 4,365,546</u>	<u>\$ 6,354,023</u>
<u>LIABILITIES</u>				
Accounts Payable	\$ 0	\$ 1,323	\$ 0	\$ 1,323
Payroll Deductions Payable	0	59	0	59
Due to Other Funds	0	39	1,080	1,119
Due to State of Tennessee	0	1,224	0	1,224
Due to Other Taxing Units	1,680,734	0	0	1,680,734
Due to Litigants, Heirs, and Others	0	0	4,364,466	4,364,466
Due to Joint Ventures	0	305,098	0	305,098
Total Liabilities	<u>\$ 1,680,734</u>	<u>\$ 307,743</u>	<u>\$ 4,365,546</u>	<u>\$ 6,354,023</u>

Exhibit K-2

Montgomery County, Tennessee
Combining Statement of Changes in Assets and
Liabilities - All Agency Funds
For the Year Ended June 30, 2005

	Beginning Balance	Additions	Deductions	Ending Balance
<u>Cities - Sales Tax Fund</u>				
<u>Assets</u>				
Equity in Pooled Cash and Investments	\$ 0	\$ 9,828,188	\$ 9,828,188	\$ 0
Due From Other Governments	1,622,367	1,680,734	1,622,367	1,680,734
Total Assets	\$ 1,622,367	\$ 11,508,922	\$ 11,450,555	\$ 1,680,734
<u>Liabilities</u>				
Due to Other Taxing Units	\$ 1,622,367	\$ 11,508,922	\$ 11,450,555	\$ 1,680,734
Total Liabilities	\$ 1,622,367	\$ 11,508,922	\$ 11,450,555	\$ 1,680,734
<u>Judicial District Drug Fund</u>				
<u>Assets</u>				
Cash	\$ 5,185	\$ 8,458	\$ 5,185	\$ 8,458
Equity in Pooled Cash and Investments	195,006	234,678	136,878	292,806
Accounts Receivable	132	373	132	373
Due From Other Governments	18,088	6,106	18,088	6,106
Total Assets	\$ 218,411	\$ 249,615	\$ 160,283	\$ 307,743
<u>Liabilities</u>				
Accounts Payable	\$ 6,234	\$ 1,323	\$ 6,234	\$ 1,323
Payroll Deductions Payable	87	59	87	59
Due to State of Tennessee	0	1,224	0	1,224
Due to Other Funds	72	39	72	39
Due to Joint Ventures	212,018	305,098	212,018	305,098
Total Liabilities	\$ 218,411	\$ 307,743	\$ 218,411	\$ 307,743
<u>Constitutional Officers - Agency Fund</u>				
<u>Assets</u>				
Cash	\$ 4,715,775	\$ 30,905,867	\$ 31,256,096	\$ 4,365,546
Total Assets	\$ 4,715,775	\$ 30,905,867	\$ 31,256,096	\$ 4,365,546
<u>Liabilities</u>				
Due to Other Funds	\$ 833	\$ 1,080	\$ 833	\$ 1,080
Due to Litigants, Heirs, and Others	4,714,942	30,905,867	31,256,343	4,364,466
Total Liabilities	\$ 4,715,775	\$ 30,906,947	\$ 31,257,176	\$ 4,365,546

(Continued)

Exhibit K-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	\$ 4,720,960	\$ 30,914,325	\$ 31,261,281	\$ 4,374,004
Equity in Pooled Cash and Investments	195,006	10,062,866	9,965,066	292,806
Accounts Receivable	132	373	132	373
Due From Other Governments	1,640,455	1,686,840	1,640,455	1,686,840
Total Assets	\$ 6,556,553	\$ 42,664,404	\$ 42,866,934	\$ 6,354,023
<u>Totals - All Agency Funds</u>				
<u>Liabilities</u>				
Accounts Payable	\$ 6,234	\$ 1,323	\$ 6,234	\$ 1,323
Payroll Deductions Payable	87	59	87	59
Due to State of Tennessee	0	1,224	0	1,224
Due to Other Taxing Units	1,622,367	11,508,922	11,450,555	1,680,734
Due to Other Funds	905	1,119	905	1,119
Due to Litigants, Heirs, and Others	4,714,942	30,905,867	31,256,343	4,364,466
Due to Joint Ventures	212,018	305,098	212,018	305,098
Total Liabilities	\$ 6,556,553	\$ 42,723,612	\$ 42,926,142	\$ 6,354,023

Montgomery County School Department

This section presents fund financial statements for the Montgomery County School Department, a discretely presented component unit. The Montgomery County School Department uses a General Fund, three 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 Department.

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.

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 Department.

Exhibit L-1

Montgomery County, Tennessee
Statement of Activities
Discretely Presented Montgomery County School Department
For the Year Ended June 30, 2005

Functions/Programs	Expenses	Program Revenues			Net (Expenses) Revenues and Changes in Net Assets Total Governmental Activities
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	
Component Unit:					
Governmental Activities:					
Instruction	\$ 92,514,772	\$ 204,919	\$ 9,657,450	\$ 4,641	\$ (82,647,762)
Support Services	67,218,630	325,694	3,206,711	7,922,604	(55,763,621)
Operation of Noninstructional Services	9,020,509	4,778,288	4,708,392	0	466,171
Interest on Long-Term Debt	6,420	0	0	0	(6,420)
Other Debt Service	679,850	0	0	0	(679,850)
Total Governmental Activities	\$ 169,440,181	\$ 5,308,901	\$ 17,572,553	\$ 7,927,245	\$ (138,631,482)
General Revenues:					
Taxes:					
Property taxes levied for general purposes					\$ 19,631,097
Local option sales tax					27,589,610
Other local taxes					3,704,151
Grants & contributions not restricted for specific programs					85,937,237
Unrestricted investment earnings					1,498
Gain on disposal of capital assets					5,300
Miscellaneous					339,439
Total General Revenues					\$ 137,208,332
Change in net assets					\$ (1,423,150)
Prior Period Adjustment					2,438,514
Net assets, July 1, 2004					191,961,357
Net assets, June 30, 2005					\$ 192,976,721

Exhibit L-2

Montgomery County, Tennessee
Balance Sheet - Governmental Funds
Discretely Presented Montgomery County School Department
June 30, 2005

	<u>Major Fund</u>	<u>Nonmajor Funds</u>	<u>Total Govern- mental Funds</u>
	General Purpose School	Other Govern- mental Funds	
<u>ASSETS</u>			
Cash	\$ 1,850	\$ 44,825	\$ 46,675
Equity in Pooled Cash and Investments	5,792,698	4,905,405	10,698,103
Inventories	318,799	153,883	472,682
Accounts Receivable	45,536	39,664	85,200
Due from Other Governments	9,929,100	471,667	10,400,767
Due from Other Funds	248,918	232	249,150
Due from Primary Government	2,839	0	2,839
Property Taxes Receivable	22,113,811	0	22,113,811
Allowance for Uncollectible Property Taxes	(471,566)	0	(471,566)
Prepaid Items	50,000	0	50,000
Total Assets	<u>\$ 38,031,985</u>	<u>\$ 5,615,676</u>	<u>\$ 43,647,661</u>
<u>LIABILITIES AND FUND BALANCES</u>			
<u>Liabilities</u>			
Accounts Payable	\$ 893,437	\$ 206,192	\$ 1,099,629
Payroll Deductions Payable	63,001	7,101	70,102
Contracts Payable	0	1,502,433	1,502,433
Retainage Payable	0	133,092	133,092
Due to Other Funds	232	248,918	249,150
Due to Primary Government	22,145	0	22,145
Deferred Revenue - Current Property Taxes	21,112,000	0	21,112,000
Deferred Revenue - Delinquent Property Taxes	466,098	0	466,098
Other Deferred Revenues	2,716,140	423,508	3,139,648
Total Liabilities	<u>\$ 25,273,053</u>	<u>\$ 2,521,244</u>	<u>\$ 27,794,297</u>
<u>Fund Balances</u>			
Reserved for Encumbrances	\$ 1,623,951	\$ 8,011,464	\$ 9,635,415
Reserved for Career Ladder - Extended Contract	563,798	0	563,798
Reserved for Career Ladder Program	76,810	0	76,810
Reserved for Innovative Education Program Strategies	0	2,517	2,517
Reserved for Special Education - Grants to States	0	70,841	70,841
Unreserved, Reported In:			
General Fund	10,494,373	0	10,494,373
Special Revenue Funds	0	2,604,687	2,604,687
Capital Projects Funds (Deficit)	0	(7,595,077)	(7,595,077)
Total Fund Balances	<u>\$ 12,758,932</u>	<u>\$ 3,094,432</u>	<u>\$ 15,853,364</u>
Total Liabilities and Fund Balances	<u>\$ 38,031,985</u>	<u>\$ 5,615,676</u>	<u>\$ 43,647,661</u>

Exhibit L-3

Montgomery County, Tennessee
Reconciliation of the Balance Sheet of Governmental Funds to the Statement of Net Assets
Discretely Presented Montgomery County School Department
June 30, 2005

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

Total fund balances - balance sheet - governmental funds (Exhibit L-2)	\$ 15,853,364
(1) Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds.	177,088,263
(2) Long-term liabilities are not due in the current period and therefore are not reported in the funds.	(3,570,652)
(3) Other long-term assets are not available to pay for current-period expenditures and therefore are deferred in the funds.	<u>3,605,746</u>
Net assets of governmental activities (Exhibit A)	<u>\$ 192,976,721</u>

Exhibit L-4

Montgomery County, Tennessee
Statement of Revenues, Expenditures,
and Changes in Fund Balances -
Governmental Funds
Discretely Presented Montgomery County School Department
For the Year Ended June 30, 2005

	<u>Major Fund</u>	<u>Nonmajor</u> <u>Funds</u>	
	General Purpose School	Other Govern- mental Funds	Total Governmental Funds
<u>Revenues</u>			
Local Taxes	\$ 51,716,864	\$ 0	\$ 51,716,864
Charges for Current Services	61,843	4,783,703	4,845,546
Other Local Revenues	1,186,870	219,434	1,406,304
State of Tennessee	81,057,784	207,178	81,264,962
Federal Government	5,325,503	14,988,718	20,314,221
Other Governments and Citizens Groups	19,392	7,826,860	7,846,252
Total Revenues	<u>\$ 139,368,256</u>	<u>\$ 28,025,893</u>	<u>\$ 167,394,149</u>
<u>Expenditures</u>			
Current:			
Instruction	\$ 84,022,343	\$ 6,140,016	\$ 90,162,359
Support Services	55,176,269	5,473,578	60,649,847
Operation of Non-Instructional Services	0	8,518,390	8,518,390
Debt Service:			
Principal	442,167	0	442,167
Interest	13,903	0	13,903
Other Debt Service	679,850	0	679,850
Capital Projects	0	8,076,468	8,076,468
Total Expenditures	<u>\$ 140,334,532</u>	<u>\$ 28,208,452</u>	<u>\$ 168,542,984</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>\$ (966,276)</u>	<u>\$ (182,559)</u>	<u>\$ (1,148,835)</u>
<u>Other Financing Sources (Uses)</u>			
Transfers In	\$ 274,540	\$ 2,245,076	\$ 2,519,616
Transfers Out	(2,245,076)	(274,540)	(2,519,616)
Total Other Financing Sources (Uses)	<u>\$ (1,970,536)</u>	<u>\$ 1,970,536</u>	<u>\$ 0</u>
Net Change in Fund Balances	\$ (2,936,812)	\$ 1,787,977	\$ (1,148,835)
Fund Balance, July 1, 2004	13,257,230	1,306,455	14,563,685
Prior Period Adjustment	2,438,514	0	2,438,514
Fund Balance, June 30, 2005	<u>\$ 12,758,932</u>	<u>\$ 3,094,432</u>	<u>\$ 15,853,364</u>

Exhibit L-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 Montgomery County School Department
For the Year Ended June 30, 2005

Amounts reported for governmental activities in the statement of activities (Exhibit L-1) are different because:

Net change in fund balances - total governmental funds (Exhibit L-4)	\$ (1,148,835)
(1) Governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which capital outlays exceeded depreciation in the current period.	1,846,847
(2) Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.	129,426
(3) The issuance of long-term debt (e.g., bonds, notes, leases) 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 net effect of these differences in the treatment of long-term debt and related items.	442,167
(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 governmental funds.	<u>(2,692,755)</u>
Change in net assets of governmental activities (Exhibit L-1)	<u><u>\$ (1,423,150)</u></u>

Exhibit L-6

Montgomery County, Tennessee
Combining Balance Sheet - Nonmajor Governmental Funds
Discretely Presented Montgomery County School Department
June 30, 2005

	Special Revenue Funds				Capital Projects Fund	Total Nonmajor Governmental Funds
	School Federal Projects	Central Cafeteria	Extended School Program	Total	Education Capital Projects	
<u>ASSETS</u>						
Cash	\$ 0	\$ 44,825	\$ 0	\$ 44,825	\$ 0	\$ 44,825
Equity in Pooled Cash and Investments	103,670	2,613,960	263,496	2,981,126	1,924,279	4,905,405
Inventories	0	153,883	0	153,883	0	153,883
Accounts Receivable	0	39,664	0	39,664	0	39,664
Due from Other Governments	464,148	7,519	0	471,667	0	471,667
Due from Other Funds	232	0	0	232	0	232
Total Assets	\$ 568,050	\$ 2,859,851	\$ 263,496	\$ 3,691,397	\$ 1,924,279	\$ 5,615,676
<u>LIABILITIES AND FUND BALANCES</u>						
<u>Liabilities</u>						
Accounts Payable	\$ 73,586	\$ 60,961	\$ 101	\$ 134,648	\$ 71,544	\$ 206,192
Payroll Deductions Payable	4,389	2,712	0	7,101	0	7,101
Contracts Payable	0	0	0	0	1,502,433	1,502,433
Retainage Payable	0	0	0	0	133,092	133,092
Due to Other Funds	247,593	292	1,033	248,918	0	248,918
Other Deferred Revenues	391,990	31,518	0	423,508	0	423,508
Total Liabilities	\$ 717,558	\$ 95,483	\$ 1,134	\$ 814,175	\$ 1,707,069	\$ 2,521,244
<u>Fund Balances</u>						
Reserved for Encumbrances	\$ 95,822	\$ 103,355	\$ 0	\$ 199,177	\$ 7,812,287	\$ 8,011,464
Reserved for Innovative Education Program Strategies	2,517	0	0	2,517	0	2,517
Reserved for Special Education - Grants to States	70,841	0	0	70,841	0	70,841
Unreserved (Deficit)	(318,688)	2,661,013	262,362	2,604,687	(7,595,077)	(4,990,390)
Total Fund Balances	\$ (149,508)	\$ 2,764,368	\$ 262,362	\$ 2,877,222	\$ 217,210	\$ 3,094,432
Total Liabilities and Fund Balances	\$ 568,050	\$ 2,859,851	\$ 263,496	\$ 3,691,397	\$ 1,924,279	\$ 5,615,676

Exhibit L-7

Montgomery County, Tennessee
Combining Statement of Revenues, Expenditures,
and Changes in Fund Balances -
Nonmajor Governmental Funds
Discretely Presented Montgomery County School Department
For the Year Ended June 30, 2005

	Special Revenue Funds				Capital Projects Fund	Total Nonmajor Governmental Funds
	School Federal Projects	Central Cafeteria	Extended School Program	Total	Education Capital Projects	
<u>Revenues</u>						
Charges for Current Services	\$ 0	\$ 4,608,023	\$ 175,680	\$ 4,783,703	\$ 0	\$ 4,783,703
Other Local Revenues	0	217,936	0	217,936	1,498	219,434
State of Tennessee	91,239	115,939	0	207,178	0	207,178
Federal Government	10,889,721	4,098,997	0	14,988,718	0	14,988,718
Other Governments and Citizens Groups	0	0	0	0	7,826,860	7,826,860
Total Revenues	\$ 10,980,960	\$ 9,040,895	\$ 175,680	\$ 20,197,535	\$ 7,828,358	\$ 28,025,893
<u>Expenditures</u>						
Current:						
Instruction	\$ 5,954,891	\$ 0	\$ 185,125	\$ 6,140,016	\$ 0	\$ 6,140,016
Support Services	5,448,455	3,213	21,895	5,473,563	15	5,473,578
Operation of Non-Instructional Services	0	8,518,390	0	8,518,390	0	8,518,390
Capital Projects	0	0	0	0	8,076,468	8,076,468
Total Expenditures	\$ 11,403,346	\$ 8,521,603	\$ 207,020	\$ 20,131,969	\$ 8,076,483	\$ 28,208,452
Excess (Deficiency) of Revenues Over Expenditures						
	\$ (422,386)	\$ 519,292	\$ (31,340)	\$ 65,566	\$ (248,125)	\$ (182,559)
<u>Other Financing Sources (Uses)</u>						
Transfers In	\$ 0	\$ 2,245,076	\$ 0	\$ 2,245,076	\$ 0	\$ 2,245,076
Transfers Out	(274,540)	0	0	(274,540)	0	(274,540)
Total Other Financing Sources (Uses)	\$ (274,540)	\$ 2,245,076	\$ 0	\$ 1,970,536	\$ 0	\$ 1,970,536
Net Change in Fund Balances						
Fund Balance, July 1, 2004	\$ (696,926)	\$ 2,764,368	\$ (31,340)	\$ 2,036,102	\$ (248,125)	\$ 1,787,977
	547,418	0	293,702	841,120	465,335	1,306,455
Fund Balance, June 30, 2005	\$ (149,508)	\$ 2,764,368	\$ 262,362	\$ 2,877,222	\$ 217,210	\$ 3,094,432

Exhibit L-8

Montgomery County, Tennessee
 Schedule of Revenues, Expenditures, and Changes
 in Fund Balance - Actual (Budgetary Basis) and Budget
 Discretely Presented Montgomery County School Department
 General Purpose School Fund
 For the Year Ended June 30, 2005

	Actual (GAAP Basis)	Less: Encumbrances 7/1/2004	Add: Encumbrances 6/30/2005	Actual Revenues/ Expenditures (Budgetary Basis)	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
					Original	Final	
<u>Revenues</u>							
Local Taxes	\$ 51,716,864	\$ 0	\$ 0	\$ 51,716,864	\$ 50,421,434	\$ 51,234,492	\$ 482,372
Licenses and Permits	0	0	0	0	100	0	0
Charges for Current Services	61,843	0	0	61,843	45,200	55,949	5,894
Other Local Revenues	1,186,870	0	0	1,186,870	1,137,700	1,121,152	65,718
State of Tennessee	81,057,784	0	0	81,057,784	78,211,356	80,055,679	1,002,105
Federal Government	5,325,503	0	0	5,325,503	2,705,642	5,026,623	298,880
Other Governments and Citizens Groups	19,392	0	0	19,392	30,065	30,603	(11,211)
Total Revenues	\$ 139,368,256	\$ 0	\$ 0	\$ 139,368,256	\$ 132,551,497	\$ 137,524,498	\$ 1,843,758
<u>Expenditures</u>							
<u>Instruction</u>							
Regular Instruction Program	\$ 68,996,723	\$ (2,328,738)	\$ 1,103,051	\$ 67,771,036	\$ 66,873,722	\$ 68,713,511	\$ 942,475
Alternative Instruction Program	294,293	0	0	294,293	316,801	329,069	34,776
Special Education Program	11,598,170	(7,660)	6,611	11,597,121	12,110,145	11,886,969	289,848
Vocational Education Program	3,064,838	(623)	797	3,065,012	3,117,071	3,183,729	118,717
Adult Education Program	68,319	0	0	68,319	110,910	85,468	17,149
<u>Support Services</u>							
Attendance	363,828	(5,838)	0	357,990	368,003	371,235	13,245
Health Services	348,253	(13,037)	10,528	345,744	398,579	395,598	49,854
Other Student Support	4,731,904	(2,393)	0	4,729,511	4,809,446	4,891,212	161,701
Regular Instruction Program	9,077,024	(163,145)	42,560	8,956,439	9,091,247	9,311,772	355,333
Alternative Instruction Program	24,479	0	2,416	26,895	0	35,240	8,345
Special Education Program	905,812	(16,201)	1,245	890,856	955,805	950,696	59,840
Vocational Education Program	100,669	0	0	100,669	101,293	101,726	1,057
Adult Programs	154,140	(74)	0	154,066	133,785	160,736	6,670
Board of Education	259,195	(43,041)	1,279	217,433	268,970	258,913	41,480

(Continued)

Exhibit L-8

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

	Actual (GAAP Basis)	Less: Encumbrances 7/1/2004	Add: Encumbrances 6/30/2005	Actual Revenues/ Expenditures (Budgetary Basis)	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
					Original	Final	
<u>Expenditures (Cont.)</u>							
<u>Support Services (Cont.)</u>							
Director of Schools	\$ 850,507	\$ (40,198)	\$ 1,301	\$ 811,610	\$ 838,532	\$ 850,860	\$ 39,250
Office of the Principal	8,842,391	0	34,471	8,876,862	9,018,313	9,097,637	220,775
Fiscal Services	2,699,038	(16,550)	33,411	2,715,899	2,385,950	2,785,010	69,111
Operation of Plant	10,371,341	(343,451)	140,372	10,168,262	10,429,678	10,578,002	409,740
Maintenance of Plant	3,807,853	(144,826)	124,614	3,787,641	3,984,068	3,890,843	103,202
Transportation	6,933,664	(919,520)	32,520	6,046,664	6,300,869	6,432,687	386,023
Central and Other	5,706,171	(76,080)	88,775	5,718,866	4,233,756	5,757,430	38,564
<u>Principal</u>							
Education	442,167	0	0	442,167	442,167	442,168	1
<u>Interest</u>							
Education	13,903	0	0	13,903	14,023	13,903	0
<u>Other Debt Service</u>							
Education	679,850	0	0	679,850	1,500	680,350	500
Total Expenditures	\$ 140,334,532	\$ (4,121,375)	\$ 1,623,951	\$ 137,837,108	\$ 136,304,633	\$ 141,204,764	\$ 3,367,656
Excess (Deficiency) of Revenues							
Over Expenditures	\$ (966,276)	\$ 4,121,375	\$ (1,623,951)	\$ 1,531,148	\$ (3,753,136)	\$ (3,680,266)	\$ 5,211,414
<u>Other Financing Sources (Uses)</u>							
Transfers In	\$ 274,540	\$ 0	\$ 0	\$ 274,540	\$ 105,000	\$ 315,000	\$ (40,460)
Transfers Out	(2,245,076)	0	0	(2,245,076)	(356,200)	(2,245,076)	0
Total Other Financing Sources (Uses)	\$ (1,970,536)	\$ 0	\$ 0	\$ (1,970,536)	\$ (251,200)	\$ (1,930,076)	\$ (40,460)

(Continued)

Exhibit L-8

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

	Actual (GAAP Basis)	Less: Encumbrances 7/1/2004	Add: Encumbrances 6/30/2005	Actual Revenues/ Expenditures (Budgetary Basis)	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
					Original	Final	
Net Change in Fund Balance	\$ (2,936,812)	\$ 4,121,375	\$ (1,623,951)	\$ (439,388)	\$ (4,004,336)	\$ (5,610,342)	\$ 5,170,954
Fund Balance, July 1, 2004	13,257,230	(4,121,375)	0	9,135,855	9,127,635	9,127,635	8,220
Prior Period Adjustment	2,438,514	0	0	2,438,514	0	0	2,438,514
Fund Balance, June 30, 2005	\$ 12,758,932	\$ 0	\$ (1,623,951)	\$ 11,134,981	\$ 5,123,299	\$ 3,517,293	\$ 7,617,688

Exhibit L-9

Montgomery County, Tennessee
Schedule of Revenues, Expenditures, and Changes
in Fund Balance - Actual (Budgetary Basis) and Budget
Discretely Presented Montgomery County School Department
School Federal Projects Fund
For the Year Ended June 30, 2005

	Actual (GAAP Basis)	Less: Encumbrances 7/1/2004	Add: Encumbrances 6/30/2005	Actual Revenues/ Expenditures (Budgetary Basis)	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
					Original	Final	
<u>Revenues</u>							
State of Tennessee	\$ 91,239	\$ 0	\$ 0	\$ 91,239	\$ 284,817	\$ 144,244	\$ (53,005)
Federal Government	10,889,721	0	0	10,889,721	10,295,728	14,032,264	(3,142,543)
Total Revenues	\$ 10,980,960	\$ 0	\$ 0	\$ 10,980,960	\$ 10,580,545	\$ 14,176,508	\$ (3,195,548)
<u>Expenditures</u>							
<u>Instruction</u>							
Regular Instruction Program	\$ 3,645,707	\$ (39,430)	\$ 27,359	\$ 3,633,636	\$ 3,090,318	\$ 4,309,564	\$ 675,928
Alternative Instruction Program	84,410	(216)	0	84,194	99,872	125,694	41,500
Special Education Program	1,710,921	(4,183)	15,627	1,722,365	1,784,277	2,145,551	423,186
Vocational Education Program	397,115	0	10,051	407,166	358,859	404,348	(2,818)
Adult Education Program	116,738	(19,737)	350	97,351	140,771	124,192	26,841
<u>Support Services</u>							
Health Services	428,335	0	0	428,335	442,485	433,658	5,323
Other Student Support	250,843	(1,502)	3,178	252,519	260,005	358,615	106,096
Regular Instruction Program	1,981,591	(62,713)	29,687	1,948,565	2,104,262	3,705,649	1,757,084
Special Education Program	1,317,719	(47,644)	8,405	1,278,480	931,952	1,383,305	104,825
Vocational Education Program	14,919	0	0	14,919	26,141	15,058	139
Adult Programs	4,099	0	0	4,099	4,500	5,299	1,200
Office of the Principal	0	0	0	0	6,523	137	137
Operation of Plant	162,920	(12,010)	1,165	152,075	134,432	187,341	35,266
Transportation	1,288,029	(35,660)	0	1,252,369	1,046,729	1,432,831	180,462
Total Expenditures	\$ 11,403,346	\$ (223,095)	\$ 95,822	\$ 11,276,073	\$ 10,431,126	\$ 14,631,242	\$ 3,355,169
Excess (Deficiency) of Revenues Over Expenditures	\$ (422,386)	\$ 223,095	\$ (95,822)	\$ (295,113)	\$ 149,419	\$ (454,734)	\$ 159,621

(Continued)

Exhibit L-9

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

	Actual (GAAP Basis)	Less: Encumbrances 7/1/2004	Add: Encumbrances 6/30/2005	Actual Revenues/ Expenditures (Budgetary Basis)	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
					Original	Final	
<u>Other Financing Sources (Uses)</u>							
Transfers Out	\$ (274,540)	\$ 0	\$ 0	\$ (274,540)	\$ (149,419)	\$ (365,133)	\$ 90,593
Total Other Financing Sources (Uses)	\$ (274,540)	\$ 0	\$ 0	\$ (274,540)	\$ (149,419)	\$ (365,133)	\$ 90,593
Net Change in Fund Balance	\$ (696,926)	\$ 223,095	\$ (95,822)	\$ (569,653)	\$ 0	\$ (819,867)	\$ 250,214
Fund Balance, July 1, 2004	547,418	(223,095)	0	324,323	0	819,867	(495,544)
Fund Balance, June 30, 2005	\$ (149,508)	\$ 0	\$ (95,822)	\$ (245,330)	\$ 0	\$ 0	\$ (245,330)

Exhibit L-10

Montgomery County, Tennessee
Schedule of Revenues, Expenditures, and Changes
in Fund Balance - Actual (Budgetary Basis) and Budget
Discretely Presented Montgomery County School Department
Central Cafeteria Fund
For the Year Ended June 30, 2005

	Actual (GAAP Basis)	Add: Encumbrances 6/30/2005	Actual Revenues/ Expenditures (Budgetary Basis)	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
				Original	Final	
<u>Revenues</u>						
Charges for Current Services	\$ 4,608,023	\$ 0	\$ 4,608,023	\$ 4,835,650	\$ 4,600,000	\$ 8,023
Other Local Revenues	217,936	0	217,936	135,000	155,000	62,936
State of Tennessee	115,939	0	115,939	114,143	115,939	0
Federal Government	4,098,997	0	4,098,997	3,611,000	4,080,000	18,997
Total Revenues	<u>\$ 9,040,895</u>	<u>\$ 0</u>	<u>\$ 9,040,895</u>	<u>\$ 8,695,793</u>	<u>\$ 8,950,939</u>	<u>\$ 89,956</u>
<u>Expenditures</u>						
<u>Support Services</u>						
Fiscal Services	\$ 3,213	\$ 0	\$ 3,213	\$ 0	\$ 3,350	\$ 137
<u>Operation of Non-Instructional Services</u>						
Food Service	8,518,390	103,355	8,621,745	8,928,134	8,916,183	294,438
Total Expenditures	<u>\$ 8,521,603</u>	<u>\$ 103,355</u>	<u>\$ 8,624,958</u>	<u>\$ 8,928,134</u>	<u>\$ 8,919,533</u>	<u>\$ 294,575</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>\$ 519,292</u>	<u>\$ (103,355)</u>	<u>\$ 415,937</u>	<u>\$ (232,341)</u>	<u>\$ 31,406</u>	<u>\$ 384,531</u>
<u>Other Financing Sources (Uses)</u>						
Transfers In	\$ 2,245,076	\$ 0	\$ 2,245,076	\$ 0	\$ 2,245,076	\$ 0
Total Other Financing Sources (Uses)	<u>\$ 2,245,076</u>	<u>\$ 0</u>	<u>\$ 2,245,076</u>	<u>\$ 0</u>	<u>\$ 2,245,076</u>	<u>\$ 0</u>
Net Change in Fund Balance	\$ 2,764,368	\$ (103,355)	\$ 2,661,013	\$ (232,341)	\$ 2,276,482	\$ 384,531
Fund Balance, July 1, 2004	0	0	0	1,653,643	1,653,643	(1,653,643)
Fund Balance, June 30, 2005	<u>\$ 2,764,368</u>	<u>\$ (103,355)</u>	<u>\$ 2,661,013</u>	<u>\$ 1,421,302</u>	<u>\$ 3,930,125</u>	<u>\$ (1,269,112)</u>

Exhibit L-11

Montgomery County, Tennessee
Schedule of Revenues, Expenditures, and Changes
in Fund Balance - Actual (Budgetary Basis) and Budget
Discretely Presented Montgomery County School Department
Extended School Program Fund
For the Year Ended June 30, 2005

	Actual (GAAP Basis)	Less: Encumbrances 7/1/2004	Actual Revenues/ Expenditures (Budgetary Basis)	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
				Original	Final	
<u>Revenues</u>						
Charges for Current Services	\$ 175,680	\$ 0	\$ 175,680	\$ 200,000	\$ 233,000	\$ (57,320)
Total Revenues	\$ 175,680	\$ 0	\$ 175,680	\$ 200,000	\$ 233,000	\$ (57,320)
<u>Expenditures</u>						
<u>Instruction</u>						
Regular Instruction Program	\$ 185,125	\$ (109)	\$ 185,016	\$ 144,200	\$ 194,529	\$ 9,513
<u>Support Services</u>						
Office of the Principal	18,098	0	18,098	22,900	18,104	6
Fiscal Services	1,795	0	1,795	2,000	2,000	205
Operation of Plant	2,002	0	2,002	5,100	5,073	3,071
Total Expenditures	\$ 207,020	\$ (109)	\$ 206,911	\$ 174,200	\$ 219,706	\$ 12,795
Excess (Deficiency) of Revenues Over Expenditures	\$ (31,340)	\$ 109	\$ (31,231)	\$ 25,800	\$ 13,294	\$ (44,525)
Net Change in Fund Balance	\$ (31,340)	\$ 109	\$ (31,231)	\$ 25,800	\$ 13,294	\$ (44,525)
Fund Balance, July 1, 2004	293,702	(109)	293,593	315,360	315,360	(21,767)
Fund Balance, June 30, 2005	\$ 262,362	\$ 0	\$ 262,362	\$ 341,160	\$ 328,654	\$ (66,292)

MISCELLANEOUS SCHEDULES

Exhibit M-1

Montgomery County, Tennessee
Schedule of Changes in Long-Term Notes, Other Loans, Capital Leases, and Bonds
Primary Government and Discretely Presented Montgomery County School Department
For the Year Ended June 30, 2005

Description of Indebtedness	Original Amount of Issue	Interest Rate	Date of Issue	Last Maturity Date	Outstanding 7-1-04	Issued During Period	Paid and/or Matured During Period	Outstanding 6-30-05
PRIMARY GOVERNMENT								
NOTES PAYABLE								
<u>Payable through General Debt Service Fund</u>								
Library Equipment	\$ 825,000	5.21 %	7-3-1996	7-3-08	\$ 343,750	\$ 0	\$ 68,750	\$ 275,000
Courts Center	9,500,000	4.75-4.8	12-14-00	5-1-11	2,150,000	0	1,050,000	1,100,000
Various Capital Projects	798,175	4.75	3-27-02	3-27-05	266,058	0	266,058	0
Various Capital Projects	870,000	4.75	3-27-02	3-27-05	290,000	0	290,000	0
Refunding Capital Outlay Notes - Courts Center	5,585,000	4 to 5	3-15-04	5-1-11	5,585,000	0	0	5,585,000
Various Capital Projects	743,500	3.33	5-25-04	5-25-07	743,500	0	247,833	495,667
Library Roof Replacement	95,000	3.33	5-25-04	5-25-07	95,000	0	31,667	63,333
School Buses	850,034	3.33	5-25-04	5-25-07	850,034	0	283,345	566,689
Building Improvements and Equipment	1,152,585	3.4937	6-30-05	6-30-08	0	1,152,585	0	1,152,585
Radio Trunking System	150,000	3.4937	6-30-05	6-30-08	0	150,000	0	150,000
Total Notes Payable					<u>\$ 10,323,342</u>	<u>\$ 1,302,585</u>	<u>\$ 2,237,653</u>	<u>\$ 9,388,274</u>
OTHER LOANS PAYABLE								
<u>Payable through General Debt Service Fund</u>								
Public Works Projects	83,845,000	Variable	11-8-1996	5-25-19	\$ 24,595,000	\$ 0	\$ 0	\$ 24,595,000
Qualified Zone Academy Bonds	2,470,731	0	Various	12-18-15	2,117,770	0	176,481	1,941,289
Total Other Loans Payable					<u>\$ 26,712,770</u>	<u>\$ 0</u>	<u>\$ 176,481</u>	<u>\$ 26,536,289</u>
CAPITAL LEASES PAYABLE								
<u>Payable through General Debt Service Fund</u>								
Paver	200,372	5.07	5-18-05	6-25-08	\$ 0	\$ 200,372	\$ 0	\$ 200,372
Total Capital Leases Payable					<u>\$ 0</u>	<u>\$ 200,372</u>	<u>\$ 0</u>	<u>\$ 200,372</u>

(Continued)

Montgomery County, Tennessee
Schedule of Changes in Long-Term Notes, Other Loans, Capital Leases, and Bonds -
Primary Government and Discretely Presented Montgomery County School Department (Cont.)

Description of Indebtedness	Original Amount of Issue	Interest Rate	Date of Issue	Last Maturity Date	Outstanding 7-1-04	Issued During Period	Paid and/or Matured During Period	Outstanding 6-30-05
PRIMARY GOVERNMENT (CONT.)								
BONDS PAYABLE								
<u>Payable through General Debt Service Fund</u>								
Solid Waste (FHA)	\$ 250,000	4.012	% 12-1-1975	1-1-07	\$ 45,000	\$ 0	\$ 14,000	\$ 31,000
Industrial Park Revenue and Tax (FHA)	847,000	5	1-1-1976	1-1-06	107,000	0	52,000	55,000
General Obligation Refunding	14,864,029	4 to 5.25	8-13-1998	5-1-08	5,955,000	0	1,405,000	4,550,000
General Obligation Public Improvement and General Obligation Refunding	68,725,000	5.12095	12-1-01	5-1-21	24,300,000	0	1,095,000	23,205,000
Various County Capital Projects	25,000,000	2 to 5	6-17-03	5-1-23	25,000,000	0	100,000	24,900,000
General Obligation Refunding	81,640,000	3 to 4.75	6-17-03	5-1-15	76,140,000	0	5,400,000	70,740,000
General Obligation Refunding	43,240,000	2 to 5	3-15-04	3-15-20	43,240,000	0	0	43,240,000
General Obligation Public Improvement	22,000,000	2.1 to 5	11-1-04	4-1-25	0	22,000,000	0	22,000,000
Total Bonds Payable					<u>\$ 174,787,000</u>	<u>\$ 22,000,000</u>	<u>\$ 8,066,000</u>	<u>\$ 188,721,000</u>
MONTGOMERY COUNTY SCHOOL DEPARTMENT								
NOTES PAYABLE								
<u>Payable through General Purpose School Fund</u>								
EPA Asbestos Abatement	429,958	0	Various	12-31-05	\$ 35,828	\$ 0	\$ 23,887	\$ 11,941
EPA Asbestos Abatement	398,833	0	Various	12-31-06	55,399	0	22,157	33,242
Radio System	918,000	4.68	10-2-01	9-21-04	306,000	0	306,000	0
Total Notes Payable					<u>\$ 397,227</u>	<u>\$ 0</u>	<u>\$ 352,044</u>	<u>\$ 45,183</u>
CAPITAL LEASES PAYABLE								
<u>Payable through General Purpose School Fund</u>								
HVAC System	571,945	5.591	8-1-1998	8-1-05	\$ 185,748	\$ 0	\$ 90,123	\$ 95,625
Total Capital Leases Payable					<u>\$ 185,748</u>	<u>\$ 0</u>	<u>\$ 90,123</u>	<u>\$ 95,625</u>

Exhibit M-2

Montgomery County, Tennessee
Schedule of Bond and Interest Requirements by Year

Year Ending June 30	Bond Requirements	Interest Requirements	FHA Bond Requirements	FHA Interest Requirements	Total Requirements
2006	\$ 8,540,000	\$ 8,658,381	\$ 70,000	\$ 3,994	\$ 17,272,375
2007	9,255,000	8,294,819	16,000	641	17,566,460
2008	9,645,000	7,902,095	0	0	17,547,095
2009	9,200,000	7,494,081	0	0	16,694,081
2010	9,700,000	7,126,281	0	0	16,826,281
2011	10,340,000	6,699,531	0	0	17,039,531
2012	12,000,000	6,235,732	0	0	18,235,732
2013	13,100,000	5,677,481	0	0	18,777,481
2014	14,085,000	5,059,231	0	0	19,144,231
2015	15,070,000	4,392,806	0	0	19,462,806
2016	9,060,000	3,676,957	0	0	12,736,957
2017	9,820,000	3,269,156	0	0	13,089,156
2018	10,385,000	2,821,119	0	0	13,206,119
2019	10,955,000	2,345,012	0	0	13,300,012
2020	12,280,000	1,812,700	0	0	14,092,700
2021	12,600,000	1,214,624	0	0	13,814,624
2022	3,600,000	600,250	0	0	4,200,250
2023	3,600,000	429,000	0	0	4,029,000
2024	2,700,000	256,500	0	0	2,956,500
2025	2,700,000	121,500	0	0	2,821,500
Total	\$ 188,635,000	\$ 84,087,256	\$ 86,000	\$ 4,635	\$ 272,812,891

Exhibit M-3

Montgomery County, Tennessee
Schedule of Transfers - All Funds and Discretely Presented Montgomery County School Department
For the Year Ended June 30, 2005

<u>From Fund</u>	<u>To Fund</u>	<u>Purpose</u>	<u>Amount</u>
<u>Primary Government</u>			
General	General Capital Projects	To fund capital projects	\$ 19,071
Other Capital Projects #1	General Capital Projects	To fund capital projects	1,885,326
Other Capital Projects #2	General Capital Projects	To fund capital projects	4,105,606
Other Capital Projects #3	General Capital Projects	To fund capital projects	<u>1,195,980</u>
Total Transfers Primary Government			<u>\$ 7,205,983</u>
<u>Discretely Presented Montgomery</u>			
<u>County School Department</u>			
General Purpose School	Central Cafeteria	To start-up new fund	\$ 2,245,076
School Federal Projects	General Purpose School	Indirect costs	<u>274,540</u>
Total Transfers Discretely Presented Montgomery County School Department			<u>\$ 2,519,616</u>

Exhibit M-4

Montgomery County, Tennessee
Schedule of Salaries and Official Bonds of Principal Officials
For the Year Ended June 30, 2005

Official	Authorization for Salary	Salary Paid During Period	Bond	Surety
County Mayor	Section 8-24-102, <u>TCA</u>	\$ 103,624	\$ 50,000	RLI Insurance Company
Highway Supervisor	Section 8-24-102, <u>TCA</u>	74,016	100,000	Auto-Owners Mutual Insurance Company
Director of Schools	State Board of Education and Local Board of Education	171,615 (1)		
Trustee	Section 8-24-102, <u>TCA</u>	67,288	3,699,700	Ohio Casualty Insurance Company
Assessor of Property	Section 8-24-102, <u>TCA</u>	67,288	10,000	Auto-Owners Mutual Insurance Company
Director of Accounts:				
Rachel Reddick (7-1-04 through 4-30-05)	County Commission	63,966	50,000	Ohio Casualty Insurance Company
Bob Boydston (5-1-05 through 6-30-05)	County Commission	46,318 (2)	(4)	
Purchasing Agent	County Commission	44,782	25,000	Ohio Casualty Insurance Company
County Clerk	Section 8-24-102, <u>TCA</u>	67,288	50,000	RLI Insurance Company
Circuit Court Clerk	Section 8-24-102, <u>TCA</u>	67,288	50,000	"
Clerk and Master:				
Edward Davis (7-1-04 through 12-31-04)	Section 8-24-102, <u>TCA</u> , and Chancery Judge	82,618 (3)	60,000	Auto-Owners Mutual Insurance Company
Ted A. Crozier, Jr. (1-1-05 through 6-30-05)	Section 8-24-102, <u>TCA</u>	31,056	(5)	
Register	Section 8-24-102, <u>TCA</u>	67,288	50,000	RLI Insurance Company
Sheriff	Section 8-24-102, <u>TCA</u> , and County Commission	85,664 (4)	25,000	"
<u>County Employees:</u>				
Public Employees Blanket Bond			100,000	Auto-Owners Mutual Insurance Company
<u>School Employees:</u>				
Public School System			150,000	Tennessee School Boards Risk Management Trust

- (1) Includes base salary (\$135,615), additional salary designated for tax sheltered annuity (\$20,000), performance bonus (\$15,000), and CEO supplement (\$1,000). Other benefits not included are the use of an automobile, county paid health insurance, dues for professional societies, associations, or civic clubs.
- (2) Bob Boydston was hired as interim finance director September 20, 2004, and became director May 1, 2005.
- (3) Includes special commissioner fees totaling \$46,386.
- (4) Includes \$7,500 as workhouse superintendent and \$519 for a law enforcement training supplement.
- (5) Bond was filed on December 22, 2005.

Exhibit M-5

Montgomery County, Tennessee
 Schedule of Detailed Revenues -
 All Governmental Fund Types
 For the Year Ended June 30, 2005

	Special Revenue Funds				Debt Service Fund
	General	Drug Control	Constitutional Officers - Fees	Highway / Public Works	General Debt Service
<u>Local Taxes</u>					
<u>County Property Taxes</u>					
Current Property Tax	\$ 17,778,820	\$ 0	\$ 0	\$ 2,440,230	\$ 14,271,333
Trustee's Collections - Prior Year	628,849	0	0	103,090	625,257
Interest and Penalty	136,302	0	0	21,796	127,665
Payments in Lieu of Taxes - T.V.A.	763	0	0	0	0
Payments in Lieu of Taxes - Local Utilities	388,030	0	0	0	0
Payments in Lieu of Taxes - Other	552,753	0	0	0	0
<u>County Local Option Taxes</u>					
Local Option Sales Tax	0	0	0	0	2,542,043
Hotel/Motel Tax	1,084,882	0	0	0	0
Litigation Tax - General	521,093	0	0	0	0
Litigation Tax - Special Purpose	88,774	0	0	0	0
Litigation Tax - Office of Public Defender	114	0	0	0	0
Litigation Tax - Jail, Workhouse, or Courthouse	0	0	0	0	176,719
Business Tax	739,338	0	0	63,736	63,736
Mineral Severance Tax	0	0	0	354,566	0
Adequate Facilities/Development Tax	0	0	0	0	1,000,750
<u>Statutory Local Taxes</u>					
Bank Excise Tax	58,360	0	0	8,018	46,919
Wholesale Beer Tax	322,438	0	0	0	0
Interstate Telecommunications Tax	5,229	0	0	0	0
Total Local Taxes	\$ 22,305,745	\$ 0	\$ 0	\$ 2,991,436	\$ 18,854,422
<u>Licenses and Permits</u>					
<u>Licenses</u>					
Cable TV Franchise	\$ 157,429	\$ 0	\$ 0	\$ 0	\$ 0
<u>Permits</u>					
Building Permits	418,233	0	0	0	0
Plumbing Permits	9,343	0	0	0	0
Other Permits	84,953	0	0	0	0
Total Licenses and Permits	\$ 669,958	\$ 0	\$ 0	\$ 0	\$ 0

(Continued)

Exhibit M-5

Montgomery County, Tennessee
 Schedule of Detailed Revenues -
 All Governmental Fund Types (Cont.)

	Special Revenue Funds				Debt Service Fund
	General	Drug Control	Constitutional Officers - Fees	Highway / Public Works	General Debt Service
<u>Fines, Forfeitures, and Penalties</u>					
<u>Circuit Court</u>					
Fines	\$ 57,414	\$ 0	\$ 0	\$ 0	0
Officers Costs	29,286	0	0	0	0
Data Entry Fee - Circuit Court	4,176	0	0	0	0
<u>General Sessions Court</u>					
Fines	493,644	0	0	0	0
Fines for Littering	736	0	0	0	0
Officers Costs	292,966	0	0	0	0
Game and Fish Fines	1,477	0	0	0	0
DUI Treatment Fines	20,195	0	0	0	0
Data Entry Fee - General Sessions Court	28,999	0	0	0	0
<u>Juvenile Court</u>					
Fines	1,113	0	0	0	0
Jail Fees	108,443	0	0	0	0
<u>Chancery Court</u>					
Officers Costs	7,812	0	0	0	0
Data Entry Fee - Chancery Court	2,528	0	0	0	0
<u>Other Courts - In-county</u>					
Drug Control Fines	0	19,479	0	0	0
District Attorney General Fees	45,170	0	0	0	0
Total Fines, Forfeitures, and Penalties	\$ 1,093,959	\$ 19,479	\$ 0	\$ 0	0
<u>Charges for Current Services</u>					
<u>General Service Charges</u>					
Patient Charges	\$ 3,343,583	\$ 0	\$ 0	\$ 0	0
Zoning Studies	2,700	0	0	0	0
Other General Service Charges	56,755	0	0	0	0
<u>Fees</u>					
Recreation Fees	12,935	0	0	0	0
Copy Fees	5,126	0	0	0	0
Telephone Commissions	85,943	0	0	0	0
Vending Machine Collections	688	0	0	416	0
Special Commissioner Fees/Special Master Fees	0	0	46,386	0	0

(Continued)

Exhibit M-5

Montgomery County, Tennessee
 Schedule of Detailed Revenues -
 All Governmental Fund Types (Cont.)

	Special Revenue Funds				Debt Service Fund
	General	Drug Control	Constitutional Officers - Fees	Highway / Public Works	General Debt Service
<u>Charges for Current Services (Cont.)</u>					
<u>Fees (Cont.)</u>					
Data Processing Fee - Register	\$ 81,708	\$ 0	\$ 0	\$ 0	\$ 0
Data Processing Fee - Sheriff	40,699	0	0	0	0
Sexual Offender Registration Fee	3,000	0	0	0	0
Total Charges for Current Services	\$ 3,633,137	\$ 0	\$ 46,386	\$ 416	\$ 0
<u>Other Local Revenues</u>					
<u>Recurring Items</u>					
Investment Income	\$ 1,329,906	\$ 0	\$ 0	\$ 0	\$ 37,144
Lease/Rentals	548,589	0	0	0	0
Sale of Gasoline	0	0	0	16,624	0
Sale of Maps	3,412	0	0	0	0
Miscellaneous Refunds	31,443	0	0	42,966	0
<u>Nonrecurring Items</u>					
Accrued Interest on Debt Issues	0	0	0	0	53,431
Insurance Recovery	5,214	0	0	28,944	0
Sale of Equipment	25,820	0	0	936	0
Contributions & Gifts	5,242	0	0	0	0
<u>Other Local Revenues</u>	<u>810,437</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Total Other Local Revenues	\$ 2,760,063	\$ 0	\$ 0	\$ 89,470	\$ 90,575
<u>Fees Received from County Officials</u>					
<u>Fees In Lieu of Salary</u>					
County Clerk	\$ 1,234,145	\$ 0	\$ 0	\$ 0	\$ 0
Circuit Court Clerk	468,678	0	0	0	0
Criminal Court Clerk	4,350	0	0	0	0
General Sessions Court Clerk	1,004,292	0	0	0	0
Clerk and Master	229,863	0	0	0	0
Juvenile Court Clerk	229,521	0	0	0	0
Register	1,260,133	0	0	0	0
Sheriff	22,259	0	0	0	0
Trustee	2,107,518	0	0	0	0
Total Fees Received from County Officials	\$ 6,560,759	\$ 0	\$ 0	\$ 0	\$ 0

(Continued)

Exhibit M-5

Montgomery County, Tennessee
 Schedule of Detailed Revenues -
 All Governmental Fund Types (Cont.)

	Special Revenue Funds				Debt Service Fund
	General	Drug Control	Constitutional Officers - Fees	Highway / Public Works	General Debt Service
<u>State of Tennessee</u>					
<u>General Government Grants</u>					
Juvenile Services Program	\$ 612,888	\$ 0	\$ 0	\$ 0	0
State Reappraisal Grant	34,646	0	0	0	0
<u>Public Safety Grants</u>					
Law Enforcement Training Programs	33,716	0	0	0	0
<u>Public Works Grants</u>					
Bridge Program	0	0	0	112,699	0
State Aid Program	0	0	0	268,754	0
Litter Program	49,576	0	0	0	0
<u>Other State Revenues</u>					
Flood Control	270	0	0	0	0
Beer Tax	16,778	0	0	0	0
Alcoholic Beverage Tax	115,897	0	0	0	0
State Revenue Sharing - T.V.A.	849,171	0	0	0	0
Board of Jurors	2,987	0	0	0	0
Prisoner Transportation	1,450	0	0	0	0
Contracted Prisoner Boarding	651,040	0	0	0	0
Gasoline and Motor Fuel Tax	0	0	0	2,666,712	0
Petroleum Special Tax	0	0	0	108,411	0
Registrar's Salary Supplement	16,380	0	0	0	0
Other State Grants	1,409,992	0	0	0	0
Other State Revenues	8,007	0	0	62,132	0
Total State of Tennessee	\$ 3,802,798	\$ 0	\$ 0	\$ 3,218,708	\$ 0
<u>Federal Government</u>					
<u>Federal Through State</u>					
Homeland Security Grants	\$ 619,947	\$ 0	\$ 0	\$ 0	0
Law Enforcement Grants	316,537	0	0	0	0
Other Federal through State	120,320	0	0	0	0
<u>Direct Federal Revenue</u>					
Other Direct Federal Revenue	1,800	0	0	0	0
Total Federal Government	\$ 1,058,604	\$ 0	\$ 0	\$ 0	0

(Continued)

Exhibit M-5

Montgomery County, Tennessee
 Schedule of Detailed Revenues -
 All Governmental Fund Types (Cont.)

	Special Revenue Funds				Debt Service Fund
	General	Drug Control	Constitutional Officers - Fees	Highway / Public Works	General Debt Service
<u>Other Governments and Citizens Groups</u>					
<u>Other Governments</u>					
Prisoner Board	\$ 272	\$ 0	\$ 0	\$ 0	\$ 0
Contributions	97,888	0	0	0	696,383
<u>Citizens Groups</u>					
Donations	12,509	0	0	0	0
<u>Other</u>					
Other	0	0	0	0	15,462
Total Other Governments and Citizens Groups	\$ 110,669	\$ 0	\$ 0	\$ 0	\$ 711,845
Total	\$ 41,995,692	\$ 19,479	\$ 46,386	\$ 6,300,030	\$ 19,656,842

(Continued)

Exhibit M-5

Montgomery County, Tennessee
 Schedule of Detailed Revenues -
 All Governmental Fund Types (Cont.)

	Capital Projects Funds					Total
	General Capital Projects	Community Development/ Industrial Park	Sanitation Projects	Nursing Home Projects	Other Capital Projects	
<u>Local Taxes</u>						
<u>County Property Taxes</u>						
Current Property Tax	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 34,490,383
Trustee's Collections - Prior Year	0	0	0	0	0	1,357,196
Interest and Penalty	0	0	0	0	0	285,763
Payments in Lieu of Taxes - T.V.A.	0	0	0	0	0	763
Payments in Lieu of Taxes - Local Utilities	0	0	0	0	0	388,030
Payments in Lieu of Taxes - Other	0	0	0	0	0	552,753
<u>County Local Option Taxes</u>						
Local Option Sales Tax	0	0	0	0	0	2,542,043
Hotel/Motel Tax	0	0	0	0	0	1,084,882
Litigation Tax - General	0	0	0	0	0	521,093
Litigation Tax - Special Purpose	0	0	0	0	0	88,774
Litigation Tax - Office of Public Defender	0	0	0	0	0	114
Litigation Tax - Jail, Workhouse, or Courthouse	0	0	0	0	0	176,719
Business Tax	0	0	0	0	0	866,810
Mineral Severance Tax	0	0	0	0	0	354,566
Adequate Facilities/Development Tax	0	0	0	0	0	1,000,750
<u>Statutory Local Taxes</u>						
Bank Excise Tax	0	0	0	0	0	113,297
Wholesale Beer Tax	0	0	0	0	0	322,438
Interstate Telecommunications Tax	0	0	0	0	0	5,229
Total Local Taxes	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 44,151,603
<u>Licenses and Permits</u>						
<u>Licenses</u>						
Cable TV Franchise	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 157,429
<u>Permits</u>						
Building Permits	0	0	0	0	0	418,233
Plumbing Permits	0	0	0	0	0	9,343
Other Permits	0	0	0	0	0	84,953
Total Licenses and Permits	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 669,958

(Continued)

Exhibit M-5

Montgomery County, Tennessee
 Schedule of Detailed Revenues -
 All Governmental Fund Types (Cont.)

	Capital Projects Funds					Total
	General Capital Projects	Community Development/ Industrial Park	Sanitation Projects	Nursing Home Projects	Other Capital Projects	
<u>Fines, Forfeitures, and Penalties</u>						
<u>Circuit Court</u>						
Fines	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	57,414
Officers Costs	0	0	0	0	0	29,286
Data Entry Fee - Circuit Court	0	0	0	0	0	4,176
<u>General Sessions Court</u>						
Fines	0	0	0	0	0	493,644
Fines for Littering	0	0	0	0	0	736
Officers Costs	0	0	0	0	0	292,966
Game and Fish Fines	0	0	0	0	0	1,477
DUI Treatment Fines	0	0	0	0	0	20,195
Data Entry Fee - General Sessions Court	0	0	0	0	0	28,999
<u>Juvenile Court</u>						
Fines	0	0	0	0	0	1,113
Jail Fees	0	0	0	0	0	108,443
<u>Chancery Court</u>						
Officers Costs	0	0	0	0	0	7,812
Data Entry Fee - Chancery Court	0	0	0	0	0	2,528
<u>Other Courts - In-county</u>						
Drug Control Fines	0	0	0	0	0	19,479
District Attorney General Fees	0	0	0	0	0	45,170
Total Fines, Forfeitures, and Penalties	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	1,113,438
<u>Charges for Current Services</u>						
<u>General Service Charges</u>						
Patient Charges	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	3,343,583
Zoning Studies	0	0	0	0	0	2,700
Other General Service Charges	0	0	0	0	0	56,755
<u>Fees</u>						
Recreation Fees	0	0	0	0	0	12,935
Copy Fees	0	0	0	0	0	5,126
Telephone Commissions	0	0	0	0	0	85,943
Vending Machine Collections	0	0	0	0	0	1,104
Special Commissioner Fees/Special Master Fees	0	0	0	0	0	46,386

(Continued)

Exhibit M-5

Montgomery County, Tennessee
 Schedule of Detailed Revenues -
 All Governmental Fund Types (Cont.)

	Capital Projects Funds					Total
	General Capital Projects	Community Development/ Industrial Park	Sanitation Projects	Nursing Home Projects	Other Capital Projects	
<u>Charges for Current Services (Cont.)</u>						
<u>Fees (Cont.)</u>						
Data Processing Fee - Register	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 81,708
Data Processing Fee - Sheriff	0	0	0	0	0	40,699
Sexual Offender Registration Fee	0	0	0	0	0	3,000
Total Charges for Current Services	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 3,679,939
<u>Other Local Revenues</u>						
<u>Recurring Items</u>						
Investment Income	\$ 0	\$ 0	108,948	\$ 242,728	\$ 21,081	\$ 1,739,807
Lease/Rentals	0	0	0	0	0	548,589
Sale of Gasoline	0	0	0	0	0	16,624
Sale of Maps	0	0	0	0	0	3,412
Miscellaneous Refunds	0	0	0	0	0	74,409
<u>Nonrecurring Items</u>						
Accrued Interest on Debt Issues	0	0	0	0	0	53,431
Insurance Recovery	0	0	0	0	0	34,158
Sale of Equipment	0	0	0	0	0	26,756
Contributions & Gifts	0	0	0	0	0	5,242
<u>Other Local Revenues</u>						
Other Local Revenues	0	0	0	0	0	810,437
Total Other Local Revenues	\$ 0	\$ 0	108,948	\$ 242,728	\$ 21,081	\$ 3,312,865
<u>Fees Received from County Officials</u>						
<u>Fees In Lieu of Salary</u>						
County Clerk	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 1,234,145
Circuit Court Clerk	0	0	0	0	0	468,678
Criminal Court Clerk	0	0	0	0	0	4,350
General Sessions Court Clerk	0	0	0	0	0	1,004,292
Clerk and Master	0	0	0	0	0	229,863
Juvenile Court Clerk	0	0	0	0	0	229,521
Register	0	0	0	0	0	1,260,133
Sheriff	0	0	0	0	0	22,259
Trustee	0	0	0	0	0	2,107,518
Total Fees Received from County Officials	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 6,560,759

(Continued)

Exhibit M-5

Montgomery County, Tennessee
 Schedule of Detailed Revenues -
 All Governmental Fund Types (Cont.)

	Capital Projects Funds					Total
	General Capital Projects	Community Development/ Industrial Park	Sanitation Projects	Nursing Home Projects	Other Capital Projects	
<u>State of Tennessee</u>						
<u>General Government Grants</u>						
Juvenile Services Program	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 612,888
State Reappraisal Grant	0	0	0	0	0	34,646
<u>Public Safety Grants</u>						
Law Enforcement Training Programs	0	0	0	0	0	33,716
<u>Public Works Grants</u>						
Bridge Program	0	0	0	0	0	112,699
State Aid Program	0	0	0	0	0	268,754
Litter Program	0	0	0	0	0	49,576
<u>Other State Revenues</u>						
Flood Control	0	0	0	0	0	270
Beer Tax	0	0	0	0	0	16,778
Alcoholic Beverage Tax	0	0	0	0	0	115,897
State Revenue Sharing - T.V.A.	0	0	0	0	0	849,171
Board of Jurors	0	0	0	0	0	2,987
Prisoner Transportation	0	0	0	0	0	1,450
Contracted Prisoner Boarding	0	0	0	0	0	651,040
Gasoline and Motor Fuel Tax	0	0	0	0	0	2,666,712
Petroleum Special Tax	0	0	0	0	0	108,411
Registrar's Salary Supplement	0	0	0	0	0	16,380
Other State Grants	0	0	0	0	0	1,409,992
Other State Revenues	96,745	0	0	0	0	166,884
Total State of Tennessee	\$ 96,745	\$ 0	\$ 0	\$ 0	\$ 0	\$ 7,118,251
<u>Federal Government</u>						
<u>Federal Through State</u>						
Homeland Security Grants	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 619,947
Law Enforcement Grants	0	0	0	0	0	316,537
Other Federal through State	0	21,318	0	0	0	141,638
<u>Direct Federal Revenue</u>						
Other Direct Federal Revenue	0	0	0	0	0	1,800
Total Federal Government	\$ 0	\$ 21,318	\$ 0	\$ 0	\$ 0	\$ 1,079,922

(Continued)

Exhibit M-5

Montgomery County, Tennessee
 Schedule of Detailed Revenues -
 All Governmental Fund Types (Cont.)

	Capital Projects Funds					Total
	General Capital Projects	Community Development/ Industrial Park	Sanitation Projects	Nursing Home Projects	Other Capital Projects	
<u>Other Governments and Citizens Groups</u>						
<u>Other Governments</u>						
Prisoner Board	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	272
Contributions	0	0	0	0	0	794,271
<u>Citizens Groups</u>						
Donations	22,750	0	0	0	0	35,259
<u>Other</u>						
Other	0	0	0	0	0	15,462
Total Other Governments and Citizens Groups	<u>\$ 22,750</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>845,264</u>
Total	<u>\$ 119,495</u>	<u>\$ 21,318</u>	<u>\$ 108,948</u>	<u>\$ 242,728</u>	<u>\$ 21,081</u>	<u>\$ 68,531,999</u>

Exhibit M-6

Montgomery County, Tennessee
Schedule of Detailed Revenues -
All Governmental Fund Types
Discretely Presented Montgomery County School Department
For the Year Ended June 30, 2005

	General Purpose School	School Federal Projects	Central Cafeteria	Extended School Program	Education Capital Projects	Total
<u>Local Taxes</u>						
<u>County Property Taxes</u>						
Current Property Tax	\$ 18,934,460	\$ 0	\$ 0	\$ 0	\$ 0	\$ 18,934,460
Trustee's Collections - Prior Year	753,782	0	0	0	0	753,782
Interest and Penalty	178,691	0	0	0	0	178,691
Payments in Lieu of Taxes - Local Utilities	651,527	0	0	0	0	651,527
<u>County Local Option Taxes</u>						
Local Option Sales Tax	27,430,470	0	0	0	0	27,430,470
Wheel Tax	3,256,891	0	0	0	0	3,256,891
Business Tax	424,450	0	0	0	0	424,450
<u>Statutory Local Taxes</u>						
Bank Excise Tax	64,090	0	0	0	0	64,090
Interstate Telecommunications Tax	22,503	0	0	0	0	22,503
Total Local Taxes	\$ 51,716,864	\$ 0	\$ 0	\$ 0	\$ 0	\$ 51,716,864
<u>Charges for Current Services</u>						
<u>Education Charges</u>						
Tuition - Regular Day Students	\$ 28,459	\$ 0	\$ 0	\$ 0	\$ 0	\$ 28,459
Tuition - Summer School	0	0	0	143,265	0	143,265
Tuition - Other	2,700	0	0	32,415	0	35,115
Lunch Payments - Children	0	0	2,642,716	0	0	2,642,716
Lunch Payments - Adults	0	0	220,162	0	0	220,162
Income from Breakfast	0	0	189,768	0	0	189,768
A la carte Sales	0	0	1,365,344	0	0	1,365,344
School Based Health Services - FFS	5,028	0	0	0	0	5,028
TBI Criminal Background Fee	25,656	0	0	0	0	25,656
<u>Other Charges for Services</u>						
Other Charges for Services	0	0	190,033	0	0	190,033
Total Charges for Current Services	\$ 61,843	\$ 0	\$ 4,608,023	\$ 175,680	\$ 0	\$ 4,845,546
<u>Other Local Revenues</u>						
<u>Recurring Items</u>						
Investment Income	\$ 0	\$ 0	\$ 41,033	\$ 0	\$ 1,498	\$ 42,531
Lease/Rentals	82,538	0	0	0	0	82,538
Sale of Materials and Supplies	191,062	0	97,714	0	0	288,776
Sale of Recycled Materials	2,018	0	0	0	0	2,018
Miscellaneous Refunds	17,198	0	79,189	0	0	96,387

(Continued)

Exhibit M-6

Montgomery County, Tennessee
Schedule of Detailed Revenues -
All Governmental Fund Types
Discretely Presented Montgomery County School Department (Cont.)

	General Purpose School	School Federal Projects	Central Cafeteria	Extended School Program	Education Capital Projects	Total
<u>Other Local Revenues (Cont.)</u>						
<u>Nonrecurring Items</u>						
Insurance Recovery	\$ 223,431	\$ 0	\$ 0	\$ 0	\$ 0	\$ 223,431
Sale of Equipment	15,568	0	0	0	0	15,568
Damages Recovered from Individuals	960	0	0	0	0	960
Contributions & Gifts	654,095	0	0	0	0	654,095
Total Other Local Revenues	\$ 1,186,870	\$ 0	\$ 217,936	\$ 0	\$ 1,498	\$ 1,406,304
<u>State of Tennessee</u>						
<u>State Education Funds</u>						
Basic Education Program	\$ 78,197,663	\$ 0	\$ 0	\$ 0	\$ 0	\$ 78,197,663
School Food Service	0	0	115,939	0	0	115,939
Other State Education Funds	952,430	91,239	0	0	0	1,043,669
Career Ladder Program	1,277,013	0	0	0	0	1,277,013
Career Ladder - Extended Contract	362,274	0	0	0	0	362,274
<u>Other State Revenues</u>						
Income Tax	51,416	0	0	0	0	51,416
Mixed Drink Tax	170,078	0	0	0	0	170,078
Other State Grants	46,910	0	0	0	0	46,910
Total State of Tennessee	\$ 81,057,784	\$ 91,239	\$ 115,939	\$ 0	\$ 0	\$ 81,264,962
<u>Federal Government</u>						
<u>Federal Through State</u>						
USDA School Lunch Program	\$ 0	\$ 0	\$ 3,243,625	\$ 0	\$ 0	\$ 3,243,625
Breakfast	0	0	855,372	0	0	855,372
Adult Education State Grant Program	88,052	0	0	0	0	88,052
Vocational Education - Basic Grants to States	0	483,331	0	0	0	483,331
Title I Grants to Local Education Agencies	0	3,567,748	0	0	0	3,567,748
Innovative Education Program Strategies	0	144,504	0	0	0	144,504
Special Education - Grants to States	5,750	4,523,429	0	0	0	4,529,179
Special Education Preschool Grants	0	75,992	0	0	0	75,992
Eisenhower Professional Development State Grants	0	1,299,512	0	0	0	1,299,512
Other Federal through State	31,253	795,205	0	0	0	826,458
<u>Direct Federal Revenue</u>						
Public Law 874 - Maintenance and Operation	3,045,053	0	0	0	0	3,045,053
ROTC Reimbursement	299,071	0	0	0	0	299,071
Other Direct Federal Revenue	1,856,324	0	0	0	0	1,856,324
Total Federal Government	\$ 5,325,503	\$ 10,889,721	\$ 4,098,997	\$ 0	\$ 0	\$ 20,314,221

(Continued)

Exhibit M-6

Montgomery County, Tennessee
Schedule of Detailed Revenues -
All Governmental Fund Types
Discretely Presented Montgomery County School Department (Cont.)

	General Purpose School	School Federal Projects	Central Cafeteria	Extended School Program	Education Capital Projects	Total
<u>Other Governments and Citizens Groups</u>						
<u>Other Governments</u>						
Contributions	\$ 0	\$ 0	\$ 0	\$ 0	\$ 7,826,860	\$ 7,826,860
Contracted Services	19,392	0	0	0	0	19,392
Total Other Governments and Citizens Groups	\$ 19,392	\$ 0	\$ 0	\$ 0	\$ 7,826,860	\$ 7,846,252
Total	\$ 139,368,256	\$ 10,980,960	\$ 9,040,895	\$ 175,680	\$ 7,828,358	\$ 167,394,149

Montgomery County, Tennessee
Schedule of Detailed Expenditures -
All Governmental Fund Types
For the Year Ended June 30, 2005

General Fund

General Government

County Commission

Secretary(s)	\$	21,549	
Board and Committee Members Fees		66,085	
Advertising		1,548	
Audit Services		30,531	
Data Processing Services		100	
Dues and Memberships		2,066	
Legal Notices, Recording, and Court Costs		1,450	
Postal Charges		53	
Printing, Stationery, and Forms		168	
Travel		1,666	
Tuition		1,773	
Other Contracted Services		646	
Duplicating Supplies		40	
Food Supplies		31	
Office Supplies		125	
Total County Commission			\$ 127,831

Board of Equalization

Board and Committee Members Fees	\$	800	
Advertising		380	
Total Board of Equalization			1,180

Beer Board

Board and Committee Members Fees	\$	1,000	
Total Beer Board			1,000

Other Boards and Committees

Board and Committee Members Fees	\$	2,650	
Total Other Boards and Committees			2,650

County Mayor

County Official/Administrative Officer	\$	103,624	
Supervisor/Director		67,288	
Secretary(s)		44,782	
Part-time Personnel		7,871	
Overtime Pay		118	
Advertising		125	
Communication		2,534	
Contributions		250	
Data Processing Services		319	

(Continued)

Montgomery County, Tennessee
Schedule of Detailed Expenditures -
All Governmental Fund Types (Cont.)

General Fund (Cont.)

General Government (Cont.)

County Mayor (Cont.)

Dues and Memberships	\$	1,098	
Licenses		8	
Maintenance & Repair Services- Vehicles		1,410	
Postal Charges		238	
Printing, Stationery, and Forms		94	
Rentals		2,543	
Travel		3,552	
Tuition		1,303	
Other Contracted Services		915	
Custodial Supplies		5	
Data Processing Supplies		833	
Duplicating Supplies		445	
Food Supplies		469	
Gasoline		1,572	
Library Books/Media		154	
Office Supplies		599	
Periodicals		160	
Premiums on Corporate Surety Bonds		66	
Communication Equipment		202	
Office Equipment		304	
Other Equipment		240	
Total County Mayor			\$ 243,121

Personnel Office

Assistant(s)	\$	27,524
Supervisor/Director		41,376
Clerical Personnel		11,006
Overtime Pay		753
Advertising		486
Communication		994
Dues and Memberships		613
Postal Charges		851
Rentals		2,071
Travel		711
Tuition		160
Other Contracted Services		7,334
Custodial Supplies		8
Data Processing Supplies		1,101
Duplicating Supplies		636
Food Supplies		145

(Continued)

Montgomery County, Tennessee
Schedule of Detailed Expenditures -
All Governmental Fund Types (Cont.)

General Fund (Cont.)

General Government (Cont.)

Personnel Office (Cont.)

Library Books/Media	\$	761	
Office Supplies		1,161	
Other Supplies and Materials		93	
Office Equipment		779	
Other Equipment		298	
Total Personnel Office			\$ 98,861

County Attorney

Legal Services	\$	25,210	
Total County Attorney			25,210

Election Commission

Supervisor/Director	\$	60,559	
Clerical Personnel		74,795	
Temporary Personnel		53,280	
Part-time Personnel		5,581	
Overtime Pay		10,369	
Election Commission		6,244	
Election Workers		43,025	
Communication		4,455	
Dues and Memberships		200	
Legal Notices, Recording, and Court Costs		12,750	
Maintenance & Repair Services- Buildings		240	
Maintenance & Repair Services- Office Equipment		8,346	
Postal Charges		8,014	
Printing, Stationery, and Forms		5,038	
Rentals		4,781	
Travel		2,734	
Tuition		1,120	
Other Contracted Services		4,327	
Custodial Supplies		8	
Data Processing Supplies		1,124	
Diesel Fuel		79	
Duplicating Supplies		307	
Equipment and Machinery Parts		638	
Food Supplies		121	
Gasoline		100	
Library Books/Media		372	
Office Supplies		1,768	
Periodicals		160	

(Continued)

Montgomery County, Tennessee
Schedule of Detailed Expenditures -
All Governmental Fund Types (Cont.)

General Fund (Cont.)

General Government (Cont.)

Election Commission(Cont.)

Other Supplies and Materials	\$	28	
Premiums on Corporate Surety Bonds		102	
Office Equipment		380	
Total Election Commission			\$ 311,045

Register of Deeds

County Official/Administrative Officer	\$	67,288	
Deputy(ies)		144,498	
Overtime Pay		618	
Communication		1,896	
Data Processing Services		11,413	
Dues and Memberships		150	
Maintenance & Repair Services- Equipment		225	
Maintenance & Repair Services- Office Equipment		51,195	
Printing, Stationery, and Forms		785	
Rentals		3,419	
Travel		154	
Tuition		174	
Custodial Supplies		44	
Data Processing Supplies		2,082	
Duplicating Supplies		3,823	
Equipment and Machinery Parts		80	
Food Supplies		351	
Office Supplies		725	
Other Supplies and Materials		1,151	
Premiums on Corporate Surety Bonds		66	
Data Processing Equipment		21,531	
Furniture and Fixtures		3,060	
Total Register of Deeds			314,728

Planning

Contributions	\$	217,127	
Total Planning			217,127

Building

Supervisor/Director	\$	57,001	
Communication		989	
Engineering Services		1,500	
Licenses		50	
Maintenance & Repair Services- Vehicles		161	

(Continued)

Montgomery County, Tennessee
Schedule of Detailed Expenditures -
All Governmental Fund Types (Cont.)

General Fund (Cont.)

General Government (Cont.)

Building (Cont.)

Travel	\$	513	
Tuition		60	
Other Contracted Services		64	
Gasoline		1,192	
General Construction Materials		23	
Office Supplies		75	
Total Building			\$ 61,628

Codes Compliance

Assistant(s)	\$	149,142	
Supervisor/Director		51,854	
Secretary(s)		55,742	
Overtime Pay		288	
Communication		5,368	
Data Processing Services		212	
Dues and Memberships		1,165	
Legal Notices, Recording, and Court Costs		1,658	
Licenses		17	
Maintenance & Repair Services- Vehicles		3,335	
Medical and Dental Services		80	
Postal Charges		730	
Printing, Stationery, and Forms		584	
Rentals		1,796	
Travel		1,099	
Tuition		1,933	
Permits		2,500	
Other Contracted Services		66	
Custodial Supplies		30	
Data Processing Supplies		998	
Duplicating Supplies		399	
Food Supplies		72	
Gasoline		7,525	
Library Books/Media		265	
Office Supplies		653	
Tires and Tubes		250	
Uniforms		847	
Other Supplies and Materials		118	
Premiums on Corporate Surety Bonds		134	
Data Processing Equipment		374	
Office Equipment		120	
Total Codes Compliance			289,354

(Continued)

Montgomery County, Tennessee
Schedule of Detailed Expenditures -
All Governmental Fund Types (Cont.)

General Fund (Cont.)

General Government (Cont.)

Geographical Information Systems

Contracts with Government Agencies	\$ 90,250	
Total Geographical Information Systems		\$ 90,250

County Buildings

Supervisor/Director	\$ 38,815
Secretary(s)	26,187
Custodial Personnel	105,879
Maintenance Personnel	244,825
Overtime Pay	8,480
Communication	20,735
Data Processing Services	550
Dues and Memberships	175
Laundry Service	1,442
Licenses	308
Maintenance & Repair Services- Buildings	6,234
Maintenance & Repair Services- Equipment	28,629
Maintenance & Repair Services- Office Equipment	262
Maintenance & Repair Services- Vehicles	5,214
Medical and Dental Services	1,731
Pest Control	7,581
Postal Charges	121
Printing, Stationery, and Forms	50
Rentals	5,707
Travel	246
Tuition	60
Disposal Fees	3,293
Other Contracted Services	5,413
Crushed Stone	38
Custodial Supplies	21,613
Data Processing Supplies	543
Drugs and Medical Supplies	262
Duplicating Supplies	18
Electricity	130,599
Equipment Parts - Light	854
Equipment and Machinery Parts	4,147
Fertilizer, Lime and Seed	53
Food Supplies	186
Gasoline	11,979
General Construction Materials	939
Natural Gas	19,870

(Continued)

Montgomery County, Tennessee
Schedule of Detailed Expenditures -
All Governmental Fund Types (Cont.)

General Fund (Cont.)

General Government (Cont.)

County Buildings (Cont.)

Office Supplies	\$	662	
Periodicals		573	
Small Tools		3,262	
Uniforms		529	
Vehicle Parts		674	
Water and Sewer		7,719	
Wood Products		793	
Chemicals		396	
Other Supplies and Materials		34,560	
Boiler Insurance		932	
Building and Contents Insurance		2,400	
Building Improvements		3,702	
Maintenance Equipment		8,065	
Other Capital Outlay		5,922	
Total County Buildings			\$ 773,227

Other Facilities

Supervisor/Director	\$	50,374
Secretary(s)		27,498
Clerical Personnel		23,753
Custodial Personnel		121,212
Maintenance Personnel		87,028
Overtime Pay		2,083
Communication		10,149
Licenses		2,088
Maintenance & Repair Services- Buildings		1,798
Maintenance & Repair Services- Equipment		110,793
Maintenance & Repair Services- Vehicles		42
Medical and Dental Services		1,235
Pest Control		1,620
Postal Charges		264
Printing, Stationery, and Forms		390
Rentals		2,062
Travel		66
Tuition		320
Disposal Fees		1,314
Other Contracted Services		5,319
Custodial Supplies		16,027
Data Processing Supplies		645
Drugs and Medical Supplies		415

(Continued)

Montgomery County, Tennessee
Schedule of Detailed Expenditures -
All Governmental Fund Types (Cont.)

General Fund (Cont.)

General Government (Cont.)

Other Facilities (Cont.)

Duplicating Supplies	\$	174	
Electricity		210,352	
Food Supplies		676	
Gasoline		796	
Natural Gas		113,067	
Office Supplies		373	
Periodicals		350	
Small Tools		795	
Uniforms		1,268	
Water and Sewer		26,796	
Wood Products		751	
Other Supplies and Materials		27,025	
Data Processing Equipment		3,758	
Other Equipment		3,166	
Other Capital Outlay		3,960	
Total Other Facilities			\$ 859,802

Other General Administration

Contracts with Other Public Agencies	\$	329,334	
Legal Services		12,326	
Legal Notices, Recording, and Court Costs		6,674	
Other Contracted Services		1,900	
Total Other General Administration			350,234

Preservation of Records

Supervisor/Director	\$	33,426	
Clerical Personnel		18,550	
Part-time Personnel		10,887	
Communication		867	
Dues and Memberships		145	
Maintenance & Repair Services- Office Equipment		493	
Postal Charges		310	
Rentals		574	
Travel		889	
Tuition		270	
Other Contracted Services		1,161	
Custodial Supplies		7	
Data Processing Supplies		359	
Duplicating Supplies		2,616	
Food Supplies		83	

(Continued)

Montgomery County, Tennessee
Schedule of Detailed Expenditures -
All Governmental Fund Types (Cont.)

General Fund (Cont.)

General Government (Cont.)

Preservation of Records (Cont.)

Library Books/Media	\$	1,685	
Office Supplies		1,140	
Periodicals		178	
Other Supplies and Materials		78	
Total Preservation of Records			\$ 73,718

Finance

Accounting and Budgeting

County Official/Administrative Officer	\$	110,284	
Accountants/Bookkeepers		130,926	
Overtime Pay		1,982	
Communication		1,688	
Data Processing Services		15,000	
Dues and Memberships		260	
Legal Notices, Recording, and Court Costs		1,253	
Maintenance & Repair Services- Office Equipment		2,770	
Postal Charges		4,770	
Printing, Stationery, and Forms		543	
Rentals		1,964	
Travel		847	
Tuition		455	
Other Contracted Services		1,007	
Data Processing Supplies		4,796	
Duplicating Supplies		1,412	
Food Supplies		104	
Library Books/Media		155	
Office Supplies		2,698	
Periodicals		97	
Other Supplies and Materials		391	
Premiums on Corporate Surety Bonds		85	
Other Charges		31	
Data Processing Equipment		199	
Furniture and Fixtures		526	
Office Equipment		1,395	
Total Accounting and Budgeting			285,638

Purchasing

County Official/Administrative Officer	\$	44,782	
Purchasing Personnel		29,256	
Clerical Personnel		27,233	

(Continued)

Montgomery County, Tennessee
Schedule of Detailed Expenditures -
All Governmental Fund Types (Cont.)

General Fund (Cont.)

Finance (Cont.)

Purchasing (Cont.)

Other Salaries & Wages	\$	20,313	
Advertising		652	
Communication		1,300	
Dues and Memberships		315	
Maintenance & Repair Services- Equipment		11,902	
Maintenance & Repair Services- Vehicles		69	
Postal Charges		1,456	
Printing, Stationery, and Forms		1,570	
Rentals		3,712	
Travel		647	
Tuition		265	
Custodial Supplies		238	
Data Processing Supplies		354	
Duplicating Supplies		2,555	
Food Supplies		102	
Gasoline		2,042	
Library Books/Media		22	
Office Supplies		635	
Periodicals		97	
Other Supplies and Materials		68	
Premiums on Corporate Surety Bonds		66	
Other Equipment		1,158	
Total Purchasing			\$ 150,809

Property Assessor's Office

County Official/Administrative Officer	\$	67,288
Deputy(ies)		264,833
Overtime Pay		3,683
Audit Services		75,840
Communication		1,622
Data Processing Services		44,172
Dues and Memberships		2,307
Operating Lease Payments		435
Legal Notices, Recording, and Court Costs		34
Maintenance & Repair Services- Vehicles		765
Postal Charges		2,381
Printing, Stationery, and Forms		1,221
Rentals		383
Travel		500
Tuition		310

(Continued)

Montgomery County, Tennessee
Schedule of Detailed Expenditures -
All Governmental Fund Types (Cont.)

General Fund (Cont.)

Finance (Cont.)

Property Assessor's Office (Cont.)

Other Contracted Services	\$	212	
Custodial Supplies		3	
Data Processing Supplies		1,413	
Duplicating Supplies		1,760	
Food Supplies		168	
Gasoline		4,858	
Library Books/Media		7	
Office Supplies		1,632	
Periodicals		542	
Tires and Tubes		185	
Vehicle Parts		724	
Other Supplies and Materials		606	
Premiums on Corporate Surety Bonds		266	
Data Processing Equipment		80	
Furniture and Fixtures		109	
Total Property Assessor's Office			\$ 478,339

Reappraisal Program

Clerical Personnel	\$	22,610	
Overtime Pay		98	
Other Salaries & Wages		36,837	
Social Security		3,681	
State Retirement		7,908	
Life Insurance		100	
Medical Insurance		4,792	
Employer Medicare		861	
Other Fringe Benefits		36	
Data Processing Services		9,682	
Dues and Memberships		335	
Operating Lease Payments		438	
Maintenance & Repair Services- Office Equipment		140	
Postal Charges		3,200	
Rentals		1,083	
Gasoline		839	
Total Reappraisal Program			92,640

County Trustee's Office

County Official/Administrative Officer	\$	67,288	
Supervisor/Director		30,656	
Deputy(ies)		69,750	

(Continued)

Montgomery County, Tennessee
Schedule of Detailed Expenditures -
All Governmental Fund Types (Cont.)

General Fund (Cont.)

Finance (Cont.)

County Trustee's Office (Cont.)

Accountants/Bookkeepers	\$	36,766	
Overtime Pay		934	
Board and Committee Members Fees		500	
Communication		3,392	
Data Processing Services		13,215	
Dues and Memberships		648	
Legal Notices, Recording, and Court Costs		789	
Medical and Dental Services		50	
Postal Charges		16,265	
Printing, Stationery, and Forms		2,309	
Rentals		6,967	
Travel		1,753	
Tuition		405	
Other Contracted Services		7,444	
Custodial Supplies		8	
Data Processing Supplies		1,605	
Duplicating Supplies		639	
Food Supplies		262	
Library Books/Media		428	
Office Supplies		1,953	
Periodicals		220	
Other Supplies and Materials		2,770	
Premiums on Corporate Surety Bonds		5,887	
Data Processing Equipment		6,164	
Office Equipment		1,661	
Total County Trustee's Office			\$ 280,728

County Clerk's Office

County Official/Administrative Officer	\$	67,288
Supervisor/Director		42,661
Deputy(ies)		101,676
Accountants/Bookkeepers		35,090
Clerical Personnel		501,996
Part-time Personnel		15,830
Overtime Pay		2,203
Communication		6,109
Dues and Memberships		553
Legal Services		20
Licenses		228
Maintenance & Repair Services- Equipment		51

(Continued)

Montgomery County, Tennessee
Schedule of Detailed Expenditures -
All Governmental Fund Types (Cont.)

General Fund (Cont.)

Finance (Cont.)

County Clerk's Office (Cont.)

Maintenance & Repair Services- Office Equipment	\$	17,533	
Postal Charges		25,111	
Printing, Stationery, and Forms		8,007	
Rentals		4,493	
Travel		1,800	
Tuition		230	
Other Contracted Services		397	
Custodial Supplies		52	
Data Processing Supplies		3,471	
Duplicating Supplies		675	
Food Supplies		344	
Library Books/Media		325	
Office Supplies		3,072	
Other Supplies and Materials		343	
Premiums on Corporate Surety Bonds		83	
Communication Equipment		240	
Data Processing Equipment		1,515	
Office Equipment		480	
Other Equipment		2,431	
Total County Clerk's Office			\$ 844,307

Data Processing

Supervisor/Director	\$	67,288
Computer Programmer(s)		217,270
Data Processing Personnel		116,706
Secretary(s)		17,985
Overtime Pay		4,382
Communication		32,955
Data Processing Services		241,855
Dues and Memberships		150
Licenses		33,735
Maintenance & Repair Services- Equipment		78
Maintenance & Repair Services- Office Equipment		30,529
Maintenance & Repair Services- Vehicles		53
Medical and Dental Services		55
Postal Charges		291
Printing, Stationery, and Forms		110
Rentals		1,449
Travel		794
Tuition		15,527

(Continued)

Montgomery County, Tennessee
Schedule of Detailed Expenditures -
All Governmental Fund Types (Cont.)

General Fund (Cont.)

Finance (Cont.)

Data Processing (Cont.)

Other Contracted Services	\$	5,641	
Custodial Supplies		69	
Data Processing Supplies		10,138	
Duplicating Supplies		526	
Food Supplies		187	
Instructional Supplies and Materials		1,064	
Library Books/Media		56	
Office Supplies		626	
Other Supplies and Materials		3,041	
Data Processing Equipment		9,073	
Total Data Processing			\$ 811,633

Other Finance

Supervisor/Director	\$	31,254	
Communication		3,000	
Dues and Memberships		235	
Legal Notices, Recording, and Court Costs		19,584	
Postal Charges		8,204	
Printing, Stationery, and Forms		50	
Travel		953	
Tuition		1,455	
Custodial Supplies		2	
Data Processing Supplies		417	
Duplicating Supplies		87	
Library Books/Media		2,094	
Office Supplies		354	
Furniture and Fixtures		3,126	
Total Other Finance			70,815

Administration of Justice

Circuit Court

County Official/Administrative Officer	\$	67,288	
Assistant(s)		70,624	
Supervisor/Director		82,003	
Deputy(ies)		558,602	
Accountants/Bookkeepers		63,731	
Overtime Pay		15,752	
Board and Committee Members Fees		250	
Jury and Witness Fees		43,360	
Communication		4,776	

(Continued)

Montgomery County, Tennessee
Schedule of Detailed Expenditures -
All Governmental Fund Types (Cont.)

General Fund (Cont.)

Administration of Justice (Cont.)

Circuit Court (Cont.)

Data Processing Services	\$	20,804	
Dues and Memberships		453	
Legal Notices, Recording, and Court Costs		1,639	
Maintenance & Repair Services- Equipment		1,996	
Medical and Dental Services		280	
Postal Charges		12,952	
Printing, Stationery, and Forms		7,389	
Rentals		10,611	
Travel		339	
Tuition		90	
Other Contracted Services		8,790	
Custodial Supplies		60	
Data Processing Supplies		6,863	
Duplicating Supplies		1,502	
Food Supplies		1,388	
Library Books/Media		1,045	
Office Supplies		4,437	
Other Supplies and Materials		121	
Premiums on Corporate Surety Bonds		83	
Communication Equipment		659	
Data Processing Equipment		18,107	
Furniture and Fixtures		1,577	
Office Equipment		1,306	
Total Circuit Court			\$ 1,008,877

General Sessions Court

Judge(s)	\$	336,523
Supervisor/Director		58,842
Probation Officer(s)		72,779
Youth Service Officer(s)		98,188
Secretary(s)		31,629
Clerical Personnel		94,728
Overtime Pay		26,746
Communication		7,348
Dues and Memberships		994
Evaluation and Testing		600
Maintenance & Repair Services- Office Equipment		596
Medical and Dental Services		135
Postal Charges		1,589
Printing, Stationery, and Forms		676

(Continued)

Montgomery County, Tennessee
Schedule of Detailed Expenditures -
All Governmental Fund Types (Cont.)

General Fund (Cont.)

Administration of Justice (Cont.)

General Sessions Court (Cont.)

Rentals	\$	785	
Travel		8,327	
Tuition		1,693	
Disposal Fees		648	
Other Contracted Services		407,821	
Custodial Supplies		69	
Data Processing Supplies		1,232	
Duplicating Supplies		989	
Food Supplies		340	
Instructional Supplies and Materials		1,210	
Library Books/Media		3,196	
Office Supplies		609	
Periodicals		120	
Other Supplies and Materials		1,375	
Data Processing Equipment		6,251	
Furniture and Fixtures		1,858	
Total General Sessions Court			\$ 1,167,896

Chancery Court

County Official/Administrative Officer	\$	67,288	
Deputy(ies)		200,417	
Overtime Pay		1	
Communication		1,321	
Dues and Memberships		594	
Postal Charges		2,283	
Printing, Stationery, and Forms		1,377	
Rentals		3,540	
Travel		65	
Custodial Supplies		153	
Data Processing Supplies		33	
Duplicating Supplies		342	
Food Supplies		480	
Library Books/Media		49	
Office Supplies		1,598	
Premiums on Corporate Surety Bonds		100	
Other Equipment		450	
Total Chancery Court			280,091

District Attorney General

Communication	\$	875	
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(Continued)

Montgomery County, Tennessee
Schedule of Detailed Expenditures -
All Governmental Fund Types (Cont.)

General Fund (Cont.)

Administration of Justice (Cont.)

District Attorney General (Cont.)

Contracts with Government Agencies	\$	6,409	
Contributions		50	
Dues and Memberships		615	
Legal Notices, Recording, and Court Costs		26	
Postal Charges		1,716	
Rentals		2,407	
Travel		16,127	
Tuition		2,085	
Other Contracted Services		11,092	
Custodial Supplies		436	
Data Processing Supplies		204	
Duplicating Supplies		1,018	
Food Supplies		1,086	
Library Books/Media		1,186	
Office Supplies		1,706	
Other Supplies and Materials		342	
Data Processing Equipment		1,517	
Furniture and Fixtures		2,580	
Office Equipment		622	
Total District Attorney General			\$ 52,099

Judicial Commissioners

Part-time Personnel	\$	44,582
Overtime Pay		1,229
Other Salaries & Wages		81,403
Communication		824
Dues and Memberships		175
Operating Lease Payments		114
Medical and Dental Services		50
Rentals		1,293
Travel		478
Tuition		240
Other Contracted Services		261
Custodial Supplies		10
Data Processing Supplies		62
Duplicating Supplies		82
Food Supplies		2
Library Books/Media		394
Office Supplies		205
Other Supplies and Materials		795

(Continued)

Montgomery County, Tennessee
Schedule of Detailed Expenditures -
All Governmental Fund Types (Cont.)

General Fund (Cont.)

Administration of Justice (Cont.)

Judicial Commissioners (Cont.)

Data Processing Equipment	\$	159	
Furniture and Fixtures		4,362	
Office Equipment		200	
Total Judicial Commissioners			\$ 136,920

Other Administration of Justice

Supervisor/Director	\$	51,854	
Communication		860	
Contracts with Private Agencies		492,221	
Dues and Memberships		420	
Medical and Dental Services		40	
Postal Charges		116	
Printing, Stationery, and Forms		696	
Rentals		150	
Travel		1,056	
Tuition		1,145	
Data Processing Supplies		217	
Duplicating Supplies		27	
Instructional Supplies and Materials		2,184	
Library Books/Media		45	
Office Supplies		88	
Other Supplies and Materials		60	
Office Equipment		808	
Total Other Administration of Justice			551,987

Probation Services

Assistant(s)	\$	23,660	
Supervisor/Director		47,029	
Probation Officer(s)		138,747	
Part-time Personnel		21,073	
Overtime Pay		2,400	
Other Salaries & Wages		45,407	
Communication		1,568	
Dues and Memberships		350	
Evaluation and Testing		30,980	
Medical and Dental Services		80	
Postal Charges		720	
Printing, Stationery, and Forms		636	
Rentals		1,882	
Travel		1,310	

(Continued)

Montgomery County, Tennessee
Schedule of Detailed Expenditures -
All Governmental Fund Types (Cont.)

General Fund (Cont.)

Administration of Justice (Cont.)

Probation Services (Cont.)

Tuition	\$	985	
Other Contracted Services		39,276	
Custodial Supplies		211	
Data Processing Supplies		476	
Duplicating Supplies		890	
Food Supplies		4,725	
Instructional Supplies and Materials		14,527	
Office Supplies		2,686	
Other Supplies and Materials		123	
Data Processing Equipment		3,168	
Furniture and Fixtures		4,390	
Office Equipment		735	
Other Capital Outlay		808	
Total Probation Services			\$ 388,842

Public Safety

Sheriff's Department

County Official/Administrative Officer	\$	77,645
Assistant(s)		67,728
Supervisor/Director		39,600
Deputy(ies)		1,732,896
Investigator(s)		285,463
Captain(s)		99,413
Lieutenant(s)		159,248
Sergeant(s)		334,778
Secretary(s)		26,127
Clerical Personnel		178,762
Part-time Personnel		24,775
Overtime Pay		195,739
In-Service Training		32,678
Communication		51,761
Contracts with Government Agencies		1,600
Contracts with Private Agencies		1,600
Dues and Memberships		13,281
Evaluation and Testing		810
Freight Expenses		276
Legal Services		7,114
Legal Notices, Recording, and Court Costs		68
Licenses		304
Maintenance & Repair Services- Buildings		4,223

(Continued)

Montgomery County, Tennessee
Schedule of Detailed Expenditures -
All Governmental Fund Types (Cont.)

General Fund (Cont.)

Public Safety (Cont.)

Sheriff's Department (Cont.)

Maintenance & Repair Services- Equipment	\$	42,671	
Maintenance & Repair Services- Office Equipment		102	
Maintenance & Repair Services- Vehicles		50,428	
Medical and Dental Services		2,192	
Postal Charges		5,469	
Printing, Stationery, and Forms		3,128	
Rentals		6,542	
Tow-in Services		55	
Transportation - Other than Students		9,292	
Travel		5,106	
Tuition		6,289	
Veterinary Services		180	
Other Contracted Services		1,633	
Animal Food and Supplies		685	
Custodial Supplies		402	
Data Processing Supplies		44,300	
Duplicating Supplies		1,583	
Electricity		468	
Equipment Parts - Light		294	
Food Supplies		1,281	
Gasoline		117,153	
Instructional Supplies and Materials		99	
Library Books/Media		1,220	
Natural Gas		1,131	
Office Supplies		3,291	
Periodicals		506	
Tires and Tubes		14,208	
Uniforms		25,557	
Vehicle Parts		147	
Water and Sewer		222	
Other Supplies and Materials		1,245	
Premiums on Corporate Surety Bonds		3,846	
Data Processing Equipment		11,775	
Law Enforcement Equipment		19,454	
Office Equipment		201	
Other Capital Outlay		6,559	
Total Sheriff's Department			\$ 3,724,603
<u>Special Patrols</u>			
Supervisor/Director	\$	79,199	

(Continued)

Montgomery County, Tennessee
Schedule of Detailed Expenditures -
All Governmental Fund Types (Cont.)

General Fund (Cont.)

Public Safety (Cont.)

Special Patrols (Cont.)

Deputy(ies)	\$	551,525	
Investigator(s)		70,844	
Sergeant(s)		35,946	
Overtime Pay		26,388	
Social Security		46,478	
State Retirement		98,900	
Life Insurance		1,073	
Medical Insurance		121,917	
Employer Medicare		10,870	
Other Fringe Benefits		306	
Communication		7,424	
Contracts with Other Public Agencies		73,011	
Contracts with Private Agencies		200	
Dues and Memberships		735	
Licenses		570	
Maintenance & Repair Services- Equipment		2,126	
Maintenance & Repair Services- Vehicles		2,858	
Medical and Dental Services		30	
Postal Charges		264	
Printing, Stationery, and Forms		961	
Travel		7,905	
Tuition		1,933	
Other Contracted Services		942	
Custodial Supplies		12	
Data Processing Supplies		684	
Duplicating Supplies		461	
Gasoline		17,040	
Law Enforcement Supplies		3,443	
Library Books/Media		178	
Office Supplies		443	
Tires and Tubes		2,251	
Uniforms		5,979	
Other Supplies and Materials		1,966	
Workers' Compensation Insurance		29,364	
Data Processing Equipment		4,406	
Law Enforcement Equipment		4,142	
Motor Vehicles		24,655	
Other Capital Outlay		653	
Total Special Patrols			\$ 1,238,082

(Continued)

Montgomery County, Tennessee
Schedule of Detailed Expenditures -
All Governmental Fund Types (Cont.)

General Fund (Cont.)

Public Safety (Cont.)

Traffic Control

Electricity	\$	2,748	
Traffic Control Equipment		1,210	
Total Traffic Control			\$ 3,958

Administration of the Sexual Offender Registry

Travel	\$	624	
Tuition		201	
Other Contracted Services		80	
Law Enforcement Supplies		28	
Other Supplies and Materials		116	
Law Enforcement Equipment		419	
Other Equipment		100	
Total Administration of the Sexual Offender Registry			1,568

Jail

Supervisor/Director	\$	55,743	
Deputy(ies)		3,036,267	
Lieutenant(s)		51,402	
Sergeant(s)		327,465	
Clerical Personnel		503,505	
Maintenance Personnel		96,988	
Temporary Personnel		516	
Overtime Pay		324,855	
Board and Committee Members Fees		2,650	
Communication		12,009	
Data Processing Services		29,508	
Debt Collection Services		600	
Dues and Memberships		210	
Evaluation and Testing		5,927	
Laundry Service		4,008	
Operating Lease Payments		600	
Legal Services		35,226	
Licenses		1,405	
Maintenance & Repair Services- Buildings		5,809	
Maintenance & Repair Services- Equipment		61,632	
Maintenance & Repair Services- Office Equipment		226	
Maintenance & Repair Services- Vehicles		4,893	
Medical and Dental Services		747,934	
Pest Control		2,000	
Postal Charges		233	

(Continued)

Montgomery County, Tennessee
Schedule of Detailed Expenditures -
All Governmental Fund Types (Cont.)

General Fund (Cont.)

Public Safety (Cont.)

Jail (Cont.)

Printing, Stationery, and Forms	\$	1,000	
Rentals		5,970	
Travel		620	
Tuition		245	
Disposal Fees		9,666	
Other Contracted Services		453,990	
Custodial Supplies		36,739	
Data Processing Supplies		4,442	
Diesel Fuel		310	
Drugs and Medical Supplies		622	
Duplicating Supplies		2,957	
Electricity		225,336	
Equipment and Machinery Parts		2,402	
Food Preparation Supplies		160	
Gasoline		6,166	
Instructional Supplies and Materials		237	
Law Enforcement Supplies		16,294	
Library Books/Media		442	
Natural Gas		92,499	
Office Supplies		3,198	
Periodicals		505	
Prisoners Clothing		5,452	
Tires and Tubes		540	
Uniforms		31,094	
Vehicle Parts		353	
Water and Sewer		81,586	
Other Supplies and Materials		62,163	
Boiler Insurance		774	
Building and Contents Insurance		122,000	
Liability Insurance		132,465	
Communication Equipment		1,865	
Food Service Equipment		1,200	
Law Enforcement Equipment		7,809	
Maintenance Equipment		7,409	
Office Equipment		529	
Other Equipment		1,521	
Total Jail			\$ 6,632,171

Workhouse

County Official/Administrative Officer	\$	7,500	
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(Continued)

Montgomery County, Tennessee
Schedule of Detailed Expenditures -
All Governmental Fund Types (Cont.)

General Fund (Cont.)

Public Safety (Cont.)

Workhouse (Cont.)

Deputy(ies)	\$	535,324	
Sergeant(s)		43,501	
Overtime Pay		23,544	
Communication		2,583	
Engineering Services		90	
Evaluation and Testing		161	
Laundry Service		11,164	
Licenses		44	
Maintenance & Repair Services- Buildings		1,574	
Maintenance & Repair Services- Equipment		2,721	
Maintenance & Repair Services- Vehicles		2,326	
Medical and Dental Services		110,000	
Pest Control		300	
Rentals		1,391	
Disposal Fees		234	
Other Contracted Services		88,935	
Custodial Supplies		14,829	
Data Processing Supplies		378	
Diesel Fuel		2,738	
Duplicating Supplies		529	
Electricity		15,326	
Equipment and Machinery Parts		903	
Food Supplies		70	
Gasoline		1,327	
Law Enforcement Supplies		159	
Lubricants		71	
Natural Gas		6,459	
Office Supplies		282	
Prisoners Clothing		2,693	
Tires and Tubes		552	
Uniforms		2,482	
Vehicle Parts		337	
Water and Sewer		9,972	
Other Supplies and Materials		11,146	
Building and Contents Insurance		11,731	
Liability Insurance		10,149	
Data Processing Equipment		297	
Furniture and Fixtures		858	
Maintenance Equipment		698	
Total Workhouse			\$ 925,378

(Continued)

Montgomery County, Tennessee
Schedule of Detailed Expenditures -
All Governmental Fund Types (Cont.)

General Fund (Cont.)

Public Safety (Cont.)

Correctional Incentive Program Improvements

Supervisor/Director	\$	43,524
Probation Officer(s)		136,249
Part-time Personnel		10,121
Longevity Pay		7,800
Other Salaries & Wages		5,950
Social Security		12,274
State Retirement		25,429
Life Insurance		315
Medical Insurance		20,835
Employer Medicare		2,871
Other Fringe Benefits		144
Communication		7,856
Licenses		17
Maintenance & Repair Services- Office Equipment		243
Maintenance & Repair Services- Vehicles		1,219
Medical and Dental Services		50
Postal Charges		318
Printing, Stationery, and Forms		507
Rentals		19,983
Tow-in Services		165
Travel		6,428
Tuition		900
Other Contracted Services		270
Custodial Supplies		278
Data Processing Supplies		774
Duplicating Supplies		100
Electricity		638
Food Supplies		115
Gasoline		1,499
Lubricants		37
Natural Gas		819
Office Supplies		2,068
Periodicals		97
Vehicle Parts		56
Water and Sewer		46
Other Supplies and Materials		60
Building and Contents Insurance		527
Liability Insurance		1,200
Vehicle and Equipment Insurance		1,500
Workers' Compensation Insurance		4,370

(Continued)

Montgomery County, Tennessee
Schedule of Detailed Expenditures -
All Governmental Fund Types (Cont.)

General Fund (Cont.)

Public Safety (Cont.)

Correctional Incentive Program Improvements (Cont.)

Data Processing Equipment	\$	863	
Furniture and Fixtures		300	
Motor Vehicles		9,275	
Office Equipment		550	
Total Correctional Incentive Program Improvements			\$ 328,640

Juvenile Services

Supervisor/Director	\$	36,837
Probation Officer(s)		27,191
Medical Personnel		30,306
Clerical Personnel		21,549
Overtime Pay		971
Social Security		7,078
State Retirement		15,117
Life Insurance		221
Medical Insurance		19,757
Employer Medicare		1,655
Other Fringe Benefits		72
Communication		1,883
Dues and Memberships		460
Evaluation and Testing		1,010
Operating Lease Payments		399
Maintenance & Repair Services- Buildings		430
Pest Control		168
Postal Charges		861
Printing, Stationery, and Forms		136
Rentals		1,928
Travel		3,325
Tuition		2,063
Other Contracted Services		1,002
Custodial Supplies		267
Data Processing Supplies		1,065
Duplicating Supplies		862
Food Supplies		270
Gasoline		20
Instructional Supplies and Materials		4,666
Natural Gas		36
Office Supplies		1,754
Water and Sewer		41
Other Supplies and Materials		102

(Continued)

Montgomery County, Tennessee
Schedule of Detailed Expenditures -
All Governmental Fund Types (Cont.)

General Fund (Cont.)

Public Safety (Cont.)

Juvenile Services (Cont.)

Building and Contents Insurance	\$	750	
Premiums on Corporate Surety Bonds		1,377	
Workers' Compensation Insurance		630	
Furniture and Fixtures		1,375	
Total Juvenile Services			\$ 187,634

Fire Prevention and Control

Board and Committee Members Fees	\$	2,550	
Communication		1,489	
Dues and Memberships		345	
Licenses		51	
Maintenance & Repair Services- Equipment		1,931	
Maintenance & Repair Services- Vehicles		16,691	
Postal Charges		32	
Printing, Stationery, and Forms		156	
Rentals		125	
Tow-in Services		150	
Other Contracted Services		398	
Custodial Supplies		11	
Data Processing Supplies		230	
Diesel Fuel		11,548	
Duplicating Supplies		57	
Equipment and Machinery Parts		113	
Food Preparation Supplies		315	
Food Supplies		1,213	
Gasoline		6,595	
Instructional Supplies and Materials		320	
Office Supplies		33	
Tires and Tubes		553	
Uniforms		11,896	
Vehicle Parts		635	
Chemicals		4,956	
Other Supplies and Materials		3,250	
Other Equipment		894	
Total Fire Prevention and Control			66,537

Civil Defense

Assistant(s)	\$	27,498
Supervisor/Director		61,977
Secretary(s)		28,870

(Continued)

Montgomery County, Tennessee
Schedule of Detailed Expenditures -
All Governmental Fund Types (Cont.)

General Fund (Cont.)

Public Safety (Cont.)

Civil Defense (Cont.)

Communication	\$	2,892	
Dues and Memberships		105	
Maintenance & Repair Services- Vehicles		460	
Postal Charges		51	
Printing, Stationery, and Forms		354	
Rentals		1,535	
Travel		272	
Tuition		200	
Custodial Supplies		70	
Data Processing Supplies		175	
Duplicating Supplies		90	
Food Supplies		158	
Gasoline		810	
Library Books/Media		200	
Office Supplies		103	
Periodicals		356	
Uniforms		808	
Other Supplies and Materials		27	
Other Equipment		380	
Total Civil Defense			\$ 127,391

Other Emergency Management

Other Salaries & Wages	\$	27,946	
Social Security		1,346	
State Retirement		3,677	
Life Insurance		50	
Medical Insurance		6,755	
Employer Medicare		315	
Consultants		11,380	
Licenses		405	
Printing, Stationery, and Forms		696	
Rentals		137	
Travel		3,195	
Other Contracted Services		199,670	
Drugs and Medical Supplies		646	
Gasoline		30	
Instructional Supplies and Materials		5,698	
Office Supplies		204	
Other Supplies and Materials		4,676	
Workers' Compensation Insurance		9	

(Continued)

Montgomery County, Tennessee
Schedule of Detailed Expenditures -
All Governmental Fund Types (Cont.)

General Fund (Cont.)

Public Safety (Cont.)

Other Emergency Management (Cont.)

Building Improvements	\$	670	
Communication Equipment		179,976	
Data Processing Equipment		75,033	
Motor Vehicles		66,581	
Other Equipment		363,116	
Total Other Emergency Management			\$ 952,211

County Coroner/Medical Examiner

Medical and Dental Services	\$	97,730	
Office Supplies		111	
Liability Insurance		1,260	
Total County Coroner/Medical Examiner			99,101

Public Safety Grant Programs

Deputy(ies)	\$	11,607	
Clerical Personnel		5,855	
Overtime Pay		1,750	
Social Security		1,157	
State Retirement		2,934	
Life Insurance		54	
Medical Insurance		9,167	
Employer Medicare		271	
Other Fringe Benefits		18	
Communication		521	
Data Processing Services		272	
Dues and Memberships		25	
Postal Charges		55	
Travel		1,278	
Data Processing Supplies		173	
Office Supplies		29	
Uniforms		1,920	
Workers' Compensation Insurance		4,222	
Total Public Safety Grant Programs			41,308

Public Health and Welfare

Local Health Center

Medical Personnel	\$	45,354	
Custodial Personnel		34,919	
Social Security		3,613	
State Retirement		9,948	

(Continued)

Montgomery County, Tennessee
Schedule of Detailed Expenditures -
All Governmental Fund Types (Cont.)

General Fund (Cont.)

Public Health and Welfare (Cont.)

Local Health Center (Cont.)

Life Insurance	\$	82	
Medical Insurance		12,866	
Employer Medicare		1,110	
Other Fringe Benefits		36	
Communication		16,946	
Laundry Service		806	
Licenses		230	
Maintenance & Repair Services- Buildings		2,849	
Maintenance & Repair Services- Equipment		631	
Medical and Dental Services		40	
Pest Control		225	
Printing, Stationery, and Forms		110	
Rentals		1,697	
Travel		46	
Tuition		205	
Disposal Fees		1,912	
Other Contracted Services		690	
Custodial Supplies		4,569	
Data Processing Supplies		824	
Drugs and Medical Supplies		29,018	
Duplicating Supplies		104	
Electricity		33,070	
Food Supplies		313	
Natural Gas		13,928	
Office Supplies		3,173	
Periodicals		97	
Uniforms		57	
Water and Sewer		2,618	
Other Supplies and Materials		992	
Boiler Insurance		970	
Liability Insurance		96	
Furniture and Fixtures		205	
Maintenance Equipment		5,852	
Total Local Health Center			\$ 230,201

Rabies and Animal Control

Supervisor/Director	\$	32,224
Clerical Personnel		19,468
Overtime Pay		4,985
Other Salaries & Wages		98,303

(Continued)

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.)

Board and Committee Members Fees	\$	1,150	
Communication		1,907	
Dues and Memberships		165	
Legal Services		4,095	
Maintenance & Repair Services- Buildings		380	
Maintenance & Repair Services- Equipment		1,076	
Maintenance & Repair Services- Vehicles		3,897	
Medical and Dental Services		160	
Postal Charges		43	
Printing, Stationery, and Forms		1,290	
Rentals		1,371	
Travel		1,383	
Tuition		1,200	
Veterinary Services		684	
Other Contracted Services		162	
Animal Food and Supplies		3,585	
Custodial Supplies		7,853	
Data Processing Supplies		126	
Drugs and Medical Supplies		8,424	
Duplicating Supplies		91	
Electricity		3,265	
Food Supplies		87	
Gasoline		7,350	
Instructional Supplies and Materials		203	
Natural Gas		1,646	
Office Supplies		1,572	
Periodicals		97	
Tires and Tubes		540	
Uniforms		1,315	
Water and Sewer		1,802	
Other Supplies and Materials		2,442	
Premiums on Corporate Surety Bonds		109	
Other Equipment		368	
Total Rabies and Animal Control			\$ 214,818

Ambulance/Emergency Medical Services

Assistant(s)	\$	54,434
Supervisor/Director		61,963
Captain(s)		182,241
Lieutenant(s)		76,113

(Continued)

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.)

Accountants/Bookkeepers	\$	110,836
Medical Personnel		1,542,747
Secretary(s)		30,306
Part-time Personnel		141,101
Overtime Pay		984,722
Board and Committee Members Fees		2,850
Advertising		126
Communication		26,371
Data Processing Services		8,854
Debt Collection Services		24,512
Dues and Memberships		40
Freight Expenses		115
Janitorial Services		6,825
Laundry Service		7,736
Legal Notices, Recording, and Court Costs		39
Licenses		2,819
Maintenance & Repair Services- Buildings		5,162
Maintenance & Repair Services- Equipment		34,195
Maintenance & Repair Services- Office Equipment		215
Maintenance & Repair Services- Vehicles		58,610
Medical and Dental Services		3,473
Pest Control		1,932
Postal Charges		7,132
Printing, Stationery, and Forms		2,897
Rentals		4,251
Tow-in Services		150
Travel		1,110
Tuition		9,920
Disposal Fees		1,683
Other Contracted Services		8,062
Crushed Stone		97
Custodial Supplies		5,307
Data Processing Supplies		2,164
Diesel Fuel		94,755
Drugs and Medical Supplies		148,953
Duplicating Supplies		1,011
Electricity		27,302
Equipment and Machinery Parts		2,312
Fertilizer, Lime and Seed		273
Food Preparation Supplies		240

(Continued)

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.)

Food Supplies	\$	2,915	
Gasoline		6,917	
Instructional Supplies and Materials		7,893	
Library Books/Media		150	
Lubricants		111	
Natural Gas		17,016	
Office Supplies		1,855	
Periodicals		320	
Propane Gas		6,456	
Small Tools		86	
Tires and Tubes		8,404	
Uniforms		18,687	
Vehicle Parts		2,114	
Water and Sewer		5,660	
Other Supplies and Materials		16,580	
Indirect Cost		9,668	
Premiums on Corporate Surety Bonds		150	
Attendance Equipment		17,927	
Building Improvements		11,206	
Communication Equipment		4,932	
Furniture and Fixtures		1,904	
Heating and Air Conditioning Equipment		2,985	
Office Equipment		1,233	
Other Equipment		23,344	
Total Ambulance/Emergency Medical Services			\$ 3,854,469

Other Local Health Services

Social Workers	\$	101,958
Medical Personnel		387,367
Clerical Personnel		313,846
Educational Assistants		20,202
Part-time Personnel		1,962
Overtime Pay		430
Social Security		48,732
Handling Charges & Administrative Costs		158
State Retirement		88,948
Life Insurance		1,155
Medical Insurance		119,244
Employer Medicare		11,596
Other Fringe Benefits		306

(Continued)

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.)

Advertising	\$	326	
Licenses		800	
Maintenance & Repair Services- Buildings		310	
Maintenance & Repair Services- Equipment		54	
Medical and Dental Services		335	
Pest Control		275	
Postal Charges		9,000	
Rentals		2,805	
Travel		11,286	
Tuition		5,603	
Other Contracted Services		45	
Custodial Supplies		130	
Data Processing Supplies		11	
Drugs and Medical Supplies		7,890	
Duplicating Supplies		300	
Food Supplies		33	
Instructional Supplies and Materials		2,834	
Office Supplies		876	
Other Supplies and Materials		45	
Liability Insurance		26,959	
Workers' Compensation Insurance		18,500	
Furniture and Fixtures		2,450	
Total Other Local Health Services			\$ 1,186,771

Regional Mental Health Center

Contributions	\$	10,000	
Total Regional Mental Health Center			10,000

Appropriation to State

Contributions	\$	113,829	
Total Appropriation to State			113,829

Other Local Welfare Services

Contributions	\$	40,750	
Pauper Burials		6,650	
Other Contracted Services		240	
Custodial Supplies		26	
Total Other Local Welfare Services			47,666

(Continued)

Montgomery County, Tennessee
Schedule of Detailed Expenditures -
All Governmental Fund Types (Cont.)

General Fund (Cont.)

Public Health and Welfare (Cont.)

Other Public Health and Welfare

Contributions	\$ 11,875	
Total Other Public Health and Welfare		\$ 11,875

Social, Cultural and Recreational Services

Libraries

Contributions	\$ 1,440,000	
Total Libraries		1,440,000

Parks and Fair Boards

Temporary Personnel	\$ 7,894	
Communication	1,293	
Dues and Memberships	50	
Legal Services	30	
Maintenance & Repair Services- Equipment	222	
Maintenance & Repair Services- Vehicles	19	
Pest Control	125	
Postal Charges	89	
Rentals	67	
Travel	181	
Tuition	240	
Disposal Fees	472	
Permits	49	
Other Contracted Services	6,883	
Custodial Supplies	168	
Data Processing Supplies	74	
Electricity	21,300	
Equipment and Machinery Parts	111	
Food Supplies	87	
Gasoline	539	
Library Books/Media	175	
Office Supplies	50	
Periodicals	160	
Propane Gas	1,104	
Small Tools	5	
Uniforms	1,557	
Water and Sewer	5,681	
Gravel and Chert	171	
Other Supplies and Materials	1,884	
Total Parks and Fair Boards		50,680

(Continued)

Montgomery County, Tennessee
Schedule of Detailed Expenditures -
All Governmental Fund Types (Cont.)

General Fund (Cont.)

Social, Cultural and Recreational Services (Cont.)

Other Social, Cultural and Recreational

Licenses	\$	17	
Gasoline		3,725	
Vehicle and Equipment Insurance		1,500	
Total Other Social, Cultural and Recreational			\$ 5,242

Agriculture & Natural Resources

Agriculture Extension Service

Assistant(s)	\$	27,355	
Salary Supplements		132,573	
Clerical Personnel		5,276	
Part-time Personnel		18,193	
Overtime Pay		40	
Board and Committee Members Fees		850	
Social Security		8,860	
State Retirement		26,021	
Life Insurance		68	
Medical Insurance		16,868	
Unemployment Compensation		165	
Employer Medicare		1,414	
Other Fringe Benefits		54	
Communication		2,737	
Medical and Dental Services		55	
Rentals		1,382	
Other Contracted Services		10,833	
Office Supplies		41	
Workers' Compensation Insurance		417	
Total Agriculture Extension Service			253,202

Forest Service

Contributions	\$	2,000	
Total Forest Service			2,000

Soil Conservation

Secretary(s)	\$	31,824	
Contributions		100	
Dues and Memberships		25	
Postal Charges		518	
Printing, Stationery, and Forms		85	
Travel		160	
Tuition		77	

(Continued)

Montgomery County, Tennessee
Schedule of Detailed Expenditures -
All Governmental Fund Types (Cont.)

General Fund (Cont.)

Agriculture & Natural Resources (Cont.)

Soil Conservation (Cont.)

Other Contracted Services	\$	208	
Data Processing Supplies		201	
Duplicating Supplies		44	
Office Supplies		337	
Other Supplies and Materials		94	
Data Processing Equipment		130	
Total Soil Conservation			\$ 33,803

Other Operations

Tourism

Contracts with Government Agencies	\$	260,318	
Contracts with Other Public Agencies		643,462	
Total Tourism			903,780

Industrial Development

Contributions	\$	440,400	
Total Industrial Development			440,400

Veterans' Services

Assistant(s)	\$	75,464	
Supervisor/Director		40,622	
Secretary(s)		15,769	
Part-time Personnel		12,815	
Board and Committee Members Fees		1,100	
Social Security		8,479	
State Retirement		15,603	
Life Insurance		229	
Medical Insurance		24,837	
Employer Medicare		2,044	
Other Fringe Benefits		90	
Communication		2,929	
Dues and Memberships		100	
Medical and Dental Services		80	
Postal Charges		1,322	
Printing, Stationery, and Forms		2,152	
Rentals		2,488	
Travel		1,528	
Other Contracted Services		1,567	
Custodial Supplies		29	
Data Processing Supplies		1,380	

(Continued)

Montgomery County, Tennessee
Schedule of Detailed Expenditures -
All Governmental Fund Types (Cont.)

General Fund (Cont.)

Other Operations (Cont.)

Veterans' Services (Cont.)

Duplicating Supplies	\$	596	
Electricity		2,129	
Food Supplies		237	
Library Books/Media		302	
Natural Gas		800	
Office Supplies		513	
Water and Sewer		231	
Other Supplies and Materials		1,907	
Workers' Compensation Insurance		632	
Data Processing Equipment		3,721	
Furniture and Fixtures		958	
Office Equipment		200	
Other Equipment		154	
Total Veterans' Services			\$ 223,007

Other Charges

Consultants	\$	9,350	
Boiler Insurance		9,230	
Building and Contents Insurance		324,407	
Liability Insurance		14,949	
Trustee's Commission		569,914	
Workers' Compensation Insurance		450,000	
Total Other Charges			1,377,850

Contributions to Other Agencies

Contributions	\$	20,500	
Dues and Memberships		31,523	
Total Contributions to Other Agencies			52,023

Employee Benefits

Social Security	\$	1,093,233	
Handling Charges & Administrative Costs		1,558	
State Retirement		2,123,731	
Life Insurance		26,232	
Medical Insurance		2,509,760	
Employer Medicare		256,471	
Other Fringe Benefits		10,530	
Total Employee Benefits			6,021,515

(Continued)

Montgomery County, Tennessee
Schedule of Detailed Expenditures -
All Governmental Fund Types (Cont.)

General Fund (Cont.)

Other Operations (Cont.)

Miscellaneous

Advertising	\$	267	
Contributions		840	
Dues and Memberships		500	
Legal Services		430	
Postal Charges		259	
Tuition		700	
Other Contracted Services		2,581	
Duplicating Supplies		19	
Food Supplies		313	
Office Supplies		42	
Periodicals		429	
Other Supplies and Materials		206	
Total Miscellaneous			\$ 6,586

Highways

Litter and Trash Collection

Deputy(ies)	\$	68,422	
Social Security		4,405	
State Retirement		9,069	
Life Insurance		100	
Medical Insurance		2,864	
Unemployment Compensation		42	
Employer Medicare		992	
Other Fringe Benefits		36	
Postal Charges		10	
Other Supplies and Materials		15,400	
Workers' Compensation Insurance		6,699	
Total Litter and Trash Collection			108,039

Total General Fund \$ 41,358,925

Drug Control Fund

Public Safety

Sheriff's Department

Veterinary Services	\$	371	
Animal Food and Supplies		742	
Law Enforcement Supplies		1,999	
Trustee's Commission		222	
Total Sheriff's Department			\$ 3,334

Total Drug Control Fund 3,334

(Continued)

Montgomery County, Tennessee
Schedule of Detailed Expenditures -
All Governmental Fund Types (Cont.)

Constitutional Officers - Fees Fund

Administration of Justice

Chancery Court

Constitutional Officers' Operating Expenses	\$ 46,386	
Total Chancery Court		\$ 46,386

Total Constitutional Officers - Fees Fund \$ 46,386

Highway/Public Works Fund

Highways

Administration

County Official/Administrative Officer	\$ 74,016	
Assistant(s)	57,106	
Accountants/Bookkeepers	31,824	
Secretary(s)	24,939	
Clerical Personnel	24,939	
Overtime Pay	657	
Board and Committee Members Fees	2,700	
Dues and Memberships	3,424	
Legal Services	3,600	
Legal Notices, Recording, and Court Costs	12	
Maintenance & Repair Services- Buildings	100	
Maintenance & Repair Services- Office Equipment	95	
Pest Control	295	
Postal Charges	190	
Printing, Stationery, and Forms	766	
Rentals	2,281	
Other Contracted Services	3,273	
Custodial Supplies	383	
Data Processing Supplies	1,233	
Drugs and Medical Supplies	3,341	
Duplicating Supplies	1,355	
Food Supplies	383	
Office Supplies	1,503	
Other Supplies and Materials	1,554	
Total Administration		\$ 239,969

Highway and Bridge Maintenance

Foremen	\$ 311,558
Mechanic(s)	91,506
Equipment Operators - Heavy	403,550
Equipment Operators - Light	158,633
Truck Drivers	337,509

(Continued)

Montgomery County, Tennessee
Schedule of Detailed Expenditures -
All Governmental Fund Types (Cont.)

Highway/Public Works Fund (Cont.)

Highways (Cont.)

Highway and Bridge Maintenance (Cont.)

Laborers	\$	127,928	
Temporary Personnel		35,393	
Overtime Pay		27,295	
Evaluation and Testing		1,060	
Medical and Dental Services		440	
Tuition		600	
Other Contracted Services		4,332	
Asphalt - Hot Mix		1,089,026	
Asphalt - Liquid		27,583	
Concrete		1,342	
Crushed Stone		68,752	
Fertilizer, Lime and Seed		1,923	
Office Supplies		8	
Pipe - Metal		19,862	
Salt		112,850	
Sand		76	
Small Tools		149	
Structural Steel		1,060	
Wood Products		45	
Other Supplies and Materials		4,864	
Total Highway and Bridge Maintenance			\$ 2,827,344

Operation and Maintenance of Equipment

Foremen	\$	38,688
Mechanic(s)		164,107
Truck Drivers		24,939
Clerical Personnel		26,187
Overtime Pay		3,969
Evaluation and Testing		80
Maintenance & Repair Services- Buildings		795
Maintenance & Repair Services- Equipment		15,232
Maintenance & Repair Services- Vehicles		18,313
Rentals		4,488
Other Contracted Services		1,782
Custodial Supplies		271
Diesel Fuel		107,212
Equipment and Machinery Parts		176,138
Food Supplies		91
Garage Supplies		5,043
Gasoline		65,813

(Continued)

Montgomery County, Tennessee
Schedule of Detailed Expenditures -
All Governmental Fund Types (Cont.)

Highway/Public Works Fund (Cont.)

Highways (Cont.)

Operation and Maintenance of Equipment (Cont.)

Ice	\$	1,858	
Lubricants		14,466	
Office Supplies		58	
Small Tools		19,420	
Tires and Tubes		34,270	
Other Supplies and Materials		40,678	
Total Operation and Maintenance of Equipment			\$ 763,898

Traffic Control

Foremen	\$	38,688	
Equipment Operators - Heavy		60,800	
Laborers		43,420	
Overtime Pay		2,304	
Dues and Memberships		385	
Evaluation and Testing		40	
Printing, Stationery, and Forms		187	
Other Contracted Services		86	
Electricity		693	
Road Signs		28,557	
Small Tools		511	
Uniforms		899	
Other Supplies and Materials		104,818	
Total Traffic Control			281,388

Other Charges

Communication	\$	4,859	
Licenses		4,060	
Electricity		15,883	
Natural Gas		11,041	
Water and Sewer		1,493	
Building and Contents Insurance		199,660	
Indirect Cost		22,085	
Premiums on Corporate Surety Bonds		1,022	
Trustee's Commission		82,625	
Workers' Compensation Insurance		169,893	
Liability Claims		503	
Total Other Charges			513,124

Employee Benefits

Social Security	\$	127,434	
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(Continued)

Montgomery County, Tennessee
Schedule of Detailed Expenditures -
All Governmental Fund Types (Cont.)

Highway/Public Works Fund (Cont.)

Highways (Cont.)

Employee Benefits (Cont.)

State Retirement	\$	271,629	
Life Insurance		3,431	
Medical Insurance		356,364	
Employer Medicare		29,802	
Other Fringe Benefits		<u>1,368</u>	
Total Employee Benefits	\$		790,028

Capital Outlay

Engineering Services	\$	9,227	
Other Contracted Services		2,057	
Bridge Construction		183,337	
Building Improvements		19,683	
Communication Equipment		279	
Data Processing Equipment		7,206	
Furniture and Fixtures		1,596	
Heating and Air Conditioning Equipment		215	
Highway Equipment		267,052	
Motor Vehicles		78,058	
Office Equipment		570	
State Aid Projects		309,097	
Other Equipment		<u>3,685</u>	
Total Capital Outlay			<u>882,062</u>

Total Highway/Public Works Fund \$ 6,297,813

General Debt Service Fund

Principal

General Government

Principal on Bonds	\$	1,750,839	
Principal on Notes		<u>1,685,038</u>	
Total General Government	\$		3,435,877

Education

Principal on Bonds	\$	6,315,161	
Principal on Notes		552,615	
Principal on Other Loans Payable		<u>176,481</u>	
Total Education			7,044,257

(Continued)

Montgomery County, Tennessee
Schedule of Detailed Expenditures -
All Governmental Fund Types (Cont.)

General Debt Service Fund (Cont.)

Interest

General Government

Interest on Bonds	\$ 3,383,999	
Interest on Notes	295,021	
Interest on Other Loans Payable	93,125	
Total General Government		\$ 3,772,145

Education

Interest on Bonds	\$ 5,201,055	
Interest on Notes	211,233	
Interest on Other Loans Payable	381,761	
Total Education		5,794,049

Other Debt Service

General Government

Trustee's Commission	\$ 122,158	
Other Debt Issuance Charges	14,121	
Other Debt Service	409	
Total General Government		136,688

Education

Trustee's Commission	\$ 216,462	
Other Debt Issuance Charges	57,888	
Other Debt Service	1,669	
Total Education		276,019

Total General Debt Service Fund \$ 20,459,035

General Capital Projects Fund

Capital Projects

General Administration Projects

Overtime Pay	\$ 1,180
Social Security	71
Employer Medicare	17
Architects	30,531
Communication	10,437
Data Processing Services	2,256
Operating Lease Payments	112,958
Legal Services	1,170
Maintenance & Repair Services- Buildings	3,368
Maintenance & Repair Services- Equipment	9,796
Rentals	6,373

(Continued)

Montgomery County, Tennessee
Schedule of Detailed Expenditures -
All Governmental Fund Types (Cont.)

General Capital Projects Fund (Cont.)

Capital Projects (Cont.)

General Administration Projects (Cont.)

Other Contracted Services	\$	71,126	
Concrete		295	
Data Processing Supplies		1,959	
Electricity		23,200	
Equipment and Machinery Parts		210	
General Construction Materials		11,042	
Natural Gas		3,957	
Small Tools		232	
Water and Sewer		3,337	
Other Supplies and Materials		8,037	
Building and Contents Insurance		6,269	
Building Construction		11,907	
Building Improvements		3,035,893	
Communication Equipment		180,958	
Data Processing Equipment		23,059	
Furniture and Fixtures		304,687	
Heating and Air Conditioning Equipment		958	
Highway Construction		2,035,752	
Land		158,000	
Other Equipment		22,600	
Other Capital Outlay		36,446	
Total General Administration Projects			\$ 6,118,081

Public Safety Projects

Other Contracted Services	\$	1,924	
Concrete		656	
Data Processing Supplies		856	
General Construction Materials		1,030	
Small Tools		101	
Other Supplies and Materials		1,308	
Building Construction		1,331,169	
Building Improvements		1,727	
Communication Equipment		130,059	
Data Processing Equipment		131,119	
Furniture and Fixtures		5,915	
Site Development		36,471	
Total Public Safety Projects			1,642,335

Public Health and Welfare Projects

Architects	\$	2,000	
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(Continued)

Montgomery County, Tennessee
Schedule of Detailed Expenditures -
All Governmental Fund Types (Cont.)

General Capital Projects Fund (Cont.)

Capital Projects (Cont.)

Public Health and Welfare Projects (Cont.)

Legal Services	\$	1,142	
Legal Notices, Recording, and Court Costs		49	
Other Contracted Services		1,074	
Land		263,953	
Total Public Health and Welfare Projects			\$ 268,218

Other General Government Projects

Maintenance & Repair Services- Equipment	\$	1,004	
Data Processing Supplies		1,736	
Uniforms		5,214	
Building Improvements		3,196	
Communication Equipment		10,137	
Data Processing Equipment		101,669	
Law Enforcement Equipment		54,315	
Motor Vehicles		788,282	
Other Equipment		16,394	
Other Capital Outlay		530	
Total Other General Government Projects			\$ 982,477

Total General Capital Projects Fund \$ 9,011,111

Community Development/Industrial Park Fund

Other Operations

Other Economic and Community Development

Advertising	\$	676	
Contracts with Private Agencies		20,642	
Total Other Economic and Community Development			\$ 21,318

Total Community Development/Industrial Park Fund 21,318

Sanitation Projects Fund

Capital Projects

Education Capital Projects

Contributions	\$	997,860	
Total Education Capital Projects			\$ 997,860

Total Sanitation Projects Fund 997,860

(Continued)

Montgomery County, Tennessee
Schedule of Detailed Expenditures -
All Governmental Fund Types (Cont.)

<u>Nursing Home Projects Fund</u>			
<u>Other Debt Service</u>			
<u>General Government</u>			
Underwriter's Discount	\$	83,990	
Other Debt Service		<u>170,773</u>	
Total General Government			\$ 254,763
<u>Capital Projects</u>			
<u>Education Capital Projects</u>			
Contributions	\$	<u>6,829,000</u>	
Total Education Capital Projects			<u>6,829,000</u>
Total Nursing Home Projects Fund			<u>\$ 7,083,763</u>
Total Governmental Funds - Primary Government			<u>\$ 85,279,545</u>

Montgomery County, Tennessee
Schedule of Detailed Expenditures -
All Governmental Fund Types
Discretely Presented Montgomery County School Department
For the Year Ended June 30, 2005

General Purpose School Fund

Instruction

Regular Instruction Program

Teachers	\$ 49,417,073	
Career Ladder Program	663,859	
Career Ladder Extended Contracts	194,000	
Homebound Teachers	155,034	
Salary Supplements	7,907	
Educational Assistants	611,310	
Overtime Pay	578	
Other Salaries & Wages	169,019	
Certified Substitute Teachers	692,944	
Social Security	3,119,056	
State Retirement	2,868,111	
Life Insurance	67,271	
Medical Insurance	6,298,861	
Employer Medicare	729,474	
Maintenance & Repair Services- Equipment	9,300	
Travel	15,235	
Contracts for Substitute Teachers - Certified	112,867	
Contracts for Substitute Teachers - Non-certified	222,919	
Other Contracted Services	8,355	
Basic Skills Materials	28,652	
Instructional Supplies and Materials	937,835	
Textbooks	2,535,890	
Fee Waivers	129,923	
Regular Instruction Equipment	1,250	
Total Regular Instruction Program		\$ 68,996,723

Alternative Instruction Program

Teachers	\$ 229,176	
Career Ladder Program	5,000	
Social Security	14,036	
State Retirement	12,880	
Life Insurance	317	
Medical Insurance	25,831	
Employer Medicare	3,283	
Rentals	1,237	
Contracts for Substitute Teachers - Certified	128	
Contracts for Substitute Teachers - Non-certified	1,193	
Instructional Supplies and Materials	1,212	
Total Alternative Instruction Program		294,293

(Continued)

Montgomery County, Tennessee
Schedule of Detailed Expenditures -
All Governmental Fund Types
Discretely Presented Montgomery County School Department (Cont.)

General Purpose School Fund (Cont.)

Instruction (Cont.)

Special Education Program

Teachers	\$ 7,042,413	
Career Ladder Program	105,514	
Career Ladder Extended Contracts	31,700	
Educational Assistants	1,361,580	
Overtime Pay	159	
Certified Substitute Teachers	70,929	
Social Security	514,730	
State Retirement	556,501	
Life Insurance	12,111	
Medical Insurance	1,123,021	
Employer Medicare	120,382	
Contracts with Private Agencies	474,610	
Contracts for Substitute Teachers - Certified	2,620	
Contracts for Substitute Teachers - Non-certified	30,345	
Instructional Supplies and Materials	140,020	
Other Supplies and Materials	1,630	
Special Education Equipment	9,905	
Total Special Education Program		\$ 11,598,170

Vocational Education Program

Teachers	\$ 2,221,374	
Career Ladder Program	39,749	
Career Ladder Extended Contracts	7,000	
Salary Supplements	26,242	
Certified Substitute Teachers	13,823	
Social Security	139,209	
State Retirement	124,998	
Life Insurance	3,303	
Medical Insurance	263,154	
Employer Medicare	32,557	
Maintenance & Repair Services- Equipment	488	
Travel	307	
Contracts for Substitute Teachers - Certified	3,911	
Contracts for Substitute Teachers - Non-certified	7,801	
Instructional Supplies and Materials	94,672	
T&I Construction Materials	86,250	
Total Vocational Education Program		3,064,838

(Continued)

Montgomery County, Tennessee
Schedule of Detailed Expenditures -
All Governmental Fund Types
Discretely Presented Montgomery County School Department (Cont.)

General Purpose School Fund (Cont.)

Instruction (Cont.)

Adult Education Program

Teachers	\$	57,983	
Social Security		3,581	
State Retirement		322	
Employer Medicare		838	
Instructional Supplies and Materials		5,441	
In Service/Staff Development		154	
Total Adult Education Program			\$ 68,319

Support Services

Attendance

Supervisor/Director	\$	79,571	
Career Ladder Program		7,000	
Career Ladder Extended Contracts		600	
Pupil Personnel		147,329	
Secretary(s)		48,929	
Social Security		17,178	
State Retirement		18,538	
Life Insurance		269	
Medical Insurance		13,597	
Employer Medicare		4,017	
Dues and Memberships		75	
Travel		1,448	
Office Supplies		2,701	
Other Supplies and Materials		15,116	
In Service/Staff Development		7,460	
Total Attendance			363,828

Health Services

Medical Personnel	\$	225,638	
Overtime Pay		66	
Certified Substitute Teachers		17,714	
Social Security		14,880	
State Retirement		25,982	
Life Insurance		305	
Medical Insurance		34,962	
Employer Medicare		3,425	
Travel		642	
Other Contracted Services		966	
Office Supplies		299	

(Continued)

Montgomery County, Tennessee
Schedule of Detailed Expenditures -
All Governmental Fund Types
Discretely Presented Montgomery County School Department (Cont.)

General Purpose School Fund (Cont.)

Support Services (Cont.)

Health Services (Cont.)

Other Supplies and Materials	\$	22,248	
In Service/Staff Development		1,126	
Total Health Services			\$ 348,253

Other Student Support

Career Ladder Program	\$	42,499	
Guidance Personnel		2,412,078	
Career Ladder Extended Contracts		6,000	
Salary Supplements		1,043,349	
Clerical Personnel		214,766	
Educational Assistants		93,270	
Temporary Personnel		3,217	
Overtime Pay		1,278	
Social Security		228,360	
State Retirement		224,920	
Life Insurance		3,392	
Medical Insurance		358,204	
Employer Medicare		53,411	
Evaluation and Testing		46,494	
Instructional Supplies and Materials		666	
Total Other Student Support			4,731,904

Regular Instruction Program

Supervisor/Director	\$	547,256	
Career Ladder Program		89,849	
Career Ladder Extended Contracts		14,800	
Librarians		1,623,890	
Education Media Personnel		24,958	
Instructional Computer Personnel		311,910	
Salary Supplements		48,672	
Secretary(s)		29,774	
Clerical Personnel		13,945	
Educational Assistants		396,428	
Overtime Pay		546	
Other Salaries & Wages		326,188	
Certified Substitute Teachers		1,841	
Social Security		205,371	
State Retirement		245,877	
Life Insurance		3,758	

(Continued)

Montgomery County, Tennessee
Schedule of Detailed Expenditures -
All Governmental Fund Types
Discretely Presented Montgomery County School Department (Cont.)

General Purpose School Fund (Cont.)

Support Services (Cont.)

Regular Instruction Program (Cont.)

Medical Insurance	\$	365,320	
Employer Medicare		48,207	
Dues and Memberships		11,745	
Travel		11,082	
Other Contracted Services		809,823	
Data Processing Supplies		527,248	
Library Books/Media		273,655	
Office Supplies		9,172	
Periodicals		30,450	
Other Supplies and Materials		481,950	
In Service/Staff Development		154,655	
Other Charges		25,799	
Other Equipment		2,442,855	
Total Regular Instruction Program			\$ 9,077,024

Alternative Instruction Program

Clerical Personnel	\$	17,397	
Social Security		1,036	
State Retirement		2,286	
Life Insurance		29	
Medical Insurance		3,489	
Employer Medicare		242	
Total Alternative Instruction Program			24,479

Special Education Program

Supervisor/Director	\$	77,328	
Career Ladder Program		20,000	
Psychological Personnel		480,132	
Career Ladder Extended Contracts		3,300	
Secretary(s)		31,238	
Overtime Pay		66	
Other Salaries & Wages		88,981	
Social Security		41,867	
State Retirement		41,091	
Life Insurance		631	
Medical Insurance		56,419	
Employer Medicare		9,791	
Dues and Memberships		832	
Travel		8,003	

(Continued)

Exhibit M-8

Montgomery County, Tennessee
Schedule of Detailed Expenditures -
All Governmental Fund Types
Discretely Presented Montgomery County School Department (Cont.)

General Purpose School Fund (Cont.)

Support Services (Cont.)

Special Education Program (Cont.)

Office Supplies	\$	4,225	
Periodicals		1,019	
Other Supplies and Materials		33,951	
In Service/Staff Development		6,938	
Total Special Education Program			\$ 905,812

Vocational Education Program

Supervisor/Director	\$	64,675	
Career Ladder Program		3,000	
Secretary(s)		9,846	
Social Security		4,685	
State Retirement		4,902	
Life Insurance		53	
Medical Insurance		9,881	
Employer Medicare		1,096	
Travel		717	
Office Supplies		1,021	
In Service/Staff Development		793	
Total Vocational Education Program			100,669

Adult Programs

Supervisor/Director	\$	53,855	
Career Ladder Program		1,000	
Guidance Personnel		22,275	
Clerical Personnel		23,772	
Other Salaries & Wages		20,390	
Social Security		7,424	
State Retirement		8,826	
Life Insurance		102	
Medical Insurance		6,977	
Employer Medicare		1,736	
Rentals		2,825	
Office Supplies		74	
In Service/Staff Development		4,224	
Other Charges		660	
Total Adult Programs			154,140

Board of Education

Secretary to Board	\$	22,675	
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(Continued)

Montgomery County, Tennessee
Schedule of Detailed Expenditures -
All Governmental Fund Types
Discretely Presented Montgomery County School Department (Cont.)

General Purpose School Fund (Cont.)

Support Services (Cont.)

Board of Education (Cont.)

Board and Committee Members Fees	\$	19,400	
Social Security		2,570	
State Retirement		2,994	
Life Insurance		24	
Medical Insurance		3,288	
Employer Medicare		601	
Dues and Memberships		34,861	
Legal Services		55,680	
In Service/Staff Development		25,287	
Other Charges		91,815	
Total Board of Education			\$ 259,195

Director of Schools

County Official/Administrative Officer	\$	171,615
Education Media Personnel		78,217
Secretary(s)		24,488
Clerical Personnel		44,312
Temporary Personnel		3,424
Overtime Pay		38
Other Salaries & Wages		89,172
Social Security		20,790
State Retirement		39,819
Life Insurance		2,993
Medical Insurance		45,823
Employer Medicare		4,862
Advertising		2,896
Communication		1,784
Dues and Memberships		2,024
Postal Charges		43,468
Travel		1,087
Other Contracted Services		142,427
Duplicating Supplies		49,102
Food Supplies		1,774
Instructional Supplies and Materials		286
Office Supplies		3,824
Periodicals		430
Other Supplies and Materials		4,496
In Service/Staff Development		13,281
Other Charges		2,528

(Continued)

Montgomery County, Tennessee
Schedule of Detailed Expenditures -
All Governmental Fund Types
Discretely Presented Montgomery County School Department (Cont.)

General Purpose School Fund (Cont.)

Support Services (Cont.)

Director of Schools (Cont.)

Administration Equipment	\$	967	
Other Equipment		54,580	
Total Director of Schools			\$ 850,507

Office of the Principal

Principals	\$	2,201,804	
Career Ladder Program		110,665	
Accountants/Bookkeepers		696,413	
Career Ladder Extended Contracts		70,900	
Assistant Principals		2,751,520	
Clerical Personnel		1,110,317	
Temporary Personnel		6,643	
Overtime Pay		2,267	
Social Security		417,124	
State Retirement		514,694	
Life Insurance		6,783	
Medical Insurance		765,343	
Employer Medicare		98,762	
Dues and Memberships		13,500	
Travel		432	
Other Contracted Services		7,639	
In Service/Staff Development		30,000	
Administration Equipment		37,585	
Total Office of the Principal			8,842,391

Fiscal Services

Supervisor/Director	\$	163,368
Accountants/Bookkeepers		376,656
Purchasing Personnel		51,895
Secretary(s)		30,326
Temporary Personnel		24,612
Overtime Pay		4,306
Other Salaries & Wages		251,404
Social Security		54,393
State Retirement		115,451
Life Insurance		746
Medical Insurance		101,288
Employer Medicare		12,721
Advertising		831

(Continued)

Montgomery County, Tennessee
Schedule of Detailed Expenditures -
All Governmental Fund Types
Discretely Presented Montgomery County School Department (Cont.)

General Purpose School Fund (Cont.)

Support Services (Cont.)

Fiscal Services (Cont.)

Audit Services	\$	27,600	
Communication		359	
Dues and Memberships		960	
Laundry Service		3,538	
Travel		812	
Other Contracted Services		33,607	
Gasoline		4,919	
Office Supplies		15,009	
Other Supplies and Materials		5,288	
Premiums on Corporate Surety Bonds		8,272	
Trustee's Commission		924,288	
In Service/Staff Development		28,709	
Other Charges		455,002	
Administration Equipment		2,678	
Total Fiscal Services			\$ 2,699,038

Operation of Plant

Supervisor/Director	\$	113,506
Salary Supplements		30,000
Foremen		47,069
Secretary(s)		23,772
Custodial Personnel		2,509,904
Temporary Personnel		5,556
Overtime Pay		33,366
Social Security		165,608
State Retirement		325,551
Life Insurance		3,749
Medical Insurance		539,197
Employer Medicare		38,734
Communication		1,060,322
Dues and Memberships		720
Evaluation and Testing		9,488
Laundry Service		55,134
Licenses		7,091
Travel		30
Other Contracted Services		256,157
Custodial Supplies		249,294
Electricity		3,131,732
Fertilizer, Lime and Seed		21,000

(Continued)

Montgomery County, Tennessee
Schedule of Detailed Expenditures -
All Governmental Fund Types
Discretely Presented Montgomery County School Department (Cont.)

General Purpose School Fund (Cont.)

Support Services (Cont.)

Operation of Plant (Cont.)

Fuel Oil	\$	19,281	
Instructional Supplies and Materials		11,372	
Natural Gas		569,552	
Office Supplies		2,362	
Water and Sewer		358,424	
Gravel and Chert		13,738	
Other Supplies and Materials		16,519	
Building and Contents Insurance		690,427	
In Service/Staff Development		4,392	
Furniture and Fixtures		26,852	
Plant Operation Equipment		31,442	
Total Operation of Plant			\$ 10,371,341

Maintenance of Plant

Supervisor/Director	\$	56,090
Foremen		45,477
Secretary(s)		49,057
Maintenance Personnel		1,696,820
Overtime Pay		4,025
Social Security		110,735
State Retirement		238,875
Life Insurance		1,747
Medical Insurance		309,945
Employer Medicare		25,902
Communication		10,816
Dues and Memberships		385
Laundry Service		12,994
Maintenance & Repair Services- Equipment		141,853
Maintenance & Repair Services- Vehicles		8,222
Rentals		3,981
Other Contracted Services		154,086
Gasoline		90,987
Lubricants		1,931
Office Supplies		3,292
Tires and Tubes		10,558
Vehicle Parts		22,976
Chemicals		26,360
Other Supplies and Materials		691,331
Vehicle and Equipment Insurance		45,124

(Continued)

Exhibit M-8

Montgomery County, Tennessee
Schedule of Detailed Expenditures -
All Governmental Fund Types
Discretely Presented Montgomery County School Department (Cont.)

General Purpose School Fund (Cont.)

Support Services (Cont.)

Maintenance of Plant (Cont.)

In Service/Staff Development	\$	3,892	
Maintenance Equipment		40,392	
Total Maintenance of Plant			\$ 3,807,853

Transportation

Supervisor/Director	\$	159,056	
Salary Supplements		7,425	
Mechanic(s)		425,664	
Bus Drivers		2,686,323	
Dispatchers/Radio Operators		38,660	
Secretary(s)		45,576	
Clerical Personnel		11,314	
Part-time Personnel		170,477	
Overtime Pay		21,729	
Other Salaries & Wages		106,568	
Social Security		219,306	
State Retirement		446,170	
Life Insurance		6,383	
Medical Insurance		487,913	
Employer Medicare		51,282	
Communication		2,211	
Laundry Service		5,908	
Licenses		1,730	
Maintenance & Repair Services- Equipment		8,483	
Maintenance & Repair Services- Vehicles		6,555	
Medical and Dental Services		23,588	
Transportation - Other than Students		103,448	
Travel		3	
Other Contracted Services		24,043	
Garage Supplies		6,728	
Gasoline		503,935	
Lubricants		13,496	
Office Supplies		15,417	
Tires and Tubes		57,070	
Vehicle Parts		204,365	
Other Supplies and Materials		4,804	
Vehicle and Equipment Insurance		123,034	
In Service/Staff Development		10,507	
Transportation Equipment		934,493	
Total Transportation			6,933,664

(Continued)

Exhibit M-8

Montgomery County, Tennessee
Schedule of Detailed Expenditures -
All Governmental Fund Types
Discretely Presented Montgomery County School Department (Cont.)

General Purpose School Fund (Cont.)

Support Services (Cont.)

Central and Other

Supervisor/Director	\$	315,201	
Computer Programmer(s)		230,514	
Data Processing Personnel		86,488	
Secretary(s)		264,567	
Clerical Personnel		1,105	
Temporary Personnel		3,636	
Overtime Pay		13,385	
Other Salaries & Wages		169,885	
Other Per Diem & Fees		1,090,161	
Social Security		132,729	
State Retirement		207,275	
Life Insurance		709	
Medical Insurance		94,826	
Employer Medicare		31,039	
Other Fringe Benefits		281,821	
Advertising		13,239	
Communication		239	
Dues and Memberships		889	
Maintenance & Repair Services- Equipment		15,337	
Maintenance & Repair Services- Office Equipment		2,518	
Travel		9,665	
Other Contracted Services		272,034	
Data Processing Supplies		597,039	
Office Supplies		8,970	
Other Supplies and Materials		104,142	
Workers' Compensation Insurance		1,477,500	
In Service/Staff Development		38,220	
Criminal Investigation of Applicants - TBI		50,136	
Administration Equipment		2,397	
Data Processing Equipment		190,505	
Total Central and Other			\$ 5,706,171

Principal

Education

Principal on Notes	\$	352,044	
Principal on Capitalized Leases		90,123	
Total Education			442,167

(Continued)

Montgomery County, Tennessee
Schedule of Detailed Expenditures -
All Governmental Fund Types
Discretely Presented Montgomery County School Department (Cont.)

General Purpose School Fund (Cont.)

Interest

Education

Interest on Notes	\$ 3,544	
Interest on Capitalized Leases	10,359	
Total Education		\$ 13,903

Other Debt Service

Education

Debt Service Contribution to Primary Government	\$ 679,850	
Total Education		679,850

Total General Purpose School Fund \$ 140,334,532

School Federal Projects Fund

Instruction

Regular Instruction Program

Teachers	\$ 1,516,448	
Salary Supplements	418,946	
Educational Assistants	593,037	
Other Salaries & Wages	46,825	
Certified Substitute Teachers	53,328	
Social Security	157,884	
State Retirement	177,192	
Life Insurance	3,050	
Medical Insurance	274,774	
Employer Medicare	36,920	
Travel	978	
Contracts for Substitute Teachers - Certified	1,342	
Contracts for Substitute Teachers - Non-certified	9,010	
Other Contracted Services	49,588	
Instructional Supplies and Materials	247,610	
Other Supplies and Materials	5,905	
Regular Instruction Equipment	52,870	
Total Regular Instruction Program		\$ 3,645,707

Alternative Instruction Program

Teachers	\$ 64,197	
Social Security	3,921	
State Retirement	3,531	
Life Insurance	31	
Medical Insurance	10,927	

(Continued)

Montgomery County, Tennessee
Schedule of Detailed Expenditures -
All Governmental Fund Types
Discretely Presented Montgomery County School Department (Cont.)

School Federal Projects Fund (Cont.)

Instruction (Cont.)

Alternative Instruction Program (Cont.)

Employer Medicare	\$	917	
Contracts for Substitute Teachers - Non-certified		497	
Other Supplies and Materials		389	
Total Alternative Instruction Program			\$ 84,410

Special Education Program

Teachers	\$	118,669	
Educational Assistants		1,038,669	
Other Salaries & Wages		54	
Social Security		68,945	
State Retirement		125,653	
Life Insurance		2,179	
Medical Insurance		180,949	
Employer Medicare		16,124	
Contracts with Private Agencies		50,314	
Maintenance & Repair Services- Equipment		1,953	
Instructional Supplies and Materials		10,340	
Textbooks		38,462	
Other Supplies and Materials		58,610	
Total Special Education Program			1,710,921

Vocational Education Program

Educational Assistants	\$	15,555	
Social Security		819	
State Retirement		2,044	
Life Insurance		29	
Medical Insurance		8,190	
Employer Medicare		191	
Travel		44,027	
Instructional Supplies and Materials		11,740	
Other Supplies and Materials		205,811	
Other Charges		50	
Regular Instruction Equipment		1,412	
Vocational Instruction Equipment		107,247	
Total Vocational Education Program			397,115

Adult Education Program

Teachers	\$	70,271	
Social Security		4,171	

(Continued)

Montgomery County, Tennessee
Schedule of Detailed Expenditures -
All Governmental Fund Types
Discretely Presented Montgomery County School Department (Cont.)

School Federal Projects Fund (Cont.)

Instruction (Cont.)

Adult Education Program (Cont.)

State Retirement	\$	3,562	
Life Insurance		45	
Medical Insurance		3,489	
Employer Medicare		975	
Evaluation and Testing		1,224	
Other Contracted Services		28,076	
Instructional Supplies and Materials		2,056	
Other Supplies and Materials		1,897	
Other Charges		972	
Total Adult Education Program			\$ 116,738

Support Services

Health Services

Medical Personnel	\$	323,054	
Overtime Pay		70	
Social Security		19,417	
State Retirement		40,097	
Life Insurance		497	
Medical Insurance		38,637	
Employer Medicare		4,541	
Other Supplies and Materials		2,022	
Total Health Services			428,335

Other Student Support

Guidance Personnel	\$	34,728	
Social Workers		34,664	
Other Salaries & Wages		59,773	
Social Security		7,873	
State Retirement		7,073	
Life Insurance		158	
Medical Insurance		10,328	
Employer Medicare		1,841	
Travel		8,057	
Other Contracted Services		195	
Other Supplies and Materials		55,565	
In Service/Staff Development		11,464	
Other Charges		9,454	
Other Equipment		9,670	
Total Other Student Support			250,843

(Continued)

Montgomery County, Tennessee
Schedule of Detailed Expenditures -
All Governmental Fund Types
Discretely Presented Montgomery County School Department (Cont.)

School Federal Projects Fund (Cont.)

Support Services (Cont.)

Regular Instruction Program

Supervisor/Director	\$	81,684	
Salary Supplements		52,480	
Secretary(s)		40,327	
Clerical Personnel		15,103	
Other Salaries & Wages		610,888	
In-Service Training		177,719	
Social Security		59,343	
State Retirement		59,066	
Life Insurance		610	
Medical Insurance		76,926	
Employer Medicare		13,879	
Consultants		4,260	
Dues and Memberships		836	
Travel		2,751	
Other Contracted Services		42,105	
Instructional Supplies and Materials		8,151	
Library Books/Media		20,062	
Other Supplies and Materials		30,453	
In Service/Staff Development		681,283	
Other Equipment		3,665	
Total Regular Instruction Program			\$ 1,981,591

Special Education Program

Psychological Personnel	\$	174,276
Assessment Personnel		240,667
Salary Supplements		13,262
Secretary(s)		10,445
Clerical Personnel		85,633
Overtime Pay		177
Other Salaries & Wages		258,017
Social Security		47,079
State Retirement		52,028
Life Insurance		794
Medical Insurance		98,976
Employer Medicare		11,011
Dues and Memberships		750
Maintenance & Repair Services- Equipment		15,413
Travel		5,033
Other Contracted Services		136,041

(Continued)

Exhibit M-8

Montgomery County, Tennessee
Schedule of Detailed Expenditures -
All Governmental Fund Types
Discretely Presented Montgomery County School Department (Cont.)

School Federal Projects Fund (Cont.)

Support Services (Cont.)

Special Education Program (Cont.)

Other Supplies and Materials	\$	28,011	
In Service/Staff Development		51,347	
Other Equipment		88,759	
Total Special Education Program			\$ 1,317,719

Vocational Education Program

Secretary(s)	\$	9,629	
Social Security		590	
State Retirement		1,265	
Medical Insurance		1,718	
Employer Medicare		138	
Travel		235	
In Service/Staff Development		1,097	
Other Charges		247	
Total Vocational Education Program			14,919

Adult Programs

Communication	\$	979	
Other Charges		3,120	
Total Adult Programs			4,099

Operation of Plant

Communication	\$	10,413	
Other Contracted Services		43,392	
Plant Operation Equipment		25,912	
Other Equipment		83,203	
Total Operation of Plant			162,920

Transportation

Bus Drivers	\$	278,074	
Other Salaries & Wages		489,791	
Social Security		45,803	
State Retirement		85,336	
Life Insurance		1,562	
Medical Insurance		101,417	
Employer Medicare		10,712	
Contracts with Parents		1,946	
Contracts with Vehicle Owners		4,316	
Transportation - Other than Students		922	

(Continued)

Montgomery County, Tennessee
Schedule of Detailed Expenditures -
All Governmental Fund Types
Discretely Presented Montgomery County School Department (Cont.)

School Federal Projects Fund (Cont.)

Support Services (Cont.)

Transportation (Cont.)

Travel	\$	41,496	
Gasoline		5,886	
Other Supplies and Materials		9,371	
Transportation Equipment		211,397	
Total Transportation			\$ 1,288,029

Total School Federal Projects Fund \$ 11,403,346

Central Cafeteria Fund

Support Services

Fiscal Services

Trustee's Commission	\$	3,213	
Total Fiscal Services			\$ 3,213

Operation of Non-Instructional Services

Food Service

Supervisor/Director	\$	135,847
Salary Supplements		2,800
Truck Drivers		33,826
Secretary(s)		74,294
Cafeteria Personnel		2,469,345
Custodial Personnel		140,430
Temporary Personnel		45,348
Overtime Pay		29,783
Other Salaries & Wages		114,421
Other Per Diem & Fees		50,337
Social Security		183,695
State Retirement		379,959
Life Insurance		5,471
Medical Insurance		551,459
Employer Medicare		42,960
Advertising		13
Dues and Memberships		350
Laundry Service		57,497
Licenses		2,400
Maintenance & Repair Services- Vehicles		28
Travel		3,926
Other Contracted Services		57,266
Equipment and Machinery Parts		42,820

(Continued)

Montgomery County, Tennessee
Schedule of Detailed Expenditures -
All Governmental Fund Types
Discretely Presented Montgomery County School Department (Cont.)

Central Cafeteria Fund (Cont.)

Operation of Non-Instructional Services (Cont.)

Food Service (Cont.)

Food Supplies	\$ 3,446,696	
Gasoline	7,898	
Lubricants	109	
Office Supplies	28,120	
Tires and Tubes	698	
Uniforms	412	
Utilities	209,500	
Vehicle Parts	694	
Other Supplies and Materials	227,777	
Workers' Compensation Insurance	90,000	
In Service/Staff Development	13,907	
Food Service Equipment	68,304	
Total Food Service		\$ 8,518,390

Total Central Cafeteria Fund

\$ 8,521,603

Extended School Program Fund

Instruction

Regular Instruction Program

Teachers	\$ 156,817	
Educational Assistants	1,599	
Social Security	9,782	
State Retirement	8,571	
Employer Medicare	2,288	
Other Contracted Services	1,920	
Instructional Supplies and Materials	4,148	
Total Regular Instruction Program		\$ 185,125

Support Services

Office of the Principal

Assistant Principals	\$ 16,000	
Social Security	987	
State Retirement	880	
Employer Medicare	231	
Total Office of the Principal		18,098

Fiscal Services

Trustee's Commission	\$ 1,795	
Total Fiscal Services		1,795

(Continued)

Exhibit M-8

Montgomery County, Tennessee
Schedule of Detailed Expenditures -
All Governmental Fund Types
Discretely Presented Montgomery County School Department (Cont.)

Extended School Program Fund (Cont.)

Support Services (Cont.)

Operation of Plant

Custodial Personnel	\$	1,657	
Social Security		103	
State Retirement		218	
Employer Medicare		24	
Total Operation of Plant		<u>2,002</u>	\$ <u>2,002</u>

Total Extended School Program Fund \$ 207,020

Education Capital Projects Fund

Support Services

Fiscal Services

Trustee's Commission	\$	15	
Total Fiscal Services			\$ 15

Capital Projects

Education Capital Projects

Architects	\$	702,709	
Contributions		16,532	
Engineering Services		104,861	
Building Construction		4,657,147	
Building Improvements		2,228,294	
Data Processing Equipment		66,186	
Land		196,883	
Plant Operation Equipment		23,154	
Site Development		80,702	
Total Education Capital Projects		<u>8,076,468</u>	<u>8,076,468</u>

Total Education Capital Projects Fund 8,076,483

Total Governmental Funds - Montgomery County School Department \$ 168,542,984

Montgomery County, Tennessee
Schedule of Detailed Revenues and Expenses
All Proprietary Funds
For the Year Ended June 30, 2005

	Governmental Activities - Internal Service Funds		
	Self- Insurance	Workers' Compensation	Unemployment Compensation
<u>Revenues</u>			
<u>Operating Revenues</u>			
<u>Charges for Current Services</u>			
Self-Insurance Premiums/Contributions	\$ 19,892,489	\$ 1,109,264	\$ 844
Other Employee Benefit Charges	1,078,397	0	0
Retirees' Insurance Payments	677,734	0	0
Other Charges for Services	22,523	0	0
Total Charges for Services	\$ 21,671,143	\$ 1,109,264	\$ 844
Total Operating Revenues	\$ 21,671,143	\$ 1,109,264	\$ 844
<u>Nonoperating Revenues</u>			
Investment Income	\$ 38,607	\$ 18,453	\$ 18,526
Miscellaneous Refunds	259,181	0	0
Total Nonoperating Revenues	\$ 297,788	\$ 18,453	\$ 18,526
Total Revenues	\$ 21,968,931	\$ 1,127,717	\$ 19,370
<u>Expenses</u>			
<u>Operating Expenses</u>			
<u>Risk Management</u>			
Supervisor/Director	\$ 0	\$ 19,063	\$ 0
Clerical Personnel	0	28,236	0
Overtime Pay	0	454	0
Social Security	0	2,812	0
State Retirement	0	5,136	0
Life Insurance	0	42	0
Medical Insurance	0	8,655	0
Employer Medicare	0	653	0
Communication	0	66	0
Consultants	0	4,100	0
Contracts with Private Agencies	0	10,655	0
Data Processing Services	0	4,476	0
Dues and Memberships	0	530	0
Legal Services	0	988	0
Maintenance & Repair Services - Equipment	0	285	0

(Continued)

Montgomery County, Tennessee
Schedule of Detailed Revenues and Expenses
All Proprietary Funds (Cont.)

	Governmental Activities - Internal Service Funds		
	Self- Insurance	Workers' Compensation	Unemployment Compensation
<u>Risk Management (Cont.)</u>			
Medical and Dental Services	\$ 0	\$ 1,104	\$ 0
Postal Charges	0	19	0
Travel	0	820	0
Tuition	0	3,546	0
Data Processing Supplies	0	780	0
Drugs and Medical Supplies	0	3,184	0
Instructional Supplies and Materials	0	3,235	0
Library Books/Media	0	430	0
Office Supplies	0	178	0
Uniforms	0	30	0
Other Supplies and Materials	0	612	0
Premiums on Corporate Surety Bonds	0	146,481	0
Data Processing Equipment	0	1,316	0
Furniture and Fixtures	0	6,220	0
Office Equipment	0	1,343	0
Other Equipment	0	342	0
Total Risk Management	\$ 0	\$ 255,791	\$ 0
<u>Property Assessor's Office</u>			
Medical and Dental Services	\$ 0	\$ 57	\$ 0
Drugs and Medical Supplies	0	22	0
Total Property Assessor's Office	\$ 0	\$ 79	\$ 0
<u>Probation Services</u>			
Assistant(s)	\$ 0	\$ 59	\$ 0
Social Security	0	3	0
State Retirement	0	37	0
Employer Medicare	0	1	0
Medical and Dental Services	0	1,070	0
Total Probation Services	\$ 0	\$ 1,170	\$ 0
<u>Sheriff's Department</u>			
Deputy(ies)	\$ 0	\$ 4,770	\$ 0
Social Security	0	280	0
State Retirement	0	764	0
Employer Medicare	0	84	0
Medical and Dental Services	0	6,433	0
Travel	0	296	0
Drugs and Medical Supplies	0	756	0
Total Sheriff's Department	\$ 0	\$ 13,383	\$ 0

(Continued)

Montgomery County, Tennessee
Schedule of Detailed Revenues and Expenses
All Proprietary Funds (Cont.)

	Governmental Activities - Internal Service Funds		
	Self- Insurance	Workers' Compensation	Unemployment Compensation
<u>Jail</u>			
Deputy(ies)	\$ 0	\$ 18,072	\$ 0
Sergeant(s)	0	7,931	0
Clerical Personnel	0	9,444	0
Social Security	0	2,189	0
State Retirement	0	4,307	0
Employer Medicare	0	483	0
Medical and Dental Services	0	105,237	0
Drugs and Medical Supplies	0	4,809	0
Total Jail	\$ 0	\$ 152,472	\$ 0
<u>Workhouse</u>			
Medical and Dental Services	\$ 0	\$ 539	\$ 0
Total Workhouse	\$ 0	\$ 539	\$ 0
<u>Ambulance/Emergency Medical Services</u>			
Medical Personnel	\$ 0	\$ 1,695	\$ 0
Overtime Pay	0	1,304	0
Social Security	0	182	0
State Retirement	0	43	0
Employer Medicare	0	43	0
Medical and Dental Services	0	6,515	0
Drugs and Medical Supplies	0	644	0
Total Ambulance/Emergency Medical Services	\$ 0	\$ 10,426	\$ 0
<u>Nursing Home</u>			
Medical Personnel	\$ 0	\$ 291	\$ 0
Educational Assistants	0	7,336	0
Part-time Personnel	0	5,300	0
Overtime Pay	0	146	0
Social Security	0	811	0
State Retirement	0	322	0
Employer Medicare	0	190	0
Medical and Dental Services	0	15,735	0
Drugs and Medical Supplies	0	1,315	0
Total Nursing Home	\$ 0	\$ 31,446	\$ 0
<u>Landfill Operation and Maintenance</u>			
Medical and Dental Services	\$ 0	\$ 635	\$ 0
Total Landfill Operation and Maintenance	\$ 0	\$ 635	\$ 0

(Continued)

Montgomery County, Tennessee
Schedule of Detailed Revenues and Expenses
All Proprietary Funds (Cont.)

	Governmental Activities - Internal Service Funds		
	Self- Insurance	Workers' Compensation	Unemployment Compensation
<u>Other Charges</u>			
Unemployment Compensation	\$ 0	\$ 0	\$ 131,103
Other Contracted Services	13,133	0	0
Other Self-Insurance Claims	0	866,141	0
Other Charges	242,508	0	0
Total Other Charges	\$ 255,641	\$ 866,141	\$ 131,103
<u>Employee Benefits</u>			
Life Insurance	\$ 20,928	\$ 0	\$ 0
Legal Services	2,839	0	0
Medical and Dental Services	131,508	0	0
Excess Risk Insurance	486,360	0	0
Medical Claims	16,451,892	0	0
Contracts with Private Agencies	1,693,497	0	0
Other Contracted Services	47,120	0	0
Other Charges	257,735	0	0
Other Self-Insurance Claims	1,149,848	0	0
Total Employee Benefits	\$ 20,241,727	\$ 0	\$ 0
<u>Highway Administration</u>			
Drugs and Medical Supplies	\$ 0	\$ 92	\$ 0
Total Highway Administration	\$ 0	\$ 92	\$ 0
<u>Highway and Bridge Maintenance</u>			
Truck Drivers	\$ 0	\$ 15	\$ 0
Laborers	0	28	0
Social Security	0	3	0
State Retirement	0	2	0
Employer Medicare	0	1	0
Medical and Dental Services	0	360	0
Drugs and Medical Supplies	0	24	0
Total Highway and Bridge Maintenance	\$ 0	\$ 433	\$ 0
Total Expenses	\$ 20,497,368	\$ 1,332,607	\$ 131,103

Exhibit M-10

Montgomery County, Tennessee
Schedule of Detailed Receipts, Disbursements,
and Changes in Cash Balance - City Agency Fund
For the Year Ended June 30, 2005

	Cities - Sales Tax Fund
<hr/>	
<u>Cash Receipts</u>	
Local Option Sales Tax	\$ 9,828,188
Total Cash Receipts	<u>\$ 9,828,188</u>
 <u>Cash Disbursements</u>	
Remittance of Revenues Collected	\$ 9,729,906
Trustee's Commission	<u>98,282</u>
Total Cash Disbursements	<u>\$ 9,828,188</u>
 Excess of Cash Receipts Over (Under) Cash Disbursements	 \$ 0
Cash Balance, July 1, 2004	<u>0</u>
 Cash Balance, June 30, 2005	 <u><u>\$ 0</u></u>

STATISTICAL SECTION

Table 1

Montgomery County, Tennessee
Uncollected Taxes Filed in Chancery Court
June 30, 2005

Year	Amount
1994	\$ 5,310
1995	1,392
1996	150
1997	5,625
1998	7,806
1999	8,321
2000	78,681
2001	124,895
2002	136,032
2003	374,312
Total	\$ 742,524

Table 2

Montgomery County, Tennessee
Tax Rates and Assessments
Last Ten Years

Fund	1995	1996	1997	1998	1999	2000	2001	2002	2003	2004
General	\$ 0.83	\$ 0.77	\$ 0.70	\$ 0.70	\$ 0.84	\$ 0.84	\$ 0.84	\$ 0.84	\$ 0.84	1.02
Highway/Public Works	0.19	0.19	0.17	0.17	0.17	0.17	0.17	0.16	0.14	0.14
General Purpose School	1.03	1.03	0.83	0.88	0.93	0.93	0.93	1.26	1.11	1.12
General Debt Service	1.35	1.41	1.60	1.55	1.36	1.36	1.36	1.04	0.82	0.82
Total Tax Rate	\$ 3.40	\$ 3.40	\$ 3.30	\$ 3.30	\$ 3.30	\$ 3.30	\$ 3.30	\$ 3.30	2.91	3.10
<u>Assessed Valuation</u>										
Real and Personal	\$ 871,935,985	\$ 923,957,928	\$ 1,222,762,610	\$ 1,253,225,750	\$ 1,310,261,100	\$ 1,375,975,892	\$ 1,421,554,344	\$ 1,480,118,812	\$ 1,705,773,611	\$ 1,751,564,149
Public Utilities	44,541,729	42,491,220	45,831,956	49,568,524	48,698,810	54,311,259	52,199,794	51,285,257	56,775,432	58,764,564
Total Assessed Valuation	\$ 916,477,714	\$ 966,449,148	\$ 1,268,594,566	\$ 1,302,794,274	\$ 1,358,959,910	\$ 1,430,287,151	\$ 1,473,754,138	\$ 1,531,404,069	\$ 1,762,549,043	\$ 1,810,328,713

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 37243-0269
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

February 23, 2006

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, 2005, which collectively comprise Montgomery County's basic financial statements and have issued our report thereon dated February 23, 2006. Our report on the aggregate discretely presented component units was qualified due to not including the financial statements of the Montgomery County Nursing Home, a discretely presented component unit, which were not available from other auditors as of the date of this report. 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.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered Montgomery County's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinions on the financial statements and not to provide an opinion on the internal control over financial reporting. However, we noted certain matters involving the internal control over financial reporting and its operation that we consider to be reportable

conditions. Reportable conditions involve matters coming to our attention relating to significant deficiencies in the design or operation of the internal control over financial reporting that, in our judgment, could adversely affect Montgomery County's ability to record, process, summarize, and report financial data consistent with the assertions of management in the financial statements. Reportable conditions are described in the accompanying Schedule of Findings and Questioned Costs as items 05.01, 05.05, 05.07, 05.10, and 05.11(C).

A material weakness is a reportable condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements caused by error or fraud in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control that might be reportable conditions and, accordingly, would not necessarily disclose all reportable conditions that are also considered to be material weaknesses. However, we believe none of the reportable conditions described above is a material weakness.

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 which are described in the accompanying Schedule of Findings and Questioned Costs as items 05.02, 05.03, 05.04, 05.06, 05.08, 05.09, 05.11(A,B), and 05.12.

We also noted certain other matters that we reported to the management of Montgomery County in separate communications.

This report is intended solely for the information and use of the Board of County Commissioners, management, and 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,



John G. Morgan
Comptroller of the Treasury

JGM/sb



STATE OF TENNESSEE
COMPTROLLER OF THE TREASURY
DEPARTMENT OF AUDIT
DIVISION OF COUNTY AUDIT
SUITE 1500
JAMES K. POLK STATE OFFICE BUILDING
NASHVILLE, TENNESSEE 37243-0269
PHONE (615) 401-7841

REPORT ON COMPLIANCE WITH REQUIREMENTS APPLICABLE TO
EACH MAJOR PROGRAM AND INTERNAL CONTROL OVER
COMPLIANCE IN ACCORDANCE WITH OMB CIRCULAR A-133

February 23, 2006

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 are applicable to each of its major federal programs for the year ended June 30, 2005. 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 auditing 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 on Montgomery County's compliance with those requirements.

In our opinion, Montgomery County complied, in all material respects, with the requirements referred to above that are applicable to each of its major federal programs for the year ended June 30, 2005.

Internal Control Over Compliance

The management of Montgomery County is responsible for establishing and maintaining effective internal control over compliance with 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 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 the internal control over compliance in accordance with OMB Circular A-133.

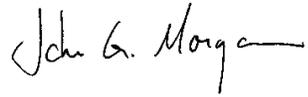
Our consideration of the internal control over compliance would not necessarily disclose all matters in the internal control that might be material weaknesses. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that noncompliance with applicable requirements of laws, regulations, contracts, and grants caused by error or fraud that would be material in relation to a major federal program being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over compliance and its operation that we consider to be material weaknesses.

Schedule 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, Tennessee, as of and for the year ended June 30, 2005, and have issued our report thereon dated February 23, 2006. Our report on the aggregate discretely presented component units was qualified due to not including the financial statements of the Montgomery County Nursing Home, a discretely presented component unit, which were not available from other auditors as of the date of this report. Our audit was performed for the purpose of forming opinions on the basic financial statements taken as a whole. The accompanying Schedule of Expenditures of Federal Awards and State Grants is presented for purposes of additional analysis, as required by OMB Circular A-133, and is not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated, in all material respects, in relation to the basic financial statements taken as a whole.

This report is intended solely for the information and use of the Board of County Commissioners, management, and 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 that reads "John G. Morgan" followed by a horizontal flourish.

John G. Morgan
Comptroller of the Treasury

JGM/sb

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

For the Emergency Communications District of Montgomery County

To the Board of Directors
Emergency Communications District of Montgomery County
130 South First Street
Clarksville, TN 37040

We have audited the financial statements of the Emergency Communications District of Montgomery County as of and for the year ended June 30, 2005, and have issued our report thereon. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the Emergency Communications District of Montgomery County's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide assurance on the internal control over financial reporting. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control that might be reportable conditions and, accordingly, would not necessarily disclose all reportable conditions that are also considered to be material weaknesses.

A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over financial reporting and its operation that we consider to be a material weakness.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Emergency Communications District of 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 that are required to be reported under Government Auditing Standards which are described in the accompanying schedule of findings and recommendations as items 05.01 and 05.02.

This report is intended solely for the information and use of the management, the State of Tennessee, 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. However, this report is a matter of public record and its distribution is not limited.

**Emergency Communications District of Montgomery County
Schedule of Findings and Recommendations
June 30, 2005**

FINDING 05.01 EXCESS EXPENDITURES OVER BUDGET FOR SOME CATEGORIES (REPEAT)

Section 7-86-120, Tennessee Code Annotated, states that no emergency communications district may spend money except in accordance with an adopted budget. Some categories of expense exceeded amount budgeted.

RECOMMENDATION

Expenditures of the district should be reviewed periodically and budget adjustments should be made to prevent violation of this statute.

MANAGEMENT'S RESPONSE

Our budget policy provides that all operating expenditures except personnel costs and capital equipment expenditures are considered in total for purposes of budget comparison. These expenses may vary over or under budget as long as the total is within the budgeted amount. Our total expenditures were less than the total budget.

FINDING 05.02 CHART OF ACCOUNTS NOT IN ACCORDANCE WITH TENNESSEE ACCOUNTING AND FINANCIAL REPORTING MANUAL (REPEAT)

Section 7-86-304, Tennessee Code Annotated, requires all Tennessee emergency communications districts to adopt a uniform chart of accounts as developed by the Office of the Comptroller of the Treasury. This chart of accounts has not been adopted by the district as of June 30, 2005.

RECOMMENDATION

Adopt the uniform chart of accounts developed by the state, or file written request with the Comptroller's Office for permission to deviate from this required chart of accounts.

MANAGEMENT'S RESPONSE

Bookkeeping for the district is processed by the Montgomery County Department of Accounts and Budgets. The software used by the county will not accommodate the chart of accounts specified for E-911 districts, which is different from the format and coding of the County Uniform Chart of Accounts. We have requested permission from the state to deviate from the county chart of accounts, but the request was denied. However, the department of Accounts and Budgets is implementing new enterprise business systems software that will support the chart of accounts specified for E-911 districts. This software is scheduled to be implemented in the summer of 2006.

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

For the Bi-County Solid Waste Management System

To the Board of Directors
Bi-County Solid Waste Management System
Montgomery County Mayor and
Montgomery County Commission
Montgomery County Courthouse
Clarksville, TN 37040

We have audited the financial statements of the governmental activities, business-type activities, and each major fund of Bi-County Solid Waste Management System, a component unit of Montgomery County, as of and for the year ended June 30, 2005, and have issued our report thereon. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered Bi-County Solid Waste Management System's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide assurance on the internal control over financial reporting. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control over financial reporting that might be material weaknesses. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over financial reporting and its operation that we consider to be material weaknesses.

Compliance and Other Matters

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

This report is intended for the information of management, awarding agencies, and pass-through entities, and is not intended to be and should not be used by anyone other than these specified parties. However, this report is a matter of public record, and its distribution is not limited.

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

For the Clarksville-Montgomery County Industrial Development Board

To the Industrial Development Board
of Clarksville-Montgomery County
Clarksville, Tennessee

We have audited the financial statements of the governmental activities of Clarksville-Montgomery County Industrial Development Board as of and for the year ended June 30, 2005, and have issued our report thereon. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the board's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide assurance on the internal control over financial reporting. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control that might be material weaknesses. A material weakness is a reportable condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements caused by error or fraud in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over financial reporting and its operation that we consider to be a material weakness.

Prior-year Findings

The board resolved prior-year findings 04.01 and 04.02 by implementing the recommendations in the prior year's report.

Compliance and Other Matters

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

This report is intended solely for the information and use of the board members, management, officials of Montgomery County, and the State of Tennessee and is not intended to be and should not be used by anyone other than these specified parties.

Montgomery County, Tennessee
Schedule of Expenditures of Federal Awards and State Grants (1)
For the Year Ended June 30, 2005

Federal/Pass-through Agency/State Grantor Program Title	Federal CFDA Number	Pass through Agency's Number	Expenditures
U.S. Department of Agriculture:			
Passed-through State Department of Agriculture:			
Food Distribution (Noncash Assistance)	10.550	(2)	\$ 493,456
Passed-through State Department of Education:			
Child Nutrition Cluster:			
School Breakfast Program	10.553	(2)	855,372
National School Lunch Program	10.555	(2)	3,243,625
Total U.S. Department of Agriculture			<u>\$ 4,592,453</u>
U.S. Department of Defense:			
Direct Program			
National Defense Appropriation Act for Fiscal Year 2005	12.XXX	N/A	\$ 1,856,324
Total U.S. Department of Defense			<u>\$ 1,856,324</u>
U.S. Department of Housing and Urban Development:			
Passed-through State Housing Development Agency:			
Home Investment Partnerships Program	14.239	HM0353	\$ 21,318
Total U.S. Department of Housing and Urban Development			<u>\$ 21,318</u>
U.S. Department of Justice:			
Passed-through State Office of Criminal Justice Program:			
Violence Against Women Formula Grants	16.588	Z0000144901	\$ 80,735 (3)
Violence Against Women Formula Grants	16.588	Z0009387800	28,861 (3)
Passed-through State Commission On Children and Youth:			
Juvenile Accountability Incentive Block Grants	16.523	GG051148200	7,780
Juvenile Justice and Delinquency Prevention - Allocation to States	16.540	Z0502041200	9,570
Grants to Encourage Arrest Policies and Enforcement of Protection Orders	16.590	2003WEBX0058	206,941
Total U.S. Department of Justice			<u>\$ 333,887</u>
U.S. Department of Labor:			
Passed through State Department of Labor and Workforce Development:			
WIA Youth Activities	17.259	(2)	\$ 107,507
WIA Incentive Grant - Section 503 Grants to States	17.267	(2)	7,833
Total U.S. Department of Labor			<u>\$ 115,340</u>
U.S. Department of Transportation:			
Passed-through State Department of Transportation:			
State and Community Highway Safety	20.600	Z0401679100	\$ 28,635
State and Community Highway Safety	20.600	Z0401680800	6,251
Total U.S. Department of Transportation			<u>\$ 34,886</u>
U.S. Department of Education:			
Direct Program:			
Impact Aid	84.041	N/A	\$ 3,045,053
Passed-through the University of Tennessee:			
Adult Education - State Grant Program	84.002	(2)	8,438 (4)
Passed-through State Department of Education:			
Adult Education - State Grant Program	84.002	Z0401669600	32,375 (4)
Adult Education - State Grant Program	84.002	Z0502225000	55,677 (4)
Title I Grants to Local Educational Agencies	84.010	N/A	3,667,343
Special Education Cluster:			
Special Education - Grants to States	84.027	N/A	4,958,530
Special Education - Preschool Grants	84.173	N/A	56,374
Vocational Education - Basic Grants to States	84.048	N/A	435,741
Safe and Drug-Free Schools and Communities - State Grants	84.186	(2)	140,697
Twenty-First Century Community Learning Centers	84.287	Z0502171800	669,549
State Grants for Innovative Programs	84.298	N/A	138,713
Education Technology State Grants	84.318	(2)	116,743
English Language Acquisition Grants	84.365	N/A	36,994
Improving Teacher Quality State Grants	84.367	N/A	1,215,391
Total Passed-through State Department of Education			<u>\$ 11,524,127</u>
Total U.S. Department of Education			<u>\$ 14,577,618</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	Pass through Agency's Number	Expenditures
U.S. Department of Health and Human Services:			
Passed-through State Department of Human Services:			
Temporary Assistance for Needy Families	93.558	Z0502234100	\$ 23,420
Total U.S. Department of Health and Human Services			<u>\$ 23,420</u>
U.S. Department of Homeland Security:			
Passed-through State Department of Military:			
Homeland Security Grant Program	97.004	Z0301778400	\$ 108,454 (5)
Homeland Security Grant Program	97.004	Z0402019001	26,034 (5)
Homeland Security Grant Program	97.004	Z04020102900	323,401 (5)
Homeland Security Grant Program	97.004	Z04002247700	188,092 (5)
Emergency Management Performance Grants	97.042	Z0402327800	10,040 (6)
Emergency Management Performance Grants	97.042	Z0502539400	32,012 (6)
Total U.S. Department of Homeland Security			<u>\$ 688,033</u>
Total Expenditures of Federal Awards			<u>\$ 22,243,279</u>
<u>State Grants</u>			
Litter Program - State Department of Transportation	N/A	Z0502153200	\$ 49,576
State Reappraisal Program - Comptroller of the Treasury	N/A	(2)	34,646
Touching the Lives of Children - State Department of Education	N/A	(2)	6,990
Safe Schools Act - State Department of Education	N/A	(2)	131,616
Adult Education - State Department of Education	N/A	Z0401669600	6,998
Adult Education - State Department of Education	N/A	Z0502225000	17,051
Juvenile Justice - State Commission on Children and Youth	N/A	Z0502041200	11,000
Juvenile Justice and Delinquency Prevention - State Commission on Children and Youth	N/A	Z05020412	10,430
Child Advocacy Center - State Department of Children's Services	N/A	GG0410214	49,439
Forensic Child Interviewer - State Department of Children's Services	N/A	GG0410215	29,397
Child and Family Intervention Services - State Department of Children's Services	N/A	GG0511202	78,313
Teen Learning Center - State Department of Children's Services	N/A	GG0511226	445,248
Community Correction Act - State Department of Corrections	N/A	Z0508059700	353,750
Rural Local Health Services - State Department of Health	N/A	Z0401537100	93,220
Rural Local Health Services - State Department of Health	N/A	Z0502057000	923,510
Families First - State Department of Human Services	N/A	Z0500223410	15,871
Volunteer Fire Assistance Grant Program - State Department of Agriculture	N/A	Z0502119800	2,478
Total State Grants			<u>\$ 2,259,533</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 Violence Against Women Formula Grants (CFDA No. 16.588) from the U.S. Department of Justice \$109,596.
- (4) Total Adult Education - State Grant Program (CFDA No. 84.002) from the U.S. Department of Education \$96,490.
- (5) Total Homeland Security Grant Program (CFDA No. 97.004) from the U.S. Department of Homeland Security \$645,981.
- (6) Total Emergency Management Performance Grants (CFDA No. 97.042) from the U.S. Department of Homeland Security \$42,052.

Montgomery County, Tennessee
Schedule of Audit Findings Not Corrected
June 30, 2005

Government Auditing Standards require auditors to report the status of uncorrected findings from prior audits. Presented below are findings from the Annual Financial Report for Montgomery County, Tennessee, for the year ended June 30, 2004, which have not been corrected.

OFFICE OF ACCOUNTS AND BUDGETS

<u>Finding Number</u>	<u>Page Number</u>	<u>Subject</u>
04.01	242	The Workers' Compensation Fund had a net assets deficit

OFFICE OF CLERK AND MASTER

<u>Finding Number</u>	<u>Page Number</u>	<u>Subject</u>
04.04 (A)	243	The office had accounting deficiencies

OFFICE OF SHERIFF

<u>Finding Number</u>	<u>Page Number</u>	<u>Subject</u>
04.05	244	Deficiencies were noted in the operation of the commissary account
04.06	245	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, 2005

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 remaining fund information is unqualified.
2. The audit of the financial statements of Montgomery County disclosed reportable conditions in internal control. None of these conditions was considered to be a material weakness.
3. The audit disclosed one instance of noncompliance that is material to the financial statements of Montgomery County.
4. The audit disclosed no reportable conditions 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), National Defense Appropriation Act of Fiscal Year 2005 (CFDA No. 12.XXX), Special Education Cluster: Special Education-Grants to States and Special Education-Preschool Grants (CFDA Nos. 84.027 and 84.173), Vocational Education – Basic Grants to States (CFDA No. 84.048), and Homeland Security Grant Program (CFDA No. 97.004) were determined to be major programs.
8. A threshold of \$667,298 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 written responses of the director of accounts and budgets, director of schools, and the trustee are paraphrased in this report. Other officials offered oral responses to certain findings and recommendations; however, these oral responses have not been included in this report.

OFFICE OF COUNTY MAYOR

FINDING 05.01 **THE WORKERS' COMPENSATION FUND HAD A NET ASSETS DEFICIT**
(Internal Control – Reportable Condition Under Government Auditing Standards)

The Workers' Compensation Fund (internal service fund) had a net assets deficit of \$647,451 at June 30, 2005. This net assets deficit resulted from the recognition of outstanding claims at year-end.

RECOMMENDATION

County officials should liquidate this net assets deficit and should closely review and monitor this situation to determine if the fund has the ability to be self-sufficient over an extended period of time.

MANAGEMENT'S RESPONSE – DIRECTOR OF ACCOUNTS AND BUDGETS

We concur. However, the whole amount of the net assets deficit may not materialize as expenditures. Furthermore, savings from the on-the-job injury program should reduce the amount of the deficit over the next two years.

FINDING 05.02 **A REPORT ON DEBT OBLIGATIONS WAS NOT FILED WITH THE STATE DIRECTOR OF LOCAL FINANCE**
(Noncompliance Under Government Auditing Standards)

County officials did not file a report on debt obligations with the state director of Local Finance for a capital lease totaling \$200,372. Section 9-21-151, Tennessee Code Annotated, requires that a county must provide the state director of Local Finance certain information, such as a description of the purchase for which the debt was issued, a description of the debt obligation, and an itemized description of the cost of issuance of the debt within 45 days following the issuance of debt.

RECOMMENDATION

County officials should file a report on debt obligations with the state director of Local Finance for all debt issues as required by state statute.

MANAGEMENT’S RESPONSE – DIRECTOR OF ACCOUNTS AND BUDGETS

We concur. This was a very unusual use of a lease-purchase by the county, and the new finance director was not aware of the filing requirement on such transactions. He has reviewed these requirements with Local Finance personnel and the required report has been filed.

FINDING 05.03 **EXPENDITURES EXCEEDED APPROPRIATIONS**
(Noncompliance Under Government Auditing Standards)

Expenditures exceeded appropriations approved by the County Commission in the following major appropriation categories (the legal level of control) of the General Fund:

<u>Major Category</u>	<u>Amount</u>
Beer Board	\$ 1,000
County Attorney	1,210
Building	326
Data Processing	10,762
Jail	7,347
County Coroner/Medical Examiner	9,101
Local Health Center	10,622
Other Social, Cultural, and Recreational	42
Tourism	88,780
Transfers Out	19,071

Section 5-9-401, Tennessee Code Annotated, states that “All funds ... including, but not limited to ... taxes, county aid funds, federal funds, and fines, which are to be used in the operation and respective programs of the various departments, commissions, institutions, boards, offices, and agencies of county governments shall be appropriated to such use by the county legislative bodies.”

RECOMMENDATION

Expenditures should be held within appropriations approved by the County Commission.

MANAGEMENT’S RESPONSE – DIRECTOR OF ACCOUNTS AND BUDGETS

We concur. The new Munis software system will help us improve our expenditure controls when it is fully implemented.

FINDING 05.04 **COMPETITIVE BIDS WERE NOT SOLICITED AND AN INTERLOCAL AGREEMENT WAS NOT ENTERED INTO FOR THE PURCHASE OF FUEL**
(Noncompliance Under Government Auditing Standards)

County officials advised that Montgomery County did not solicit competitive bids for fuel; instead, the county purchased fuel from Wilson County, Tennessee’s bid. Montgomery County did not enter into an interlocal agreement with Wilson County as required by Section 12-3-1009, Tennessee Code Annotated, which provides that any county may participate in a cooperative purchase agreement for the procurement of any supplies, services, or construction with one or more local governments in accordance with an agreement entered into between the participants.

RECOMMENDATION

County officials should execute an interlocal agreement when purchasing supplies, services, or construction from other local government’s procurement contracts as required by state statute.

MANAGEMENT’S RESPONSE – DIRECTOR OF ACCOUNTS AND BUDGETS

We concur. An interlocal agreement with Wilson County for fuel is now on file.

FINDING 05.05 **THE OFFICE DID NOT IMPLEMENT ADEQUATE CONTROLS TO PROTECT ITS INFORMATION RESOURCES**
(Internal Control – Reportable Condition Under Government Auditing Standards)

The office did not implement adequate controls to protect its information resources. The failure to provide such controls increases the risk that individuals could inappropriately manipulate the county’s sensitive information.

This finding does not identify specific vulnerabilities that could allow someone to exploit the office’s information system or misuse county funds. Disclosing those vulnerabilities could present a potential security risk by providing the readers with information that might be confidential pursuant to Section 10-7-204(i), Tennessee Code Annotated. We provided the official with detailed information regarding the specific vulnerabilities we identified, as well as our recommendations for improvement.

RECOMMENDATION

The office should ensure that adequate controls over information systems and the resources associated with those systems are implemented. Also, the office should take steps to establish or improve any compensating controls until these conditions are remedied.

OFFICE OF DIRECTOR OF SCHOOLS

FINDING 05.06 **INTERFUND LOANS WERE NOT PROPERLY AUTHORIZED** (Material Noncompliance Under Government Auditing Standards)

During the audit period, School Department officials transferred funds from the General Purpose School Fund to provide temporary operating funds for the School Federal Projects Fund (\$1,500,000) and for the Education Capital Projects Fund (\$400,000). These funds were returned to the General Purpose School Fund prior to June 30, 2005. These transfers were, in effect, interfund loans that were not approved by the Board of Education, the County Commission, and the state director of Local Finance as required by Section 9-21-408, Tennessee Code Annotated.

RECOMMENDATION

All School Department interfund loans should be approved by the Board of Education, the County Commission, and the state director of Local Finance.

MANAGEMENT'S RESPONSE – DIRECTOR OF SCHOOLS

Management concurs. Relative to the School Federal Projects Fund this situation was precipitated by the reimbursable nature of federal projects requiring expenditures to be made before funding is received. The shortfall in the Education Capital Projects Fund resulted from a one-time difficulty in obtaining the draw down of funds due to a turnover in county personnel. In the future, approval for interfund loans will be obtained from the state director of Local Finance through the county mayor under the County Commission's blanket budget resolution.

FINDING 05.07 **REIMBURSEMENTS OF EXPENDITURES WERE NOT FILED TIMELY IN THE SCHOOL FEDERAL PROJECTS FUND** (Internal Control – Reportable Condition Under Government Auditing Standards)

The School Federal Projects Fund had a fund deficit of \$318,688 at June 30, 2005. This

fund deficit occurred because School Department officials did not file reimbursements for grant expenditures in a timely manner. Reimbursement requests were filed subsequent to June 30, 2005; however, these reimbursements were not received within the department's 60 day revenue recognition period. Consequently, these revenues have been deferred in the financial statements of this report.

RECOMMENDATION

School Department personnel should ensure that requests for grant reimbursements are filed timely.

MANAGEMENT'S RESPONSE – DIRECTOR OF SCHOOLS

Management concurs. The state field auditors gave instructions to not establish receivables unless it was certain they would be received within the specified time period to not be deferred to the next year. Our decision to not do so led in part to the fund deficit. In the future we will set up receivables and work aggressively to collect the funds within 60 days after year-end.

REBUTTAL

Receivables should be established if they exist. The corresponding entry to recognize the receivable as current revenue or as deferred revenue depends on whether the receivable is expected to be received with the 60 day revenue recognition period.

OFFICE OF HIGHWAY SUPERVISOR

FINDING 05.08 **A COUNTY ROAD LIST WAS NOT SUBMITTED TO THE COUNTY COMMISSION FOR APPROVAL** (Noncompliance Under Government Auditing Standards)

The highway supervisor did not prepare and submit a list of county roads to the County Commission as required by state statute. Section 54-10-103, Tennessee Code Annotated, requires the highway supervisor to submit a list of county roads to the County Commission for its approval at the January session each year. This list must include the classification, width and distance of each county-maintained road, and a summary of changes from the prior year that provides the road name, date the change was approved by the County Commission, and the reason for the change. Highway Department officials need a current approved list of county roads to determine which roads the department is authorized to work.

RECOMMENDATION

The highway supervisor should submit to the County Commission a list of county roads that includes the classification, width and distance of each road, and a summary of changes as required by state statute.

OFFICE OF TRUSTEE

FINDING 05.09 SOME COUNTY FUNDS WERE NOT INVESTED IN ACCORDANCE WITH STATE STATUTE (Noncompliance Under Government Auditing Standards)

The trustee had investments totaling \$6,806,187 in Federal Home Loan Mortgage Corporation (Freddie Mac) securities at June 30, 2005. These investments are not an investment type permitted by Section 5-8-301, Tennessee Code Annotated. This statute provides specific types of instruments to invest county funds. Freddie Mac is a government sponsored enterprise but is not listed in the state statute.

RECOMMENDATION

The trustee should ensure all county funds are invested in accordance with state statute.

MANAGEMENT'S RESPONSE – TRUSTEE

My investment process is an earnest attempt to earn the county the best return on idle county funds. While I did not follow the statute to the letter of the law, I certainly followed the statute in the spirit of the law. The investments in question are considered good banking practice by other professionals. The statute names certain government sponsored enterprises that are permitted investments; however, Freddie Mac seems to have been erroneously omitted by lawmakers. Lawmakers are currently working on drafting a change to the statute to allow Freddie Mac as a permissible investment.

OFFICE OF CLERK AND MASTER

FINDING 05.10 BANK STATEMENTS WERE NOT PROPERLY RECONCILED WITH GENERAL LEDGER ACCOUNTS (Internal Control – Reportable Condition Under Government Auditing Standards)

Bank statements were not properly reconciled with general ledger accounts. Differences noted were not investigated and corrected, but were posted to a liability account entitled unidentified balances. This account had a balance of \$6,301 at June 30, 2005. Section 66-29-110, Tennessee Code Annotated (TCA), provides that any funds held by the court for 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

Bank statements should be accurately reconciled monthly. All errors should be investigated and corrected promptly. Furthermore, any unidentified balances held by the court for one year should be reported and paid to the state Treasurer's Office.

OFFICE OF SHERIFF

FINDING 05.11 **DEFICIENCIES WERE NOTED IN THE OPERATION OF THE COMMISSARY ACCOUNT**

(A. and B. Noncompliance Under Government Auditing Standards;
C. Reportable Condition Under Government Auditing Standards)

The Sheriff's Department contracted with Swanson Services Corporation for the company to provide a full-time employee to manage the department's commissary operation. We noted the following deficiencies in the operation of the commissary:

- A. The commissary bank account was a Swanson company bank account in-lieu-of an official bank account of the Sheriff's Department. Section 5-8-207, Tennessee Code Annotated (TCA), requires that every county official maintain an official bank account to deposit public funds.

- B. A Swanson company employee maintained the commissary bank account and issued company checks upon the inmates' release. Section 5-8-207, TCA, requires that all funds be disbursed by official prenumbered check of the department.

- C. All receipts and disbursements of the commissary operation were not included on the sheriff's annual financial report.

RECOMMENDATION

The commissary bank account should be an official bank account of the Sheriff's Department, and the sheriff or a designated county employee should sign all checks. In addition, all receipts and disbursements of the commissary should be included on the sheriff's annual financial report.

FINDING 05.12 **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 salaries of deputies or to 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.

**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, 2005**

There were no audit findings relative to federal awards presented in the prior audit's Schedule of Findings and Questioned Costs or the current year's Schedule of Findings and Questioned Costs.