

ANNUAL FINANCIAL REPORT
MONTGOMERY COUNTY, TENNESSEE



FOR THE YEAR ENDED JUNE 30, 2006

**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, 2006

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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, 2006

Scope

We have audited the basic financial statements of Montgomery County as of and for the year ended June 30, 2006.

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 six 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:

OFFICES OF COUNTY MAYOR AND DIRECTOR OF ACCOUNTS AND BUDGETS

- ◆ The General Capital Projects Fund and the Community Development/Industrial Park Fund had cash overdrafts of \$43,458 and \$4,000, respectively at June 30, 2006. The Community Development/Industrial Park Fund had a fund deficit of \$500 at June 30, 2006.
- ◆ Expenditures exceeded appropriations approved by the County Commission in several major appropriation categories (the legal level of control) in the General and Highway/Public Works Funds. Expenditures exceeded total appropriations in the General Debt Service Fund by \$160,699.

OFFICE OF HIGHWAY SUPERVISOR

- ◆ Members of the Highway Commission were paid in excess of the amount authorized by Chapter 312, Private Acts of 1923, as amended.
-

OFFICE OF TRUSTEE

- ◆ The trustee paid checks that exceeded available funds.
-

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, 2006

Officials

Doug Weiland, County Mayor
Mike Frost, 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

Mike Frost
Conroy Head
Milan Lewis

Board of Education

James Mann, Chairman	Morris Stevens
Horace Murphy, Jr.	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

March 30, 2007

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, 2006, 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 .9 percent, respectively, of the assets and revenues of the aggregate discretely presented component units; the discretely presented Bi-County Solid Waste Management System, which represent 5.9 percent and 3.5 percent, respectively, of the assets and revenues of the aggregate discretely presented component units; the discretely presented Clarksville-Montgomery County Industrial Development Board, which represent six percent and 1.3 percent, respectively, of the assets and revenues of the aggregate discretely presented component units; and the discretely presented Clarksville-Montgomery County Public Library which represent 1.4 percent and two 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, the Bi-County Solid Waste Management System, the Clarksville-Montgomery County Industrial Development Board, and the Clarksville-Montgomery County Public Library 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, 2006, 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, 2006, 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 March 30, 2007, 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.

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 101 through 105 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.

As described in Note V.B., Montgomery County has implemented Governmental Accounting Standards Board Statement No. 42 Accounting and Financial Reporting for Impairment of Capital Assets and for Insurance Recoveries.

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, and the General Debt Service Fund, combining and individual fund financial statements of the Montgomery County School Department (a discretely presented component unit), and miscellaneous schedules 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, and the General Debt Service 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 has 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 it.

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/yu

BASIC FINANCIAL STATEMENTS

Exhibit A

Montgomery County, Tennessee
Statement of Net Assets
June 30, 2006

	Component Units					
	Primary Governmental Activities	Montgomery County School Department	Bi-County Solid Waste Management System	Clarksville- Montgomery County Industrial Development Board	Emergency Communications District	Clarksville- Montgomery County Public Library
<u>ASSETS</u>						
Cash	\$ 100,775	\$ 443,706	\$ 10,672,111	\$ 1,519,998	\$ 586,974	\$ 2,698,755
Equity in Pooled Cash and Investments	70,065,650	15,303,010	0	0	0	0
Accounts Receivable	4,546,817	777,465	243,792	40,585	151,724	135,785
Allowance for Uncollectibles	(939,554)	0	0	0	0	(110,876)
Property Taxes Receivable	46,008,824	25,086,399	0	0	0	0
Allowance for Uncollectible Property Taxes	(1,209,242)	(666,128)	0	0	0	0
Due from Other Governments	1,928,542	7,923,645	75,000	0	0	0
Due from Primary Government	0	43,065	0	0	0	0
Due from Component Units	1,106	0	0	0	0	0
Prepaid Items	833,000	50,000	6,500	1,046,238	294,770	24,158
Notes Receivable	200,000	0	0	0	0	0
Deferred Charges - Debt Issuance Costs	1,051,271	0	0	0	0	0
Inventories	37,328	577,832	20,730	14,136,838	0	0
Capital Assets:						
Assets Not Depreciated:						
Land	23,438,586	9,744,219	677,992	0	0	0
Construction in Progress	188,580	13,925,113	0	0	0	0
Assets Net of Accumulated Depreciation:						
Buildings and Improvements	85,993,252	160,795,868	0	0	0	1,186,280
Other Capital Assets	5,656,526	8,728,084	4,889,931	16,953	238,653	0
Infrastructure	19,190,356	0	0	0	0	0
Total Assets	<u>\$ 257,091,817</u>	<u>\$ 242,732,278</u>	<u>\$ 16,586,056</u>	<u>\$ 16,760,612</u>	<u>\$ 1,272,121</u>	<u>\$ 3,934,102</u>

(Continued)

Exhibit A

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

	Component Units					
	Primary Governmental Activities	Montgomery County School Department	Bi-County Solid Waste Management System	Clarksville- Montgomery County Industrial Development Board	Emergency Communications District	Clarksville- Montgomery County Public Library
<u>LIABILITIES</u>						
Accounts Payable	\$ 4,660,672	\$ 1,434,980	\$ 146,900	\$ 662,135	\$ 294,782	\$ 7,579
Accrued Payroll	1,346	0	155	0	15,128	59
Payroll Deductions Payable	156,302	932,446	23,747	0	0	0
Cash Overdraft	47,458	0	0	0	0	0
Due to Litigants, Heirs, and Others	6,978	0	0	0	0	0
Accrued Interest Payable	2,099,120	0	0	0	0	0
Matured Bonds Payable	1,135,000	0	0	0	0	0
Matured Interest on Bonds	601,178	0	0	0	0	0
Other Current Liabilities	139,000	24,694	0	386,079	0	31,192
Due to Component Units	43,065	0	0	0	0	0
Deferred Revenue - Current Taxes	43,814,180	23,870,720	0	0	0	0
Noncurrent Liabilities:						
Due Within One Year	15,108,773	2,387,264	10,153	29,366	26,245	0
Due in More Than One Year (net of unamortized premiums and deferred amount on refunding)	245,544,814	2,015,342	7,087,108	203,998	0	0
Total Liabilities	<u>\$ 313,357,886</u>	<u>\$ 30,665,446</u>	<u>\$ 7,268,063</u>	<u>\$ 1,281,578</u>	<u>\$ 336,155</u>	<u>\$ 38,830</u>

(Continued)

Exhibit A

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

	Component Units					
	Primary Governmental Activities	Montgomery County School Department	Bi-County Solid Waste Management System	Clarksville- Montgomery County Industrial Development Board	Emergency Communications District	Clarksville- Montgomery County Public Library
<u>NET ASSETS</u>						
Invested in Capital Assets, Net of Related Debt	\$ 56,476,837	\$ 0	\$ 5,557,770	\$ 0	\$ 0	\$ 0
Invested in Capital Assets Restricted for:	0	193,182,202	0	16,953	238,653	1,186,280
Capital Projects	25,544,964	1,636,159	0	0	0	0
Debt Service	20,703,367	0	0	0	0	0
Highway	1,961,048	0	0	0	0	0
Central Cafeteria	0	3,272,302	0	0	0	0
Other Purposes	329,342	1,208,252	0	0	0	2,603,700
Unrestricted	<u>(161,281,627)</u>	<u>12,767,917</u>	<u>3,760,223</u>	<u>15,462,081</u>	<u>697,313</u>	<u>105,292</u>
Total Net Assets	<u>\$ (56,266,069)</u>	<u>\$ 212,066,832</u>	<u>\$ 9,317,993</u>	<u>\$ 15,479,034</u>	<u>\$ 935,966</u>	<u>\$ 3,895,272</u>

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

Exhibit B

Montgomery County, Tennessee
 Statement of Activities
 For the Year Ended June 30, 2006

Functions/Programs	Program Revenues				Net (Expense) Revenue and Changes in Net Assets					
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Primary Government	Component Units				
					Total Governmental Activities	Montgomery County School Department	Bi-County Solid Waste Management System	Clarksville-Montgomery County Industrial Development Board	Emergency Communications District	Clarksville-Montgomery County Public Library
Primary Government:										
Governmental Activities:										
General Government	\$ 9,186,681	\$ 2,597,694	\$ 16,380	\$ 0	\$ (6,572,607)	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
Finance	4,234,911	3,306,483	35,295	0	(893,133)	0	0	0	0	0
Administration of Justice	5,197,747	4,176,860	748,248	0	(272,639)	0	0	0	0	0
Public Safety	22,125,115	1,397,516	813,693	2,662,251	(17,251,655)	0	0	0	0	0
Public Health and Welfare	8,731,874	4,750,401	1,344,541	252,236	(2,384,696)	0	0	0	0	0
Social, Cultural, and Recreational Services	1,646,698	3,288	0	0	(1,643,410)	0	0	0	0	0
Agriculture and Natural Resources	409,912	0	0	0	(409,912)	0	0	0	0	0
Other Operations	3,380,109	0	0	0	(3,380,109)	0	0	0	0	0
Highways/Public Works	6,048,666	42,547	2,869,186	284,459	(2,852,474)	0	0	0	0	0
Education	42,712,560	17,680,589	0	0	(25,031,971)	0	0	0	0	0
Interest on Long-term Debt	10,506,471	0	0	0	(10,506,471)	0	0	0	0	0
Other Debt Service	532,159	0	373,937	0	(158,222)	0	0	0	0	0
Total Primary Government	\$ 114,712,903	\$ 33,955,378	\$ 6,201,280	\$ 3,198,946	\$ (71,357,299)	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
Component Units:										
Montgomery County School Department	\$ 175,433,950	\$ 5,301,062	\$ 17,253,638	\$ 24,961,051	\$ 0	\$ (127,918,199)	\$ 0	\$ 0	\$ 0	\$ 0
Bi-County Solid Waste Management System	7,929,401	7,087,742	123,550	0	0	0	(718,109)	0	0	0
Industrial Development Board	653,037	86,887	0	0	0	0	0	(566,150)	0	0
Emergency Communications District	1,974,625	1,616,400	0	0	0	0	0	0	(358,225)	0
Clarksville-Montgomery County Public Library	1,840,524	290,637	1,440,000	2,448,817	0	0	0	0	0	2,338,930
Total Component Units	\$ 187,831,537	\$ 14,382,728	\$ 18,817,188	\$ 27,409,868	\$ 0	\$ (127,918,199)	\$ (718,109)	\$ (566,150)	\$ (358,225)	\$ 2,338,930

(Continued)

Exhibit B

Montgomery County, Tennessee
Statement of Activities (Cont.)

Functions/Programs	Program Revenues				Net (Expense) Revenue and Changes in Net Assets					
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Primary Government	Component Units				
					Total Governmental Activities	Montgomery County School Department	Bi-County Solid Waste Management System	Clarksville- Montgomery County Industrial Development Board	Emergency Communications District	Clarksville- Montgomery County Public Library
General Revenues:										
Taxes:										
Property Taxes Levied for General Purposes					\$ 23,528,678	\$ 21,034,816	\$ 0	\$ 0	\$ 0	\$ 0
Property Taxes Levied for Debt Service					15,294,961	0	0	0	0	0
Local Option Sales Tax					2,687,413	28,933,869	0	0	0	0
Other Local Taxes					4,706,819	3,855,700	0	0	0	0
Grants and Contributions Not Restricted to Specific Programs					1,838,968	93,098,745	0	2,293,676	348,270	0
Interest Income					3,717,249	4,224	267,624	22,010	15,460	75,711
Gain (Loss) On Disposal of Capital Assets					0	0	(12,967)	434,073	(5,658)	0
Miscellaneous					889,109	80,956	0	0	894	15,093
Total General Revenues					\$ 52,663,197	\$ 147,008,310	\$ 254,657	\$ 2,749,759	\$ 358,966	\$ 90,804
Change in Net Assets					\$ (18,694,102)	\$ 19,090,111	\$ (463,452)	\$ 2,183,609	\$ 741	\$ 2,429,734
Insurance Recovery					0	0	122,881	0	0	0
Net Assets, July 1, 2005					(37,571,967)	192,976,721	9,658,564	13,295,425	935,225	1,465,538
Net Assets, June 30, 2006					\$ (56,266,069)	\$ 212,066,832	\$ 9,317,993	\$ 15,479,034	\$ 935,966	\$ 3,895,272

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, 2006

	Major Funds			Nonmajor	Total
	General	General Debt Service	Other Capital Projects #4	Other Govern- mental Funds	
ASSETS					
Cash	\$ 32,010	\$ 0	\$ 0	\$ 68,765	\$ 100,775
Equity in Pooled Cash and Investments	8,647,351	18,815,775	23,198,387	9,978,499	60,640,012
Inventories	37,328	0	0	0	37,328
Accounts Receivable	3,958,113	217,305	98,196	234,386	4,508,000
Allowance for Uncollectibles	(939,554)	0	0	0	(939,554)
Due from Other Governments	853,115	456,589	0	618,838	1,928,542
Due from Other Funds	58,182	943	0	1,330,428	1,389,553
Due from Component Units	0	1,106	0	0	1,106
Property Taxes Receivable	22,422,241	20,580,616	0	3,005,967	46,008,824
Allowance for Uncollectible Property Taxes	(614,578)	(511,960)	0	(82,704)	(1,209,242)
Notes Receivable - Current	0	200,000	0	0	200,000
Total Assets	\$ 34,454,208	\$ 39,760,374	\$ 23,296,583	\$ 15,154,179	\$ 112,665,344
LIABILITIES AND FUND BALANCES					
<u>Liabilities</u>					
Accounts Payable	\$ 797,604	\$ 265	\$ 0	\$ 784,932	\$ 1,582,801
Accrued Payroll	1,346	0	0	0	1,346
Payroll Deductions Payable	128,050	0	0	27,494	155,544
Cash Overdraft	0	0	0	47,458	47,458
Due to Other Funds	0	0	531,703	856,907	1,388,610
Due to Litigants, Heirs, and Others	0	0	0	6,978	6,978
Matured Bonds Payable	0	1,135,000	0	0	1,135,000
Matured Interest on Bonds	0	601,178	0	0	601,178
Deferred Revenue - Current Property Taxes	21,281,800	19,680,180	0	2,852,200	43,814,180
Deferred Revenue - Delinquent Property Taxes	421,035	311,035	0	56,897	788,967
Other Deferred Revenues	2,059,812	231,944	0	382,574	2,674,330
Total Liabilities	\$ 24,689,647	\$ 21,959,602	\$ 531,703	\$ 5,015,440	\$ 52,196,392
<u>Fund Balances</u>					
Reserved for Encumbrances	\$ 0	\$ 0	\$ 0	\$ 159,791	\$ 159,791
Reserved for Alcohol and Drug Treatment	107,610	0	0	0	107,610
Reserved for Litigation Tax - Jail, Workhouse, or Courthouse	0	990,079	0	0	990,079
Reserved for Drug Court	38,492	0	0	0	38,492
Reserved for Sexual Offender Registration	5,510	0	0	0	5,510
Reserved for Courtroom Security	2,214	0	0	0	2,214
Reserved for Computer System - Register	142,154	0	0	0	142,154
Reserved for Automation Purposes - Sheriff	24,146	0	0	0	24,146
Reserved for Fraud and Crimes Prosecution Act	34,371	0	0	0	34,371
Reserved for Other General Purposes	1,431	0	0	0	1,431
Unreserved, Reported In:					
General Fund	9,408,633	0	0	0	9,408,633
Special Revenue Funds	0	0	0	1,763,197	1,763,197
Debt Service Funds	0	16,810,693	0	0	16,810,693
Capital Projects Funds	0	0	22,764,880	8,215,751	30,980,631
Total Fund Balances	\$ 9,764,561	\$ 17,800,772	\$ 22,764,880	\$ 10,138,739	\$ 60,468,952
Total Liabilities and Fund Balances	\$ 34,454,208	\$ 39,760,374	\$ 23,296,583	\$ 15,154,179	\$ 112,665,344

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, 2006

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)		\$	60,468,952
(1) Capital assets used in governmental activities are not financial resources and therefore are not reported in the governmental funds.			
Add: land	\$	23,438,586	
Add: construction in progress		188,580	
Add: infrastructure net of accumulated depreciation		19,190,356	
Add: buildings and improvements net of accumulated depreciation		85,993,252	
Add: other capital assets net of accumulated depreciation		<u>5,656,526</u>	134,467,300
(2) Other long-term assets are not available to pay for current-period expenditures and therefore are deferred in the governmental funds.			3,463,297
(3) Internal service funds are used by management to charge the cost of liability, workers' compensation, and employee dental benefits to individual funds. The assets and liabilities are included in governmental activities in the statement of net assets.			3,197,355
(4) Debt issuance costs are expensed when paid in the governmental funds. The unamortized portion of these charges are reflected on the statement of net assets.			
Add: deferred amount on refunding	\$	4,658,704	
Add: deferred charges - debt issuance costs		1,051,271	
Less: other deferred revenue - premium on debt		<u>(5,886,782)</u>	(176,807)
(5) Interest costs of long-term debt are expensed when due in the governmental funds. Interest costs incurred as of the balance sheet date are accrued in the statement of net assets.			(2,099,120)
(6) Long-term liabilities are not due and payable in the current period and therefore are not reported in the governmental funds.			
Less: bonds payable	\$	(220,111,000)	
Less: notes payable		(7,157,505)	
Less: other loans payable		(26,359,808)	
Less: claims and judgments net of internal service funds claims		(457,452)	
Less: compensated absences		<u>(1,501,281)</u>	<u>(255,587,046)</u>
Net assets of governmental activities (Exhibit A)		\$	<u>(56,266,069)</u>

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

Exhibit C-3

Montgomery County, Tennessee
Statement of Revenues, Expenditures,
and Changes in Fund Balances
Governmental Funds
For the Year Ended June 30, 2006

	Major Funds			Nonmajor	Total
	General	General Debt Service	Other Capital Projects #4	Other Govern- mental Funds	
<u>Revenues</u>					
Local Taxes	\$ 24,282,334	\$ 19,640,971	\$ 0	\$ 3,319,349	\$ 47,242,654
Licenses and Permits	682,010	0	0	0	682,010
Fines, Forfeitures, and Penalties	1,163,724	0	0	16,985	1,180,709
Charges for Current Services	4,388,034	0	0	7,293	4,395,327
Other Local Revenues	3,002,529	289,413	777,695	552,972	4,622,609
Fees Received from County Officials	6,912,755	0	0	0	6,912,755
State of Tennessee	4,868,187	0	0	3,063,122	7,931,309
Federal Government	3,126,059	0	0	252,236	3,378,295
Other Governments and Citizens Groups	201,680	385,837	0	2,850	590,367
Total Revenues	\$ 48,627,312	\$ 20,316,221	\$ 777,695	\$ 7,214,807	\$ 76,936,035
<u>Expenditures</u>					
Current:					
General Government	\$ 4,102,097	\$ 0	\$ 0	\$ 428,867	\$ 4,530,964
Finance	3,208,714	0	0	388,545	3,597,259
Administration of Justice	3,809,288	0	0	7,027	3,816,315
Public Safety	17,341,376	0	0	327,819	17,669,195
Public Health and Welfare	6,543,328	0	0	418,233	6,961,561
Social, Cultural, and Recreational Services	1,502,153	0	0	43,945	1,546,098
Agricultural and Natural Resources	307,573	0	0	0	307,573
Other Operations	9,798,225	0	0	267,212	10,065,437
Highways	105,571	0	0	6,075,010	6,180,581
Debt Service:					
Principal on Debt	0	11,017,250	0	200,372	11,217,622
Interest on Debt	0	10,470,051	0	6,826	10,476,877
Other Debt Service	0	426,994	330,956	62	758,012
Capital Projects	0	0	17,074,997	12,133,569	29,208,566
Total Expenditures	\$ 46,718,325	\$ 21,914,295	\$ 17,405,953	\$ 20,297,487	\$ 106,336,060
Excess (Deficiency) of Revenues					
Over Expenditures	\$ 1,908,987	\$ (1,598,074)	\$ (16,628,258)	\$ (13,082,680)	\$ (29,400,025)
<u>Other Financing Sources (Uses)</u>					
Bonds Issued	\$ 0	\$ 0	\$ 40,000,000	\$ 0	\$ 40,000,000
Premiums on Debt Issued	0	0	1,010,319	0	1,010,319
Insurance Recovery	9,108	0	0	88,169	97,277
Transfers In	0	0	0	5,622,203	5,622,203
Transfers Out	(89,695)	0	(1,617,181)	(3,915,327)	(5,622,203)
Total Other Financing Sources (Uses)	\$ (80,587)	\$ 0	\$ 39,393,138	\$ 1,795,045	\$ 41,107,596
Net Change in Fund Balances					
Fund Balance, July 1, 2005	\$ 1,828,400	\$ (1,598,074)	\$ 22,764,880	\$ (11,287,635)	\$ 11,707,571
	7,936,161	19,398,846	0	21,426,374	48,761,381
Fund Balance, June 30, 2006					
	\$ 9,764,561	\$ 17,800,772	\$ 22,764,880	\$ 10,138,739	\$ 60,468,952

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

Exhibit C-4

Montgomery County, Tennessee
Reconciliation of the Statement of Revenues, Expenditures, and
Changes in Fund Balances of Governmental Funds to the
Statement of Activities
For the Year Ended June 30, 2006

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

Net change in fund balances - total governmental funds (Exhibit C-3)		\$ 11,707,571
(1) Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of these assets is allocated over their useful lives and reported as depreciation expense. The difference between capital outlays and depreciation is itemized as follows:		
Add: capital assets purchased in the current period	\$ 2,584,320	
Less: current year depreciation expense	<u>(3,810,800)</u>	(1,226,480)
(2) The net effect of various miscellaneous transactions involving capital assets (sales, trade-ins, and donations) is to decrease net assets.		(25,575)
(3) Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.		
Less: deferred delinquent property taxes and other deferred June 30, 2005	\$ (3,233,225)	
Add: deferred delinquent property taxes and other deferred June 30, 2006	<u>3,463,297</u>	230,072
(4) The issuance of long-term debt (e.g., notes, bonds) 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.		
Less: debt issued	\$ (40,000,000)	
Add: principal payment on notes	2,230,769	
Add: principal payment on bonds	8,610,000	
Add: principal payment on other loans	176,481	
Add: principal payment on capital leases	<u>200,372</u>	(28,782,378)
(5) Governmental funds report the effect of issuance costs, premiums, discounts, and similar items related to long-term debt issuance when the debt is first issued, whereas these amounts are deferred and amortized in the statement of activities. This adjustment reflects debt issuance cost expensed during the year recorded in the statement of activities.		
Add: debt issuance cost during year	\$ 328,456	
Add: premium amortized during year	423,963	
Less: premium on debt issued during year	(1,010,319)	
Less: deferred charges on refunding amortized during the year	(36,858)	
Less: debt issuance cost amortized during year	<u>(65,745)</u>	\$ (360,503)
(6) Some expenses reported in the statement of activities do not require the use of current financial resources and therefore are not reported as expenditures in the governmental funds.		
Change in accrued interest payable	\$ (102,499)	
Change in claims and judgments payable	(457,452)	
Change in compensated absences	<u>(218,099)</u>	(778,050)
(7) Internal service funds are used by management to charge the cost of liability, workers' compensation, and employee dental benefits to individual funds. The net expense of certain activities of the internal service funds is reported with governmental activities in the statement of activities.		<u>541,241</u>
Change in net assets of governmental activities (Exhibit B)		<u>\$ (18,694,102)</u>

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

Exhibit D-1

Montgomery County, Tennessee
Statement of Net Assets
Proprietary Funds
June 30, 2006

Governmental
 Activities -
 Internal
 Service
 Funds

ASSETS

Current Assets:

Equity in Pooled Cash and Investments	\$ 9,425,638
Accounts Receivable	37,874
Due from Other Funds	182,530
Prepaid Items	833,000
Total Assets	<u>\$ 10,479,042</u>

LIABILITIES

Current Liabilities:

Accounts Payable	\$ 3,077,871
Payroll Deductions Payable	758
Claims and Judgments Payable	2,058,232
Due to Other Funds	182,530
Due to Component Units	43,065
Total Current Liabilities	<u>\$ 5,362,456</u>

Noncurrent Liabilities:

Claims and Judgments Payable	<u>\$ 1,919,231</u>
Total Noncurrent Liabilities	<u>\$ 1,919,231</u>
Total Liabilities	<u>\$ 7,281,687</u>

NET ASSETS

Unrestricted	<u>\$ 3,197,355</u>
Total Net Assets	<u><u>\$ 3,197,355</u></u>

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

Exhibit D-2

Montgomery County, Tennessee
Statement of Revenues, Expenses, and
Changes in Net Assets
Proprietary Funds
For the Year Ended June 30, 2006

	Governmental Activities - Internal Service Funds
<u>Operating Revenues</u>	
Charges for Current Services	\$ 24,159,348
Total Operating Revenues	<u>\$ 24,159,348</u>
<u>Operating Expenses</u>	
Risk Management	\$ 290,660
Other Charges	397,743
Employee Benefits	23,245,043
Total Operating Expenses	<u>\$ 23,933,446</u>
Operating Income (Loss)	<u>\$ 225,902</u>
<u>Nonoperating Revenues (Expenses)</u>	
Investment Income	\$ 264,280
Miscellaneous Refunds	51,059
Total Nonoperating Revenues (Expenses)	<u>\$ 315,339</u>
Changes in Net Assets	\$ 541,241
Net Assets, July 1, 2005	<u>2,656,114</u>
Nets Assets, June 30, 2006	<u><u>\$ 3,197,355</u></u>

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

Exhibit E

Montgomery County, Tennessee
Statement of Fiduciary Assets and Liabilities
Fiduciary Funds
June 30, 2006

	<u>Agency Funds</u>
<u>ASSETS</u>	
Cash	\$ 6,203,158
Equity in Pooled Cash and Investments	284,972
Accounts Receivable	3,228
Due from Other Governments	<u>1,718,588</u>
Total Assets	<u><u>\$ 8,209,946</u></u>
<u>LIABILITIES</u>	
Accounts Payable	\$ 928
Due to Other Funds	943
Due to State of Tennessee	1,521
Due to Other Taxing Units	1,718,545
Due to Litigants, Heirs, and Others	6,196,439
Due to Joint Ventures	<u>291,570</u>
Total Liabilities	<u><u>\$ 8,209,946</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, 2006

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

The 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, the Bi-County Solid Waste Management System, the Montgomery County Nursing Home, the Clarksville-Montgomery County Industrial Development Board, and the Clarksville-Montgomery County Public Library can be obtained from their administrative offices at the following addresses:

Administrative Offices:

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

Bi-County Solid Waste Management System
P.O. Box 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

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

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

B. Government-wide and Fund Financial Statements

The government-wide financial statements (i.e., the statement of net assets and the statement of activities) report information on all of the nonfiduciary activities of the primary government and its component units. For the most part, the effect of interfund activity has been removed from these statements. However, when applicable, interfund services provided and used between functions are not eliminated in the process of consolidation in the statement of activities. Governmental activities are normally supported by taxes and intergovernmental revenues. Business-type activities, which rely to a significant extent on fees and charges, are required to be reported separately from governmental activities in government-wide financial statements. However, the primary government of Montgomery County does not have any business-type activities to report. Likewise, the primary government is reported separately from certain legally separate component units for which the primary government is financially accountable. The 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 most debt for the discretely presented Montgomery County School Department. Net debt issues (\$24,869,820) were contributed by the county to the School Department during the year ended June 30, 2006.

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

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

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

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

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

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they become both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the county considers revenues other than grants to be available if they are collected within 30 days

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

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

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

Montgomery County reports the following major governmental funds:

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

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

Other Capital Projects #4 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, the Self-Insurance Fund, the Workers’ Compensation Fund, and the Unemployment Compensation Fund, are used to account for risk management activities for

employees' health insurance, workers' compensation, on the job injury, and unemployment compensation provided to other departments on a cost-reimbursement basis.

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

The discretely presented Montgomery County School Department reports the following major governmental funds:

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.

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

Additionally, the Montgomery County School Department reports the following fund type:

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.

Private-sector standards of accounting and financial reporting issued prior to December 1, 1989, generally are followed in the government-wide and proprietary fund financial statements to the extent that those standards do not conflict with or contradict guidance of the Governmental Accounting Standards Board. Governments also have the option of following subsequent private-sector guidance for their proprietary funds, subject to the same limitations. Montgomery County has elected not to follow subsequent private-sector guidance.

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 outstanding at the end of the fiscal year is referred to as due to/from other funds.

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

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

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

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

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

Additional costs attach to delinquent taxes after a court suit has been filed.

Most payables are disaggregated on the face of the financial statements. Claims and judgments payable totaling \$3,977,463 are discussed in Note V.A. Risk Management.

3. Inventories and Prepaid Items

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

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items in both the government-wide and fund financial statements.

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 Montgomery County does not have a policy to pay any amounts when employees separate from service with the government. All vacation pay is accrued when incurred in the government-wide financial statements for the county and the School 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, 2006, Montgomery County had \$172,429,102 in outstanding debt for capital purposes for the discretely presented Montgomery County School Department. This 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, 2006:

<u>Fund/Purpose</u>	<u>Amount</u>
General:	
Insurance	\$ 10,000
Mobile Data Terminals	10,057
Veterans' Services	10,325
Child Advocacy Center	26,665
Animal Shelter	5,075
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	952,818

II. RECONCILIATION OF GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS

A. Explanation of certain differences between the governmental fund balance sheet and the government-wide statement of net assets

Primary Government

Exhibit C-2 includes explanations of the nature of individual elements of items required to reconcile the balance sheet of governmental funds with the government-wide statement of net assets.

Discretely Presented Montgomery County School Department

Exhibit K-3 includes explanations of the nature of individual elements of items required to reconcile the balance sheet of governmental funds with the government-wide statement of net assets.

B. Explanation of certain differences between the governmental fund statement of revenues, expenditures, and changes in fund balances and the government-wide statement of activities

Primary Government

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

Discretely Presented Montgomery County School Department

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

III. STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY

A. Budgetary Information

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

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

The budgetary level of control is at the major category level established by the 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/Executive, 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 GAAP, except instances in which encumbrances are treated as budgeted expenditures. The difference between the budgetary basis and GAAP basis is presented on the face of each budgetary schedule.

B. Fund Deficits

The Community Development/Industrial Park Fund had a fund deficit of \$500 at June 30, 2006. This fund deficit resulted from issuing checks in excess of fund balance.

The discretely presented Education Capital Projects Fund had a fund deficit of \$18,494,222 at June 30, 2006. This fund deficit resulted from the unperformed portions of construction projects of \$20,145,540 being reserved as encumbrances. Funding for these future expenditures should be received subsequent to year-end.

C. Cash Overdrafts

The General Capital Projects Fund and the Community Development/Industrial Park Fund had cash overdrafts of \$43,458 and \$4,000, respectively, at June 30, 2006. These cash overdrafts resulted from issuing checks that exceeded cash on deposit with the county trustee. The cash overdraft in the General Capital Projects Fund was liquidated subsequent to June 30, 2006.

D. Expenditures Exceeded Appropriations

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

<u>Fund/Category</u>	<u>Amount</u>
Primary Government:	
General:	
Planning	\$ 6,736
Reappraisal Program	3,905
Judicial Commissioners	4,134
Rabies and Animal Control	1,995
Ambulance/Emergency Medical Services	78,310
Parks and Fair Boards	3,033
Other Social, Cultural, and Recreational	45
Soil Conservation	67
Highway/Public Works:	
Principal on Debt:	
Highways and Streets	129,756
Interest on Debt:	
Highways and Streets	1,826
Discretely Presented School Department:	
General Purpose School:	
Principal on Debt:	
Education	443
School Federal Projects:	
Instruction:	
Alternative Instruction Program	2,207
Extended School Program	
Instruction:	
Regular Instruction Program	6,324

Expenditures exceeded total appropriations approved by the County Commission in the General Debt Service Fund by \$160,699.

Such overexpenditures are a violation of state statutes. These overexpenditures were funded from available fund balances.

E. The County had Investments Subject to Credit Risk

The county had investments in Federal Home Loan Mortgage Corporation (Freddie Mac, \$2,501,196), Federal National Mortgage Association (Fannie Mae, \$2,499,560), and Federal Home Loan Bank (\$15,234,762) securities at June 30, 2006. 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, 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 on the balance sheets or statements of net assets 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. Participating banks determine the aggregate balance of their public fund accounts for the State of Tennessee and its political subdivisions. The amount of collateral required to secure these public deposits must equal at least 105 percent of the average daily balance of public deposits held. Collateral securities required to be pledged by the participating banks to protect their public fund accounts are pledged to the state treasurer on behalf of the bank collateral pool. The securities pledged to protect these accounts are pledged in the aggregate rather than against each account. The members of the pool may be required by agreement to pay an assessment to cover any deficiency. Under this additional assessment agreement, public fund accounts covered by the pool are considered to be insured for purposes of credit risk disclosure.

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

Investments

Legal Provisions. Counties are authorized to make direct investments in bonds, notes, or treasury bills of the U.S. government and obligations guaranteed by the U.S. government or any of its agencies; 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.

Investment Balances. As of June 30, 2006, 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.

<u>Investment</u>	<u>Maturities</u>	<u>Cost</u>
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	1,000,292
Federal Home Loan Bank	1-23-07	1,002,227
Federal Home Loan Bank	2-9-07	1,000,000
Federal Home Loan Bank	2-22-07	999,301
Federal Home Loan Bank	3-7-07	1,198,975
Federal Home Loan Bank	4-5-07	2,097,505
Federal Home Loan Bank	6-25-07	999,531
Federal Home Loan Bank	7-11-07	1,985,020
Federal Home Loan Bank	12-21-07	2,001,515
Total Federal Home Loan Bank		<u>\$ 15,234,762</u>
Federal National Mortgage Association	9-22-06	\$ 1,499,560
Federal National Mortgage Association	2-22-08	1,000,000
Total Federal National Mortgage Association		<u>\$ 2,499,560</u>

(Continued)

Investment (Cont.)	Maturities	Cost
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>\$ 2,501,196</u>
State Treasurer's Investment Pool	Daily	<u>\$ 893,658</u>
Total		<u><u>\$ 21,129,176</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, 2006, 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 (72 percent), the Federal National Mortgage Association (12 percent), and the Federal Home Loan Mortgage Corporation (12 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 \$20,235,518 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. Notes Receivable

Notes receivable in the General Debt Service Fund resulted from a loan to the Montgomery County Nursing Home of \$200,000 for operations. The note was repaid subsequent to June 30, 2006.

C. Capital Assets

Capital asset activity for the year ended June 30, 2006, was as follows:

Primary Government

Governmental Activities:

	Balance 7-1-05	Increases	Decreases	Balance 6-30-06
Capital Assets Not Depreciated:				
Land	\$ 23,466,334	\$ 69,037	\$ (96,785)	\$ 23,438,586
Construction in Progress	98,651	89,929	0	188,580
Total Capital Assets Not Depreciated	<u>\$ 23,564,985</u>	<u>\$ 158,966</u>	<u>\$ (96,785)</u>	<u>\$ 23,627,166</u>
Capital Assets Depreciated:				
Buildings and Improvements	\$ 96,372,829	\$ 15,917	\$ 0	\$ 96,388,746
Infrastructure	36,112,003	1,793,791	(587,991)	37,317,803
Other Capital Assets	13,523,578	1,300,422	(266,524)	14,557,476
Total Capital Assets Depreciated	<u>\$ 146,008,410</u>	<u>\$ 3,110,130</u>	<u>\$ (854,515)</u>	<u>\$ 148,264,025</u>
Less Accumulated Depreciation For:				
Buildings and Improvements	\$ 8,078,997	\$ 2,316,497	\$ 0	\$ 10,395,494
Infrastructure	17,817,964	310,561	(1,078)	18,127,447
Other Capital Assets	7,957,079	1,183,742	(239,871)	8,900,950
Total Accumulated Depreciation	<u>\$ 33,854,040</u>	<u>\$ 3,810,800</u>	<u>\$ (240,949)</u>	<u>\$ 37,423,891</u>
Total Capital Assets Depreciated, Net	<u>\$ 112,154,370</u>	<u>\$ (700,670)</u>	<u>\$ (613,566)</u>	<u>\$ 110,840,134</u>
Governmental Activities Capital Assets, Net	<u>\$ 135,719,355</u>	<u>\$ (541,704)</u>	<u>\$ (710,351)</u>	<u>\$ 134,467,300</u>

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

Governmental Activities:	
General Government	\$ 586,102
Finance	191,914
Administration of Justice	560,425
Public Safety	1,400,622
Public Health and Welfare	351,016
Social, Cultural, and Recreational Services	120,859
Agriculture and Natural Resources	35,805
Highway/Public Works	<u>564,057</u>

Total Depreciation Expense - Governmental Activities \$ 3,810,800

Discretely Presented Montgomery County School Department

Governmental Activities:

	Balance 7-1-05	Increases	Decreases	Balance 6-30-06
Capital Assets Not Depreciated:				
Land	\$ 8,231,614	\$ 1,512,605	\$ 0	\$ 9,744,219
Construction in Progress	12,698,458	12,941,954	(11,715,299)	13,925,113
Total Capital Assets Not Depreciated	<u>\$ 20,930,072</u>	<u>\$ 14,454,559</u>	<u>\$ (11,715,299)</u>	<u>\$ 23,669,332</u>
Capital Assets Depreciated:				
Buildings and Improvements	\$ 189,768,705	\$ 20,351,621	\$ 0	\$ 210,120,326
Other Capital Assets	20,005,043	301,175	(487,274)	19,818,944
Total Capital Assets Depreciated	<u>\$ 209,773,748</u>	<u>\$ 20,652,796</u>	<u>\$ (487,274)</u>	<u>\$ 229,939,270</u>
Less Accumulated Depreciation For:				
Buildings and Improvements	\$ 43,454,054	\$ 5,870,404	\$ 0	\$ 49,324,458
Other Capital Assets	10,161,503	1,305,784	(376,427)	11,090,860
Total Accumulated Depreciation	<u>\$ 53,615,557</u>	<u>\$ 7,176,188</u>	<u>\$ (376,427)</u>	<u>\$ 60,415,318</u>
Total Capital Assets Depreciated, Net	<u>\$ 156,158,191</u>	<u>\$ 13,476,608</u>	<u>\$ (110,847)</u>	<u>\$ 169,523,952</u>
Governmental Activities Capital Assets, Net	<u>\$ 177,088,263</u>	<u>\$ 27,931,167</u>	<u>\$ (11,826,146)</u>	<u>\$ 193,193,284</u>

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

Governmental Activities:

Instruction	\$ 2,505
Support Services	7,147,187
Operation of Non-Instructional Services	<u>26,496</u>
Total Depreciation Expense - Governmental Activities	<u>\$ 7,176,188</u>

D. Construction Commitments

At June 30, 2006, the General Capital Projects Fund had uncompleted construction contracts of approximately \$159,791, for various construction projects. Funding for these future expenditures has been received.

At June 30, 2006, the discretely presented School Department's Education Capital Projects Fund had uncompleted construction contracts of approximately \$20,145,540, for various construction projects. Funding for these future expenditures is expected to be received from contributions from the primary government.

E. Interfund Receivables, Payables, and Transfers

The composition of interfund balances as of June 30, 2006, is as follows:

Due to/from other funds:

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>
Primary Government:		
General	Nonmajor governmental	\$ 58,182
General Debt Service	Fiduciary	943
Nonmajor governmental	Nonmajor governmental	798,725
Nonmajor governmental	Other Capital Projects #4	531,703
Internal Service	Internal Service	182,530
School Department Component Unit:		
General Purpose School	Nonmajor governmental	671,315
General Purpose School	Education Capital Projects	5,018
Nonmajor governmental	General Purpose School	182,181
Nonmajor governmental	Education Capital Projects	397
Nonmajor governmental	Nonmajor governmental	12,559

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 Debt Service	Component unit: Montgomery County Nursing Home	1,106
Component unit: School Department: General Purpose School	Primary government: Self-Insurance (Internal Service)	43,065

Interfund Transfers:

Interfund transfers for the year ended June 30, 2006, consisted of the following amounts:

Primary Government

Transfers Out	Transfers In Nonmajor Governmental Funds
General Fund	\$ 89,695
Other Capital Projects #4 Fund	1,617,181
Nonmajor governmental funds	<u>3,915,327</u>
Total	<u>\$ 5,622,203</u>

Discretely Presented Montgomery County School Department

Transfers Out	Transfers In	
	General Purpose School Fund	Nonmajor Governmental Funds
General Purpose School Fund	\$ 0	\$ 4,258
Nonmajor governmental funds	<u>348,834</u>	<u>0</u>
Total	<u>\$ 348,834</u>	<u>\$ 4,258</u>

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.

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, capital outlay notes, and other loans are direct obligations and pledge the full faith and credit of the government. General obligation bonds, capital outlay notes, and other loans outstanding were issued for original terms of up to 32 years for bonds, up to 12 years for notes, and up to 23 years for other loans. Repayment terms are generally structured with increasing amounts of principal maturing as interest requirements decrease over the term of the debt. All bonds, notes, and other loans included in long-term debt as of June 30, 2006, will be retired from the General Debt Service Fund.

General obligation bonds, other loans, and capital outlay notes outstanding as of June 30, 2006, are as follows:

Type	Interest Rate	Original Amount of Issue	Balance 6-30-06
General Obligation Bonds	2 to 5.12095%	\$ 150,955,000	\$ 105,281,000
General Obligation Bonds - Refunding	2 to 5.25	144,764,029	114,830,000
Capital Outlay Notes	3.33 to 5.21	9,401,119	7,157,505
Other Loans	variable	86,315,731	26,359,808

In prior years, Montgomery County entered into a loan agreement with the Montgomery County Public Building Authority. This loan agreement provided for the authority to make \$83,845,000 available for loan to Montgomery County on an as-needed basis for various renovation and construction projects. Montgomery County has subsequently refunded a portion of this loan. The remaining portion of 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, 2006, the variable interest rate was 3.47 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, notes, and other loans outstanding as of June 30, 2006, including interest payments and other loan fees, are presented in the following table:

Year Ending June 30	Bonds		Notes	
	Principal	Interest	Principal	Interest
2007	\$ 9,371,000	\$ 10,771,004	\$ 2,140,779	\$ 310,845
2008	9,745,000	9,772,783	1,566,726	234,678
2009	9,300,000	9,360,768	1,100,000	172,500
2010	9,850,000	8,988,969	1,150,000	117,500
2011	10,540,000	8,556,218	1,200,000	60,000
2012-2016	64,715,000	34,185,645	0	0
2017-2021	68,740,000	19,869,798	0	0
2022-2026	37,850,000	4,879,125	0	0
Total	\$ 220,111,000	\$ 106,384,310	\$ 7,157,505	\$ 895,523

Year Ending June 30	Other Loan (\$83,845,000)			Total
	Principal	Interest	Other Fees	
2007	\$ 0	\$ 853,447	\$ 71,326	\$ 924,773
2008	0	853,447	71,326	924,773
2009	0	853,447	71,326	924,773
2010	0	853,447	71,326	924,773
2011	0	853,447	71,326	924,773
2012-2016	5,665,000	4,267,235	356,630	10,288,865
2017-2019	18,930,000	1,337,165	111,752	20,378,917
Total	\$ 24,595,000	\$ 9,871,635	\$ 825,012	\$ 35,291,647

Year Ending June 30	Other QZAB Loan (\$2,470,731)		
	Principal	Other Fees	Total
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	176,481	847	177,328
2012-2016	882,403	4,235	886,638
Total	<u>\$ 1,764,808</u>	<u>\$ 8,470</u>	<u>\$ 1,773,278</u>

There is \$16,810,693 available in the General Debt Service Fund to service long-term debt. Bonded debt per capita totaled \$1,633, based on the 2000 federal census. Debt per capita, including bonds, notes and other loans, totaled \$1,882, based on the 2000 federal census.

Changes in Long-term liabilities

Long-term liability activity for the year ended June 30, 2006, was as follows:

Primary Government

Governmental Activities:

	Bonds	Notes	Capital Lease
Balance, July 1, 2005	\$ 188,721,000	\$ 9,388,274	\$ 200,372
Additions	40,000,000	0	0
Deductions	(8,610,000)	(2,230,769)	(200,372)
Balance, June 30, 2006	<u>\$ 220,111,000</u>	<u>\$ 7,157,505</u>	<u>\$ 0</u>
Balance Due Within One Year	<u>\$ 9,371,000</u>	<u>\$ 2,140,779</u>	<u>\$ 0</u>

	Compensated Absences	Other Loans	Claims and Judgments
Balance, July 1, 2005	\$ 1,283,182	\$ 26,536,289	\$ 4,332,394
Additions	1,867,587	0	21,183,048
Deductions	(1,649,488)	(176,481)	(21,219,527)
Balance, June 30, 2006	<u>\$ 1,501,281</u>	<u>\$ 26,359,808</u>	<u>\$ 4,295,915</u>
Balance Due Within One Year	<u>\$ 1,501,281</u>	<u>\$ 176,481</u>	<u>\$ 1,919,232</u>

Analysis of Noncurrent Liabilities Presented on Exhibit A:

Total Noncurrent Liabilities, June 30, 2006	\$ 259,425,509
Less: Due Within One Year	(15,108,773)
Add: Unamortized Premium on Debt	5,886,782
Less: Deferred Amount on Refunding	<u>(4,658,704)</u>
Noncurrent Liabilities - Due In More Than One Year - Exhibit A	<u>\$ 245,544,814</u>

The internal service funds primarily serve the governmental funds. Accordingly, long-term liabilities for the internal service funds are included as part of the above totals for governmental activities. Compensated absences payable will be paid from the employing funds, primarily the General and Highway/Public Works Funds.

Defeasance of Prior Debt

In prior years, Montgomery County defeased certain outstanding general obligation bonds by placing the proceeds of new bonds into an irrevocable trust to provide for all future debt service payments on the old bonds. The trustee is empowered and required to pay all principal and interest on the defeased bonds as originally scheduled. Accordingly, the trust accounts and the defeased bonds are not included in the county's financial statements. At June 30, 2006, the following outstanding bonds are considered defeased:

1993 General Obligation Series	\$ 3,170,000
2001 General Obligation Series	42,345,000

Discretely Presented Montgomery County School Department

Changes in Long-term Liabilities

Long-term liability activity for the discretely presented Montgomery County School Department for the year ended June 30, 2006, was as follows:

Governmental Activities:

	Notes	Capital Lease
	<u> </u>	<u> </u>
Balance, July 1, 2005	\$ 45,183	\$ 95,625
Deductions	(34,101)	(95,625)
	<u> </u>	<u> </u>
Balance, June 30, 2006	\$ 11,082	\$ 0
	<u> </u>	<u> </u>
Balance Due Within One Year	<u>\$ 11,082</u>	<u>\$ 0</u>

	Compensated Absences	Claims and Judgments
Balance, July 1, 2005	\$ 769,019	\$ 2,655,941
Additions	811,736	1,310,293
Deductions	(728,048)	(427,418)
Balance, June 30, 2006	<u>\$ 852,707</u>	<u>\$ 3,538,816</u>
Balance Due Within One Year	<u>\$ 728,048</u>	<u>\$ 1,648,134</u>
Total Noncurrent Liabilities, June 30, 2006		\$ 4,402,605
Less: Due Within One Year		<u>(2,387,264)</u>
Noncurrent Liabilities - Due In More Than One Year - Exhibit A		<u>\$ 2,015,341</u>

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

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

	Outstanding 7-1-05	Paid and/or Matured During Period	Outstanding 6-30-06
Industrial Park	\$ 3,088,435	\$ 3,088,435	\$ 0
Industrial Park	651,353	651,353	0
Industrial Park	137,848	137,848	0
Industrial Park	183,588	22,949	160,639
Industrial Park	147,059	18,382	128,677
Total	<u>\$ 4,208,283</u>	<u>\$ 3,918,967</u>	<u>\$ 289,316</u>

V. **OTHER INFORMATION**

A. **Risk Management**

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

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

	Beginning of Fiscal Year Liability	Current-year Claims and Estimates	Payments	Balance at Fiscal Year-end
2004-05	\$ 2,886,902	\$ 17,733,248	\$ (17,640,226)	\$ 2,979,924
2005-06	2,979,924	20,725,596	(20,588,057)	3,117,463

The county continues to carry commercial insurance for all other risks of loss, including general liability, property, and casualty. Settled claims from these risks have not exceeded commercial insurance coverage in any of the past three fiscal years.

Montgomery County has decided to maintain a self-insurance plan for risks associated with workers' compensation claims. Claims are paid from the Workers' Compensation Fund, 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, and the Emergency Communications District of Montgomery County participate. Liabilities of the fund are reported when it is probable that a loss has occurred, and the amount of the loss can be reasonably estimated. The fund establishes claims liabilities based on estimates of the ultimate cost of claims that have been reported but not settled, and of claims that have been incurred but not reported. Claims liabilities include incremental claim adjustment expenditures/expenses, if any. In addition, estimated recoveries, if any, on settled claims have been deducted from the liability for unpaid claims. The process used to compute claims liabilities does not necessarily result in an exact amount. Changes in the balance of claims liabilities during the past two fiscal years are as follows:

	Beginning of Fiscal Year Liability	Current-year Claims and Estimates	Payments	Balance at Fiscal Year-end
2004-05	\$ 1,041,765	\$ 783,569	\$ (471,864)	\$ 1,353,470
2005-06	1,353,470	0	(632,470)	721,000

On December 1, 2004, Montgomery County decided to establish an on-the-job injury program for risks associated with workplace injury. The on-the-job injury program is accounted for in the Workers' Compensation Fund (internal service fund) where assets are set aside for claims settlements. All employees of the primary government, the Emergency Communications District of Montgomery County, and the Bi-County Solid Waste Management System are eligible to participate. Qualified individuals shall receive a portion of their salary, not to exceed six months of benefits, provided there is medical documentation from a county-designated physician. Benefits shall

not extend beyond one calendar year from the date of injury or illness. The process used to compute claims liabilities does not necessarily result in an exact amount. Changes in the balance of claims liabilities during the current fiscal year are as follows:

	Beginning of Fiscal Year Liability	Current-year Claims and Estimates	Payments	Balance at Fiscal Year-end
2004-05	\$ 0	\$ 413,616	\$ (330,589)	\$ 83,027
2005-06	83,027	448,959	(392,986)	139,000

Montgomery County, the Montgomery County School Department, the Emergency Communications District of Montgomery County, and the Bi-County Solid Waste Management System decided to maintain a self-insurance plan for risks associated with unemployment compensation claims. The county and the above-noted component units participate in the unemployment compensation program administered by the State of Tennessee. The fund is financed from interest earnings, and each fund is assessed for excess claims filed.

Montgomery County 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 \$2,529,571 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 expenditures/expenses, if any. In addition, estimated recoveries, if any, on settled claims have been deducted from the liability for unpaid claims. The process used to compute

claims liabilities does not necessarily result in an exact amount. Changes in the balance of claims liabilities during the past two fiscal years are as follows:

	Beginning of Fiscal Year Liability	Current-year Claims and Estimates	Payments	Balance at Fiscal Year-end
2004-05	\$ 2,438,514	\$ 1,567,500	\$ (1,350,073)	\$ 2,655,941
2005-06	2,655,941	1,067,745	(427,418)	3,296,268

On January 1, 2006, the School Department decided to establish an on-the-job injury program for risks associated with workplace injury. The on-the-job injury program is accounted for in the General Purpose School Fund where assets are set aside for claims settlements. All employees of the school department are eligible to participate. Qualified individuals shall receive a portion of their salary, not to exceed three months of benefits, provided there is medical documentation from a county-designated physician. Benefits shall not extend beyond one calendar year from the date of injury or illness. The process used to compute claims liabilities does not necessarily result in an exact amount. Changes in the balance of claims liabilities during the current fiscal year are as follows:

	Beginning of Fiscal Year Liability	Current-year Claims and Estimates	Payments	Balance at Fiscal Year-end
2005-06	\$ 0	\$ 86,156	\$ (61,462)	\$ 24,694

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 Changes

During the year, the county adopted the provisions of Governmental Accounting Standards Board (GASB) Statement No. 42, Accounting and Financial Reporting for Impairment of Capital Assets and for Insurance Recoveries. GASB Statement No. 42 requires governments to report the effects of capital asset impairments in their financial statements when they occur rather than as a part of the ongoing depreciation expense for the capital asset or upon disposal of the capital asset. In addition, GASB Statement No. 42 clarifies and establishes accounting requirements for insurance recoveries.

The provisions of GASB Statement No. 44, Economic Condition Reporting:

The Statistical Section (an amendment of NCGA Statement 1) became effective for the year ended June 30, 2006. GASB Statement No. 44 applies to the preparation of the statistical section. State and local governments may, but are not required to, prepare a statistical section to accompany basic financial statements. However, a statistical section is required to accompany a comprehensive annual financial report. Since Montgomery County is not presenting a comprehensive annual financial report, it has elected not to prepare a statistical section. A limited statistical section was presented in the prior year's report. GASB Statement No. 44 amends guidance related to the preparation of the statistical section. This statement improves the understandability and usefulness of statistical information by addressing the comparability problems that have developed in practice and by adding information from the new financial reporting model for state and local governments required by GASB Statement No. 34. GASB Statement No. 44 establishes the objectives of the statistical section and the five categories it contains: financial trends, revenue capacity, debt capacity, demographic and economic, and operating. It is reasonably expected that Montgomery County will prepare and present a statistical section in subsequent years that follows the requirements of GASB Statement No. 44.

The provisions of GASB Statement No. 46, Net Assets Restricted by Enabling Legislation – an amendment of GASB Statement No. 34 became effective for the year ended June 30, 2006. GASB Statement No. 46 provides guidance to determine when net assets have been restricted to a particular use by the passage of enabling legislation and specifies how those net assets should be reported in financial statements when there are changes in the circumstances surrounding such legislation. The statement also requires governments to disclose in the notes to the financial statements the amount of net assets restricted by enabling legislation as of the end of the reporting period. Montgomery County had no net assets restricted by enabling legislation to disclose as of June 30, 2006. But it is reasonably expected that Montgomery County will be required to disclose net assets restricted by enabling legislation in subsequent years.

The provisions of GASB Statement No. 47, Accounting for Termination Benefits became effective for the year ended June 30, 2006. GASB Statement No. 47 provides accounting and reporting guidance for state and local governments that offer benefits such as early retirement incentives or severance to employees who are involuntarily terminated. Statement No. 47 specifies when governments should recognize the cost of termination benefits they offer in accrual basis financial statements. Montgomery County was not offering any termination benefits to employees as of June 30, 2006. But it is reasonably expected that Montgomery County will offer termination benefits in subsequent years subject to the accounting and reporting requirements of GASB Statement No. 47.

C. Subsequent Events

On July 1, 2006, Sandra Husk left the Office of Director of Schools and was succeeded by Michael Harris.

On July 31, 2006, the Montgomery County Nursing Home was sold to Home Quality Management.

On August 11, 2006, Montgomery County issued general obligation and refunding bonds totaling \$63,945,000 for various school construction projects.

On September 1, 2006, Bob Boydston left the Office of Director of Accounts and Budgets and was succeeded by Betty Burchett, Carolyn Bowers left the Office of Trustee and was succeeded by Brenda Radford, Wilma Drye left the Office of County Clerk and was succeeded by Kellie Jackson, Joyce Sawyer left the Office of Register of Deeds and was succeeded by Connie Bell, and Doug Weiland left the Office of County Mayor and was succeeded by Carolyn Bowers.

On January 16, 2007, Montgomery County authorized general obligation refunding bonds totaling \$57,990,000 for various construction projects.

D. Contingent Liabilities

The county is a defendant in litigation seeking reimbursement of \$700,000 for property taxes paid in protest. The county attorney is of the opinion that the plaintiff will prevail. This liability is reflected in the financial statements of this report.

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

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

On January 9, 2006, Mike Frost was appointed highway supervisor by the County Commission due to the death of Doug Black.

F. 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.

G. Joint Ventures

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

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

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 2005-06 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 2005-06 year.

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

Administrative Offices:

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

Clarksville Montgomery County Airport
200 Airport Road
Clarksville, TN 37042

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

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

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

H. 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.

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, 2006, 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, 2006, Montgomery County's annual pension cost of \$6,433,780 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 ten years. An actuarial valuation was performed as of July 1, 2005, which established contribution rates effective July 1, 2006.

Trend Information

Fiscal Year Ended	Annual Pension Cost (APC)	Percentage of APC Contributed	Net Pension Obligation
6-30-06	\$6,433,780	100%	\$0
6-30-05	5,911,199	100	0
6-30-04	4,764,732	100	0

Schedule of Funding Progress

(Dollar amounts in thousands)

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) (b)	Unfunded AAL (UAAL) (b) - (a)	Funded Ratio (a/b)	Covered Payroll (c)	UAAL as a Percentage of Covered Payroll ((b-a)/c)
6-30-05	\$88,669	\$97,636	\$8,967	90.82%	\$45,108	19.88%
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

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, 2006, 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, 2006, 2005, and 2004, were \$4,457,727, \$4,202,984, and \$2,416,297, 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 ten 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. The school system will provide an employee and spouse with the same health insurance

coverage provided for a 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 116 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 the provisions of the Fiscal Control Acts of 1957. These acts provide for a central system of accounting, budgeting, and purchasing covering funds administered by the county mayor and highway supervisor. These funds are maintained in the Offices of Central Accounting and Budgeting and Central Purchasing under the supervision of the director of accounts and budgets and the purchasing agent.

L. Purchasing Laws

Office of Central Purchasing

Purchasing for the County Mayor's Office and the Highway Department are governed by Section 5-14-101 et seq., Tennessee Code Annotated (TCA). Purchases for the Highway Department are also governed by the Uniform Road Law, Section 54-7-113, TCA. Section 5-14-101 et seq., TCA, provides for a purchasing agent, appointed by the county mayor and approved by the Montgomery County Commission, to make all purchases. This statute also provides for a County Purchasing Commission to assist the purchasing agent in the determination of overall purchasing policies. These statutes require 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 to solicit competitive bids on all purchases exceeding \$10,000; provided, that the vendors on such list are given notice to bid; and provided further, that such purchasing division shall periodically advertise in a county newspaper of general circulation 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. 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 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 over 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 Communication 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 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 \$15,460 was allocated to the district during the current year.

Other Significant Accounting Principles

Other significant accounting policies 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 \$586,974. At June 30, 2006, 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	\$	82,505
Other Service Providers		23,246
State Wireless Charges		44,424
Total Service Charges	\$	<u>150,175</u>
Interest and Miscellaneous		<u>1,549</u>
Total	\$	<u><u>151,724</u></u>

D. Change in Property and Equipment

	Balance		Balance	
	7-1-05	Additions	Deletions	6-30-06
Capital Assets Depreciated:				
Furniture and Fixtures	\$ 65,100	\$ 0	\$ 0	\$ 65,100
Communication Equipment	522,015	0	62,240	459,775
Total Capital Assets Depreciated	<u>\$ 587,115</u>	<u>\$ 0</u>	<u>\$ 62,240</u>	<u>\$ 524,875</u>
Less: Accumulated Depreciation For:				
Furniture and Fixtures	21,808	4,574	0	26,382
Communication Equipment	265,847	50,574	56,581	259,840
Total Accumulated Depreciation	<u>\$ 287,655</u>	<u>\$ 55,148</u>	<u>\$ 118,821</u>	<u>\$ 286,222</u>
Total Capital Assets Depreciated, Net	<u>\$ 299,460</u>	<u>\$ (55,148)</u>	<u>\$ 5,659</u>	<u>\$ 238,653</u>

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 \$409,019 for use of the building for the year ended June 30, 2006.

E. Service Arrangement Contract

On March 11, 1988, the district negotiated a service agreement with BellSouth for the installation and service of an Enhanced 911 Emergency Service System. BellSouth 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, 2006, the monthly fee was \$8,790.

F. Operating Lease

The district entered into a lease effective July 1, 2005, with Montgomery County, Tennessee, a related party, to lease the second floor of the E-911 Building. The base term of this lease is three years from July 1, 2005, continuing through June 30, 2008. The future minimum lease payments for each of the remaining two years are \$72,588 per year. In addition, the lessee has agreed to pay a portion of utility costs, maintenance salaries, custodial supplies, and trash collection on an annual basis. Said reimbursement shall be made annually and shall be in an amount based on the prior year's cost. For the year ended June 30, 2006, the amount paid was \$32,711.

G. 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, 2006, 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 June 30, 2006, the district's annual pension cost of \$91,290 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, 2005, was 16 years. An actuarial valuation was performed July 1, 2005, which established contribution rates effective July 1, 2006.

Trend Information

<u>Fiscal Year Ended</u>	<u>Annual Pension Cost (APC)</u>	<u>Percentage Of APC Contributed</u>	<u>Net Pension Obligation</u>
6-30-06	\$ 91,290	100	% \$ 0
6-30-05	94,019	100	0
6-30-04	94,755	100	0

H. Contingencies

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

I. Related Party Transactions

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

J. Subsequent Events

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

K. 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.

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, 2006, consisted of the following:

	<u>Current</u>	<u>Non-Current</u>	<u>Total</u>
Pre-Occupancy building costs of \$346,787 being amortized over 20 years	\$ 17,339	\$ 277,431	\$ 294,770

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 during the year ended June 30, 2006.

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
Equipment and Vehicles	5-10
Cell Construction	5

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 \$10,672,111. At June 30, 2006, the deposits of Bi-County totaled \$10,821,398 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 \$267,624 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 the 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 ending June 30, 2006, was 13.14 percent of annual covered payroll. The 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, 2006, 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 \$6,993,600 reported as landfill closure and postclosure care liability at June 30, 2006, represents the cumulative amount reported to date. The landfill will recognize an additional estimated cost of closure and postclosure care of \$2,002,100 as the remaining estimated capacity is filled.

These amounts are based on what it would cost to perform all closure and postclosure care in 2006. 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 regulations. Also, expansion of the landfill property could change these estimates.

Montgomery and Stewart Counties have executed a “Contract in-Lieu-of Performance Bond” in the amount of \$8,995,700 to provide financial assurance to the State of Tennessee for the estimated operation, closure, and postclosure costs.

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

Accrued liability at July 1, 2005	\$ 6,416,000
Current year accrual	<u>577,600</u>
Accrued liability at June 30, 2006	<u><u>\$ 6,993,600</u></u>

These calculations are based upon a closure/postclosure study conducted in June 2000, but estimated costs have been updated for inflation at May 26, 2006, by the State of Tennessee, Department of Environment and Conservation.

E. Accounts Receivable

Accounts receivable at June 30, 2006, consist of the following categories of receivables:

	Proprietary Fund
Customer Receivables	\$ 179,433
User Fees Receivable	26,046
Other	18,990
	<hr/>
Total Accounts Receivable	\$ 224,469
	<hr/> <hr/>

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 7-1-05	Additions	Transfers or Retirements	Balance 6-30-06
	<hr/>			
<u>Enterprise Assets-Landfill</u>				
Land - Held for Expansion	\$ 616,156	\$ 0	\$ 0	\$ 616,156
Land	20,849	23,000	0	43,849
	<hr/>			
Total Capital Assets Not Depreciated	\$ 637,005	\$ 23,000	\$ 0	\$ 660,005
	<hr/>			
Capital Assets Depreciated:				
Buildings and Improvements	\$ 1,909,487	\$ 19,570	\$ 8,794	\$ 1,920,263
Machinery and Equipment	5,385,053	788,810	476,459	5,697,404
Other Property	845,863	0	0	845,863
	<hr/>			
Total Capital Assets Depreciated	\$ 8,140,403	\$ 808,380	\$ 485,253	\$ 8,463,530
	<hr/>			
Less Accumulated Depreciation For:				
Buildings and Improvements	\$ 438,674	\$ 59,860	\$ 2,805	\$ 495,729
Machinery and Equipment	2,919,314	391,682	374,482	2,936,514
Other Property	741,662	63,373	0	805,035
	<hr/>			
Total Accumulated Depreciation	\$ 4,099,650	\$ 514,915	\$ 377,287	\$ 4,237,278
	<hr/>			
Total Capital Assets Depreciated, Net	\$ 4,040,753	\$ 293,465	\$ 107,966	\$ 4,226,252
	<hr/>			
Total Enterprise Assets, Net	\$ 4,677,758	\$ 316,465	\$ 107,966	\$ 4,886,257
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	Balance 7-1-05	Additions	Transfers or Retirements	Balance 6-30-06
<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	1,606,045	133,628	0	1,739,673
Total Capital Assets Depreciated	\$ 1,658,139	\$ 133,628	\$ 0	\$ 1,791,767
Less Accumulated Depreciation For:				
Buildings and Improvements	\$ 18,971	\$ 10,419	\$ 0	\$ 29,390
Machinery and Equipment	1,006,764	102,319	0	1,109,083
Total Accumulated Depreciation	\$ 1,025,735	\$ 112,738	\$ 0	\$ 1,138,473
Total Capital Assets Depreciated, Net	\$ 632,404	\$ 20,890	\$ 0	\$ 653,294
Total Governmental Assets, Net	\$ 650,391	\$ 20,890	\$ 0	\$ 671,281

Equipment costing \$136,844 is encumbered by a capital lease obligation of \$10,153.

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, Red River Services, 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 18 locations in Montgomery and Stewart Counties. These convenience centers are located on leased property. The lease payments for this year were \$28,575 and 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	\$ 10,153	\$ 100	\$ 10,253
Total	\$ 10,153	\$ 100	\$ 10,253

N. Changes in Long-term Debt

	<u>Balance</u>			<u>Balance</u>
	<u>7-1-05</u>	<u>Additions</u>	<u>Payments</u>	<u>6-30-06</u>
Capital Lease	\$ 39,677	\$ 0	\$ 29,524	\$ 10,153
Accrued Compensated Absences	73,481	20,027	0	93,508
Total	\$ 113,158	\$ 20,027	\$ 29,524	\$ 103,661

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

A. Summary of Significant Accounting Policies

1. Financial Reporting Entity

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

The board is a component unit of Montgomery County, Tennessee, which is the principal reporting entity and primary government. The 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 one-third 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 each are also responsible for one-third of the 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

The governmental financial statements are prepared using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized when they are both measurable and available. Available means collectible within the current period or soon enough thereafter to pay current liabilities. The board considers revenues to be available if they are collected within 60 days of the end of the fiscal year. Expenditures are recorded when the related liability is incurred.

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 could 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, 2006, cash in banks reported in the financial statements as \$1,016,786 were represented by bank balances of \$1,034,815, all of which were insured by the FDIC or the State of Tennessee Collateral Pool.

6. Restricted Assets

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

7. 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.

8. Property Held for Sale or Lease

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

9. Accrued Compensated Absences

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

10. Uncollectible Accounts

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

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, 2006. The following is a summary of the board's certificates of deposit at June 30, 2006, all of which were insured by the FDIC or the State of Tennessee Collateral Pool.

	Carrying Amount	Market Value
Certificates of Deposit	\$ 503,212	\$ 503,212

C. Capital Assets

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

<u>Property and Equipment</u>	Balance 7-1-05	Additions	Deletions	Balance 6-30-06
Equipment	\$ 44,825	\$ 1,593	\$ 1,038	\$ 45,380
Vehicles	28,282	0		28,282
Total	<u>\$ 73,107</u>	<u>\$ 1,593</u>	<u>\$ 1,038</u>	<u>\$ 73,662</u>
Accumulated Depreciation	<u>\$ 45,178</u>	<u>\$ 11,738</u>	<u>\$ 207</u>	<u>\$ 56,709</u>

D. Property Held for Sale or Lease

		<u>At Cost</u>
Land-Park Expansion	814.133 acres available	\$ 10,862,770
Goodpasture Property	34.014 "	238,420
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	2 "	13,965
Connell/Mattingly Property	97.095 "	1,959,651
Total		<u>\$ 14,136,838</u>

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

E. Land Sales Options

The board had three land sales options from prospective buyers outstanding at June 30, 2006. 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. The third option, granted in fiscal year 2006, allows the holder to purchase 12 acres of land for \$240,000. The option was given for the initial

consideration of \$5,000 and additional consideration of \$1,000 payable annually for the next five years.

F. 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, 2006, were as follows:

	<u>Notes Payable</u>
Balance, July 1, 2005	\$ 261,169
Deductions	<u>(27,805)</u>
Balance, June 30, 2006	<u>\$ 233,364</u>
Estimated amount due within one year	<u>\$ 29,366</u>

Future payments on notes payable are as follows:

Year Ending June 30	Total Principal	Total Interest
2007	\$ 29,366	\$ 12,228
2008	31,015	10,579
2009	32,756	8,838
2010	34,595	6,999
2011	36,537	5,056
2012-2013	<u>69,095</u>	<u>3,844</u>
Total	<u>\$ 233,364</u>	<u>\$ 47,544</u>

G. Retirement Plan

EDC maintains a defined contribution 401(k) plan administered by American Chamber of Commerce Executives (ACCE) under which employees of the board can participate. Substantially all employees who have completed one year of service, reached age 21, and work 1,000 hours or more per year are eligible to participate. For each plan year that an employee participates, the board will contribute an amount equal to four percent of the participant's total annual earnings as the employer 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, 2006, was \$12,216. Employee contributions to the plan were \$12,536.

H. Conduit Debt Obligations

The board has participated in several issues of industrial revenue bonds to provide financial assistance to private-sector entities for the acquisition and construction of industrial and commercial facilities deemed to be in the public interest. The board is not obligated in any manner for repayment of the bonds. Accordingly, the bonds are not reported as liabilities in the financial statements. The principal balance outstanding as of June 30, 2006, totaled \$303,748,817.

I. Related Party Transactions

The board's total payments to EDC for expenses and group purchases were \$171,229 for the year ended June 30, 2006.

In addition to the transactions with EDC, the board paid \$16,813 to the Chamber of Commerce for office rent for the year ended June 30, 2006, and had transactions with other member agencies of EDC for group purchases.

J. Commitments and Contingencies

Under terms of an interlocal agreement among Montgomery County, Tennessee, the City of Clarksville, Tennessee, and the board, the sales price of property held for sale or lease will be split 90 percent to the city and ten percent to the board. Any revenue in excess of the first \$10,000 per acre (per transaction) will be split 45 percent to the city, 45 percent to the county, and ten percent to the board. The splitting of the proceeds will remain in effect until such time as either the city annexes the land being purchased for expansion or the city has recovered its investment. 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, 2006, 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.

Effective December 14, 2006, the board was awarded a grant from the State of Tennessee FastTrack Infrastructure Development Program in the amount of \$648,978 for costs associated with the rail spur connection. The grant requires the grantee to provide matching funds of \$483,616. At

June 30, 2006, the board had accrued a liability of \$384,939 for the 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.

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

A. Significant Accounting Policies

1. The Reporting Entity

The Clarksville-Montgomery County Public Library (the Library,) for financial purposes, includes all of the funds for which the Library is considered to be financially accountable. The Library is a special purpose single-program government with only governmental activities.

2. Combination Government-Wide and Fund Financial Statements

Combination government-wide and fund financial statements are presented for the Library since it is a special purpose single-program governmental entity. The first four columns of the statements represent the fund financial statements of the Library. The second column to the right of the statements represents the government-wide financial statements for the Library. The adjustment column represents the adjustments necessary to reconcile the fund financial statements to the government-wide financial statements. The explanation of the reconciling items are presented in Notes B and C of the notes to the financial statements.

3. Government-Wide Financial Statements

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

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

The government-wide statement of activities presents the direct expenses and program revenues for the Library's activities. Direct expenses are those that are specifically associated with a particular function. Program revenues include charges paid by the patrons of

the Library for fines and fees for services offered and grants and contributions that have been obtained to meet the operational or capital requirements of the Library. The comparison of direct expenses with program revenues identified the extent to which the Library is self-financed.

4. Fund Financial Statements and Measurement Focus

Fund financial statements report detailed information about the Library. The focus of the fund financial statements is on major funds rather than fund type. Each major fund is presented in a separate column, and all non-major funds are aggregated and presented in a single column.

The accounting and reporting treatment applied to a fund is determined by its measurement focus. All governmental fund types are accounted for using a flow of current financial resources measurement focus. The financial statements for governmental funds are a balance sheet, which generally includes only current assets and current liabilities, and a statement of revenues, expenditures, and changes in fund balances, which report on sources and uses of current financial resources.

5. Basis of Presentation and Measurement Focus

The Library uses funds to maintain its financial records during the year. A fund is defined as a fiscal and accounting entity with a self-balancing set of accounts. The Library has only governmental type funds. The emphasis of fund financial statements is on major governmental funds each displayed in a separate column. All remaining governmental funds are separately aggregated and reported as nonmajor funds.

Government Fund Types

Governmental fund types are used to account for the Library's general government activities. Governmental fund types include the following for the Library:

General Fund

The General Fund is the general operating fund of the Library. It is used to account for all financial resources except those required to be accounted for in another fund

Special Revenue Funds

Special revenue funds are used to account for the proceeds of specific revenue sources legally restricted to expenditures for specified

purposes (not including major capital projects).

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 items are valued at their estimated fair value on the date donated. No interest was capitalized during the audit period.

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

<u>Assets</u>	<u>Years</u>
Furniture and equipment	5-10
Building improvements	10
Boods	5

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

7. Basis of Accounting

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

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

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

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

8. **Donated Services**

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

9. **Donated Supplies and Equipment**

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

10. **Accrued Compensated Absences**

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

11. **Major Funding**

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

12. **Grant Accounting**

Grants are accounted for separately, and separate bank accounts are utilized for large grants. The Library received \$2,950 in grants during the audit period.

13. **Insurance Paid**

Insurance is expensed when recognized. Prepaid insurance is included on the balance sheet at June 30, 2006, in the amount of \$7,716 as part of prepaid expenses.

14. **Interfund Receivables and Payables**

During the course of operations, numerous transactions occur between individual funds that may result in amounts owed between funds. Those related to goods and services type transactions are classified as "interfund receivables and payables". Interfund receivables and payables between funds within governmental activities are eliminated in the Statement of Net Assets.

15. Restricted/Unrestricted Resources Usage

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

16. Other Significant Accounting Policies

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

B. Reconciliation of Governmental Funds Balance Sheet to Statement of Net Assets

Amounts reported for governmental activities in the statement of net assets are different because:

Total fund balances - governmental funds	\$ 105,292
Capital assets used in governmental activities are not financial resources and, therefore are not reported in the funds	<u>1,186,280</u>
Total net assets of governmental activities	<u>\$ 1,291,572</u>

C. Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balances of Governmental Funds to the Statement of Activities

Amounts reported for governmental activities in the statement of activities are different because:

Net change in fund balances - total governmental funds	\$ (82,763)
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.	15,295

Governmental funds do not report a loss on the disposal of assets when assets are removed from use since capital outlays are reported as expenditures. However, in the statement of activities when an asset is disposed of a loss or gain is recognized to the extent of the remaining net book value over or under the amount received in exchange for the assets. This is the amount which is reported as loss on the disposal of assets during the current period.	<u>(367)</u>
Change in net assets of governmental activities	<u>\$ (67,835)</u>

D. Bank Deposit Information

At year-end the carrying amount of the Library's cash deposits was \$94,755, and the bank balances were \$136,925. The cash deposits at year-end were held by Farmers and Merchants Bank. Farmers and Merchants Bank is a member of the Tennessee Bank Collateral Pool in which municipal balances above the FDIC limit are collateralized by pledged securities at the state level.

E. Gracey Bequest Fund

The Library was named as a beneficiary of a portion of the estate of Mrs. Donald Gracey. The principal of the bequest is held in trust for a period of 30 years from the settlement of the estate. Twenty-eight and one-half percent of the income from this trust is to be paid to the Library on at least a quarterly basis. Upon expiration of 30 years, 28.5 percent of the trust corpus will be delivered to the Library. The estate was settled in 1992. During the current year, income of \$90,584 was donated to the Library. The bequest is to be used for general Library purposes as directed by its board. These unrestricted funds are accounted for as a separate, special revenue fund solely for information purposes.

F. Memorial Fund

The Memorial Fund is used to receive and expense memorial and other special donations to the Library. The funds are generally unrestricted and are accounted for as a separate, special revenue fund solely for informational purposes.

G. Component Unit

The Clarksville-Montgomery County Public Library Foundation is a legally separate, tax-exempt component unit of the Library. The Foundation's primary purpose is to provide assistance to the Library through fund raising activities and through the management, investment, and administration of the funds under the Foundation's control. The funds raised by the Foundation are not to be used for the funding of day-to-day operations of the Library but for special programs, activities, and capital projects. The

three-member board is self-perpetuating and consists of residents of Montgomery County with diverse business, personal, and professional experience. Although the Library doesn't control the timing or amount of receipts from the Foundation, the majority of the resources that the Foundation holds are restricted to Library purposes. Because these resources can only be used by or for the benefit of the Library, the Foundation is considered a component unit of the Library. The Foundation is required to disburse between 25 percent and 75 percent of the annual interest or dividends earned on Foundation investments during the previous year ending December 31. During the year ended June 30, 2006, the Foundation distributed \$70,000 to the Library for capital purposes.

The Foundation's year-end, December 31, differs from the Library's year-end. The December 31, 2005, audited financial statements are included in the Library's June 30, 2006, basic financial statements. The Foundation's by-laws, adopted April 1, 2005, require the Foundation's accounts to be audited annually.

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

H. Capital Assets

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

	Balance 7-1-05	Additions	Deletions	Balance 6-30-06
<u>Depreciable Assets</u>				
Furniture, Fixtures, Equipment and Software	\$ 1,189,207	\$ 54,797	\$ (2,300)	\$ 1,241,704
Building Improvements	47,441	-	-	47,441
Library Resources	3,397,344	352,931	(120,647)	3,629,628
Total	<u>\$ 4,633,992</u>	<u>\$ 407,728</u>	<u>\$ (122,947)</u>	<u>\$ 4,918,773</u>
<u>Accumulated Depreciation</u>				
Furniture, Fixtures, Equipment and Software	\$ 1,063,053	\$ 50,288	\$ (1,932)	\$ 1,111,409
Building Improvements	31,760	4,545	-	36,305
Library Resources	2,367,827	337,599	(120,647)	2,584,779
Total	<u>\$ 3,462,640</u>	<u>\$ 392,432</u>	<u>\$ (122,579)</u>	<u>\$ 3,732,493</u>
Capital Assets, Net of Accumulated Depreciation	<u>\$ 1,171,352</u>	<u>\$ 15,296</u>	<u>\$ (368)</u>	<u>\$ 1,186,280</u>

The building and related facilities are furnished to the Library by Montgomery County and the City of Clarksville.

I. Debt Held by County/City

A note payable by Montgomery County on behalf of the Library at June 30, 2006, was as follows:

Note Payable \$137,500

The proceeds of the note payable were used to finance the renovation of the buildings and related facilities utilized by the Library.

In January 1998, Montgomery County and the City of Clarksville each passed resolutions to make yearly repayments of the principal of this note. The total principal to be repaid each year is \$68,750. Beginning July 1, 2004, the county verbally agreed to take over the payments entirely. The Library is responsible for paying the interest on this note. During the fiscal year ended June 30, 2006, the Library paid \$11,900 in interest on this note.

The debt service requirement for this note by the county and the Library are summarized below:

<u>Year Ending</u> <u>June 30</u>	<u>Principal</u> <u>(Paid by County)</u>	<u>Interest</u> <u>(Paid by Library)</u>	<u>Combined</u> <u>Total</u>
2007	\$ 68,750	\$ 10,746	\$ 79,496
2008	68,750	3,582	72,332
Total	<u>\$ 137,500</u>	<u>\$ 14,328</u>	<u>\$ 151,828</u>

J. Pension Information

1. Plan Description

Employees of the Library are members of the Political Subdivision Pension Plan (PSPP), and 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 performance of duty. Members joining the system after July 1, 1979, became vested after five years of service and joining the system prior to July 1, 1979, were vest after four years of service. Benefit provisions are established in

state statute found in title 8, Chapters 34-37 of the Tennessee Code Annotated. State statutes are amended by the Tennessee General Assembly. Political subdivisions such as the Library participate in the TCRS as individual entities and are liable for all costs associated with the operation and administration of their plan. Benefit improvements are not applicable to a political subdivision unless approved by the chief governing body.

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

2. Funding Policy

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

The Library is required to contribute at an actuarially determined rate; the rate for the fiscal year ending June 30, 2006, was 13.34 percent of annual covered payroll. The contribution requirement of plan members is set by state statute. The contribution requirement for the Library is established and may be amended by the TCRS Board of Trustees.

3. Annual Pension Cost

For the year ending June 30, 2006, the Library's annual pension cost of \$77,167 to TCRS was equal to the Library'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 Library's unfunded actuarial accrued liability is being amortized as a level dollar amount on a closed basis. The remaining amortization period at July 1, 2005, was ten years. An actuarial valuation was performed as July 1, 2005, which established contribution rates effective July 1, 2006.

Trend Information

Fiscal Year Ended	Annual Pension Cost (APC)	Percentage of APC Contributed	Net Pension Obligation
6-30-06	\$ 77,167	100	% \$ 0
6-30-05	74,373	100	0
6-30-04	60,093	100	0

K. Material Related Party Transactions

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

L. Significant Subsequent Events

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

M. Significant Contingent Liabilities

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

N. Risk Management

The Library 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 Library has elected to obtain various insurance policies to transfer risks to a commercial insurance company either directly or through the Tennessee Municipal League Pool. Insurance settlements have not been in excess of insurance coverage in any of the prior three fiscal years.

O. Customer Receivables

Customer receivables of \$24,909 include \$135,785 of gross receivables and \$110,876 of uncollectible, waived, or returned items. Gross customer receivables include not only fines and fees receivable, but also amounts due the Library for lost books. When a book is returned, the amount due the Library is reduced by the cost of the book, but the Library receives no cash in this situation. The estimate of uncollectible, waived, and returned items is based on statistical information tracked by the Library of amounts due and amounts collected by month.

**REQUIRED SUPPLEMENTARY
INFORMATION**

Exhibit F

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, 2006

	Actual (GAAP Basis)	Less: Encumbrances 7/1/2005	Actual Revenues/ Expenditures (Budgetary Basis)	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
				Original	Final	
<u>Revenues</u>						
Local Taxes	\$ 24,282,334	\$ 0	\$ 24,282,334	\$ 24,744,235	\$ 24,845,234	\$ (562,900)
Licenses and Permits	682,010	0	682,010	676,500	676,500	5,510
Fines, Forfeitures, and Penalties	1,163,724	0	1,163,724	1,098,100	1,098,100	65,624
Charges for Current Services	4,388,034	0	4,388,034	3,572,454	3,926,144	461,890
Other Local Revenues	3,002,529	0	3,002,529	2,198,684	2,083,620	918,909
Fees Received from County Officials	6,912,755	0	6,912,755	6,285,000	6,285,000	627,755
State of Tennessee	4,868,187	0	4,868,187	5,359,933	4,638,299	229,888
Federal Government	3,126,059	0	3,126,059	40,159	3,023,494	102,565
Other Governments and Citizens Groups	201,680	0	201,680	85,334	171,134	30,546
Total Revenues	<u>\$ 48,627,312</u>	<u>\$ 0</u>	<u>\$ 48,627,312</u>	<u>\$ 44,060,399</u>	<u>\$ 46,747,525</u>	<u>\$ 1,879,787</u>
<u>Expenditures</u>						
<u>General Government</u>						
County Commission	\$ 251,331	\$ (29,868)	\$ 221,463	\$ 222,465	\$ 225,374	\$ 3,911
Board of Equalization	1,543	0	1,543	3,400	3,400	1,857
Beer Board	0	0	0	1,000	0	0
Other Boards and Committees	2,500	0	2,500	1,800	3,236	736
County Mayor/Executive	255,383	0	255,383	270,118	284,013	28,630
Personnel Office	98,207	0	98,207	107,756	114,214	16,007
County Attorney	24,000	0	24,000	24,000	34,000	10,000
Election Commission	205,383	(1,465)	203,918	247,625	258,118	54,200
Register of Deeds	285,248	(308)	284,940	300,788	306,166	21,226
Planning	214,562	0	214,562	207,826	207,826	(6,736)
Building	66,884	(2,224)	64,660	64,651	67,958	3,298
Codes Compliance	316,266	(417)	315,849	321,860	354,003	38,154
Geographical Information Systems	47,458	0	47,458	80,000	80,000	32,542
County Buildings	930,427	(9,668)	920,759	900,048	948,729	27,970

(Continued)

Exhibit F

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 7/1/2005	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	\$ 930,905	\$ (11,847)	\$ 919,058	\$ 934,945	\$ 962,146	\$ 43,088
Other General Administration	394,357	0	394,357	397,481	397,481	3,124
Preservation of Records	77,643	(1,550)	76,093	80,985	82,912	6,819
<u>Finance</u>						
Accounting and Budgeting	281,425	(697)	280,728	286,481	302,721	21,993
Purchasing	163,637	(772)	162,865	159,620	168,372	5,507
Property Assessor's Office	530,584	0	530,584	546,406	548,242	17,658
Reappraisal Program	112,932	0	112,932	98,040	109,027	(3,905)
County Trustee's Office	300,825	(811)	300,014	293,161	306,657	6,643
County Clerk's Office	907,363	(3,089)	904,274	877,028	914,725	10,451
Data Processing	816,319	(15,811)	800,508	819,263	847,786	47,278
Other Finance	95,629	0	95,629	84,072	97,267	1,638
<u>Administration of Justice</u>						
Circuit Court	1,093,209	(5,908)	1,087,301	1,165,616	1,214,395	127,094
General Sessions Court	1,141,427	(1,280)	1,140,147	1,225,528	1,262,737	122,590
Drug Court	0	0	0	0	13,740	13,740
Chancery Court	304,395	(2,521)	301,874	310,323	316,524	14,650
District Attorney General	67,228	0	67,228	87,400	87,400	20,172
Judicial Commissioners	142,686	0	142,686	129,265	138,552	(4,134)
Other Administration of Justice	562,848	(30)	562,818	628,480	629,688	66,870
Probation Services	497,495	(6,587)	490,908	525,673	528,588	37,680
<u>Public Safety</u>						
Sheriff's Department	4,091,644	(19,756)	4,071,888	4,088,572	4,358,210	286,322
Special Patrols	1,445,253	(208)	1,445,045	1,366,054	1,533,622	88,577
Traffic Control	2,888	0	2,888	5,000	5,000	2,112
Administration of the Sexual Offender Registry	5,197	0	5,197	3,180	6,870	1,673

(Continued)

Exhibit F

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 7/1/2005	Actual Revenues/ Expenditures (Budgetary Basis)	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
				Original	Final	
<u>Expenditures (Cont.)</u>						
<u>Public Safety (Cont.)</u>						
Jail	\$ 7,407,519	\$ (9,058)	\$ 7,398,461	\$ 7,118,041	\$ 7,641,016	\$ 242,555
Workhouse	1,038,047	0	1,038,047	983,890	1,074,942	36,895
Correctional Incentive Program Improvements	346,322	0	346,322	346,638	360,584	14,262
Juvenile Services	214,819	(320)	214,499	213,051	219,709	5,210
Fire Prevention and Control	291,205	(229)	290,976	111,986	330,486	39,510
Civil Defense	238,292	0	238,292	0	257,207	18,915
Other Emergency Management	2,131,185	(808,443)	1,322,742	0	2,112,663	789,921
County Coroner/Medical Examiner	129,005	0	129,005	100,000	130,000	995
<u>Public Health and Welfare</u>						
Local Health Center	252,399	0	252,399	251,796	282,820	30,421
Rabies and Animal Control	245,462	0	245,462	227,299	243,467	(1,995)
Ambulance/Emergency Medical Services	4,363,468	(16,159)	4,347,309	4,146,804	4,268,999	(78,310)
Other Local Health Services	1,488,005	(35,108)	1,452,897	1,593,647	1,625,192	172,295
Regional Mental Health Center	0	0	0	10,000	0	0
Appropriation to State	136,039	0	136,039	152,852	136,039	0
Other Local Welfare Services	46,080	0	46,080	67,075	67,075	20,995
Other Public Health and Welfare	11,875	(11,875)	0	23,750	0	0
<u>Social, Cultural, and Recreational Services</u>						
Senior Citizens Assistance	11,750	0	11,750	0	23,750	12,000
Libraries	1,440,000	0	1,440,000	1,440,000	1,440,000	0
Parks and Fair Boards	43,504	(565)	42,939	50,412	39,906	(3,033)
Other Social, Cultural, and Recreational	6,899	0	6,899	5,254	6,854	(45)
<u>Agriculture & Natural Resources</u>						
Agriculture Extension Service	271,046	0	271,046	306,680	311,556	40,510
Forest Service	2,000	0	2,000	2,000	2,000	0
Soil Conservation	34,527	0	34,527	33,824	34,460	(67)

(Continued)

Exhibit F

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 7/1/2005	Actual Revenues/ Expenditures (Budgetary Basis)	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
				Original	Final	
<u>Expenditures (Cont.)</u>						
<u>Other Operations</u>						
Tourism	\$ 853,277	\$ 0	\$ 853,277	\$ 792,000	\$ 872,000	\$ 18,723
Industrial Development	0	0	0	445,701	0	0
Airport	516,187	0	516,187	70,486	516,187	0
Veterans' Services	238,797	0	238,797	240,102	260,980	22,183
Other Charges	1,428,770	0	1,428,770	1,523,050	1,673,050	244,280
Contributions to Other Agencies	59,430	0	59,430	68,638	68,638	9,208
Employee Benefits	6,685,328	0	6,685,328	8,475,700	7,001,686	316,358
Miscellaneous	16,436	0	16,436	20,000	20,000	3,564
<u>Highways</u>						
Litter and Trash Collection	105,571	0	105,571	125,980	175,612	70,041
Total Expenditures	\$ 46,718,325	\$ (996,574)	\$ 45,721,751	\$ 45,812,566	\$ 48,916,577	\$ 3,194,826
Excess (Deficiency) of Revenues Over Expenditures	\$ 1,908,987	\$ 996,574	\$ 2,905,561	\$ (1,752,167)	\$ (2,169,052)	\$ 5,074,613
<u>Other Financing Sources (Uses)</u>						
Insurance Recovery	\$ 9,108	\$ 0	\$ 9,108	\$ 0	\$ 0	\$ 9,108
Transfers In	0	0	0	144,041	144,041	(144,041)
Transfers Out	(89,695)	0	(89,695)	0	(89,695)	0
Total Other Financing Sources (Uses)	\$ (80,587)	\$ 0	\$ (80,587)	\$ 144,041	\$ 54,346	\$ (134,933)
Net Change in Fund Balance	\$ 1,828,400	\$ 996,574	\$ 2,824,974	\$ (1,608,126)	\$ (2,114,706)	\$ 4,939,680
Fund Balance, July 1, 2005	7,936,161	(996,574)	6,939,587	8,000,000	8,000,000	(1,060,413)
Fund Balance, June 30, 2006	\$ 9,764,561	\$ 0	\$ 9,764,561	\$ 6,391,874	\$ 5,885,294	\$ 3,879,267

MONTGOMERY COUNTY, TENNESSEE
NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION
For the Year Ended June 30, 2006

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 Montgomery 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/Executive, County Attorney, etc.). Management may make revisions within major categories, but only the Montgomery 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 schedule.

B. EXPENDITURES EXCEEDED APPROPRIATIONS

Expenditures exceeded appropriations approved by the County Commission in the following major appropriation categories of the General Fund:

<u>Major Appropriation Category</u>	<u>Amount</u>
Planning	\$ 6,736
Reappraisal Program	3,905
Judicial Commissioners	4,134
Rabies and Animal Control	1,995
Ambulance/Emergency Medical Services	78,310
Parks and Fair Boards	3,033
Other Social, Cultural, and Recreational	45
Soil Conservation	67

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 transactions of the fee and commission accounts of the trustee, clerks, register, and sheriff. Revenues from fees and commissions earned by these officials are remitted to the county's General Fund.

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.

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

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 #3 – The Other Capital Projects Fund #3 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 G-1

Montgomery County, Tennessee
 Combining Balance Sheet
 Nonmajor Governmental Funds
 June 30, 2006

	Special Revenue Funds			
	Drug Control	Constitutional Officers - Fees	Highway / Public Works	Total
<u>ASSETS</u>				
Cash	\$ 0	\$ 61,215	\$ 7,550	\$ 68,765
Equity in Pooled Cash and Investments	79,622	0	1,674,382	1,754,004
Accounts Receivable	1,596	3,945	29,805	35,346
Due from Other Governments	0	0	618,838	618,838
Due from Other Funds	0	0	0	0
Property Taxes Receivable	0	0	3,005,967	3,005,967
Allowance for Uncollectible Property Taxes	0	0	(82,704)	(82,704)
Total Assets	\$ 81,218	\$ 65,160	\$ 5,253,838	\$ 5,400,216
<u>LIABILITIES AND FUND BALANCES</u>				
<u>Liabilities</u>				
Accounts Payable	\$ 194	\$ 0	\$ 252,500	\$ 252,694
Payroll Deductions Payable	0	0	27,494	27,494
Cash Overdraft	0	0	0	0
Due to Other Funds	0	58,182	0	58,182
Due to Litigants, Heirs, and Others	0	6,978	0	6,978
Deferred Revenue - Current Property Taxes	0	0	2,852,200	2,852,200
Deferred Revenue - Delinquent Property Taxes	0	0	56,897	56,897
Other Deferred Revenues	0	0	382,574	382,574
Total Liabilities	\$ 194	\$ 65,160	\$ 3,571,665	\$ 3,637,019
<u>Fund Balances</u>				
Reserved for Encumbrances	\$ 0	\$ 0	\$ 0	\$ 0
Unreserved (Deficit)	81,024	0	1,682,173	1,763,197
Total Fund Balances	\$ 81,024	\$ 0	\$ 1,682,173	\$ 1,763,197
Total Liabilities and Fund Balances	\$ 81,218	\$ 65,160	\$ 5,253,838	\$ 5,400,216

(Continued)

Exhibit G-1

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

	Capital Projects Funds						Total Nonmajor Governmental Funds
	General Capital Projects	Community Development/ Industrial Park	Other Capital Projects #2	Other Capital Projects #3	Other Capital Projects #1	Total	
<u>ASSETS</u>							
Cash	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 68,765
Equity in Pooled Cash and Investments	0	0	3,051,599	4,712,898	459,998	8,224,495	9,978,499
Accounts Receivable	162,846	3,500	12,745	19,949	0	199,040	234,386
Due from Other Governments	0	0	0	0	0	0	618,838
Due from Other Funds	1,330,428	0	0	0	0	1,330,428	1,330,428
Property Taxes Receivable	0	0	0	0	0	0	3,005,967
Allowance for Uncollectible Property Taxes	0	0	0	0	0	0	(82,704)
Total Assets	\$ 1,493,274	\$ 3,500	\$ 3,064,344	\$ 4,732,847	\$ 459,998	\$ 9,753,963	\$ 15,154,179
<u>LIABILITIES AND FUND BALANCES</u>							
<u>Liabilities</u>							
Accounts Payable	\$ 532,238	\$ 0	\$ 0	\$ 0	\$ 0	\$ 532,238	\$ 784,932
Payroll Deductions Payable	0	0	0	0	0	0	27,494
Cash Overdraft	43,458	4,000	0	0	0	47,458	47,458
Due to Other Funds	0	0	798,725	0	0	798,725	856,907
Due to Litigants, Heirs, and Others	0	0	0	0	0	0	6,978
Deferred Revenue - Current Property Taxes	0	0	0	0	0	0	2,852,200
Deferred Revenue - Delinquent Property Taxes	0	0	0	0	0	0	56,897
Other Deferred Revenues	0	0	0	0	0	0	382,574
Total Liabilities	\$ 575,696	\$ 4,000	\$ 798,725	\$ 0	\$ 0	\$ 1,378,421	\$ 5,015,440
<u>Fund Balances</u>							
Reserved for Encumbrances	\$ 159,791	\$ 0	\$ 0	\$ 0	\$ 0	\$ 159,791	\$ 159,791
Unreserved (Deficit)	757,787	(500)	2,265,619	4,732,847	459,998	8,215,751	9,978,948
Total Fund Balances	\$ 917,578	\$ (500)	\$ 2,265,619	\$ 4,732,847	\$ 459,998	\$ 8,375,542	\$ 10,138,739
Total Liabilities and Fund Balances	\$ 1,493,274	\$ 3,500	\$ 3,064,344	\$ 4,732,847	\$ 459,998	\$ 9,753,963	\$ 15,154,179

Exhibit G-2

Montgomery County, Tennessee
Combining Statement of Revenues, Expenditures,
and Changes in Fund Balances
Nonmajor Governmental Funds
For the Year Ended June 30, 2006

	Special Revenue Funds			
	Drug Control	Constitu - tional Officers - Fees	Highway / Public Works	Total
<u>Revenues</u>				
Local Taxes	\$ 0	\$ 0	\$ 3,319,349	\$ 3,319,349
Fines, Forfeitures, and Penalties	16,985	0	0	16,985
Charges for Current Services	0	7,027	266	7,293
Other Local Revenues	0	0	38,688	38,688
State of Tennessee	0	0	3,063,122	3,063,122
Federal Government	0	0	0	0
Other Governments and Citizens Groups	0	0	0	0
Total Revenues	\$ 16,985	\$ 7,027	\$ 6,421,425	\$ 6,445,437
<u>Expenditures</u>				
Current:				
General Government	\$ 0	\$ 0	\$ 0	\$ 0
Finance	0	0	0	0
Administration of Justice	0	7,027	0	7,027
Public Safety	2,182	0	0	2,182
Public Health and Welfare	0	0	0	0
Social, Cultural, and Recreational Services	0	0	0	0
Other Operations	0	0	0	0
Highways	0	0	6,075,010	6,075,010
Debt Service:				
Principal on Debt	0	0	200,372	200,372
Interest on Debt	0	0	6,826	6,826
Other Debt Service	0	0	0	0
Capital Projects	0	0	0	0
Total Expenditures	\$ 2,182	\$ 7,027	\$ 6,282,208	\$ 6,291,417
Excess (Deficiency) of Revenues Over Expenditures	\$ 14,803	\$ 0	\$ 139,217	\$ 154,020
<u>Other Financing Sources (Uses)</u>				
Insurance Recovery	\$ 0	\$ 0	\$ 1,459	\$ 1,459
Transfers In	0	0	0	0
Transfers Out	0	0	0	0
Total Other Financing Sources (Uses)	\$ 0	\$ 0	\$ 1,459	\$ 1,459
Net Change in Fund Balances	\$ 14,803	\$ 0	\$ 140,676	\$ 155,479
Fund Balance, July 1, 2005	66,221	0	1,541,497	1,607,718
Fund Balance, June 30, 2006	\$ 81,024	\$ 0	\$ 1,682,173	\$ 1,763,197

(Continued)

Exhibit G-2

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

	Capital Projects Funds						Total Nonmajor Governmental Funds
	General Capital Projects	Community Development/ Industrial Park	Other Capital Projects #2	Other Capital Projects #3	Other Capital Projects #1	Total	
<u>Revenues</u>							
Local Taxes	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 3,319,349
Fines, Forfeitures, and Penalties	0	0	0	0	0	0	16,985
Charges for Current Services	0	0	0	0	0	0	7,293
Other Local Revenues	97,814	0	128,696	287,774	0	514,284	552,972
State of Tennessee	0	0	0	0	0	0	3,063,122
Federal Government	0	252,236	0	0	0	252,236	252,236
Other Governments and Citizens Groups	2,850	0	0	0	0	2,850	2,850
Total Revenues	\$ 100,664	\$ 252,236	\$ 128,696	\$ 287,774	\$ 0	\$ 769,370	\$ 7,214,807
<u>Expenditures</u>							
Current:							
General Government	\$ 428,867	\$ 0	\$ 0	\$ 0	\$ 0	\$ 428,867	\$ 428,867
Finance	388,545	0	0	0	0	388,545	388,545
Administration of Justice	0	0	0	0	0	0	7,027
Public Safety	325,637	0	0	0	0	325,637	327,819
Public Health and Welfare	418,233	0	0	0	0	418,233	418,233
Social, Cultural, and Recreational Services	43,945	0	0	0	0	43,945	43,945
Other Operations	14,476	252,736	0	0	0	267,212	267,212
Highways	0	0	0	0	0	0	6,075,010
Debt Service:							
Principal on Debt	0	0	0	0	0	0	200,372
Interest on Debt	0	0	0	0	0	0	6,826
Other Debt Service	0	0	0	62	0	62	62
Capital Projects	4,338,558	0	0	7,795,011	0	12,133,569	12,133,569
Total Expenditures	\$ 5,958,261	\$ 252,736	\$ 0	\$ 7,795,073	\$ 0	\$ 14,006,070	\$ 20,297,487
Excess (Deficiency) of Revenues Over Expenditures							
	\$ (5,857,597)	\$ (500)	\$ 128,696	\$ (7,507,299)	\$ 0	\$ (13,236,700)	\$ (13,082,680)
<u>Other Financing Sources (Uses)</u>							
Insurance Recovery	\$ 86,710	\$ 0	\$ 0	\$ 0	\$ 0	\$ 86,710	\$ 88,169
Transfers In	5,622,203	0	0	0	0	5,622,203	5,622,203
Transfers Out	0	0	(1,006,707)	(2,834,020)	(74,600)	(3,915,327)	(3,915,327)
Total Other Financing Sources (Uses)	\$ 5,708,913	\$ 0	\$ (1,006,707)	\$ (2,834,020)	\$ (74,600)	\$ 1,793,586	\$ 1,795,045
Net Change in Fund Balances							
Fund Balance, July 1, 2005	\$ (148,684)	\$ (500)	\$ (878,011)	\$ (10,341,319)	\$ (74,600)	\$ (11,443,114)	\$ (11,287,635)
Fund Balance, July 1, 2005	1,066,262	0	3,143,630	15,074,166	534,598	19,818,656	21,426,374
Fund Balance, June 30, 2006	\$ 917,578	\$ (500)	\$ 2,265,619	\$ 4,732,847	\$ 459,998	\$ 8,375,542	\$ 10,138,739

Exhibit G-3

Montgomery County, Tennessee
Schedule of Revenues, Expenditures, and Changes
in Fund Balance - Actual (Budgetary Basis) and Budget
Drug Control Fund
For the Year Ended June 30, 2006

	Actual (GAAP Basis)	Less: Encumbrances 7/1/2005	Actual Revenues/ Expenditures (Budgetary Basis)	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
				Original	Final	
<u>Revenues</u>						
Fines, Forfeitures, and Penalties	\$ 16,985	\$ 0	\$ 16,985	\$ 18,000	\$ 18,000	\$ (1,015)
Total Revenues	\$ 16,985	\$ 0	\$ 16,985	\$ 18,000	\$ 18,000	\$ (1,015)
<u>Expenditures</u>						
<u>Public Safety</u>						
Sheriff's Department	\$ 2,182	\$ (357)	\$ 1,825	\$ 770	\$ 50,005	\$ 48,180
Total Expenditures	\$ 2,182	\$ (357)	\$ 1,825	\$ 770	\$ 50,005	\$ 48,180
Excess (Deficiency) of Revenues Over Expenditures	\$ 14,803	\$ 357	\$ 15,160	\$ 17,230	\$ (32,005)	\$ 47,165
Net Change in Fund Balance	\$ 14,803	\$ 357	\$ 15,160	\$ 17,230	\$ (32,005)	\$ 47,165
Fund Balance, July 1, 2005	66,221	(357)	65,864	32,005	32,005	33,859
Fund Balance, June 30, 2006	\$ 81,024	\$ 0	\$ 81,024	\$ 49,235	\$ 0	\$ 81,024

Exhibit G-4

Montgomery County, Tennessee
 Schedule of Revenues, Expenditures, and Changes
 in Fund Balance - Actual (Budgetary Basis) and Budget
 Highway/Public Works Fund
 For the Year Ended June 30, 2006

	Actual (GAAP Basis)	Less: Encumbrances 7/1/2005	Actual Revenues/ Expenditures (Budgetary Basis)	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
				Original	Final	
<u>Revenues</u>						
Local Taxes	\$ 3,319,349	\$ 0	\$ 3,319,349	\$ 3,139,000	\$ 3,139,000	\$ 180,349
Charges for Current Services	266	0	266	500	500	(234)
Other Local Revenues	38,688	0	38,688	112,000	112,000	(73,312)
State of Tennessee	3,063,122	0	3,063,122	3,007,016	3,007,016	56,106
Total Revenues	\$ 6,421,425	\$ 0	\$ 6,421,425	\$ 6,258,516	\$ 6,258,516	\$ 162,909
<u>Expenditures</u>						
<u>Highways</u>						
Administration	\$ 245,150	\$ 0	\$ 245,150	\$ 407,168	\$ 255,819	\$ 10,669
Highway and Bridge Maintenance	2,679,732	0	2,679,732	2,767,145	2,855,933	176,201
Operation and Maintenance of Equipment	886,514	0	886,514	878,288	898,678	12,164
Traffic Control	261,981	(6,984)	254,997	269,032	275,203	20,206
Other Charges	509,155	0	509,155	562,170	562,170	53,015
Employee Benefits	848,629	0	848,629	832,295	868,295	19,666
Capital Outlay	643,849	(105,498)	538,351	1,048,616	978,000	439,649
<u>Principal on Debt</u>						
Highways and Streets	200,372	0	200,372	0	70,616	(129,756)
<u>Interest on Debt</u>						
Highways and Streets	6,826	0	6,826	5,000	5,000	(1,826)
Total Expenditures	\$ 6,282,208	\$ (112,482)	\$ 6,169,726	\$ 6,769,714	\$ 6,769,714	\$ 599,988
Excess (Deficiency) of Revenues Over Expenditures	\$ 139,217	\$ 112,482	\$ 251,699	\$ (511,198)	\$ (511,198)	\$ 762,897
<u>Other Financing Sources (Uses)</u>						
Insurance Recovery	\$ 1,459	\$ 0	\$ 1,459	\$ 0	\$ 0	\$ 1,459
Total Other Financing Sources (Uses)	\$ 1,459	\$ 0	\$ 1,459	\$ 0	\$ 0	\$ 1,459
Net Change in Fund Balance	\$ 140,676	\$ 112,482	\$ 253,158	\$ (511,198)	\$ (511,198)	\$ 764,356
Fund Balance, July 1, 2005	1,541,497	(112,482)	1,429,015	989,728	989,728	439,287
Fund Balance, June 30, 2006	\$ 1,682,173	\$ 0	\$ 1,682,173	\$ 478,530	\$ 478,530	\$ 1,203,643

Major Governmental Fund

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.

Exhibit H

Montgomery County, Tennessee
Schedule of Revenues, Expenditures, and Changes
in Fund Balance - Actual and Budget
General Debt Service Fund
For the Year Ended June 30, 2006

	Actual	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
		Original	Final	
<u>Revenues</u>				
Local Taxes	\$ 19,640,971	\$ 19,169,000	\$ 19,169,000	\$ 471,971
Other Local Revenues	289,413	10,000	10,000	279,413
Other Governments and Citizens Groups	385,837	12,000	385,937	(100)
Total Revenues	<u>\$ 20,316,221</u>	<u>\$ 19,191,000</u>	<u>\$ 19,564,937</u>	<u>\$ 751,284</u>
<u>Expenditures</u>				
<u>Principal on Debt</u>				
General Government	\$ 3,582,562	\$ 3,514,518	\$ 3,514,518	\$ (68,044)
Education	7,434,688	7,437,752	7,437,752	3,064
<u>Interest on Debt</u>				
General Government	3,762,185	3,915,150	3,915,151	152,966
Education	6,707,866	6,422,350	6,422,349	(285,517)
<u>Other Debt Service</u>				
General Government	137,228	144,487	144,487	7,259
Education	289,766	319,339	319,339	29,573
Total Expenditures	<u>\$ 21,914,295</u>	<u>\$ 21,753,596</u>	<u>\$ 21,753,596</u>	<u>\$ (160,699)</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>\$ (1,598,074)</u>	<u>\$ (2,562,596)</u>	<u>\$ (2,188,659)</u>	<u>\$ 590,585</u>
<u>Other Financing Sources (Uses)</u>				
Transfers In	\$ 0	\$ 399,037	\$ 25,100	\$ (25,100)
Total Other Financing Sources (Uses)	<u>\$ 0</u>	<u>\$ 399,037</u>	<u>\$ 25,100</u>	<u>\$ (25,100)</u>
Net Change in Fund Balance	\$ (1,598,074)	\$ (2,163,559)	\$ (2,163,559)	\$ 565,485
Fund Balance, July 1, 2005	<u>19,398,846</u>	<u>14,804,099</u>	<u>14,804,099</u>	<u>4,594,747</u>
Fund Balance, June 30, 2006	<u>\$ 17,800,772</u>	<u>\$ 12,640,540</u>	<u>\$ 12,640,540</u>	<u>\$ 5,160,232</u>

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 J-1

Montgomery County, Tennessee
Combining Statement of Fiduciary Assets and Liabilities
Fiduciary Funds
June 30, 2006

	Agency Funds			Total
	Cities - Sales Tax	Constitu- tional Officers - Agency	Judicial District Drug	
<u>ASSETS</u>				
Cash	\$ 0	\$ 6,197,382	\$ 5,776	\$ 6,203,158
Equity in Pooled Cash and Investments	0	0	284,972	284,972
Accounts Receivable	0	0	3,228	3,228
Due from Other Governments	1,718,545	0	43	1,718,588
Total Assets	<u>\$ 1,718,545</u>	<u>\$ 6,197,382</u>	<u>\$ 294,019</u>	<u>\$ 8,209,946</u>
<u>LIABILITIES</u>				
Accounts Payable	\$ 0	\$ 0	\$ 928	\$ 928
Due to Other Funds	0	943	0	943
Due to State of Tennessee	0	0	1,521	1,521
Due to Other Taxing Units	1,718,545	0	0	1,718,545
Due to Litigants, Heirs, and Others	0	6,196,439	0	6,196,439
Due to Joint Ventures	0	0	291,570	291,570
Total Liabilities	<u>\$ 1,718,545</u>	<u>\$ 6,197,382</u>	<u>\$ 294,019</u>	<u>\$ 8,209,946</u>

Exhibit J-2

Montgomery County, Tennessee
Combining Statement of Changes in Assets and
Liabilities - All Agency Funds
For the Year Ended June 30, 2006

	Beginning Balance	Additions	Deductions	Ending Balance
<u>Cities - Sales Tax Fund</u>				
<u>Assets</u>				
Equity in Pooled Cash and Investments	\$ 0	\$ 10,163,209	\$ 10,163,209	\$ 0
Due from Other Governments	1,680,734	1,718,545	1,680,734	1,718,545
Total Assets	\$ 1,680,734	\$ 11,881,754	\$ 11,843,943	\$ 1,718,545
<u>Liabilities</u>				
Due to Other Taxing Units	\$ 1,680,734	\$ 11,881,754	\$ 11,843,943	\$ 1,718,545
Total Liabilities	\$ 1,680,734	\$ 11,881,754	\$ 11,843,943	\$ 1,718,545
<u>Constitutional Officers - Agency Fund</u>				
<u>Assets</u>				
Cash	\$ 4,365,546	\$ 32,734,625	\$ 30,902,789	\$ 6,197,382
Total Assets	\$ 4,365,546	\$ 32,734,625	\$ 30,902,789	\$ 6,197,382
<u>Liabilities</u>				
Due to Other Funds	\$ 1,080	\$ 943	\$ 1,080	\$ 943
Due to Litigants, Heirs, and Others	4,364,466	32,734,625	30,902,652	6,196,439
Total Liabilities	\$ 4,365,546	\$ 32,735,568	\$ 30,903,732	\$ 6,197,382
<u>Judicial District Drug Fund</u>				
<u>Assets</u>				
Cash	\$ 8,458	\$ 5,776	\$ 8,458	\$ 5,776
Equity in Pooled Cash and Investments	292,806	140,814	148,648	284,972
Accounts Receivable	373	3,228	373	3,228
Due from Other Governments	6,106	43	6,106	43
Total Assets	\$ 307,743	\$ 149,861	\$ 163,585	\$ 294,019
<u>Liabilities</u>				
Accounts Payable	\$ 1,323	\$ 928	\$ 1,323	\$ 928
Payroll Deductions Payable	59	0	59	0
Due to State of Tennessee	1,224	1,521	1,224	1,521
Due to Other Funds	39	0	39	0
Due to Joint Ventures	305,098	147,412	160,940	291,570
Total Liabilities	\$ 307,743	\$ 149,861	\$ 163,585	\$ 294,019

(Continued)

Exhibit J-2

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

	Beginning Balance	Additions	Deductions	Ending Balance
<u>Totals - All Agency Funds</u>				
<u>Assets</u>				
Cash	\$ 4,374,004	\$ 32,740,401	\$ 30,911,247	\$ 6,203,158
Equity in Pooled Cash and Investments	292,806	10,304,023	10,311,857	284,972
Accounts Receivable	373	3,228	373	3,228
Due from Other Governments	1,686,840	1,718,588	1,686,840	1,718,588
Total Assets	<u>\$ 6,354,023</u>	<u>\$ 44,766,240</u>	<u>\$ 42,910,317</u>	<u>\$ 8,209,946</u>
<u>Totals - All Agency Funds</u>				
<u>Liabilities</u>				
Accounts Payable	\$ 1,323	\$ 928	\$ 1,323	\$ 928
Payroll Deductions Payable	59	0	59	0
Due to State of Tennessee	1,224	1,521	1,224	1,521
Due to Other Taxing Units	1,680,734	11,881,754	11,843,943	1,718,545
Due to Other Funds	1,119	943	1,119	943
Due to Litigants, Heirs, and Others	4,364,466	32,734,625	30,902,652	6,196,439
Due to Joint Ventures	305,098	147,412	160,940	291,570
Total Liabilities	<u>\$ 6,354,023</u>	<u>\$ 44,767,183</u>	<u>\$ 42,911,260</u>	<u>\$ 8,209,946</u>

Proprietary Funds

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

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

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

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

Exhibit I-1

Montgomery County, Tennessee
Combining Statement of Net Assets
Proprietary Funds
June 30, 2006

	Governmental Activities - Internal Service Funds			Total
	Self- Insurance	Workers' Compensation	Unemployment Compensation	
<u>ASSETS</u>				
Current Assets:				
Equity in Pooled Cash and Investments	\$ 7,810,352	\$ 745,047	\$ 870,239	\$ 9,425,638
Accounts Receivable	34,852	3,022	0	37,874
Due from Other Funds	0	182,530	0	182,530
Prepaid Items	833,000	0	0	833,000
Total Assets	<u>\$ 8,678,204</u>	<u>\$ 930,599</u>	<u>\$ 870,239</u>	<u>\$ 10,479,042</u>
<u>LIABILITIES</u>				
Current Liabilities:				
Accounts Payable	\$ 3,053,227	\$ 24,644	\$ 0	\$ 3,077,871
Payroll Deductions Payable	0	758	0	758
Claims and Judgments Payable	1,558,732	499,500	0	2,058,232
Due to Other Funds	0	0	182,530	182,530
Due to Component Units	43,065	0	0	43,065
Total Current Liabilities	<u>\$ 4,655,024</u>	<u>\$ 524,902</u>	<u>\$ 182,530</u>	<u>\$ 5,362,456</u>
Noncurrent Liabilities:				
Claims and Judgments Payable	\$ 1,558,731	\$ 360,500	\$ 0	\$ 1,919,231
Total Noncurrent Liabilities	<u>\$ 1,558,731</u>	<u>\$ 360,500</u>	<u>\$ 0</u>	<u>\$ 1,919,231</u>
Total Liabilities	<u>\$ 6,213,755</u>	<u>\$ 885,402</u>	<u>\$ 182,530</u>	<u>\$ 7,281,687</u>
<u>NET ASSETS</u>				
Unrestricted	<u>\$ 2,464,449</u>	<u>\$ 45,197</u>	<u>\$ 687,709</u>	<u>\$ 3,197,355</u>
Total Net Assets	<u>\$ 2,464,449</u>	<u>\$ 45,197</u>	<u>\$ 687,709</u>	<u>\$ 3,197,355</u>

Exhibit I-2

Montgomery County, Tennessee
Combining Statement of Revenues, Expenses, and
Changes in Net Assets
Proprietary Funds
For the Year Ended June 30, 2006

	Governmental Activities - Internal Service Funds			
	Self- Insurance	Workers' Compensation	Unemployment Compensation	Total
<u>Operating Revenues</u>				
Charges for Current Services	\$ 23,390,487	\$ 768,861	\$ 0	\$ 24,159,348
Total Operating Revenues	<u>\$ 23,390,487</u>	<u>\$ 768,861</u>	<u>\$ 0</u>	<u>\$ 24,159,348</u>
<u>Operating Expenses</u>				
Risk Management	\$ 0	\$ 290,660	\$ 0	\$ 290,660
Other Charges	284,271	0	113,472	397,743
Employee Benefits	23,245,043	0	0	23,245,043
Total Operating Expenses	<u>\$ 23,529,314</u>	<u>\$ 290,660</u>	<u>\$ 113,472</u>	<u>\$ 23,933,446</u>
Operating Income (Loss)	<u>\$ (138,827)</u>	<u>\$ 478,201</u>	<u>\$ (113,472)</u>	<u>\$ 225,902</u>
<u>Nonoperating Revenues (Expenses)</u>				
Investment Income	\$ 191,710	\$ 31,917	\$ 40,653	\$ 264,280
Miscellaneous Refunds	51,059	0	0	51,059
Total Nonoperating Revenues (Expenses)	<u>\$ 242,769</u>	<u>\$ 31,917</u>	<u>\$ 40,653</u>	<u>\$ 315,339</u>
Changes in Net Assets	\$ 103,942	\$ 510,118	\$ (72,819)	\$ 541,241
Net Assets, July 1, 2005	2,360,507	(464,921)	760,528	2,656,114
Nets Assets, June 30, 2006	<u>\$ 2,464,449</u>	<u>\$ 45,197</u>	<u>\$ 687,709</u>	<u>\$ 3,197,355</u>

Exhibit I-3

Montgomery County, Tennessee
 Combining Statement of Cash Flows
 Proprietary Funds
 For the Year Ended June 30, 2006

	Governmental Activities - Internal Service Funds			
	Self- Insurance	Workers' Compensation	Unemployment Compensation	Total
CASH FLOWS FROM OPERATING ACTIVITIES				
Receipts from Interfund Services Provided	\$ 23,846,681	\$ 765,839	\$ 0	\$ 24,612,520
Other Self-Insured Claims	(20,338,548)	(896,548)	(113,472)	(21,348,568)
Other Receipts (Payments)	51,059	0	0	51,059
Net Cash Provided By (Used In) Operating Activities	\$ 3,559,192	\$ (130,709)	\$ (113,472)	\$ 3,315,011
CASH FLOWS FROM INVESTING ACTIVITIES				
Investment Income	\$ 191,710	\$ 31,917	\$ 40,653	\$ 264,280
Net Cash Provided By (Used In) Investing Activities	\$ 191,710	\$ 31,917	\$ 40,653	\$ 264,280
Net Increase (Decrease) in Cash	\$ 3,750,902	\$ (98,792)	\$ (72,819)	\$ 3,579,291
Cash, July 1, 2005	4,059,450	843,839	943,058	5,846,347
Cash, June 30, 2006	\$ 7,810,352	\$ 745,047	\$ 870,239	\$ 9,425,638
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED BY OPERATING ACTIVITIES				
Operating Income (Loss)	\$ (138,827)	\$ 478,201	\$ (113,472)	\$ 225,902
Miscellaneous Refunds	51,059	0	0	51,059
Adjustments to Reconcile Net Operating Income (Loss) to Net Cash Provided By (Used In) Operating Activities:				
(Increase) Decrease in Accounts Receivable	(24,422)	(3,022)	0	(27,444)
(Increase) Decrease in Due from Other Funds	1,692	0	0	1,692
(Increase) Decrease in Due from Component Units	22,198	0	0	22,198
(Increase) Decrease in Prepaid Items	416,500	0	0	416,500
Increase (Decrease) in Accounts Payable	3,053,227	(29,366)	0	3,023,861
Increase (Decrease) in Payroll Deductions Payable	0	(25)	0	(25)
Increase (Decrease) in Due to Component Units	40,226	0	0	40,226
Increase (Decrease) in Claims and Judgments Payable	137,539	(576,497)	0	(438,958)
Net Cash Provided By (Used In) Operating Activities	\$ 3,559,192	\$ (130,709)	\$ (113,472)	\$ 3,315,011

Montgomery County School Department

This section presents combining and individual 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 K-1

Montgomery County, Tennessee
Statement of Activities
Discretely Presented Montgomery County School Department
For the Year Ended June 30, 2006

Functions/Programs	Expenses	Program Revenues			Net (Expenses)
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Revenues and Changes in Net Assets Total Governmental Activities
Component Unit:					
Governmental Activities:					
Instruction	\$ 97,435,363	\$ 168,791	\$ 10,065,605	\$ 2,296	\$ (87,198,671)
Support Services	67,720,985	101,336	1,859,260	24,946,119	(40,814,270)
Operation of Noninstructional Services	9,902,326	5,030,935	5,328,773	12,636	470,018
Interest on Long-term Debt	1,339	0	0	0	(1,339)
Other Debt Service	373,937	0	0	0	(373,937)
Total Governmental Activities	<u>\$ 175,433,950</u>	<u>\$ 5,301,062</u>	<u>\$ 17,253,638</u>	<u>\$ 24,961,051</u>	<u>\$ (127,918,199)</u>
General Revenues:					
Taxes:					
Property Taxes Levied for General Purposes					\$ 21,034,816
Local Option Sales Tax					28,933,869
Other Local Taxes					3,855,700
Grants and Contributions Not Restricted to Specific Programs					93,098,745
Unrestricted Investment Earnings					4,224
Miscellaneous					80,956
Total General Revenues					<u>\$ 147,008,310</u>
Change in Net Assets					\$ 19,090,111
Net Assets, July 1, 2005					<u>192,976,721</u>
Net Assets, June 30, 2006					<u>\$ 212,066,832</u>

Exhibit K-2

Montgomery County, Tennessee
Balance Sheet - Governmental Funds
Discretely Presented Montgomery County School Department
June 30, 2006

	<u>Major Funds</u>		<u>Nonmajor</u>	<u>Total</u>
	<u>General</u>	<u>Education</u>	<u>Other</u>	
	<u>Purpose</u>	<u>Capital</u>	<u>Gov-</u>	<u>Gov-</u>
	<u>School</u>	<u>Projects</u>	<u>mental</u>	<u>mental</u>
			<u>Funds</u>	<u>Funds</u>
<u>ASSETS</u>				
Cash	\$ 1,850	\$ 0	\$ 441,856	\$ 443,706
Equity in Pooled Cash and Investments	9,940,003	2,042,948	3,320,059	15,303,010
Inventories	349,836	0	227,996	577,832
Accounts Receivable	723,798	0	53,667	777,465
Due from Other Governments	7,202,361	413	720,871	7,923,645
Due from Other Funds	676,333	0	195,137	871,470
Due from Primary Government	43,065	0	0	43,065
Property Taxes Receivable	23,572,639	1,513,760	0	25,086,399
Allowance for Uncollectible Property Taxes	(644,288)	(21,840)	0	(666,128)
Prepaid Items	50,000	0	0	50,000
Total Assets	<u>\$ 41,915,597</u>	<u>\$ 3,535,281</u>	<u>\$ 4,959,586</u>	<u>\$ 50,410,464</u>
<u>LIABILITIES AND FUND BALANCES</u>				
<u>Liabilities</u>				
Accounts Payable	\$ 701,851	\$ 386,628	\$ 346,501	\$ 1,434,980
Payroll Deductions Payable	921,558	0	10,888	932,446
Due to Other Funds	182,181	5,415	683,874	871,470
Deferred Revenue - Current Property Taxes	22,378,800	1,491,920	0	23,870,720
Deferred Revenue - Delinquent Property Taxes	440,001	0	0	440,001
Other Deferred Revenues	2,782,163	0	0	2,782,163
Total Liabilities	<u>\$ 27,406,554</u>	<u>\$ 1,883,963</u>	<u>\$ 1,041,263</u>	<u>\$ 30,331,780</u>
<u>Fund Balances</u>				
Reserved for Encumbrances	\$ 1,707,219	\$ 20,145,540	\$ 160,700	\$ 22,013,459
Reserved for Career Ladder - Extended Contract	551,027	0	0	551,027
Reserved for Career Ladder Program	50,610	0	0	50,610
Reserved for Title I Grants to Local Education Agencies	0	0	212,296	212,296
Reserved for Special Education - Grants to States	0	0	84,400	84,400
Other Federal Reserves	0	0	51,146	51,146
Unreserved, Reported In:				
General Fund	12,200,187	0	0	12,200,187
Special Revenue Funds	0	0	3,409,781	3,409,781
Capital Projects Funds (Deficit)	0	(18,494,222)	0	(18,494,222)
Total Fund Balances	<u>\$ 14,509,043</u>	<u>\$ 1,651,318</u>	<u>\$ 3,918,323</u>	<u>\$ 20,078,684</u>
Total Liabilities and Fund Balances	<u>\$ 41,915,597</u>	<u>\$ 3,535,281</u>	<u>\$ 4,959,586</u>	<u>\$ 50,410,464</u>

Exhibit K-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, 2006

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

Total fund balances - balance sheet - governmental funds (Exhibit K-2)		\$	20,078,684
(1) Capital assets used in governmental activities are not financial resources and therefore are not reported in the governmental funds.			
Add: land	\$	9,744,219	
Add: construction in progress		13,925,113	
Add: buildings and improvements net of accumulated depreciation		160,795,868	
Add: other capital assets net of accumulated depreciation		<u>8,728,084</u>	193,193,284
(2) Other long-term assets are not available to pay for current-period expenditures and therefore are deferred in the governmental funds.			3,222,164
(3) Long-term liabilities are not due and payable in the current period and therefore are not reported in the governmental funds.			
Less: notes payable	\$	(11,082)	
Less: claims and judgments payable		(3,563,510)	
Less: compensated absences		<u>(852,708)</u>	<u>(4,427,300)</u>
Net assets of governmental activities (Exhibit A)			<u>\$ 212,066,832</u>

Exhibit K-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, 2006

	Major Funds		Nonmajor	Total
	General Purpose School	Education Capital Projects	Funds Other Governmental Funds	
<u>Revenues</u>				
Local Taxes	\$ 54,679,813	\$ 0	\$ 0	\$ 54,679,813
Charges for Current Services	40,688	0	5,029,065	5,069,753
Other Local Revenues	667,800	4,224	284,218	956,242
State of Tennessee	86,694,095	0	401,475	87,095,570
Federal Government	5,277,275	0	16,656,340	21,933,615
Other Governments and Citizens Groups	26,738	24,869,820	0	24,896,558
Total Revenues	\$ 147,386,409	\$ 24,874,044	\$ 22,371,098	\$ 194,631,551
<u>Expenditures</u>				
Current:				
Instruction	\$ 89,889,548	\$ 0	\$ 6,834,618	\$ 96,724,166
Support Services	55,546,830	38	4,932,232	60,479,100
Operation of Non-Instructional Services	138,691	0	9,206,689	9,345,380
Capital Outlay	0	0	11,882	11,882
Debt Service:				
Principal on Debt	129,726	0	0	129,726
Interest on Debt	6,223	0	0	6,223
Other Debt Service	373,937	0	0	373,937
Capital Projects	0	23,439,898	0	23,439,898
Total Expenditures	\$ 146,084,955	\$ 23,439,936	\$ 20,985,421	\$ 190,510,312
Excess (Deficiency) of Revenues				
Over Expenditures	\$ 1,301,454	\$ 1,434,108	\$ 1,385,677	\$ 4,121,239
<u>Other Financing Sources (Uses)</u>				
Insurance Recovery	\$ 104,081	\$ 0	\$ 0	\$ 104,081
Transfers In	348,834	0	4,258	353,092
Transfers Out	(4,258)	0	(348,834)	(353,092)
Total Other Financing Sources (Uses)	\$ 448,657	\$ 0	\$ (344,576)	\$ 104,081
Net Change in Fund Balances				
Fund Balance, July 1, 2005	\$ 1,750,111	\$ 1,434,108	\$ 1,041,101	\$ 4,225,320
	12,758,932	217,210	2,877,222	15,853,364
Fund Balance, June 30, 2006				
	\$ 14,509,043	\$ 1,651,318	\$ 3,918,323	\$ 20,078,684

Exhibit K-5

Montgomery County, Tennessee
Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances
of Governmental Funds to the Statement of Activities
Discretely Presented Montgomery County School Department
For the Year Ended June 30, 2006

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

Net change in fund balances - total governmental funds (Exhibit K-4)		\$	4,225,320
(1) Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of these assets is allocated over their useful lives and reported as depreciation expense. The difference between capital outlays and depreciation is itemized as follows:			
Add: capital assets purchased in the current period	\$	23,392,056	
Less: current year depreciation expense		<u>(7,176,188)</u>	16,215,868
(2) The net effect of various miscellaneous transactions involving capital assets (sales, trade-ins, and donations) is to decrease net assets.			(110,847)
(3) Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.			
Less: deferred delinquent property taxes/other deferred June 30, 2005	\$	(3,605,746)	
Add: deferred delinquent property taxes/other deferred June 30, 2006		<u>3,222,164</u>	(383,582)
(4) The issuance of long-term debt (e.g., notes, bonds) 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.			
Add: principal payment on notes	\$	34,101	
Add: principal payment on capital leases		<u>95,625</u>	129,726
(5) Some expenses reported in the statement of activities do not require the use of current financial resources and therefore are not reported as expenditures in the governmental funds.			
Change in accrued interest payable	\$	4,884	
Change in claims and judgments payable		(907,569)	
Change in compensated absences		<u>(83,689)</u>	<u>(986,374)</u>
Change in net assets of governmental activities (Exhibit B)			<u>\$ 19,090,111</u>

Exhibit K-6

Montgomery County, Tennessee
Combining Balance Sheet - Nonmajor Governmental Funds
Discretely Presented Montgomery County School Department
June 30, 2006

	<u>Special Revenue Funds</u>			
	School Federal Projects	Central Cafeteria	Extended School Program	Total Nonmajor Governmental Funds
<u>ASSETS</u>				
Cash	\$ 0	\$ 441,856	\$ 0	\$ 441,856
Equity in Pooled Cash and Investments	423,559	2,721,363	175,137	3,320,059
Inventories	0	227,996	0	227,996
Accounts Receivable	16,570	37,097	0	53,667
Due from Other Governments	708,670	12,201	0	720,871
Due from Other Funds	30,291	156,490	8,356	195,137
Total Assets	<u>\$ 1,179,090</u>	<u>\$ 3,597,003</u>	<u>\$ 183,493</u>	<u>\$ 4,959,586</u>
<u>LIABILITIES AND FUND BALANCES</u>				
<u>Liabilities</u>				
Accounts Payable	\$ 334,660	\$ 11,233	\$ 608	\$ 346,501
Payroll Deductions Payable	6,430	4,291	167	10,888
Due to Other Funds	369,492	309,177	5,205	683,874
Total Liabilities	<u>\$ 710,582</u>	<u>\$ 324,701</u>	<u>\$ 5,980</u>	<u>\$ 1,041,263</u>
<u>Fund Balances</u>				
Reserved for Encumbrances	\$ 120,666	\$ 40,034	\$ 0	\$ 160,700
Reserved for Title I Grants to Local Education Agencies	212,296	0	0	212,296
Reserved for Special Education - Grants to States	84,400	0	0	84,400
Other Federal Reserves	51,146	0	0	51,146
Unreserved	0	3,232,268	177,513	3,409,781
Total Fund Balances	<u>\$ 468,508</u>	<u>\$ 3,272,302</u>	<u>\$ 177,513</u>	<u>\$ 3,918,323</u>
Total Liabilities and Fund Balances	<u>\$ 1,179,090</u>	<u>\$ 3,597,003</u>	<u>\$ 183,493</u>	<u>\$ 4,959,586</u>

Exhibit K-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, 2006

	<u>Special Revenue Funds</u>			Total Nonmajor Governmental Funds
	School Federal Projects	Central Cafeteria	Extended School Program	
<u>Revenues</u>				
Charges for Current Services	\$ 0	\$ 4,884,505	\$ 144,560	\$ 5,029,065
Other Local Revenues	0	284,218	0	284,218
State of Tennessee	278,947	122,528	0	401,475
Federal Government	12,228,759	4,427,581	0	16,656,340
Total Revenues	<u>\$ 12,507,706</u>	<u>\$ 9,718,832</u>	<u>\$ 144,560</u>	<u>\$ 22,371,098</u>
<u>Expenditures</u>				
Current:				
Instruction	\$ 6,619,597	\$ 0	\$ 215,021	\$ 6,834,618
Support Services	4,913,635	4,209	14,388	4,932,232
Operation of Non-Instructional Services	0	9,206,689	0	9,206,689
Capital Outlay	11,882	0	0	11,882
Total Expenditures	<u>\$ 11,545,114</u>	<u>\$ 9,210,898</u>	<u>\$ 229,409</u>	<u>\$ 20,985,421</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>\$ 962,592</u>	<u>\$ 507,934</u>	<u>\$ (84,849)</u>	<u>\$ 1,385,677</u>
<u>Other Financing Sources (Uses)</u>				
Transfers In	\$ 4,258	\$ 0	\$ 0	\$ 4,258
Transfers Out	(348,834)	0	0	(348,834)
Total Other Financing Sources (Uses)	<u>\$ (344,576)</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ (344,576)</u>
Net Change in Fund Balances	\$ 618,016	\$ 507,934	\$ (84,849)	\$ 1,041,101
Fund Balance, July 1, 2005	(149,508)	2,764,368	262,362	2,877,222
Fund Balance, June 30, 2006	<u>\$ 468,508</u>	<u>\$ 3,272,302</u>	<u>\$ 177,513</u>	<u>\$ 3,918,323</u>

Exhibit K-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, 2006

	Actual (GAAP Basis)	Less: Encumbrances 7/1/2005	Add: Encumbrances 6/30/2006	Actual Revenues/ Expenditures (Budgetary Basis)	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
					Original	Final	
<u>Revenues</u>							
Local Taxes	\$ 54,679,813	\$ 0	\$ 0	\$ 54,679,813	\$ 55,091,580	\$ 55,086,330	\$ (406,517)
Charges for Current Services	40,688	0	0	40,688	41,311	41,311	(623)
Other Local Revenues	667,800	0	0	667,800	857,800	635,292	32,508
State of Tennessee	86,694,095	0	0	86,694,095	85,520,881	85,877,136	816,959
Federal Government	5,277,275	0	0	5,277,275	4,549,042	5,086,306	190,969
Other Governments and Citizens Groups	26,738	0	0	26,738	28,639	28,639	(1,901)
Total Revenues	\$ 147,386,409	\$ 0	\$ 0	\$ 147,386,409	\$ 146,089,253	\$ 146,755,014	\$ 631,395
<u>Expenditures</u>							
<u>Instruction</u>							
Regular Instruction Program	\$ 73,774,255	\$ (1,103,052)	\$ 692,969	\$ 73,364,172	\$ 74,809,302	\$ 75,924,167	\$ 2,559,995
Alternative Instruction Program	471,298	0	421	471,719	361,220	507,319	35,600
Special Education Program	12,586,986	(6,611)	36,630	12,617,005	13,193,932	13,286,608	669,603
Vocational Education Program	3,057,009	(797)	1,541	3,057,753	3,457,232	3,535,192	477,439
Adult Education Program	0	0	0	0	110,470	0	0
<u>Support Services</u>							
Attendance	432,614	0	0	432,614	421,114	444,853	12,239
Health Services	371,240	(10,528)	35,904	396,616	389,730	413,997	17,381
Other Student Support	4,919,202	0	0	4,919,202	5,063,296	5,149,531	230,329
Regular Instruction Program	10,310,581	(42,559)	197,131	10,465,153	10,307,842	10,719,312	254,159
Alternative Instruction Program	28,112	(2,416)	0	25,696	26,774	26,418	722
Special Education Program	909,876	(1,245)	1,159	909,790	966,345	973,898	64,108
Vocational Education Program	105,788	0	0	105,788	105,681	108,447	2,659
Adult Programs	96,272	0	0	96,272	166,964	138,752	42,480
Board of Education	268,579	(1,279)	0	267,300	246,970	300,555	33,255
Director of Schools	830,727	(1,301)	31,366	860,792	905,758	943,508	82,716

(Continued)

Exhibit K-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 7/1/2005	Add: Encumbrances 6/30/2006	Actual Revenues/ Expenditures (Budgetary Basis)	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
					Original	Final	
<u>Expenditures (Cont.)</u>							
<u>Support Services (Cont.)</u>							
Office of the Principal	\$ 9,402,401	\$ (34,471)	\$ 19,615	\$ 9,387,545	\$ 9,591,605	\$ 9,632,453	\$ 244,908
Fiscal Services	2,677,237	(33,411)	49,805	2,693,631	2,611,901	2,792,259	98,628
Operation of Plant	11,229,540	(140,372)	171,416	11,260,584	11,378,715	11,643,224	382,640
Maintenance of Plant	3,782,127	(124,614)	159,188	3,816,701	3,938,588	4,073,522	256,821
Transportation	6,541,929	(32,520)	40,970	6,550,379	6,727,366	6,980,217	429,838
Central and Other	3,640,605	(88,775)	268,957	3,820,787	4,725,901	4,639,537	818,750
<u>Operation of Non-Instructional Services</u>							
Early Childhood Education	138,691	0	147	138,838	0	154,560	15,722
<u>Principal on Debt</u>							
Education	129,726	0	0	129,726	129,255	129,283	(443)
<u>Interest on Debt</u>							
Education	6,223	0	0	6,223	5,328	6,300	77
<u>Other Debt Service</u>							
Education	373,937	0	0	373,937	500	374,437	500
Total Expenditures	\$ 146,084,955	\$ (1,623,951)	\$ 1,707,219	\$ 146,168,223	\$ 149,641,789	\$ 152,898,349	\$ 6,730,126
Excess (Deficiency) of Revenues Over Expenditures							
	\$ 1,301,454	\$ 1,623,951	\$ (1,707,219)	\$ 1,218,186	\$ (3,552,536)	\$ (6,143,335)	\$ 7,361,521
<u>Other Financing Sources (Uses)</u>							
Insurance Recovery	\$ 104,081	\$ 0	\$ 0	\$ 104,081	\$ 0	\$ 175,000	\$ (70,919)
Transfers In	348,834	0	0	348,834	315,000	390,000	(41,166)
Transfers Out	(4,258)	0	0	(4,258)	(373,937)	(4,258)	0
Total Other Financing Sources (Uses)	\$ 448,657	\$ 0	\$ 0	\$ 448,657	\$ (58,937)	\$ 560,742	\$ (112,085)
Net Change in Fund Balance							
Fund Balance, July 1, 2005	\$ 12,758,932	(1,623,951)	0	11,134,981	9,066,686	9,066,686	2,068,295
Fund Balance, June 30, 2006	\$ 14,509,043	\$ 0	\$ (1,707,219)	\$ 12,801,824	\$ 5,455,213	\$ 3,484,093	\$ 9,317,731

Exhibit K-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, 2006

	Actual (GAAP Basis)	Less: Encumbrances 7/1/2005	Add: Encumbrances 6/30/2006	Actual Revenues/ Expenditures (Budgetary Basis)	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
					Original	Final	
<u>Revenues</u>							
Other Local Revenues							
State of Tennessee	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	1,305	\$ (1,305)
Federal Government	278,947	0	0	278,947	230,202	386,801	(107,854)
Total Revenues	12,228,759	0	0	12,228,759	10,974,537	14,674,125	(2,445,366)
	\$ 12,507,706	\$ 0	\$ 0	\$ 12,507,706	\$ 11,204,739	\$ 15,062,231	\$ (2,554,525)
<u>Expenditures</u>							
<u>Instruction</u>							
Regular Instruction Program							
Alternative Instruction Program	\$ 4,237,544	\$ (27,359)	\$ 9,260	\$ 4,219,445	\$ 3,158,971	\$ 4,736,004	\$ 516,559
Special Education Program	2,312	0	0	2,312	135,818	105	(2,207)
Vocational Education Program	1,648,504	(15,627)	0	1,632,877	2,029,962	1,754,650	121,773
Adult Education Program	534,270	(10,051)	33,584	557,803	410,000	564,035	6,232
<u>Support Services</u>	196,967	(350)	118	196,735	89,410	222,530	25,795
Health Services							
Other Student Support	449,104	0	0	449,104	444,144	450,788	1,684
Regular Instruction Program	272,918	(3,178)	1,226	270,966	328,242	348,734	77,768
Special Education Program	1,692,918	(29,687)	51,326	1,714,557	2,055,974	3,555,238	1,840,681
Vocational Education Program	1,172,375	(8,405)	1,917	1,165,887	978,946	1,267,595	101,708
Adult Programs	1,795	0	0	1,795	6,000	4,306	2,511
Operation of Plant	93,893	0	1,440	95,333	979	103,297	7,964
Transportation	100,543	(1,165)	14,455	113,833	167,037	200,718	86,885
<u>Capital Outlay</u>	1,130,089	0	0	1,130,089	1,103,728	1,178,550	48,461
Regular Capital Outlay							
Total Expenditures	11,882	0	7,340	19,222	0	25,000	5,778
	\$ 11,545,114	\$ (95,822)	\$ 120,666	\$ 11,569,958	\$ 10,909,211	\$ 14,411,550	\$ 2,841,592
Excess (Deficiency) of Revenues Over Expenditures	\$ 962,592	\$ 95,822	\$ (120,666)	\$ 937,748	\$ 295,528	\$ 650,681	\$ 287,067
Net Change in Fund Balance							
Fund Balance, July 1, 2005	\$ 618,016	\$ 95,822	\$ (120,666)	\$ 593,172	\$ 0	\$ 124,020	\$ 469,152
	(149,508)	(95,822)	0	(245,330)	146	146	(245,476)
Fund Balance, June 30, 2006	\$ 468,508	\$ 0	\$ (120,666)	\$ 347,842	\$ 146	\$ 124,166	\$ 223,676

Exhibit K-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, 2006

	Actual (GAAP Basis)	Less: Encumbrances 7/1/2005	Add: Encumbrances 6/30/2006	Actual Revenues/ Expenditures (Budgetary Basis)	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
					Original	Final	
<u>Revenues</u>							
Charges for Current Services	\$ 4,884,505	\$ 0	\$ 0	\$ 4,884,505	\$ 4,677,300	\$ 4,804,300	\$ 80,205
Other Local Revenues	284,218	0	0	284,218	160,000	237,000	47,218
State of Tennessee	122,528	0	0	122,528	116,000	122,528	0
Federal Government	4,427,581	0	0	4,427,581	4,220,000	4,425,000	2,581
Total Revenues	\$ 9,718,832	\$ 0	\$ 0	\$ 9,718,832	\$ 9,173,300	\$ 9,588,828	\$ 130,004
<u>Expenditures</u>							
<u>Support Services</u>							
Fiscal Services	\$ 4,209	\$ 0	\$ 0	\$ 4,209	\$ 3,400	\$ 4,209	\$ 0
<u>Operation of Non-Instructional Services</u>							
Food Service	9,206,689	(103,355)	40,034	9,143,368	9,149,197	9,361,227	217,859
Total Expenditures	\$ 9,210,898	\$ (103,355)	\$ 40,034	\$ 9,147,577	\$ 9,152,597	\$ 9,365,436	\$ 217,859
Excess (Deficiency) of Revenues							
Over Expenditures	\$ 507,934	\$ 103,355	\$ (40,034)	\$ 571,255	\$ 20,703	\$ 223,392	\$ 347,863
Net Change in Fund Balance							
Fund Balance, July 1, 2005	\$ 2,764,368	(103,355)	0	2,661,013	2,276,482	2,276,482	384,531
Fund Balance, June 30, 2006	\$ 3,272,302	\$ 0	\$ (40,034)	\$ 3,232,268	\$ 2,297,185	\$ 2,499,874	\$ 732,394

Exhibit K-11

Montgomery County, Tennessee
Schedule of Revenues, Expenditures, and Changes
in Fund Balance - Actual and Budget
Discretely Presented Montgomery County School Department
Extended School Program Fund
For the Year Ended June 30, 2006

	Actual	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
		Original	Final	
<u>Revenues</u>				
Charges for Current Services	\$ 144,560	\$ 233,000	\$ 208,000	\$ (63,440)
Total Revenues	\$ 144,560	\$ 233,000	\$ 208,000	\$ (63,440)
<u>Expenditures</u>				
<u>Instruction</u>				
Regular Instruction Program	\$ 215,021	\$ 202,081	\$ 208,697	\$ (6,324)
<u>Support Services</u>				
Office of the Principal	6,790	6,789	6,790	0
Fiscal Services	1,452	2,000	2,000	548
Operation of Plant	3,534	5,073	5,072	1,538
Transportation	2,612	0	2,612	0
Total Expenditures	\$ 229,409	\$ 215,943	\$ 225,171	\$ (4,238)
Excess (Deficiency) of Revenues Over Expenditures	\$ (84,849)	\$ 17,057	\$ (17,171)	\$ (67,678)
Net Change in Fund Balance	\$ (84,849)	\$ 17,057	\$ (17,171)	\$ (67,678)
Fund Balance, July 1, 2005	262,362	308,916	308,916	(46,554)
Fund Balance, June 30, 2006	\$ 177,513	\$ 325,973	\$ 291,745	\$ (114,232)

MISCELLANEOUS SCHEDULES

Exhibit L-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, 2006

Description of Indebtedness	Original Amount of Issue	Interest Rate	Date of Issue	Last Maturity Date	Outstanding 7-1-05	Issued During Period	Paid and/or Matured During Period	Outstanding 6-30-06
PRIMARY GOVERNMENT								
NOTES PAYABLE								
<u>Payable through General Debt Service Fund</u>								
Library Equipment	\$ 825,000	5.21 %	7-3-1996	7-3-08	\$ 275,000	\$ 0	\$ 137,500	\$ 137,500
Courts Center	9,500,000	4.75-4.8	12-14-00	5-1-11	1,100,000	0	1,100,000	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	495,667	0	247,833	247,834
Library Roof Replacement	95,000	3.33	5-25-04	5-25-07	63,333	0	31,666	31,667
School Buses	850,034	3.33	5-25-04	5-25-07	566,689	0	283,345	283,344
Building Improvements and Equipment	1,152,585	3.4937	6-30-05	6-30-08	1,152,585	0	380,859	771,726
Radio Trunking System	150,000	3.4937	6-30-05	6-30-08	150,000	0	49,566	100,434
Total Notes Payable					<u>\$ 9,388,274</u>	<u>\$ 0</u>	<u>\$ 2,230,769</u>	<u>\$ 7,157,505</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	1,941,289	0	176,481	1,764,808
Total Other Loans Payable					<u>\$ 26,536,289</u>	<u>\$ 0</u>	<u>\$ 176,481</u>	<u>\$ 26,359,808</u>
CAPITAL LEASES PAYABLE								
<u>Payable through General Debt Service Fund</u>								
Paver	200,372	5.07	5-18-05	6-25-06	\$ 200,372	\$ 0	\$ 200,372	\$ 0
Total Capital Leases Payable					<u>\$ 200,372</u>	<u>\$ 0</u>	<u>\$ 200,372</u>	<u>\$ 0</u>

(Continued)

Exhibit L-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 (Cont.)

Description of Indebtedness	Original Amount of Issue	Interest Rate	Date of Issue	Last Maturity Date	Outstanding 7-1-05	Issued During Period	Paid and/or Matured During Period	Outstanding 6-30-06
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	\$ 31,000	\$ 0	\$ 15,000	\$ 16,000
Industrial Park Revenue and Tax (FHA)	847,000	5	1-1-1976	1-1-06	55,000	0	55,000	0
General Obligation Refunding	14,864,029	4 to 5.25	8-13-1998	5-1-08	4,550,000	0	1,465,000	3,085,000
General Obligation Public Improvement and General Obligation Refunding	68,725,000	5.12095	12-1-01	5-1-21	23,205,000	0	1,135,000	22,070,000
Various County Capital Projects	25,000,000	2 to 5	6-17-03	5-1-23	24,900,000	0	200,000	24,700,000
General Obligation Refunding	81,640,000	3 to 4.75	6-17-03	5-1-15	70,740,000	0	5,550,000	65,190,000
General Obligation Refunding	43,240,000	2 to 5	3-15-04	3-15-20	43,240,000	0	90,000	43,150,000
General Obligation Public Improvement	22,000,000	2.1 to 5	11-1-04	4-1-25	22,000,000	0	100,000	21,900,000
General Obligation Public Improvement	40,000,000	4 to 5	12-1-05	4-1-26	0	40,000,000	0	40,000,000
Total Bonds Payable					\$ 188,721,000	\$ 40,000,000	\$ 8,610,000	\$ 220,111,000
DISCRETELY PRESENTED MONTGOMERY COUNTY SCHOOL DEPARTMENT								
NOTES PAYABLE								
<u>Payable through General Purpose School Fund</u>								
EPA Asbestos Abatement	429,958	0	Various	12-31-05	\$ 11,941	\$ 0	\$ 11,941	\$ 0
EPA Asbestos Abatement	398,833	0	Various	12-31-06	33,242	0	22,160	11,082
Total Notes Payable					\$ 45,183	\$ 0	\$ 34,101	\$ 11,082
CAPITAL LEASES PAYABLE								
<u>Payable through General Purpose School Fund</u>								
HVAC System	571,945	5.591	8-1-1998	8-1-05	\$ 95,625	\$ 0	\$ 95,625	\$ 0
Total Capital Leases Payable					\$ 95,625	\$ 0	\$ 95,625	\$ 0

Exhibit L-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
2007	\$ 9,355,000	\$ 10,770,684	\$ 16,000	\$ 320	\$ 20,142,004
2008	9,745,000	9,772,783	0	0	19,517,783
2009	9,300,000	9,360,768	0	0	18,660,768
2010	9,850,000	8,988,969	0	0	18,838,969
2011	10,540,000	8,556,218	0	0	19,096,218
2012	12,250,000	8,084,420	0	0	20,334,420
2013	13,350,000	7,516,168	0	0	20,866,168
2014	14,335,000	6,887,919	0	0	21,222,919
2015	15,320,000	6,211,493	0	0	21,531,493
2016	9,460,000	5,485,645	0	0	14,945,645
2017	10,420,000	5,061,843	0	0	15,481,843
2018	11,385,000	4,589,807	0	0	15,974,807
2019	11,955,000	4,072,449	0	0	16,027,449
2020	17,330,000	3,498,138	0	0	20,828,138
2021	17,650,000	2,647,561	0	0	20,297,561
2022	8,650,000	1,780,688	0	0	10,430,688
2023	8,650,000	1,356,937	0	0	10,006,937
2024	7,750,000	944,563	0	0	8,694,563
2025	7,750,000	569,687	0	0	8,319,687
2026	5,050,000	227,250	0	0	5,277,250
Total	\$ 220,095,000	\$ 106,383,990	\$ 16,000	\$ 320	\$ 326,495,310

Exhibit L-3

Montgomery County, Tennessee
Schedule of Transfers
Primary Government and Discretely Presented Montgomery County School Department
For the Year Ended June 30, 2006

<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	\$ 89,695
Other Capital Projects #1	General Capital Projects	To fund capital projects	74,600
Other Capital Projects #2	General Capital Projects	To fund capital projects	1,006,707
Other Capital Projects #3	General Capital Projects	To fund capital projects	2,834,020
Other Capital Projects #4	General Capital Projects	To fund capital projects	<u>1,617,181</u>
Total Transfers Primary Government			<u>\$ 5,622,203</u>
<u>Discretely Presented Montgomery</u>			
<u>County School Department</u>			
General Purpose School	School Federal Projects	Matching portion of grant	\$ 4,258
School Federal Projects	General Purpose School	Indirect costs	<u>348,834</u>
Total Transfers Discretely Presented Montgomery County School Department			<u>\$ 353,092</u>

Exhibit L-4

Montgomery County, Tennessee
Schedule of Salaries and Official Bonds of Principal Officials
Primary Government and Discretely Presented Montgomery County School Department
For the Year Ended June 30, 2006

Official	Authorization for Salary	Salary Paid During Period	Bond	Surety
County Mayor	Section 8-24-102, <u>TCA</u>	\$ 110,463	\$ 50,000	RLI Insurance Company
Highway Supervisor:				
William Black (7-1-05 through 11-27-05)	Section 8-24-102, <u>TCA</u>	36,470	100,000	Auto-Owners Mutual Insurance Company
Mike Frost (1-9-06 through 6-30-06)	Section 8-24-102, <u>TCA</u>	32,143	100,000	"
Director of Schools	State Board of Education and Local Board of Education	178,906 (1)		
Trustee	Section 8-24-102, <u>TCA</u>	70,713	3,699,700	Ohio Casualty Insurance Company
Assessor of Property	Section 8-24-102, <u>TCA</u>	70,713	10,000	Auto-Owners Mutual Insurance Company
Director of Accounts	County Commission	71,999		
Purchasing Agent	County Commission	49,453	25,000	Ohio Casualty Insurance Company
County Clerk	Section 8-24-102, <u>TCA</u>	70,713	50,000	RLI Insurance Company
Circuit Court Clerk	Section 8-24-102, <u>TCA</u>	70,713	50,000	"
Clerk and Master	Section 8-24-102, <u>TCA</u> , and Chancery Judge	77,740 (2)	50,000	"
Register	Section 8-24-102, <u>TCA</u>	70,713	50,000	"
Sheriff	Section 8-24-102, <u>TCA</u> , and County Commission	89,782 (3)	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 (\$141,906), additional salary designated for tax sheltered annuity (\$20,000), performance bonus (\$15,000), and CEO supplement (\$2,000). Other benefits not included are the use of an automobile, county paid health insurance, dues for professional societies, associations, or civic clubs.

(2) Includes special commissioner fees totaling \$7,027.

(3) Includes \$7,500 as workhouse superintendent and \$519 for a law enforcement training supplement.

Exhibit L-5

Montgomery County, Tennessee
 Schedule of Detailed Revenues -
 All Governmental Fund Types
 For the Year Ended June 30, 2006

	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	\$ 20,162,110	\$ 0	\$ 0	\$ 2,740,626	\$ 14,904,650
Trustee's Collections - Prior Year	630,831	0	0	86,690	502,227
Interest and Penalty	150,184	0	0	20,533	118,267
Payments in-Lieu-of Taxes - T.V.A.	763	0	0	0	0
Payments in-Lieu-of Taxes - Local Utilities	404,691	0	0	0	0
Payments in-Lieu-of Taxes - Other	6,752	0	0	0	0
<u>County Local Option Taxes</u>					
Local Option Sales Tax	0	0	0	0	2,676,472
Hotel/Motel Tax	1,077,372	0	0	0	0
Litigation Tax - General	574,608	0	0	0	0
Litigation Tax - Special Purpose	98,812	0	0	0	0
Litigation Tax - Jail, Workhouse, or Courthouse	0	0	0	0	191,842
Business Tax	769,887	0	0	66,370	66,370
Mineral Severance Tax	0	0	0	394,949	0
Adequate Facilities/Development Tax	0	0	0	0	1,130,240
<u>Statutory Local Taxes</u>					
Bank Excise Tax	69,228	0	0	10,181	50,903
Wholesale Beer Tax	331,689	0	0	0	0
Interstate Telecommunications Tax	5,407	0	0	0	0
Total Local Taxes	\$ 24,282,334	\$ 0	\$ 0	\$ 3,319,349	\$ 19,640,971
<u>Licenses and Permits</u>					
<u>Licenses</u>					
Cable TV Franchise	\$ 121,788	\$ 0	\$ 0	\$ 0	\$ 0
<u>Permits</u>					
Building Permits	434,618	0	0	0	0
Plumbing Permits	11,842	0	0	0	0
Other Permits	113,762	0	0	0	0
Total Licenses and Permits	\$ 682,010	\$ 0	\$ 0	\$ 0	\$ 0

(Continued)

Exhibit L-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	\$ 60,357	\$ 0	\$ 0	\$ 0	0
Officers Costs	23,249	0	0	0	0
Drug Court Fees	4,737	0	0	0	0
Data Entry Fee - Circuit Court	10,187	0	0	0	0
<u>General Sessions Court</u>					
Fines	500,988	0	0	0	0
Fines for Littering	2,802	0	0	0	0
Officers Costs	315,677	0	0	0	0
Game and Fish Fines	1,437	0	0	0	0
Drug Court Fees	18,741	0	0	0	0
DUI Treatment Fines	20,453	0	0	0	0
Data Entry Fee - General Sessions Court	31,929	0	0	0	0
Courtroom Security Fee	4,329	0	0	0	0
<u>Juvenile Court</u>					
Fines	2,829	0	0	0	0
Jail Fees	107,959	0	0	0	0
<u>Chancery Court</u>					
Officers Costs	10,472	0	0	0	0
Data Entry Fee - Chancery Court	2,850	0	0	0	0
<u>Other Courts - In-county</u>					
Fines	351	0	0	0	0
Drug Control Fines	0	16,985	0	0	0
Drug Court Fees	3,000	0	0	0	0
District Attorney General Fees	40,619	0	0	0	0
<u>Other Fines, Forfeitures, and Penalties</u>					
Other Fines, Forfeitures, and Penalties	758	0	0	0	0
Total Fines, Forfeitures, and Penalties	\$ 1,163,724	\$ 16,985	\$ 0	\$ 0	0
<u>Charges for Current Services</u>					
<u>General Service Charges</u>					
Patient Charges	\$ 3,732,905	\$ 0	\$ 0	\$ 0	0
Zoning Studies	1,000	0	0	0	0

(Continued)

Exhibit L-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>General Service Charges (Cont.)</u>					
Other General Service Charges	\$ 70,378	\$ 0	\$ 0	\$ 0	\$ 0
<u>Fees</u>					
Recreation Fees	3,288	0	0	0	0
Copy Fees	7,172	0	0	0	0
Telephone Commissions	90,818	0	0	0	0
Vending Machine Collections	839	0	0	266	0
Special Commissioner Fees/Special Master Fees	0	0	7,027	0	0
Data Processing Fee - Register	78,588	0	0	0	0
Probation Fees	350,796	0	0	0	0
Data Processing Fee - Sheriff	42,984	0	0	0	0
Sexual Offender Registration Fees - Sheriff	8,031	0	0	0	0
<u>Other Charges for Services</u>					
Other Charges for Services	1,235	0	0	0	0
Total Charges for Current Services	\$ 4,388,034	\$ 0	\$ 7,027	\$ 266	\$ 0
<u>Other Local Revenues</u>					
<u>Recurring Items</u>					
Investment Income	\$ 2,084,709	\$ 0	\$ 0	\$ 0	\$ 123,036
Lease/Rentals	562,688	0	0	0	0
Sale of Gasoline	0	0	0	23,362	0
Sale of Maps	3,878	0	0	0	0
Miscellaneous Refunds	38,560	0	0	15,286	0
<u>Nonrecurring Items</u>					
Accrued Interest on Debt Issues	0	0	0	0	72,905
Gain on Disposal of Property	1,003	0	0	0	0
Sale of Property	0	0	0	0	93,472
Contributions & Gifts	6,831	0	0	0	0
<u>Other Local Revenues</u>					
Other Local Revenues	304,860	0	0	40	0
Total Other Local Revenues	\$ 3,002,529	\$ 0	\$ 0	\$ 38,688	\$ 289,413

(Continued)

Exhibit L-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>Fees Received from County Officials</u>					
<u>Fees-In-Lieu of Salary</u>					
County Clerk	\$ 1,173,788	\$ 0	\$ 0	\$ 0	0
Circuit Court Clerk	515,413	0	0	0	0
General Sessions Court Clerk	1,247,203	0	0	0	0
Clerk and Master	348,555	0	0	0	0
Juvenile Court Clerk	295,962	0	0	0	0
Register	1,177,252	0	0	0	0
Sheriff	22,265	0	0	0	0
Trustee	2,132,317	0	0	0	0
Total Fees Received from County Officials	\$ 6,912,755	\$ 0	\$ 0	\$ 0	0
<u>State of Tennessee</u>					
<u>General Government Grants</u>					
Juvenile Services Program	\$ 735,565	\$ 0	\$ 0	\$ 0	0
State Reappraisal Grant	35,295	0	0	0	0
<u>Public Safety Grants</u>					
Law Enforcement Training Programs	33,197	0	0	0	0
<u>Health and Welfare Grants</u>					
Other Health and Welfare Grants	1,154	0	0	0	0
<u>Public Works Grants</u>					
Bridge Program	0	0	0	43,151	0
State Aid Program	0	0	0	241,308	0
Litter Program	70,365	0	0	0	0
<u>Other State Revenues</u>					
Flood Control	330	0	0	0	0
Beer Tax	17,212	0	0	0	0
Alcoholic Beverage Tax	128,501	0	0	0	0
State Revenue Sharing - T.V.A.	881,770	0	0	0	0
Prisoner Transportation	3,916	0	0	0	0
Contracted Prisoner Boarding	799,634	0	0	0	0
Gasoline and Motor Fuel Tax	0	0	0	2,670,252	0
Petroleum Special Tax	0	0	0	108,411	0
Registrar's Salary Supplement	16,380	0	0	0	0

(Continued)

Exhibit L-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 (Cont.)</u>					
<u>Other State Revenues (Cont.)</u>					
Other State Grants	\$ 2,014,007	\$ 0	\$ 0	\$ 0	\$ 0
Other State Revenues	130,861	0	0	0	0
Total State of Tennessee	<u>\$ 4,868,187</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 3,063,122</u>	<u>\$ 0</u>
<u>Federal Government</u>					
<u>Federal Through State</u>					
Disaster Relief	\$ 6,921	\$ 0	\$ 0	\$ 0	\$ 0
Homeland Security Grants	2,639,591	0	0	0	0
Law Enforcement Grants	413,366	0	0	0	0
Other Federal through State	64,531	0	0	0	0
<u>Direct Federal Revenue</u>					
Other Direct Federal Revenue	1,650	0	0	0	0
Total Federal Government	<u>\$ 3,126,059</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>
<u>Other Governments and Citizens Groups</u>					
<u>Other Governments</u>					
Prisoner Board	\$ 158,185	\$ 0	\$ 0	\$ 0	\$ 0
Contributions	23,760	0	0	0	373,937
<u>Citizens Groups</u>					
Donations	19,735	0	0	0	0
<u>Other</u>					
Other	0	0	0	0	11,900
Total Other Governments and Citizens Groups	<u>\$ 201,680</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 385,837</u>
Total	<u>\$ 48,627,312</u>	<u>\$ 16,985</u>	<u>\$ 7,027</u>	<u>\$ 6,421,425</u>	<u>\$ 20,316,221</u>

(Continued)

Exhibit L-5

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

	Capital Projects Funds					Total
	General Capital Projects	Community Development/ Industrial Park	Other Capital Projects #2	Other Capital Projects #3	Other Capital Projects #4	
<u>Local Taxes</u>						
<u>County Property Taxes</u>						
Current Property Tax	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 37,807,386
Trustee's Collections - Prior Year	0	0	0	0	0	1,219,748
Interest and Penalty	0	0	0	0	0	288,984
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	404,691
Payments in-Lieu-of Taxes - Other	0	0	0	0	0	6,752
<u>County Local Option Taxes</u>						
Local Option Sales Tax	0	0	0	0	0	2,676,472
Hotel/Motel Tax	0	0	0	0	0	1,077,372
Litigation Tax - General	0	0	0	0	0	574,608
Litigation Tax - Special Purpose	0	0	0	0	0	98,812
Litigation Tax - Jail, Workhouse, or Courthouse	0	0	0	0	0	191,842
Business Tax	0	0	0	0	0	902,627
Mineral Severance Tax	0	0	0	0	0	394,949
Adequate Facilities/Development Tax	0	0	0	0	0	1,130,240
<u>Statutory Local Taxes</u>						
Bank Excise Tax	0	0	0	0	0	130,312
Wholesale Beer Tax	0	0	0	0	0	331,689
Interstate Telecommunications Tax	0	0	0	0	0	5,407
Total Local Taxes	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 47,242,654
<u>Licenses and Permits</u>						
<u>Licenses</u>						
Cable TV Franchise	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 121,788
<u>Permits</u>						
Building Permits	0	0	0	0	0	434,618
Plumbing Permits	0	0	0	0	0	11,842
Other Permits	0	0	0	0	0	113,762
Total Licenses and Permits	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 682,010

(Continued)

Exhibit L-5

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

	Capital Projects Funds					Total
	General Capital Projects	Community Development/ Industrial Park	Other Capital Projects #2	Other Capital Projects #3	Other Capital Projects #4	
<u>Fines, Forfeitures, and Penalties</u>						
<u>Circuit Court</u>						
Fines	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	60,357
Officers Costs	0	0	0	0	0	23,249
Drug Court Fees	0	0	0	0	0	4,737
Data Entry Fee - Circuit Court	0	0	0	0	0	10,187
<u>General Sessions Court</u>						
Fines	0	0	0	0	0	500,988
Fines for Littering	0	0	0	0	0	2,802
Officers Costs	0	0	0	0	0	315,677
Game and Fish Fines	0	0	0	0	0	1,437
Drug Court Fees	0	0	0	0	0	18,741
DUI Treatment Fines	0	0	0	0	0	20,453
Data Entry Fee - General Sessions Court	0	0	0	0	0	31,929
Courtroom Security Fee	0	0	0	0	0	4,329
<u>Juvenile Court</u>						
Fines	0	0	0	0	0	2,829
Jail Fees	0	0	0	0	0	107,959
<u>Chancery Court</u>						
Officers Costs	0	0	0	0	0	10,472
Data Entry Fee - Chancery Court	0	0	0	0	0	2,850
<u>Other Courts - In-county</u>						
Fines	0	0	0	0	0	351
Drug Control Fines	0	0	0	0	0	16,985
Drug Court Fees	0	0	0	0	0	3,000
District Attorney General Fees	0	0	0	0	0	40,619
<u>Other Fines, Forfeitures, and Penalties</u>						
Other Fines, Forfeitures, and Penalties	0	0	0	0	0	758
Total Fines, Forfeitures, and Penalties	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	1,180,709
<u>Charges for Current Services</u>						
<u>General Service Charges</u>						
Patient Charges	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	3,732,905
Zoning Studies	0	0	0	0	0	1,000

(Continued)

Exhibit L-5

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

	Capital Projects Funds					Total
	General Capital Projects	Community Development/ Industrial Park	Other Capital Projects #2	Other Capital Projects #3	Other Capital Projects #4	
<u>Charges for Current Services (Cont.)</u>						
<u>General Service Charges (Cont.)</u>						
Other General Service Charges	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 70,378
<u>Fees</u>						
Recreation Fees	0	0	0	0	0	3,288
Copy Fees	0	0	0	0	0	7,172
Telephone Commissions	0	0	0	0	0	90,818
Vending Machine Collections	0	0	0	0	0	1,105
Special Commissioner Fees/Special Master Fees	0	0	0	0	0	7,027
Data Processing Fee - Register	0	0	0	0	0	78,588
Probation Fees	0	0	0	0	0	350,796
Data Processing Fee - Sheriff	0	0	0	0	0	42,984
Sexual Offender Registration Fees - Sheriff	0	0	0	0	0	8,031
<u>Other Charges for Services</u>						
Other Charges for Services	0	0	0	0	0	1,235
Total Charges for Current Services	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 4,395,327
<u>Other Local Revenues</u>						
<u>Recurring Items</u>						
Investment Income	\$ 0	\$ 0	\$ 128,696	\$ 287,774	\$ 777,695	\$ 3,401,910
Lease/Rentals	0	0	0	0	0	562,688
Sale of Gasoline	0	0	0	0	0	23,362
Sale of Maps	0	0	0	0	0	3,878
Miscellaneous Refunds	90,735	0	0	0	0	144,581
<u>Nonrecurring Items</u>						
Accrued Interest on Debt Issues	0	0	0	0	0	72,905
Gain on Disposal of Property	0	0	0	0	0	1,003
Sale of Property	0	0	0	0	0	93,472
Contributions & Gifts	0	0	0	0	0	6,831
<u>Other Local Revenues</u>						
Other Local Revenues	7,079	0	0	0	0	311,979
Total Other Local Revenues	\$ 97,814	\$ 0	\$ 128,696	\$ 287,774	\$ 777,695	\$ 4,622,609

(Continued)

Exhibit L-5

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

	Capital Projects Funds					Total
	General Capital Projects	Community Development/ Industrial Park	Other Capital Projects #2	Other Capital Projects #3	Other Capital Projects #4	
<u>Fees Received from County Officials</u>						
<u>Fees-In-Lieu of Salary</u>						
County Clerk	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 1,173,788
Circuit Court Clerk	0	0	0	0	0	515,413
General Sessions Court Clerk	0	0	0	0	0	1,247,203
Clerk and Master	0	0	0	0	0	348,555
Juvenile Court Clerk	0	0	0	0	0	295,962
Register	0	0	0	0	0	1,177,252
Sheriff	0	0	0	0	0	22,265
Trustee	0	0	0	0	0	2,132,317
Total Fees Received from County Officials	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 6,912,755
<u>State of Tennessee</u>						
<u>General Government Grants</u>						
Juvenile Services Program	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 735,565
State Reappraisal Grant	0	0	0	0	0	35,295
<u>Public Safety Grants</u>						
Law Enforcement Training Programs	0	0	0	0	0	33,197
<u>Health and Welfare Grants</u>						
Other Health and Welfare Grants	0	0	0	0	0	1,154
<u>Public Works Grants</u>						
Bridge Program	0	0	0	0	0	43,151
State Aid Program	0	0	0	0	0	241,308
Litter Program	0	0	0	0	0	70,365
<u>Other State Revenues</u>						
Flood Control	0	0	0	0	0	330
Beer Tax	0	0	0	0	0	17,212
Alcoholic Beverage Tax	0	0	0	0	0	128,501
State Revenue Sharing - T.V.A.	0	0	0	0	0	881,770
Prisoner Transportation	0	0	0	0	0	3,916
Contracted Prisoner Boarding	0	0	0	0	0	799,634
Gasoline and Motor Fuel Tax	0	0	0	0	0	2,670,252
Petroleum Special Tax	0	0	0	0	0	108,411
Registrar's Salary Supplement	0	0	0	0	0	16,380

(Continued)

Exhibit L-5

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

	Capital Projects Funds					Total
	General Capital Projects	Community Development/ Industrial Park	Other Capital Projects #2	Other Capital Projects #3	Other Capital Projects #4	
<u>State of Tennessee (Cont.)</u>						
<u>Other State Revenues (Cont.)</u>						
Other State Grants	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 2,014,007
Other State Revenues	0	0	0	0	0	130,861
Total State of Tennessee	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 7,931,309
<u>Federal Government</u>						
<u>Federal Through State</u>						
Disaster Relief	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 6,921
Homeland Security Grants	0	0	0	0	0	2,639,591
Law Enforcement Grants	0	0	0	0	0	413,366
Other Federal through State	0	252,236	0	0	0	316,767
<u>Direct Federal Revenue</u>						
Other Direct Federal Revenue	0	0	0	0	0	1,650
Total Federal Government	\$ 0	\$ 252,236	\$ 0	\$ 0	\$ 0	\$ 3,378,295
<u>Other Governments and Citizens Groups</u>						
<u>Other Governments</u>						
Prisoner Board	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 158,185
Contributions	0	0	0	0	0	397,697
<u>Citizens Groups</u>						
Donations	2,850	0	0	0	0	22,585
<u>Other</u>						
Other	0	0	0	0	0	11,900
Total Other Governments and Citizens Groups	\$ 2,850	\$ 0	\$ 0	\$ 0	\$ 0	\$ 590,367
Total	\$ 100,664	\$ 252,236	\$ 128,696	\$ 287,774	\$ 777,695	\$ 76,936,035

Exhibit L-6

Montgomery County, Tennessee
Schedule of Detailed Revenues -
All Governmental Fund Types
Discretely Presented Montgomery County School Department
For the Year Ended June 30, 2006

	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	\$ 20,564,558	\$ 0	\$ 0	\$ 0	\$ 0	\$ 20,564,558
Trustee's Collections - Prior Year	580,195	0	0	0	0	580,195
Interest and Penalty	158,708	0	0	0	0	158,708
Payments in-Lieu-of Taxes - Local Utilities	629,619	0	0	0	0	629,619
<u>County Local Option Taxes</u>						
Local Option Sales Tax	28,817,756	0	0	0	0	28,817,756
Wheel Tax	3,390,834	0	0	0	0	3,390,834
Business Tax	441,571	0	0	0	0	441,571
<u>Statutory Local Taxes</u>						
Bank Excise Tax	73,300	0	0	0	0	73,300
Interstate Telecommunications Tax	23,272	0	0	0	0	23,272
Total Local Taxes	\$ 54,679,813	\$ 0	\$ 0	\$ 0	\$ 0	\$ 54,679,813
<u>Charges for Current Services</u>						
<u>Education Charges</u>						
Tuition - Regular Day Students	\$ 13,122	\$ 0	\$ 0	\$ 0	\$ 0	\$ 13,122
Tuition - Summer School	0	0	0	99,240	0	99,240
Tuition - Out-of-State Systems	5,359	0	0	0	0	5,359
Tuition - Other	0	0	0	45,320	0	45,320
Lunch Payments - Children	0	0	2,678,547	0	0	2,678,547
Lunch Payments - Adults	0	0	210,332	0	0	210,332
Income from Breakfast	0	0	206,916	0	0	206,916
A la carte Sales	0	0	1,535,444	0	0	1,535,444
School Based Health Services - FFS	83	0	0	0	0	83
TBI Criminal Background Fees	22,124	0	0	0	0	22,124
<u>Other Charges for Services</u>						
Other Charges for Services	0	0	253,266	0	0	253,266
Total Charges for Current Services	\$ 40,688	\$ 0	\$ 4,884,505	\$ 144,560	\$ 0	\$ 5,069,753
<u>Other Local Revenues</u>						
<u>Recurring Items</u>						
Investment Income	\$ 0	\$ 0	\$ 105,634	\$ 0	\$ 4,224	\$ 109,858
Lease/Rentals	26,179	0	0	0	0	26,179
Sale of Materials and Supplies	31,390	0	177,948	0	0	209,338
Sale of Recycled Materials	572	0	0	0	0	572

(Continued)

Exhibit L-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>Recurring Items (Cont.)</u>						
Refund of Telecommunication & Internet Fees (E-Rate)	\$ 83,556	\$ 0	\$ 0	\$ 0	\$ 0	\$ 83,556
Miscellaneous Refunds	0	0	636	0	0	636
<u>Nonrecurring Items</u>						
Sale of Equipment	11,372	0	0	0	0	11,372
Damages Recovered from Individuals	551	0	0	0	0	551
Contributions & Gifts	514,180	0	0	0	0	514,180
Total Other Local Revenues	\$ 667,800	\$ 0	\$ 284,218	\$ 0	\$ 4,224	\$ 956,242
<u>State of Tennessee</u>						
<u>State Education Funds</u>						
Basic Education Program	\$ 84,643,848	\$ 0	\$ 0	\$ 0	\$ 0	\$ 84,643,848
Early Childhood Education	160,260	0	0	0	0	160,260
School Food Service	0	0	122,528	0	0	122,528
Other State Education Funds	14,705	278,947	0	0	0	293,652
Career Ladder Program	1,122,851	0	0	0	0	1,122,851
Career Ladder - Extended Contract	362,124	0	0	0	0	362,124
<u>Other State Revenues</u>						
Income Tax	180,039	0	0	0	0	180,039
Mixed Drink Tax	210,268	0	0	0	0	210,268
Total State of Tennessee	\$ 86,694,095	\$ 278,947	\$ 122,528	\$ 0	\$ 0	\$ 87,095,570
<u>Federal Government</u>						
<u>Federal Through State</u>						
USDA School Lunch Program	\$ 0	\$ 0	\$ 3,488,651	\$ 0	\$ 0	\$ 3,488,651
Breakfast	0	0	938,930	0	0	938,930
Adult Education State Grant Program	126	55,002	0	0	0	55,128
Vocational Education - Basic Grants to States	0	594,161	0	0	0	594,161
Title I Grants to Local Education Agencies	0	4,267,907	0	0	0	4,267,907
Innovative Education Program Strategies	0	68,736	0	0	0	68,736
Special Education - Grants to States	59,112	4,507,569	0	0	0	4,566,681
Special Education Preschool Grants	0	64,315	0	0	0	64,315
Eisenhower Professional Development State Grants	0	1,282,039	0	0	0	1,282,039
Other Federal through State	368,588	1,389,030	0	0	0	1,757,618
<u>Direct Federal Revenue</u>						
Public Law 874 - Maintenance and Operation	2,552,568	0	0	0	0	2,552,568

(Continued)

Exhibit L-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>Federal Government (Cont.)</u>						
<u>Direct Federal Revenue (Cont.)</u>						
ROTC Reimbursement	\$ 332,446	\$ 0	\$ 0	\$ 0	\$ 0	\$ 332,446
Other Direct Federal Revenue	1,964,435	0	0	0	0	1,964,435
Total Federal Government	\$ 5,277,275	\$ 12,228,759	\$ 4,427,581	\$ 0	\$ 0	\$ 21,933,615
<u>Other Governments and Citizens Groups</u>						
<u>Other Governments</u>						
Contributions	\$ 0	\$ 0	\$ 0	\$ 0	\$ 24,869,820	\$ 24,869,820
Contracted Services	26,738	0	0	0	0	26,738
Total Other Governments and Citizens Groups	\$ 26,738	\$ 0	\$ 0	\$ 0	\$ 24,869,820	\$ 24,896,558
Total	\$ 147,386,409	\$ 12,507,706	\$ 9,718,832	\$ 144,560	\$ 24,874,044	\$ 194,631,551

Exhibit L-7

Montgomery County, Tennessee
Schedule of Detailed Expenditures -
All Governmental Fund Types
For the Year Ended June 30, 2006

General FundGeneral GovernmentCounty Commission

Secretary(ies)	\$	24,601	
Board and Committee Members Fees		71,950	
Advertising		1,000	
Audit Services		30,323	
Consultants		29,750	
Contracts with Private Agencies		86,000	
Dues and Memberships		2,133	
Legal Services		500	
Legal Notices, Recording, and Court Costs		1,510	
Travel		1,335	
Tuition		1,615	
Other Contracted Services		524	
Food Supplies		22	
Office Supplies		68	
Total County Commission			\$ 251,331

Board of Equalization

Board and Committee Members Fees	\$	1,221	
Legal Notices, Recording, and Court Costs		322	
Total Board of Equalization			1,543

Other Boards and Committees

Board and Committee Members Fees	\$	2,500	
Total Other Boards and Committees			2,500

County Mayor/Executive

County Official/Administrative Officer	\$	110,463	
Supervisor/Director		39,012	
Secretary(ies)		51,181	
Temporary Personnel		10,439	
Part-time Personnel		14,196	
Overtime Pay		2,278	
Advertising		373	
Communication		2,306	
Contributions		250	
Dues and Memberships		6,981	
Legal Services		2,272	
Legal Notices, Recording, and Court Costs		129	
Licenses		8	
Maintenance & Repair Services - Vehicles		1,274	

(Continued)

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

General Fund (Cont.)

General Government (Cont.)

County Mayor/Executive (Cont.)

Medical and Dental Services	\$	80	
Postal Charges		1,107	
Rentals		2,062	
Travel		4,374	
Tuition		1,330	
Other Contracted Services		261	
Custodial Supplies		28	
Data Processing Supplies		839	
Duplicating Supplies		309	
Food Supplies		693	
Gasoline		1,635	
Library Books/Media		236	
Office Supplies		483	
Periodicals		160	
Vehicle Parts		314	
Other Supplies and Materials		142	
Premiums on Corporate Surety Bonds		168	
Total County Mayor/Executive			\$ 255,383

Personnel Office

Assistant(s)	\$	31,064	
Supervisor/Director		47,506	
Overtime Pay		420	
Communication		1,945	
Dues and Memberships		430	
Postal Charges		480	
Rentals		2,278	
Tuition		415	
Other Contracted Services		8,547	
Custodial Supplies		34	
Data Processing Supplies		1,475	
Duplicating Supplies		536	
Food Supplies		330	
Library Books/Media		498	
Office Supplies		1,292	
Periodicals		269	
Other Supplies and Materials		454	
Premiums on Corporate Surety Bonds		34	
Office Equipment		200	
Total Personnel Office			98,207

(Continued)

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

General Fund (Cont.)

General Government (Cont.)

County Attorney

Legal Services	\$ 24,000	
Total County Attorney		\$ 24,000

Election Commission

Supervisor/Director	\$ 63,641	
Clerical Personnel	79,268	
Temporary Personnel	11,424	
Part-time Personnel	6,030	
Election Commission	6,244	
Communication	709	
Data Processing Services	1,500	
Dues and Memberships	175	
Legal Notices, Recording, and Court Costs	1,500	
Maintenance & Repair Services - Equipment	1,815	
Maintenance & Repair Services - Office Equipment	2,930	
Medical and Dental Services	140	
Postal Charges	6,117	
Printing, Stationery, and Forms	6,140	
Rentals	3,786	
Travel	2,987	
Tuition	1,250	
Other Contracted Services	1,214	
Custodial Supplies	20	
Data Processing Supplies	2,292	
Duplicating Supplies	259	
Food Supplies	263	
Library Books/Media	407	
Office Supplies	2,074	
Periodicals	160	
Other Supplies and Materials	933	
Premiums on Corporate Surety Bonds	150	
Furniture and Fixtures	1,465	
Office Equipment	490	
Total Election Commission		205,383

Register of Deeds

County Official/Administrative Officer	\$ 70,713
Deputy(ies)	152,082
Overtime Pay	32
Communication	1,621

(Continued)

Exhibit L-7

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

General Fund (Cont.)General Government (Cont.)Register of Deeds (Cont.)

Data Processing Services	\$	44,507	
Dues and Memberships		624	
Maintenance & Repair Services - Office Equipment		2,114	
Medical and Dental Services		80	
Postal Charges		3,000	
Printing, Stationery, and Forms		60	
Rentals		2,944	
Travel		590	
Tuition		265	
Other Contracted Services		1,795	
Custodial Supplies		24	
Data Processing Supplies		3,001	
Duplicating Supplies		796	
Food Supplies		164	
Office Supplies		664	
Other Supplies and Materials		106	
Premiums on Corporate Surety Bonds		66	
Total Register of Deeds			\$ 285,248

Planning

Contributions	\$	214,562	
Total Planning			214,562

Building

Supervisor/Director	\$	60,107	
Architects		1,500	
Communication		837	
Maintenance & Repair Services - Vehicles		2,319	
Medical and Dental Services		10	
Travel		270	
Other Contracted Services		343	
Custodial Supplies		4	
Duplicating Supplies		58	
Gasoline		1,408	
Office Supplies		28	
Total Building			66,884

Codes Compliance

Assistant(s)	\$	161,865	
Supervisor/Director		58,206	

(Continued)

Exhibit L-7

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

General Fund (Cont.)General Government (Cont.)Codes Compliance (Cont.)

Secretary(ies)	\$	36,798	
Clerical Personnel		27,682	
Communication		4,644	
Dues and Memberships		1,005	
Legal Notices, Recording, and Court Costs		929	
Licenses		34	
Maintenance & Repair Services - Equipment		37	
Maintenance & Repair Services - Office Equipment		55	
Maintenance & Repair Services - Vehicles		2,198	
Medical and Dental Services		320	
Postal Charges		789	
Printing, Stationery, and Forms		722	
Rentals		1,839	
Travel		4	
Tuition		1,049	
Permits		2,500	
Other Contracted Services		1,544	
Custodial Supplies		24	
Data Processing Supplies		1,136	
Duplicating Supplies		555	
Food Supplies		88	
Gasoline		8,606	
Library Books/Media		600	
Office Supplies		812	
Tires and Tubes		677	
Uniforms		670	
Other Supplies and Materials		38	
Premiums on Corporate Surety Bonds		84	
Data Processing Equipment		634	
Office Equipment		122	
Total Codes Compliance			\$ 316,266

Geographical Information Systems

Contracts with Government Agencies	\$	47,458	
Total Geographical Information Systems			47,458

County Buildings

Supervisor/Director	\$	37,559	
Secretary(ies)		28,333	
Custodial Personnel		105,060	

(Continued)

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

General Fund (Cont.)

General Government (Cont.)

County Buildings (Cont.)

Maintenance Personnel	\$	294,233
Overtime Pay		7,313
Communication		14,652
Data Processing Services		720
Evaluation and Testing		377
Laundry Service		84
Legal Services		6,770
Licenses		300
Maintenance & Repair Services - Buildings		2,392
Maintenance & Repair Services - Equipment		54,367
Maintenance & Repair Services - Vehicles		4,372
Medical and Dental Services		1,709
Pest Control		7,900
Postal Charges		100
Printing, Stationery, and Forms		564
Rentals		1,818
Travel		10
Tuition		1,519
Disposal Fees		3,120
Other Contracted Services		2,609
Concrete		202
Custodial Supplies		23,001
Data Processing Supplies		548
Drugs and Medical Supplies		1,328
Duplicating Supplies		21
Electricity		179,861
Equipment Parts - Light		1,120
Equipment and Machinery Parts		7,380
Food Supplies		817
Gasoline		14,045
General Construction Materials		335
Ice		15
Instructional Supplies and Materials		266
Library Books/Media		357
Natural Gas		52,971
Office Supplies		274
Road Signs		135
Small Tools		1,906
Tires and Tubes		988
Uniforms		2,594

(Continued)

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

General Fund (Cont.)

General Government (Cont.)

County Buildings (Cont.)

Vehicle Parts	\$	298	
Water and Sewer		8,337	
Chemicals		777	
Other Supplies and Materials		27,379	
Boiler Insurance		1,019	
Building and Contents Insurance		2,500	
Data Processing Equipment		2,951	
Furniture and Fixtures		4,756	
Heating and Air Conditioning Equipment		7,562	
Maintenance Equipment		7,633	
Other Equipment		2,212	
Other Capital Outlay		958	
Total County Buildings			\$ 930,427

Other Facilities

Supervisor/Director	\$	53,213
Secretary(ies)		29,608
Clerical Personnel		24,561
Custodial Personnel		155,677
Maintenance Personnel		98,446
Overtime Pay		2,447
Communication		12,920
Dues and Memberships		320
Legal Services		1,755
Licenses		1,800
Maintenance & Repair Services - Buildings		1,000
Maintenance & Repair Services - Equipment		93,635
Maintenance & Repair Services - Vehicles		86
Medical and Dental Services		336
Pest Control		1,215
Postal Charges		110
Printing, Stationery, and Forms		110
Rentals		1,862
Tuition		799
Disposal Fees		1,652
Other Contracted Services		5,853
Custodial Supplies		14,852
Data Processing Supplies		784
Drugs and Medical Supplies		249
Duplicating Supplies		102

(Continued)

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

General Fund (Cont.)

General Government (Cont.)

Other Facilities (Cont.)

Electricity	\$	230,138	
Equipment and Machinery Parts		872	
Food Supplies		1,038	
Gasoline		1,009	
General Construction Materials		1,227	
Natural Gas		134,502	
Office Supplies		260	
Periodicals		253	
Small Tools		215	
Uniforms		828	
Water and Sewer		27,501	
Wood Products		171	
Other Supplies and Materials		24,818	
Communication Equipment		150	
Furniture and Fixtures		405	
Heating and Air Conditioning Equipment		2,000	
Office Equipment		2,126	
Total Other Facilities			\$ 930,905

Other General Administration

Contracts with Other Public Agencies	\$	338,270	
Contributions		32,711	
Legal Services		19,527	
Legal Notices, Recording, and Court Costs		2,349	
Other Contracted Services		1,500	
Total Other General Administration			394,357

Preservation of Records

Supervisor/Director	\$	35,353	
Clerical Personnel		17,869	
Part-time Personnel		10,911	
Board and Committee Members Fees		150	
Communication		371	
Dues and Memberships		210	
Freight Expenses		29	
Maintenance & Repair Services - Office Equipment		140	
Medical and Dental Services		90	
Postal Charges		376	
Rentals		361	
Travel		160	

(Continued)

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

General Fund (Cont.)

General Government (Cont.)

Preservation of Records (Cont.)

Tuition	\$	50	
Other Contracted Services		1,097	
Custodial Supplies		36	
Data Processing Supplies		1,272	
Duplicating Supplies		2,245	
Food Supplies		127	
Library Books/Media		2,599	
Office Supplies		3,262	
Periodicals		558	
Other Supplies and Materials		377	
Total Preservation of Records			\$ 77,643

Finance

Accounting and Budgeting

County Official/Administrative Officer	\$	71,999	
Accountants/Bookkeepers		139,820	
Temporary Personnel		12,307	
Overtime Pay		925	
Communication		1,174	
Data Processing Services		22,549	
Dues and Memberships		540	
Legal Notices, Recording, and Court Costs		1,652	
Maintenance & Repair Services - Office Equipment		495	
Postal Charges		5,030	
Printing, Stationery, and Forms		32	
Rentals		1,886	
Travel		4,169	
Tuition		5,304	
Other Contracted Services		24	
Custodial Supplies		13	
Data Processing Supplies		4,128	
Duplicating Supplies		1,583	
Food Supplies		160	
Library Books/Media		298	
Office Supplies		3,093	
Periodicals		970	
Premiums on Corporate Surety Bonds		172	
Data Processing Equipment		2,007	
Furniture and Fixtures		1,095	
Total Accounting and Budgeting			281,425

(Continued)

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

General Fund (Cont.)

Finance (Cont.)

Purchasing

County Official/Administrative Officer	\$	49,453	
Purchasing Personnel		32,472	
Clerical Personnel		29,355	
Other Salaries & Wages		21,356	
Advertising		99	
Communication		688	
Dues and Memberships		345	
Maintenance & Repair Services - Equipment		12,544	
Maintenance & Repair Services - Vehicles		77	
Postal Charges		2,156	
Printing, Stationery, and Forms		1,858	
Rentals		4,225	
Travel		433	
Tuition		150	
Custodial Supplies		118	
Data Processing Supplies		323	
Duplicating Supplies		390	
Equipment and Machinery Parts		446	
Food Supplies		162	
Gasoline		2,573	
Office Supplies		1,665	
Periodicals		97	
Tires and Tubes		381	
Vehicle Parts		1	
Other Supplies and Materials		1,714	
Premiums on Corporate Surety Bonds		66	
Office Equipment		490	
Total Purchasing			\$ 163,637

Property Assessor's Office

County Official/Administrative Officer	\$	70,713
Deputy(ies)		275,639
Overtime Pay		4,840
Audit Services		112,350
Communication		871
Data Processing Services		29,017
Dues and Memberships		2,147
Operating Lease Payments		293
Legal Services		5,242
Licenses		2,438

(Continued)

Exhibit L-7

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

General Fund (Cont.)Finance (Cont.)Property Assessor's Office (Cont.)

Maintenance & Repair Services - Vehicles	\$	1,783	
Medical and Dental Services		260	
Postal Charges		3,057	
Printing, Stationery, and Forms		585	
Rentals		476	
Travel		1,019	
Tuition		210	
Other Contracted Services		3,900	
Custodial Supplies		13	
Data Processing Supplies		3,104	
Duplicating Supplies		1,126	
Food Supplies		243	
Gasoline		5,737	
Library Books/Media		207	
Office Supplies		1,792	
Periodicals		391	
Tires and Tubes		309	
Vehicle Parts		17	
Other Supplies and Materials		341	
Premiums on Corporate Surety Bonds		84	
Data Processing Equipment		2,380	
Total Property Assessor's Office			\$ 530,584

Reappraisal Program

Clerical Personnel	\$	23,457	
Overtime Pay		52	
Other Salaries & Wages		40,174	
Social Security		3,949	
State Retirement		8,452	
Life Insurance		63	
Medical Insurance		3,576	
Employer Medicare		924	
Other Fringe Benefits		42	
Data Processing Services		9,937	
Maintenance & Repair Services - Vehicles		757	
Postal Charges		16,148	
Rentals		1,258	
Gasoline		1,143	
Workers' Compensation Insurance		3,000	
Total Reappraisal Program			112,932

(Continued)

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

General Fund (Cont.)

Finance (Cont.)

County Trustee's Office

County Official/Administrative Officer	\$	70,713	
Supervisor/Director		34,051	
Deputy(ies)		76,121	
Accountants/Bookkeepers		38,260	
Overtime Pay		1,478	
Board and Committee Members Fees		150	
Bank Charges		55	
Communication		2,593	
Data Processing Services		18,890	
Dues and Memberships		649	
Legal Notices, Recording, and Court Costs		1,088	
Medical and Dental Services		80	
Postal Charges		18,011	
Printing, Stationery, and Forms		449	
Rentals		6,224	
Travel		2,350	
Tuition		365	
Other Contracted Services		10,800	
Data Processing Supplies		2,327	
Duplicating Supplies		639	
Food Supplies		391	
Library Books/Media		454	
Office Supplies		1,616	
Periodicals		225	
Other Supplies and Materials		25	
Premiums on Corporate Surety Bonds		5,971	
Data Processing Equipment		6,850	
Total County Trustee's Office			\$ 300,825

County Clerk's Office

County Official/Administrative Officer	\$	70,713
Supervisor/Director		45,032
Deputy(ies)		104,085
Accountants/Bookkeepers		35,791
Clerical Personnel		535,012
Part-time Personnel		17,155
Overtime Pay		1,322
Communication		2,878
Data Processing Services		12,750
Dues and Memberships		674

(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 - Equipment	\$	17,559	
Maintenance & Repair Services - Office Equipment		478	
Medical and Dental Services		153	
Postal Charges		29,387	
Printing, Stationery, and Forms		8,169	
Rentals		5,802	
Travel		2,031	
Tuition		245	
Other Contracted Services		593	
Custodial Supplies		16	
Data Processing Supplies		3,746	
Duplicating Supplies		804	
Food Supplies		1,131	
Library Books/Media		377	
Office Supplies		5,310	
Other Supplies and Materials		122	
Medical Claims		896	
Premiums on Corporate Surety Bonds		83	
Data Processing Equipment		795	
Furniture and Fixtures		659	
Other Capital Outlay		3,595	
Total County Clerk's Office			\$ 907,363

Data Processing

Supervisor/Director	\$	70,713
Computer Programmer(s)		235,031
Data Processing Personnel		130,266
Secretary(ies)		23,436
Overtime Pay		4,519
Communication		42,646
Data Processing Services		128,387
Dues and Memberships		344
Licenses		18,993
Maintenance & Repair Services - Equipment		790
Maintenance & Repair Services - Office Equipment		89,410
Postal Charges		421
Rentals		1,139
Travel		7,509
Tuition		3,790
Other Contracted Services		19,128

(Continued)

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

General Fund (Cont.)

Finance (Cont.)

Data Processing (Cont.)

Custodial Supplies	\$	71	
Data Processing Supplies		18,283	
Duplicating Supplies		1,664	
Equipment Parts - Light		22	
Food Supplies		127	
Library Books/Media		327	
Office Supplies		708	
Other Supplies and Materials		4,182	
Data Processing Equipment		14,413	
Total Data Processing			\$ 816,319

Other Finance

Supervisor/Director	\$	46,891	
Communication		3,000	
Dues and Memberships		265	
Legal Services		562	
Legal Notices, Recording, and Court Costs		33,418	
Medical and Dental Services		80	
Postal Charges		8,688	
Travel		484	
Tuition		1,473	
Data Processing Supplies		399	
Duplicating Supplies		20	
Library Books/Media		286	
Office Supplies		63	
Total Other Finance			95,629

Administration of Justice

Circuit Court

County Official/Administrative Officer	\$	70,713	
Assistant(s)		74,802	
Supervisor/Director		87,491	
Deputy(ies)		588,864	
Accountants/Bookkeepers		68,998	
Overtime Pay		36,524	
Board and Committee Members Fees		100	
Jury and Witness Fees		44,159	
Communication		4,391	
Data Processing Services		31,797	
Dues and Memberships		634	

(Continued)

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

General Fund (Cont.)

Administration of Justice (Cont.)

Circuit Court (Cont.)

Legal Notices, Recording, and Court Costs	\$	1,477	
Medical and Dental Services		290	
Postal Charges		10,248	
Printing, Stationery, and Forms		14,694	
Rentals		11,097	
Travel		2,947	
Tuition		2,115	
Custodial Supplies		332	
Data Processing Supplies		8,663	
Food Supplies		1,709	
Library Books/Media		1,092	
Office Supplies		4,793	
Other Supplies and Materials		170	
Premiums on Corporate Surety Bonds		83	
Data Processing Equipment		14,524	
Furniture and Fixtures		6,299	
Office Equipment		1,198	
Other Equipment		3,005	
Total Circuit Court			\$ 1,093,209

General Sessions Court

Judge(s)	\$	345,571
Supervisor/Director		59,857
Probation Officer(s)		102,744
Youth Service Officer(s)		81,451
Secretary(ies)		46,647
Clerical Personnel		87,107
Part-time Personnel		12,748
Overtime Pay		17,840
Communication		7,991
Dues and Memberships		1,099
Evaluation and Testing		600
Maintenance & Repair Services - Office Equipment		1,117
Medical and Dental Services		194
Postal Charges		1,957
Printing, Stationery, and Forms		1,779
Rentals		701
Travel		6,137
Tuition		2,732
Other Contracted Services		346,286

(Continued)

Exhibit L-7

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

General Fund (Cont.)

Administration of Justice (Cont.)

General Sessions Court (Cont.)

Custodial Supplies	\$	107	
Data Processing Supplies		3,908	
Duplicating Supplies		287	
Food Supplies		127	
Library Books/Media		5,626	
Office Supplies		930	
Periodicals		571	
Uniforms		200	
Other Supplies and Materials		2,920	
Data Processing Equipment		472	
Furniture and Fixtures		1,721	
Total General Sessions Court			\$ 1,141,427

Chancery Court

County Official/Administrative Officer	\$	70,713	
Deputy(ies)		207,135	
Overtime Pay		666	
Communication		1,674	
Dues and Memberships		615	
Maintenance & Repair Services - Office Equipment		18	
Medical and Dental Services		220	
Postal Charges		3,260	
Printing, Stationery, and Forms		4,228	
Rentals		5,196	
Travel		571	
Tuition		445	
Custodial Supplies		207	
Data Processing Supplies		1,475	
Duplicating Supplies		623	
Food Supplies		1,436	
Library Books/Media		185	
Office Supplies		3,395	
Premiums on Corporate Surety Bonds		586	
Furniture and Fixtures		1,747	
Total Chancery Court			304,395

District Attorney General

Communication	\$	1,194	
Contracts with Government Agencies		7,387	
Dues and Memberships		615	

(Continued)

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

General Fund (Cont.)

Administration of Justice (Cont.)

District Attorney General (Cont.)

Janitorial Services	\$	1,777	
Postal Charges		1,727	
Rentals		13,241	
Travel		11,008	
Tuition		975	
Other Contracted Services		2,187	
Custodial Supplies		704	
Data Processing Supplies		173	
Duplicating Supplies		1,667	
Food Supplies		1,084	
Library Books/Media		1,498	
Office Supplies		1,305	
Periodicals		170	
Other Supplies and Materials		388	
Premiums on Corporate Surety Bonds		122	
Communication Equipment		2,118	
Furniture and Fixtures		17,466	
Maintenance Equipment		422	
Total District Attorney General			\$ 67,228

Judicial Commissioners

Part-time Personnel	\$	49,176	
Overtime Pay		2,775	
Other Salaries & Wages		86,518	
Communication		771	
Dues and Memberships		210	
Rentals		1,348	
Travel		594	
Tuition		255	
Custodial Supplies		27	
Data Processing Supplies		175	
Duplicating Supplies		159	
Food Supplies		116	
Library Books/Media		341	
Office Supplies		152	
Other Supplies and Materials		69	
Total Judicial Commissioners			142,686

Other Administration of Justice

Supervisor/Director	\$	53,062	
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(Continued)

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

General Fund (Cont.)

Administration of Justice (Cont.)

Other Administration of Justice (Cont.)

Communication	\$	980	
Contracts with Private Agencies		503,081	
Dues and Memberships		420	
Medical and Dental Services		30	
Postal Charges		194	
Printing, Stationery, and Forms		1,158	
Travel		901	
Tuition		560	
Data Processing Supplies		290	
Instructional Supplies and Materials		1,730	
Library Books/Media		46	
Office Supplies		34	
Other Supplies and Materials		183	
Premiums on Corporate Surety Bonds		84	
Other Capital Outlay		95	
Total Other Administration of Justice			\$ 562,848

Probation Services

Assistant(s)	\$	20,170
Supervisor/Director		51,355
Probation Officer(s)		214,572
Part-time Personnel		8,207
Overtime Pay		486
Other Salaries & Wages		66,255
Communication		1,304
Dues and Memberships		525
Evaluation and Testing		32,088
Licenses		600
Medical and Dental Services		188
Postal Charges		643
Printing, Stationery, and Forms		1,969
Rentals		1,865
Travel		5,787
Tuition		3,890
Other Contracted Services		40,380
Custodial Supplies		375
Data Processing Supplies		2,579
Duplicating Supplies		1,490
Food Supplies		79
Instructional Supplies and Materials		25,844

(Continued)

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

General Fund (Cont.)

Administration of Justice (Cont.)

Probation Services (Cont.)

Office Supplies	\$	2,740	
Other Supplies and Materials		1,824	
Premiums on Corporate Surety Bonds		100	
Data Processing Equipment		6,275	
Furniture and Fixtures		5,682	
Office Equipment		223	
Total Probation Services			\$ 497,495

Public Safety

Sheriff's Department

County Official/Administrative Officer	\$	81,763
Assistant(s)		73,846
Supervisor/Director		45,501
Deputy(ies)		1,895,640
Investigator(s)		284,999
Captain(s)		109,984
Lieutenant(s)		173,769
Sergeant(s)		352,719
Secretary(ies)		29,608
Clerical Personnel		194,578
Part-time Personnel		62,049
Overtime Pay		285,325
In-Service Training		33,716
Communication		34,767
Contracts with Government Agencies		1,200
Contracts with Private Agencies		400
Dues and Memberships		2,240
Evaluation and Testing		1,233
Legal Services		12,490
Licenses		567
Maintenance & Repair Services - Buildings		2,450
Maintenance & Repair Services - Equipment		38,403
Maintenance & Repair Services - Vehicles		45,454
Medical and Dental Services		552
Pest Control		230
Postal Charges		6,692
Printing, Stationery, and Forms		4,751
Rentals		15,536
Transportation - Other than Students		12,432
Travel		5,125

(Continued)

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

General Fund (Cont.)

Public Safety (Cont.)

Sheriff's Department (Cont.)

Tuition	\$	3,317	
Veterinary Services		548	
Other Contracted Services		1,960	
Animal Food and Supplies		853	
Custodial Supplies		853	
Data Processing Supplies		5,190	
Duplicating Supplies		1,741	
Electricity		1,968	
Equipment Parts - Light		385	
Equipment and Machinery Parts		25	
Explosives and Drilling Supplies		1,184	
Food Supplies		927	
Gasoline		154,438	
Law Enforcement Supplies		17,908	
Library Books/Media		1,687	
Natural Gas		2,276	
Office Supplies		3,428	
Periodicals		433	
Road Signs		115	
Tires and Tubes		12,559	
Uniforms		14,287	
Vehicle Parts		9	
Water and Sewer		433	
Other Supplies and Materials		4,107	
Indirect Cost		500	
Premiums on Corporate Surety Bonds		1,832	
Building Improvements		667	
Data Processing Equipment		10,885	
Furniture and Fixtures		4,985	
Law Enforcement Equipment		8,212	
Maintenance Equipment		6,445	
Traffic Control Equipment		16,968	
Other Capital Outlay		2,500	
Total Sheriff's Department			\$ 4,091,644

Special Patrols

Supervisor/Director	\$	84,911
Deputy(ies)		590,261
Investigator(s)		113,056
Sergeant(s)		40,523

(Continued)

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

General Fund (Cont.)

Public Safety (Cont.)

Special Patrols (Cont.)

Clerical Personnel	\$	7,833	
Overtime Pay		75,827	
Social Security		54,325	
State Retirement		118,059	
Life Insurance		674	
Medical Insurance		136,176	
Employer Medicare		12,728	
Other Fringe Benefits		462	
Communication		7,813	
Contracts with Other Public Agencies		56,998	
Data Processing Services		1,871	
Dues and Memberships		60	
Evaluation and Testing		227	
Maintenance & Repair Services - Equipment		1,701	
Maintenance & Repair Services - Vehicles		2,699	
Medical and Dental Services		95	
Postal Charges		126	
Printing, Stationery, and Forms		3,683	
Rentals		41	
Tow-in Services		65	
Travel		14,460	
Tuition		5,270	
Other Contracted Services		2,906	
Custodial Supplies		19	
Data Processing Supplies		5,152	
Duplicating Supplies		142	
Equipment Parts - Light		530	
Food Supplies		150	
Gasoline		21,967	
Law Enforcement Supplies		4,539	
Library Books/Media		582	
Office Supplies		552	
Tires and Tubes		1,855	
Uniforms		6,182	
Other Supplies and Materials		2,663	
Premiums on Corporate Surety Bonds		168	
Data Processing Equipment		44,337	
Furniture and Fixtures		10,590	
Law Enforcement Equipment		5,860	
Other Capital Outlay		7,115	
Total Special Patrols			\$ 1,445,253

(Continued)

Exhibit L-7

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

General Fund (Cont.)

Public Safety (Cont.)

Traffic Control

Electricity	\$ 2,888	
Total Traffic Control		\$ 2,888

Administration of the Sexual Offender Registry

Investigator(s)	\$ 1,245	
Communication	593	
Data Processing Supplies	40	
Equipment Parts - Light	140	
Law Enforcement Supplies	83	
Office Supplies	43	
Uniforms	58	
Other Supplies and Materials	16	
Data Processing Equipment	1,854	
Law Enforcement Equipment	1,125	
Total Administration of the Sexual Offender Registry		5,197

Jail

Supervisor/Director	\$ 60,458
Deputy(ies)	3,441,240
Lieutenant(s)	57,923
Sergeant(s)	342,310
Clerical Personnel	516,353
Maintenance Personnel	141,240
Temporary Personnel	10,913
Overtime Pay	296,088
Board and Committee Members Fees	1,800
Communication	9,990
Data Processing Services	29,508
Evaluation and Testing	7,670
Laundry Service	5,223
Operating Lease Payments	300
Legal Services	30,027
Licenses	2,167
Maintenance & Repair Services - Buildings	7,140
Maintenance & Repair Services - Equipment	68,351
Maintenance & Repair Services - Office Equipment	222
Maintenance & Repair Services - Vehicles	2,415
Medical and Dental Services	928,441
Pest Control	2,700
Postal Charges	221

(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	\$	1,020	
Rentals		5,678	
Travel		554	
Tuition		150	
Disposal Fees		11,376	
Other Contracted Services		491,769	
Custodial Supplies		48,085	
Data Processing Supplies		7,274	
Diesel Fuel		470	
Drugs and Medical Supplies		503	
Duplicating Supplies		2,142	
Electricity		244,933	
Equipment and Machinery Parts		3,663	
Food Preparation Supplies		1,195	
Gasoline		6,838	
Law Enforcement Supplies		7,881	
Library Books/Media		789	
Lubricants		58	
Natural Gas		123,959	
Office Supplies		2,386	
Periodicals		505	
Prisoners Clothing		10,063	
Tires and Tubes		220	
Uniforms		18,736	
Vehicle Parts		397	
Water and Sewer		89,618	
Other Supplies and Materials		73,261	
Boiler Insurance		764	
Building and Contents Insurance		139,080	
Indirect Cost		8,268	
Liability Insurance		133,911	
Communication Equipment		1,461	
Data Processing Equipment		728	
Food Service Equipment		1,403	
Furniture and Fixtures		1,261	
Maintenance Equipment		3,822	
Other Equipment		598	
Total Jail			\$ 7,407,519

(Continued)

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

General Fund (Cont.)

Public Safety (Cont.)

Workhouse

County Official/Administrative Officer	\$	7,500	
Deputy(ies)		603,002	
Sergeant(s)		66,171	
Overtime Pay		15,253	
Advertising		1,200	
Communication		1,936	
Evaluation and Testing		224	
Laundry Service		9,437	
Licenses		17	
Maintenance & Repair Services - Buildings		5,066	
Maintenance & Repair Services - Equipment		2,654	
Maintenance & Repair Services - Vehicles		4,666	
Medical and Dental Services		119,268	
Pest Control		390	
Rentals		1,055	
Disposal Fees		292	
Other Contracted Services		91,503	
Custodial Supplies		14,888	
Data Processing Supplies		275	
Diesel Fuel		3,402	
Duplicating Supplies		459	
Electricity		16,280	
Equipment and Machinery Parts		681	
Food Supplies		30	
Gasoline		2,100	
Law Enforcement Supplies		870	
Lubricants		78	
Natural Gas		8,034	
Office Supplies		190	
Prisoners Clothing		807	
Tires and Tubes		1,098	
Uniforms		1,783	
Vehicle Parts		16	
Water and Sewer		9,340	
Other Supplies and Materials		22,697	
Building and Contents Insurance		13,374	
Liability Insurance		10,145	
Furniture and Fixtures		1,028	
Maintenance Equipment		519	
Office Equipment		319	
Total Workhouse			\$ 1,038,047

(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	\$	47,031	
Probation Officer(s)		151,272	
Part-time Personnel		527	
Longevity Pay		6,422	
Social Security		12,191	
State Retirement		24,533	
Life Insurance		153	
Medical Insurance		19,676	
Employer Medicare		2,852	
Other Fringe Benefits		126	
Communication		6,832	
Maintenance & Repair Services - Vehicles		1,060	
Medical and Dental Services		165	
Postal Charges		144	
Printing, Stationery, and Forms		558	
Rentals		20,208	
Travel		2,894	
Tuition		755	
Other Contracted Services		10,805	
Custodial Supplies		209	
Data Processing Supplies		2,216	
Duplicating Supplies		119	
Electricity		989	
Food Supplies		118	
Gasoline		2,008	
Natural Gas		976	
Office Supplies		2,436	
Periodicals		97	
Vehicle Parts		161	
Water and Sewer		220	
Other Supplies and Materials		174	
Building and Contents Insurance		541	
Liability Insurance		1,200	
Vehicle and Equipment Insurance		1,500	
Workers' Compensation Insurance		4,370	
Data Processing Equipment		2,396	
Furniture and Fixtures		4,018	
Motor Vehicles		14,370	
		<hr/>	
Total Correctional Incentive Program Improvements	\$		346,322

(Continued)

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

General Fund (Cont.)

Public Safety (Cont.)

Juvenile Services

Supervisor/Director	\$	38,468	
Probation Officer(s)		30,845	
Medical Personnel		32,596	
Clerical Personnel		22,396	
Overtime Pay		976	
Social Security		7,504	
State Retirement		16,301	
Life Insurance		159	
Medical Insurance		20,365	
Employer Medicare		1,755	
Other Fringe Benefits		84	
Communication		1,468	
Contributions		30	
Data Processing Services		430	
Dues and Memberships		485	
Maintenance & Repair Services - Equipment		55	
Maintenance & Repair Services - Office Equipment		180	
Pest Control		105	
Postal Charges		687	
Printing, Stationery, and Forms		534	
Rentals		21,352	
Travel		2,729	
Tuition		100	
Other Contracted Services		428	
Custodial Supplies		219	
Data Processing Supplies		1,258	
Duplicating Supplies		360	
Electricity		2,000	
Food Supplies		488	
Instructional Supplies and Materials		409	
Natural Gas		780	
Office Supplies		2,153	
Water and Sewer		242	
Other Supplies and Materials		297	
Building and Contents Insurance		750	
Liability Insurance		1,377	
Workers' Compensation Insurance		385	
Data Processing Equipment		2,936	
Furniture and Fixtures		1,133	
Total Juvenile Services			\$ 214,819

(Continued)

Exhibit L-7

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

General Fund (Cont.)Public Safety (Cont.)Fire Prevention and Control

Board and Committee Members Fees	\$	1,750	
Communication		1,190	
Contributions		500	
Dues and Memberships		345	
Freight Expenses		304	
Maintenance & Repair Services - Equipment		4,129	
Maintenance & Repair Services - Vehicles		22,887	
Medical and Dental Services		10	
Postal Charges		27	
Rentals		226,178	
Tow-in Services		250	
Other Contracted Services		41	
Data Processing Supplies		150	
Diesel Fuel		10,532	
Duplicating Supplies		24	
Equipment and Machinery Parts		314	
Food Preparation Supplies		322	
Food Supplies		1,189	
Gasoline		8,015	
Instructional Supplies and Materials		42	
Lubricants		140	
Office Supplies		44	
Periodicals		200	
Tires and Tubes		1,754	
Uniforms		190	
Vehicle Parts		378	
Other Supplies and Materials		4,311	
Data Processing Equipment		995	
Other Equipment		4,994	
Total Fire Prevention and Control			\$ 291,205

Civil Defense

Assistant(s)	\$	32,693
Supervisor/Director		66,300
Secretary(ies)		30,851
Other Salaries & Wages		31,133
Communication		2,628
Dues and Memberships		140
Licenses		42
Maintenance & Repair Services - Vehicles		311

(Continued)

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

General Fund (Cont.)

Public Safety (Cont.)

Civil Defense (Cont.)

Rentals	\$	70,299	
Tuition		595	
Other Contracted Services		1,263	
Custodial Supplies		32	
Data Processing Supplies		302	
Duplicating Supplies		143	
Food Supplies		161	
Gasoline		817	
Library Books/Media		274	
Office Supplies		144	
Other Supplies and Materials		164	
Total Civil Defense			\$ 238,292

Other Emergency Management

Overtime Pay	\$	5,784	
Medical Insurance		1,174	
Licenses		414	
Printing, Stationery, and Forms		2,075	
Rentals		3,939	
Travel		1,291	
Tuition		695	
Other Contracted Services		434,068	
Data Processing Supplies		1,200	
Food Supplies		44	
Gasoline		10	
Instructional Supplies and Materials		673	
Communication Equipment		1,475,454	
Data Processing Equipment		17,380	
Motor Vehicles		195	
Other Equipment		177,189	
Other Capital Outlay		9,600	
Total Other Emergency Management			2,131,185

County Coroner/Medical Examiner

Medical and Dental Services	\$	128,640	
Other Contracted Services		85	
Liability Insurance		280	
Total County Coroner/Medical Examiner			129,005

(Continued)

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

General Fund (Cont.)

Public Health and Welfare

Local Health Center

Medical Personnel	\$	43,502
Custodial Personnel		41,545
Social Security		5,037
State Retirement		9,843
Life Insurance		92
Medical Insurance		16,789
Employer Medicare		1,178
Other Fringe Benefits		42
Advertising		318
Communication		17,756
Dues and Memberships		400
Laundry Service		901
Licenses		100
Maintenance Agreements		510
Maintenance & Repair Services - Buildings		2,842
Maintenance & Repair Services - Equipment		3,675
Maintenance & Repair Services - Office Equipment		87
Maintenance & Repair Services - Vehicles		25
Medical and Dental Services		92
Pest Control		225
Postal Charges		1,000
Printing, Stationery, and Forms		299
Rentals		823
Travel		92
Tuition		165
Disposal Fees		2,653
Other Contracted Services		1,479
Custodial Supplies		3,377
Data Processing Supplies		14,279
Drugs and Medical Supplies		6,411
Duplicating Supplies		232
Electricity		38,232
Food Supplies		386
Instructional Supplies and Materials		132
Natural Gas		18,244
Office Supplies		2,110
Periodicals		380
Uniforms		231
Water and Sewer		2,272
Other Supplies and Materials		1,699

(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.)

Boiler Insurance	\$	255	
Liability Insurance		96	
Premiums on Corporate Surety Bonds		34	
Communication Equipment		3,253	
Furniture and Fixtures		8,984	
Maintenance Equipment		322	
Total Local Health Center			\$ 252,399

Rabies and Animal Control

Supervisor/Director	\$	35,765
Clerical Personnel		24,029
Overtime Pay		7,795
Other Salaries & Wages		109,689
Board and Committee Members Fees		1,650
Communication		2,466
Dues and Memberships		425
Maintenance & Repair Services - Buildings		44
Maintenance & Repair Services - Equipment		1,164
Maintenance & Repair Services - Vehicles		6,202
Medical and Dental Services		240
Postal Charges		106
Printing, Stationery, and Forms		1,192
Rentals		1,388
Travel		603
Tuition		775
Veterinary Services		1,219
Other Contracted Services		325
Animal Food and Supplies		1,293
Custodial Supplies		7,682
Data Processing Supplies		50
Drugs and Medical Supplies		11,657
Duplicating Supplies		130
Electricity		2,940
Food Supplies		178
Gasoline		11,317
General Construction Materials		5
Library Books/Media		208
Natural Gas		3,344
Office Supplies		549
Periodicals		97

(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.)

Small Tools	\$	15	
Tires and Tubes		1,003	
Uniforms		1,338	
Vehicle Parts		40	
Water and Sewer		2,074	
Other Supplies and Materials		4,140	
Indirect Cost		375	
Liability Claims		1,950	
Total Rabies and Animal Control			\$ 245,462

Ambulance/Emergency Medical Services

Assistant(s)	\$	57,887
Supervisor/Director		66,824
Captain(s)		195,896
Lieutenant(s)		85,317
Accountants/Bookkeepers		130,146
Medical Personnel		1,734,840
Secretary(ies)		34,018
Part-time Personnel		158,519
Overtime Pay		1,063,180
Board and Committee Members Fees		2,700
Communication		19,965
Consultants		2,937
Data Processing Services		6,495
Debt Collection Services		25,913
Freight Expenses		153
Janitorial Services		12,520
Laundry Service		8,244
Legal Services		1,215
Licenses		2,720
Maintenance & Repair Services - Buildings		3,831
Maintenance & Repair Services - Equipment		39,368
Maintenance & Repair Services - Office Equipment		249
Maintenance & Repair Services - Vehicles		89,567
Medical and Dental Services		4,049
Pest Control		2,146
Postal Charges		5,562
Printing, Stationery, and Forms		2,374
Rentals		3,875
Tow-in Services		370

(Continued)

Exhibit L-7

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

General Fund (Cont.)
Public Health and Welfare (Cont.)

Ambulance/Emergency Medical Services (Cont.)

Travel	\$	293	
Tuition		16,116	
Disposal Fees		1,459	
Other Contracted Services		11,065	
Custodial Supplies		4,978	
Data Processing Supplies		3,077	
Diesel Fuel		131,607	
Drugs and Medical Supplies		184,257	
Duplicating Supplies		1,028	
Electricity		32,126	
Equipment and Machinery Parts		295	
Fertilizer, Lime, and Seed		541	
Food Preparation Supplies		201	
Food Supplies		3,923	
Gasoline		11,468	
Instructional Supplies and Materials		5,336	
Library Books/Media		576	
Natural Gas		22,997	
Office Supplies		1,919	
Periodicals		320	
Propane Gas		6,641	
Small Tools		56	
Tires and Tubes		16,203	
Uniforms		25,834	
Vehicle Parts		5,753	
Water and Sewer		6,100	
Other Supplies and Materials		17,544	
Indirect Cost		16,946	
Premiums on Corporate Surety Bonds		150	
Attendance Equipment		22,745	
Building Improvements		7,441	
Communication Equipment		11,902	
Food Service Equipment		931	
Furniture and Fixtures		9,184	
Office Equipment		1,518	
Other Equipment		20,058	
Total Ambulance/Emergency Medical Services			\$ 4,363,468

Other Local Health Services

Social Workers	\$	122,708	
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(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.)

Medical Personnel	\$ 523,890	
Clerical Personnel	334,842	
Educational Assistants	20,957	
Part-time Personnel	26,767	
Overtime Pay	1,425	
Social Security	61,014	
State Retirement	115,087	
Life Insurance	898	
Medical Insurance	143,731	
Employer Medicare	14,444	
Other Fringe Benefits	588	
Licenses	400	
Maintenance & Repair Services - Equipment	2,158	
Medical and Dental Services	415	
Pest Control	275	
Postal Charges	9,204	
Printing, Stationery, and Forms	1,115	
Rentals	3,087	
Travel	9,311	
Tuition	345	
Disposal Fees	66	
Other Contracted Services	4,646	
Data Processing Supplies	475	
Drugs and Medical Supplies	25,177	
Duplicating Supplies	42	
Food Supplies	146	
Instructional Supplies and Materials	2,177	
Office Supplies	584	
Uniforms	38	
Other Supplies and Materials	23,002	
Liability Insurance	38,941	
Premiums on Corporate Surety Bonds	50	
Total Other Local Health Services		\$ 1,488,005

Appropriation to State

Contributions	\$ 136,039	
Total Appropriation to State		136,039

Other Local Welfare Services

Contributions	\$ 42,500	
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(Continued)

Exhibit L-7

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

General Fund (Cont.)Public Health and Welfare (Cont.)Other Local Welfare Services (Cont.)

Pauper Burials	\$	3,500	
Other Contracted Services		<u>80</u>	
Total Other Local Welfare Services			\$ 46,080

Other Public Health and Welfare

Contributions	\$	<u>11,875</u>	
Total Other Public Health and Welfare			11,875

Social, Cultural, and Recreational ServicesSenior Citizens Assistance

Contributions	\$	<u>11,750</u>	
Total Senior Citizens Assistance			11,750

Libraries

Contributions	\$	<u>1,440,000</u>	
Total Libraries			1,440,000

Parks and Fair Boards

Temporary Personnel	\$	2,253	
Part-time Personnel		594	
Communication		979	
Dues and Memberships		50	
Legal Services		285	
Maintenance & Repair Services - Equipment		2,000	
Maintenance & Repair Services - Vehicles		13	
Pest Control		125	
Postal Charges		6	
Rentals		150	
Disposal Fees		219	
Other Contracted Services		876	
Custodial Supplies		44	
Data Processing Supplies		161	
Electricity		22,610	
Food Supplies		38	
Gasoline		572	
Office Supplies		59	
Periodicals		160	
Road Signs		140	
Small Tools		113	
Tires and Tubes		388	

(Continued)

Exhibit L-7

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

General Fund (Cont.)Social, Cultural, and Recreational Services (Cont.)Parks and Fair Boards (Cont.)

Water and Sewer	\$	1,573	
Other Supplies and Materials		7,132	
Indirect Cost		2,470	
Transfers to Other Funds		(1)	
Other Capital Outlay		495	
Total Parks and Fair Boards			\$ 43,504

Other Social, Cultural, and Recreational

Communication	\$	136	
Postal Charges		76	
Printing, Stationery, and Forms		17	
Custodial Supplies		21	
Duplicating Supplies		9	
Food Supplies		4	
Gasoline		5,038	
Office Supplies		98	
Vehicle and Equipment Insurance		1,500	
Total Other Social, Cultural, and Recreational			6,899

Agriculture & Natural ResourcesAgriculture Extension Service

Assistant(s)	\$	51,151	
Salary Supplements		113,923	
Part-time Personnel		9,783	
Board and Committee Members Fees		900	
Social Security		9,000	
State Retirement		17,671	
Life Insurance		70	
Medical Insurance		12,026	
Unemployment Compensation		238	
Employer Medicare		1,523	
Other Fringe Benefits		63	
Communication		2,110	
Maintenance & Repair Services - Office Equipment		65	
Medical and Dental Services		20	
Rentals		40,960	
Other Contracted Services		11,104	
Data Processing Supplies		72	
Duplicating Supplies		178	
Workers' Compensation Insurance		189	
Total Agriculture Extension Service			271,046

(Continued)

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

General Fund (Cont.)

Agriculture & Natural Resources (Cont.)

Forest Service

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

Soil Conservation

Secretary(ies)	\$ 32,460	
Overtime Pay	80	
Contributions	100	
Dues and Memberships	25	
Postal Charges	39	
Printing, Stationery, and Forms	27	
Travel	813	
Tuition	179	
Other Contracted Services	26	
Data Processing Supplies	217	
Office Supplies	13	
Other Supplies and Materials	92	
Data Processing Equipment	456	
Total Soil Conservation		34,527

Other Operations

Tourism

Contracts with Government Agencies	\$ 213,319	
Contracts with Other Public Agencies	639,958	
Total Tourism		853,277

Airport

Contributions	\$ 516,187	
Total Airport		516,187

Veterans' Services

Assistant(s)	\$ 82,372
Supervisor/Director	44,142
Secretary(ies)	19,172
Part-time Personnel	14,278
Board and Committee Members Fees	1,050
Social Security	9,666
State Retirement	18,747
Life Insurance	174
Medical Insurance	25,992
Employer Medicare	2,261

(Continued)

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

General Fund (Cont.)

Other Operations (Cont.)

Veterans' Services (Cont.)

Other Fringe Benefits	\$	126	
Communication		1,053	
Dues and Memberships		120	
Medical and Dental Services		10	
Postal Charges		1,619	
Printing, Stationery, and Forms		227	
Rentals		2,248	
Travel		1,822	
Other Contracted Services		1,496	
Custodial Supplies		14	
Data Processing Supplies		1,149	
Duplicating Supplies		439	
Electricity		3,827	
Food Supplies		446	
Library Books/Media		302	
Natural Gas		231	
Office Supplies		736	
Water and Sewer		403	
Other Supplies and Materials		2,543	
Workers' Compensation Insurance		632	
Data Processing Equipment		1,500	
Total Veterans' Services			\$ 238,797

Other Charges

Boiler Insurance	\$	9,809	
Building and Contents Insurance		307,508	
Liability Insurance		25,737	
Premiums on Corporate Surety Bonds		1,800	
Trustee's Commission		633,916	
Workers' Compensation Insurance		450,000	
Total Other Charges			1,428,770

Contributions to Other Agencies

Contributions	\$	31,800	
Dues and Memberships		27,630	
Total Contributions to Other Agencies			59,430

Employee Benefits

Social Security	\$	1,193,101	
State Retirement		2,418,035	

(Continued)

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

General Fund (Cont.)

Other Operations (Cont.)

Employee Benefits (Cont.)

Life Insurance	\$	16,993	
Medical Insurance		2,756,953	
Employer Medicare		280,216	
Other Fringe Benefits		19,131	
Medical and Dental Services		310	
Other Contracted Services		589	
Total Employee Benefits			\$ 6,685,328

Miscellaneous

Contributions	\$	125	
Dues and Memberships		500	
Legal Services		3,946	
Legal Notices, Recording, and Court Costs		88	
Travel		2,262	
Other Contracted Services		6,001	
Duplicating Supplies		4	
Food Supplies		1,738	
Library Books/Media		14	
Office Supplies		25	
Other Supplies and Materials		1,043	
Office Equipment		690	
Total Miscellaneous			16,436

Highways

Litter and Trash Collection

Deputy(ies)	\$	74,486	
Social Security		4,518	
State Retirement		9,916	
Life Insurance		62	
Unemployment Compensation		42	
Employer Medicare		1,080	
Other Fringe Benefits		42	
Maintenance & Repair Services - Equipment		25	
Other Supplies and Materials		15,400	
Total Litter and Trash Collection			105,571

Total General Fund \$ 46,718,325

(Continued)

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

Drug Control Fund

Public Safety

Sheriff's Department

Communication	\$	10	
Dues and Memberships		280	
Veterinary Services		926	
Other Contracted Services		120	
Animal Food and Supplies		320	
Law Enforcement Supplies		357	
Trustee's Commission		169	
Total Sheriff's Department			\$ 2,182

Total Drug Control Fund \$ 2,182

Constitutional Officers - Fees Fund

Administration of Justice

Chancery Court

Constitutional Officers' Operating Expenses	\$	7,027	
Total Chancery Court			\$ 7,027

Total Constitutional Officers - Fees Fund 7,027

Highway/Public Works Fund

Highways

Administration

County Official/Administrative Officer	\$	68,613	
Assistant(s)		55,298	
Accountants/Bookkeepers		33,375	
Secretary(ies)		28,246	
Clerical Personnel		28,246	
Overtime Pay		1,385	
Board and Committee Members Fees		4,500	
Dues and Memberships		3,691	
Legal Services		3,600	
Maintenance & Repair Services - Equipment		201	
Maintenance & Repair Services - Office Equipment		55	
Pest Control		80	
Postal Charges		475	
Printing, Stationery, and Forms		899	
Rentals		2,175	
Tuition		45	
Other Contracted Services		3,914	
Custodial Supplies		528	

(Continued)

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

Highway/Public Works Fund (Cont.)

Highways (Cont.)

Administration (Cont.)

Data Processing Supplies	\$	1,117	
Drugs and Medical Supplies		3,164	
Duplicating Supplies		504	
Food Supplies		742	
Library Books/Media		208	
Office Supplies		2,434	
Other Supplies and Materials		1,655	
Total Administration			\$ 245,150

Highway and Bridge Maintenance

Foremen	\$	339,478	
Mechanic(s)		98,473	
Equipment Operators - Heavy		423,589	
Equipment Operators - Light		145,638	
Truck Drivers		422,595	
Laborers		114,223	
Temporary Personnel		65,343	
Overtime Pay		19,893	
Evaluation and Testing		877	
Medical and Dental Services		535	
Tuition		525	
Other Contracted Services		1,153	
Asphalt - Hot Mix		894,123	
Asphalt - Liquid		23,215	
Concrete		1,150	
Crushed Stone		52,008	
Fertilizer, Lime, and Seed		3,188	
Pipe - Metal		16,520	
Salt		53,302	
Sand		213	
Small Tools		1,363	
Wood Products		364	
Other Supplies and Materials		1,964	
Total Highway and Bridge Maintenance			2,679,732

Operation and Maintenance of Equipment

Foremen	\$	41,396	
Mechanic(s)		178,564	
Truck Drivers		25,729	
Clerical Personnel		28,333	

(Continued)

Exhibit L-7

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.)

Overtime Pay	\$	2,756	
Evaluation and Testing		40	
Maintenance & Repair Services - Buildings		102	
Maintenance & Repair Services - Equipment		11,761	
Maintenance & Repair Services - Vehicles		35,903	
Rentals		6,498	
Other Contracted Services		1,071	
Custodial Supplies		793	
Data Processing Supplies		37	
Diesel Fuel		130,810	
Equipment and Machinery Parts		216,139	
Food Supplies		374	
Garage Supplies		3,164	
Gasoline		88,353	
Ice		2,073	
Lubricants		19,429	
Office Supplies		358	
Small Tools		17,362	
Tires and Tubes		39,086	
Other Supplies and Materials		36,383	
Total Operation and Maintenance of Equipment			\$ 886,514

Traffic Control

Foremen	\$	36,822	
Equipment Operators - Heavy		61,825	
Laborers		47,062	
Overtime Pay		1,350	
Dues and Memberships		45	
Evaluation and Testing		80	
Operating Lease Payments		340	
Printing, Stationery, and Forms		89	
Other Contracted Services		1,427	
Electricity		469	
Instructional Supplies and Materials		89	
Road Signs		39,290	
Small Tools		2,988	
Uniforms		461	
Other Supplies and Materials		69,644	
Total Traffic Control			261,981

(Continued)

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

Highway/Public Works Fund (Cont.)

Highways (Cont.)

Other Charges

Communication	\$	4,210	
Licenses		851	
Electricity		18,837	
Natural Gas		17,336	
Water and Sewer		1,535	
Building and Contents Insurance		201,679	
Indirect Cost		4,918	
Trustee's Commission		89,896	
Workers' Compensation Insurance		169,893	
Total Other Charges			\$ 509,155

Employee Benefits

Social Security	\$	137,051	
State Retirement		297,888	
Life Insurance		2,183	
Medical Insurance		377,032	
Employer Medicare		32,052	
Other Fringe Benefits		1,512	
Medical and Dental Services		10	
Other Contracted Services		901	
Total Employee Benefits			848,629

Capital Outlay

Engineering Services	\$	9,500	
Other Contracted Services		2,000	
Bridge Construction		92,818	
Building Improvements		196	
Communication Equipment		616	
Data Processing Equipment		2,235	
Furniture and Fixtures		3,882	
Heating and Air Conditioning Equipment		7,645	
Highway Equipment		151,192	
Motor Vehicles		80,389	
Office Equipment		1,539	
State Aid Projects		280,179	
Other Equipment		11,658	
Total Capital Outlay			643,849

(Continued)

Exhibit L-7

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

Highway/Public Works Fund (Cont.)Principal on DebtHighways and Streets

Principal on Capital Leases	\$ 200,372	
Total Highways and Streets		\$ 200,372

Interest on DebtHighways and Streets

Interest on Capital Leases	\$ 6,826	
Total Highways and Streets		<u>6,826</u>

Total Highway/Public Works Fund		\$ 6,282,208
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General Debt Service FundPrincipal on DebtGeneral Government

Principal on Bonds	\$ 1,930,723	
Principal on Notes	<u>1,651,839</u>	
Total General Government		\$ 3,582,562

Education

Principal on Bonds	\$ 6,679,277	
Principal on Notes	578,930	
Principal on Other Loans	<u>176,481</u>	
Total Education		7,434,688

Interest on DebtGeneral Government

Interest on Bonds	\$ 3,361,594	
Interest on Notes	251,094	
Interest on Other Loans	<u>149,497</u>	
Total General Government		3,762,185

Education

Interest on Bonds	\$ 5,925,998	
Interest on Notes	169,021	
Interest on Other Loans	<u>612,847</u>	
Total Education		6,707,866

Other Debt ServiceGeneral Government

Postal Charges	\$ 15	
Trustee's Commission	<u>122,421</u>	

(Continued)

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

General Debt Service Fund (Cont.)

Other Debt Service (Cont.)

General Government (Cont.)

Other Debt Issuance Charges	\$ 14,121	
Other Debt Service	<u>671</u>	
Total General Government		\$ 137,228

Education

Trustee's Commission	\$ 229,183	
Other Debt Issuance Charges	57,888	
Other Debt Service	<u>2,695</u>	
Total Education		<u>289,766</u>

Total General Debt Service Fund \$ 21,914,295

General Capital Projects Fund

General Government

Election Commission

Duplicating Supplies	\$ 2,523	
Voting Machines	<u>374,203</u>	
Total Election Commission		\$ 376,726

Codes Compliance

Motor Vehicles	\$ <u>23,400</u>	
Total Codes Compliance		23,400

County Buildings

Building Improvements	\$ <u>28,741</u>	
Total County Buildings		28,741

Finance

Accounting and Budgeting

Travel	\$ <u>1,436</u>	
Total Accounting and Budgeting		1,436

Property Assessor's Office

Data Processing Equipment	\$ 258,202	
Motor Vehicles	<u>15,907</u>	
Total Property Assessor's Office		274,109

Data Processing

Licenses	\$ 1,487	
Other Contracted Services	8,338	

(Continued)

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

General Capital Projects Fund (Cont.)

Finance (Cont.)

Data Processing (Cont.)

Data Processing Supplies	\$	608	
Duplicating Supplies		2,247	
Other Supplies and Materials		50	
Data Processing Equipment		99,322	
Other Capital Outlay		948	
Total Data Processing			\$ 113,000

Public Safety

Sheriff's Department

Law Enforcement Equipment	\$	49,402	
Motor Vehicles		163,290	
Total Sheriff's Department			212,692

Jail

Other Contracted Services	\$	3,250	
Building Improvements		84,600	
Motor Vehicles		15,657	
Total Jail			103,507

Fire Prevention and Control

Other Equipment	\$	1,766	
Other Capital Outlay		7,672	
Total Fire Prevention and Control			9,438

Public Health and Welfare

Rabies and Animal Control

Motor Vehicles	\$	24,736	
Total Rabies and Animal Control			24,736

Ambulance/Emergency Medical Services

Attendance Equipment	\$	47,488	
Heating and Air Conditioning Equipment		9,420	
Motor Vehicles		336,589	
Total Ambulance/Emergency Medical Services			393,497

Social, Cultural, and Recreational Services

Parks and Fair Boards

Building Improvements	\$	43,945	
Total Parks and Fair Boards			43,945

(Continued)

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

General Capital Projects Fund (Cont.)

Other Operations

Airport

Matching Share	\$ 14,476	
Total Airport		\$ 14,476

Capital Projects

General Administration Projects

Communication	\$ 990	
Maintenance & Repair Services - Buildings	875	
Maintenance & Repair Services - Equipment	8,790	
Rentals	1,297	
Other Contracted Services	27,749	
Electricity	1,110	
Natural Gas	11	
Other Supplies and Materials	3,309	
Building Improvements	135,933	
Communication Equipment	17,978	
Data Processing Equipment	2,175	
Furniture and Fixtures	3,565	
Highway Construction	2,638,538	
Land	951,709	
Other Equipment	48,640	
Other Capital Outlay	42,096	
Total General Administration Projects		3,884,765

Public Safety Projects

Architects	\$ 49,780	
Legal Services	1,688	
Other Contracted Services	7,912	
Building Construction	220,276	
Site Development	20,100	
Other Equipment	5,189	
Other Capital Outlay	2,275	
Total Public Safety Projects		307,220

Public Health and Welfare Projects

Architects	\$ 83,820	
Electricity	1,467	
Natural Gas	151	
Water and Sewer	828	
Other Supplies and Materials	33	
Total Public Health and Welfare Projects		86,299

(Continued)

Exhibit L-7

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

General Capital Projects Fund (Cont.)

Capital Projects (Cont.)

Other General Government Projects

Maintenance & Repair Services - Equipment	\$	2,552	
Building Improvements		6,674	
Communication Equipment		7,878	
Data Processing Equipment		3,174	
Furniture and Fixtures		13,804	
Motor Vehicles		22,200	
Other Equipment		3,992	
Total Other General Government Projects			\$ 60,274

Total General Capital Projects Fund \$ 5,958,261

Community Development/Industrial Park Fund

Other Operations

Other Economic and Community Development

Contracts with Government Agencies	\$	212,573	
Contracts with Private Agencies		40,163	

Total Other Economic and Community Development \$ 252,736

Total Community Development/Industrial Park Fund 252,736

Other Capital Projects #3 Fund

Other Debt Service

General Government

Other Contracted Services	\$	62	
Total General Government			\$ 62

Capital Projects

Education Capital Projects

Contributions	\$	7,794,823	
Other Contracted Services		188	
Total Education Capital Projects			7,795,011

Total Other Capital Projects #3 Fund 7,795,073

Other Capital Projects #4 Fund

Other Debt Service

General Government

Legal Services	\$	1,250	
Underwriter's Discount		9,826	
Other Debt Issuance Charges		23,020	
Total General Government			\$ 34,096

(Continued)

Exhibit L-7

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

Other Capital Projects #4 Fund (Cont.)

Other Debt Service (Cont.)

Education

Legal Services	\$	1,250	
Underwriter's Discount		88,436	
Other Debt Issuance Charges		<u>207,174</u>	
Total Education	\$		296,860

Capital Projects

Education Capital Projects

Contributions	\$	<u>17,074,997</u>	
Total Education			<u>17,074,997</u>

Total Other Capital Projects #4 Fund \$ 17,405,953

Total Governmental Funds - Primary Government \$ 106,336,060

Montgomery County, Tennessee
Schedule of Detailed Expenditures -
All Governmental Fund Types
Discretely Presented Montgomery County School Department
For the Year Ended June 30, 2006

General Purpose School Fund

Instruction

Regular Instruction Program

Teachers	\$ 53,078,876	
Career Ladder Program	613,069	
Career Ladder Extended Contracts	173,000	
Homebound Teachers	157,645	
Educational Assistants	664,513	
Other Salaries & Wages	169,073	
Social Security	3,290,434	
State Retirement	3,128,297	
Life Insurance	92,181	
Medical Insurance	6,616,624	
Employer Medicare	769,576	
Maintenance & Repair Services - Equipment	9,300	
Travel	16,255	
Contracts for Substitute Teachers - Certified	495,133	
Contracts for Substitute Teachers - Non-certified	842,574	
Other Contracted Services	10,453	
Basic Skills Materials	30,543	
Instructional Supplies and Materials	834,376	
Textbooks	2,620,481	
Fee Waivers	142,562	
Regular Instruction Equipment	19,290	
Total Regular Instruction Program		\$ 73,774,255

Alternative Instruction Program

Teachers	\$ 365,624	
Career Ladder Program	5,736	
Career Ladder Extended Contracts	2,000	
Social Security	22,481	
State Retirement	20,786	
Life Insurance	557	
Medical Insurance	32,327	
Employer Medicare	5,258	
Rentals	1,692	
Contracts for Substitute Teachers - Certified	6,573	
Contracts for Substitute Teachers - Non-certified	7,034	
Instructional Supplies and Materials	1,230	
Total Alternative Instruction Program		471,298

(Continued)

Exhibit L-8

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	\$ 6,613,232	
Career Ladder Program	102,045	
Career Ladder Extended Contracts	19,000	
Educational Assistants	1,492,627	
Speech Pathologist	912,605	
Overtime Pay	68	
Social Security	545,796	
State Retirement	612,426	
Life Insurance	16,214	
Medical Insurance	1,199,859	
Employer Medicare	127,648	
Contracts with Private Agencies	644,052	
Contracts for Substitute Teachers - Certified	49,980	
Contracts for Substitute Teachers - Non-certified	97,881	
Instructional Supplies and Materials	144,013	
Special Education Equipment	9,540	
Total Special Education Program		\$ 12,586,986

Vocational Education Program

Teachers	\$ 2,299,168	
Career Ladder Program	32,967	
Career Ladder Extended Contracts	2,000	
Salary Supplements	27,794	
Social Security	141,297	
State Retirement	131,985	
Life Insurance	4,202	
Medical Insurance	296,638	
Employer Medicare	33,045	
Maintenance & Repair Services - Equipment	566	
Travel	129	
Contracts for Substitute Teachers - Certified	18,011	
Contracts for Substitute Teachers - Non-certified	26,574	
Instructional Supplies and Materials	42,633	
Total Vocational Education Program		3,057,009

Support Services

Attendance

Supervisor/Director	\$ 83,334
Career Ladder Program	8,807

(Continued)

Exhibit L-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.)

Attendance (Cont.)

Career Ladder Extended Contracts	\$	600	
Pupil Personnel		198,961	
Secretary(ies)		50,557	
Social Security		20,804	
State Retirement		22,908	
Life Insurance		392	
Medical Insurance		21,407	
Employer Medicare		4,865	
Dues and Memberships		75	
Travel		4,075	
Office Supplies		2,266	
Other Supplies and Materials		5,024	
In Service/Staff Development		7,331	
Attendance Equipment		1,208	
Total Attendance			\$ 432,614

Health Services

Medical Personnel	\$	238,946	
Certified Substitute Teachers		21,500	
Social Security		15,845	
State Retirement		29,993	
Life Insurance		381	
Medical Insurance		39,655	
Employer Medicare		3,705	
Travel		485	
Office Supplies		148	
Other Supplies and Materials		7,240	
In Service/Staff Development		881	
Health Equipment		12,461	
Total Health Services			371,240

Other Student Support

Career Ladder Program	\$	34,974	
Guidance Personnel		2,455,154	
Career Ladder Extended Contracts		5,000	
Salary Supplements		1,126,864	
Clerical Personnel		228,656	
Educational Assistants		101,456	
Temporary Personnel		370	

(Continued)

Exhibit L-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.)

Other Student Support (Cont.)

Overtime Pay	\$	305	
Social Security		236,566	
State Retirement		238,925	
Life Insurance		4,464	
Medical Insurance		371,583	
Employer Medicare		55,392	
Evaluation and Testing		57,861	
Instructional Supplies and Materials		1,632	
Total Other Student Support			\$ 4,919,202

Regular Instruction Program

Supervisor/Director	\$	599,274
Career Ladder Program		90,540
Career Ladder Extended Contracts		17,140
Librarians		1,692,299
Education Media Personnel		26,707
Instructional Computer Personnel		434,733
Salary Supplements		196,754
Secretary(ies)		31,242
Clerical Personnel		20,534
Educational Assistants		427,660
Temporary Personnel		996
Other Salaries & Wages		506,631
Social Security		242,114
State Retirement		291,712
Life Insurance		4,965
Medical Insurance		437,545
Employer Medicare		56,795
Dues and Memberships		13,503
Travel		13,543
Contracts for Substitute Teachers - Non-certified		142
Other Contracted Services		659,556
Data Processing Supplies		628,550
Library Books/Media		282,724
Office Supplies		9,847
Periodicals		30,489
Other Supplies and Materials		494,106
In Service/Staff Development		197,510
Other Charges		28,486

(Continued)

Exhibit L-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.)

Regular Instruction Program (Cont.)

Other Equipment	\$ 2,874,484	
Total Regular Instruction Program		\$ 10,310,581

Alternative Instruction Program

Clerical Personnel	\$ 18,317	
Social Security	1,090	
State Retirement	2,407	
Life Insurance	34	
Medical Insurance	3,593	
Employer Medicare	255	
Library Books/Media	<u>2,416</u>	
Total Alternative Instruction Program		28,112

Special Education Program

Supervisor/Director	\$ 80,037	
Career Ladder Program	19,580	
Psychological Personnel	499,628	
Career Ladder Extended Contracts	6,300	
Secretary(ies)	25,147	
Other Salaries & Wages	81,978	
Social Security	42,505	
State Retirement	41,129	
Life Insurance	655	
Medical Insurance	53,747	
Employer Medicare	9,941	
Dues and Memberships	1,142	
Travel	12,323	
Office Supplies	5,122	
Periodicals	1,096	
Other Supplies and Materials	26,048	
In Service/Staff Development	<u>3,498</u>	
Total Special Education Program		909,876

Vocational Education Program

Supervisor/Director	\$ 67,637
Career Ladder Program	3,000
Secretary(ies)	11,850
Social Security	5,017
State Retirement	5,442

(Continued)

Exhibit L-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.)

Vocational Education Program (Cont.)

Life Insurance	\$	66	
Medical Insurance		9,016	
Employer Medicare		1,173	
Dues and Memberships		99	
Travel		667	
Office Supplies		1,010	
In Service/Staff Development		811	
Total Vocational Education Program			\$ 105,788

Adult Programs

Supervisor/Director	\$	28,220	
Career Ladder Program		1,000	
Guidance Personnel		18,808	
Clerical Personnel		275	
Other Salaries & Wages		28,518	
Social Security		4,689	
State Retirement		5,405	
Life Insurance		81	
Medical Insurance		5,749	
Employer Medicare		1,097	
Rentals		1,230	
Other Charges		1,200	
Total Adult Programs			96,272

Board of Education

Secretary to Board	\$	23,391	
Board and Committee Members Fees		18,300	
Social Security		2,567	
State Retirement		3,089	
Life Insurance		33	
Medical Insurance		1,797	
Employer Medicare		600	
Dues and Memberships		41,343	
Legal Services		91,740	
In Service/Staff Development		22,834	
Other Charges		62,885	
Total Board of Education			268,579

(Continued)

Exhibit L-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.)

Director of Schools

County Official/Administrative Officer	\$	178,906	
Education Media Personnel		108,043	
Secretary(ies)		23,391	
Clerical Personnel		48,136	
Temporary Personnel		839	
Overtime Pay		211	
Other Salaries & Wages		105,442	
Social Security		22,225	
State Retirement		46,132	
Life Insurance		3,208	
Medical Insurance		48,573	
Employer Medicare		5,589	
Advertising		1,880	
Communication		55	
Dues and Memberships		1,288	
Postal Charges		43,043	
Travel		2,333	
Other Contracted Services		115,297	
Duplicating Supplies		49,819	
Food Supplies		1,582	
Office Supplies		1,571	
Periodicals		1,336	
Other Supplies and Materials		596	
In Service/Staff Development		15,721	
Other Charges		3,360	
Administration Equipment		166	
Other Equipment		1,985	
Total Director of Schools			\$ 830,727

Office of the Principal

Principals	\$	2,315,263
Career Ladder Program		101,994
Accountants/Bookkeepers		738,995
Career Ladder Extended Contracts		62,450
Assistant Principals		2,958,180
Salary Supplements		2,250
Clerical Personnel		1,182,702
Temporary Personnel		10,308
Overtime Pay		116

(Continued)

Exhibit L-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.)

Office of the Principal (Cont.)

Social Security	\$	442,482	
State Retirement		546,144	
Life Insurance		8,029	
Medical Insurance		837,923	
Employer Medicare		104,521	
Dues and Memberships		13,500	
Travel		75	
Other Contracted Services		5,494	
In Service/Staff Development		30,000	
Administration Equipment		41,975	
Total Office of the Principal			\$ 9,402,401

Fiscal Services

Supervisor/Director	\$	174,858	
Accountants/Bookkeepers		414,302	
Purchasing Personnel		53,102	
Secretary(ies)		34,403	
Temporary Personnel		33,308	
Overtime Pay		66,718	
Other Salaries & Wages		273,573	
Social Security		63,238	
State Retirement		135,834	
Life Insurance		900	
Medical Insurance		110,508	
Employer Medicare		14,811	
Advertising		963	
Audit Services		28,500	
Dues and Memberships		1,090	
Laundry Service		3,599	
Travel		1,062	
Other Contracted Services		60,182	
Gasoline		6,926	
Office Supplies		12,232	
Other Supplies and Materials		3,079	
Premiums on Corporate Surety Bonds		9,825	
Trustee's Commission		965,269	
In Service/Staff Development		25,848	
Other Charges		177,669	
Administration Equipment		5,438	
Total Fiscal Services			2,677,237

(Continued)

Exhibit L-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.)

Operation of Plant

Supervisor/Director	\$	117,981	
Salary Supplements		37,875	
Foremen		47,070	
Secretary(ies)		25,251	
Custodial Personnel		2,838,702	
Temporary Personnel		5,414	
Overtime Pay		24,789	
Social Security		185,347	
State Retirement		374,351	
Life Insurance		4,798	
Medical Insurance		619,980	
Employer Medicare		43,308	
Communication		837,151	
Dues and Memberships		425	
Evaluation and Testing		6,870	
Laundry Service		60,392	
Licenses		9,639	
Travel		567	
Other Contracted Services		327,817	
Custodial Supplies		252,859	
Electricity		3,276,927	
Fertilizer, Lime, and Seed		21,000	
Fuel Oil		17,079	
Instructional Supplies and Materials		19,810	
Natural Gas		755,581	
Office Supplies		3,284	
Water and Sewer		411,045	
Gravel and Chert		8,848	
Other Supplies and Materials		18,389	
Building and Contents Insurance		844,362	
In Service/Staff Development		7,596	
Furniture and Fixtures		15,002	
Plant Operation Equipment		10,031	
Total Operation of Plant			\$ 11,229,540

Maintenance of Plant

Supervisor/Director	\$	59,182
Foremen		44,377
Secretary(ies)		54,105

(Continued)

Exhibit L-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.)

Maintenance Personnel	\$ 1,734,884	
Overtime Pay	1,173	
Social Security	113,007	
State Retirement	241,959	
Life Insurance	2,117	
Medical Insurance	314,654	
Employer Medicare	26,429	
Communication	813	
Laundry Service	11,724	
Maintenance & Repair Services - Equipment	196,454	
Maintenance & Repair Services - Vehicles	3,650	
Rentals	4,096	
Other Contracted Services	147,183	
Gasoline	137,488	
Lubricants	1,871	
Office Supplies	2,648	
Tires and Tubes	14,596	
Vehicle Parts	24,043	
Chemicals	25,140	
Other Supplies and Materials	561,543	
Vehicle and Equipment Insurance	50,088	
In Service/Staff Development	6,167	
Maintenance Equipment	2,736	
Total Maintenance of Plant		\$ 3,782,127

Transportation

Supervisor/Director	\$ 141,530
Salary Supplements	19,800
Mechanic(s)	482,767
Bus Drivers	2,801,980
Dispatchers/Radio Operators	72,342
Secretary(ies)	49,925
Temporary Personnel	186,032
Overtime Pay	10,030
Other Salaries & Wages	112,416
Social Security	230,160
State Retirement	453,299
Life Insurance	7,552
Medical Insurance	609,101

(Continued)

Exhibit L-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.)

Transportation (Cont.)

Employer Medicare	\$	54,192	
Communication		105	
Laundry Service		5,314	
Licenses		2,826	
Maintenance & Repair Services - Equipment		11,959	
Maintenance & Repair Services - Vehicles		8,266	
Medical and Dental Services		26,272	
Transportation - Other than Students		4,205	
Other Contracted Services		30,843	
Garage Supplies		5,346	
Gasoline		768,656	
Lubricants		15,119	
Office Supplies		10,964	
Tires and Tubes		58,723	
Vehicle Parts		204,148	
Other Supplies and Materials		4,149	
Vehicle and Equipment Insurance		147,363	
In Service/Staff Development		6,545	
Total Transportation			\$ 6,541,929

Central and Other

Supervisor/Director	\$	313,557
Computer Programmer(s)		226,812
Data Processing Personnel		91,989
Secretary(ies)		304,791
Clerical Personnel		104
Temporary Personnel		2,954
Overtime Pay		13,633
Other Salaries & Wages		201,053
Social Security		69,416
State Retirement		146,794
Life Insurance		999
Medical Insurance		108,877
Disability Insurance		214,404
Employer Medicare		16,234
Other Fringe Benefits		266,800
Advertising		19,452
Dues and Memberships		415
Maintenance & Repair Services - Equipment		4,336

(Continued)

Exhibit L-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 (Cont.)

Maintenance & Repair Services - Office Equipment	\$	1,824	
Travel		9,901	
Other Contracted Services		470,439	
Data Processing Supplies		259,528	
Office Supplies		9,124	
Other Supplies and Materials		107,910	
Workers' Compensation Insurance		514,074	
In Service/Staff Development		27,564	
Criminal Investigation of Applicants - TBI		37,740	
Administration Equipment		600	
Data Processing Equipment		199,281	
Total Central and Other	\$		3,640,605

Operation of Non-Instructional Services

Early Childhood Education

Teachers	\$	66,695	
Educational Assistants		18,329	
Social Security		5,043	
State Retirement		4,281	
Life Insurance		150	
Medical Insurance		14,349	
Employer Medicare		1,179	
Instructional Supplies and Materials		16,029	
Other Equipment		12,636	
Total Early Childhood Education			138,691

Principal on Debt

Education

Principal on Notes	\$	34,101	
Principal on Capital Leases		95,625	
Total Education			129,726

Interest on Debt

Education

Interest on Capital Leases	\$	6,223	
Total Education			6,223

(Continued)

Exhibit L-8

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

General Purpose School Fund (Cont.)

Other Debt Service

Education

Debt Service Contribution to Primary Government	\$ 373,937	
Total Education		\$ 373,937

Total General Purpose School Fund		\$ 146,084,955
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School Federal Projects Fund

Instruction

Regular Instruction Program

Teachers	\$ 1,726,065	
Salary Supplements	484,258	
Educational Assistants	695,049	
Other Salaries & Wages	57,393	
Social Security	177,313	
State Retirement	214,409	
Life Insurance	4,292	
Medical Insurance	309,942	
Employer Medicare	41,445	
Travel	1,914	
Contracts for Substitute Teachers - Certified	25,894	
Contracts for Substitute Teachers - Non-certified	63,304	
Other Contracted Services	143,338	
Instructional Supplies and Materials	255,313	
Regular Instruction Equipment	37,615	
Total Regular Instruction Program		\$ 4,237,544

Alternative Instruction Program

Life Insurance	\$ 9	
Contracts for Substitute Teachers - Non-certified	2,300	
Other Supplies and Materials	3	
Total Alternative Instruction Program		2,312

Special Education Program

Teachers	\$ 60,725
Educational Assistants	1,119,141
Overtime Pay	71
Social Security	69,535
State Retirement	141,826
Life Insurance	2,626
Medical Insurance	192,665

(Continued)

Exhibit L-8

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.)

Special Education Program (Cont.)

Employer Medicare	\$	16,263	
Contracts with Private Agencies		2,135	
Instructional Supplies and Materials		40,645	
Other Supplies and Materials		2,872	
Total Special Education Program			\$ 1,648,504

Vocational Education Program

Educational Assistants	\$	15,839	
Social Security		834	
State Retirement		2,081	
Life Insurance		33	
Medical Insurance		8,436	
Employer Medicare		195	
Travel		31,720	
Instructional Supplies and Materials		14,363	
Other Supplies and Materials		320,266	
Vocational Instruction Equipment		140,503	
Total Vocational Education Program			534,270

Adult Education Program

Teachers	\$	150,721	
Social Security		9,157	
State Retirement		3,744	
Life Insurance		42	
Medical Insurance		3,593	
Employer Medicare		2,142	
Evaluation and Testing		3,396	
Travel		232	
Other Contracted Services		6,076	
Instructional Supplies and Materials		15,603	
Other Supplies and Materials		2,261	
Total Adult Education Program			196,967

Support Services

Health Services

Medical Personnel	\$	335,799	
Overtime Pay		10	
Social Security		20,082	
State Retirement		43,247	

(Continued)

Exhibit L-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.)

Health Services (Cont.)

Life Insurance	\$	594	
Medical Insurance		44,675	
Employer Medicare		4,697	
Total Health Services			\$ 449,104

Other Student Support

Guidance Personnel	\$	36,265	
Social Workers		36,631	
Other Salaries & Wages		65,003	
Social Security		8,436	
State Retirement		5,006	
Life Insurance		257	
Medical Insurance		7,532	
Employer Medicare		1,973	
Travel		13,930	
Other Contracted Services		1,075	
Other Supplies and Materials		36,083	
In Service/Staff Development		21,419	
Other Charges		21,951	
Other Equipment		17,357	
Total Other Student Support			272,918

Regular Instruction Program

Supervisor/Director	\$	64,255	
Salary Supplements		37,054	
Secretary(ies)		43,133	
Clerical Personnel		16,664	
Other Salaries & Wages		676,846	
In-Service Training		85,497	
Social Security		55,821	
State Retirement		55,318	
Life Insurance		924	
Medical Insurance		91,552	
Employer Medicare		13,055	
Consultants		6,276	
Dues and Memberships		1,712	
Travel		5,762	
Other Contracted Services		14,181	
Instructional Supplies and Materials		19,530	

(Continued)

Exhibit L-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.)

Regular Instruction Program (Cont.)

Library Books/Media	\$	10,442	
Office Supplies		2,512	
Other Supplies and Materials		6,956	
In Service/Staff Development		482,283	
Other Equipment		3,145	
Total Regular Instruction Program			\$ 1,692,918

Special Education Program

Psychological Personnel	\$	214,814	
Assessment Personnel		250,774	
Secretary(ies)		30,014	
Clerical Personnel		80,476	
Overtime Pay		936	
Other Salaries & Wages		296,502	
Social Security		52,359	
State Retirement		59,591	
Life Insurance		1,159	
Medical Insurance		98,119	
Employer Medicare		12,245	
Consultants		20,728	
Maintenance & Repair Services - Equipment		726	
Travel		215	
Other Contracted Services		10,856	
Other Supplies and Materials		30,971	
In Service/Staff Development		11,890	
Total Special Education Program			1,172,375

Vocational Education Program

Travel	\$	265	
In Service/Staff Development		680	
Other Charges		850	
Total Vocational Education Program			1,795

Adult Programs

Supervisor/Director	\$	28,220	
Clerical Personnel		22,425	
Social Security		3,051	
State Retirement		4,519	
Life Insurance		54	

(Continued)

Exhibit L-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.)

Adult Programs (Cont.)

Medical Insurance	\$	1,437	
Employer Medicare		714	
Communication		500	
Rentals		1,230	
Other Contracted Services		90	
Office Supplies		1,662	
Other Supplies and Materials		20,316	
In Service/Staff Development		3,625	
Other Charges		4,200	
Other Equipment		1,850	
Total Adult Programs			\$ 93,893

Operation of Plant

Communication	\$	1,355	
Other Contracted Services		10,474	
Plant Operation Equipment		28,810	
Other Equipment		59,904	
Total Operation of Plant			100,543

Transportation

Bus Drivers	\$	298,211	
Overtime Pay		153	
Other Salaries & Wages		521,011	
Social Security		48,944	
State Retirement		98,628	
Life Insurance		2,069	
Medical Insurance		110,424	
Employer Medicare		11,447	
Contracts with Parents		351	
Contracts with Vehicle Owners		4,407	
Transportation - Other than Students		154	
Travel		23,768	
Gasoline		3,177	
In Service/Staff Development		184	
Transportation Equipment		7,161	
Total Transportation			1,130,089

(Continued)

Exhibit L-8

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

School Federal Projects Fund (Cont.)

Capital Outlay

Regular Capital Outlay

Building Improvements	\$ 11,882	
Total Regular Capital Outlay		\$ 11,882

Total School Federal Projects Fund \$ 11,545,114

Central Cafeteria Fund

Support Services

Fiscal Services

Trustee's Commission	\$ 4,209	
Total Fiscal Services		\$ 4,209

Operation of Non-Instructional Services

Food Service

Supervisor/Director	\$ 138,655
Salary Supplements	2,300
Truck Drivers	36,193
Secretary(ies)	77,491
Cafeteria Personnel	2,597,388
Custodial Personnel	153,557
Temporary Personnel	72,494
Overtime Pay	42,711
Other Salaries & Wages	167,879
Social Security	194,126
State Retirement	398,586
Life Insurance	6,602
Medical Insurance	651,672
Employer Medicare	45,399
Dues and Memberships	400
Laundry Service	57,910
Licenses	2,444
Maintenance & Repair Services - Vehicles	285
Travel	5,628
Other Contracted Services	70,132
Equipment and Machinery Parts	47,686
Food Supplies	3,625,715
Gasoline	11,591
Lubricants	63
Office Supplies	32,902
Tires and Tubes	648

(Continued)

Exhibit L-8

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.)

Uniforms	\$	7,906	
Utilities		209,500	
Vehicle Parts		2,822	
Other Supplies and Materials		260,189	
Workers' Compensation Insurance		77,866	
In Service/Staff Development		13,074	
Food Service Equipment		194,875	
Total Food Service			\$ 9,206,689

Total Central Cafeteria Fund \$ 9,210,898

Extended School Program Fund

Instruction

Regular Instruction Program

Teachers	\$	183,285	
Educational Assistants		2,427	
Social Security		11,466	
State Retirement		10,000	
Employer Medicare		2,682	
Other Contracted Services		856	
Instructional Supplies and Materials		4,305	
Total Regular Instruction Program			\$ 215,021

Support Services

Office of the Principal

Assistant Principals	\$	6,000	
Social Security		368	
State Retirement		336	
Employer Medicare		86	
Total Office of the Principal			6,790

Fiscal Services

Trustee's Commission	\$	1,452	
Total Fiscal Services			1,452

Operation of Plant

Custodial Personnel	\$	2,923	
Social Security		181	
State Retirement		384	

(Continued)

Exhibit L-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 (Cont.)

Employer Medicare	\$ 46	
Total Operation of Plant		\$ 3,534

Transportation

Bus Drivers	\$ 2,163	
Social Security	134	
State Retirement	284	
Employer Medicare	31	
Total Transportation		<u>2,612</u>

Total Extended School Program Fund		\$ 229,409
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Education Capital Projects Fund

Support Services

Fiscal Services

Trustee's Commission	\$ 38	
Total Fiscal Services		\$ 38

Capital Projects

Education Capital Projects

Architects	\$ 1,066,147	
Engineering Services	1,146	
Building Construction	15,939,481	
Building Improvements	3,280,788	
Data Processing Equipment	1,149,217	
Land	1,501,005	
Plant Operation Equipment	337,087	
Site Development	165,027	
Total Education Capital Projects		<u>23,439,898</u>

Total Education Capital Projects Fund		<u>23,439,936</u>
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Total Governmental Funds - Montgomery County School Department		<u>\$ 190,510,312</u>
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Exhibit L-9

Montgomery County, Tennessee
Schedule of Detailed Revenues and Expenses
All Proprietary Funds
For the Year Ended June 30, 2006

	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	\$ 21,496,768	\$ 768,861	\$ 0
Other Employee Benefit Charges	1,185,159	0	0
Retirees' Insurance Payments	708,560	0	0
Total Charges for Services	<u>\$ 23,390,487</u>	<u>\$ 768,861</u>	<u>\$ 0</u>
Total Operating Revenues	<u>\$ 23,390,487</u>	<u>\$ 768,861</u>	<u>\$ 0</u>
<u>Nonoperating Revenues</u>			
Investment Income	\$ 191,710	\$ 31,917	\$ 40,653
Miscellaneous Refunds	51,059	0	0
Total Nonoperating Revenues	<u>\$ 242,769</u>	<u>\$ 31,917</u>	<u>\$ 40,653</u>
Total Revenues	<u>\$ 23,633,256</u>	<u>\$ 800,778</u>	<u>\$ 40,653</u>
<u>Expenses</u>			
<u>Operating Expenses</u>			
<u>Risk Management</u>			
Supervisor/Director	\$ 0	\$ 40,272	\$ 0
Clerical Personnel	0	52,466	0
Overtime Pay	0	336	0
Social Security	0	5,624	0
State Retirement	0	12,230	0
Life Insurance	0	154	0
Medical Insurance	0	20,192	0
Employer Medicare	0	1,252	0
Other Fringe Benefits	0	63	0
Communication	0	1,299	0
Consultants	0	9,100	0
Contracts with Private Agencies	0	36,191	0
Dues and Memberships	0	690	0
Evaluation and Testing	0	135	0
Legal Services	0	12,503	0
Postal Charges	0	243	0
Travel	0	442	0
Tuition	0	1,812	0
Other Contracted Services	0	564	0
Data Processing Supplies	0	8,858	0

(Continued)

Exhibit L-9

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>Expenses (Cont.)</u>			
<u>Operating Expenses (Cont.)</u>			
<u>Risk Management (Cont.)</u>			
Drugs and Medical Supplies	\$ 0	\$ 21	\$ 0
Instructional Supplies and Materials	0	1,161	0
Library Books/Media	0	120	0
Office Supplies	0	126	0
Other Supplies and Materials	0	317	0
Judgments	0	500	0
Premiums on Corporate Surety Bonds	0	71,051	0
Workers' Compensation Insurance	0	12,410	0
Data Processing Equipment	0	528	0
Total Risk Management	\$ 0	\$ 290,660	\$ 0
<u>Other Charges</u>			
Unemployment Compensation	\$ 0	\$ 0	\$ 113,472
Other Contracted Services	7,744	0	0
Other Charges	276,527	0	0
Total Other Charges	\$ 284,271	\$ 0	\$ 113,472
<u>Employee Benefits</u>			
Life Insurance	\$ 48,471	\$ 0	\$ 0
Legal Services	1,271,804	0	0
Medical and Dental Services	3,581	0	0
Excess Risk Insurance	145,419	0	0
Medical Claims	52,037	0	0
Contracts with Private Agencies	608,697	0	0
Other Contracted Services	19,217,167	0	0
Other Charges	1,500,549	0	0
Other Self-Insurance Claims	397,318	0	0
Total Employee Benefits	\$ 23,245,043	\$ 0	\$ 0
Total Expenses	\$ 23,529,314	\$ 290,660	\$ 113,472

Exhibit L-10

Montgomery County, Tennessee
Schedule of Detailed Receipts, Disbursements,
and Changes in Cash Balance - City Agency Fund
For the Year Ended June 30, 2006

	Cities - Sales Tax Fund
<hr/>	
<u>Cash Receipts</u>	
Local Option Sales Tax	\$ 10,163,209
Total Cash Receipts	<u>\$ 10,163,209</u>
 <u>Cash Disbursements</u>	
Remittance of Revenues Collected	\$ 10,061,577
Trustee's Commission	<u>101,632</u>
Total Cash Disbursements	<u>\$ 10,163,209</u>
 Excess of Cash Receipts Over (Under) Cash Disbursements	 \$ 0
Cash Balance, July 1, 2005	<u>0</u>
 Cash Balance, June 30, 2006	 <u><u>\$ 0</u></u>

SINGLE AUDIT SECTION



STATE OF TENNESSEE
COMPTROLLER OF THE TREASURY
DEPARTMENT OF AUDIT
DIVISION OF COUNTY AUDIT
SUITE 1500
JAMES K. POLK STATE OFFICE BUILDING
NASHVILLE, TENNESSEE 37243-0269
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

March 30, 2007

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, 2006, which collectively comprise Montgomery County's basic financial statements and have issued our report thereon dated March 30, 2007. 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 item 06.01.

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.

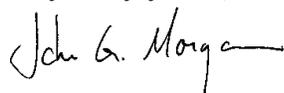
Compliance and Other Matters

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 are described in the accompanying Schedule of Findings and Questioned Costs as items 06.02, 06.03, 06.04, 06.05, and 06.06.

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/yu



STATE OF TENNESSEE
COMPTROLLER OF THE TREASURY
DEPARTMENT OF AUDIT
DIVISION OF COUNTY AUDIT
SUITE 1500
JAMES K. POLK STATE OFFICE BUILDING
NASHVILLE, TENNESSEE 37243-0269
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

March 30, 2007

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, 2006. 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, 2006.

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, 2006, and have issued our report thereon dated March 30, 2007. 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/yu

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, the business-type activities, and each major fund of the Bi-County Solid Waste Management System, a component unit of Montgomery County, as of and for the year ended June 30, 2006, 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 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 an opinion 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 the 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 used 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 Public Library

To the Clarksville-Montgomery County
Public Library
Clarksville, Tennessee

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Clarksville-Montgomery County Public Library, a component unit of Montgomery County, as of and for the year ended June 30, 2006, which collectively comprise the library's basic financial statements 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 Clarksville-Montgomery County Public Library'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. 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 material weaknesses.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Clarksville-Montgomery County Public Library'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 management, others within the organization, the County Commissioners and other awarding agencies 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 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, 2006, 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 or other matters that are required to be reported under Government Auditing Standards

and are described in the accompanying findings and recommendations as items 06.01 and 06.02.

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
Statement of Findings and Recommendations
June 30, 2006**

FINDING 06.01 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 expenses exceeded amount budgeted.

RECOMMENDATION

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

MANAGEMENT'S RESPONSE

As of July 2006, budgets are readily available on line for department heads to evaluate on a timely basis to prevent overspending of budgeted amounts in the future. Also, to help prevent overspending in the future our new budget policy requires quarterly reviews of all budgets by the Montgomery County Department of Accounts and Budgets Budget Analyst.

FINDING 06.02 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, 2006.

RECOMMENDATION

The district should 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, as of July 1, 2006, the Department of Accounts and Budgets has implemented a new enterprise business systems software that currently reflects the uniform chart of accounts as developed by the Office of the Comptroller of the Treasury.

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, 2006, 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 an opinion 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.

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 one instance of noncompliance or other matters that is required to be reported under Government Auditing Standards and is described in the accompanying statement of findings and recommendations as item 06.01.

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.

Clarksville-Montgomery County Industrial Development Board
Statement of Findings and Recommendations
June 30, 2006

FINDING 06.01

The board's annual audit was not completed by December 31, 2006, as required by the State of Tennessee.

RECOMMENDATION

We recommend that the board's year end closing procedures be reviewed and revised as necessary to insure a timely start and completion of the annual audit by the required date.

MANAGEMENT'S RESPONSE

We will review our year end closing procedures and will make the changes necessary to insure a timely start and completion of the annual audit by the required date.

Montgomery County, Tennessee
 Schedule of Expenditures of Federal Awards and State Grants (1)
 For the Year Ended June 30, 2006

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)	\$ 525,406
Passed-through State Department of Education:			
Child Nutrition Cluster:			
School Breakfast Program	10.553	(2)	938,930
National School Lunch Program	10.555	(2)	3,488,651
Total U.S. Department of Agriculture			<u>\$ 4,952,987</u>
U.S. Department of Defense:			
Direct Program:			
National Defense Appropriation Act for Fiscal Year 2005	12.XXX	N/A	\$ 1,964,435
Total U.S. Department of Defense			<u>\$ 1,964,435</u>
U.S. Department of Housing and Urban Development:			
Passed-through State Housing Development Agency:			
Home Investment Partnerships Program	14.239	HM0353	\$ 252,236
Total U.S. Department of Housing and Urban Development			<u>\$ 252,236</u>
U.S. Department of Justice:			
Passed-through State Office of Criminal Justice Program:			
Violence Against Women Formula Grants	16.588	Z-00-001449-01	\$ 63,392
Passed-through State Commission On Children and Youth:			
Juvenile Accountability Incentive Block Grants	16.523	GG-05-11482-00	683
Juvenile Justice and Delinquency Prevention - Allocation to States	16.540	Z-06-002629-00	12,000
Grants to Encourage Arrest Policies and Enforcement of Protection Orders	16.590	WE-BX-0058	150,786 (3)
Grants to Encourage Arrest Policies and Enforcement of Protection Orders	16.590	WE-BX-0098	199,188 (3)
Total U.S. Department of Justice			<u>\$ 426,049</u>
U.S. Department of Labor:			
Passed through State Department of Labor and Workforce Development:			
WIA Youth Activities	17.259	(2)	\$ 102,424
Total U.S. Department of Labor			<u>\$ 102,424</u>
U.S. Department of Transportation:			
Passed-through State Department of Transportation:			
State and Community Highway Safety	20.600	Z-05-024074-00	\$ 634
State and Community Highway Safety	20.600	Z-06-027296-00	2,907
Total U.S. Department of Transportation			<u>\$ 3,541</u>
U.S. Department of Education:			
Direct Program:			
Impact Aid	84.041	N/A	\$ 2,552,568
Passed-through The University of Tennessee			
Adult Education - English Language Civics Grant	84.002	(2)	8,871 (4)
Passed-through State Department of Education:			
Adult Education - State Grant Program	84.002	Z-04-016696-00	126 (4)
Adult Education - State Grant Program	84.002	Z-05-022250-00	106,485 (4)
Title I Grants to Local Educational Agencies	84.010	N/A	3,980,484
Special Education Cluster:			
Special Education - Grants to States	84.027	N/A	4,568,076
Special Education - Preschool Grants	84.173	N/A	71,476
Vocational Education - Basic Grants to States	84.048	N/A	567,012
Safe and Drug-Free Schools and Communities - State Grants	84.186	(2)	99,126
21st Century Community Learning Centers	84.287	Z-05-021718-00	825,159
State Grants for Innovative Programs	84.298	N/A	72,084
Education Technology State Grants	84.318	(2)	94,087
Hurricane Education Recovery	84.938c	(2)	368,588
English Language Acquisition Grants	84.365	N/A	47,494
Improving Teacher Quality State Grant	84.367	N/A	1,156,819
Total U.S. Department of Education			<u>\$ 14,518,455</u>
U.S. Department of Health and Human Services:			
Passed-through State Department of Human Services:			
Temporary Assistance for Needy Families	93.558	Z-05-022341-00	\$ 32,371
Total U.S. Department of Health and Human Services			<u>\$ 32,371</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 Homeland Security:			
Passed-through State Department of Military:			
Homeland Security Grant Program	97.004	Z-04-020129-02	\$ 209,903 (5)
Homeland Security Grant Program	97.004	Z-04-020062-00	9,885 (5)
Homeland Security Grant Program	97.004	Z-04-019757-00	24,481 (5)
Homeland Security Grant Program	97.004	Z-04-020190-00	45,214 (5)
Homeland Security Grant Program	97.004	Z-04-022477-00	1,490,939 (5)
Homeland Security Grant Program	97.004	Z-05-025192-00	345,384 (5)
Homeland Security Grant Program	97.004	EMW-2004-FG-20690	244,902 (5)
State and Local Homeland Security Exercise Support	97.006	GG-06-12049-00	4,304
Disaster Grants - Public Assistance (Presidentially Declared Disasters)	97.036	Z-06-030971-00	6,922
Hazard Mitigation Grant	97.039	GG-0401664-01	61,289
Emergency Management Performance Grant	97.042	Z-06-032858-00	48,306
Total U.S. Department of Homeland Security			<u>\$ 2,491,529</u>
Total Federal Awards			<u>\$ 24,744,027</u>

State Grants		Contract Number	
Early Childhood Education - State Department of Education	N/A	(2)	\$ 160,260
Lottery for Education: Afterschool Program - State Department of Education	N/A	(2)	96,294
State Reappraisal Program - Comptroller of the Treasury	N/A	(2)	35,295
Touching the Lives of Children - State Department of Education	N/A	(2)	13,960
Safe Schools Act - State Department of Education	N/A	(2)	81,259
Adult Education - State Department of Education	N/A	Z-04-016696-00	40
Adult Education - State Department of Education	N/A	Z-06-027209-00	28,306
Juvenile Justice and Delinquency Prevention - State Commission on Children and Youth	N/A	Z-06-002629-00	9,000
Child and Family Intervention Services - State Department of Children's Services	N/A	GG-0611954	85,350
Child Advocacy Center - State Department of Children's Services	N/A	GG-0410214	55,300
Child Advocacy Center - State Department of Children's Services	N/A	GG-0611868	35,860
Appropriation Grant for County Service Officer - State Dept. of Veterans Affairs	N/A	(2)	1,154
Litter Program - State Dept. of Transportation	N/A	Z-05-021532-12	12,407
Litter Program - State Dept. of Transportation	N/A	Z-06-027993-00	57,958
Community Correction Grant - State Dept. of Corrections	N/A	Z-05-020597-00	382,602
Rural Local Health Services - State Department of Health	N/A	Z-05-020570-00	265,360
Rural Local Health Services - State Department of Health	N/A	Z-06-026013-00	1,340,824
Volunteer Fire Assistance Grant Program - State Department of Agriculture	N/A	Z-06-002503-00	2,497
Teen Learning Center - State Department of Children's Services	N/A	GG-0611947	550,054
Families First - State Department of Human Services	N/A	Z-06-027802-00	15,233
			<u>\$ 3,229,013</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 Grants to Encourage Arrest Policies and Enforcement of Protection Orders (CFDA No. 16.590) from the U.S. Department of Justice \$349,974.
- (4) Total Adult Education - State Grant Program (CFDA No. 84.002) from the U.S. Department of Education \$115,482.
- (5) Total Homeland Security Grant Program (CFDA No. 97.004) from the U.S. Department of Homeland Security \$2,370,708.

Montgomery County, Tennessee
Schedule of Audit Findings Not Corrected
June 30, 2006

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, 2005, which have not been corrected.

OFFICE OF COUNTY MAYOR

<u>Finding Number</u>	<u>Page Number</u>	<u>Subject</u>
05.03	255	Expenditures exceeded appropriations

OFFICE OF SHERIFF

<u>Finding Number</u>	<u>Page Number</u>	<u>Subject</u>
05.11 (A,B)	260	Deficiencies were noted in the operation of the commissary account
05.12	260	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, 2006

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 no instances of noncompliance that are 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), Title I – Grants to Local Educational Agencies (CFDA No. 84.010), Special Education Cluster: Special Education-Grants to States and Special Education-Preschool Grants (CFDA Nos. 84.027 and 84.173), and Improving Teacher Quality State Grant (CFDA No. 84.367) were determined to be major programs.
8. A threshold of \$742,321 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 response of the director of accounts and budgets is quoted in this report. Other officials offered oral responses to certain findings and recommendations; however, these oral responses have not been included in this report.

OFFICES OF COUNTY MAYOR AND DIRECTOR OF ACCOUNTS AND BUDGETS

FINDING 06.01 **THE OFFICE HAD A FUND DEFICIT AND CASH OVERDRAFTS**
(Internal Control – Reportable Condition Under Government Auditing Standards)

The General Capital Projects Fund had a cash overdraft of \$43,458 at June 30, 2006. The Community Development/Industrial Park Fund had a fund deficit of \$500 and a cash overdraft of \$4,000 at June 30, 2006. The fund deficit resulted from expenditures exceeding available funds. The cash overdrafts resulted from the issuance of checks exceeding cash on deposit with the county trustee.

RECOMMENDATION

County officials should take immediate steps to liquidate the fund deficit and provide a sufficient operating fund balance. Checks should not be issued in excess of cash on deposit with the county trustee.

MANAGEMENT'S RESPONSE – DIRECTOR OF ACCOUNTS AND BUDGETS (DIRECT QUOTE)

The management during the fiscal year concurs. The Community Development Fund situation was related to delays in receiving reimbursements of overpayments to one entity. The new financial management software should be able to integrate or more quickly reconcile the accounts of the Trustee's Office with those of Accounts & Budgets, thus preventing even minor fund deficits such as these.

FINDING 06.02 **EXPENDITURES EXCEEDED APPROPRIATIONS**
(Noncompliance Under Government Auditing Standards)

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

<u>Fund/Category</u>	<u>Amount Overspent</u>
General:	
Planning	\$ 6,736
Reappraisal Program	3,905
Judicial Commissioners	4,134
Rabies and Animal Control	1,995
Ambulance/Emergency Medical Services	78,310
Parks and Fair Boards	3,033
Other Social, Cultural, and Recreational	45
Soil Conservation	67
Highway/Public Works Fund:	
Principal on Debt:	
Highways and Streets	129,756
Interest on Debt:	
Highways and Streets	1,826

Expenditures exceeded total appropriations in the General Debt Service Fund by \$160,699.

Section 5-9-401, Tennessee Code Annotated, states that “All funds from whatever source derived, including, but not limited to, taxes, county aid funds, federal funds, and fines, that 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 (DIRECT QUOTE)

The management during the fiscal year concurs.

The expenditures in question were generally in one of two categories: those that are difficult to control (such as postal charges, fuels, etc.), and those in which late-year projections and budget amendments were not sufficient to cover rapidly-rising costs of essential supplies. The Highway Fund overexpenditure was due to the early payoff of a capital equipment lease-purchase, but the available budget was in the fund’s capital budget instead of its debt service budget. The General Debt Service overexpenditure was due to a difference between the debt service budget projection and the actual payment pattern.

Management should monitor these budget variances and balances more carefully in the future and adjust appropriations accordingly. The integrated financial management/HR/payroll software currently being implemented should improve management’s ability to more precisely forecast and control salary and other expenditures.

OFFICE OF HIGHWAY SUPERVISOR

**FINDING 06.03 MEMBERS OF THE HIGHWAY COMMISSION RECEIVED
COMPENSATION IN EXCESS OF THE AUTHORIZED
AMOUNT**

(Noncompliance Under Government Auditing Standards)

Chapter 312, Private Acts of 1923, as amended, provides that associate members of the County Board of Highway Commissioners shall receive as compensation for their services the sum of \$1,200 annually. Since September 2004, members of the Highway Commission have been paid up to \$600 annually in excess of the authorized amount.

RECOMMENDATION

The members of the Highway Commission should be compensated in compliance with the private acts.

OFFICE OF TRUSTEE

**FINDING 06.04 THE TRUSTEE PAID CHECKS THAT EXCEEDED AVAILABLE
FUNDS**

(Noncompliance Under Government Auditing Standards)

The trustee paid checks for the General Capital Projects and Community Development Funds that exceeded available cash for those funds by \$32,464 and \$4,000, respectively. Section 8-11-104 (5), Tennessee Code Annotated, prohibits the trustee from paying a check if sufficient funds are not available.

RECOMMENDATION

The trustee should not pay checks that exceed available funds as required by state statute.

OFFICE OF SHERIFF

**FINDING 06.05 DEFICIENCIES WERE NOTED IN THE OPERATION OF THE
COMMISSARY ACCOUNT**

(Noncompliance 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.

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.

FINDING 06.06 **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, 2006

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