ANNUAL FINANCIAL REPORT
MONTGOMERY COUNTY, TENNESSEE

FOR THE YEAR ENDED JUNE 30, 2008

TENNESSEE
COMPTROLLER
OF THE TREASURY

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ANNUAL FINANCIAL REPORT

MONTGOMERY COUNTY, TENNESSEE

FOR THE YEAR ENDED JUNE 30, 2008

DEPARTMENT OF AUDIT
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Comptroller of the Treasury

DIVISION OF COUNTY AUDIT
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WENDY HEATH, CFE
State Auditors

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

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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, 2008

Scope

We have audited the basic financial statements of Montgomery County as of and for the year ended June 30, 2008.

Results

Our report on Montgomery County's financial statements is unqualified.

Our audit resulted in ten 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

- Material audit adjustments were required for proper financial statement presentation.
- The offices had accounting deficiencies.
- The offices had budget deficiencies.
- Funds were transferred from the General Fund to the General Capital Projects Fund without County Commission approval.
- Deficiencies were noted in the maintenance of capital assets records.
- The Ambulance Service Department had operating deficiencies.

OFFICE OF DIRECTOR OF SCHOOLS

- The accounting software did not have adequate application controls.

OFFICE OF TRUSTEE

- The checking system has not been properly implemented.
- The trustee paid General Capital Projects Fund checks that exceeded available funds.

OFFICE OF SHERIFF

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

Introductory Section

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Montgomery County Officials
June 30, 2008

Officials

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

Board of County Commissioners

Carolyn Bowers, County Mayor, Chairperson
Elizabeth Rankin
Keith Politi
Edward Baggett
Benny Skinner
John Genis
Robert Gibbs, Jr.
Dalton Harrison
Ruth Ann Milliken
Ronald Sokol
Charles Keen
Martha Brockman
Joe Creek
Nick Robards
Loretta Bryant
Nancy Kahihikolo
Ginger Miles
Lettie Kendall
Mark Kelly
Mark Banasiak
Dwain Etterling
Jerry Allbert

Highway Commission

Mike Frost, Highway Supervisor
Conroy Head
Milan Lewis

Board of Education

Eula Dowdy, Chairperson
Horace Murphy, Jr.
James Mann
Timothy Chandler
Morris Stevens
George Giles
Gail Cobb

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FINANCIAL SECTION

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STATE OF TENNESSEE
COMPTROLLER OF THE TREASURY
DEPARTMENT OF AUDIT
DIVISION OF COUNTY AUDIT
SUITE 1500
JAMES K. POLK STATE OFFICE BUILDING
NASHVILLE, TENNESSEE 37243-1402
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INDEPENDENT AUDITOR'S REPORT

May 7, 2009

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, 2008, 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 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 Clarksville-Montgomery County Industrial Development Board, which represent 5.5 percent and .6 percent, respectively, of the assets and revenues of the aggregate discretely presented component units; the Clarksville-Montgomery County Public Library, which represent 1.3 percent and .8 percent, respectively, of the assets and revenues of the aggregate discretely presented component units; and the Bi-County Solid Waste Management System, which represent five percent and 3.5 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 Clarksville-Montgomery County Industrial Development Board, the Clarksville-Montgomery County Public Library, and the Bi-County Solid Waste Management System 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.

In our opinion, based on our audit and the reports of other auditors, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of Montgomery County, Tennessee, as of June 30, 2008, 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.

In accordance with Government Auditing Standards, we have also issued our report dated May 7, 2009, on our consideration of Montgomery County's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with Government Auditing Standards and should be considered in assessing the results of our audit.

As described in Note V.B., Montgomery County has implemented the provisions of Governmental Accounting Standards Board (GASB) Statement No. 48, Sales and Pledges of Receivables and Future Revenues and Intra-Entity Transfers of Assets and Future Revenues; and GASB Statement No. 50, Pension Disclosures.

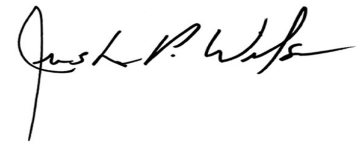
The management of Montgomery County did not prepare a management's discussion and analysis. The management's discussion and analysis section is not a required part of the basic financial statements but is supplementary information required by the Governmental Accounting Standards Board.

The budgetary comparison and pension information on pages 111 through 117 are not required parts of the basic financial statements but they do provide supplementary information required by the Governmental Accounting Standards Board. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise Montgomery County's basic financial statements. The introductory section, combining and individual nonmajor fund financial statements, budgetary comparison schedules of nonmajor governmental funds 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,



Justin P. Wilson
Comptroller of the Treasury

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Basic Financial Statements

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Exhibit A

Montgomery County, Tennessee
Statement of Net Assets
June 30, 2008

	Primary Government	Component Units				
	Governmental Activities	Montgomery County School Department	Emergency Communications District	Clarksville-Montgomery County Industrial Development Board	Clarksville-Montgomery County Public Library	Bi-County Solid Waste Management System
ASSETS						
Cash	$ 6,923	$ 100,607	$ 1,185,534	$ 1,014,369	$ 3,202,373	$ 10,960,643
Equity in Pooled Cash and Investments	83,010,096	35,459,597	0	0	0	0
Inventories	39,590	524,959	0	16,682,617	188,780	25,242
Accounts Receivable	9,045,735	573,187	140,832	317,741	(94,390)	520,475
Allowance for Uncollectibles	(1,691,807)	0	0	0	0	0
Due from Other Governments	1,711,609	9,326,123	0	0	0	35,823
Due from Primary Government	0	35,210	0	0	0	0
Due from Component Units	49,164	0	0	0	0	0
Property Taxes Receivable	51,590,520	27,105,157	0	0	0	0
Allowance for Uncollectible Property Taxes	(3,826,899)	(2,018,887)	0	0	0	0
Prepaid Items	0	50,000	260,092	0	10,228	6,500
Notes Receivable	0	0	0	233,300	0	0
Deferred Charges - Debt Issuance Costs	1,547,374	0	0	0	0	0
Capital Assets:						
Assets Not Depreciated:						
Land	23,664,082	12,556,577	0	0	0	677,992
Construction in Progress	2,445,379	28,660,541	0	1,107,235	0	15,000
Assets Net of Accumulated Depreciation:						
Buildings and Improvements	82,830,249	186,328,575	0	0	6,092	1,908,030
Other Capital Assets	6,638,974	11,444,716	131,755	53,049	1,159,828	3,363,518
Infrastructure	24,124,127	0	0	0	0	0
Total Assets	$ 281,185,116	$ 310,146,362	$ 1,718,213	$ 19,408,311	$ 4,472,911	$ 17,513,223

(Continued)

Exhibit A

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

	Primary Government	Component Units				
	Governmental Activities	Montgomery County School Department	Emergency Communications District	Clarksville-Montgomery County Industrial Development Board	Clarksville-Montgomery County Public Library	Bi-County Solid Waste Management System
LIABILITIES						
Accounts Payable	$ 1,143,555	$ 1,176,780	$ 337,703	$ 959,838	$ 7,064	$ 289,665
Accrued Payroll	802,881	13,700,898	0	0	203	0
Payroll Deductions Payable	459,806	2,157,450	13,975	0	0	36,765
Contracts Payable	287,551	1,057,304	0	0	0	0
Retainage Payable	38,554	117,478	0	0	0	0
Accrued Interest Payable	2,747,417	0	0	0	0	0
Due to Primary Government	0	49,164	0	0	0	0
Due to Component Units	35,210	0	0	0	0	0
Due to Litigants, Heirs, and Others	5,451	0	0	0	0	0
Other Current Liabilities	1,755,292	0	0	0	36,341	0
Customer Deposits Payable	0	98,030	0	0	0	0
Deferred Revenue - Current Taxes	47,591,417	24,994,965	0	0	0	0
Noncurrent Liabilities:						
Due Within One Year	16,136,195	1,553,171	28,837	33,610	0	0
Due in More Than One Year (net of unamortized premiums and deferred amount on refunding)	281,894,704	565,692	0	236,287	0	9,216,646
Total Liabilities	$ 352,898,033	$ 45,470,932	$ 380,515	$ 1,229,735	$ 43,608	$ 9,543,076

(Continued)

Exhibit A

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

	Primary Government	Component Units				
	Governmental Activities	Montgomery County School Department	Emergency Communications District	Clarksville-Montgomery County Industrial Development Board	Clarksville-Montgomery County Public Library	Bi-County Solid Waste Management System
NET ASSETS						
Invested in Capital Assets, Net of Related Debt	$ 67,220,087	$ 0	$ 0	$ 0	$ 0	$ 0
Invested in Capital Assets	0	238,990,409	131,755	53,049	1,165,920	5,964,540
Restricted for:						
Capital Projects	25,577,285	0	0	0	0	0
School Capital Projects	0	3,156,647	0	0	0	0
School Federal Projects	0	114,533	0	0	0	0
Debt Service	27,752,642	0	0	0	0	0
Highway	1,654,680	0	0	0	0	0
Central Cafeteria	0	3,202,408	0	0	0	0
School Transportation	0	963,569	0	0	0	0
Extended School Program	0	133,452	0	0	0	0
Automation Purposes - Register	194,214	0	0	0	0	0
Automation Purposes - General Sessions Court	92,344	0	0	0	0	0
Drug Control	80,910	0	0	0	0	0
Alcohol and Drug Treatment	156,710	0	0	0	0	0
Career Ladder - Extended Contract	0	537,089	0	0	0	0
Career Ladder Program	0	52,715	0	0	0	0
Other Purposes	157,533	0	0	0	2,902,787	0
Unrestricted	(194,599,322)	17,524,608	1,205,943	18,125,527	360,596	2,005,607
Total Net Assets	$ (71,712,917)	$ 264,675,430	$ 1,337,698	$ 18,178,576	$ 4,429,303	$ 7,970,147

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, 2008

		Program Revenues			Net (Expense) Revenue and Changes in Net Assets					
					Primary Government	Component Units				
Functions/Programs	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Total Governmental Activities	Montgomery County School Department	Emergency Communications District	Clarksville-Montgomery County Industrial Development Board	Clarksville-Montgomery County Public Library	Bi-County Solid Waste Management System
Primary Government:										
Governmental Activities:										
General Government	$ 5,204,087	$ 2,270,411	$ 16,380	$ 80,471	$ (2,836,825)	$ 0	$ 0	$ 0	$ 0	$ 0
Finance	4,602,026	3,990,039	37,426	0	(574,561)	0	0	0	0	0
Administration of Justice	5,875,603	4,932,017	765,805	36,530	(141,251)	0	0	0	0	0
Public Safety	22,685,862	2,355,797	1,590,138	678,561	(18,061,366)	0	0	0	0	0
Public Health and Welfare	9,934,083	6,360,368	1,793,492	0	(1,780,223)	0	0	0	0	0
Social, Cultural, and Recreational Services	1,886,295	1,588	0	0	(1,884,707)	0	0	0	0	0
Agriculture and Natural Resources	391,983	0	0	0	(391,983)	0	0	0	0	0
Other Operations	5,031,781	0	0	0	(5,031,781)	0	0	0	0	0
Highways/Public Works	7,438,428	45,381	2,898,952	4,336,419	(157,676)	0	0	0	0	0
Education	64,069,221	21,489,635	0	0	(42,579,586)	0	0	0	0	0
Interest on Long-term Debt	13,266,268	0	0	0	(13,266,268)	0	0	0	0	0
Other Debt Service	244,870	0	408,356	0	163,486	0	0	0	0	0
Total Primary Government	$ 140,630,507	$ 41,445,236	$ 7,510,549	$ 5,131,981	$ (86,542,741)	$ 0	$ 0	$ 0	$ 0	$ 0
Component Units:										
School Department	$ 206,261,631	$ 5,093,723	$ 18,024,280	$ 38,162,037	$ 0	$ (144,981,591)	$ 0	$ 0	$ 0	$ 0
Emergency Communications District	2,137,462	1,638,509	0	0	0	0	(498,953)	0	0	0
Industrial Development Board	815,315	176,120	0	0	0	0	0	(639,195)	0	0
Public Library	2,027,780	178,445	1,576,895	0	0	0	0	0	(272,440)	0
Bi-County Solid Waste Management System	10,301,561	8,027,574	142,692	0	0	0	0	0	0	(2,131,295)
Total Component Units	$ 221,543,749	$ 15,114,371	$ 19,743,867	$ 38,162,037	$ 0	$ (144,981,591)	$ (498,953)	$ (639,195)	$ (272,440)	$ (2,131,295)

(Continued)

Exhibit B

Montgomery County, Tennessee
Statement of Activities (Cont.)

Functions/Programs	Expenses	Program Revenues: Charges for Services	Program Revenues: Operating Grants and Contributions	Program Revenues: Capital Grants and Contributions	Net (Expense) Revenue and Changes in Net Assets: Primary Government: Total Governmental Activities	Component Units: Montgomery County School Department	Component Units: Emergency Communications District	Component Units: Clarksville-Montgomery County Industrial Development Board	Component Units: Clarksville-Montgomery County Public Library	Component Units: Bi-County Solid Waste Management System
General Revenues:										
Taxes:										
Property Taxes Levied for General Purposes					$ 27,696,020	$ 25,389,199	$ 0	$ 0	$ 0	$ 0
Property Taxes Levied for Debt Service					21,511,658	0	0	0	0	0
Local Option Sales Taxes					2,895,428	31,181,383	0	0	0	0
Hotel/Motel Tax					1,286,596	0	0	0	0	0
Wheel Tax					0	3,650,243	0	0	0	0
Business Tax					1,026,227	500,876	0	0	0	0
Adequate Facilities/Development Tax					789,402	0	0	0	0	0
Litigation Taxes					769,175	0	0	0	0	0
Wholesale Beer Tax					363,938	0	0	0	0	0
Mineral Severance Tax					303,459	0	0	0	0	0
Interstate Telecommunications Tax					4,034	0	0	0	0	0
Other Local Taxes					0	17,363	0	0	0	0
Grants and Contributions Not Restricted to Specific Programs					2,920,887	117,079,374	617,336	996,752	100,457	0
Interest Income					5,587,029	244,079	15,433	37,116	115,030	477,405
Unrealized Gain on Investments					0	0	0	0	84,286	0
Gain on Sale of Investments					0	0	0	0	10,001	0
Gain on Disposal of Capital Assets					0	115,835	0	202,979	0	251,216
E-Rate					0	209,584	0	0	0	0
Miscellaneous					461,598	599,935	0	0	4,494	0
Total General Revenues					$ 65,615,451	$ 178,987,871	$ 632,769	$ 1,236,847	$ 314,268	$ 728,621
Change in Net Assets					$ (20,927,290)	$ 34,006,280	$ 133,816	$ 597,652	$ 41,828	$ (1,402,674)
Net Assets, July 1, 2007					(51,135,702)	230,669,150	1,203,882	17,580,924	4,387,475	9,372,821
Prior-period Adjustment					350,075	0	0	0	0	0
Net Assets, June 30, 2008					$ (71,712,917)	$ 264,675,430	$ 1,337,698	$ 18,178,576	$ 4,429,303	$ 7,970,147

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, 2008

	Major Funds				Nonmajor Funds	
	General	General Debt Service	Other Capital Projects #5	Other Capital Projects #6	Other Govern-mental Funds	Total Govern-mental Funds
ASSETS						
Cash	$ 4,310	$ 0	$ 0	$ 0	$ 2,613	$ 6,923
Equity in Pooled Cash and Investments	19,527,905	26,078,155	6,680,901	14,453,878	9,991,751	76,732,590
Inventories	39,590	0	0	0	0	39,590
Accounts Receivable	6,526,463	100,427	0	2,281,200	29,392	8,937,482
Allowance for Uncollectibles	(1,691,807)	0	0	0	0	(1,691,807)
Due from Other Governments	640,864	500,059	0	0	570,686	1,711,609
Due from Other Funds	261,920	0	2,281,200	0	0	2,543,120
Property Taxes Receivable	24,615,987	22,449,840	0	0	4,524,693	51,590,520
Allowance for Uncollectible Property Taxes	(1,817,682)	(1,668,529)	0	0	(340,688)	(3,826,899)
Total Assets	$ 48,107,550	$ 47,459,952	$ 8,962,101	$ 16,735,078	$ 14,778,447	$ 136,043,128
LIABILITIES AND FUND BALANCES						
Liabilities						
Accounts Payable	$ 863,883	$ 200	$ 0	$ 0	$ 170,504	$ 1,034,587
Accrued Payroll	797,040	0	0	0	3,098	800,138
Payroll Deductions Payable	428,333	0	0	0	30,021	458,354
Contracts Payable	0	0	0	0	287,551	287,551
Retainage Payable	0	0	0	0	38,554	38,554
Due to Other Funds	479,523	6,471	0	2,281,200	366,024	3,133,218
Due to Litigants, Heirs, and Others	0	0	0	0	5,451	5,451
Other Current Liabilities	5,292	1,750,000	0	0	0	1,755,292
Deferred Revenue - Current Property Taxes	22,716,903	20,706,035	0	0	4,168,479	47,591,417
Other Deferred Revenues	3,288,879	256,179	0	0	329,276	3,874,334
Total Liabilities	$ 28,579,853	$ 22,718,885	$ 0	$ 2,281,200	$ 5,398,958	$ 58,978,896

(Continued)

Exhibit C-1

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

	Major Funds				Nonmajor Funds	
	General	General Debt Service	Other Capital Projects #5	Other Capital Projects #6	Other Govern-mental Funds	Total Govern-mental Funds
LIABILITIES AND FUND BALANCES (Cont.)						
Fund Balances						
Reserved for Encumbrances	$ 0	$ 0	$ 0	$ 0	$ 405,410	$ 405,410
Reserved for Alcohol and Drug Treatment	156,710	0	0	0	0	156,710
Reserved for Litigation Tax - Jail, Workhouse, or Courthouse	0	1,343,876	0	0	0	1,343,876
Reserved for Drug Court	32,867	0	0	0	0	32,867
Reserved for Sexual Offender Registration	344	0	0	0	0	344
Reserved for Courtroom Security	27,288	0	0	0	0	27,288
Reserved for Computer System - Register	194,214	0	0	0	0	194,214
Reserved for Automation Purposes - Circuit Court	19,698	0	0	0	0	19,698
Reserved for Automation Purposes - General Sessions Court	92,344	0	0	0	0	92,344
Reserved for Automation Purposes - Chancery Court	5,446	0	0	0	0	5,446
Reserved for Fraud and Crimes Prosecution Act	34,059	0	0	0	0	34,059
Reserved for Other General Purposes	37,831	0	0	0	0	37,831
Unreserved, Reported In:						
General Fund	18,926,896	0	0	0	0	18,926,896
Special Revenue Funds	0	0	0	0	1,568,821	1,568,821
Debt Service Funds	0	23,397,191	0	0	0	23,397,191
Capital Projects Funds	0	0	8,962,101	14,453,878	7,405,258	30,821,237
Total Fund Balances	$ 19,527,697	$ 24,741,067	$ 8,962,101	$ 14,453,878	$ 9,379,489	$ 77,064,232
Total Liabilities and Fund Balances	$ 48,107,550	$ 47,459,952	$ 8,962,101	$ 16,735,078	$ 14,778,447	$ 136,043,128

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, 2008

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)		$ 77,064,232
(1) Capital assets used in governmental activities are not financial resources and therefore are not reported in the governmental funds.		
Add: land	$ 23,664,082	
Add: construction in progress	2,445,379	
Add: infrastructure net of accumulated depreciation	24,124,127	
Add: buildings and improvements net of accumulated depreciation	82,830,249	
Add: other capital assets net of accumulated depreciation	6,638,974	
Less: capital assets of internal service funds, which are included below in item (2)	(23,207)	139,679,604
(2) 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.		4,249,908
(3) Long-term liabilities are not due and payable in the current period and therefore are not reported in the governmental funds.		
Less: bonds payable	$ (281,490,000)	
Less: notes payable	(3,450,000)	
Less: other loans payable	(7,507,850)	
Add: deferred amount on refunding	5,502,813	
Add: deferred charges - debt issuance costs	1,547,374	
Less: other deferred revenue - premium on debt	(6,594,525)	
Less: accrued interest on bonds, notes, and other loans	(2,747,417)	
Less: compensated absences payable	(1,841,390)	(296,580,995)
(4) Other long-term assets are not available to pay for current period expenditures and therefore are deferred in the governmental funds.		3,874,334
Net assets of governmental activities (Exhibit A)		$ (71,712,917)

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, 2008

	Major Funds				Nonmajor Funds	
	General	General Debt Service	Other Capital Projects #5	Other Capital Projects #6	Other Govern-mental Funds	Total Governmental Funds
Revenues						
Local Taxes	$ 27,709,312	$ 25,554,045	$ 0	$ 0	$ 4,851,084	$ 58,114,441
Licenses and Permits	653,510	0	0	0	0	653,510
Fines, Forfeitures, and Penalties	1,280,394	0	0	0	23,743	1,304,137
Charges for Current Services	4,873,837	0	0	0	42	4,873,879
Other Local Revenues	4,583,523	2,011,577	0	0	325,521	6,920,621
Fees Received from County Officials	7,913,066	0	0	0	0	7,913,066
State of Tennessee	5,453,525	0	0	0	3,140,168	8,593,693
Federal Government	919,109	0	0	0	80,471	999,580
Other Governments and Citizens Groups	1,897,603	408,469	0	0	225,664	2,531,736
Total Revenues	$ 55,283,879	$ 27,974,091	$ 0	$ 0	$ 8,646,693	$ 91,904,663
Expenditures						
Current:						
General Government	$ 5,372,176	$ 0	$ 0	$ 0	$ 55,878	$ 5,428,054
Finance	4,509,906	0	0	0	190,873	4,700,779
Administration of Justice	5,310,190	0	0	0	1,356	5,311,546
Public Safety	20,841,755	0	0	0	723,315	21,565,070
Public Health and Welfare	8,727,908	0	0	0	1,051,811	9,779,719
Social, Cultural, and Recreational Services	1,725,829	0	0	0	46,988	1,772,817
Agriculture and Natural Resources	353,828	0	0	0	0	353,828
Other Operations	4,463,311	0	0	0	249,243	4,712,554
Highways	114,984	0	0	0	7,217,085	7,332,069
Debt Service:						
Principal on Debt	0	13,197,807	0	0	0	13,197,807
Interest on Debt	0	13,461,215	0	0	0	13,461,215
Other Debt Service	0	475,394	0	0	0	475,394
Capital Projects	0	0	33,663,942	4,549,787	7,671,530	45,885,259
Total Expenditures	$ 51,419,887	$ 27,134,416	$ 33,663,942	$ 4,549,787	$ 17,208,079	$ 133,976,111
Excess (Deficiency) of Revenues Over Expenditures	$ 3,863,992	$ 839,675	$ (33,663,942)	$ (4,549,787)	$ (8,561,386)	$ (42,071,448)

(Continued)

Exhibit C-3

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

	Major Funds				Nonmajor Funds	
	General	General Debt Service	Other Capital Projects #5	Other Capital Projects #6	Other Govern-mental Funds	Total Governmental Funds
Other Financing Sources (Uses)						
Bonds Issued	$ 0	$ 0	$ 0	$ 18,000,000	$ 0	$ 18,000,000
Premiums on Debt Issued	0	0	0	480	0	480
Other Loans Issued	0	0	0	3,863,385	0	3,863,385
Insurance Recovery	17,295	0	0	0	285	17,580
Transfers In	56,193	0	2,806,200	0	711,096	3,573,489
Transfers Out	(554,700)	0	0	(2,860,200)	(158,589)	(3,573,489)
Total Other Financing Sources (Uses)	$ (481,212)	$ 0	$ 2,806,200	$ 19,003,665	$ 552,792	$ 21,881,445
Net Change in Fund Balances	$ 3,382,780	$ 839,675	$ (30,857,742)	$ 14,453,878	$ (8,008,594)	$ (20,190,003)
Fund Balance, July 1, 2007	16,144,917	23,901,392	39,819,843	0	17,388,083	97,254,235
Fund Balance, June 30, 2008	$ 19,527,697	$ 24,741,067	$ 8,962,101	$ 14,453,878	$ 9,379,489	$ 77,064,232

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, 2008

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)		$ (20,190,003)
(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	$ 4,832,607	
Less: current year depreciation expense	(3,671,580)	1,161,027
(2) The net effect of various miscellaneous transactions involving capital assets (sales, trade-ins, and donations) is to increase net assets.		
Add: assets donated and capitalized	$ 4,090,673	
Less: loss on disposal of capital assets	(166,306)	3,924,367
(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, 2007	$ (2,811,066)	
Add: deferred delinquent property taxes and other deferred June 30, 2008	3,874,334	1,063,268
(4) The issuance of long-term debt (e.g., notes, bonds, other loans) provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net assets. Also, governmental funds report the effect of issuance costs, premiums, discounts, and similar items when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities. This amount is the effect of these differences in the treatment of long-term debt and related items:		
Less: bonds proceeds	$ (18,000,000)	
Less: other loans proceeds	(3,863,385)	
Add: principal payments on notes	1,566,726	
Add: principal payments on bonds	11,195,000	
Add: principal payments on other loans	436,081	
Add: debt issuance cost on debt issued during year	230,524	
Less: debt issuance cost amortized during year	(99,360)	
Less: change in deferred amount on refunded debt	(129,939)	
Less: premium on debt issued during year	(480)	
Add: premium amortized during year	532,501	(8,132,332)
(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	$ (108,255)	
Change in compensated absences payable	(332,511)	(440,766)
(6) Internal service funds are used by management to charge the cost of liability, workers' compensation, and employee dental benefits to individual funds. The net revenue of certain activities of the internal service funds is reported with governmental activities in the statement of activities.		1,687,149
Change in net assets of governmental activities (Exhibit B)		$ (20,927,290)

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, 2008

	Governmental Activities - Internal Service Funds
ASSETS	
Current Assets:	
Equity in Pooled Cash and Investments	$ 6,277,506
Accounts Receivable	108,253
Due from Other Funds	674,327
Due from Component Units	49,164
Buildings and Improvements	24,803
Accumulated Depreciation - Buildings and Improvements	(1,596)
Total Assets	$ 7,132,457
LIABILITIES	
Current Liabilities:	
Accounts Payable	$ 109,328
Accrued Payroll	2,743
Payroll Deductions Payable	1,452
Claims and Judgments Payable	1,358,724
Due to Other Funds	83,869
Due to Component Units	35,210
Total Current Liabilities	$ 1,591,326
Noncurrent Liabilities:	
Claims and Judgments Payable	$ 1,291,223
Total Noncurrent Liabilities	$ 1,291,223
Total Liabilities	$ 2,882,549
NET ASSETS	
Unrestricted	$ 4,249,908
Total Net Assets	$ 4,249,908

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, 2008

	Governmental Activities - Internal Service Funds
Operating Revenues	
Charges for Current Services	$ 27,992,921
Total Operating Revenues	$ 27,992,921
Operating Expenses	
Risk Management	$ 320,195
Depreciation	991
Other Charges	1,171,615
Employee Benefits	25,466,047
Total Operating Expenses	$ 26,958,848
Operating Income (Loss)	$ 1,034,073
Nonoperating Revenues (Expenses)	
Investment Income	$ 267,491
Miscellaneous Refunds	385,585
Total Nonoperating Revenues (Expenses)	$ 653,076
Changes in Net Assets	$ 1,687,149
Prior-period Adjustment	350,075
Net Assets, July 1, 2007	2,212,684
Nets Assets, June 30, 2008	$ 4,249,908

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

Exhibit D-3

Montgomery County, Tennessee
Statement of Cash Flows
Proprietary Funds
For the Year Ended June 30, 2008

		Governmental Activities - Internal Service Funds
Cash Flows from Operating Activities		
Receipts from Interfund Services Provided	$	27,396,567
Other Self-Insured Claims		(30,818,815)
Other Receipts (Payments)		385,585
Net Cash Provided By (Used In) Operating Activities	$	(3,036,663)
Cash Flows from Investing Activities		
Investment Income	$	267,491
Net Cash Provided By (Used In) Investing Activities	$	267,491
Net Increase (Decrease) in Cash	$	(2,769,172)
Prior-period Adjustment		350,075
Cash, July 1, 2007		8,696,603
Cash, June 30, 2008	$	6,277,506
Reconciliation of Operating Income (Loss) to Net Cash Provided By (Used In) Operating Activities		
Operating Income (Loss)	$	1,034,073
Miscellaneous Refunds		385,585
Adjustments to Reconcile Net Operating Income (Loss) to Net Cash Provided By (Used In) Operating Activities:		
Depreciation Expense		991
(Increase) Decrease in Accounts Receivable		(105,411)
(Increase) Decrease in Due from Other Funds		(491,797)
(Increase) Decrease in Due from Component Units		(1,027)
Increase (Decrease) in Accounts Payable		(1,686,569)
Increase (Decrease) in Accrued Payroll		2,743
Increase (Decrease) in Payroll Deductions Payable		(6,920)
Increase (Decrease) in Due to Other Funds		(98,661)
Increase (Decrease) in Due to Component Units		(618)
Increase (Decrease) in Claims and Judgments Payable		(2,069,052)
Net Cash Provided By (Used In) Operating Activities	$	(3,036,663)

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, 2008

	Agency Funds
ASSETS	
Cash	$ 7,177,625
Equity in Pooled Cash and Investments	333,599
Accounts Receivable	46,881
Due from Other Governments	1,876,325
Total Assets	$ 9,434,430
LIABILITIES	
Accounts Payable	$ 1,811
Accrued Payroll	1,413
Payroll Deductions Payable	421
Due to Other Funds	360
Due to Other Taxing Units	1,876,325
Due to Litigants, Heirs, and Others	7,215,286
Due to Joint Ventures	338,814
Total Liabilities	$ 9,434,430

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

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MONTGOMERY COUNTY, TENNESSEE
NOTES TO THE FINANCIAL STATEMENTS
For the Year Ended June 30, 2008

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 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. Complete financial statements of the Emergency Communications District of Montgomery County, the Bi-County Solid Waste Management System, the Clarksville-Montgomery County Industrial Development Board, and the Clarksville-Montgomery County Public Library can be obtained from their administrative offices at the following addresses:

Administrative Offices:

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

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

Clarksville-Montgomery County Industrial Development Board
P.O. Box 883
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 all debt for the discretely presented Montgomery County School Department. Net debt issues ($37,932,140) were contributed by the county to the School Department during the year ended June 30, 2008.

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 #5 Fund – This fund is used to account for debt proceeds received from the $63,945,000 general obligation refunding bonds.

Other Capital Projects #6 Fund – This fund is used to account for debt proceeds received from the $18,000,000 general obligation public improvement and school bonds and the $20,140,987 variable rate loan.

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, the Workers' Compensation, and the Unemployment Compensation funds, are used to account for risk management activities for employees' health insurance, workers' compensation, on the job injury, and unemployment compensation provided to other departments on a cost-reimbursement basis.

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

The discretely presented 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 building 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.

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, the Montgomery County School Department, the Bi-County Solid Waste Management System, the Emergency Communications District of Montgomery County, and the Montgomery County Rail Service Authority (joint venture). Each fund's portion of this pool is displayed on the balance sheets or statements of net assets as Equity in Pooled Cash and Investments. Most income from these pooled investments is assigned to the General and General Debt Service funds. 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. No investments required to be reported at fair value were held at the balance sheet date.

2. Receivables and Payables

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

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 four 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 $3,752,277 are discussed in Note V.A. Risk Management.

Retainage payable in the primary government's nonmajor governmental funds represent amounts withheld from payments made on construction contracts pending completion of the projects. These amounts are held by the county trustee as Equity in Pooled Cash and Investments in the nonmajor governmental funds.

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:

Assets	Years
Buildings and Improvements	5-50
Other Capital Assets	4-20
Infrastructure:	
Roads	100
Bridges	50

5. Compensated Absences

It is the county's and the 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 refunding transactions, the difference between the reacquisition price and the net carrying amount of the old debt is netted against the new debt and amortized over the remaining life of the refunded debt or the life of the new debt issued, whichever is shorter.

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

Only the matured portion (the portion that has come due for payment) of long-term indebtedness, including bonds payable, is recognized as a liability and expenditure in the governmental fund financial statements. Liabilities and expenditures for other long-term

obligations, including compensated absences 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, 2008, Montgomery County had $216,456,550 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 Montgomery County 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, 2008:

Fund/Purpose	Amount
General:	
Insurance	$ 10,000
Mobile Data Terminals	59,124
Veterans' Services	9,221
Child Advocacy Center	61,275
Animal Shelter - Fines	3,822
Animal Shelter - Donations	7,141
General Purpose School (School Department):	
Workers' Compensation	1,375,218
Property and Liability Insurance	700,000

8. Prior-period Adjustment

A prior-period adjustment totaling $350,075 is reflected in the Worker's Compensation Fund because claims and judgments were overstated in the prior year.

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, Beer Board, Other Boards and Committees, etc.). Management may make revisions within major categories, but only the County Commission may transfer appropriations between major categories. During the year, several supplementary appropriations were necessary.

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

B. Fund Deficits

The General Capital Projects Fund had a deficit in unreserved fund balance of $667,231 at June 30, 2008. This deficit resulted from the unperformed portions of construction contracts of $405,410 being reserved as encumbrances and recognizing construction contract payables totaling $287,551. Funding for these expenditures is expected to be received from the issuance of debt.

The discretely presented School Federal Projects Fund had a deficit in unreserved fund balance of $306,361 at June 30, 2008. This deficit resulted from outstanding purchase orders of $346,610 being reserved as encumbrances.

The discretely presented Education Capital Projects Fund had a deficit in unreserved fund balance of $31,028,945 at June 30, 2008. This deficit resulted from the unperformed portions of construction contracts of $34,185,592 being reserved as encumbrances. Funding for these future expenditures is expected to be received from the issuance of debt.

C. Expenditures Exceeded Appropriations

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

Fund/Category	Amount Overspent
General:	
Other Boards and Committees	$ 162
Personnel Office	44,112
Juvenile Services	418
County Coroner/Medical Examiner	20,540
Other Local Health Services	361
Libraries	49
Other Social, Cultural, and Recreational	682
Soil Conservation	759
Tourism	88,984
Transfers Out	554,700
Highway/Public Works:	
Capital Outlay	20,979

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

IV. DETAILED NOTES ON ALL FUNDS

A. Deposits and Investments

Montgomery County, the Montgomery County School Department, the Bi-County Solid Waste Management System, the Emergency Communications District of Montgomery County, and the Montgomery County Rail Service Authority participate in an internal cash and investment pool through the Office of Trustee. The county trustee is the treasurer of the county and in this capacity is responsible for receiving, disbursing, and

investing most county funds. Each fund's portion of this pool is displayed on the balance sheets or statements of net assets as Equity in Pooled Cash and Investments. Cash reflected on the balance sheets or statements of net assets represents nonpooled amounts held separately by individual funds.

Deposits

Legal Provisions. All deposits with financial institutions must be secured by one of two methods. One method involves financial institutions that participate in the bank collateral pool administered by the state treasurer. Participating banks determine the aggregate balance of their public fund accounts for the State of Tennessee and its political subdivisions. The amount of collateral required to secure these public deposits must equal at least 105 percent of the average daily balance of public deposits held. Collateral securities required to be pledged by the participating banks to protect their public fund accounts are pledged to the state treasurer on behalf of the bank collateral pool. The securities pledged to protect these accounts are pledged in the aggregate rather than against each account. The members of the pool may be required by agreement to pay an assessment to cover any deficiency. Under this additional assessment agreement, public fund accounts covered by the pool are considered to be insured for purposes of credit risk disclosure.

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

Investments

Legal Provisions. Counties are authorized to make direct investments in bonds, notes, or treasury bills of the U.S. government and obligations guaranteed by the U.S. government or any of its agencies; 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, 2008, Montgomery County had the following investments carried at cost. All investments are in the county trustee's investment pool. Separate disclosures concerning pooled investments cannot be made for Montgomery County and the discretely presented Montgomery County School Department since both pool their deposits and investments through the county trustee.

Investment	Maturities	Cost
State Treasurer's Investment Pool	Daily	$ 51,796,166

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, 2008, Montgomery County's investment in the State Treasurer's Investment Pool was unrated.

B. Capital Assets

Capital assets activity for the year ended June 30, 2008, was as follows:

Primary Government

Governmental Activities:

	Balance 7-1-07	Increases	Decreases	Balance 6-30-08
Capital Assets Not Depreciated:				
Land	$ 23,550,679	$ 138,206	$ (24,803)	$ 23,664,082
Construction in Progress	509,345	3,200,770	(1,264,736)	2,445,379
Total Capital Assets Not Depreciated	$ 24,060,024	$ 3,338,976	$ (1,289,539)	$ 26,109,461
Capital Assets Depreciated:				
Buildings and Improvements	$ 96,599,410	$ 1,264,736	$ 0	$ 97,864,146
Infrastructure	38,947,111	3,952,467	(39,710)	42,859,868
Other Capital Assets	15,704,252	1,630,846	(921,789)	16,413,309
Total Capital Assets Depreciated	$ 151,250,773	$ 6,848,049	$ (961,499)	$ 157,137,323

Governmental Activities (Cont.):

	Balance 7-1-07	Increases	Decreases	Balance 6-30-08
Less Accumulated Depreciation For:				
Buildings and Improvements	$ 12,724,297	$ 2,309,600	$ 0	$ 15,033,897
Infrastructure	18,440,202	331,278	(35,739)	18,735,741
Other Capital Assets	9,527,890	1,030,702	(784,257)	9,774,335
Total Accumulated Depreciation	$ 40,692,389	$ 3,671,580	$ (819,996)	$ 43,543,973
Total Capital Assets Depreciated, Net	$ 110,558,384	$ 3,176,469	$ (141,503)	$ 113,593,350
Governmental Activities Capital Assets, Net	$ 134,618,408	$ 6,515,445	$ (1,431,042)	$ 139,702,811

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

Governmental Activities:

General Government	$ 561,992
Finance	76,375
Administration of Justice	553,245
Public Safety	1,288,629
Public Health and Welfare	421,448
Social, Cultural, and Recreational Services	130,660
Agriculture and Natural Resources	35,658
Highway/Public Works	603,573
Total Depreciation Expense - Governmental Activities	$ 3,671,580

Discretely Presented Montgomery County School Department

Governmental Activities:

	Balance 7-1-07	Increases	Decreases	Balance 6-30-08
Capital Assets Not Depreciated:				
Land	$ 9,744,219	$ 2,812,391	$ (33)	$ 12,556,577
Construction in Progress	17,094,669	26,877,537	(15,311,665)	28,660,541
Total Capital Assets Not Depreciated	$ 26,838,888	$ 29,689,928	$ (15,311,698)	$ 41,217,118

Governmental Activities (Cont.):

	Balance 7-1-07	Increases	Decreases	Balance 6-30-08
Capital Assets Depreciated:				
Buildings and Improvements	$ 224,261,615	$ 20,986,182	$ 0	$ 245,247,797
Other Capital Assets	20,455,925	4,844,572	(1,513,048)	23,787,449
Total Capital Assets Depreciated	$ 244,717,540	$ 25,830,754	$ (1,513,048)	$ 269,035,246
Less Accumulated Depreciation For:				
Buildings and Improvements	$ 53,913,508	$ 5,005,714	$ 0	$ 58,919,222
Other Capital Assets	12,380,876	1,428,932	(1,467,075)	12,342,733
Total Accumulated Depreciation	$ 66,294,384	$ 6,434,646	$ (1,467,075)	$ 71,261,955
Total Capital Assets Depreciated, Net	$ 178,423,156	$ 19,396,108	$ (45,973)	$ 197,773,291
Governmental Activities Capital Assets, Net	$ 205,262,044	$ 49,086,036	$ (15,357,671)	$ 238,990,409

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

Governmental Activities:

Instruction	$ 6,187
Support Services	6,373,965
Operation of Non-Instructional Services	54,494
Total Depreciation Expense - Governmental Activities	$ 6,434,646

C. Construction Commitments

At June 30, 2008, the General Capital Projects Fund had uncompleted construction contracts of approximately $405,410 for various construction projects. Funding for these future expenditures has been received.

At June 30, 2008, the discretely presented School Department's Education Capital Projects Fund had uncompleted construction contracts of approximately $34,185,592, for various construction projects. Funding for these future expenditures is expected to be received from the issuance of debt.

D. Interfund Receivables, Payables, and Transfers

The composition of interfund balances as of June 30, 2008, is as follows:

Due to/from Other Funds:

Receivable Fund	Payable Fund	Amount
Primary Government:		
General	General Debt Service	$ 6,471
General	Nonmajor governmental	171,400
General	Internal Service	83,869
General	Agency	180
Other Capital Projects #5	Other Capital Projects #6	2,281,200
Internal Service	General	479,523
Internal Service	Nonmajor governmental	194,624
Internal Service	Agency	180
School Department Component Unit:		
General Purpose School	Education Capital Projects	842
General Purpose School	Nonmajor governmental	466,297
Education Capital Projects	General Purpose School	92,964
Education Capital Projects	Nonmajor governmental	1,486
Nonmajor governmental	General Purpose School	65,130
Nonmajor governmental	Education Capital Projects	49
Nonmajor governmental	Nonmajor governmental	85,652

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
	Component Unit:	
Primary Government:	School Department:	
Self-Insurance (Internal Service)	General Purpose School	$ 49,164
Component Unit:		
School Department:	Primary Government:	
General Purpose School	Self-Insurance (Internal Service)	35,210

Interfund Transfers:

Interfund transfers for the year ended June 30, 2008, consisted of the following amounts:

Primary Government

Transfers Out	Transfers In: General Fund	Transfers In: Other Capital Projects #5 Fund	Transfers In: Nonmajor Governmental Funds
General Fund	$ 0	$ 0	$ 554,700
Other Capital Projects #6 Fund	0	2,806,200	54,000
Nonmajor governmental funds	56,193	0	102,396
Total	$ 56,193	$ 2,806,200	$ 711,096

Discretely Presented Montgomery County School Department

Transfer Out	Transfer In: General Purpose School Fund	Transfer In: Nonmajor Governmental Funds
Nonmajor governmental funds	$ 537,755	$ 1,282,915

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

E. Long-term Debt

Primary Government

General Obligation Bonds, Notes, and Other Loans

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

General obligation bonds, capital outlay notes, and other loans are direct obligations and pledge the full faith and credit of the government. General obligation bonds, capital outlay notes, and other loans outstanding were issued for original terms of up to 21 years for bonds, up to seven years for notes, and up to 15 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, 2008, will be retired from the General Debt Service Fund.

General obligation bonds, other loans, and capital outlay notes outstanding as of June 30, 2008, are as follows:

Type	Interest Rate	Original Amount of Issue	Balance 6-30-08
General Obligation Bonds	2 to 5%	$ 105,000,000	$ 103,500,000
General Obligation Bonds - Refunding	2 to 5.12095	257,550,000	177,990,000
Capital Outlay Notes	4 to 5	5,585,000	3,450,000
Other Loans	variable	9,085,936	7,507,850

In prior years, Montgomery County entered into loan agreements with the Tennessee State School Bond Authority. Under these loan agreements, the authority borrowed $2,470,731 (Series 2001) and $3,668,018 (Series 2005) Qualified Zone Academy Bonds and loaned the proceeds to Montgomery County for various renovation and construction projects. These loans are repayable at zero percent interest with annual administrative fees of $847 and $1,246, respectively.

In 2007-2008, Montgomery County entered into a loan agreement with the City of Clarksville Public Building Authority. This loan agreement provided for the authority to make $20,140,987 available for loan to Montgomery County on an as-needed basis for various renovation and construction projects. As of June 30, 2008, Montgomery County had borrowed $2,947,187 of the available $20,140,987. 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, 2008, the variable interest rate was 1.39 percent and other fees totaled approximately .28 (letter of credit), .55 (remarketing) of the outstanding loan principal, and $85 per month trustee fee.

The annual requirements to amortize all general obligation bonds, notes, and other loans outstanding as of June 30, 2008, including interest payments and other loan fees, are presented in the following tables:

Year Ending June 30	Bonds Principal	Interest	Total
2009	$ 11,400,000	$ 13,018,694	$ 24,418,694
2010	12,025,000	12,556,895	24,581,895
2011	12,815,000	12,030,894	24,845,894
2012	14,625,000	11,457,532	26,082,532
2013	16,385,000	10,783,280	27,168,280
2014-2018	94,055,000	41,762,867	135,817,867
2019-2023	87,145,000	18,662,986	105,807,986
2024-2028	33,040,000	3,125,476	36,165,476
Total	$ 281,490,000	$ 123,398,624	$ 404,888,624

Year Ending June 30	Notes Principal	Interest	Total
2009	$ 1,100,000	$ 172,500	$ 1,272,500
2010	1,150,000	117,500	1,267,500
2011	1,200,000	60,000	1,260,000
Total	$ 3,450,000	$ 350,000	$ 3,800,000

Year Ending June 30	Other Loans Principal	Interest	Other Fees	Total
2009	$ 436,081	$ 40,966	$ 6,678	$ 483,725
2010	1,136,068	40,966	6,678	1,183,712
2011	1,173,081	31,236	5,831	1,210,148
2012	1,199,081	20,992	4,940	1,225,013
2013	1,183,281	10,386	4,018	1,197,685
2014-2018	1,827,440	0	8,771	1,836,211
2019-2021	552,818	0	3,738	556,556
Total	$ 7,507,850	$ 144,546	$ 40,654	$ 7,693,050

There is $23,397,191 available in the General Debt Service Fund to service long-term debt. Bonded debt per capita totaled $2,089, based on the 2000 federal census. Debt per capita, including bonds, notes and other loans, totaled $2,170, based on the 2000 federal census.

Changes in Long-term liabilities

Long-term liability activity for the year ended June 30, 2008, was as follows:

Primary Government

Governmental Activities:

	Bonds	Notes
Balance, July 1, 2007	$ 274,685,000	$ 5,016,726
Additions	18,000,000	0
Deductions	(11,195,000)	(1,566,726)
Balance, June 30, 2008	$ 281,490,000	$ 3,450,000
Balance Due Within One Year	$ 11,400,000	$ 1,100,000

	Compensated Absences	Other Loans	Claims and Judgments
Balance, July 1, 2007	$ 1,508,879	$ 4,080,546	$ 4,718,999
Additions	2,333,227	3,863,385	21,219,227
Deductions	(2,000,716)	(436,081)	(23,288,279)
Balance, June 30, 2008	$ 1,841,390	$ 7,507,850	$ 2,649,947
Balance Due Within One Year	$ 1,841,390	$ 436,081	$ 1,358,724

Analysis of Noncurrent Libilities Presented on Exhibit A:

Total Noncurrent Liabilities, June 30, 2008	$ 296,939,187
Less: Due Within One Year	(16,136,195)
Add: Unamortized Premium on Debt	6,594,525
Less: Deferred Amount on Refunding	(5,502,813)
Noncurrent Liabilities - Due in More Than One Year - Exhibit A	$ 281,894,704

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 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, 2008, the following outstanding bond is considered defeased:

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, 2008, was as follows:

	Compensated Absences	Claims and Judgments
Balance, July 1, 2007	$ 886,188	$ 1,200,926
Additions	1,109,816	69,817
Deductions	(979,471)	(168,413)
Balance, June 30, 2008	$ 1,016,533	$ 1,102,330
Balance Due Within One Year	$ 986,036	$ 567,135

Analysis of Noncurrent Libilities Presented on Exhibit A:

Total Noncurrent Liabilities, June 30, 2008	$ 2,118,863
Less: Due Within One Year	(1,553,171)
Noncurrent Liabilities - Due in More Than One Year - Exhibit A	$ 565,692

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.

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

The State of Tennessee pays health insurance premiums for retired teachers on-behalf of the Montgomery County School Department. These payments are made by the state to the Medicare Supplement Plan. This plan is administered by the State of Tennessee and reported in the state's Comprehensive Annual Financial Report. Payments by the state to the Medicare Supplement Plan for the year ended June 30, 2008, were $66,863. The School Department has recognized these on-behalf payments as revenues and expenditures in the General Purpose School Fund.

V. OTHER INFORMATION

A. Risk Management

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

All full-time and part-time employees of the primary government and the above-noted discretely presented component units are eligible to participate. A premium charge is allocated to each fund that accounts for all eligible participating employees. This charge is based on actuarial estimates of the amounts needed to pay prior-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
2006-07	$ 3,117,463	$ 22,250,035	$ (21,759,199)	$ 3,608,299
2007-08	3,608,299	21,129,157	(22,618,009)	2,119,447

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. In prior years, the plan was administered by Brentwood Services, but in 2007-2008 the county discontinued this service and began administering the plan internally. 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
2006-07	$ 721,000	$ 0	$ (89,740)	$ 631,260
2007-08	631,260	0	(168,260)	463,000

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
2006-07	$ 139,000	$ 1,191,798	$ (851,358)	$ 479,440
2007-08	479,440	90,070	(502,010)	67,500

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

The School 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 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
2006-07	$ 3,296,268	$ 0	$ (2,120,959)	$ 1,175,309
2007-08	1,175,309	0	(104,918)	1,070,391

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
2006-07	$ 24,694	$ 50,544	$ (49,621)	$ 25,617
2007-08	25,617	69,817	(63,495)	31,939

B. Accounting Changes

Provisions of Governmental Accounting Standards Board (GASB) Statement No. 48, Sales and Pledges of Receivables and Future Revenues and Intra-Entity Transfers of Assets and Future Revenues; and Statement No. 50, Pension Disclosures became effective for the year ended June 30, 2008.

GASB Statement No. 48 establishes criteria to ascertain whether certain transactions are sales or collateralized borrowings and provides guidance on how to account for sales or pledges of receivables or future revenues. This statement provides additional guidance for sales of receivables and future revenues within the same reporting entity. This statement also requires governments to disclose in the notes to the financial statements the nature of any receivables or future revenues that have been pledged or sold. Tennessee state statutes do not currently allow counties to sell or pledge receivables or sell future revenue streams. Therefore, those provisions of GASB Statement No. 48 that pertain to the sale or pledge receivables or sale of future revenue will not apply to Montgomery County. GASB Statement No. 48 had no effect on the financial statements of Montgomery County for the year ended June 30, 2008, since the county has not pledged any of its future revenues. However, it is reasonably expected that Montgomery County may pledge a future revenue stream toward the payment of debt in subsequent years.

GASB Statement No. 50 amends previous guidance concerning pension information. This statement closely aligns the financial reporting requirements for pensions with those for other postemployment benefits and enhances the information disclosed in the notes to the financial statements or presented as required supplementary information for pension plans. This statement requires Montgomery County to provide additional and more detailed pension plan note disclosures than in previous years.

C. Subsequent Events

On August 11, 2008, Montgomery County authorized Qualified Zone Academy Bonds totaling $4,145,400 for school construction.

On August 28, 2008, Montgomery County issued $18,450,000 in general obligation industrial park bonds for the purchase of the Hemlock Semiconductor Incorporation megasite.

On September 1, 2008, Ronnie Boyd left the Office of Assessor of Property and was succeeded by Betty Burchett.

On March 6, 2009, Montgomery County issued $4,500,000 in capital outlay notes for school buses and parks and recreation projects.

As of the date of the auditor's report, Montgomery County requested draws of $7,600,000 from the City of Clarksville Public Building Authority on the $20,140,987 loan.

D. Contingent Liabilities

The county is 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.

E. Changes in Administration

On June 1, 2008, Betty Burchett left the Office of Director of Accounts and Budgets and was succeeded by Erinne Hester.

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. Montgomery County contributed $55,448 to the operations and $164,763 to capital projects of the airport during the year ended June 30, 2008.

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 2007-08 year.

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

The Nineteenth Judicial District Drug Task Force (DTF) is a joint venture formed by an interlocal agreement between the district attorney general of the Nineteenth Judicial District and Montgomery County. The purpose of the DTF is to provide multi-jurisdictional law enforcement to promote the investigation and prosecution of drug-related activities. Funds for the operations of the DTF come primarily from federal grants, drug fines, and the forfeiture of drug-related assets to the DTF. The DTF is overseen by the district attorney general and is governed by a board of directors including the district attorney general and the Montgomery County Sheriff. Montgomery County did not appropriate any funds to the DTF during the 2007-08 year.

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

Administrative Offices:

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

Clarksville Montgomery County Airport
200 Airport Road
Clarksville, TN 37042

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

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

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

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

H. Jointly Governed Organizations

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

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

I. Retirement Commitments

Employees

Plan Description

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

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

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, 2008, was 14.34 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, 2008, Montgomery County's annual pension cost of $7,731,682 to TCRS was equal to the county's required and actual contributions. The required contribution was determined as part of the July 1, 2005, 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 postretirement 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, 2005, was ten years. An actuarial valuation was performed as of July 1, 2007, which established contribution rates effective July 1, 2008.

Trend Information

Fiscal Year Ended	Annual Pension Cost (APC)	Percentage of APC Contributed	Net Pension Obligation
6-30-08	$7,731,682	100%	$0
6-30-07	7,116,217	100	0
6-30-06	6,433,780	100	0

Funded Status and Funding Progress

As of July 1, 2007, the most recent actuarial valuation date, the plan was 86.26 percent funded. The actuarial accrued liability for benefits was $125.96 million, and the actuarial value of assets was $108.66 million, resulting in an unfunded actuarial accrued liability (UAAL) of $17.3 million. The covered payroll (annual payroll of active employees covered by the plan) was $49.01 million, and the ratio of the UAAL to the covered payroll was 35.3 percent.

The schedule of funding progress, presented as required supplementary information following the notes to the financial statements, presents multiyear trend information about whether the actuarial values of plan assets are increasing or decreasing over time relative to the actuarial accrued liability for benefits.

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

School Teachers

Plan Description

The Montgomery County School Department contributes to the State Employees, Teachers, and Higher Education Employees Pension Plan (SETHEEPP), a cost-sharing multiple employer defined benefit pension plan administered by the Tennessee Consolidated Retirement System (TCRS). TCRS provides retirement benefits as well as death and disability benefits to plan members and their beneficiaries. Benefits are determined by a formula using the member's high five-year average salary and years of service. Members become eligible to retire at the age of 60 with five years of service, or at any age with 30 years of service. A reduced retirement benefit is available to vested members who are at least 55 years of age or have 25 years of service. Disability benefits are available to active members with five years of service who become disabled and cannot engage in gainful employment. There is no service requirement for disability that is the result of an accident or injury occurring while the member was in the performance of duty. Members joining the plan on or after July 1, 1979, are vested after five years of service. Members joining prior to July 1, 1979, are vested after four years of service. Benefit provisions are established in state statute found in Title 8, Chapters 34-37 of Tennessee Code Annotated. State statutes are amended by the Tennessee General Assembly. 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 http://www.tn.gov/treasury/tcrs.

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, 2008, was 6.24 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, 2008, 2007, and 2006, were $5,948,996, $5,301,689, and $4,457,727, respectively, equal to the required contributions for each year.

J. Other Postemployment Benefits

In addition to the retirement commitments described above, Montgomery County provides postemployment 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 14 employees receiving this benefit.

Also, in addition to the retirement commitments described above, the School Department offers postemployment 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 School Department. The insurance coverage will remain in effect until the retiree attains the age of 65 or ten years of service, whichever comes first. Currently, there are 141 employees receiving this benefit.

The School Department provides postemployment 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 the County Purchasing Law of 1957, Section 5-14-101 et seq., Tennessee Code Annotated (TCA). Purchases for the Highway Department

are also governed by the Uniform Road Law, Section 54-7-113, TCA. Section 5-14-101 et seq., TCA, provides for a purchasing agent, appointed by the county mayor and approved by the Montgomery County Commission, to make all purchases. This statute also provides for a County Purchasing Commission to assist the purchasing agent in the determination of overall purchasing policies. These statutes require all purchases exceeding $10,000 to be made on the basis of publicly advertised competitive bids.

Office of Director of Schools

Purchasing procedures for the School Department are governed by purchasing laws applicable to schools as set forth in Section 49-2-203, TCA, which provides for the county Board of Education, through its executive committee (director of schools and chairman of the Board of Education), to make all purchases. This statute also provides for the School 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 the 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. The district is a component unit of Montgomery County because it is fiscally dependent on the county. The district cannot issue bonded debt without approval of the county and it cannot adjust the rate of service charges without the County Commission's approval. 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.

The district operations are accounted for on a cost of services 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. The district is required by Section 7-86-120, Tennessee Code Annotated, to adopt and operate under an annual budget. In addition, the Accounting and Financial Reporting Manual for Tennessee Emergency Communication Districts established the legal level of control, which is defined to be at the line item.

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 of 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 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 to follow any FASB guidance issued after that date.

Use of Estimates

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

Cash Funds

Cash funds of the district are combined with other county funds and managed by the county trustee. Interest earned on these combined cash funds is allocated as directed by the County Commissioners. Interest income of $15,433 was allocated to the district during the current year.

Other Significant Accounting Policies

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 as $1,185,534. At June 30, 2008, the deposits of the district 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 Federal Deposit Insurance Corporation 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:	
AT&T	$ 74,567
Other Service Providers	11,390
State Wireless Charges	54,190
Total Service Charges	$ 140,147
Interest and Miscellaneous	685
Total	$ 140,832

D. Change in Property and Equipment

	Balance 7-1-07	Additions	Balance 6-30-08
Capital Assets Depreciated:			
Furniture and Fixtures	$ 72,525	$ 0	$ 72,525
Office Equipment	198,455	0	198,455
Communication Equipment	259,553	0	259,553
Total Capital Assets Depreciated	$ 530,533	$ 0	$ 530,533
Less: Accumulated Depreciation For:			
Furniture and Fixtures	32,452	4,527	36,979
Office Equipment	154,203	24,406	178,609
Communication Equipment	160,353	22,837	183,190
Total Accumulated Depreciation	$ 347,008	$ 51,770	$ 398,778
Total Capital Assets Depreciated, Net	$ 183,525	$ (51,770)	$ 131,755

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 $336,877 for use of the building for the year ended June 30, 2008.

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, 2008, the monthly fee was $7,990. BellSouth merged with AT&T on December 29, 2006, but there has been no change in the service agreement.

F. Operating Lease

The district entered into an agreement 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. A new three-year agreement was entered into for the period from July 1, 2008, to June 30, 2011. The future minimum lease payment for each of the three remaining years is $78,397. 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, 2008, the amount paid was $34,003.

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 http://www.tn.gov/treasury/tcrs.

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, 2008, was 11.61 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, 2008, the district's annual pension cost of $114,135 to TCRS was equal to the district's required and actual contributions. The required contribution was determined as part of the July 1, 2005, 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 sixteen years. An actuarial valuation was performed July 1, 2007, which established contribution rates effective July 1, 2008.

Trend Information

Fiscal Year Ended	Annual Pension Cost (APC)	Percentage of APC Contributed	Net Pension Obligation
6-30-08	$ 114,135	100%	$ 0
6-30-07	111,596	100	0
6-30-06	91,290	100	0

Funded Status and Funding Progress

As of July 1, 2007, the most recent actuarial valuation date, the plan was 86.78 percent funded. The actuarial accrued liability for the benefits was $1.76 million, and the actuarial value of assets was $1.52 million, resulting in an unfunded actuarial accrued liability (UAAL) of $.23 million. The covered payroll (annual payroll of active employees covered by the plan) was $.95 million, and the ratio of UAAL to the covered payroll was 24.52 percent.

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

H. 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. Prepaid Expenses

Prepaid expenses at June 30, 2008, consisted of the following:

	Current	Non-Current	Total
Pre-occupancy building costs of $346,787 amortized over 20 years	$ 17,339	$ 242,753	$ 260,092

VII. 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 staff'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 staff and general administration expenses. All other expenses of the EDC are shared based on usage allocations.

The EDC issues a publicly available financial report. Copies of that report may be obtained by contacting Shannon Green, 25 Jefferson Street, Suite 300, Clarksville, TN 37040.

2. Basis of Presentation

The financial statements of the governmental activities and major fund 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 resources measurement 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

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. With respect to accounts receivable, credit risk is primarily limited to amounts due from escrow agents in connection with the sale of property.

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. All assets with an initial, individual cost of more than $500 and an estimated useful life in excess of two years are capitalized.

8. Property Held for Sale or Lease

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

9. Accrued Compensated Absences

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

10. Uncollectible Accounts

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

B. Cash and Cash Equivalents

At June 30, 2008, cash in banks and certificates of deposit totaling $1,014,369 in the financial statements were represented by bank balances totaling $1,040,585, all of which were insured by the FDIC or the State of Tennessee Collateral Pool.

C. Investments and Other Deposits

Investments and other deposits are restricted by state law to deposits with financial institutions and certain obligations guaranteed by the United States government. Investments and other deposits are stated at cost or amortized cost, which approximates fair value at June 30, 2008. The following is a summary of the board's certificates of deposit at June 30, 2008, all of which were insured by the FDIC or the State of Tennessee Collateral Pool.

	Carrying Amount	Market Value
Certificates of Deposit	$ 541,234	$ 541,234

D. Note Receivable from Sale of Land

A non-interest bearing note receivable, secured by a subordinate deed of trust on the eight acres sold and by improvements, is due as follows:

	6-30-08
Three C Group, LLC note	$ 233,300

The note is due and payable upon the earlier of: (1) the date Three C Group, LLC obtains a binding lease for all or substantially all of the improvements on the property; or (2) the closing date for sale of the property.

E. Capital Assets

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

Property and Equipment	Balance 7-1-07	Additions	Balance 6-30-08
Equipment	$ 45,280	$ 8,021	$ 53,301
Vehicles	28,282	0	28,282
Leasehold Improvements	48,793	0	48,793
Total	$ 122,355	$ 8,021	$ 130,376
Accumulated Depreciation			
Equipment	$ 41,782	$ 2,655	$ 44,437
Vehicles	22,627	5,655	28,282
Leasehold Improvements	1,355	3,253	4,608
Total	$ 65,764	$ 11,563	$ 77,327

F. Construction in Progress

A summary of changes in construction in progress follows:

	Balance 7-1-07	Additions	Balance 6-30-08
Rail to Park Expansion	$ 0	$ 175,804	$ 175,804
Teeter Property	0	118,057	118,057
Kimbrough Property	0	32,000	32,000
Hagewood Property	0	45,456	45,456
Rehab Center	0	690,282	690,282
Speculative Building	0	45,636	45,636
Total	$ 0	$ 1,107,235	$ 1,107,235

Construction in progress is not depreciated until placed in service.

G. Property Held for Sale or Lease

			At Cost
Land-Park Expansion	814.133	acres available	$ 10,862,770
Goodpasture Property	33.090	"	204,918
Bell Property	54.180	"	199,398
Hamill Property	7.750	"	44,602
Darnell Property	28.840	"	35,949
Hayes Property	55.290	"	478,093
Homemax Property	2.000	"	13,965
Connell/Mattingly Property	88.985	"	1,795,968
Tylertown Road Property	332.9003	"	3,046,954
Total			$ 16,682,617

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

H. Land Sale Options

The board had two land sales options from prospective buyers outstanding at June 30, 2008. The first option, granted in fiscal year 2004, allows the holder to purchase a 20-acre tract of land at $16,000 per acre. The option was given for a $6,400 consideration. This option expires in 2010. The second option, granted in fiscal year 2006, allows the holder to purchase 12 acres of land at $240,000. This option was given for the initial consideration of $5,000 and additional consideration of $1,000 payable annually for the next five years.

I. Land Purchase Options

The board had three land purchase options with prospective sellers outstanding at June 30, 2008. The first option, granted in fiscal year 2004, allowed the board to purchase a 988-acre tract of land for $16,740 per acre for which $9,610 was given as consideration for the option. The option expired September 21, 2008. The second option, purchased in fiscal year 2005, allowed the board to purchase 338 acres for $17,600 per acre. This option was purchased for the initial consideration of $8,000 and an additional consideration of $8,000 payable annually for four years. This option expires March 10, 2010. The third option, purchased in fiscal year 2008, allowed the board to purchase a 514-acre tract of land for $20,545 per acre for which $25,000 was given as consideration for the option. This option expired March 31, 2008. From April 1 to August 31, 2008, the board kept the option open by paying monthly installments of $3,000. The option to extend with monthly payments of $25,000 was from September to December 31, 2008.

J. Operating Leases

Beginning December 2006, the board began subleasing office space in the Green Bank building from the EDC under a five-year agreement. Rental expense under the operating lease was $16,476 for the year ended June 30, 2008.

Future payments on lease obligations are as follows:

2009	$ 18,700
2010	18,700
2011	18,700
2012	6,233
Total	$ 62,333

K. Lease Contracts

On June 27, 2008, the board entered into a lease contract with the State of Tennessee for rental of a medical office building. The building is currently under construction. The expected date of completion was December 2008. The lease contract began January 1, 2009, and ends December 31, 2020. Under the terms of the lease, the state will make monthly lease payments of $21,542 to the board. The state has one option to renew the lease for an additional ten years with monthly rent of $15,866. Land and improvements will be surrendered to the board upon termination of the lease.

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

Year Ending June 30	Lease Payments
2009	$ 129,252
2010	258,504
2011	258,504
2012	258,504
2013	258,504
2014 and thereafter	1,938,780

L. Long-term Debt

Long-term debt consists of the following:

	2008
Notes payable bearing interest at a fixed rate of 5.5% secured by approximately 55.29 acres of land; principal and interest are payable in quarterly installments, maturing March 25, 2013.	$ 172,982
Note payable bearing interest at 5.5% secured by land and a building under construction; payments of interest only until May 2009; principal and interest then paid in monthly installments, with interest accruing at 6.5%, maturing May 2021.	96,915
Total Long-term Debt	$ 269,897
Less Current Portion	33,610
Total Long-term Debt Excluding Current Portion	$ 236,287

Changes in long-term debt (including current portions) for the year ended June 30, 2008, were as follows:

	Balance 7-1-07	Increases	Decreases	Balance 6-30-08	Estimated Amount Due in Year Ending 6-30-09
Notes Payable	$ 203,997	$ 96,915	$ 31,015	$ 269,897	$ 33,610

Future payments on notes payable are as follows:

Year Ending June 30	Total Principal	Total Interest
2009	$ 33,610	$ 14,268
2010	40,416	12,228
2011	42,696	9,948
2012	45,105	7,540
2013	37,873	4,974
2014-2018	41,268	13,984
2019-2021	28,929	2,379
Total	$ 269,897	$ 65,321

M. Retirement Plan

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

During the fiscal year ended June 30, 2008, contributions totaling $15,906 were paid and expensed by the board. Employee contributions to the plan were $13,751 for the year ended June 30, 2008.

N. 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, 2008, totaled $127,562,404.

O. Related Party Transactions

The board's total payments to the EDC for expenses and group purchases for the year ended June 30, 2008, were $224,605.

P. Annual Budget Procedures

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

Q. Commitments and Contingencies

Under terms of an interlocal agreement among Montgomery County, Tennessee, the City of Clarksville, Tennessee, and the board, the sales price of property held for sale or lease will be split 90 percent to the city and ten percent to the board. Any revenue in excess of the first $10,000 per acre (per transaction) will be split 45 percent to the city, 45 percent to the county, and ten percent to the board. The splitting of the proceeds will remain in effect until such time as either the city annexes the land being purchased for expansion or the city has recovered its investment, which shall include interest paid. After such time as the city has either annexed the land being purchased or recovered its investment, the sale of the land shall be divided equally between the city and county after ten percent is deducted for the board. At June 30, 2008, 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 totaling $648,978 for costs associated with the rail spur connection to the Florim Corporation. The grant requires the grantee to provide matching funds of $483,616. At June 30, 2008, the board had accrued a liability of $384,940 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.

R. Subsequent Events

On August 1, 2008, the board entered into a letter of agreement in which a developer would be willing to purchase or lease a 225-acre lot for the development of approximately two million square feet of Class A bulk warehouse, manufacturing, office, and flex distribution space thereon. Once the option is final, the developer will pay $5,000 initial consideration and $50,000 earnest money. The purchase price of the lot is $34,000 per acre. The option will expire five years after being finalized, at which time additional consideration of $5,000 will be due if the developer has not acquired all of the property.

On August 29, 2008, the board exercised the first purchase option described in Note VII. J. The board purchased 1,055.849 acres for $17,674,912. The funding for this purchase was provided by bonds issued by Montgomery County.

On September 12, 2008, the board entered into an agreement to sell 22.7 acres for $771,800. This sale was expected to close on October 31, 2008.

On September 24, 2008, the board entered into a purchase option. This option allows the board to purchase 86 acres for $20,000 per acre. This option was purchased for the initial consideration of $10,000. This option expired December 31, 2008. It is renewable for five months for an additional consideration of $3,000 per month. The extension expires May 31, 2009.

During September and October 2008, financial markets in both the United States and abroad experienced a material decline in investment values. Several of the largest mortgage and insurance companies, as well as commercial and investment banks, failed during this market upheaval. The United States government has taken legislative and fiscal measures to restore consumer confidence in the markets, but the impact of those actions cannot yet be measured. The effects of these matters, if any, on the board's future ability to collect outstanding accounts receivable, notes receivable, and grants receivable and to obtain buyers for properties currently held are not yet known. Accordingly, these statements do not include any adjustments relating to the aforementioned matters.

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

A. Significant Accounting Policies

1. Reporting Entity

The Clarksville-Montgomery County Public Library, for financial purposes, includes all of the funds for which the library is considered to be financially accountable. The library is a special purpose single-program government with only governmental activities. The library is a component unit of Montgomery County, Tennessee. The board is comprised of members that are appointed by the Montgomery County Commission. The county provides approximately 85 percent of the revenues of the library.

2. Government-wide Financial Statements

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

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

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 identifies the extent to which the library is self-financed.

3. Basis of Presentation and Measurement Focus

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

4. Property, Plant, and Equipment

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

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

Assets	Years
Furniture and equipment	5-10
Building improvements	10
Books	5

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

5. Basis of Accounting

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

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

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

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

6. Donated Services

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

7. Donated Supplies and Equipment

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

8. Accrued Compensated Absences

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

9. Major Funding

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

10. Grant Accounting

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

11. Insurance Paid

Insurance is expensed when recognized. Prepaid insurance is included on the balance sheet at June 30, 2008, for $10,228.

12. 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.

13. 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. Bank Deposit Information

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

State statutes authorize the library to invest in: (1) U.S. government securities and obligations guaranteed by the U.S. government; (2) deposit accounts at state and federally chartered banks and savings and loan associations; and (3) the Local Government Investment Pool of the State of Tennessee. During the current fiscal year, the library invested funds in regular demand deposits. At year end, the carrying amount of the library's cash deposits was $299,236, and the bank balances were $329,555. The cash deposits at year end were held by a bank that is a member of the Tennessee bank collateral pool.

C. 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.

D. 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.

E. Component Unit

The Clarksville-Montgomery County Public Library Foundation is a legally separate, tax-exempt component unit of the library. The foundation's primary purpose is to provide assistance to the library through fund-raising activities and through the management, investment, and administration of the funds under the foundation's control. The funds raised by the foundation are not to be used for the funding of day-to-day operations of the library but for special programs, activities, and capital projects. The three-member board is self-perpetuating and consists of residents of Montgomery County with diverse business, personal, and professional experience. Although the library 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, 2008, the foundation distributed $201,000 to the library for capital purposes.

The foundation's year-end, December 31, differs from the library's year-end. The December 31, 2007, audited financial statements are included in the library's June 30, 2008, basic financial statements. The foundation's bylaws, adopted April 1, 2005, require the foundation's accounts to be audited annually.

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

F. Capital Assets

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

	Balance 7-1-07	Additions	Deletions	Balance 6-30-08
Depreciable Assets				
Furniture, Fixtures, Equipment and Software	$ 1,433,792	$ 0	$ 60,316	$ 1,373,476
Building Improvements	47,441	0	0	47,441
Library Resources	3,850,384	254,822	74,370	4,030,836
Total	$ 5,331,617	$ 254,822	$ 134,686	$ 5,451,753
Accumulated Depreciation				
Furniture, Fixtures, Equipment and Software	$ 1,156,240	$ 45,944	$ 60,316	$ 1,141,868
Building Improvements	38,827	2,522	0	41,349
Library Resources	2,838,591	338,395	74,370	3,102,616
Total	$ 4,033,658	$ 386,861	$ 134,686	$ 4,285,833
Capital Assets, Net of Accumulated Depreciation	$ 1,297,959	$ (132,039)	$ 0	$ 1,165,920

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

G. Debt Held by County/City

The proceeds of a note payable were used to finance the renovation of the building 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. During the fiscal year ended June 30, 2008, the note was paid in full.

H. Pension Information

1. Plan Description

Employees of the library are members of the Political Subdivision Pension Plan (PSPP), an agent multiple-employer defined benefits pension plan administered by the Tennessee Consolidated Retirement System (TCRS). TCRS provides retirement benefits as well as death and disability benefits. Benefits are determined by a formula using the member's high five-year average salary and years of service.

Members become eligible to retire at the age of 60 with five years of service or at any age with 30 years of service. A reduced retirement benefit is available to vested members at the age of 55. Disability benefits are available to active members with five years of service who become disabled and cannot engage in gainful employment. There is no service requirement for disability that is the result of an accident or injury occurring while the member was in the performance of duty. Members joining the system after July 1, 1979, became vested after five years of service and members joining the system prior to July 1, 1979, were vested after four years of service. Benefit provisions are established in state statute found in Title 8, Chapters 34-37 of Tennessee Code Annotated (TCA). State statutes are amended by the Tennessee General Assembly. Political subdivisions such as the library participate in the TCRS as individual entities and are liable for all costs associated with the operation and administration of their plan. Benefit improvements are not applicable to a political subdivision unless approved by the chief governing body.

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

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, 2008, was 14.09 percent of annual covered payroll. The contribution requirement of plan members is set by state statute. The contribution requirement for the library is established and may be amended by the TCRS Board of Trustees.

3. Annual Pension Cost

For the year ended June 30, 2008, the library's annual pension cost of $88,379 to TCRS was equal to the library's required and actual contributions. The required contribution was determined as part of the July 1, 2005, 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 at July 1, 2007, which established contribution rates effective July 1, 2008.

Trend Information

Fiscal Year Ended	Annual Pension Cost (APC)	Perentage of APC Contributed	Net Pension Obligation
6-30-08	$ 88,379	100%	$ 0
6-30-07	89,726	100	0
6-30-06	77,167	100	0

Funded Status and Funding Progress

As of July 1, 2007, the most recent actuarial valuation date, the plan was 87.46 percent funded. The actuarial accrued liability for benefits was $1.35 million, and the actuarial value of assets was $1.19 million, resulting in an unfunded actuarial accrued liability (UAAL) of $.17 million. The covered payroll (annual payroll of active employees covered by the plan) was $.64 million, and the ratio of the UAAL to the covered payroll was 26.56 percent.

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

I. Material Related Party Transactions

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

J. Significant Subsequent Events

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

K. Significant Contingent Liabilities

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

L. 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.

M. Customer Receivables

There were customer receivables of $188,780 and uncollectible amounts of $94,390, which include uncollectible, waived, or returned items. Gross customer receivables include not only fines and fees receivable, but also an amount due the library for lost books. When a book is returned, the amount due the library is reduced by the cost of the book, but the library receives no cash in this situation. The estimate of uncollectible, waived, and returned items is based on statistical information tracked by the library of amounts due and amounts collected by month.

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

A. Summary of Significant Accounting Policies

The financial statements of Bi-County Solid Waste Management System 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. 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 a statement 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 for 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 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.

Bi-County 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 Bi-County Board of Directors, 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 that $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, 2008.

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:

Assets	Years
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 form 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 Policies

Other significant accounting policies 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 $10,960,643. At June 30, 2008, the deposits of Bi-County totaled $11,135,797 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 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 $477,405 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 Commissioners.

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 benefits pension plan administered by the Tennessee Consolidated Retirement System (TCRS). TCRS provides retirement benefits, as well as death and disability benefits. Benefits are determined by a formula using the member's high five-year average salary and years of service. Members become eligible to retire at the age of 60 with five years of service or at any age with 30 years of service. A reduced retirement benefit is available to vested members at the age of 55. Disability benefits are available to active members with five years of service who become disabled and cannot engage in gainful employment. There is no

service requirement for disability that is the result of an accident or injury occurring while the member was in the performance of duty. Members joining the system after July 1, 1979, become vested after five years of service and members joining the system prior to July 1, 1979, were vested after four years of service. Benefit provisions are established in state statute found in Title 8, Chapters 34-37 of Tennessee Code Annotated. State statutes are amended by the Tennessee General Assembly. Political subdivisions such as Montgomery County participate in the TCRS as individual entities and are liable for all costs associated with the operation and administration of their plan. Benefit improvements are not applicable to a political subdivision unless approved by the chief governing body.

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

Funding Policy

Montgomery County has adopted a noncontributory retirement plan for its employees by assuming employee contributions up to five percent of annual covered payroll. Montgomery County is required to contribute at an actuarially determined rate; the rate for the fiscal year ended June 30, 2008, was 14.34 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 Costs 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, 2008, Montgomery County Annual Financial Report.

D. Landfill Closure and Postclosure Care Costs

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 $9,091,000 reported as landfill closure and postclosure care liability at June 30, 2008, represents the cumulative amount reported to date. The

landfill will recognize an additional estimated cost of closure and postclosure care of $9,219,500 as the remaining estimated capacity is filled.

These amounts are based on what it would cost to perform all closure and postclosure care in 2008. Bi-County expects to close the landfill in the year 2015. 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" for $18,310,500 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 Costs:

Accrued liability at July 1, 2007	$ 7,805,600
Current year accrual	1,285,400
Accrued liability at June 30, 2008	$ 9,091,000

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

E. Accounts Receivable

Accounts receivable at June 30, 2008, consist of the following categories of receivables:

	Proprietary Fund
Customer Receivables	$ 450,047
Other	70,428
Total Accounts Receivable	$ 520,475

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, and Montgomery County maintains records to account for the Bi-County portion.

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

	Balance 7-1-07	Additions	Transfers or Retirements	Balance 6-30-08
Enterprise Assets-Landfill				
Land - Held for Expansion	$ 616,156	$ 0	$ 0	$ 616,156
Land	43,849	0	0	43,849
Construction in Progress	0	15,000	0	15,000
Total Capital Assets Not Depreciated	$ 660,005	$ 15,000	$ 0	$ 675,005
Capital Assets Depreciated:				
Buildings and Improvements	$ 2,465,589	$ 0	$ 40,528	$ 2,425,061
Machinery and Equipment	6,237,262	158,795	0	6,396,057
Other Property	845,863	0	0	845,863
Total Capital Assets Depreciated	$ 9,548,714	$ 158,795	$ 40,528	$ 9,666,981
Less Accumulated Depreciation For:				
Buildings and Improvements	$ 558,842	$ 69,757	$ 15,373	$ 613,226
Machinery and Equipment	3,298,734	399,214	3,733	3,694,215
Other Property	842,224	672	277	842,619
Total Accumulated Depreciation	$ 4,699,800	$ 469,643	$ 19,383	$ 5,150,060
Total Capital Assets Depreciated, Net	$ 4,848,914	$ (310,848)	$ 21,145	$ 4,516,921
Total Enterprise Assets, Net	$ 5,508,919	$ (295,848)	$ 21,145	$ 5,191,926
Governmental Assets				
Capital Assets Not Depreciated:				
Land	$ 17,987	$ 0	$ 0	$ 17,987
Capital Assets Depreciated:				
Buldings and Improvements	$ 280,743	$ 0	$ 0	$ 280,743
Machinery and Equipment	1,823,075	6,900	52,998	1,776,977
Total Capital Assets Depreciated	$ 2,103,818	$ 6,900	$ 52,998	$ 2,057,720
Less Accumulated Depreciation For:				
Buildings and Improvements	$ 177,385	$ 7,196	$ 33	$ 184,548
Machinery and Equipment	1,066,167	100,772	48,394	1,118,545
Total Accumulated Depreciation	$ 1,243,552	$ 107,968	$ 48,427	$ 1,303,093
Total Capital Assets Depreciated, Net	$ 860,266	$ (101,068)	$ 4,571	$ 754,627
Total Governmental Assets, Net	$ 878,253	$ (101,068)	$ 4,571	$ 772,614

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 Waste Industries. 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 operation 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 $25,800, 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 theses leases are noncancelable, and each can be renewed or canceled by either party.

M. Changes in Long-term Debt

	Balance 7-1-07	Additions	Balance 6-30-08
Accrued Compensated Absences	$ 103,394	$ 22,252	$ 125,646
	$ 103,394	$ 22,252	$ 125,646

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REQUIRED SUPPLEMENTARY INFORMATION

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Exhibit F-1

Montgomery County, Tennessee
Schedule of Revenues, Expenditures, and Changes
in Fund Balance - Actual and Budget
General Fund
For the Year Ended June 30, 2008

	Actual	Budgeted Amounts Original	Budgeted Amounts Final	Variance with Final Budget - Positive (Negative)
Revenues				
Local Taxes	$ 27,709,312	$ 26,902,454	$ 26,403,291	$ 1,306,021
Licenses and Permits	653,510	691,950	722,433	(68,923)
Fines, Forfeitures, and Penalties	1,280,394	1,229,550	1,410,744	(130,350)
Charges for Current Services	4,873,837	4,615,505	4,674,678	199,159
Other Local Revenues	4,583,523	2,661,745	4,176,303	407,220
Fees Received from County Officials	7,913,066	7,885,430	7,932,580	(19,514)
State of Tennessee	5,453,525	4,797,884	4,792,498	661,027
Federal Government	919,109	715,011	1,621,145	(702,036)
Other Governments and Citizens Groups	1,897,603	923,415	1,775,366	122,237
Total Revenues	$ 55,283,879	$ 50,422,944	$ 53,509,038	$ 1,774,841
Expenditures				
General Government				
County Commission	$ 172,384	$ 169,681	$ 197,039	$ 24,655
Board of Equalization	1,483	3,609	4,290	2,807
Beer Board	2,688	1,686	3,227	539
Other Boards and Committees	2,476	1,897	2,314	(162)
County Mayor/Executive	386,586	306,880	394,820	8,234
Personnel Office	262,354	152,097	218,242	(44,112)
County Attorney	38,824	24,000	43,000	4,176
Election Commission	358,462	330,376	402,720	44,258
Register of Deeds	382,940	299,674	395,904	12,964
Planning	320,660	320,660	320,660	0
Building	33,315	0	36,776	3,461
Codes Compliance	476,484	391,008	522,850	46,366
Geographical Information Systems	54,390	80,000	84,896	30,506
County Buildings	1,239,726	1,057,555	1,318,503	78,777
Other Facilities	1,122,976	992,327	1,124,316	1,340
Other General Administration	417,800	437,120	454,700	36,900
Preservation of Records	98,628	93,675	113,723	15,095
Finance				
Accounting and Budgeting	452,269	358,054	469,814	17,545
Purchasing	252,595	190,252	261,734	9,139
Property Assessor's Office	749,152	610,685	752,605	3,453
Reappraisal Program	112,994	113,167	118,537	5,543
County Trustee's Office	414,253	342,320	431,112	16,859
County Clerk's Office	1,314,809	1,096,131	1,465,337	150,528
Data Processing	1,169,611	1,157,807	1,328,770	159,159
Other Finance	44,223	39,300	44,600	377
Administration of Justice				
Circuit Court	1,632,384	1,281,814	1,766,920	134,536
General Sessions Court	1,583,814	1,465,205	1,708,944	125,130
Drug Court	42,629	0	50,000	7,371

(Continued)

Exhibit F-1

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

	Actual	Budgeted Amounts Original	Budgeted Amounts Final	Variance with Final Budget - Positive (Negative)
Expenditures (Cont.)				
Administration of Justice (Cont.)				
Chancery Court	$ 430,936	$ 327,957	$ 448,949	$ 18,013
District Attorney General	44,334	71,650	71,650	27,316
Judicial Commissioners	204,115	149,720	209,503	5,388
Other Administration of Justice	620,221	631,693	653,834	33,613
Probation Services	751,757	614,823	785,539	33,782
Public Safety				
Sheriff's Department	6,249,365	5,037,107	6,780,881	531,516
Special Patrols	1,447,071	1,482,575	1,483,226	36,155
Traffic Control	0	5,000	5,000	5,000
Administration of the Sexual Offender Registry	3,883	8,524	8,524	4,641
Jail	9,891,292	8,814,549	11,057,670	1,166,378
Workhouse	1,364,802	1,186,592	1,432,945	68,143
Correctional Incentive Program Improvements	446,263	447,617	493,540	47,277
Juvenile Services	242,294	237,468	241,876	(418)
Fire Prevention and Control	124,594	168,079	186,841	62,247
Civil Defense	340,164	297,825	366,763	26,599
Other Emergency Management	560,757	748,315	1,358,355	797,598
County Coroner/Medical Examiner	171,270	135,000	150,730	(20,540)
Public Health and Welfare				
Local Health Center	249,835	260,254	260,254	10,419
Rabies and Animal Control	344,789	263,457	349,955	5,166
Ambulance/Emergency Medical Services	6,225,431	5,048,358	6,568,786	343,355
Nursing Home	13,528	0	15,000	1,472
Other Local Health Services	1,635,023	1,634,662	1,634,662	(361)
Regional Mental Health Center	10,000	10,000	10,000	0
Appropriation to State	152,852	152,852	152,852	0
Other Local Welfare Services	72,450	84,825	85,825	13,375
Other Public Health and Welfare	24,000	23,750	24,000	0
Social, Cultural, and Recreational Services				
Libraries	1,651,981	1,527,251	1,651,932	(49)
Parks and Fair Boards	42,417	54,070	54,070	11,653
Other Social, Cultural, and Recreational	31,431	7,921	30,749	(682)
Agriculture and Natural Resources				
Agriculture Extension Service	302,878	312,552	323,686	20,808
Forest Service	2,000	2,000	2,000	0
Soil Conservation	48,950	36,549	48,191	(759)
Other Operations				
Tourism	1,018,984	930,000	930,000	(88,984)
Industrial Development	467,700	467,700	467,700	0
Airport	55,448	55,448	55,448	0
Veterans' Services	295,356	308,937	315,173	19,817
Other Charges	1,977,761	1,393,610	2,473,610	495,849

(Continued)

Exhibit F-1

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

	Actual	Budgeted Amounts Original	Budgeted Amounts Final	Variance with Final Budget - Positive (Negative)
Expenditures (Cont.)				
Other Operations (Cont.)				
Contributions to Other Agencies	$ 86,524	$ 125,358	$ 125,358	$ 38,834
Employee Benefits	379,494	8,886,570	396,601	17,107
Miscellaneous	182,044	18,700	184,494	2,450
Highways				
Litter and Trash Collection	114,984	141,157	141,155	26,171
Total Expenditures	$ 51,419,887	$ 53,427,455	$ 56,073,680	$ 4,653,793
Excess (Deficiency) of Revenues Over Expenditures	$ 3,863,992	$ (3,004,511)	$ (2,564,642)	$ 6,428,634
Other Financing Sources (Uses)				
Insurance Recovery	$ 17,295	$ 0	$ 17,295	$ 0
Transfers In	56,193	3,004,511	2,098,865	(2,042,672)
Transfers Out	(554,700)	0	0	(554,700)
Total Other Financing Sources (Uses)	$ (481,212)	$ 3,004,511	$ 2,116,160	$ (2,597,372)
Net Change in Fund Balance	$ 3,382,780	$ 0	$ (448,482)	$ 3,831,262
Fund Balance, July 1, 2007	16,144,917	6,267,384	6,267,384	9,877,533
Fund Balance, June 30, 2008	$ 19,527,697	$ 6,267,384	$ 5,818,902	$ 13,708,795

Exhibit F-2

Montgomery County, Tennessee
Schedule of Funding Progress – Pension Plan
June 30, 2008

(Dollar amounts in thousands)

Actuarial Valuation Date	Actuarial Value of Plan Assets (a)	Actuarial Accrued Liability (AAL) Entry Age (b)	Unfunded AAL (UAAL) (b)-(a)	Funded Ratio (a/b)	Covered Payroll (c)	UAAL as a Percentage of Covered Payroll ((b-a)/c)
6-30-07	$ 108,665	$ 125,967	$ 17,302	86.26 %	$ 49,014	35.30 %

The Governmental Accounting Standards Board requires the plan to prepare the Schedule of Funding Progress using the entry age actuarial cost method. The requirement to present the Schedule of Funding Progress using the entry age actuarial cost method was a change made during the year; therefore, only the most current year is presented.

Exhibit F-3

Montgomery County, Tennessee
Schedule of Funding Progress – Pension Plan
Discretely Presented Clarksville-Montgomery County Library
June 30, 2008

(Dollar amounts in thousands)

Actuarial Valuation Date	Actuarial Value of Plan 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)
6-30-07	$ 1,185	$ 1,355	$ 170	87.46 %	$ 640	26.56%

The Governmental Accounting Standards Board requires the plan to prepare the Schedule of Funding Progress using the entry age actuarial cost method. The requirement to present the Schedule of Funding Progress using the entry age actuarial method was a change made during the year; therefore, only the most current year is presented.

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MONTGOMERY COUNTY, TENNESSEE
NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION
For the Year Ended June 30, 2008

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, Beer Board, Other Boards and Committees, etc.). Management may make revisions within major categories, but only the County Commission may transfer appropriations between major categories. During the year, several supplementary appropriations were necessary.

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

B. EXPENDITURES EXCEEDED APPROPRIATIONS

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

Major Category	Amount Overspent
Other Boards and Committees	$ 162
Personnel Office	44,112
Juvenile Services	418
County Coroner/Medical Examiner	20,540
Other Local Health Services	361
Libraries	49
Other Social, Cultural, and Recreational	682
Soil Conservation	759
Tourism	88,984
Transfers Out	554,700

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

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COMBINING AND INDIVIDUAL FUND FINANCIAL STATEMENTS AND SCHEDULES

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Nonmajor Governmental Funds

Special Revenue Funds

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

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

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

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

Capital Projects Funds

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

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 #1 – The Other Capital Projects Fund #1 is used to account for the proceeds received from the $68,725,000 general obligation public improvement and general obligation refunding bonds.

Other Capital Projects Fund #2 – The Other Capital Projects Fund #2 is used to account for the proceeds received from the issuance of $25,000,000 in bonds for various capital projects.

Other Capital Projects Fund #3 – The Other Capital Projects Fund #3 is used to account for the proceeds received from the $22,000,000 general obligation public improvement bonds.

Other Capital Projects Fund #4 – The Other Capital Projects Fund #4 is used to account for the proceeds received from the $40,000,000 general obligation public improvement bonds.

Exhibit G-1

Montgomery County, Tennessee
Combining Balance Sheet
Nonmajor Governmental Funds
June 30, 2008

	Special Revenue Funds			
	Drug Control	Constitutional Officers - Fees	Highway / Public Works	Total
ASSETS				
Cash	$ 0	$ 2,563	$ 50	$ 2,613
Equity in Pooled Cash and Investments	79,523	0	1,704,617	1,784,140
Accounts Receivable	1,387	2,888	17,540	21,815
Due from Other Governments	0	0	570,686	570,686
Property Taxes Receivable	0	0	3,250,621	3,250,621
Allowance for Uncollectible Property Taxes	0	0	(241,698)	(241,698)
Total Assets	$ 80,910	$ 5,451	$ 5,301,816	$ 5,388,177
LIABILITIES AND FUND BALANCES				
Liabilities				
Accounts Payable	$ 0	$ 0	$ 113,424	$ 113,424
Accrued Payroll	0	0	3,098	3,098
Payroll Deductions Payable	0	0	30,021	30,021
Contracts Payable	0	0	0	0
Retainage Payable	0	0	0	0
Due to Other Funds	0	0	340,073	340,073
Due to Litigants, Heirs, and Others	0	5,451	0	5,451
Deferred Revenue - Current Property Taxes	0	0	2,998,013	2,998,013
Other Deferred Revenues	0	0	329,276	329,276
Total Liabilities	$ 0	$ 5,451	$ 3,813,905	$ 3,819,356
Fund Balances				
Reserved for Encumbrances	$ 0	$ 0	$ 0	$ 0
Unreserved (Deficit)	80,910	0	1,487,911	1,568,821
Total Fund Balances	$ 80,910	$ 0	$ 1,487,911	$ 1,568,821
Total Liabilities and Fund Balances	$ 80,910	$ 5,451	$ 5,301,816	$ 5,388,177

(Continued)

Exhibit G-1

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

	Capital Projects Funds						Total
	General Capital Projects	Other Capital Projects #1	Other Capital Projects #2	Other Capital Projects #3	Other Capital Projects #4	Total	Nonmajor Governmental Funds
ASSETS							
Cash	$ 0	$ 0	$ 0	$ 0	$ 0	$ 0	$ 2,613
Equity in Pooled Cash and Investments	139,318	459,998	2,486,413	4,765,457	356,425	8,207,611	9,991,751
Accounts Receivable	3,381	0	4,196	0	0	7,577	29,392
Due from Other Governments	0	0	0	0	0	0	570,686
Property Taxes Receivable	1,274,072	0	0	0	0	1,274,072	4,524,693
Allowance for Uncollectible Property Taxes	(98,990)	0	0	0	0	(98,990)	(340,688)
Total Assets	$ 1,317,781	$ 459,998	$ 2,490,609	$ 4,765,457	$ 356,425	$ 9,390,270	$ 14,778,447
LIABILITIES AND FUND BALANCES							
Liabilities							
Accounts Payable	$ 57,080	$ 0	$ 0	$ 0	$ 0	$ 57,080	$ 170,504
Accrued Payroll	0	0	0	0	0	0	3,098
Payroll Deductions Payable	0	0	0	0	0	0	30,021
Contracts Payable	287,551	0	0	0	0	287,551	287,551
Retainage Payable	38,554	0	0	0	0	38,554	38,554
Due to Other Funds	25,951	0	0	0	0	25,951	366,024
Due to Litigants, Heirs, and Others	0	0	0	0	0	0	5,451
Deferred Revenue - Current Property Taxes	1,170,466	0	0	0	0	1,170,466	4,168,479
Other Deferred Revenues	0	0	0	0	0	0	329,276
Total Liabilities	$ 1,579,602	$ 0	$ 0	$ 0	$ 0	$ 1,579,602	$ 5,398,958
Fund Balances							
Reserved for Encumbrances	$ 405,410	$ 0	$ 0	$ 0	$ 0	$ 405,410	$ 405,410
Unreserved (Deficit)	(667,231)	459,998	2,490,609	4,765,457	356,425	7,405,258	8,974,079
Total Fund Balances	$ (261,821)	$ 459,998	$ 2,490,609	$ 4,765,457	$ 356,425	$ 7,810,668	$ 9,379,489
Total Liabilities and Fund Balances	$ 1,317,781	$ 459,998	$ 2,490,609	$ 4,765,457	$ 356,425	$ 9,390,270	$ 14,778,447

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, 2008

	Special Revenue Funds			Capital Projects Funds	
	Drug Control	Highway / Public Works	Total	General Capital Projects	Community Development/ Industrial Park
Revenues					
Local Taxes	$ 0	$ 3,525,910	$ 3,525,910	$ 1,325,174	$ 0
Fines, Forfeitures, and Penalties	23,743	0	23,743	0	0
Charges for Current Services	0	42	42	0	0
Other Local Revenues	0	53,531	53,531	0	0
State of Tennessee	0	3,103,638	3,103,638	36,530	0
Federal Government	0	0	0	0	80,471
Other Governments and Citizens Groups	0	224,164	224,164	1,500	0
Total Revenues	$ 23,743	$ 6,907,285	$ 6,931,028	$ 1,363,204	$ 80,471
Expenditures					
Current:					
General Government	$ 0	$ 0	$ 0	$ 55,878	$ 0
Finance	0	0	0	190,873	0
Administration of Justice	0	0	0	1,356	0
Public Safety	2,549	0	2,549	720,766	0
Public Health and Welfare	0	0	0	1,051,811	0
Social, Cultural, and Recreational Services	0	0	0	46,988	0
Other Operations	0	0	0	164,763	84,480
Highways	0	7,217,085	7,217,085	0	0
Capital Projects	0	0	0	3,098,474	0
Total Expenditures	$ 2,549	$ 7,217,085	$ 7,219,634	$ 5,330,909	$ 84,480
Excess (Deficiency) of Revenues Over Expenditures	$ 21,194	$ (309,800)	$ (288,606)	$ (3,967,705)	$ (4,009)
Other Financing Sources (Uses)					
Insurance Recovery	$ 0	$ 285	$ 285	$ 0	$ 0
Transfers In	0	0	0	711,096	0
Transfers Out	(55,500)	0	(55,500)	0	(693)
Total Other Financing Sources (Uses)	$ (55,500)	$ 285	$ (55,215)	$ 711,096	$ (693)
Net Change in Fund Balances	$ (34,306)	$ (309,515)	$ (343,821)	$ (3,256,609)	$ (4,702)
Fund Balance, July 1, 2007	115,216	1,797,426	1,912,642	2,994,788	4,702
Fund Balance, June 30, 2008	$ 80,910	$ 1,487,911	$ 1,568,821	$ (261,821)	$ 0

(Continued)

Exhibit G-2

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

	Capital Projects Funds (Cont.)					Total
	Other Capital Projects #1	Other Capital Projects #2	Other Capital Projects #3	Other Capital Projects #4	Total	Nonmajor Governmental Funds
Revenues						
Local Taxes	$ 0	$ 0	$ 0	$ 0	$ 1,325,174	$ 4,851,084
Fines, Forfeitures, and Penalties	0	0	0	0	0	23,743
Charges for Current Services	0	0	0	0	0	42
Other Local Revenues	0	94,454	177,536	0	271,990	325,521
State of Tennessee	0	0	0	0	36,530	3,140,168
Federal Government	0	0	0	0	80,471	80,471
Other Governments and Citizens Groups	0	0	0	0	1,500	225,664
Total Revenues	$ 0	$ 94,454	$ 177,536	$ 0	$ 1,715,665	$ 8,646,693
Expenditures						
Current:						
General Government	$ 0	$ 0	$ 0	$ 0	$ 55,878	$ 55,878
Finance	0	0	0	0	190,873	190,873
Administration of Justice	0	0	0	0	1,356	1,356
Public Safety	0	0	0	0	720,766	723,315
Public Health and Welfare	0	0	0	0	1,051,811	1,051,811
Social, Cultural, and Recreational Services	0	0	0	0	46,988	46,988
Other Operations	0	0	0	0	249,243	249,243
Highways	0	0	0	0	0	7,217,085
Capital Projects	0	0	173,056	4,400,000	7,671,530	7,671,530
Total Expenditures	$ 0	$ 0	$ 173,056	$ 4,400,000	$ 9,988,445	$ 17,208,079
Excess (Deficiency) of Revenues Over Expenditures	$ 0	$ 94,454	$ 4,480	$ (4,400,000)	$ (8,272,780)	$ (8,561,386)
Other Financing Sources (Uses)						
Insurance Recovery	$ 0	$ 0	$ 0	$ 0	$ 0	$ 285
Transfers In	0	0	0	0	711,096	711,096
Transfers Out	0	0	(102,396)	0	(103,089)	(158,589)
Total Other Financing Sources (Uses)	$ 0	$ 0	$ (102,396)	$ 0	$ 608,007	$ 552,792
Net Change in Fund Balances	$ 0	$ 94,454	$ (97,916)	$ (4,400,000)	$ (7,664,773)	$ (8,008,594)
Fund Balance, July 1, 2007	459,998	2,396,155	4,863,373	4,756,425	15,475,441	17,388,083
Fund Balance, June 30, 2008	$ 459,998	$ 2,490,609	$ 4,765,457	$ 356,425	$ 7,810,668	$ 9,379,489

Exhibit G-3

Montgomery County, Tennessee
Schedule of Revenues, Expenditures, and Changes
in Fund Balance - Actual and Budget
Drug Control Fund
For the Year Ended June 30, 2008

	Actual	Budgeted Amounts Original	Budgeted Amounts Final	Variance with Final Budget - Positive (Negative)
Revenues				
Fines, Forfeitures, and Penalties	$ 23,743	$ 15,000	$ 15,000	$ 8,743
Total Revenues	$ 23,743	$ 15,000	$ 15,000	$ 8,743
Expenditures				
Public Safety				
Sheriff's Department	$ 2,549	$ 8,770	$ 8,770	$ 6,221
Total Expenditures	$ 2,549	$ 8,770	$ 8,770	$ 6,221
Excess (Deficiency) of Revenues Over Expenditures	$ 21,194	$ 6,230	$ 6,230	$ 14,964
Other Financing Sources (Uses)				
Transfers Out	$ (55,500)	$ 0	$ (55,500)	$ 0
Total Other Financing Sources (Uses)	$ (55,500)	$ 0	$ (55,500)	$ 0
Net Change in Fund Balance	$ (34,306)	$ 6,230	$ (49,270)	$ 14,964
Fund Balance, July 1, 2007	115,216	0	55,500	59,716
Fund Balance, June 30, 2008	$ 80,910	$ 6,230	$ 6,230	$ 74,680

Exhibit G-4

Montgomery County, Tennessee
Schedule of Revenues, Expenditures, and Changes
in Fund Balance - Actual and Budget
Highway/Public Works Fund
For the Year Ended June 30, 2008

	Actual	Budgeted Amounts Original	Budgeted Amounts Final	Variance with Final Budget - Positive (Negative)
Revenues				
Local Taxes	$ 3,525,910	$ 3,541,769	$ 3,537,079	$ (11,169)
Charges for Current Services	42	300	300	(258)
Other Local Revenues	53,531	122,000	122,000	(68,469)
State of Tennessee	3,103,638	3,122,818	3,122,818	(19,180)
Other Governments and Citizens Groups	224,164	0	0	224,164
Total Revenues	$ 6,907,285	$ 6,786,887	$ 6,782,197	$ 125,088
Expenditures				
Highways				
Administration	$ 336,995	$ 252,332	$ 337,731	$ 736
Highway and Bridge Maintenance	3,969,477	3,482,708	4,177,368	207,891
Operation and Maintenance of Equipment	1,092,994	916,619	1,135,883	42,889
Traffic Control	407,889	355,535	434,391	26,502
Other Charges	699,858	576,120	711,120	11,262
Employee Benefits	8,273	996,088	10,472	2,199
Capital Outlay	701,599	611,640	680,620	(20,979)
Total Expenditures	$ 7,217,085	$ 7,191,042	$ 7,487,585	$ 270,500
Excess (Deficiency) of Revenues Over Expenditures	$ (309,800)	$ (404,155)	$ (705,388)	$ 395,588
Other Financing Sources (Uses)				
Insurance Recovery	$ 285	$ 0	$ 0	$ 285
Transfers In	0	404,155	404,155	(404,155)
Total Other Financing Sources (Uses)	$ 285	$ 404,155	$ 404,155	$ (403,870)
Net Change in Fund Balance	$ (309,515)	$ 0	$ (301,233)	$ (8,282)
Fund Balance, July 1, 2007	1,797,426	1,275,289	1,275,289	522,137
Fund Balance, June 30, 2008	$ 1,487,911	$ 1,275,289	$ 974,056	$ 513,855

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, long-term debt principal, interest, and related costs.

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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, 2008

	Actual	Budgeted Amounts Original	Budgeted Amounts Final	Variance with Final Budget - Positive (Negative)
Revenues				
Local Taxes	$ 25,554,045	$ 25,346,508	$ 24,911,241	$ 642,804
Other Local Revenues	2,011,577	750,000	2,127,191	(115,614)
Other Governments and Citizens Groups	408,469	0	0	408,469
Total Revenues	$ 27,974,091	$ 26,096,508	$ 27,038,432	$ 935,659
Expenditures				
Principal on Debt				
General Government	$ 3,456,588	$ 5,157,809	$ 3,700,009	$ 243,421
Education	9,741,219	8,395,911	9,741,239	20
Interest on Debt				
General Government	4,098,582	0	4,260,008	161,426
Education	9,362,633	9,001,287	9,362,687	54
Other Debt Service				
General Government	155,065	168,000	188,000	32,935
Education	320,329	377,000	399,093	78,764
Total Expenditures	$ 27,134,416	$ 23,100,007	$ 27,651,036	$ 516,620
Excess (Deficiency) of Revenues Over Expenditures	$ 839,675	$ 2,996,501	$ (612,604)	$ 1,452,279
Other Financing Sources (Uses)				
Transfers In	$ 0	$ 1,750,000	$ 2,164,260	$ (2,164,260)
Total Other Financing Sources (Uses)	$ 0	$ 1,750,000	$ 2,164,260	$ (2,164,260)
Net Change in Fund Balance	$ 839,675	$ 4,746,501	$ 1,551,656	$ (711,981)
Fund Balance, July 1, 2007	23,901,392	17,050,396	17,050,396	6,850,996
Fund Balance, June 30, 2008	$ 24,741,067	$ 21,796,897	$ 18,602,052	$ 6,139,015

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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.

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Exhibit I-1

Montgomery County, Tennessee
Combining Statement of Net Assets
Proprietary Funds
June 30, 2008

	Governmental Activities - Internal Service Funds			
	Self-Insurance	Workers' Compensation	Unemployment Compensation	Total
ASSETS				
Current Assets:				
Equity in Pooled Cash and Investments	$ 5,091,515	$ 638,060	$ 547,931	$ 6,277,506
Accounts Receivable	61,464	44,908	1,881	108,253
Due from Other Funds	26,513	647,814	0	674,327
Due from Component Units	49,164	0	0	49,164
Buildings and Improvements	24,803	0	0	24,803
Accumulated Depreciation - Buildings and Improvements	(1,596)	0	0	(1,596)
Total Assets	$ 5,251,863	$ 1,330,782	$ 549,812	$ 7,132,457
LIABILITIES				
Current Liabilities:				
Accounts Payable	$ 87,064	$ 12,458	$ 9,806	$ 109,328
Accrued Payroll	0	2,743	0	2,743
Payroll Deductions Payable	0	1,452	0	1,452
Claims and Judgments Payable	1,059,724	299,000	0	1,358,724
Due to Other Funds	0	83,869	0	83,869
Due to Component Units	35,210	0	0	35,210
Total Current Liabilities	$ 1,181,998	$ 399,522	$ 9,806	$ 1,591,326
Noncurrent Liabilities:				
Claims and Judgments Payable	$ 1,059,723	$ 231,500	$ 0	$ 1,291,223
Total Noncurrent Liabilities	$ 1,059,723	$ 231,500	$ 0	$ 1,291,223
Total Liabilities	$ 2,241,721	$ 631,022	$ 9,806	$ 2,882,549
NET ASSETS				
Unrestricted	$ 3,010,142	$ 699,760	$ 540,006	$ 4,249,908
Total Net Assets	$ 3,010,142	$ 699,760	$ 540,006	$ 4,249,908

Exhibit I-2

Montgomery County, Tennessee
Combining Statement of Revenues, Expenses, and
Changes in Net Assets
Proprietary Funds
For the Year Ended June 30, 2008

	Governmental Activities - Internal Service Funds			
	Self-Insurance	Workers' Compensation	Unemployment Compensation	Total
Operating Revenues				
Charges for Current Services	$ 26,550,278	$ 1,442,643	$ 0	$ 27,992,921
Total Operating Revenues	$ 26,550,278	$ 1,442,643	$ 0	$ 27,992,921
Operating Expenses				
Risk Management	$ 0	$ 320,195	$ 0	$ 320,195
Depreciation	991	0	0	991
Other Charges	1,067,978	0	103,637	1,171,615
Employee Benefits	25,466,047	0	0	25,466,047
Total Operating Expenses	$ 26,535,016	$ 320,195	$ 103,637	$ 26,958,848
Operating Income (Loss)	$ 15,262	$ 1,122,448	$ (103,637)	$ 1,034,073
Nonoperating Revenues (Expenses)				
Investment Income	$ 195,025	$ 30,107	$ 42,359	$ 267,491
Miscellaneous Refunds	364,304	21,281	0	385,585
Total Nonoperating Revenues (Expenses)	$ 559,329	$ 51,388	$ 42,359	$ 653,076
Changes in Net Assets	$ 574,591	$ 1,173,836	$ (61,278)	$ 1,687,149
Prior-period Adjustment	0	350,075	0	350,075
Net Assets, July 1, 2007	2,435,551	(824,151)	601,284	2,212,684
Nets Assets, June 30, 2008	$ 3,010,142	$ 699,760	$ 540,006	$ 4,249,908

Exhibit I-3

Montgomery County, Tennessee
Combining Statement of Cash Flows
Proprietary Funds
For the Year Ended June 30, 2008

	Governmental Activities - Internal Service Funds			
	Self-Insurance	Workers' Compensation	Unemployment Compensation	Total
Cash Flows From Operating Activities				
Receipts from Interfund Services Provided	$ 26,463,528	$ 933,039	$ 0	$ 27,396,567
Other Self-Insured Claims	(29,724,824)	(809,565)	(284,426)	(30,818,815)
Other Receipts (Payments)	364,304	21,281	0	385,585
Net Cash Provided By (Used In) Operating Activities	$ (2,896,992)	$ 144,755	$ (284,426)	$ (3,036,663)
Cash Flows From Capital Financing Activities				
Acquisition of Capital Assets	$ 0	$ 0	$ 0	$ 0
Net Cash Provided By (Used In) Capital Financing Activities	$ 0	$ 0	$ 0	$ 0
Cash Flows From Investing Activities				
Investment Income	$ 195,025	$ 30,107	$ 42,359	$ 267,491
Net Cash Provided By (Used In) Investing Activities	$ 195,025	$ 30,107	$ 42,359	$ 267,491
Net Increase (Decrease) in Cash	$ (2,701,967)	$ 174,862	$ (242,067)	$ (2,769,172)
Prior-period Adjustment	0	350,075	0	350,075
Cash, July 1, 2007	7,793,482	113,123	789,998	8,696,603
Cash, June 30, 2008	$ 5,091,515	$ 638,060	$ 547,931	$ 6,277,506

(Continued)

Exhibit I-3

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

	Governmental Activities - Internal Service Funds			
	Self-Insurance	Workers' Compensation	Unemployment Compensation	Total
Reconciliation of Operating Income (Loss) to Net Cash Provided By (Used In) Operating Activities				
Operating Income (Loss)	$ 15,262	$ 1,122,448	$ (103,637)	$ 1,034,073
Miscellaneous Refunds	364,304	21,281	0	385,585
Adjustments to Reconcile Net Operating Income (Loss) to Net Cash Provided By (Used In) Operating Activities:				
Depreciation Expense	991	0	0	991
(Increase) Decrease in Accounts Receivable	(59,210)	(44,320)	(1,881)	(105,411)
(Increase) decrease in Due from Other Funds	(26,513)	(465,284)	0	(491,797)
(Increase) Decrease in Due from Component Units	(1,027)	0	0	(1,027)
Increase (Decrease) in Accounts Payable	(1,701,329)	11,138	3,622	(1,686,569)
Increase (decrease) in Accrued Payroll	0	2,743	0	2,743
Increase (Decrease) in Payroll Deductions Payable	0	(6,920)	0	(6,920)
Increase (decrease) in Due to Other Funds	0	83,869	(182,530)	(98,661)
Increase (Decrease) in Due to Component Units	(618)	0	0	(618)
Increase (Decrease) in Claims and Judgments Payable	(1,488,852)	(580,200)	0	(2,069,052)
Net Cash Provided By (Used In) Operating Activities	$ (2,896,992)	$ 144,755	$ (284,426)	$ (3,036,663)

Fiduciary Funds

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

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

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

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

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Exhibit J-1

Montgomery County, Tennessee
Combining Statement of Fiduciary Assets and Liabilities
Fiduciary Funds
June 30, 2008

	Agency Funds			
	Cities - Sales Tax	Constitutional Officers - Agency	Judicial District Drug	Total
ASSETS				
Cash	$ 0	$ 7,168,924	$ 8,701	$ 7,177,625
Equity in Pooled Cash and Investments	0	0	333,599	333,599
Accounts Receivable	0	46,362	519	46,881
Due from Other Governments	1,876,325	0	0	1,876,325
Total Assets	$ 1,876,325	$ 7,215,286	$ 342,819	$ 9,434,430
LIABILITIES				
Accounts Payable	$ 0	$ 0	$ 1,811	$ 1,811
Accrued Payroll	0	0	1,413	1,413
Payroll Deductions Payable	0	0	421	421
Due to Other Funds	0	0	360	360
Due to Other Taxing Units	1,876,325	0	0	1,876,325
Due to Litigants, Heirs, and Others	0	7,215,286	0	7,215,286
Due to Joint Ventures	0	0	338,814	338,814
Total Liabilities	$ 1,876,325	$ 7,215,286	$ 342,819	$ 9,434,430

Exhibit J-2

Montgomery County, Tennessee
Combining Statement of Changes in Assets and
Liabilities - All Agency Funds
For the Year Ended June 30, 2008

	Beginning Balance	Additions	Deductions	Ending Balance
Cities - Sales Tax Fund				
Assets				
Equity in Pooled Cash and Investments	$ 0	$ 11,068,305	$ 11,068,305	$ 0
Due from Other Governments	1,912,743	1,876,325	1,912,743	1,876,325
Total Assets	$ 1,912,743	$ 12,944,630	$ 12,981,048	$ 1,876,325
Liabilities				
Due to Other Taxing Units	$ 1,912,743	$ 12,944,630	$ 12,981,048	$ 1,876,325
Total Liabilities	$ 1,912,743	$ 12,944,630	$ 12,981,048	$ 1,876,325
Constitutional Officers - Agency Fund				
Assets				
Cash	$ 6,084,792	$ 35,632,287	$ 34,548,155	$ 7,168,924
Accounts Receivable	1,000	46,362	1,000	46,362
Total Assets	$ 6,085,792	$ 35,678,649	$ 34,549,155	$ 7,215,286
Liabilities				
Due to Litigants, Heirs, and Others	$ 6,085,792	$ 35,678,649	$ 34,549,155	$ 7,215,286
Total Liabilities	$ 6,085,792	$ 35,678,649	$ 34,549,155	$ 7,215,286
Judicial District Drug Fund				
Assets				
Cash	$ 5,399	$ 8,701	$ 5,399	$ 8,701
Equity in Pooled Cash and Investments	322,628	194,484	183,513	333,599
Accounts Receivable	2,137	519	2,137	519
Total Assets	$ 330,164	$ 203,704	$ 191,049	$ 342,819
Liabilities				
Accounts Payable	$ 563	$ 1,811	$ 563	$ 1,811
Accrued Payroll	0	1,413	0	1,413
Payroll Deductions Payable	2,556	421	2,556	421
Due to Other Funds	0	360	0	360
Due to Joint Ventures	327,045	199,699	187,930	338,814
Total Liabilities	$ 330,164	$ 203,704	$ 191,049	$ 342,819

(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
Totals - All Agency Funds				
Assets				
Cash	$ 6,090,191	$ 35,640,988	$ 34,553,554	$ 7,177,625
Equity in Pooled Cash and Investments	322,628	11,262,789	11,251,818	333,599
Accounts Receivable	3,137	46,881	3,137	46,881
Due from Other Governments	1,912,743	1,876,325	1,912,743	1,876,325
Total Assets	$ 8,328,699	$ 48,826,983	$ 47,721,252	$ 9,434,430
Liabilities				
Accounts Payable	$ 563	$ 1,811	$ 563	$ 1,811
Accrued Payroll	0	1,413	0	1,413
Payroll Deductions Payable	2,556	421	2,556	421
Due to Other Funds	0	360	0	360
Due to Other Taxing Units	1,912,743	12,944,630	12,981,048	1,876,325
Due to Litigants, Heirs, and Others	6,085,792	35,678,649	34,549,155	7,215,286
Due to Joint Ventures	327,045	199,699	187,930	338,814
Total Liabilities	$ 8,328,699	$ 48,826,983	$ 47,721,252	$ 9,434,430

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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, four Special Revenue Funds, and one Capital Projects Fund.

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

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

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

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

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Exhibit K-1

Montgomery County, Tennessee
Statement of Activities
Discretely Presented Montgomery County School Department
For the Year Ended June 30, 2008

Functions/Programs	Expenses	Program Revenues: Charges for Services	Program Revenues: Operating Grants and Contributions	Program Revenues: Capital Grants and Contributions	Net (Expense) Revenue and Changes in Net Assets: Total Governmental Activities
Component Unit:					
Governmental Activities:					
Instruction	$ 111,518,447	$ 238,186	$ 7,810,904	$ 0	$ (103,469,357)
Support Services	82,047,992	83,726	2,628,137	38,103,526	(41,232,603)
Operation of Non-Instructional Services	12,286,836	4,771,811	7,585,239	58,511	128,725
Other Debt Service	408,356	0	0	0	(408,356)
Total Governmental Activities	$ 206,261,631	$ 5,093,723	$ 18,024,280	$ 38,162,037	$ (144,981,591)
General Revenues:					
Taxes:					
Property Taxes Levied for General Purposes					$ 25,389,199
Local Option Sales Taxes					31,181,383
Wheel Tax					3,650,243
Business Tax					500,876
Other Local Taxes					17,363
Grants and Contributions Not Restricted to Specific Programs					117,079,374
Unrestricted Investment Earnings					244,079
E-Rate					209,584
Gain on Disposal of Capital Assets					115,835
Miscellaneous					599,935
Total General Revenues					$ 178,987,871
Change in Net Assets					$ 34,006,280
Net Assets, July 1, 2007					230,669,150
Net Assets, June 30, 2008					$ 264,675,430

Exhibit K-2

Montgomery County, Tennessee
Balance Sheet - Governmental Funds
Discretely Presented Montgomery County School Department
June 30, 2008

	Major Funds		Nonmajor Funds	
	General Purpose School	Education Capital Projects	Other Govern-mental Funds	Total Govern-mental Funds
ASSETS				
Cash	$ 1,950	$ 0	$ 98,657	$ 100,607
Equity in Pooled Cash and Investments	28,174,310	4,188,880	3,096,407	35,459,597
Inventories	257,234	0	267,725	524,959
Accounts Receivable	156,050	22,095	395,042	573,187
Due from Other Governments	7,053,994	151,377	2,120,752	9,326,123
Due from Other Funds	467,139	94,450	150,831	712,420
Due from Primary Government	35,210	0	0	35,210
Property Taxes Receivable	25,509,538	0	1,595,619	27,105,157
Allowance for Uncollectible Property Taxes	(1,896,586)	0	(122,301)	(2,018,887)
Prepaid Items	50,000	0	0	50,000
Total Assets	$ 59,808,839	$ 4,456,802	$ 7,602,732	$ 71,868,373
LIABILITIES AND FUND BALANCES				
Liabilities				
Accounts Payable	$ 718,070	$ 124,482	$ 334,228	$ 1,176,780
Accrued Payroll	13,184,284	0	516,614	13,700,898
Payroll Deductions Payable	2,040,383	0	117,067	2,157,450
Contracts Payable	0	1,057,304	0	1,057,304
Retainage Payable	0	117,478	0	117,478
Due to Other Funds	158,094	891	553,435	712,420
Due to Primary Government	49,164	0	0	49,164
Current Liabilities Payable from Restricted Assets:				
Customer Deposits Payable	0	0	98,030	98,030
Deferred Revenue - Current Property Taxes	23,527,354	0	1,467,611	24,994,965
Other Deferred Revenues	3,078,168	0	0	3,078,168
Total Liabilities	$ 42,755,517	$ 1,300,155	$ 3,086,985	$ 47,142,657
Fund Balances				
Reserved for Encumbrances	$ 3,136,266	$ 34,185,592	$ 371,450	$ 37,693,308
Reserved for Career Ladder - Extended Contract	537,089	0	0	537,089
Reserved for Career Ladder Program	52,715	0	0	52,715
Reserved for Innovative Education Program Strategies	0	0	4,074	4,074
Reserved for Special Education - Grants to States	0	0	121,002	121,002
Unreserved, Reported In:				
General Fund	13,327,252	0	0	13,327,252
Special Revenue Funds	0	0	4,019,221	4,019,221
Capital Projects Funds (Deficit)	0	(31,028,945)	0	(31,028,945)
Total Fund Balances	$ 17,053,322	$ 3,156,647	$ 4,515,747	$ 24,725,716
Total Liabilities and Fund Balances	$ 59,808,839	$ 4,456,802	$ 7,602,732	$ 71,868,373

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, 2008

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)			$ 24,725,716
(1)	Capital assets used in governmental activities are not financial resources and therefore are not reported in the governmental funds.		
	Add: land	$ 12,556,577	
	Add: construction in progress	28,660,541	
	Add: buildings and improvements net of accumulated depreciation	186,328,575	
	Add: other capital assets net of accumulated depreciation	11,444,716	238,990,409
(2)	Long-term liabilities are not due and payable in the current period and therefore are not reported in the governmental funds.		
	Less: claims and judgments payable	$ (1,102,330)	
	Less: compensated absences payable	(1,016,533)	(2,118,863)
(3)	Other long-term assets are not available to pay for current period expenditures and therefore are deferred in the governmental funds.		3,078,168
Net assets of governmental activities (Exhibit A)			$ 264,675,430

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, 2008

	Major Funds		Nonmajor Funds	
	General Purpose School	Education Capital Projects	Other Govern-mental Funds	Total Governmental Funds
Revenues				
Local Taxes	$ 56,314,233	$ 0	$ 5,261,238	$ 61,575,471
Charges for Current Services	49,117	0	4,857,876	4,906,993
Other Local Revenues	926,827	96,376	388,624	1,411,827
State of Tennessee	103,628,006	0	5,835,347	109,463,353
Federal Government	5,405,698	0	19,054,761	24,460,459
Other Governments and Citizens Groups	22,039	37,932,140	0	37,954,179
Total Revenues	$ 166,345,920	$ 38,028,516	$ 35,397,846	$ 239,772,282
Expenditures				
Current:				
Instruction	$ 102,774,135	$ 0	$ 8,674,751	$ 111,448,886
Support Services	62,620,975	34	15,294,857	77,915,866
Operation of Non-Instructional Services	1,681,393	0	10,257,872	11,939,265
Debt Service:				
Other Debt Service	408,356	0	0	408,356
Capital Projects	0	37,732,287	0	37,732,287
Total Expenditures	$ 167,484,859	$ 37,732,321	$ 34,227,480	$ 239,444,660
Excess (Deficiency) of Revenues Over Expenditures	$ (1,138,939)	$ 296,195	$ 1,170,366	$ 327,622
Other Financing Sources (Uses)				
Insurance Recovery	$ 22,586	$ 0	$ 0	$ 22,586
Transfers In	537,755	0	1,282,915	1,820,670
Transfers Out	0	0	(1,820,670)	(1,820,670)
Total Other Financing Sources (Uses)	$ 560,341	$ 0	$ (537,755)	$ 22,586
Net Change in Fund Balances	$ (578,598)	$ 296,195	$ 632,611	$ 350,208
Fund Balance, July 1, 2007	17,631,920	2,860,452	3,883,136	24,375,508
Fund Balance, June 30, 2008	$ 17,053,322	$ 3,156,647	$ 4,515,747	$ 24,725,716

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, 2008

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)			$ 350,208
(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	$ 40,209,017	
	Less: current year depreciation expense	(6,434,646)	33,774,371
(2)	The net effect of various miscellaneous transactions involving capital assets (sales, trade-ins, and donations) is to decrease net assets.		
	Add: gain on disposal of capital assets	$ 115,835	
	Less: revenue from the sale of capital assets	(161,841)	(46,006)
(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, 2007	$ (3,118,712)	
	Add: deferred delinquent property taxes and other deferred June 30, 2008	3,078,168	(40,544)
(4)	Some expenses reported in the statement of activities do not require the use of current financial resources and therefore are not reported as expenditures in the governmental funds.		
	Change in claims and judgments payable	$ 98,596	
	Change in compensated absences payable	(130,345)	(31,749)
Change in net assets of governmental activities (Exhibit B)			$ 34,006,280

Exhibit K-6

Montgomery County, Tennessee
Combining Balance Sheet - Nonmajor Governmental Funds
Discretely Presented Montgomery County School Department
June 30, 2008

	Special Revenue Funds				Total
	School Federal Projects	Central Cafeteria	School Transpor - tation	Extended School Program	Nonmajor Governmental Funds
ASSETS					
Cash	$ 0	$ 98,657	$ 0	$ 0	$ 98,657
Equity in Pooled Cash and Investments	694,655	1,788,988	478,952	133,812	3,096,407
Inventories	0	267,725	0	0	267,725
Accounts Receivable	1,357	42,311	351,374	0	395,042
Due from Other Governments	952,886	1,167,866	0	0	2,120,752
Due from Other Funds	72	0	150,759	0	150,831
Property Taxes Receivable	0	0	1,595,619	0	1,595,619
Allowance for Uncollectible Property Taxes	0	0	(122,301)	0	(122,301)
Total Assets	$ 1,648,970	$ 3,365,547	$ 2,454,403	$ 133,812	$ 7,602,732
LIABILITIES AND FUND BALANCES					
Liabilities					
Accounts Payable	$ 310,564	$ 6,020	$ 17,644	$ 0	$ 334,228
Accrued Payroll	516,614	0	0	0	516,614
Payroll Deductions Payable	103,534	8,036	5,206	291	117,067
Due to Other Funds	552,933	60	373	69	553,435
Current Liabilities Payable from Restricted Assets:					
Customer Deposits Payable	0	98,030	0	0	98,030
Deferred Revenue - Current Property Taxes	0	0	1,467,611	0	1,467,611
Total Liabilities	$ 1,483,645	$ 112,146	$ 1,490,834	$ 360	$ 3,086,985
Fund Balances					
Reserved for Encumbrances	$ 346,610	$ 20,851	$ 3,989	$ 0	$ 371,450
Reserved for Innovative Education Program Strategies	4,074	0	0	0	4,074
Reserved for Special Education - Grants to States	121,002	0	0	0	121,002
Unreserved (Deficit)	(306,361)	3,232,550	959,580	133,452	4,019,221
Total Fund Balances	$ 165,325	$ 3,253,401	$ 963,569	$ 133,452	$ 4,515,747
Total Liabilities and Fund Balances	$ 1,648,970	$ 3,365,547	$ 2,454,403	$ 133,812	$ 7,602,732

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, 2008

	Special Revenue Funds				Total
	School Federal Projects	Central Cafeteria	School Transpor - tation	Extended School Program	Nonmajor Governmental Funds
Revenues					
Local Taxes	$ 0	$ 0	$ 5,261,238	$ 0	$ 5,261,238
Charges for Current Services	0	4,640,031	0	217,845	4,857,876
Other Local Revenues	0	365,440	23,184	0	388,624
State of Tennessee	583,562	127,485	5,124,300	0	5,835,347
Federal Government	13,774,578	5,280,183	0	0	19,054,761
Total Revenues	$ 14,358,140	$ 10,413,139	$ 10,408,722	$ 217,845	$ 35,397,846
Expenditures					
Current:					
Instruction	$ 8,536,241	$ 0	$ 0	$ 138,510	$ 8,674,751
Support Services	4,167,749	2,571	11,080,779	43,758	15,294,857
Operation of Non-Instructional Services	0	10,257,872	0	0	10,257,872
Total Expenditures	$ 12,703,990	$ 10,260,443	$ 11,080,779	$ 182,268	$ 34,227,480
Excess (Deficiency) of Revenues Over Expenditures	$ 1,654,150	$ 152,696	$ (672,057)	$ 35,577	$ 1,170,366
Other Financing Sources (Uses)					
Transfers In	$ 0	$ 0	$ 1,282,915	$ 0	$ 1,282,915
Transfers Out	(1,820,670)	0	0	0	(1,820,670)
Total Other Financing Sources (Uses)	$ (1,820,670)	$ 0	$ 1,282,915	$ 0	$ (537,755)
Net Change in Fund Balances	$ (166,520)	$ 152,696	$ 610,858	$ 35,577	$ 632,611
Fund Balance, July 1, 2007	331,845	3,100,705	352,711	97,875	3,883,136
Fund Balance, June 30, 2008	$ 165,325	$ 3,253,401	$ 963,569	$ 133,452	$ 4,515,747

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, 2008

	Actual (GAAP Basis)	Less: Encumbrances 7/1/2007	Add: Encumbrances 6/30/2008	Actual Revenues/ Expenditures (Budgetary Basis)	Budgeted Amounts Original	Budgeted Amounts Final	Variance with Final Budget - Positive (Negative)
Revenues							
Local Taxes	$ 56,314,233	$ 0	$ 0	$ 56,314,233	$ 58,059,081	$ 56,408,715	$ (94,482)
Charges for Current Services	49,117	0	0	49,117	37,000	41,648	7,469
Other Local Revenues	926,827	0	0	926,827	291,000	1,029,152	(102,325)
State of Tennessee	103,628,006	0	0	103,628,006	105,826,606	105,929,558	(2,301,552)
Federal Government	5,405,698	0	0	5,405,698	3,289,631	4,845,420	560,278
Other Governments and Citizens Groups	22,039	0	0	22,039	29,535	29,535	(7,496)
Total Revenues	$ 166,345,920	$ 0	$ 0	$ 166,345,920	$ 167,532,853	$ 168,284,028	$ (1,938,108)
Expenditures							
Instruction							
Regular Instruction Program	$ 84,072,310	$ (1,225,752)	$ 2,582,585	$ 85,429,143	$ 87,106,590	$ 88,564,003	$ 3,134,860
Alternative Instruction Program	670,397	0	0	670,397	704,276	735,518	65,121
Special Education Program	14,318,311	(11,137)	8,075	14,315,249	14,440,394	14,787,912	472,663
Vocational Education Program	3,713,117	(565)	2,839	3,715,391	3,707,129	4,035,255	319,864
Support Services							
Attendance	593,661	0	0	593,661	545,425	608,648	14,987
Health Services	943,917	(670)	0	943,247	915,798	974,143	30,896
Other Student Support	7,196,153	0	950	7,197,103	7,779,267	7,793,904	596,801
Regular Instruction Program	6,454,828	(2,284)	12,520	6,465,064	6,321,869	6,848,229	383,165
Alternative Instruction Program	33,118	0	0	33,118	28,287	37,638	4,520
Special Education Program	1,012,109	(770)	685	1,012,024	1,089,749	1,157,357	145,333
Vocational Education Program	116,018	0	0	116,018	113,127	118,176	2,158
Adult Programs	62,259	0	0	62,259	67,941	72,683	10,424
Other Programs	66,863	0	0	66,863	0	66,863	0

(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 7/1/2007	Add: Encumbrances 6/30/2008	Actual Revenues/ Expenditures (Budgetary Basis)	Budgeted Amounts Original	Budgeted Amounts Final	Variance with Final Budget - Positive (Negative)
Expenditures (Cont.)							
Support Services (Cont.)							
Board of Education	$ 250,510	$ 0	$ 0	$ 250,510	$ 214,605	$ 268,142	$ 17,632
Director of Schools	863,471	(20,465)	26,031	869,037	909,669	939,877	70,840
Office of the Principal	11,612,848	0	0	11,612,848	11,470,412	11,866,360	253,512
Fiscal Services	3,087,374	(1,644)	17,228	3,102,958	3,057,087	3,248,801	145,843
Human Services/Personnel	2,201,605	(72,486)	163,946	2,293,065	6,460,694	2,975,153	682,088
Operation of Plant	12,859,389	(112,907)	124,937	12,871,419	13,030,966	13,489,366	617,947
Maintenance of Plant	4,924,097	(98,508)	20,994	4,846,583	4,965,369	5,036,764	190,181
Transportation	1,956	(1,956)	0	0	0	0	0
Central and Other	10,340,799	(481,756)	175,476	10,034,519	9,953,415	10,572,623	538,104
Operation of Non-Instructional Services							
Early Childhood Education	1,681,393	(19,741)	0	1,661,652	1,703,592	1,727,316	65,664
Other Debt Service							
Education	408,356	0	0	408,356	0	408,356	0
Total Expenditures	$ 167,484,859	$ (2,050,641)	$ 3,136,266	$ 168,570,484	$ 174,585,661	$ 176,333,087	$ 7,762,603
Excess (Deficiency) of Revenues Over Expenditures	$ (1,138,939)	$ 2,050,641	$ (3,136,266)	$ (2,224,564)	$ (7,052,808)	$ (8,049,059)	$ 5,824,495
Other Financing Sources (Uses)							
Insurance Recovery	$ 22,586	$ 0	$ 0	$ 22,586	$ 100,000	$ 50,000	$ (27,414)
Transfers In	537,755	0	0	537,755	536,000	498,876	38,879
Transfers Out	0	0	0	0	(408,356)	0	0
Total Other Financing Sources (Uses)	$ 560,341	$ 0	$ 0	$ 560,341	$ 227,644	$ 548,876	$ 11,465
Net Change in Fund Balance	$ (578,598)	$ 2,050,641	$ (3,136,266)	$ (1,664,223)	$ (6,825,164)	$ (7,500,183)	$ 5,835,960
Fund Balance, July 1, 2007	17,631,920	(2,050,641)	0	15,581,279	11,932,049	11,932,049	3,649,230
Fund Balance, June 30, 2008	$ 17,053,322	$ 0	$ (3,136,266)	$ 13,917,056	$ 5,106,885	$ 4,431,866	$ 9,485,190

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, 2008

	Actual (GAAP Basis)	Add: Encumbrances 6/30/2008	Actual Revenues/ Expenditures (Budgetary Basis)	Budgeted Amounts Original	Budgeted Amounts Final	Variance with Final Budget - Positive (Negative)
Revenues						
State of Tennessee	$ 583,562	$ 0	$ 583,562	$ 179,947	$ 627,682	$ (44,120)
Federal Government	13,774,578	0	13,774,578	12,425,791	14,934,337	(1,159,759)
Total Revenues	$ 14,358,140	$ 0	$ 14,358,140	$ 12,605,738	$ 15,562,019	$ (1,203,879)
Expenditures						
Instruction						
Regular Instruction Program	$ 5,632,654	$ 106	$ 5,632,760	$ 4,302,989	$ 5,694,965	$ 62,205
Special Education Program	2,408,223	5,814	2,414,037	2,303,110	2,702,671	288,634
Vocational Education Program	362,716	0	362,716	424,101	362,717	1
Adult Education Program	132,648	0	132,648	159,491	179,615	46,967
Support Services						
Health Services	949	0	949	0	26,690	25,741
Other Student Support	264,055	0	264,055	172,006	294,659	30,604
Regular Instruction Program	2,591,518	317,565	2,909,083	2,015,364	3,278,801	369,718
Special Education Program	904,367	2,500	906,867	1,050,945	1,027,190	120,323
Vocational Education Program	4,500	0	4,500	5,000	4,500	0
Adult Programs	117,229	0	117,229	132,550	118,560	1,331
Operation of Plant	212,063	20,625	232,688	162,650	234,792	2,104
Transportation	73,068	0	73,068	1,338,478	1,364,381	1,291,313
Total Expenditures	$ 12,703,990	$ 346,610	$ 13,050,600	$ 12,066,684	$ 15,289,541	$ 2,238,941
Excess (Deficiency) of Revenues Over Expenditures	$ 1,654,150	$ (346,610)	$ 1,307,540	$ 539,054	$ 272,478	$ 1,035,062
Transfers Out	$ (1,820,670)	$ 0	$ (1,820,670)	$ (539,054)	$ (604,349)	$ (1,216,321)
Total Other Financing Sources (Uses)	$ (1,820,670)	$ 0	$ (1,820,670)	$ (539,054)	$ (604,349)	$ (1,216,321)
Net Change in Fund Balance	$ (166,520)	$ (346,610)	$ (513,130)	$ 0	$ (331,871)	$ (181,259)
Fund Balance, July 1, 2007	331,845	0	331,845	931,797	931,797	(599,952)
Fund Balance, June 30, 2008	$ 165,325	$ (346,610)	$ (181,285)	$ 931,797	$ 599,926	$ (781,211)

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, 2008

	Actual (GAAP Basis)	Less: Encumbrances 7/1/2007	Add: Encumbrances 6/30/2008	Actual Revenues/ Expenditures (Budgetary Basis)	Budgeted Amounts Original	Budgeted Amounts Final	Variance with Final Budget - Positive (Negative)
Revenues							
Charges for Current Services	$ 4,640,031	$ 0	$ 0	$ 4,640,031	$ 4,852,300	$ 4,580,800	$ 59,231
Other Local Revenues	365,440	0	0	365,440	281,000	340,000	25,440
State of Tennessee	127,485	0	0	127,485	125,000	127,485	0
Federal Government	5,280,183	0	0	5,280,183	5,193,000	5,221,000	59,183
Total Revenues	$ 10,413,139	$ 0	$ 0	$ 10,413,139	$ 10,451,300	$ 10,269,285	$ 143,854
Expenditures							
Support Services							
Fiscal Services	$ 2,571	$ 0	$ 0	$ 2,571	$ 2,810	$ 2,810	$ 239
Operation of Non-Instructional Services							
Food Service	10,257,872	(6,425)	20,851	10,272,298	10,750,417	10,888,786	616,488
Total Expenditures	$ 10,260,443	$ (6,425)	$ 20,851	$ 10,274,869	$ 10,753,227	$ 10,891,596	$ 616,727
Excess (Deficiency) of Revenues Over Expenditures	$ 152,696	$ 6,425	$ (20,851)	$ 138,270	$ (301,927)	$ (622,311)	$ 760,581
Net Change in Fund Balance	$ 152,696	$ 6,425	$ (20,851)	$ 138,270	$ (301,927)	$ (622,311)	$ 760,581
Fund Balance, July 1, 2007	3,100,705	(6,425)	0	3,094,280	2,564,684	2,564,684	529,596
Fund Balance, June 30, 2008	$ 3,253,401	$ 0	$ (20,851)	$ 3,232,550	$ 2,262,757	$ 1,942,373	$ 1,290,177

Exhibit K-11

Montgomery County, Tennessee
Schedule of Revenues, Expenditures, and Changes
in Fund Balance - Actual (Budgetary Basis) and Budget
Discretely Presented Montgomery County School Department
School Transportation Fund
For the Year Ended June 30, 2008

	Actual (GAAP Basis)	Add: Encumbrances 6/30/2008	Actual Revenues/ Expenditures (Budgetary Basis)	Budgeted Amounts Original	Budgeted Amounts Final	Variance with Final Budget - Positive (Negative)
Revenues						
Local Taxes	$ 5,261,238	$ 0	$ 5,261,238	$ 5,192,604	$ 5,042,604	$ 218,634
Other Local Revenues	23,184	0	23,184	0	19,638	3,546
State of Tennessee	5,124,300	0	5,124,300	5,024,300	5,124,300	0
Federal Government	0	0	0	1,282,915	0	0
Total Revenues	$ 10,408,722	$ 0	$ 10,408,722	$ 11,499,819	$ 10,186,542	$ 222,180
Expenditures						
Support Services						
Fiscal Services	$ 47,938	$ 0	$ 47,938	$ 67,612	$ 67,612	$ 19,674
Transportation	11,032,841	3,989	11,036,830	11,420,153	11,607,403	570,573
Total Expenditures	$ 11,080,779	$ 3,989	$ 11,084,768	$ 11,487,765	$ 11,675,015	$ 590,247
Excess (Deficiency) of Revenues Over Expenditures	$ (672,057)	$ (3,989)	$ (676,046)	$ 12,054	$ (1,488,473)	$ 812,427
Other Financing Sources (Uses)						
Transfers In	$ 1,282,915	$ 0	$ 1,282,915	$ 0	$ 1,282,915	$ 0
Total Other Financing Sources (Uses)	$ 1,282,915	$ 0	$ 1,282,915	$ 0	$ 1,282,915	$ 0
Net Change in Fund Balance	$ 610,858	$ (3,989)	$ 606,869	$ 12,054	$ (205,558)	$ 812,427
Fund Balance, July 1, 2007	352,711	0	352,711	345,003	345,003	7,708
Fund Balance, June 30, 2008	$ 963,569	$ (3,989)	$ 959,580	$ 357,057	$ 139,445	$ 820,135

Exhibit K-12

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, 2008

	Actual	Budgeted Amounts Original	Budgeted Amounts Final	Variance with Final Budget - Positive (Negative)
Revenues				
Charges for Current Services	$ 217,845	$ 187,050	$ 228,000	$ (10,155)
Total Revenues	$ 217,845	$ 187,050	$ 228,000	$ (10,155)
Expenditures				
Instruction				
Regular Instruction Program	$ 138,510	$ 213,831	$ 179,375	$ 40,865
Support Services				
Office of the Principal	36,578	44,991	39,949	3,371
Fiscal Services	1,080	2,000	2,000	920
Operation of Plant	6,100	5,123	6,100	0
Total Expenditures	$ 182,268	$ 265,945	$ 227,424	$ 45,156
Excess (Deficiency) of Revenues Over Expenditures	$ 35,577	$ (78,895)	$ 576	$ 35,001
Net Change in Fund Balance	$ 35,577	$ (78,895)	$ 576	$ 35,001
Fund Balance, July 1, 2007	97,875	105,516	105,516	(7,641)
Fund Balance, June 30, 2008	$ 133,452	$ 26,621	$ 106,092	$ 27,360

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MISCELLANEOUS SCHEDULES

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Exhibit L-1

Montgomery County, Tennessee
Schedule of Changes in Long-term Notes, Other Loans, and Bonds
For the Year Ended June 30, 2008

Description of Indebtedness	Original Amount of Issue	Interest Rate	Date of Issue	Last Maturity Date	Outstanding 7-1-07	Issued During Period	Paid and/or Matured During Period	Outstanding 6-30-08
NOTES PAYABLE								
Payable through General Debt Service Fund								
Library Equipment	$ 825,000	5.21 %	7-3-1996	6-30-08	$ 68,750	$ 0	$ 68,750	$ 0
Refunding Capital Outlay Notes - Courts Center	5,585,000	4 to 5	3-15-04	5-1-11	4,510,000	0	1,060,000	3,450,000
Building Improvements and Equipment	1,152,585	3.4937	6-30-05	6-30-08	387,541	0	387,541	0
Radio Trunking System	150,000	3.4937	6-30-05	6-30-08	50,435	0	50,435	0
Total Notes Payable					$ 5,016,726	$ 0	$ 1,566,726	$ 3,450,000
OTHER LOANS PAYABLE								
Payable through General Debt Service Fund								
Qualified Zone Academy Bonds	2,470,731	0	10-17-02	12-18-15	$ 1,588,326	$ 0	$ 176,481	$ 1,411,845
Qualified Zone Academy Bonds	(1)	0	5-22-06	12-1-20	2,492,220	916,198	259,600	3,148,818
School Projects	(2)	variable	6-6-08	5-5-13	0	2,947,187	0	2,947,187
Total Other Loans Payable					$ 4,080,546	$ 3,863,385	$ 436,081	$ 7,507,850
BONDS PAYABLE								
Payable through General Debt Service Fund								
General Obligation Refunding	14,864,029	4 to 5.25	8-13-1998	5-1-08	$ 1,545,000	$ 0	$ 1,545,000	$ 0
General Obligation Public Improvement and General Obligation Refunding	68,725,000	5.12095	12-1-01	5-1-21	20,755,000	0	1,350,000	19,405,000
Various County Capital Projects	25,000,000	2 to 5	6-17-03	5-1-23	24,400,000	0	400,000	24,000,000
General Obligation Refunding	81,640,000	3 to 4.75	6-17-03	5-1-15	59,290,000	0	6,150,000	53,140,000
General Obligation Refunding	43,240,000	2 to 5	3-15-04	3-15-20	43,050,000	0	100,000	42,950,000
General Obligation Public Improvement	22,000,000	2.1 to 5	11-1-04	4-1-25	21,800,000	0	100,000	21,700,000
General Obligation Public Improvement	40,000,000	4 to 5	12-1-05	4-1-26	39,900,000	0	100,000	39,800,000
General Obligation Refunding	63,945,000	4 to 5	8-11-06	6-30-26	63,945,000	0	1,450,000	62,495,000
General Obligation Public Improvement and Schools	18,000,000	4 to 5	8-30-07	5-1-28	0	18,000,000	0	18,000,000
Total Bonds Payable					$ 274,685,000	$ 18,000,000	$ 11,195,000	$ 281,490,000

(1) Total amount available for draws is $225,982 of an authorized $3,894,000.
(2) Total amount available for draws is $17,193,800 of an authorized $20,140,987.

Exhibit L-2

Montgomery County, Tennessee
Schedule of Long-term Debt Requirements by Year

Year Ending June 30	Notes Principal	Notes Interest	Total Notes Requirements
2009	$ 1,100,000	$ 172,500	$ 1,272,500
2010	1,150,000	117,500	1,267,500
2011	1,200,000	60,000	1,260,000
Total	$ 3,450,000	$ 350,000	$ 3,800,000

Year Ending June 30	Other Loans Principal	Other Loans Interest	Other Loans Fees	Total Other Loans Requirements
2009	$ 436,081	$ 40,966	$ 6,678	$ 483,725
2010	1,136,068	40,966	6,678	1,183,712
2011	1,173,081	31,236	5,831	1,210,148
2012	1,199,081	20,992	4,940	1,225,013
2013	1,183,281	10,386	4,018	1,197,685
2014	436,080	0	2,093	438,173
2015	436,080	0	2,093	438,173
2016	436,080	0	2,093	438,173
2017	259,600	0	1,246	260,846
2018	259,600	0	1,246	260,846
2019	259,600	0	1,246	260,846
2020	259,600	0	1,246	260,846
2021	33,618	0	1,246	34,864
Total	$ 7,507,850	$ 144,546	$ 40,654	$ 7,693,050

Year Ending June 30	Bonds Principal	Bonds Interest	Total Bonds Requirements
2009	$ 11,400,000	$ 13,018,694	$ 24,418,694
2010	12,025,000	12,556,895	24,581,895
2011	12,815,000	12,030,894	24,845,894
2012	14,625,000	11,457,532	26,082,532
2013	16,385,000	10,783,280	27,168,280
2014	17,390,000	10,030,131	27,420,131
2015	18,400,000	9,227,880	27,627,880
2016	18,260,000	8,378,832	26,638,832
2017	19,545,000	7,523,030	27,068,030
2018	20,460,000	6,602,994	27,062,994
2019	21,145,000	5,638,686	26,783,686
2020	20,760,000	4,653,075	25,413,075
2021	21,080,000	3,656,725	24,736,725
2022	12,080,000	2,642,700	14,722,700
2023	12,080,000	2,071,800	14,151,800
2024	11,180,000	1,509,363	12,689,363
2025	11,180,000	980,138	12,160,138
2026	8,480,000	483,350	8,963,350
2027	1,100,000	101,750	1,201,750
2028	1,100,000	50,875	1,150,875
Total	$ 281,490,000	$ 123,398,624	$ 404,888,624

Exhibit L-3

Montgomery County, Tennessee
Schedule of Transfers
Primary Government and Discretely Presented Montgomery County School Department
For the Year Ended June 30, 2008

From Fund	To Fund	Purpose	Amount
PRIMARY GOVERNMENT			
General	General Capital Projects	Eliminate cash deficit	$ 554,700
Drug Control	General	Sheriff expenditures	55,500
Community Development	General	Close fund	693
Other Capital Projects #3	General Capital Projects	Industrial Park Expansion	102,396
Other Capital Projects #6	Other Capital Projects #5	Capital projects	2,806,200
Other Capital Projects #6	General Capital Projects	Data processing equipment	54,000
Total Transfers Primary Government			$ 3,573,489
DISCRETELY PRESENTED MONTGOMERY COUNTY SCHOOL DEPARTMENT			
School Federal Projects	General Purpose School	Indirect costs	$ 537,755
School Federal Projects	School Transportation	Salaries	1,282,915
Total Transfers Discretely Presented Montgomery County School Department			$ 1,820,670

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, 2008

Official	Authorization for Salary	Salary Paid During Period	Bond	Surety
County Mayor	Section 8-24-102, TCA	$ 120,194	$ 50,000	RLI Insurance Company
Highway Supervisor	Section 8-24-102, TCA	85,545	100,000	Auto-Owners Mutual Insurance Company
Director of Schools	State Board of Education and Local Board of Education	155,165 (1)		
Trustee	Section 8-24-102, TCA	77,768	4,995,000	Ohio Casualty Insurance Company
Assessor of Property	Section 8-24-102, TCA	77,768	10,000	Auto-Owners Mutual Insurance Company
Director of Accounts				
Betty Burchett (7-1-07 through 5-31-08)	County Commission	91,717 (2)	50,000	"
Erinne Hester (6-1-08 through 6-30-08)	County Commission	5,000	50,000	RLI Insurance Company
Purchasing Agent	County Commission	61,931	25,000	Ohio Casualty Insurance Company
County Clerk	Section 8-24-102, TCA	77,768	50,000	RLI Insurance Company
Circuit Court Clerk	Section 8-24-102, TCA	77,768	50,000	"
Clerk and Master	Section 8-24-102, TCA, and Chancery Judge	77,768 (3)	50,000	Auto-Owners Mutual Insurance Company
Register	Section 8-24-102, TCA	77,768	50,000	RLI Insurance Company
Sheriff	Section 8-24-102, TCA, and County Commission	102,727 (4)	25,000	"
County Employees:				
Public Employees Blanket Bond			150,000	Local Government Insurance Pool
School Employees:				
Public School System			250,000	Local Government Insurance Pool

(1) Includes $4,800 transportation supplement and $5,346 for unused vacation days.
(2) Includes $18,378 as data processing director.
(3) Does not include special commissioner fees totaling $16,540.
(4) Includes $7,500 as workhouse superintendent and $600 for a law enforcement training supplement.

Exhibit L-5

Montgomery County, Tennessee
Schedule of Detailed Revenues -
All Governmental Fund Types
For the Year Ended June 30, 2008

		Special Revenue Funds		Debt Service Fund	Capital Projects Funds				
	General	Drug Control	Highway / Public Works	General Debt Service	General Capital Projects	Community Development/ Industrial Park	Other Capital Projects #2	Other Capital Projects #3	Total
Local Taxes									
County Property Taxes									
Current Property Tax	$ 22,344,450	$ 0	$ 2,994,617	$ 20,678,701	$ 1,266,954	$ 0	$ 0	$ 0	$ 47,284,722
Trustee's Collections - Prior Year	732,613	0	98,185	679,172	40,782	0	0	0	1,550,752
Interest and Penalty	183,434	0	24,584	153,785	10,401	0	0	0	372,204
Payments in-Lieu-of Taxes - T.V.A.	1,788	0	0	0	0	0	0	0	1,788
Payments in-Lieu-of Taxes - Local Utilities	513,112	0	0	0	0	0	0	0	513,112
Payments in-Lieu-of Taxes - Other	702,028	0	0	0	0	0	0	0	702,028
County Local Option Taxes									
Local Option Sales Tax	0	0	0	2,899,239	0	0	0	0	2,899,239
Hotel/Motel Tax	1,286,596	0	0	0	0	0	0	0	1,286,596
Litigation Tax - General	501,611	0	0	0	0	0	0	0	501,611
Litigation Tax - Special Purpose	91,318	0	0	0	0	0	0	0	91,318
Litigation Tax - Jail, Workhouse, or Courthouse	0	0	0	176,246	0	0	0	0	176,246
Business Tax	875,311	0	75,458	75,458	0	0	0	0	1,026,227
Mineral Severance Tax	0	0	318,991	0	0	0	0	0	318,991
Adequate Facilities/Development Tax	0	0	0	789,402	0	0	0	0	789,402
Statutory Local Taxes									
Bank Excise Tax	109,079	0	14,075	102,042	7,037	0	0	0	232,233
Wholesale Beer Tax	363,938	0	0	0	0	0	0	0	363,938
Interstate Telecommunications Tax	4,034	0	0	0	0	0	0	0	4,034
Total Local Taxes	$ 27,709,312	$ 0	$ 3,525,910	$ 25,554,045	$ 1,325,174	$ 0	$ 0	$ 0	$ 58,114,441
Licenses and Permits									
Licenses									
Animal Registration	$ 37,592	$ 0	$ 0	$ 0	$ 0	$ 0	$ 0	$ 0	$ 37,592
Animal Vaccination	3,685	0	0	0	0	0	0	0	3,685
Cable TV Franchise	165,790	0	0	0	0	0	0	0	165,790
Permits									
Building Permits	334,480	0	0	0	0	0	0	0	334,480
Plumbing Permits	7,578	0	0	0	0	0	0	0	7,578
Other Permits	104,385	0	0	0	0	0	0	0	104,385
Total Licenses and Permits	$ 653,510	$ 0	$ 0	$ 0	$ 0	$ 0	$ 0	$ 0	$ 653,510

(Continued)

Exhibit L-5

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

		Special Revenue Funds		Debt Service Fund	Capital Projects Funds				
	General	Drug Control	Highway / Public Works	General Debt Service	General Capital Projects	Community Development/ Industrial Park	Other Capital Projects #2	Other Capital Projects #3	Total
Fines, Forfeitures, and Penalties									
Circuit Court									
Fines	$ 10,164	$ 0	$ 0	$ 0	$ 0	$ 0	$ 0	$ 0	$ 10,164
Officers Costs	24,248	0	0	0	0	0	0	0	24,248
Drug Court Fees	5,284	0	0	0	0	0	0	0	5,284
Jail Fees	55,693	0	0	0	0	0	0	0	55,693
Data Entry Fee - Circuit Court	5,228	0	0	0	0	0	0	0	5,228
Victims Assistance Assessments	744	0	0	0	0	0	0	0	744
General Sessions Court									
Fines	237,485	0	0	0	0	0	0	0	237,485
Fines for Littering	743	0	0	0	0	0	0	0	743
Officers Costs	274,505	0	0	0	0	0	0	0	274,505
Game and Fish Fines	849	0	0	0	0	0	0	0	849
Drug Court Fees	17,523	0	0	0	0	0	0	0	17,523
Jail Fees	400,347	0	0	0	0	0	0	0	400,347
DUI Treatment Fines	32,146	0	0	0	0	0	0	0	32,146
Data Entry Fee - General Sessions Court	30,355	0	0	0	0	0	0	0	30,355
Courtroom Security Fee	11,869	0	0	0	0	0	0	0	11,869
Victims Assistance Assessments	14,061	0	0	0	0	0	0	0	14,061
Juvenile Court									
Fines	3,015	0	0	0	0	0	0	0	3,015
Jail Fees	108,186	0	0	0	0	0	0	0	108,186
Chancery Court									
Officers Costs	5,007	0	0	0	0	0	0	0	5,007
Data Entry Fee - Chancery Court	2,314	0	0	0	0	0	0	0	2,314
Other Courts - In-county									
Fines	166	0	0	0	0	0	0	0	166
Drug Control Fines	0	23,743	0	0	0	0	0	0	23,743
Drug Court Fees	19,978	0	0	0	0	0	0	0	19,978
District Attorney General Fees	20,128	0	0	0	0	0	0	0	20,128
Other Fines, Forfeitures, and Penalties									
Other Fines, Forfeitures, and Penalties	356	0	0	0	0	0	0	0	356
Total Fines, Forfeitures, and Penalties	$ 1,280,394	$ 23,743	$ 0	$ 0	$ 0	$ 0	$ 0	$ 0	$ 1,304,137

(Continued)

Exhibit L-5

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

		Special Revenue Funds		Debt Service Fund	Capital Projects Funds				
	General	Drug Control	Highway / Public Works	General Debt Service	General Capital Projects	Community Development/ Industrial Park	Other Capital Projects #2	Other Capital Projects #3	Total
Charges for Current Services									
General Service Charges									
Patient Charges	$ 4,444,418	$ 0	$ 0	$ 0	$ 0	$ 0	$ 0	$ 0	$ 4,444,418
Zoning Studies	3,000	0	0	0	0	0	0	0	3,000
Other General Service Charges	79,110	0	0	0	0	0	0	0	79,110
Fees									
Recreation Fees	1,588	0	0	0	0	0	0	0	1,588
Copy Fees	9,006	0	0	0	0	0	0	0	9,006
Telephone Commissions	172,750	0	0	0	0	0	0	0	172,750
Vending Machine Collections	29,663	0	42	0	0	0	0	0	29,705
Data Processing Fee - Register	74,982	0	0	0	0	0	0	0	74,982
Probation Fees	10,776	0	0	0	0	0	0	0	10,776
Data Processing Fee - Sheriff	44,584	0	0	0	0	0	0	0	44,584
Sexual Offender Registration Fees - Sheriff	3,740	0	0	0	0	0	0	0	3,740
Other Charges for Services									
Other Charges for Services	220	0	0	0	0	0	0	0	220
Total Charges for Current Services	$ 4,873,837	$ 0	$ 42	$ 0	$ 0	$ 0	$ 0	$ 0	$ 4,873,879
Other Local Revenues									
Recurring Items									
Investment Income	$ 3,050,957	$ 0	$ 0	$ 2,011,465	$ 0	$ 0	$ 94,454	$ 177,536	$ 5,334,412
Lease/Rentals	529,167	0	0	0	0	0	0	0	529,167
Sale of Gasoline	0	0	53,481	0	0	0	0	0	53,481
Sale of Maps	2,961	0	0	0	0	0	0	0	2,961
Miscellaneous Refunds	82,897	0	0	0	0	0	0	0	82,897
Nonrecurring Items									
Sale of Equipment	64,860	0	0	0	0	0	0	0	64,860
Contributions and Gifts	34,282	0	0	0	0	0	0	0	34,282
Other Local Revenues									
Other Local Revenues	818,399	0	50	112	0	0	0	0	818,561
Total Other Local Revenues	$ 4,583,523	$ 0	$ 53,531	$ 2,011,577	$ 0	$ 0	$ 94,454	$ 177,536	$ 6,920,621

(Continued)

Exhibit L-5

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

		Special Revenue Funds		Debt Service Fund	Capital Projects Funds				
	General	Drug Control	Highway / Public Works	General Debt Service	General Capital Projects	Community Development/ Industrial Park	Other Capital Projects #2	Other Capital Projects #3	Total
Fees Received from County Officials									
Fees in-Lieu-of Salary									
County Clerk	$ 1,355,809	$ 0	$ 0	$ 0	$ 0	$ 0	$ 0	$ 0	$ 1,355,809
Circuit Court Clerk	670,190	0	0	0	0	0	0	0	670,190
General Sessions Court Clerk	1,491,209	0	0	0	0	0	0	0	1,491,209
Clerk and Master	421,734	0	0	0	0	0	0	0	421,734
Juvenile Court Clerk	254,431	0	0	0	0	0	0	0	254,431
Register	1,065,771	0	0	0	0	0	0	0	1,065,771
Sheriff	22,653	0	0	0	0	0	0	0	22,653
Trustee	2,631,269	0	0	0	0	0	0	0	2,631,269
Total Fees Received from County Officials	$ 7,913,066	$ 0	$ 0	$ 0	$ 0	$ 0	$ 0	$ 0	$ 7,913,066
State of Tennessee									
General Government Grants									
Juvenile Services Program	$ 710,253	$ 0	$ 0	$ 0	$ 0	$ 0	$ 0	$ 0	$ 710,253
State Reappraisal Grant	37,426	0	0	0	0	0	0	0	37,426
Other General Government Grants	0	0	0	0	36,530	0	0	0	36,530
Public Safety Grants									
Law Enforcement Training Programs	37,200	0	0	0	0	0	0	0	37,200
Public Works Grants									
State Aid Program	0	0	245,746	0	0	0	0	0	245,746
Litter Program	59,309	0	0	0	0	0	0	0	59,309
Other State Revenues									
Flood Control	300	0	0	0	0	0	0	0	300
Beer Tax	19,312	0	0	0	0	0	0	0	19,312
Alcoholic Beverage Tax	149,214	0	0	0	0	0	0	0	149,214
State Revenue Sharing - T.V.A.	1,146,677	0	0	0	0	0	0	0	1,146,677
Prisoner Transportation	8,864	0	0	0	0	0	0	0	8,864
Contracted Prisoner Boarding	951,300	0	0	0	0	0	0	0	951,300
Gasoline and Motor Fuel Tax	0	0	2,749,659	0	0	0	0	0	2,749,659
Petroleum Special Tax	0	0	108,233	0	0	0	0	0	108,233
Registrar's Salary Supplement	16,380	0	0	0	0	0	0	0	16,380

(Continued)

Exhibit L-5

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

		Special Revenue Funds		Debt Service Fund	Capital Projects Funds				
	General	Drug Control	Highway / Public Works	General Debt Service	General Capital Projects	Community Development/ Industrial Park	Other Capital Projects #2	Other Capital Projects #3	Total
State of Tennessee (Cont.)									
Other State Revenues (Cont.)									
Other State Grants	$ 2,308,290	$ 0	$ 0	$ 0	$ 0	$ 0	$ 0	$ 0	$ 2,308,290
Other State Revenues	9,000	0	0	0	0	0	0	0	9,000
Total State of Tennessee	$ 5,453,525	$ 0	$ 3,103,638	$ 0	$ 36,530	$ 0	$ 0	$ 0	$ 8,593,693
Federal Government									
Federal Through State									
Community Development	$ 0	$ 0	$ 0	$ 0	$ 0	$ 80,471	$ 0	$ 0	$ 80,471
Homeland Security Grants	672,216	0	0	0	0	0	0	0	672,216
Other Federal through State	240,554	0	0	0	0	0	0	0	240,554
Direct Federal Revenue									
Other Direct Federal Revenue	6,339	0	0	0	0	0	0	0	6,339
Total Federal Government	$ 919,109	$ 0	$ 0	$ 0	$ 0	$ 80,471	$ 0	$ 0	$ 999,580
Other Governments and Citizens Groups									
Other Governments									
Prisoner Board	$ 896,113	$ 0	$ 0	$ 0	$ 0	$ 0	$ 0	$ 0	$ 896,113
Paving and Maintenance	0	0	224,164	0	0	0	0	0	224,164
Contributions	976,886	0	0	408,356	0	0	0	0	1,385,242
Citizens Groups									
Donations	24,604	0	0	0	1,500	0	0	0	26,104
Other									
Other	0	0	0	113	0	0	0	0	113
Total Other Governments and Citizens Groups	$ 1,897,603	$ 0	$ 224,164	$ 408,469	$ 1,500	$ 0	$ 0	$ 0	$ 2,531,736
Total	$ 55,283,879	$ 23,743	$ 6,907,285	$ 27,974,091	$ 1,363,204	$ 80,471	$ 94,454	$ 177,536	$ 91,904,663

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, 2008

	General Purpose School	School Federal Projects	Central Cafeteria	School Transpor - tation	Extended School Program	Education Capital Projects	Total
Local Taxes							
County Property Taxes							
Current Property Tax	$ 22,911,249	$ 0	$ 0	$ 1,547,305	$ 0	$ 0	$ 24,458,554
Trustee's Collections - Prior Year	684,778	0	0	51,671	0	0	736,449
Interest and Penalty	182,177	0	0	12,019	0	0	194,196
Payments in-Lieu-of Taxes - Local Utilities	670,574	0	0	0	0	0	670,574
County Local Option Taxes							
Local Option Sales Tax	31,227,581	0	0	0	0	0	31,227,581
Wheel Tax	0	0	0	3,650,243	0	0	3,650,243
Business Tax	500,876	0	0	0	0	0	500,876
Statutory Local Taxes							
Bank Excise Tax	119,635	0	0	0	0	0	119,635
Interstate Telecommunications Tax	17,363	0	0	0	0	0	17,363
Total Local Taxes	$ 56,314,233	$ 0	$ 0	$ 5,261,238	$ 0	$ 0	$ 61,575,471
Charges for Current Services							
Education Charges							
Tuition - Regular Day Students	$ 14,141	$ 0	$ 0	$ 0	$ 0	$ 0	$ 14,141
Tuition - Summer School	0	0	0	0	198,030	0	198,030
Tuition - Out-of-State Systems	6,200	0	0	0	0	0	6,200
Tuition - Other	0	0	0	0	19,815	0	19,815
Lunch Payments - Children	0	0	2,643,885	0	0	0	2,643,885
Lunch Payments - Adults	0	0	199,963	0	0	0	199,963
Income from Breakfast	0	0	256,763	0	0	0	256,763
A la carte Sales	0	0	1,471,371	0	0	0	1,471,371
TBI Criminal Background Fees	28,776	0	0	0	0	0	28,776
Other Charges for Services							
Other Charges for Services	0	0	68,049	0	0	0	68,049
Total Charges for Current Services	$ 49,117	$ 0	$ 4,640,031	$ 0	$ 217,845	$ 0	$ 4,906,993
Other Local Revenues							
Recurring Items							
Investment Income	$ 56,543	$ 0	$ 184,124	$ 0	$ 0	$ 3,412	$ 244,079
Lease/Rentals	25,095	0	0	0	0	0	25,095
Sale of Materials and Supplies	6,924	0	131,780	0	0	0	138,704

(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	School Transpor - tation	Extended School Program	Education Capital Projects	Total
Other Local Revenues (Cont.)							
Recurring Items (Cont.)							
Sale of Recycled Materials	$ 892	$ 0	$ 0	$ 0	$ 0	$ 0	$ 892
Refund of Telecommunication and Internet Fees (E-Rate)	209,584	0	0	0	0	0	209,584
Miscellaneous Refunds	280,260	0	49,536	22,507	0	0	352,303
Nonrecurring Items							
Sale of Equipment	292,146	0	0	0	0	0	292,146
Sale of Property	0	0	0	0	0	92,964	92,964
Damages Recovered from Individuals	1,100	0	0	677	0	0	1,777
Contributions and Gifts	54,283	0	0	0	0	0	54,283
Total Other Local Revenues	$ 926,827	$ 0	$ 365,440	$ 23,184	$ 0	$ 96,376	$ 1,411,827
State of Tennessee							
General Government Grants							
On-Behalf Contributions for OPEB	$ 66,863	$ 0	$ 0	$ 0	$ 0	$ 0	$ 66,863
State Education Funds							
Basic Education Program	99,732,724	0	0	5,124,300	0	0	104,857,024
Early Childhood Education	1,676,489	0	0	0	0	0	1,676,489
School Food Service	0	0	127,485	0	0	0	127,485
Other State Education Funds	152,195	583,562	0	0	0	0	735,757
Career Ladder Program	978,820	0	0	0	0	0	978,820
Career Ladder - Extended Contract	361,974	0	0	0	0	0	361,974
Other State Revenues							
Income Tax	203,169	0	0	0	0	0	203,169
Mixed Drink Tax	224,748	0	0	0	0	0	224,748
Other State Revenues	231,024	0	0	0	0	0	231,024
Total State of Tennessee	$ 103,628,006	$ 583,562	$ 127,485	$ 5,124,300	$ 0	$ 0	$ 109,463,353
Federal Government							
Federal Through State							
USDA School Lunch Program	$ 0	$ 0	$ 4,107,673	$ 0	$ 0	$ 0	$ 4,107,673
Breakfast	0	0	1,172,510	0	0	0	1,172,510
Adult Education State Grant Program	0	187,481	0	0	0	0	187,481
Vocational Education - Basic Grants to States	0	434,517	0	0	0	0	434,517
Title I Grants to Local Education Agencies	0	5,635,396	0	0	0	0	5,635,396

(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	School Transpor - tation	Extended School Program	Education Capital Projects	Total
Federal Government (Cont.)							
Federal Through State (Cont.)							
Innovative Education Program Strategies	$ 0	$ 17,058	$ 0	$ 0	$ 0	$ 0	$ 17,058
Special Education - Grants to States	0	4,620,417	0	0	0	0	4,620,417
Special Education Preschool Grants	0	58,064	0	0	0	0	58,064
English Language Acquisition Grants	0	7,248	0	0	0	0	7,248
Safe and Drug-Free Schools - State Grants	0	516,314	0	0	0	0	516,314
Eisenhower Professional Development State Grants	0	1,296,940	0	0	0	0	1,296,940
Other Federal through State	0	449,114	0	0	0	0	449,114
Direct Federal Revenue							
Public Law 874 - Maintenance and Operation	4,993,946	0	0	0	0	0	4,993,946
ROTC Reimbursement	411,661	0	0	0	0	0	411,661
Other Direct Federal Revenue	91	552,029	0	0	0	0	552,120
Total Federal Government	$ 5,405,698	$ 13,774,578	$ 5,280,183	$ 0	$ 0	$ 0	$ 24,460,459
Other Governments and Citizens Groups							
Other Governments							
Contributions	$ 0	$ 0	$ 0	$ 0	$ 0	$ 37,932,140	$ 37,932,140
Contracted Services	22,039	0	0	0	0	0	22,039
Total Other Governments and Citizens Groups	$ 22,039	$ 0	$ 0	$ 0	$ 0	$ 37,932,140	$ 37,954,179
Total	$ 166,345,920	$ 14,358,140	$ 10,413,139	$ 10,408,722	$ 217,845	$ 38,028,516	$ 239,772,282

Exhibit L-7

Montgomery County, Tennessee
Schedule of Detailed Expenditures -
All Governmental Fund Types
For the Year Ended June 30, 2008

General Fund				
General Government				
County Commission				
Secretary(ies)	$	28,890		
Board and Committee Members Fees		78,450		
Social Security		6,541		
State Retirement		3,881		
Life Insurance		40		
Medical Insurance		3,701		
Employer Medicare		1,530		
Audit Services		30,323		
Contributions		25		
Dues and Memberships		2,260		
Legal Services		9,686		
Legal Notices, Recording, and Court Costs		1,012		
Postal Charges		5		
Travel		3,478		
Tuition		415		
Other Contracted Services		1,386		
Food Supplies		653		
Office Supplies		100		
Other Supplies and Materials		8		
Total County Commission			$	172,384
Board of Equalization				
Board and Committee Members Fees	$	980		
Social Security		61		
Employer Medicare		14		
Legal Notices, Recording, and Court Costs		428		
Total Board of Equalization				1,483
Beer Board				
Board and Committee Members Fees	$	2,500		
Social Security		152		
Employer Medicare		36		
Total Beer Board				2,688
Other Boards and Committees				
Board and Committee Members Fees	$	2,300		
Social Security		143		
Employer Medicare		33		
Total Other Boards and Committees				2,476

(Continued)

Exhibit L-7

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

General Fund (Cont.)		
General Government (Cont.)		
County Mayor/Executive		
County Official/Administrative Officer	$ 120,194	
Supervisor/Director	80,217	
Secretary(ies)	57,025	
Clerical Personnel	21,474	
Social Security	16,178	
State Retirement	39,921	
Life Insurance	173	
Medical Insurance	17,045	
Employer Medicare	3,991	
Communication	2,551	
Dues and Memberships	878	
Licenses	15	
Maintenance and Repair Services - Vehicles	593	
Postal Charges	1,244	
Printing, Stationery, and Forms	110	
Rentals	2,631	
Travel	1,916	
Tuition	1,415	
Other Contracted Services	13,409	
Custodial Supplies	37	
Duplicating Supplies	484	
Food Supplies	409	
Gasoline	2,893	
Library Books/Media	283	
Office Supplies	1,398	
Other Supplies and Materials	4	
Premiums on Corporate Surety Bonds	98	
Total County Mayor/Executive		$ 386,586
Personnel Office		
Supervisor/Director	$ 66,104	
Accountants/Bookkeepers	35,960	
Clerical Personnel	62,003	
Overtime Pay	895	
Social Security	9,757	
State Retirement	18,714	
Life Insurance	150	
Medical Insurance	16,452	
Employer Medicare	2,282	
Advertising	745	

(Continued)

Exhibit L-7

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

General Fund (Cont.)		
General Government (Cont.)		
Personnel Office (Cont.)		
Communication	$ 1,155	
Dues and Memberships	749	
Legal Services	3,098	
Medical and Dental Services	16,936	
Postal Charges	1,014	
Printing, Stationery, and Forms	55	
Rentals	3,248	
Travel	5,917	
Tuition	2,738	
Other Contracted Services	9,138	
Data Processing Supplies	1,840	
Duplicating Supplies	444	
Food Supplies	327	
Instructional Supplies and Materials	349	
Office Supplies	1,144	
Periodicals	97	
Furniture and Fixtures	1,043	
Total Personnel Office		$ 262,354
County Attorney		
Legal Services	$ 38,824	
Total County Attorney		38,824
Election Commission		
Supervisor/Director	$ 69,951	
Clerical Personnel	114,613	
Temporary Personnel	20,963	
Overtime Pay	3,526	
Election Commission	6,644	
Election Workers	21,445	
Social Security	13,186	
State Retirement	23,627	
Life Insurance	186	
Medical Insurance	19,671	
Employer Medicare	3,084	
Communication	3,676	
Legal Notices, Recording, and Court Costs	9,753	
Maintenance and Repair Services - Office Equipment	7,526	
Postal Charges	13,416	
Printing, Stationery, and Forms	7,228	

(Continued)

Exhibit L-7

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

General Fund (Cont.)				
General Government (Cont.)				
Election Commission (Cont.)				
Rentals	$	3,370		
Travel		2,322		
Tuition		1,637		
Other Contracted Services		5,365		
Data Processing Supplies		274		
Office Supplies		3,445		
Other Supplies and Materials		2,381		
Furniture and Fixtures		163		
Office Equipment		1,010		
Total Election Commission			$	358,462
Register of Deeds				
County Official/Administrative Officer	$	77,768		
Deputy(ies)		159,681		
Social Security		14,512		
State Retirement		34,050		
Life Insurance		238		
Medical Insurance		42,058		
Employer Medicare		3,394		
Communication		1,195		
Data Processing Services		36,662		
Maintenance and Repair Services - Office Equipment		645		
Postal Charges		2,000		
Rentals		3,568		
Other Contracted Services		2,005		
Data Processing Supplies		1,160		
Duplicating Supplies		2,776		
Other Supplies and Materials		1,130		
Premiums on Corporate Surety Bonds		98		
Total Register of Deeds				382,940
Planning				
Contributions	$	320,660		
Total Planning				320,660
Building				
Supervisor/Director	$	22,894		
Social Security		1,333		
State Retirement		3,227		
Life Insurance		21		

(Continued)

Exhibit L-7

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

General Fund (Cont.)		
General Government (Cont.)		
Building (Cont.)		
Medical Insurance	$ 4,854	
Employer Medicare	312	
Gasoline	345	
Office Supplies	194	
Uniforms	135	
Total Building		$ 33,315
Codes Compliance		
Assistant(s)	$ 183,951	
Supervisor/Director	59,869	
Secretary(ies)	29,367	
Clerical Personnel	41,285	
Bonus Payments	314	
Social Security	19,306	
State Retirement	40,807	
Life Insurance	324	
Medical Insurance	53,649	
Employer Medicare	4,515	
Communication	6,362	
Dues and Memberships	705	
Legal Services	4,585	
Legal Notices, Recording, and Court Costs	1,131	
Maintenance and Repair Services - Office Equipment	446	
Maintenance and Repair Services - Vehicles	2,750	
Postal Charges	1,119	
Printing, Stationery, and Forms	407	
Rentals	1,271	
Travel	68	
Tuition	2,518	
Permits	2,500	
Other Contracted Services	240	
Data Processing Supplies	1,592	
Duplicating Supplies	415	
Gasoline	12,821	
Library Books/Media	799	
Office Supplies	1,327	
Tires and Tubes	118	
Uniforms	625	
Other Supplies and Materials	656	
Premiums on Corporate Surety Bonds	84	

(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.)		
Data Processing Equipment	$ 558	
Total Codes Compliance		$ 476,484
Geographical Information Systems		
Contracts with Government Agencies	$ 54,390	
Total Geographical Information Systems		54,390
County Buildings		
Supervisor/Director	$ 152,958	
Secretary(ies)	31,304	
Custodial Personnel	88,612	
Maintenance Personnel	286,115	
Overtime Pay	6,419	
Social Security	34,304	
State Retirement	73,880	
Life Insurance	638	
Medical Insurance	100,676	
Employer Medicare	8,023	
Communication	15,254	
Data Processing Services	604	
Evaluation and Testing	480	
Legal Services	2,500	
Maintenance and Repair Services - Buildings	1,308	
Maintenance and Repair Services - Equipment	46,897	
Maintenance and Repair Services - Vehicles	3,092	
Pest Control	2,570	
Postal Charges	54	
Rentals	1,874	
Tuition	149	
Disposal Fees	2,880	
Other Contracted Services	6,787	
Custodial Supplies	23,131	
Data Processing Supplies	368	
Drugs and Medical Supplies	352	
Electricity	220,502	
Equipment Parts - Light	1,359	
Gasoline	19,230	
General Construction Materials	3,183	
Library Books/Media	39	
Natural Gas	48,732	

(Continued)

Exhibit L-7

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

General Fund (Cont.)		
General Government (Cont.)		
County Buildings (Cont.)		
Office Supplies	$ 1,585	
Periodicals	160	
Tires and Tubes	496	
Uniforms	2,438	
Water and Sewer	10,064	
Other Supplies and Materials	33,417	
Maintenance Equipment	4,586	
Other Capital Outlay	2,706	
Total County Buildings		$ 1,239,726
Other Facilities		
Supervisor/Director	$ 20,667	
Secretary(ies)	33,460	
Clerical Personnel	27,726	
Custodial Personnel	127,108	
Maintenance Personnel	160,254	
Overtime Pay	3,730	
Social Security	21,823	
State Retirement	53,480	
Life Insurance	527	
Medical Insurance	74,925	
Employer Medicare	5,266	
Communication	11,402	
Licenses	3,124	
Maintenance and Repair Services - Equipment	106,946	
Pest Control	1,122	
Rentals	1,812	
Disposal Fees	1,637	
Other Contracted Services	7,855	
Custodial Supplies	15,396	
Electricity	249,105	
Food Supplies	1,130	
Natural Gas	124,363	
Water and Sewer	34,498	
Other Supplies and Materials	33,057	
Building and Contents Insurance	2,563	
Total Other Facilities		1,122,976
Other General Administration		
County Official/Administrative Officer	$ 22,700	

(Continued)

Exhibit L-7

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

General Fund (Cont.)		
General Government (Cont.)		
Other General Administration (Cont.)		
Part-time Personnel	$ 4,762	
Social Security	1,598	
State Retirement	658	
Life Insurance	22	
Medical Insurance	6,519	
Employer Medicare	374	
Communication	717	
Contracts with Other Public Agencies	377,838	
Postal Charges	6	
Travel	168	
Tuition	212	
Other Contracted Services	1,920	
Other Supplies and Materials	306	
Total Other General Administration		$ 417,800
Preservation of Records		
Supervisor/Director	$ 38,898	
Clerical Personnel	20,298	
Part-time Personnel	9,105	
Board and Committee Members Fees	250	
Social Security	4,168	
State Retirement	6,835	
Life Insurance	93	
Medical Insurance	3,855	
Employer Medicare	975	
Communication	672	
Data Processing Services	8,995	
Dues and Memberships	216	
Maintenance and Repair Services - Office Equipment	1,124	
Rentals	1,103	
Travel	736	
Other Contracted Services	257	
Duplicating Supplies	369	
Library Books/Media	92	
Office Supplies	416	
Other Supplies and Materials	171	
Total Preservation of Records		98,628

(Continued)

Exhibit L-7

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

General Fund (Cont.)		
Finance		
Accounting and Budgeting		
County Official/Administrative Officer	$ 78,339	
Accountants/Bookkeepers	184,702	
Overtime Pay	2,809	
Social Security	15,851	
State Retirement	34,618	
Life Insurance	242	
Medical Insurance	31,327	
Employer Medicare	3,698	
Communication	1,933	
Data Processing Services	69,480	
Dues and Memberships	1,185	
Postal Charges	4,446	
Printing, Stationery, and Forms	1,008	
Rentals	2,293	
Travel	6,692	
Tuition	3,395	
Other Contracted Services	1,618	
Data Processing Supplies	4,225	
Duplicating Supplies	435	
Food Supplies	322	
Library Books/Media	376	
Office Supplies	2,867	
Other Supplies and Materials	264	
Premiums on Corporate Surety Bonds	144	
Total Accounting and Budgeting		$ 452,269
Purchasing		
County Official/Administrative Officer	$ 61,931	
Purchasing Personnel	35,853	
Clerical Personnel	32,770	
Other Salaries and Wages	26,175	
Social Security	9,314	
State Retirement	22,475	
Life Insurance	160	
Medical Insurance	28,023	
Employer Medicare	2,178	
Advertising	42	
Communication	1,820	
Maintenance and Repair Services - Equipment	13,446	
Maintenance and Repair Services - Vehicles	154	

(Continued)

Exhibit L-7

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

General Fund (Cont.)		
Finance (Cont.)		
Purchasing (Cont.)		
Postal Charges	$ 1,540	
Rentals	6,549	
Travel	1,658	
Tuition	125	
Other Contracted Services	1,944	
Duplicating Supplies	3,061	
Gasoline	2,903	
Other Supplies and Materials	290	
Premiums on Corporate Surety Bonds	184	
Total Purchasing		$ 252,595
Property Assessor's Office		
County Official/Administrative Officer	$ 77,768	
Deputy(ies)	332,557	
Overtime Pay	751	
Social Security	25,116	
State Retirement	53,418	
Life Insurance	438	
Medical Insurance	63,168	
Employer Medicare	5,874	
Audit Services	107,960	
Communication	922	
Data Processing Services	36,962	
Dues and Memberships	1,912	
Operating Lease Payments	360	
Licenses	5,894	
Maintenance and Repair Services - Buildings	3,800	
Maintenance and Repair Services - Vehicles	1,949	
Postal Charges	7,038	
Printing, Stationery, and Forms	905	
Travel	2,625	
Tuition	722	
Other Contracted Services	705	
Data Processing Supplies	2,221	
Duplicating Supplies	956	
Food Supplies	230	
Gasoline	13,059	
Library Books/Media	220	
Office Supplies	1,398	
Other Supplies and Materials	224	
Total Property Assessor's Office		749,152

(Continued)

Exhibit L-7

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

General Fund (Cont.)		
Finance (Cont.)		
Reappraisal Program		
Clerical Personnel	$ 26,380	
Other Salaries and Wages	44,304	
Social Security	4,369	
State Retirement	10,136	
Life Insurance	96	
Medical Insurance	12,906	
Employer Medicare	1,022	
Data Processing Services	10,640	
Dues and Memberships	335	
Rentals	1,570	
Gasoline	1,236	
Total Reappraisal Program		$ 112,994
County Trustee's Office		
County Official/Administrative Officer	$ 77,768	
Supervisor/Director	39,913	
Deputy(ies)	76,058	
Accountants/Bookkeepers	42,247	
Part-time Personnel	4,427	
Overtime Pay	1,149	
Board and Committee Members Fees	300	
Social Security	14,476	
State Retirement	34,005	
Life Insurance	240	
Medical Insurance	34,241	
Employer Medicare	3,386	
Bank Charges	60	
Communication	3,518	
Data Processing Services	38,985	
Dues and Memberships	1,017	
Legal Notices, Recording, and Court Costs	1,431	
Maintenance and Repair Services - Office Equipment	85	
Postal Charges	21,998	
Printing, Stationery, and Forms	20	
Rentals	6,142	
Travel	2,319	
Tuition	300	
Food Supplies	363	
Office Supplies	1,783	
Periodicals	718	

(Continued)

Exhibit L-7

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

General Fund (Cont.)		
Finance (Cont.)		
County Trustee's Office (Cont.)		
Premiums on Corporate Surety Bonds	$ 7,304	
Total County Trustee's Office		$ 414,253
County Clerk's Office		
County Official/Administrative Officer	$ 77,768	
Supervisor/Director	42,712	
Deputy(ies)	746,344	
Part-time Personnel	19,486	
Overtime Pay	350	
Social Security	52,176	
State Retirement	111,950	
Life Insurance	1,096	
Medical Insurance	156,899	
Employer Medicare	12,203	
Communication	5,571	
Legal Services	35	
Maintenance and Repair Services - Equipment	14,823	
Postal Charges	34,133	
Printing, Stationery, and Forms	9,513	
Rentals	6,493	
Travel	1,152	
Other Contracted Services	2,607	
Data Processing Supplies	2,948	
Duplicating Supplies	2,515	
Food Supplies	412	
Office Supplies	5,850	
Other Supplies and Materials	1,944	
Premiums on Corporate Surety Bonds	148	
Data Processing Equipment	3,532	
Furniture and Fixtures	2,149	
Total County Clerk's Office		1,314,809
Data Processing		
Supervisor/Director	$ 18,379	
Computer Programmer(s)	286,792	
Data Processing Personnel	147,536	
Secretary(ies)	32,017	
Overtime Pay	2,171	
Social Security	29,550	
State Retirement	67,638	

(Continued)

Exhibit L-7

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

General Fund (Cont.)		
Finance (Cont.)		
Data Processing (Cont.)		
Life Insurance	$ 393	
Medical Insurance	52,489	
Employer Medicare	6,911	
Communication	55,485	
Data Processing Services	296,291	
Dues and Memberships	765	
Freight Expenses	233	
Licenses	59,956	
Postal Charges	45	
Rentals	1,178	
Travel	4,775	
Tuition	32,253	
Other Contracted Services	180	
Custodial Supplies	57	
Data Processing Supplies	21,956	
Food Supplies	420	
Gasoline	2,086	
Office Supplies	1,659	
Other Supplies and Materials	976	
Data Processing Equipment	4,189	
Other Capital Outlay	43,231	
Total Data Processing		$ 1,169,611
Other Finance		
Legal Notices, Recording, and Court Costs	$ 35,146	
Postal Charges	9,000	
Data Processing Supplies	77	
Total Other Finance		44,223
Administration of Justice		
Circuit Court		
County Official/Administrative Officer	$ 77,768	
Assistant(s)	82,323	
Supervisor/Director	124,858	
Deputy(ies)	689,964	
Accountants/Bookkeepers	65,289	
Part-time Personnel	27,669	
Overtime Pay	25,139	
Board and Committee Members Fees	100	
Jury and Witness Fees	28,673	

(Continued)

Exhibit L-7

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

General Fund (Cont.)		
Administration of Justice (Cont.)		
Circuit Court (Cont.)		
Social Security	$ 64,971	
State Retirement	143,088	
Life Insurance	1,376	
Medical Insurance	188,315	
Employer Medicare	15,195	
Communication	5,620	
Data Processing Services	6,496	
Dues and Memberships	690	
Legal Services	35	
Legal Notices, Recording, and Court Costs	1,191	
Postal Charges	12,225	
Printing, Stationery, and Forms	14,003	
Rentals	11,233	
Travel	2,717	
Tuition	1,492	
Other Contracted Services	8,205	
Custodial Supplies	325	
Data Processing Supplies	9,737	
Duplicating Supplies	4,128	
Food Supplies	1,561	
Library Books/Media	1,047	
Office Supplies	5,521	
Other Supplies and Materials	568	
Premiums on Corporate Surety Bonds	196	
Data Processing Equipment	10,630	
Office Equipment	36	
Total Circuit Court		$ 1,632,384
General Sessions Court		
Judge(s)	$ 425,751	
Supervisor/Director	65,786	
Probation Officer(s)	34,366	
Youth Service Officer(s)	162,908	
Secretary(ies)	49,793	
Clerical Personnel	138,199	
Overtime Pay	14,427	
Social Security	47,396	
State Retirement	125,503	
Life Insurance	611	
Medical Insurance	89,270	

(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.)		
Employer Medicare	$ 12,648	
Communication	6,795	
Operating Lease Payments	1,472	
Legal Services	578	
Postal Charges	2,624	
Travel	6,299	
Other Contracted Services	364,189	
Library Books/Media	2,486	
Office Supplies	14,381	
Uniforms	342	
Data Processing Equipment	15,355	
Furniture and Fixtures	2,635	
Total General Sessions Court		$ 1,583,814
Drug Court		
Communication	$ 533	
Dues and Memberships	275	
Evaluation and Testing	1,975	
Travel	9,729	
Tuition	2,860	
Other Contracted Services	20,841	
Office Supplies	6,391	
Other Supplies and Materials	25	
Total Drug Court		42,629
Chancery Court		
County Official/Administrative Officer	$ 77,768	
Deputy(ies)	225,261	
Overtime Pay	130	
Social Security	18,062	
State Retirement	40,351	
Life Insurance	352	
Medical Insurance	51,825	
Employer Medicare	4,224	
Communication	356	
Dues and Memberships	770	
Maintenance and Repair Services - Office Equipment	225	
Postal Charges	3,872	
Rentals	3,540	
Travel	913	

(Continued)

Exhibit L-7

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

General Fund (Cont.)		
Administration of Justice (Cont.)		
Chancery Court (Cont.)		
Duplicating Supplies	$ 160	
Library Books/Media	630	
Office Supplies	1,747	
Premiums on Corporate Surety Bonds	84	
Data Processing Equipment	666	
Total Chancery Court		$ 430,936
District Attorney General		
Communication	$ 1,895	
Contracts with Government Agencies	2,757	
Dues and Memberships	720	
Janitorial Services	3,025	
Postal Charges	1,954	
Travel	16,958	
Tuition	2,900	
Other Contracted Services	5,863	
Custodial Supplies	505	
Duplicating Supplies	2,362	
Food Supplies	1,326	
Library Books/Media	1,753	
Office Supplies	1,221	
Other Supplies and Materials	433	
Data Processing Equipment	662	
Total District Attorney General		44,334
Judicial Commissioners		
Part-time Personnel	$ 51,349	
Overtime Pay	212	
Other Salaries and Wages	95,053	
Social Security	8,420	
State Retirement	13,631	
Life Insurance	189	
Medical Insurance	27,134	
Employer Medicare	1,969	
Communication	2,078	
Rentals	1,666	
Tuition	340	
Other Contracted Services	1,532	
Duplicating Supplies	161	
Office Supplies	107	

(Continued)

Exhibit L-7

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

General Fund (Cont.)		
Administration of Justice (Cont.)		
Judicial Commissioners (Cont.)		
Other Supplies and Materials	$ 274	
Total Judicial Commissioners		$ 204,115
Other Administration of Justice		
Supervisor/Director	$ 58,326	
Social Security	3,517	
State Retirement	8,364	
Life Insurance	40	
Medical Insurance	9,050	
Employer Medicare	823	
Communication	843	
Contracts with Private Agencies	535,601	
Dues and Memberships	385	
Licenses	60	
Postal Charges	242	
Travel	650	
Tuition	80	
Duplicating Supplies	80	
Instructional Supplies and Materials	1,837	
Office Supplies	195	
Other Supplies and Materials	128	
Total Other Administration of Justice		620,221
Probation Services		
Assistant(s)	$ 27,059	
Supervisor/Director	56,470	
Probation Officer(s)	204,836	
Part-time Personnel	15,901	
Overtime Pay	58	
Other Salaries and Wages	181,710	
Social Security	29,306	
State Retirement	65,316	
Life Insurance	563	
Medical Insurance	57,070	
Employer Medicare	6,854	
Communication	1,166	
Data Processing Services	26	
Dues and Memberships	350	
Evaluation and Testing	44,358	
Legal Services	630	

(Continued)

Exhibit L-7

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

General Fund (Cont.)		
Administration of Justice (Cont.)		
Probation Services (Cont.)		
Licenses	$ 600	
Postal Charges	864	
Printing, Stationery, and Forms	348	
Rentals	1,710	
Travel	3,115	
Tuition	4,844	
Other Contracted Services	26,771	
Data Processing Supplies	3,888	
Duplicating Supplies	668	
Instructional Supplies and Materials	14,057	
Office Supplies	632	
Other Supplies and Materials	2,587	
Total Probation Services		$ 751,757
Public Safety		
Sheriff's Department		
County Official/Administrative Officer	$ 94,627	
Assistant(s)	81,266	
Supervisor/Director	50,100	
Deputy(ies)	2,152,562	
Investigator(s)	364,060	
Captain(s)	188,056	
Lieutenant(s)	195,364	
Sergeant(s)	439,094	
Secretary(ies)	30,227	
Clerical Personnel	265,299	
Part-time Personnel	38,450	
Overtime Pay	202,341	
In-Service Training	37,200	
Social Security	254,491	
State Retirement	570,509	
Life Insurance	3,861	
Medical Insurance	552,477	
Employer Medicare	59,643	
Communication	34,187	
Contracts with Private Agencies	175	
Evaluation and Testing	3,025	
Legal Services	20,742	
Licenses	2,828	
Maintenance and Repair Services - Buildings	225	

(Continued)

Exhibit L-7

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

General Fund (Cont.)		
Public Safety (Cont.)		
Sheriff's Department (Cont.)		
Maintenance and Repair Services - Equipment	$ 36,476	
Maintenance and Repair Services - Vehicles	30,859	
Medical and Dental Services	743	
Pest Control	623	
Postal Charges	5,979	
Printing, Stationery, and Forms	4,133	
Rentals	11,544	
Tow-in Services	65	
Transportation - Other than Students	3,972	
Travel	14,081	
Tuition	20,517	
Veterinary Services	917	
Other Contracted Services	1,545	
Animal Food and Supplies	734	
Custodial Supplies	214	
Data Processing Supplies	2,574	
Diesel Fuel	90	
Drugs and Medical Supplies	977	
Duplicating Supplies	287	
Electricity	2,604	
Equipment and Machinery Parts	18	
Food Supplies	492	
Gasoline	207,796	
Law Enforcement Supplies	47,052	
Library Books/Media	1,369	
Natural Gas	1,640	
Office Supplies	4,355	
Tires and Tubes	13,830	
Uniforms	33,112	
Vehicle Parts	1,525	
Water and Sewer	452	
Wood Products	9	
Other Supplies and Materials	5,682	
Premiums on Corporate Surety Bonds	75	
Other Charges	64,352	
Data Processing Equipment	7,615	
Law Enforcement Equipment	32,590	
Other Capital Outlay	47,658	
Total Sheriff's Department		$ 6,249,365

(Continued)

Exhibit L-7

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

General Fund (Cont.)		
Public Safety (Cont.)		
Special Patrols		
Supervisor/Director	$ 88,093	
Deputy(ies)	664,912	
Investigator(s)	174,499	
Sergeant(s)	44,776	
Clerical Personnel	24,167	
Overtime Pay	11,782	
Social Security	60,998	
State Retirement	142,699	
Life Insurance	962	
Medical Insurance	136,576	
Employer Medicare	14,265	
Communication	6,197	
Contracts with Other Public Agencies	1,980	
Contracts with Private Agencies	5,086	
Dues and Memberships	30	
Evaluation and Testing	340	
Licenses	200	
Maintenance and Repair Services - Equipment	250	
Maintenance and Repair Services - Vehicles	6,114	
Postal Charges	40	
Printing, Stationery, and Forms	218	
Rentals	504	
Travel	5,025	
Tuition	9,159	
Custodial Supplies	11	
Data Processing Supplies	780	
Duplicating Supplies	51	
Gasoline	32,396	
Law Enforcement Supplies	3,581	
Library Books/Media	42	
Office Supplies	621	
Tires and Tubes	965	
Uniforms	4,914	
Vehicle Parts	106	
Other Supplies and Materials	1,054	
Law Enforcement Equipment	1,678	
Other Equipment	2,000	
Total Special Patrols		$ 1,447,071

(Continued)

Exhibit L-7

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

General Fund (Cont.)		
Public Safety (Cont.)		
Administration of the Sexual Offender Registry		
Overtime Pay	$ 1,776	
Communication	1,707	
Data Processing Supplies	26	
Law Enforcement Supplies	218	
Other Supplies and Materials	156	
Total Administration of the Sexual Offender Registry		$ 3,883
Jail		
Supervisor/Director	$ 66,770	
Deputy(ies)	3,755,486	
Lieutenant(s)	63,742	
Sergeant(s)	436,983	
Clerical Personnel	537,273	
Maintenance Personnel	153,961	
Temporary Personnel	2,135	
Overtime Pay	93,030	
Board and Committee Members Fees	2,050	
Social Security	308,071	
State Retirement	642,453	
Life Insurance	5,604	
Medical Insurance	694,575	
Employer Medicare	72,048	
Communication	11,231	
Data Processing Services	27,082	
Evaluation and Testing	13,028	
Laundry Service	5,644	
Operating Lease Payments	750	
Legal Services	39,158	
Licenses	1,216	
Maintenance and Repair Services - Buildings	7,378	
Maintenance and Repair Services - Equipment	73,975	
Maintenance and Repair Services - Vehicles	1,228	
Medical and Dental Services	1,275,830	
Pest Control	4,440	
Postal Charges	395	
Printing, Stationery, and Forms	2,877	
Rentals	9,598	
Travel	593	
Tuition	2,065	
Disposal Fees	19,890	

(Continued)

Exhibit L-7

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

General Fund (Cont.)		
Public Safety (Cont.)		
Jail (Cont.)		
Other Contracted Services	$ 526,862	
Custodial Supplies	45,310	
Data Processing Supplies	3,371	
Duplicating Supplies	3,733	
Electricity	282,030	
Equipment and Machinery Parts	4,181	
Food Preparation Supplies	124	
Gasoline	9,804	
Instructional Supplies and Materials	60	
Law Enforcement Supplies	11,457	
Library Books/Media	643	
Natural Gas	125,290	
Office Supplies	2,404	
Prisoners Clothing	7,637	
Tires and Tubes	1,314	
Uniforms	23,901	
Water and Sewer	130,433	
Other Supplies and Materials	68,032	
Building and Contents Insurance	142,579	
Liability Insurance	137,280	
Building Improvements	9,602	
Communication Equipment	6,270	
Data Processing Equipment	4,255	
Food Service Equipment	5,714	
Furniture and Fixtures	1,019	
Law Enforcement Equipment	3,272	
Maintenance Equipment	1,756	
Other Equipment	2,400	
Total Jail		$ 9,891,292
Workhouse		
County Official/Administrative Officer	$ 7,500	
Deputy(ies)	642,118	
Sergeant(s)	52,708	
Overtime Pay	13,351	
Social Security	42,756	
State Retirement	96,550	
Life Insurance	746	
Medical Insurance	77,097	
Employer Medicare	9,999	

(Continued)

Exhibit L-7

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

General Fund (Cont.)		
Public Safety (Cont.)		
Workhouse (Cont.)		
Communication	$ 2,925	
Laundry Service	5,551	
Maintenance and Repair Services - Buildings	1,486	
Maintenance and Repair Services - Equipment	2,318	
Maintenance and Repair Services - Vehicles	861	
Medical and Dental Services	155,497	
Pest Control	360	
Rentals	1,250	
Disposal Fees	151	
Other Contracted Services	129,652	
Custodial Supplies	12,226	
Diesel Fuel	5,885	
Electricity	21,279	
Equipment and Machinery Parts	298	
Gasoline	1,845	
Law Enforcement Supplies	1,550	
Natural Gas	9,246	
Prisoners Clothing	1,136	
Tires and Tubes	859	
Uniforms	1,707	
Water and Sewer	19,394	
Other Supplies and Materials	15,696	
Building and Contents Insurance	13,711	
Liability Insurance	10,400	
Communication Equipment	6,131	
Office Equipment	563	
Total Workhouse		$ 1,364,802
Correctional Incentive Program Improvements		
Supervisor/Director	$ 51,547	
Probation Officer(s)	202,417	
Secretary(ies)	17,774	
Social Security	16,276	
State Retirement	34,659	
Life Insurance	314	
Medical Insurance	18,214	
Employer Medicare	3,807	
Communication	8,128	
Evaluation and Testing	3,741	
Maintenance and Repair Services - Buildings	8,752	

(Continued)

Exhibit L-7

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

General Fund (Cont.)		
Public Safety (Cont.)		
Correctional Incentive Program Improvements (Cont.)		
Maintenance and Repair Services - Vehicles	$ 412	
Postal Charges	250	
Printing, Stationery, and Forms	295	
Rentals	29,700	
Travel	9,974	
Tuition	2,690	
Other Contracted Services	9,130	
Custodial Supplies	404	
Duplicating Supplies	267	
Electricity	968	
Food Supplies	567	
Gasoline	1,841	
General Construction Materials	22	
Natural Gas	887	
Office Supplies	2,961	
Periodicals	92	
Water and Sewer	276	
Other Supplies and Materials	4,922	
Liability Insurance	1,713	
Vehicle and Equipment Insurance	1,538	
Data Processing Equipment	3,645	
Furniture and Fixtures	7,127	
Office Equipment	953	
Total Correctional Incentive Program Improvements		$ 446,263
Juvenile Services		
Supervisor/Director	$ 42,283	
Probation Officer(s)	34,366	
Medical Personnel	35,858	
Clerical Personnel	24,707	
Overtime Pay	363	
Social Security	8,228	
State Retirement	19,729	
Life Insurance	160	
Medical Insurance	29,482	
Employer Medicare	1,924	
Communication	2,780	
Dues and Memberships	600	
Operating Lease Payments	2,874	
Pest Control	35	

(Continued)

Exhibit L-7

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

General Fund (Cont.)				
Public Safety (Cont.)				
Juvenile Services (Cont.)				
Postal Charges	$	112		
Rentals		27,000		
Travel		1,488		
Tuition		949		
Other Contracted Services		2,385		
Custodial Supplies		63		
Duplicating Supplies		205		
Electricity		2,063		
Food Supplies		47		
Natural Gas		881		
Office Supplies		865		
Water and Sewer		310		
Other Supplies and Materials		107		
Building and Contents Insurance		750		
Liability Insurance		1,397		
Other Capital Outlay		283		
Total Juvenile Services			$	242,294
Fire Prevention and Control				
Board and Committee Members Fees	$	2,250		
Social Security		140		
Employer Medicare		33		
Communication		1,654		
Contributions		1,000		
Licenses		17		
Maintenance and Repair Services - Equipment		6,873		
Maintenance and Repair Services - Vehicles		21,015		
Travel		5		
Other Contracted Services		3,523		
Diesel Fuel		16,329		
Duplicating Supplies		26		
Equipment and Machinery Parts		338		
Food Supplies		214		
Gasoline		9,822		
Uniforms		19,009		
Utilities		16,276		
Other Supplies and Materials		9,708		
Liability Insurance		6,898		
Other Equipment		9,464		
Total Fire Prevention and Control				124,594

(Continued)

Exhibit L-7

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

General Fund (Cont.)		
Public Safety (Cont.)		
Civil Defense		
Assistant(s)	$ 39,049	
Supervisor/Director	72,944	
Secretary(ies)	35,960	
Other Salaries and Wages	34,366	
Social Security	11,046	
State Retirement	26,144	
Life Insurance	160	
Medical Insurance	28,023	
Employer Medicare	2,583	
Communication	3,925	
Contracts with Private Agencies	720	
Maintenance and Repair Services - Vehicles	763	
Rentals	47,087	
Other Contracted Services	179	
Gasoline	1,118	
Utilities	34,003	
Other Supplies and Materials	1,752	
Premiums on Corporate Surety Bonds	62	
Communication Equipment	280	
Total Civil Defense		$ 340,164
Other Emergency Management		
Rentals	$ 27,151	
Other Contracted Services	32,950	
Other Supplies and Materials	536	
Communication Equipment	212,437	
Other Equipment	124,127	
Other Capital Outlay	163,556	
Total Other Emergency Management		560,757
County Coroner/Medical Examiner		
Medical and Dental Services	$ 170,540	
Liability Insurance	730	
Total County Coroner/Medical Examiner		171,270
Public Health and Welfare		
Local Health Center		
Medical Personnel	$ 48,459	
Custodial Personnel	47,366	
Social Security	5,690	

(Continued)

Exhibit L-7

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

General Fund (Cont.)		
Public Health and Welfare (Cont.)		
Local Health Center (Cont.)		
State Retirement	$ 13,741	
Life Insurance	120	
Medical Insurance	18,101	
Employer Medicare	1,331	
Audit Services	4,400	
Communication	17,245	
Dues and Memberships	200	
Laundry Service	336	
Legal Services	298	
Licenses	150	
Maintenance Agreements	4,568	
Maintenance and Repair Services - Buildings	6,260	
Maintenance and Repair Services - Equipment	1,501	
Pest Control	275	
Postal Charges	3,000	
Rentals	1,212	
Travel	30	
Disposal Fees	3,586	
Other Contracted Services	709	
Custodial Supplies	3,926	
Drugs and Medical Supplies	683	
Duplicating Supplies	16	
Electricity	38,811	
Food Supplies	54	
Natural Gas	21,350	
Office Supplies	252	
Periodicals	97	
Water and Sewer	3,758	
Other Supplies and Materials	1,352	
Liability Insurance	98	
Maintenance Equipment	860	
Total Local Health Center		$ 249,835
Rabies and Animal Control		
Supervisor/Director	$ 46,830	
Clerical Personnel	25,892	
Overtime Pay	6,711	
Other Salaries and Wages	114,294	
Board and Committee Members Fees	700	
Social Security	11,798	

(Continued)

Exhibit L-7

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

General Fund (Cont.)		
Public Health and Welfare (Cont.)		
Rabies and Animal Control (Cont.)		
State Retirement	$ 24,973	
Life Insurance	256	
Medical Insurance	46,681	
Employer Medicare	2,759	
Communication	5,447	
Legal Services	648	
Licenses	17	
Maintenance and Repair Services - Buildings	35	
Maintenance and Repair Services - Equipment	253	
Maintenance and Repair Services - Vehicles	3,951	
Printing, Stationery, and Forms	1,140	
Rentals	915	
Tuition	150	
Veterinary Services	221	
Other Contracted Services	1,614	
Animal Food and Supplies	2,679	
Custodial Supplies	7,249	
Drugs and Medical Supplies	8,451	
Electricity	5,021	
Gasoline	12,606	
Natural Gas	4,768	
Office Supplies	593	
Tires and Tubes	289	
Uniforms	1,012	
Water and Sewer	2,202	
Other Supplies and Materials	4,525	
Premiums on Corporate Surety Bonds	109	
Total Rabies and Animal Control		$ 344,789
Ambulance/Emergency Medical Services		
Assistant(s)	$ 60,888	
Supervisor/Director	70,302	
Captain(s)	207,992	
Lieutenant(s)	185,023	
Accountants/Bookkeepers	169,590	
Medical Personnel	1,790,867	
Secretary(ies)	37,585	
Part-time Personnel	220,909	
Overtime Pay	1,209,967	
Board and Committee Members Fees	2,900	

(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.)

Social Security	$	237,572
State Retirement		517,455
Life Insurance		3,791
Medical Insurance		550,862
Employer Medicare		55,562
Communication		17,641
Data Processing Services		6,405
Debt Collection Services		37,992
Freight Expenses		358
Janitorial Services		10,800
Laundry Service		9,257
Legal Services		3,412
Licenses		2,971
Maintenance and Repair Services - Buildings		7,035
Maintenance and Repair Services - Equipment		60,040
Maintenance and Repair Services - Vehicles		87,799
Medical and Dental Services		1,922
Pest Control		3,656
Postal Charges		8,017
Printing, Stationery, and Forms		2,376
Rentals		4,286
Travel		2,484
Tuition		24,406
Disposal Fees		3,562
Other Contracted Services		12,705
Custodial Supplies		4,495
Data Processing Supplies		2,632
Diesel Fuel		202,893
Drugs and Medical Supplies		196,329
Duplicating Supplies		1,129
Electricity		36,343
Food Supplies		1,763
Gasoline		10,629
Instructional Supplies and Materials		4,929
Natural Gas		17,938
Office Supplies		2,734
Propane Gas		11,076
Tires and Tubes		17,790
Uniforms		27,254
Vehicle Parts		3,497

(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.)		
Water and Sewer	$ 6,139	
Other Supplies and Materials	14,158	
Indirect Cost	17,699	
Premiums on Corporate Surety Bonds	150	
Communication Equipment	14,243	
Food Service Equipment	874	
Furniture and Fixtures	2,348	
Total Ambulance/Emergency Medical Services		$ 6,225,431
Nursing Home		
Legal Services	$ 4,882	
Medical and Dental Services	6,970	
Other Contracted Services	1,676	
Total Nursing Home		13,528
Other Local Health Services		
Social Workers	$ 126,384	
Medical Personnel	656,353	
Clerical Personnel	353,423	
Educational Assistants	22,215	
Part-time Personnel	30,725	
Social Security	71,285	
State Retirement	146,875	
Life Insurance	1,167	
Medical Insurance	147,655	
Employer Medicare	16,813	
Licenses	1,262	
Maintenance and Repair Services - Equipment	120	
Pest Control	100	
Rentals	3,060	
Travel	12,237	
Disposal Fees	226	
Duplicating Supplies	9	
Instructional Supplies and Materials	42	
Uniforms	268	
Other Supplies and Materials	4,480	
Liability Insurance	40,324	
Total Other Local Health Services		1,635,023

(Continued)

Exhibit L-7

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

General Fund (Cont.)		
Public Health and Welfare (Cont.)		
Regional Mental Health Center		
Contributions	$ 10,000	
Total Regional Mental Health Center		$ 10,000
Appropriation to State		
Contributions	$ 152,852	
Total Appropriation to State		152,852
Other Local Welfare Services		
Contributions	$ 60,000	
Pauper Burials	12,000	
Other Contracted Services	450	
Total Other Local Welfare Services		72,450
Other Public Health and Welfare		
Contributions	$ 24,000	
Total Other Public Health and Welfare		24,000
Social, Cultural, and Recreational Services		
Libraries		
Communication	$ 49	
Contributions	1,651,932	
Total Libraries		1,651,981
Parks and Fair Boards		
Communication	$ 1,622	
Legal Services	420	
Postal Charges	224	
Disposal Fees	675	
Other Contracted Services	8,195	
Custodial Supplies	76	
Electricity	22,231	
Gasoline	630	
Office Supplies	302	
Periodicals	160	
Water and Sewer	1,871	
Other Supplies and Materials	2,498	
Furniture and Fixtures	3,307	
Disabilities Act Improvements	206	
Total Parks and Fair Boards		42,417

(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.)		
Other Social, Cultural, and Recreational		
Gasoline	$ 7,611	
Vehicle and Equipment Insurance	1,538	
Motor Vehicles	22,282	
Total Other Social, Cultural, and Recreational		$ 31,431
Agriculture and Natural Resources		
Agriculture Extension Service		
Assistant(s)	$ 53,564	
Salary Supplements	161,550	
Part-time Personnel	10,259	
Board and Committee Members Fees	750	
Social Security	9,050	
State Retirement	16,353	
Life Insurance	87	
Medical Insurance	27,313	
Unemployment Compensation	110	
Employer Medicare	1,978	
Communication	3,214	
Rentals	2,907	
Other Contracted Services	15,164	
Office Supplies	419	
Workers' Compensation Insurance	160	
Total Agriculture Extension Service		302,878
Forest Service		
Contributions	$ 2,000	
Total Forest Service		2,000
Soil Conservation		
Secretary(ies)	$ 35,810	
Social Security	2,178	
State Retirement	5,135	
Life Insurance	40	
Medical Insurance	3,855	
Employer Medicare	509	
Dues and Memberships	25	
Printing, Stationery, and Forms	55	
Travel	412	
Other Contracted Services	166	
Duplicating Supplies	585	

(Continued)

Exhibit L-7

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

General Fund (Cont.)		
Agriculture and Natural Resources (Cont.)		
Soil Conservation (Cont.)		
Office Supplies	$ 180	
Total Soil Conservation		$ 48,950
Other Operations		
Tourism		
Contracts with Government Agencies	$ 254,746	
Contracts with Other Public Agencies	764,238	
Total Tourism		1,018,984
Industrial Development		
Contributions	$ 467,700	
Total Industrial Development		467,700
Airport		
Contributions	$ 55,448	
Total Airport		55,448
Veterans' Services		
Assistant(s)	$ 104,962	
Supervisor/Director	48,234	
Secretary(ies)	26,507	
Part-time Personnel	12,855	
Board and Committee Members Fees	1,350	
Social Security	11,547	
State Retirement	25,802	
Life Insurance	243	
Medical Insurance	35,312	
Employer Medicare	2,701	
Communication	1,965	
Legal Services	280	
Postal Charges	2,285	
Rentals	2,618	
Travel	3,745	
Other Contracted Services	461	
Custodial Supplies	20	
Electricity	4,112	
Food Supplies	517	
Office Supplies	57	
Water and Sewer	1,038	
Other Supplies and Materials	8,113	

(Continued)

Exhibit L-7

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

General Fund (Cont.)		
Other Operations (Cont.)		
Veterans' Services (Cont.)		
Workers' Compensation Insurance	$ 632	
Total Veterans' Services		$ 295,356
Other Charges		
Boiler Insurance	$ 12,351	
Building and Contents Insurance	315,243	
Liability Insurance	10,580	
Premiums on Corporate Surety Bonds	1,560	
Trustee's Commission	733,188	
Workers' Compensation Insurance	904,839	
Total Other Charges		1,977,761
Contributions to Other Agencies		
Contributions	$ 66,124	
Dues and Memberships	20,400	
Total Contributions to Other Agencies		86,524
Employee Benefits		
Social Security	$ 4,764	
Handling Charges and Administrative Costs	4,216	
Life Insurance	32	
Medical Insurance	369,803	
Employer Medicare	679	
Total Employee Benefits		379,494
Miscellaneous		
Contributions	$ 825	
Dues and Memberships	625	
Printing, Stationery, and Forms	192	
Travel	2,807	
Other Contracted Services	7,423	
Food Supplies	300	
Office Supplies	51	
Other Supplies and Materials	4,027	
Workers' Compensation Insurance	15,891	
Other Charges	149,903	
Total Miscellaneous		182,044

(Continued)

Exhibit L-7

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

General Fund (Cont.)			
Highways			
Litter and Trash Collection			
Deputy(ies)	$ 82,297		
Social Security	5,102		
State Retirement	11,801		
Life Insurance	80		
Employer Medicare	1,193		
Other Contracted Services	1,474		
Other Supplies and Materials	13,037		
Total Litter and Trash Collection		$ 114,984	
Total General Fund			$ 51,419,887
Drug Control Fund			
Public Safety			
Sheriff's Department			
Veterinary Services	$ 406		
Animal Food and Supplies	364		
Trustee's Commission	223		
Law Enforcement Equipment	1,556		
Total Sheriff's Department		$ 2,549	
Total Drug Control Fund			2,549
Highway/Public Works Fund			
Highways			
Administration			
County Official/Administrative Officer	$ 85,545		
Assistant(s)	51,967		
Accountants/Bookkeepers	35,369		
Secretary(ies)	30,089		
Clerical Personnel	30,089		
Overtime Pay	646		
Board and Committee Members Fees	3,600		
Social Security	14,296		
State Retirement	33,069		
Life Insurance	184		
Medical Insurance	18,050		
Employer Medicare	3,344		
Dues and Memberships	4,098		
Legal Services	5,775		
Printing, Stationery, and Forms	664		

(Continued)

Exhibit L-7

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

Highway/Public Works Fund (Cont.)		
Highways (Cont.)		
Administration (Cont.)		
Rentals	$ 2,627	
Travel	670	
Tuition	579	
Other Contracted Services	4,513	
Custodial Supplies	127	
Drugs and Medical Supplies	3,553	
Office Supplies	3,197	
Other Supplies and Materials	4,944	
Total Administration		$ 336,995
Highway and Bridge Maintenance		
Foremen	$ 353,712	
Mechanic(s)	99,684	
Equipment Operators - Heavy	433,080	
Equipment Operators - Light	165,223	
Truck Drivers	474,283	
Laborers	97,394	
Temporary Personnel	18,029	
Overtime Pay	47,455	
Social Security	101,435	
State Retirement	233,821	
Life Insurance	1,963	
Medical Insurance	306,730	
Employer Medicare	23,722	
Other Contracted Services	1,824	
Asphalt - Hot Mix	1,371,371	
Asphalt - Liquid	54,840	
Concrete	238	
Crushed Stone	72,914	
Fertilizer, Lime, and Seed	2,950	
Salt	104,757	
Small Tools	555	
Other Supplies and Materials	3,497	
Total Highway and Bridge Maintenance		3,969,477
Operation and Maintenance of Equipment		
Foremen	$ 43,910	
Mechanic(s)	190,038	
Truck Drivers	26,612	
Clerical Personnel	30,172	

(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	$ 3,239	
Social Security	17,876	
State Retirement	41,142	
Life Insurance	291	
Medical Insurance	35,742	
Employer Medicare	4,181	
Operating Lease Payments	880	
Maintenance and Repair Services - Equipment	5,556	
Maintenance and Repair Services - Vehicles	21,006	
Other Contracted Services	2,848	
Diesel Fuel	204,335	
Equipment and Machinery Parts	155,414	
Garage Supplies	1,627	
Gasoline	141,723	
Ice	2,511	
Lubricants	18,117	
Small Tools	10,587	
Tires and Tubes	45,721	
Vehicle Parts	57,819	
Other Supplies and Materials	31,647	
Total Operation and Maintenance of Equipment		$ 1,092,994
Traffic Control		
Foremen	$ 43,910	
Equipment Operators - Heavy	64,022	
Laborers	46,125	
Overtime Pay	3,989	
Social Security	9,646	
State Retirement	22,005	
Life Insurance	163	
Medical Insurance	29,240	
Employer Medicare	2,256	
Operating Lease Payments	340	
Maintenance and Repair Services - Equipment	36	
Other Contracted Services	1,782	
Electricity	3,553	
Road Signs	48,253	
Small Tools	176	
Uniforms	1,208	
Other Supplies and Materials	131,185	
Total Traffic Control		407,889

(Continued)

Exhibit L-7

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

Highway/Public Works Fund (Cont.)			
Highways (Cont.)			
Other Charges			
Communication	$ 7,019		
Licenses	926		
Electricity	19,042		
Natural Gas	14,148		
Water and Sewer	1,664		
Building and Contents Insurance	206,752		
Indirect Cost	4,301		
Trustee's Commission	96,010		
Workers' Compensation Insurance	347,500		
Liability Claims	2,496		
Total Other Charges		$ 699,858	
Employee Benefits			
Medical Insurance	$ 7,315		
Other Contracted Services	958		
Total Employee Benefits		8,273	
Capital Outlay			
Engineering Services	$ 16,463		
Bridge Construction	24,011		
Building Construction	41,301		
Building Improvements	11,209		
Communication Equipment	285		
Data Processing Equipment	3,480		
Furniture and Fixtures	1,018		
Highway Equipment	153,523		
Motor Vehicles	127,539		
Office Equipment	469		
State Aid Projects	313,883		
Traffic Control Equipment	3,460		
Other Equipment	4,958		
Total Capital Outlay		701,599	
Total Highway/Public Works Fund			$ 7,217,085
General Debt Service Fund			
Principal on Debt			
General Government			
Principal on Bonds	$ 2,447,740		
Principal on Notes	1,008,848		
Total General Government		$ 3,456,588	

(Continued)

Exhibit L-7

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

General Debt Service Fund (Cont.)			
Principal on Debt (Cont.)			
Education			
Principal on Bonds	$ 8,747,260		
Principal on Notes	557,878		
Principal on Other Loans	436,081		
Total Education		$ 9,741,219	
Interest on Debt			
General Government			
Interest on Bonds	$ 3,921,160		
Interest on Notes	177,422		
Total General Government		4,098,582	
Education			
Interest on Bonds	$ 9,306,082		
Interest on Notes	56,551		
Total Education		9,362,633	
Other Debt Service			
General Government			
Trustee's Commission	$ 152,825		
Other Debt Issuance Charges	2,240		
Total General Government		155,065	
Education			
Trustee's Commission	$ 317,986		
Other Debt Service	2,343		
Total Education		320,329	
Total General Debt Service Fund			$ 27,134,416
General Capital Projects Fund			
General Government			
Codes Compliance			
Motor Vehicles	$ 55,878		
Total Codes Compliance		$ 55,878	
Finance			
Data Processing			
Data Processing Equipment	$ 190,873		
Total Data Processing		190,873	

(Continued)

Exhibit L-7

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

General Capital Projects Fund (Cont.)		
Administration of Justice		
Circuit Court		
Data Processing Equipment	$ 1,356	
Total Circuit Court		$ 1,356
Public Safety		
Sheriff's Department		
Motor Vehicles	$ 589,888	
Total Sheriff's Department		589,888
Jail		
Building Improvements	$ 28,229	
Total Jail		28,229
Workhouse		
Motor Vehicles	$ 20,268	
Other Equipment	11,996	
Total Workhouse		32,264
Fire Prevention and Control		
Motor Vehicles	$ 45,442	
Total Fire Prevention and Control		45,442
Civil Defense		
Motor Vehicles	$ 24,943	
Total Civil Defense		24,943
Public Health and Welfare		
Ambulance/Emergency Medical Services		
Attendance Equipment	$ 118,718	
Building Construction	602,738	
Food Service Equipment	2,309	
Furniture and Fixtures	11,503	
Maintenance Equipment	27,635	
Motor Vehicles	269,992	
Other Equipment	18,916	
Total Ambulance/Emergency Medical Services		1,051,811
Social, Cultural, and Recreational Services		
Parks and Fair Boards		
Disabilities Act Improvements	$ 32,504	
Other Capital Outlay	14,484	
Total Parks and Fair Boards		46,988

(Continued)

Exhibit L-7

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

General Capital Projects Fund (Cont.)			
Other Operations			
Airport			
Contributions	$ 164,763		
Total Airport		$ 164,763	
Capital Projects			
General Administration Projects			
Other Contracted Services	$ 832		
Trustee's Commission	26,394		
Building Construction	48,866		
Building Improvements	1,719,117		
Highway Construction	15,430		
Other Capital Outlay	3,800		
Total General Administration Projects		1,814,439	
Public Safety Projects			
Communication Equipment	$ 9,636		
Total Public Safety Projects		9,636	
Public Health and Welfare Projects			
Architects	$ 9,600		
Building Construction	25,656		
Building Improvements	1,131,623		
Data Processing Equipment	10,594		
Furniture and Fixtures	4,994		
Total Public Health and Welfare Projects		1,182,467	
Social, Cultural, and Recreation Projects			
Disabilities Act Improvements	$ 5,100		
Total Social, Cultural, and Recreation Projects		5,100	
Other General Government Projects			
Building Improvements	$ 5,256		
Motor Vehicles	19,527		
Other Equipment	560		
Other Capital Outlay	61,489		
Total Other General Government Projects		86,832	
Total General Capital Projects Fund			$ 5,330,909

(Continued)

Exhibit L-7

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

Community Development/Industrial Park Fund			
Other Operations			
Other Economic and Community Development			
Other Contracted Services	$ 84,458		
Building Improvements	22		
Total Other Economic and Community Development		$ 84,480	
Total Community Development/Industrial Park Fund			$ 84,480
Other Capital Projects Fund #3			
Capital Projects			
Other General Government Projects			
Other Capital Outlay	$ 173,056		
Total Other General Government Projects		$ 173,056	
Total Other Capital Projects Fund #3			173,056
Other Capital Projects Fund #4			
Capital Projects			
Education Capital Projects			
Contributions	$ 4,400,000		
Total Education Capital Projects		$ 4,400,000	
Total Other Capital Projects Fund #4			4,400,000
Other Capital Projects Fund #5			
Capital Projects			
Education Capital Projects			
Contributions	$ 33,663,442		
Other Charges	500		
Total Education Capital Projects		$ 33,663,942	
Total Other Capital Projects Fund #5			33,663,942
Other Capital Projects Fund #6			
Capital Projects			
General Administration Projects			
Underwriter's Discount	$ 12,040		
Other Debt Issuance Charges	9,751		
Total General Administration Projects		$ 21,791	
Education Capital Projects			
Contributions	$ 4,208,698		
Underwriter's Discount	98,524		
Other Debt Issuance Charges	220,774		
Total Education Capital Projects		4,527,996	
Total Other Capital Projects Fund #6			4,549,787
Total Governmental Funds - Primary Government			$ 133,976,111

Exhibit L-8

Montgomery County, Tennessee
Schedule of Detailed Expenditures -
All Governmental Fund Types
Discretely Presented Montgomery County School Department
For the Year Ended June 30, 2008

General Purpose School Fund		
Instruction		
Regular Instruction Program		
Teachers	$ 61,808,650	
Career Ladder Program	522,191	
Career Ladder Extended Contracts	146,612	
Homebound Teachers	161,143	
Educational Assistants	899,400	
Social Security	3,821,717	
State Retirement	4,042,477	
Life Insurance	89,242	
Medical Insurance	7,307,683	
Employer Medicare	893,897	
Maintenance and Repair Services - Equipment	11,400	
Transportation - Other than Students	5,600	
Travel	18,441	
Contracts for Substitute Teachers - Certified	641,355	
Contracts for Substitute Teachers - Non-certified	1,041,983	
Other Contracted Services	46,448	
Basic Skills Materials	32,008	
Instructional Supplies and Materials	1,043,146	
Textbooks	50,332	
Other Supplies and Materials	1,194,226	
Fee Waivers	263,943	
Regular Instruction Equipment	30,416	
Total Regular Instruction Program		$ 84,072,310
Alternative Instruction Program		
Teachers	$ 526,572	
Career Ladder Program	2,912	
Social Security	32,239	
State Retirement	33,160	
Life Insurance	675	
Medical Insurance	34,451	
Employer Medicare	7,540	
Rentals	3,987	
Contracts for Substitute Teachers - Certified	9,777	
Contracts for Substitute Teachers - Non-certified	17,228	
Instructional Supplies and Materials	1,856	
Total Alternative Instruction Program		670,397

(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	$ 7,743,100	
Career Ladder Program	93,177	
Career Ladder Extended Contracts	18,898	
Educational Assistants	1,324,817	
Speech Pathologist	1,079,316	
Social Security	612,752	
State Retirement	732,438	
Life Insurance	14,850	
Medical Insurance	1,321,637	
Employer Medicare	143,305	
Contracts with Private Agencies	761,101	
Contracts for Substitute Teachers - Certified	56,528	
Contracts for Substitute Teachers - Non-certified	173,483	
Other Contracted Services	15,463	
Instructional Supplies and Materials	214,026	
Special Education Equipment	13,420	
Total Special Education Program		$ 14,318,311
Vocational Education Program		
Teachers	$ 2,626,060	
Career Ladder Program	21,578	
Salary Supplements	29,796	
Social Security	160,618	
State Retirement	167,796	
Life Insurance	3,646	
Medical Insurance	355,519	
Employer Medicare	37,564	
Maintenance and Repair Services - Equipment	787	
Travel	128	
Contracts for Substitute Teachers - Certified	19,860	
Contracts for Substitute Teachers - Non-certified	36,276	
Instructional Supplies and Materials	121,183	
T&I Construction Materials	130,000	
Vocational Instruction Equipment	2,306	
Total Vocational Education Program		3,713,117
Support Services		
Attendance		
Supervisor/Director	$ 87,688	

(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 Program	$ 8,000	
Career Ladder Extended Contracts	5,066	
Pupil Personnel	301,055	
Secretary(ies)	55,390	
Social Security	27,616	
State Retirement	33,096	
Life Insurance	506	
Medical Insurance	43,289	
Employer Medicare	6,459	
Dues and Memberships	150	
Travel	6,593	
Office Supplies	2,983	
Other Supplies and Materials	9,085	
In Service/Staff Development	6,685	
Total Attendance		$ 593,661
Health Services		
Medical Personnel	$ 661,722	
Temporary Personnel	24,793	
Social Security	41,186	
State Retirement	90,220	
Life Insurance	1,026	
Medical Insurance	86,298	
Employer Medicare	9,632	
Dues and Memberships	140	
Travel	323	
Other Contracted Services	6,700	
Office Supplies	7	
Other Supplies and Materials	13,481	
In Service/Staff Development	110	
Health Equipment	8,279	
Total Health Services		943,917
Other Student Support		
Career Ladder Program	$ 33,999	
Guidance Personnel	2,831,638	
Career Ladder Extended Contracts	3,080	
Social Workers	81,409	
Salary Supplements	1,732,871	

(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.)		
Clerical Personnel	$ 261,989	
Educational Assistants	116,234	
Overtime Pay	244	
Other Salaries and Wages	8,034	
Social Security	306,485	
State Retirement	342,721	
Life Insurance	4,592	
Medical Insurance	411,813	
Employer Medicare	71,702	
Contracts with Government Agencies	834,980	
Evaluation and Testing	97,937	
Other Contracted Services	11,533	
Instructional Supplies and Materials	30,205	
Other Supplies and Materials	14,687	
Total Other Student Support		$ 7,196,153
Regular Instruction Program		
Supervisor/Director	$ 867,771	
Career Ladder Program	72,765	
Career Ladder Extended Contracts	9,176	
Librarians	1,881,683	
Education Media Personnel	29,298	
Salary Supplements	144,528	
Secretary(ies)	62,451	
Clerical Personnel	23,920	
Educational Assistants	549,103	
Other Salaries and Wages	696,918	
Social Security	260,281	
State Retirement	323,263	
Life Insurance	4,910	
Medical Insurance	437,831	
Employer Medicare	61,027	
Advertising	1,575	
Dues and Memberships	33,890	
Travel	8,330	
Other Contracted Services	6,427	
Data Processing Supplies	35,150	
Library Books/Media	295,253	
Office Supplies	8,466	

(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.)		
Periodicals	$ 32,375	
Other Supplies and Materials	416,785	
In Service/Staff Development	163,953	
Other Charges	27,699	
Total Regular Instruction Program		$ 6,454,828
Alternative Instruction Program		
Clerical Personnel	$ 19,537	
Social Security	1,061	
State Retirement	1,714	
Life Insurance	35	
Medical Insurance	10,523	
Employer Medicare	248	
Total Alternative Instruction Program		33,118
Special Education Program		
Supervisor/Director	$ 84,706	
Career Ladder Program	17,330	
Psychological Personnel	537,746	
Career Ladder Extended Contracts	4,766	
Secretary(ies)	27,685	
Other Salaries and Wages	90,437	
Social Security	45,666	
State Retirement	49,782	
Life Insurance	713	
Medical Insurance	59,141	
Employer Medicare	10,680	
Dues and Memberships	1,156	
Travel	15,222	
Office Supplies	8,500	
Periodicals	568	
Other Supplies and Materials	37,875	
In Service/Staff Development	20,136	
Total Special Education Program		1,012,109
Vocational Education Program		
Supervisor/Director	$ 73,968	
Career Ladder Program	3,000	
Secretary(ies)	13,519	

(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.)				
Social Security	$	5,510		
State Retirement		6,742		
Life Insurance		82		
Medical Insurance		9,107		
Employer Medicare		1,289		
Dues and Memberships		109		
Travel		606		
Office Supplies		1,086		
In Service/Staff Development		1,000		
Total Vocational Education Program			$	116,018
Adult Programs				
Supervisor/Director	$	32,600		
Career Ladder Program		1,000		
Guidance Personnel		20,473		
Social Security		3,323		
State Retirement		2,097		
Life Insurance		139		
Medical Insurance		1,850		
Employer Medicare		777		
Total Adult Programs				62,259
Other Programs				
On-Behalf Payments to OPEB	$	66,863		
Total Other Programs				66,863
Board of Education				
Secretary to Board	$	24,755		
Board and Committee Members Fees		31,000		
Social Security		3,432		
State Retirement		3,550		
Life Insurance		31		
Medical Insurance		1,850		
Employer Medicare		803		
Dues and Memberships		32,677		
Legal Services		106,531		
In Service/Staff Development		43,653		
Other Charges		2,228		
Total Board of Education				250,510

(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	$ 155,165	
Career Ladder Program	700	
Education Media Personnel	117,873	
Secretary(ies)	24,849	
Clerical Personnel	70,349	
Other Salaries and Wages	118,438	
Social Security	26,084	
State Retirement	65,764	
Life Insurance	464	
Medical Insurance	60,903	
Employer Medicare	6,872	
Dues and Memberships	2,378	
Postal Charges	44,840	
Travel	1,129	
Other Contracted Services	82,401	
Duplicating Supplies	44,259	
Food Supplies	1,662	
Instructional Supplies and Materials	446	
Office Supplies	7,258	
Periodicals	324	
Other Supplies and Materials	6,208	
In Service/Staff Development	20,354	
Other Charges	136	
Other Equipment	4,615	
Total Director of Schools		$ 863,471
Office of the Principal		
Principals	$ 2,670,303	
Career Ladder Program	89,984	
Accountants/Bookkeepers	993,313	
Career Ladder Extended Contracts	76,692	
Assistant Principals	3,622,977	
Clerical Personnel	1,604,855	
Overtime Pay	604	
Social Security	545,246	
State Retirement	760,231	
Life Insurance	9,548	
Medical Insurance	1,041,214	
Employer Medicare	127,516	

(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.)		
Dues and Memberships	$ 14,250	
Other Contracted Services	10,637	
In Service/Staff Development	32,000	
Administration Equipment	13,478	
Total Office of the Principal		$ 11,612,848
Fiscal Services		
Supervisor/Director	$ 193,344	
Accountants/Bookkeepers	530,872	
Purchasing Personnel	58,469	
Secretary(ies)	37,877	
Temporary Personnel	27,871	
Overtime Pay	3,795	
Other Salaries and Wages	366,126	
Social Security	73,266	
State Retirement	174,216	
Life Insurance	1,236	
Medical Insurance	140,310	
Employer Medicare	17,135	
Advertising	500	
Audit Services	31,900	
Dues and Memberships	1,250	
Laundry Service	4,202	
Travel	1,047	
Other Contracted Services	65,453	
Gasoline	10,990	
Office Supplies	23,777	
Other Supplies and Materials	2,642	
Premiums on Corporate Surety Bonds	8,500	
Trustee's Commission	1,016,980	
Liability Claims	11,987	
Other Self-Insured Claims	83,918	
In Service/Staff Development	27,491	
Other Charges	102,317	
Administration Equipment	513	
Other Equipment	69,390	
Total Fiscal Services		3,087,374

(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.)		
Human Services/Personnel		
Supervisor/Director	$ 331,098	
Salary Supplements	8,600	
Secretary(ies)	351,206	
Clerical Personnel	945	
Temporary Personnel	4,105	
Overtime Pay	2,193	
Other Salaries and Wages	89,857	
Social Security	47,434	
State Retirement	110,862	
Life Insurance	749	
Medical Insurance	72,413	
Disability Insurance	368,871	
Employer Medicare	11,093	
Other Fringe Benefits	309,380	
Advertising	4,056	
Dues and Memberships	1,092	
Travel	6,223	
Other Contracted Services	63,217	
Office Supplies	12,466	
Other Supplies and Materials	49,281	
Workers' Compensation Insurance	183,100	
In Service/Staff Development	132,884	
Criminal Investigation of Applicants - TBI	39,009	
Administration Equipment	1,471	
Total Human Services/Personnel		$ 2,201,605
Operation of Plant		
Supervisor/Director	$ 161,646	
Salary Supplements	20,485	
Foremen	47,070	
Secretary(ies)	29,390	
Custodial Personnel	3,721,218	
Temporary Personnel	13,082	
Overtime Pay	30,214	
Social Security	239,485	
State Retirement	498,648	
Life Insurance	6,427	
Medical Insurance	856,797	
Employer Medicare	56,011	

(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 (Cont.)		
Dues and Memberships	$ 615	
Evaluation and Testing	10,330	
Laundry Service	67,936	
Licenses	12,530	
Travel	582	
Other Contracted Services	350,909	
Custodial Supplies	295,213	
Electricity	4,045,003	
Fertilizer, Lime, and Seed	30,000	
Fuel Oil	32,054	
Instructional Supplies and Materials	109	
Natural Gas	735,032	
Office Supplies	2,770	
Water and Sewer	562,835	
Gravel and Chert	18,211	
Other Supplies and Materials	26,549	
Building and Contents Insurance	789,334	
In Service/Staff Development	885	
Furniture and Fixtures	117,970	
Plant Operation Equipment	80,049	
Total Operation of Plant		$ 12,859,389
Maintenance of Plant		
Supervisor/Director	$ 66,214	
Foremen	48,730	
Secretary(ies)	59,333	
Maintenance Personnel	1,952,110	
Overtime Pay	4,325	
Social Security	127,537	
State Retirement	296,487	
Life Insurance	2,513	
Medical Insurance	352,358	
Employer Medicare	29,827	
Dues and Memberships	125	
Laundry Service	12,960	
Maintenance and Repair Services - Equipment	260,137	
Maintenance and Repair Services - Vehicles	12,041	
Rentals	4,012	
Other Contracted Services	146,205	

(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.)		
Gasoline	$ 187,493	
Lubricants	3,399	
Office Supplies	2,303	
Tires and Tubes	15,794	
Vehicle Parts	44,401	
Chemicals	28,836	
Other Supplies and Materials	730,031	
Vehicle and Equipment Insurance	58,849	
In Service/Staff Development	1,625	
Maintenance Equipment	476,452	
Total Maintenance of Plant		$ 4,924,097
Transportation		
Medical and Dental Services	$ 1,956	
Total Transportation		1,956
Central and Other		
Supervisor/Director	$ 206,323	
Computer Programmer(s)	268,893	
Data Processing Personnel	61,154	
Instructional Computer Personnel	746,862	
Salary Supplements	27,567	
Secretary(ies)	33,072	
Other Salaries and Wages	394,904	
Social Security	104,494	
State Retirement	219,862	
Life Insurance	1,648	
Medical Insurance	197,113	
Employer Medicare	24,438	
Communication	831,762	
Dues and Memberships	385	
Maintenance and Repair Services - Equipment	2,065	
Maintenance and Repair Services - Office Equipment	1,980	
Travel	27,131	
Other Contracted Services	1,423,050	
Data Processing Supplies	547,212	
Office Supplies	1,740	
In Service/Staff Development	30,682	
Data Processing Equipment	366,790	

(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.)			
Other Equipment	$ 4,821,672		
Total Central and Other		$ 10,340,799	
Operation of Non-Instructional Services			
Early Childhood Education			
Teachers	$ 825,147		
Educational Assistants	255,315		
Overtime Pay	160		
Other Salaries and Wages	82,349		
Social Security	69,311		
State Retirement	80,687		
Life Insurance	1,752		
Medical Insurance	142,149		
Employer Medicare	16,210		
Travel	772		
Contracts for Substitute Teachers - Certified	9,457		
Contracts for Substitute Teachers - Non-certified	14,689		
Other Contracted Services	50,453		
Instructional Supplies and Materials	67,219		
In Service/Staff Development	7,212		
Other Equipment	58,511		
Total Early Childhood Education		1,681,393	
Other Debt Service			
Education			
Debt Service Contribution to Primary Government	$ 408,356		
Total Education		408,356	
Total General Purpose School Fund			$ 167,484,859
School Federal Projects Fund			
Instruction			
Regular Instruction Program			
Teachers	$ 2,372,715		
Salary Supplements	482,328		
Educational Assistants	939,158		
Other Salaries and Wages	26,226		
Social Security	228,562		
State Retirement	307,975		

(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.)				
Regular Instruction Program (Cont.)				
Life Insurance	$	5,214		
Medical Insurance		443,117		
Employer Medicare		53,454		
Travel		666		
Contracts for Substitute Teachers - Certified		16,635		
Contracts for Substitute Teachers - Non-certified		52,434		
Other Contracted Services		114,188		
Instructional Supplies and Materials		526,087		
Regular Instruction Equipment		63,895		
Total Regular Instruction Program			$	5,632,654
Special Education Program				
Teachers	$	38,655		
Educational Assistants		1,680,693		
Other Salaries and Wages		1,000		
Social Security		100,600		
State Retirement		230,974		
Life Insurance		3,431		
Medical Insurance		309,040		
Employer Medicare		23,527		
Instructional Supplies and Materials		5,670		
Other Supplies and Materials		14,633		
Total Special Education Program				2,408,223
Vocational Education Program				
Educational Assistants	$	17,871		
Social Security		955		
State Retirement		2,563		
Life Insurance		33		
Medical Insurance		8,688		
Employer Medicare		223		
Instructional Supplies and Materials		19,075		
Other Supplies and Materials		102,651		
Other Charges		3,498		
Vocational Instruction Equipment		207,159		
Total Vocational Education Program				362,716
Adult Education Program				
Teachers	$	114,330		

(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.)				
Adult Education Program (Cont.)				
Social Security	$	6,405		
Employer Medicare		1,667		
Instructional Supplies and Materials		10,246		
Total Adult Education Program			$	132,648
Support Services				
Health Services				
Other Salaries and Wages	$	778		
Social Security		48		
State Retirement		112		
Employer Medicare		11		
Total Health Services				949
Other Student Support				
Other Salaries and Wages	$	78,463		
Social Security		1,825		
State Retirement		2,220		
Life Insurance		94		
Employer Medicare		1,136		
Travel		44,433		
Other Contracted Services		6,821		
Other Supplies and Materials		71,055		
In Service/Staff Development		25,200		
Other Charges		21,546		
Vocational Instruction Equipment		6,259		
Other Equipment		5,003		
Total Other Student Support				264,055
Regular Instruction Program				
Supervisor/Director	$	70,389		
Salary Supplements		70,568		
Secretary(ies)		25,242		
Clerical Personnel		18,414		
Other Salaries and Wages		1,070,259		
In-Service Training		3,366		
Social Security		75,676		
State Retirement		82,585		
Life Insurance		1,390		
Medical Insurance		129,768		

(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.)		
Employer Medicare	$ 17,698	
Communication	720	
Consultants	3,123	
Dues and Memberships	35,770	
Travel	9,104	
Other Contracted Services	581,769	
Instructional Supplies and Materials	15,797	
Library Books/Media	15,080	
Office Supplies	3,128	
Other Supplies and Materials	50,990	
In Service/Staff Development	277,806	
Other Charges	1,105	
Other Equipment	31,771	
Total Regular Instruction Program		$ 2,591,518
Special Education Program		
Psychological Personnel	$ 234,887	
Assessment Personnel	173,288	
Secretary(ies)	31,158	
Clerical Personnel	68,313	
Other Salaries and Wages	174,545	
Social Security	41,326	
State Retirement	52,264	
Life Insurance	812	
Medical Insurance	52,726	
Employer Medicare	9,665	
Other Contracted Services	2,758	
Other Supplies and Materials	19,891	
In Service/Staff Development	42,734	
Total Special Education Program		904,367
Vocational Education Program		
Travel	$ 874	
In Service/Staff Development	2,437	
Other Charges	1,189	
Total Vocational Education Program		4,500
Adult Programs		
Supervisor/Director	$ 32,600	

(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.)			
Clerical Personnel	$ 23,256		
Other Salaries and Wages	28,234		
Social Security	4,970		
State Retirement	9,418		
Medical Insurance	12,808		
Employer Medicare	1,162		
Dues and Memberships	35		
Office Supplies	3,136		
In Service/Staff Development	1,610		
Total Adult Programs		$ 117,229	
Operation of Plant			
Communication	$ 14,000		
Other Contracted Services	13,637		
Plant Operation Equipment	24,432		
Other Equipment	159,994		
Total Operation of Plant		212,063	
Transportation			
Bus Drivers	$ 39,170		
Other Salaries and Wages	727		
Social Security	2,414		
State Retirement	4,981		
Life Insurance	2		
Employer Medicare	565		
Contracts with Parents	10,011		
Travel	14,144		
Gasoline	1,054		
Total Transportation		73,068	
Total School Federal Projects Fund			$ 12,703,990
Central Cafeteria Fund			
Support Services			
Fiscal Services			
Trustee's Commission	$ 2,571		
Total Fiscal Services		$ 2,571	

(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			
Food Service			
Supervisor/Director	$ 157,481		
Salary Supplements	14,900		
Truck Drivers	46,140		
Secretary(ies)	89,599		
Cafeteria Personnel	2,920,423		
Custodial Personnel	162,848		
Temporary Personnel	66,938		
Overtime Pay	47,144		
Other Salaries and Wages	258,858		
Social Security	223,054		
State Retirement	485,713		
Life Insurance	6,772		
Medical Insurance	713,608		
Employer Medicare	52,166		
Dues and Memberships	8,223		
Laundry Service	82,343		
Licenses	2,560		
Maintenance and Repair Services - Vehicles	819		
Printing, Stationery, and Forms	3,491		
Travel	8,752		
Other Contracted Services	89,980		
Equipment and Machinery Parts	50,141		
Food Supplies	4,051,422		
Gasoline	9,664		
Lubricants	3		
Office Supplies	34,256		
Uniforms	6,694		
Utilities	223,500		
Vehicle Parts	830		
Other Supplies and Materials	323,855		
Workers' Compensation Insurance	6,823		
In Service/Staff Development	14,481		
Food Service Equipment	94,391		
Total Food Service		$ 10,257,872	
Total Central Cafeteria Fund			$ 10,260,443

(Continued)

Exhibit L-8

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

School Transportation Fund			
Support Services			
Fiscal Services			
Trustee's Commission	$ 47,938		
Total Fiscal Services		$ 47,938	
Transportation			
Supervisor/Director	$ 168,897		
Salary Supplements	15,400		
Mechanic(s)	508,646		
Bus Drivers	3,394,285		
Dispatchers/Radio Operators	115,902		
Secretary(ies)	82,472		
Temporary Personnel	150,969		
Overtime Pay	12,904		
Other Salaries and Wages	661,177		
Social Security	311,348		
State Retirement	684,756		
Life Insurance	10,493		
Medical Insurance	859,996		
Employer Medicare	72,815		
Laundry Service	5,829		
Licenses	4,258		
Maintenance and Repair Services - Equipment	19,808		
Maintenance and Repair Services - Vehicles	4,544		
Medical and Dental Services	12,442		
Transportation - Other than Students	135,000		
Other Contracted Services	8,208		
Garage Supplies	3,611		
Gasoline	1,127,636		
Lubricants	20,425		
Office Supplies	10,370		
Tires and Tubes	38,595		
Vehicle Parts	225,058		
Other Supplies and Materials	5,232		
Vehicle and Equipment Insurance	147,122		
In Service/Staff Development	15,820		
Transportation Equipment	2,198,823		
Total Transportation		11,032,841	
Total School Transportation Fund			$ 11,080,779

(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			
Instruction			
Regular Instruction Program			
Teachers	$ 113,804		
Educational Assistants	4,703		
Social Security	7,347		
State Retirement	7,237		
Employer Medicare	1,718		
Other Contracted Services	2,300		
Instructional Supplies and Materials	1,401		
Total Regular Instruction Program		$ 138,510	
Support Services			
Office of the Principal			
Assistant Principals	$ 32,124		
Social Security	1,988		
State Retirement	2,001		
Employer Medicare	465		
Total Office of the Principal		36,578	
Fiscal Services			
Trustee's Commission	$ 1,080		
Total Fiscal Services		1,080	
Operation of Plant			
Custodial Personnel	$ 4,991		
Social Security	313		
State Retirement	723		
Employer Medicare	73		
Total Operation of Plant		6,100	
Total Extended School Program Fund			$ 182,268
Education Capital Projects Fund			
Support Services			
Fiscal Services			
Trustee's Commission	$ 34		
Total Fiscal Services		$ 34	
Capital Projects			
Education Capital Projects			
Architects	$ 914,560		

(Continued)

Exhibit L-8

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

Education Capital Projects Fund (Cont.)			
Capital Projects (Cont.)			
Education Capital Projects (Cont.)			
Engineering Services	$ 20,622		
Building Construction	28,334,385		
Building Improvements	2,066,792		
Data Processing Equipment	833,376		
Land	2,806,200		
Plant Operation Equipment	1,113,015		
Site Development	171,897		
Other Equipment	1,471,440		
Total Education Capital Projects		$ 37,732,287	
Total Education Capital Projects Fund			$ 37,732,321
Total Governmental Funds - Montgomery County School Department			$ 239,444,660

Exhibit L-9

Montgomery County, Tennessee
Schedule of Detailed Revenues and Expenses
All Proprietary Funds
For the Year Ended June 30, 2008

	Governmental Activities - Internal Service Funds		
	Self-Insurance	Workers' Compensation	Unemployment Compensation
Revenues			
Operating Revenues			
Charges for Current Services			
Self-Insurance Premiums/Contributions	$ 24,281,736	$ 1,442,643	$ 0
Other Employee Benefit Charges	1,302,883	0	0
Other Charges for Services	28,961	0	0
Retirees' Insurance Payments	936,698	0	0
Total Operating Revenues	$ 26,550,278	$ 1,442,643	$ 0
Nonoperating Revenues			
Investment Income	$ 195,025	$ 30,107	$ 42,359
Miscellaneous Refunds	364,304	21,281	0
Total Nonoperating Revenues	$ 559,329	$ 51,388	$ 42,359
Total Revenues	$ 27,109,607	$ 1,494,031	$ 42,359
Expenses			
Operating Expenses			
Risk Management			
Supervisor/Director	$ 0	$ 37,672	$ 0
Clerical Personnel	0	25,631	0
Social Security	0	3,811	0
State Retirement	0	7,527	0
Life Insurance	0	75	0
Medical Insurance	0	4,578	0
Employer Medicare	0	891	0
Communication	0	411	0
Consultants	0	8,400	0
Contracts with Private Agencies	0	19,578	0
Dues and Memberships	0	310	0
Legal Services	0	442	0
Postal Charges	0	303	0
Travel	0	3,142	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
Expenses (Cont.)			
Operating Expenses (Cont.)			
Risk Management (Cont.)			
Tuition	$ 0	$ 1,325	$ 0
Other Contracted Services	0	175	0
Drugs and Medical Supplies	0	240	0
Uniforms	0	541	0
Premiums on Corporate Surety Bonds	0	205,143	0
Total Risk Management	$ 0	$ 320,195	$ 0
Other Charges			
Unemployment Compensation	$ 0	$ 0	$ 103,637
Communication	337	0	0
Other Contracted Services	985,100	0	0
Other Supplies and Materials	77,418	0	0
Depreciation	991	0	0
Furniture and Fixtures	5,123	0	0
Total Other Charges	$ 1,068,969	$ 0	$ 103,637
Employee Benefits			
Life Insurance	$ 235,748	$ 0	$ 0
Medical and Dental Services	161,752	0	0
Excess Risk Insurance	685,230	0	0
Medical Claims	20,758,590	0	0
Contracts with Private Agencies	1,524,869	0	0
Other Contracted Services	45,272	0	0
Other Charges	356,919	0	0
Other Self-Insurance Claims	1,697,667	0	0
Total Employee Benefits	$ 25,466,047	$ 0	$ 0
Total Expenses	$ 26,535,016	$ 320,195	$ 103,637

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, 2008

	Cities - Sales Tax Fund
Cash Receipts	
Local Option Sales Tax	$ 11,068,305
Total Cash Receipts	$ 11,068,305
Cash Disbursements	
Remittance of Revenues Collected	$ 10,957,622
Trustee's Commission	110,683
Total Cash Disbursements	$ 11,068,305
Excess of Cash Receipts Over (Under) Cash Disbursements	$ 0
Cash Balance, July 1, 2007	0
Cash Balance, June 30, 2008	$ 0

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SINGLE AUDIT SECTION

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

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

May 7, 2009

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, 2008, which collectively comprise Montgomery County's basic financial statements and have issued our report thereon dated May 7, 2009. Our report was modified to include a reference to other auditors. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the auditing standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States. Other auditors audited the financial statements of the Emergency Communications District of Montgomery County, the Clarksville-Montgomery County Industrial Development Board, the Clarksville-Montgomery County Public Library, and the Bi-County Solid Waste Management System, discretely presented component units, as described in our report on Montgomery County's financial statements. This report does not include the results of the other auditors' testing of internal control over financial reporting or compliance and other matters that are reported on separately by those auditors.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered Montgomery County's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of Montgomery County's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of Montgomery County's internal control over financial reporting.

Our consideration of internal control over financial reporting was for the limited purpose described in the preceding paragraph and would not necessarily identify all deficiencies in internal control over financial reporting that might be significant deficiencies or material weaknesses. However, as discussed below, we identified certain deficiencies in internal control over financial reporting that we consider to be significant deficiencies.

A control deficiency exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the entity's ability to initiate, authorize, record, process, or report financial data reliably in accordance with generally accepted accounting principles such that there is more than a remote likelihood that a misstatement of the entity's financial statements that is more than inconsequential will not be prevented or detected by the entity's internal control. We consider the following deficiencies described in the accompanying Schedule of Findings and Questioned Costs to be significant deficiencies in internal control over financial reporting: 08.01, 08.02(B,C,D), 08.03(B,C,D), 08.05, 08.06(A,B), and 08.07.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that a material misstatement of the financial statements will not be prevented or detected by Montgomery County's internal control.

Our consideration of the internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in the internal control that might be significant deficiencies and, accordingly, would not necessarily disclose all significant deficiencies that are also considered to be material weaknesses. However, of the significant deficiencies described above, we consider items 08.01, 08.02(B), and 08.05 to be material weaknesses.

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

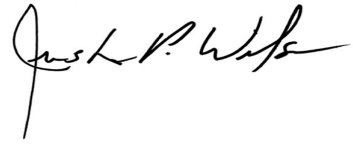
to be reported under Government Auditing Standards and are described in the accompanying Schedule of Findings and Questioned Costs as items 08.02(A), 08.03(A), 08.04, 08.06(C,D), 08.08, 08.09, and 08.10.

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

Montgomery County's responses to the findings identified in our audit are described in the accompanying Schedule of Findings and Questioned Costs. We did not audit Montgomery County's responses and, accordingly, we express no opinion on them.

This report is intended solely for the information and use of management, the county mayor, director of schools, highway supervisor, County Commission, Board of Education, Audit Committee, others within Montgomery County, 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,



Justin P. Wilson
Comptroller of the Treasury

JPW/sb

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

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

May 7, 2009

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, 2008. Montgomery County's major federal programs are identified in the summary of auditor's results section of the accompanying Schedule of Findings and Questioned Costs. Compliance with the requirements of laws, regulations, contracts, and grants applicable to each of its major federal programs is the responsibility of Montgomery County's management. Our responsibility is to express an opinion on Montgomery County's compliance based on our audit.

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States; and OMB Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about Montgomery County's compliance with those requirements and

performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination of Montgomery County's compliance with those requirements.

In our opinion, Montgomery County complied, in all material respects, with the requirements referred to above that are applicable to each of its major federal programs for the year ended June 30, 2008.

Internal Control Over Compliance

The management of Montgomery County is responsible for establishing and maintaining effective internal control over compliance with the requirements of laws, regulations, contracts, and grants applicable to federal programs. In planning and performing our audit, we considered Montgomery County's internal control over compliance with the requirements that could have a direct and material effect on a major federal program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of Montgomery County's internal control over compliance.

A control deficiency in an entity's internal control over compliance exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect noncompliance with a type of compliance requirement of a federal program on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the entity's ability to administer a federal program such that there is more than a remote likelihood that noncompliance with a type of compliance requirement of a federal program that is more than inconsequential will not be prevented or detected by the entity's internal control.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that material noncompliance with a type of compliance requirement of a federal program will not be prevented or detected by the entity's internal control.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in internal control that might be significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above.

Schedule of Expenditures of Federal Awards

We have audited the financial statements of the governmental activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of Montgomery County as of and for the year ended June 30, 2008, and have issued our report thereon dated May 7, 2009. Our audit was performed for the purpose of forming our opinions on the financial statements that collectively comprise Montgomery County's basic financial statements. The accompanying Schedule of Expenditures of Federal Awards is presented for purposes of additional analysis as required by OMB

Circular A-133 and is not a required part of the 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.

Montgomery County's responses to the findings identified in our audit are described in the accompanying Schedule of Findings and Questioned Costs. We did not audit Montgomery County's responses and, accordingly, we express no opinion on them.

This report is intended solely for the information and use of management, the county mayor, director of schools, highway supervisor, County Commission, Board of Education, Audit Committee, others within Montgomery County, 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.

Yours very truly,

Justin P. Wilson
Comptroller of the Treasury

JPW/sb

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Montgomery County, Tennessee
Schedule of Expenditures of Federal Awards and State Grants (1)
For the Year Ended June 30, 2008

Federal/Pass-through Agency/State Grantor Program Title	Federal CFDA Number	Pass-through Entity Identifying Number	Expenditures	
U.S. Department of Agriculture:				
Passed-through State Department of Agriculture:				
National School Lunch Program (Commodities - Noncash Assistance)	10.555	(2)	$ 559,593	(3)
Passed-through State Department of Education:				
Child Nutrition Cluster:				
School Breakfast Program	10.553	(2)	1,172,510	
National School Lunch Program	10.555	(2)	4,667,266	(3)
Total U.S. Department of Agriculture			$ 6,399,369	
U.S. Department of Housing and Urban Development:				
Passed-through State Housing Development Agency:				
HOME Investment Partnerships Program	14.239	(2)	$ 80,471	
Total U.S. Department of Housing and Urban Development			$ 80,471	
U.S. Department of Justice:				
Direct Program:				
Bulletproof Vest Partnership Program	16.607	(2)	$ 4,539	
Passed-through State Office of Criminal Justice Program:				
Violence Against Women Formula Grants	16.588	(2)	16,317	
Passed-through State Commission on Children and Youth:				
Juvenile Justice and Delinquency Prevention - Allocation to States	16.540	(2)	12,000	
Drug Court Discretionary Grant Program	16.585	(2)	46,552	
Total U.S. Department of Justice			$ 79,408	
U.S. Department of Transportation:				
Passed-through State Department of Transportation:				
Alcohol Traffic Safety and Drunk Driving Prevention Incentive Grants	20.601	Z-07-035902	$ 706	
Safety Incentives to Prevent Operation of Motor Vehicles by Intoxicated Persons	20.605	Z-07-036130	69,632	
Alcohol Open Container Requirements	20.607	Z-08-024034	88,991	
Total U.S. Department of Transportation			$ 159,329	
U.S. Department of Education:				
Direct Program:				
Impact Aid	84.041	N/A	$ 4,993,946	
Readiness and Emergency Management for Schools	84.184	N/A	94,861	
Elementary and Secondary School Counseling Demonstration Program	84.215	N/A	457,118	
Passed-through State Department of Education:				
Adult Education - State Grant Program	84.002	(2)	187,408	
Title I Grants to Local Educational Agencies	84.010	N/A	5,683,060	
Special Education Cluster:				
Special Education - Grants to States	84.027	N/A	4,763,580	
Special Education - Preschool Grants	84.173	N/A	58,064	
Vocational Education - Basic Grants to States	84.048	N/A	435,717	
Safe and Drug-Free Schools and Communities - State Grants	84.186	(2)	12,991	
21st Century Community Learning Centers	84.287	(2)	881,141	
State Grants for Innovative Programs	84.298	N/A	16,977	
Education Technology State Grants	84.318	(2)	10,276	
English Language Acquisition Grants	84.365	N/A	73,522	
Improving Teacher Quality State Grant	84.367	N/A	1,230,294	
Total U.S. Department of Education			$ 18,898,955	
U.S. Department of Health and Human Services:				
Passed-through State Department of Human Services:				
Child Welfare Services - State Grants	93.645	GG-08-22881	$ 6,356	
Total U.S. Department of Health and Human Services			$ 6,356	

(Continued)

Montgomery County, Tennessee
Schedule of Expenditures of Federal Awards and State Grants (1) (Cont.)

Federal/Pass-through Agency/State Grantor Program Title	Federal CFDA Number	Pass-through Entity Identifying Number	Expenditures
U.S. Department of Homeland Security:			
Passed-through State Department of Military:			
Homeland Security Grant Program	97.004	(4)	$ 665,329
Assistance to Firefighters Grant	97.044	(2)	6,887
Total U.S. Department of Homeland Security			$ 672,216
Total Federal Awards			$ 26,296,104

State Grants		Contract Number	
Early Childhood Education - State Department of Education	N/A	(2)	$ 1,676,489
Coordinated School Health Expansion - State Department of Education	N/A	(2)	113,550
Tobacco Use Prevention and Cessation - State Department of Health	N/A	(2)	15,789
Lottery for Education: Afterschool Program - State Department of Education	N/A	(2)	256,000
State Reappraisal Program - Comptroller of the Treasury	N/A	(2)	37,426
Safe Schools Act - State Department of Education	N/A	(2)	187,632
Adult Education - State Department of Education	N/A	(2)	62,469
Juvenile Justice and Delinquency Prevention - State Commission on Children and Youth	N/A	Z-08-022792	9,000
Child and Family Intervention Services - State Department of Children's Services	N/A	GG-08-21465	9,574
Child and Family Intervention Services - State Department of Children's Services	N/A	(2)	13,379
Child Advocacy Center - State Department of Children's Services	N/A	GG-04-10214	53,957
Child Advocacy Center - State Department of Children's Services	N/A	GG-07-12551	47
Juvenile Court Prevention - State Department of Children's Services	N/A	GG-08-21757	59,684
Forensic Child Interviews - State Department of Children's Services	N/A	GG-06-11868	38,009
Litter Program - State Department of Transportation	N/A	Z-08-021028	59,309
Community Correction Grant - State Department of Correction	N/A	(2)	440,682
Rural Local Health Services - State Department of Health	N/A	Z-08-020374	1,793,492
Community Enhancement Grant - Tennessee Secretary of State	N/A	(2)	22,000
Teen Learning Center - State Department of Children's Services	N/A	GG-08-21694	535,601
Courtroom Security Grant - State Administrative Office of the Courts	N/A	(2)	36,530
Total State Grants			$ 5,420,619

CFDA = Catalog of Federal Domestic Assistance
N/A = Not Applicable

(1) Presented in conformity with generally accepted accounting principles using the modified accrual basis of accounting.
(2) Information not available.
(3) Total for CFDA No. 10.555 is $5,226,859.
(4) Z-05-025192-00: $239,171; Z-07-020591: $366,566; GG-08-23850: $59,592.

Montgomery County, Tennessee
Schedule of Audit Findings Not Corrected
June 30, 2008

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, 2007, which have not been corrected.

OFFICES OF COUNTY MAYOR AND DIRECTOR OF ACCOUNTS AND BUDGETS

Finding Number	Page Number	Subject
07.04	248	Expenditures exceeded appropriations
07.05	250	Financial transactions were not recorded in accordance with the county uniform chart of accounts

OFFICE OF SHERIFF

Finding Number	Page Number	Subject
07.13	254	The sheriff did not obtain a letter of agreement or court decree to authorize deputy hires

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MONTGOMERY COUNTY, TENNESSEE

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

For the Year Ended June 30, 2008

PART I, SUMMARY OF AUDITOR'S RESULTS

1. Our report on the financial statements of Montgomery County is unqualified.

2. The audit of the financial statements of Montgomery County disclosed significant deficiencies in internal control. Three of these deficiencies were considered to be material weaknesses.

3. The audit disclosed one instance of noncompliance that was material to the financial statements of Montgomery County.

4. The audit disclosed no significant deficiencies in internal control over major programs.

5. An unqualified opinion was issued on compliance for major programs.

6. The audit revealed no findings that are required to be reported under Section 510(a) of OMB Circular A-133.

7. The Child Nutrition Cluster: School Breakfast Program and National School Lunch Program (CFDA Nos. 10.553 and 10.555), Special Education Cluster: Special Education-Grants to States and Special Education-Preschool Grants (CFDA Nos. 84.027 and 84.173), and Impact Aid (CFDA No. 84.041) were determined to be major programs.

8. A $788,883 threshold was used to distinguish between Type A and Type B federal programs.

9. Montgomery County did not qualify as a low-risk auditee.

PART II, FINDINGS RELATING TO THE FINANCIAL STATEMENTS

Findings and recommendations, as a result of our examination, are presented below. We reviewed these findings and recommendations with management to provide an opportunity for their response. The written responses of the director of accounts and budgets and the trustee are paraphrased in this report. Other officials offered oral responses to certain findings and recommendations; however, these oral responses have not been included in this report.

OFFICES OF COUNTY MAYOR AND DIRECTOR OF ACCOUNTS AND BUDGETS

FINDING 08.01 **MATERIAL AUDIT ADJUSTMENTS WERE REQUIRED FOR PROPER FINANCIAL STATEMENT PRESENTATION**
(Internal Control – Material Weakness Under Government Auditing Standards)

At June 30, 2008, certain general ledger account balances in the General, General Debt Service, and Workers' Compensation funds were not materially correct, and audit adjustments were required for the financial statements to be materially correct at year-end. Generally accepted accounting principles require Montgomery County to have adequate internal controls over the maintenance of its accounting records. Material audit adjustments were required because the county's financial reporting system did not prevent, detect, or correct potential misstatements in the accounting records. It is a strong indicator of a material weakness in internal controls if the county has ineffective controls over the maintenance of its accounting records, which are used to prepare the financial statements, including the related notes to the financial statements. We presented audit adjustments to management that they approved and posted to properly present the financial statements in this report.

RECOMMENDATION

Montgomery County should have appropriate processes in place to ensure that its general ledgers are materially correct.

MANAGEMENT'S RESPONSE – DIRECTOR OF ACCOUNTS AND BUDGETS

We concur. Each year the Department of Accounts and Budgets and the state Division of County Audit agree on adjustments to the financial statements. The implementation of the Statement on Auditing Standards No. 112 now requires auditors to report on auditor determined material audit adjustments required for proper financial statement presentation. The Department of Accounts and Budgets is currently in the process of updating policies and procedures that will mitigate the need for material year-end audit adjustments.

FINDING 08.02 **THE OFFICES HAD ACCOUNTING DEFICIENCIES**
(A. – Noncompliance Under Government Auditing Standards; B. – Internal Control – Material Weakness Under Government Auditing Standards; C. and D. – Internal Control – Significant Deficiency Under Government Auditing Standards)

Our audit revealed the following accounting deficiencies. These deficiencies resulted from a lack of management oversight.

A. In compliance with Section 5-8-501, Tennessee Code Annotated, the Comptroller of the Treasury has developed a uniform chart of accounts for Tennessee counties. Numerous instances were noted where transactions were posted to the general ledgers utilizing account numbers that had been deleted from the County Uniform Chart of Accounts. The failure to maintain accounts in conformity with the chart is a violation of state statute.

B. Receivables for workers' compensation premiums totaling $664,403 were erroneously recorded in the General Debt Service Fund at June 30, 2008. These receivables should have been recorded in the Workers' Compensation Fund. Audit adjustments were presented to management that they accepted and posted to properly classify receivables in the correct fund in the financial statements of this report.

C. Adequate documentation was not available for numerous journal entries that were posted to the accounting records. As a result, auditors were not always able to determine if the journal entries were appropriate.

D. Several revenues and expenditures were coded to accounts that did not reflect the true nature of the transactions. For example, certain grant expenditures totaling $84,458 were posted as reductions to a revenue account rather than as increases to an expenditure account. Sound budgetary principles require revenues and expenditures to be coded to accounts that reflect the true nature of the transactions. Misclassifying revenues and expenditures diminishes the usefulness of the financial records as a management tool and results in a loss of budgetary control. Audit adjustments were presented to management that they accepted and posted to properly classify these revenues and expenditures in the financial statements of this report.

RECOMMENDATION

Accounting records should be maintained in conformity with the County Uniform Chart of Accounts. Receivables should be posted in the appropriate funds at year-end. Adequate documentation should be maintained for all journal entries. Revenues and expenditures should be coded to accounts that reflect the true nature of the transactions.

MANAGEMENT'S RESPONSE – DIRECTOR OF ACCOUNTS AND BUDGETS

We concur.

A. The insurance recovery account updated by the state last fiscal year has now been added to the county's chart of accounts, and all related transactions have also been transferred. The Department of Accounts and Budgets is reviewing the county's chart of chart of accounts and comparing it with the County Uniform Chart of Accounts that was established by the Comptroller of the Treasury.

B. The correcting entries have been posted by the Department of Accounts and Budgets, and the transfer from the General Debt Service Fund to the Workers' Compensation Fund has been processed.

C. The Department of Accounts and Budgets is reviewing policies and procedures to mitigate the risk that journal entries will be posted without adequate documentation.

D. These offsetting transactions occurred in the Community Development/ Industrial Parks Fund, which is the fund for a grant that has met its obligations and has been closed. It is the policy of the Department of Accounts and Budgets that revenues and expenditures not be offset and be accurately reflected in the financials.

FINDING 08.03 **THE OFFICES HAD BUDGET DEFICIENCIES**
(A. – Noncompliance Under Government Auditing Standards; B., C., and D. – Internal Control – Significant Deficiency Under Government Auditing Standards)

The following deficiencies were noted in budget operations:

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

Fund/Major Category	Amount Overspent
General:	
Other Boards and Committees	$ 162
Personnel Office	44,112
Juvenile Services	418
County Coroner/Medical Examiner	20,540
Other Local Health Services	361

Fund/Major Category (Cont.)	Amount Overspent
Libraries	$ 49
Other Social, Cultural, and Recreational	682
Soil Conservation	759
Tourism	88,984
Transfers Out	554,700
Highway/Public Works:	
Capital Outlay	20,979

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." This deficiency exists because management failed to hold spending within limits authorized by the County Commission and failed to correct the finding noted in the prior-year audit report. This deficiency resulted in unauthorized expenditures.

B. The original budget approved by the County Commission was not accurately posted to the accounting records of the General and Highway/Public Works funds. These deficiencies were the result of clerical errors and a lack of supervisory review.

C. Six budget amendments totaling $427,549 were posted to the General Fund that were not approved by the County Commission. These deficiencies were the result of clerical errors and a lack of management oversight.

D. The County Commission approved a budget amendment of $55,500 increasing appropriations for the Drug Control Fund; however, this amendment was not posted to the accounting records. When the accounting records reflected that expenditures exceeded appropriations in a major appropriation category, management should have investigated the reported overexpenditure and they could have detected the error.

We presented adjusting budgetary entries for items B., C., and D. to management that they accepted and posted to properly present the budget in the financial statements of this report.

RECOMMENDATION

Expenditures should be held within appropriations approved by the County Commission. The original budget and budget amendments that are approved by the County Commission should be accurately posted to the accounting records.

MANAGEMENT'S RESPONSE – DIRECTOR OF ACCOUNTS AND BUDGETS

We concur. As management operates within the spending limits authorized by the County Commission, the uncertain nature of requested and required services provided on an as needed basis companioned with established timelines that do not allow sufficient time to process all required activities results in expenditures that may be out of line with Commission approved appropriations.

FINDING 08.04 **FUNDS WERE TRANSFERRED FROM THE GENERAL FUND TO THE GENERAL CAPITAL PROJECTS FUND WITHOUT COUNTY COMMISSION APPROVAL**
(Material Noncompliance Under Government Auditing Standards)

The General Fund transferred $554,700 to the General Capital Projects Fund without the approval of the County Commission. Section 5-9-401, Tennessee Code Annotated, provides that "all funds from whatever source derived, including, but not limited to, 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." These funds were transferred by management to fund cash overdrafts as noted in Finding 08.09.

RECOMMENDATION

All transfers between funds should be approved by the County Commission.

MANAGEMENT'S RESPONSE – DIRECTOR OF ACCOUNTS AND BUDGETS

We concur. The General Capital Projects Fund has since reimbursed the General Fund for the transfer of funds that should have been from a bond fund.

FINDING 08.05 **DEFICIENCIES WERE NOTED IN THE MAINTENANCE OF CAPITAL ASSETS RECORDS**
(Internal Control – Material Weakness Under Government Auditing Standards)

Our examination of the capital assets records revealed the following deficiencies. We presented audit adjustments to management that they approved and posted to properly present capital assets in the financial statements in this report. These deficiencies can be attributed to a lack of management oversight.

A. Certain infrastructure ($3,952,468), land ($138,206), and equipment ($151,987) assets were omitted from the capital assets records.

B. Infrastructure with an original cost of $39,710 and accumulated depreciation of $35,739 plus land totaling $24,804 were annexed by the City of Clarksville during the audit period; however, these capital assets were not removed from the county's capital assets records.

C. Two pieces of used equipment were traded-in on the purchase of two pieces of new equipment; however, the cost of the new equipment was not properly calculated and posted in the capital assets records.

RECOMMENDATION

Management should provide the necessary oversight to ensure that its capital assets records are accurately maintained. All capital assets activity should be posted on a current basis.

MANAGEMENT'S RESPONSE – DIRECTOR OF ACCOUNTS AND BUDGETS

We concur. The Highway Department's valuation software for infrastructure was inoperative during the fiscal year. The software has since been reloaded and the valuations updated to the current amounts. The Department of Accounts and Budgets was provided the valuation by the Highway Department during the audit process. We are currently working with the Highway Department to value the infrastructure with the mandated quarterly road list provided to the County Commission. The equipment list at year end included two pieces of equipment on one invoice that were undervalued by $20,000, the amount of an offsetting trade-in. All of the other equipment purchases for the year were appropriately valued.

FINDING 08.06 **THE AMBULANCE SERVICE DEPARTMENT HAD OPERATING DEFICIENCIES**
(A. and B. – Internal Control – Significant Deficiency Under Government Auditing Standards; C. and D. – Noncompliance Under Government Auditing Standards)

Our examination of the Ambulance Service Department revealed the following operating deficiencies:

A. The Ambulance Service Department has a write-off policy that was approved by the Emergency Management Services Committee; however, the policy does not address who approves the write-off of receivables. As a result, various employees write-off accounts without any further review or approval.

B. The Ambulance Service Department is currently utilizing three separate computer systems to account for receivables. The department has changed its accounting software three times in the past six years. At the time of each change, outstanding receivables from the old system were not transferred to the new system. Instead, only new accounts were set-up and maintained in the new system. As a result, there are three systems in use to maintain receivable balances.

C. Ambulance Service officials did not deposit funds with the county trustee within three days of collection. Section 5-8-207, Tennessee Code Annotated (TCA), requires county officials to deposit public funds to the office bank account within three days after receipt of the funds.

D. The office did not issue official receipts for collections as required by Section 9-2-104, TCA. Instead, the office used generic receipts that did not display the official name of the office. This deficiency occurred because management was not aware of this statute. The use of generic receipts exposes the office to the possible manipulation of receipting procedures and calls into question whether all receipts have been accounted for. Additionally, receipts were not issued for payments received by mail. Instead, a transaction number was assigned by the computer system.

RECOMMENDATION

The write-off policy should establish an approval and review process. The department should address the costs and benefits of utilizing three separate computer systems to maintain receivables. All funds should be deposited with the county trustee within three days of collection, and official, prenumbered receipts should be issued for all collections.

MANAGEMENT'S RESPONSE – DIRECTOR OF ACCOUNTS AND BUDGETS

Management concurs. Presented below is management's response to each item noted above:

A. The Ambulance Service Department updated their write-off policy in 2005 as a result of an audit finding and has received no subsequent findings prior to the current finding. The Ambulance Service Department will work with the Department of Accounts and Budgets to create a more equitable business model for all financial processes in the department, including receivables.

B. The inactive computer systems have been open for inquiry only and were not being used for new data entry. Both systems are being closed immediately. The outstanding receivables will be accounted for within the provisions of the new policy mentioned above.

C. All funds are now being deposited with the county trustee within three business days of collection as required by Section 5-8-207, Tennessee Code Annotated.

D. The Ambulance Service is currently working with the software vendor and the state information systems auditor to create an acceptable system for recording receipts using unique transaction numbers that can be easily used to trace source documentation including payments received by mail and in person. Upon completion of this program modification, the use of generic receipts will be discontinued.

OFFICE OF DIRECTOR OF SCHOOLS

FINDING 08.07 **THE ACCOUNTING SOFTWARE DID NOT HAVE ADEQUATE APPLICATION CONTROLS**
(Internal Control – Significant Deficiency Under Government Auditing Standards)

The office maintained two system environments for their accounting software, a test environment and a production environment. The test environment was used for training purposes and contained test data while the production environment was used to process actual transactions and maintain the official accounting records. Users of the test environment could execute all payroll and vendor functions including the printing of negotiable checks using the test data. Sound business practices dictate that proper application controls be implemented. Because management had not determined the risk associated with this functionality, inappropriate activity could occur. The capability of printing checks in the test environment has now been removed.

OFFICE OF TRUSTEE

FINDING 08.08 **THE CHECKING SYSTEM HAS NOT BEEN PROPERLY IMPLEMENTED**
(Noncompliance Under Government Auditing Standards)

In prior years, the Trustee's Office adopted a checking system as authorized by Section 5-8-210, Tennessee Code Annotated (TCA), to pay county obligations. However, the Trustee's Office does not operate the checking system in compliance with state statute. This statute provides that the issuance of checks by county departments shall be certified by the trustee either by the list certification method, the check signing/validation method, a combination method, or other certification method requested by the trustee and approved by the Comptroller of the Treasury. The trustee does not use any of the specific methods noted above, but does use a method similar to the certification method. Under the certification method, the Finance Department and the School Department would submit a list, by fund, to the trustee of the checks being issued. The trustee would then verify the departments' cash balances and certify that cash is available or will be available in the check clearing accounts for payment of those checks. The trustee would then transfer funds from the county master account to the check clearing accounts. In Montgomery County, the Finance Department does not furnish a list of checks being issued to the trustee, but the School Department does furnish a list to the trustee; however, the trustee does not use the

list submitted by the School Department. Therefore, the trustee is not certifying the availability of cash on deposit. In addition, the trustee has one check clearing account for county funds and one check clearing account for School Department funds to process nonpayroll checks. The trustee does not transfer monies into these check clearing accounts from the county master account. Instead, as checks clear the bank, the trustee's bank charges the paid checks automatically to the check clearing accounts and then automatically transfers monies out of the trustee's county master account to the check clearing accounts to cover those checks. Therefore, the trustee is allowing the bank complete authority to automatically take funds out of the county master account without the trustee knowing the amount of the transfers until after the fact. This system resulted in checks being drawn and paid on the General Capital Projects Fund even though funds were not available to honor the checks. This deficiency is noted in Finding 08.09.

RECOMMENDATION

The trustee should implement one of the methods provided by Section 5-8-210, TCA, regarding the issuance of checks. The trustee should require the Finance Office to submit a list by fund of checks being issued, and the trustee should take the list from the Finance Office and the School Department and certify that funds are available for payment of those checks. The trustee should make the appropriate transfers from the county master account to the check clearing accounts from the lists provided by the Finance Office and School Department. The trustee should not allow the bank to automatically access the county master account.

FINDING 08.09 **THE TRUSTEE PAID GENERAL CAPITAL PROJECTS FUND CHECKS THAT EXCEEDED AVAILABLE FUNDS**
(Noncompliance Under Government Auditing Standards)

During the year, the trustee paid checks to the General Capital Projects Fund that exceeded the available cash balance on deposit by $413,312. Section 8-11-104(5), Tennessee Code Annotated, prohibits the trustee from paying a check if sufficient funds are not available. Paying checks that exceed available cash is the result of management's lack of oversight and the failure to properly implement the checking system.

RECOMMENDATION

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

MANAGEMENT'S RESPONSE – TRUSTEE

The county mayor, trustee, and director of accounts and budgets will carefully review, revise, and implement written and verbal procedures to ensure available funds are verified and confirmed by the Office of Trustee before checks are disbursed for payment. If a check or a batch presented for payment has exceeded the available fund balance, the trustee's notification process will take place, and sufficient funds will then be transferred into the fund before the check is disbursed for payment.

OFFICE OF SHERIFF

FINDING 08.10 **THE SHERIFF DID NOT OBTAIN A LETTER OF AGREEMENT OR COURT DECREE TO AUTHORIZE DEPUTY HIRES**
(Noncompliance Under Government Auditing Standards)

The sheriff did not obtain a letter of agreement or file suit in Circuit Court to authorize the number and salaries of his deputies. Section 8-20-101, Tennessee Code Annotated, requires the sheriff to enter into a letter of agreement with the county mayor concerning the number and the salaries of deputies or to file suit in Circuit Court. This noncompliance is the result of management's decision based on the sheriff's interpretation that the statute does not require him to obtain a letter of agreement or file suit in Circuit Court.

RECOMMENDATION

The sheriff should obtain a letter of agreement with the county mayor or petition Circuit Court for the number and salaries of deputies as required by state statute.

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, 2008

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