

**NEW ISSUE****Book-Entry-Only**

Rating: Standard &amp; Poor's – "AA+"

(See MISCELLANEOUS-Rating)

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

**\$50,490,000****MONTGOMERY COUNTY, TENNESSEE****General Obligation Refunding and Public Improvement Bonds, Series 2017****Dated: Date of Delivery****Due: As shown on inside front cover**

The \$50,490,000 General Obligation Refunding and Public Improvement Bonds, Series 2017 (the "Bonds") of Montgomery County, Tennessee (the "County" or the "Issuer") are issuable in fully registered form in denominations of \$5,000 and authorized integral multiples thereof. The Bonds will be issued in book-entry-only form and registered in the name of Cede & Co., as nominee of The Depository Trust Company, New York, New York ("DTC"). DTC will act as securities depository of the Bonds. So long as Cede & Co. is the registered owner of the Bonds, as the nominee for DTC, principal and interest with respect to the Bonds shall be payable to Cede & Co., as nominee for DTC, which will, in turn, remit such principal and interest to the DTC participants for subsequent disbursements to the beneficial owners of the Bonds. Individual purchases of the Bonds will be made in book-entry-only form, in denominations of \$5,000 or integral multiples thereof and will bear interest at the annual rates as shown below. Interest on the Bonds is payable semi-annually from the date thereof commencing on April 1, 2018 and thereafter on each April 1 and October 1 by check or draft mailed to the owners thereof as shown on the books and records of U.S. Bank National Association, Nashville, Tennessee, the registration and paying agent (the "Registration Agent"). In the event of discontinuation of the book-entry system, principal of and interest on the Bonds are payable at the designated corporate trust office of the Registration Agent.

The Bonds are payable from unlimited *ad valorem* taxes to be levied on all taxable property within the County. For the prompt payment of principal of and interest on the Bonds, the full faith and credit of the County are irrevocably pledged. See section entitled "SECURITIES OFFERED – Security".

The Bonds maturing April 1, 2028 and thereafter are subject to optional redemption prior to maturity on or after April 1, 2027. See section entitled "SECURITIES OFFERED – Optional Redemption of the Bonds".

This cover page contains certain information for quick reference only. It is not a summary of this issue. Investors must read the entire *Official Statement* to obtain information essential to make an informed investment decision.

The Bonds are offered when, as and if issued, subject to the approval of the legality thereof by Bass, Berry & Sims PLC, Nashville, Tennessee, Bond Counsel, whose opinion will be delivered with the Bonds. Certain legal matters will be passed upon for the County by W. Timothy Harvey, Esq., counsel to the County. It is expected that the Bonds will be available for delivery through the facilities of The Depository Trust Company in New York, New York, on or about September 20, 2017.

September 6, 2017

**MATURITIES, AMOUNTS, INTEREST RATES, AND YIELDS**

**\$50,490,000 GENERAL OBLIGATION REFUNDING AND PUBLIC IMPROVEMENT BONDS, SERIES 2017**

<u>Due April 1</u>	<u>Amount</u>	<u>Interest Rate</u>	<u>Yield</u>	<u>CUSIP**</u>
2018	\$1,390,000	5.000%	0.760%	61366ABD8
2019	865,000	5.000%	0.830%	61366ABE6
2020	905,000	5.000%	0.900%	61366ABF3
2021	955,000	5.000%	1.000%	61366ABG1
2022	1,000,000	5.000%	1.080%	61366ABH9
2023	1,050,000	5.000%	1.220%	61366ABJ5
2024	1,110,000	5.000%	1.370%	61366ABK2
2025	6,785,000	5.000%	1.530%	61366ABL0
2026	7,475,000	5.000%	1.670%	61366ABM8
2027	6,995,000	5.000%	1.810%	61366ABN6
2028	7,060,000	5.000%	1.930%*	61366ABP1
2029	1,410,000	4.000%	2.160%*	61366ABQ9
2030	1,465,000	4.000%	2.300%*	61366ABR7
2031	1,525,000	4.000%	2.440%*	61366ABS5
2032	1,590,000	4.000%	2.550%*	61366ABT3
2033	1,645,000	4.000%	2.670%*	61366ABU0
2034	1,710,000	4.000%	2.780%*	61366ABV8
2035	1,780,000	4.000%	2.830%*	61366ABW6
2036	1,855,000	4.000%	2.860%*	61366ABX4
2037	1,920,000	4.000%	2.890%*	61366ABY2

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\* Yield to optional redemption date of April 1, 2027

\*\* Copyright, American Bankers Association (the "ABA"). CUSIP data herein are provided by CUSIP Global Services, which is managed on behalf of the ABA by S&P Global Market Intelligence, a division of S&P Global Inc. The CUSIP numbers listed above are being provided solely for the convenience of Bondholders only at the time of issuance of the Bonds and the Issuer makes no representation with respect to such numbers nor undertakes any responsibility for their accuracy now or at any time in the future. The CUSIP number for a specific maturity is subject to being changed after the issuance of the Bonds as a result of various subsequent actions including, but not limited to, a refunding in whole or in part of such maturity or as a result of the procurement of secondary market portfolio insurance or other similar enhancement by investors that is applicable to all or a portion of certain maturities of the Bonds.

This Official Statement speaks only as of its date, and the information contained herein is subject to change.

This Official Statement may contain forecasts, projections, and estimates that are based on current expectations but are not intended as representations of fact or guarantees of results. If and when included in this Official Statement, the words "expects," "forecasts," "projects," "intends," "anticipates," "estimates," and analogous expressions are intended to identify forward-looking statements as defined in the Securities Act of 1933, as amended, and any such statements inherently are subject to a variety of risks and uncertainties, which could cause actual results to differ materially from those contemplated in such forward-looking statements. These forward-looking statements speak only as of the date of this Official Statement. The Issuer disclaims any obligation or undertaking to release publicly any updates or revisions to any forward-looking statement contained herein to reflect any change in the Issuer's expectations with regard thereto or any change in events, conditions, or circumstances on which any such statement is based.

This Official Statement and the Appendices hereto contain brief descriptions of, among other matters, the Issuer, the Bonds, the Resolution, the Disclosure Certificate, and the security and sources of payment for the Bonds. Such descriptions and information do not purport to be comprehensive or definitive. The summaries of various constitutional provisions and statutes, the Resolution, the Disclosure Certificate, and other documents are intended as summaries only and are qualified in their entirety by reference to such documents and laws, and references herein to the Bonds are qualified in their entirety to the forms thereof included in the Bond Resolution.

The Bonds have not been registered under the Securities Act of 1933, and the Resolution has not been qualified under the Trust Indenture Act of 1939, in reliance on exemptions contained in such Acts. This Official Statement does not constitute an offer to sell or the solicitation of an offer to buy, nor shall there be any sale of the Bonds by any person in any jurisdiction in which it is unlawful for such person to make such offer, solicitation, or sale.

No dealer, broker, salesman, or other person has been authorized by the Issuer, the Financial Advisor or the Underwriter to give any information or to make any representations other than those contained in this Official Statement, and, if given or made, such other information or representations should not be relied upon as having been authorized by the Issuer, the Financial Advisor or the Underwriter. Except where otherwise indicated, all information contained in this Official Statement has been provided by the Issuer. The information set forth herein has been obtained by the Issuer from sources which are believed to be reliable but is not guaranteed as to accuracy or completeness by, and is not to be construed as a representation of, the Financial Advisor or the Underwriter. The information contained herein is subject to change without notice, and neither the delivery of this Official Statement nor any sale made hereunder shall under any circumstances create an implication that there has been no change in the affairs of the Issuer, or the other matters described herein since the date hereof or the earlier dates set forth herein as of which certain information contained herein is given.

In connection with this offering, the Underwriter may over-allot or effect transactions which stabilize or maintain the market prices of the Bonds at a level above that which might otherwise prevail in the open market. Such stabilizing, if commenced, may be discontinued at any time.

# **MONTGOMERY COUNTY, TENNESSEE**

## **OFFICIALS**

<i>County Mayor</i>	Jim Durrett
<i>County Clerk</i>	Kellie A. Jackson
<i>Director of Accounts and Budgets</i>	Jeff Taylor
<i>Director of Schools</i>	Millard House II
<i>Assessor of Property</i>	Erinne Hester
<i>County Trustee</i>	Brenda E. Radford
<i>County Attorney</i>	W. Timothy Harvey, Esq.

## **BOARD OF COUNTY COMMISSIONERS**

Jerry Allbert	Jason A. Hodges
Ed Baggett	Garland Johnson
Martha Brockman	Charles Keene
Brandon Butts	Robert G. Nichols
Joe Creek	Wallace Redd
John M. Gannon	Larry Rocconi
Robert Gibbs	Ron Sokol
John Genis	Audrey Tooley
Monroe Gildersleeve	Tommy Vallejos
David Harper	Joe Weyant
Arnold Hodges	

## **REGISTRATION AND PAYING AGENT**

U.S. Bank National Association  
Nashville, Tennessee

## **BOND COUNSEL**

Bass, Berry & Sims PLC  
Nashville, Tennessee

## **FINANCIAL ADVISOR**

PFM Financial Advisors LLC  
Memphis, Tennessee



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## SUMMARY STATEMENT

The information set forth below is provided for convenient reference and does not purport to be complete and is qualified in its entirety by the information and financial statements appearing elsewhere in this *Official Statement*. This Summary Statement shall not be reproduced, distributed or otherwise used except in conjunction with the remainder of this *Official Statement*.

Issuer	Montgomery County, Tennessee (the “County” or “Issuer”). See APPENDIX B attached hereto for more information.
Securities Offered	\$50,490,000 General Obligation Refunding and Public Improvement Bonds, Series 2017 (the “Bonds”) of the County, dated September 20, 2017. The Bonds will mature each April 1, beginning April 1, 2018 through April 1, 2037, inclusive. Interest on the Bonds will be payable on April 1 and October 1 of each year, commencing April 1, 2018. See section entitled “SECURITIES OFFERED – Authority and Purpose”.
Security	The Bonds shall be payable from unlimited ad valorem taxes to be levied on all taxable property within the County. For the prompt payment on the Bonds, the full faith and credit of the County are irrevocably pledged. See section entitled “SECURITIES OFFERED – Security”.
Purpose	The Bonds are being issued for the purpose of (i) financing, in whole or in part, the (a) design, site development, construction, renovation, improvement, repair, maintenance and equipping of County buildings and facilities, parks and related facilities, and County schools and school facilities; (b) acquisition of school buses and other school-related vehicles; (c) acquisition of solid waste equipment; (d) acquisition of real property for a public safety training facility; (e) acquisition of all property, real or personal, appurtenant to the foregoing and acquisition or construction of public art and (f) payment of architectural, engineering, legal, fiscal and administrative costs incident to the foregoing, (ii) refunding, in whole or in part, the County’s outstanding General Obligation School and Public Improvement Bonds, Series 2011, dated July 28, 2011, maturing April 1, 2025 through April 1, 2028 and (iii) payment of costs incident to the issuance and sale of the Bonds.
Optional Redemption	The Bonds are subject to optional redemption prior to maturity on or after April 1, 2027, at the redemption price of par plus accrued interest. See section titled “SECURITIES OFFERED – Optional Redemption of the Bonds” herein.
Tax Matters	In the opinion of Bond Counsel, based on existing law and assuming compliance with certain tax covenants of the County, interest on the Bonds is excluded from gross income for federal income tax purposes and is not an item of tax preference for purposes of the federal alternative minimum tax imposed on individuals and corporations; however, such interest is taken into account in determining adjusted current earnings of certain corporations for purposes of the alternative minimum tax on corporations. For an explanation of certain tax consequences under federal law which may result from the ownership of the Bonds, see the discussion under the heading “LEGAL MATTERS – Tax Matters” herein. Under existing law, the Bonds and the income therefrom will be exempt from all state, county and municipal taxation in the State of Tennessee, except Tennessee franchise and excise taxes. (See “LEGAL MATTERS -Tax Matters” herein.)
Rating	Standard & Poor’s: AA+. See the section entitled “MISCELLANEOUS - Rating” for more information.
Registration/Paying Agent and Escrow Agent	U. S. Bank National Association, Nashville, Tennessee
Verification Agent	Robert Thomas CPA
Bond Counsel	Bass, Berry & Sims PLC, Nashville, Tennessee

Financial Advisor	PFM Financial Advisors LLC, Memphis, Tennessee. See the section entitled “MISCELLANEOUS - Financial Advisor”, herein.
Book-Entry-Only	The Bonds will be issued under the Book-Entry-Only System except as otherwise described herein. For additional information, see the section entitled “BASIC DOCUMENTATION – Book-Entry-Only System”.
General	The Bonds are being issued in full compliance with applicable provisions of Title 9, Chapter 21, <i>Tennessee Code Annotated</i> , as supplemented and revised. See “SECURITIES OFFERED” herein. The Bonds will be issued with CUSIP numbers and delivered through the facilities of The Depository Trust Company, New York, New York.
Disclosure	In accordance with Rule 15c2-12 promulgated under the Securities Exchange Act of 1934 as amended, the County will provide the Municipal Securities Rulemaking Board (“MSRB”) through the operation of the Electronic Municipal Market Access system (“EMMA”) and the State Information Depository (“SID”), if any, annual financial statements and other pertinent credit or event information, including Comprehensive Annual Financial Reports, see the section entitled “MISCELLANEOUS-Continuing Disclosure.”
Other Information.	The information in this OFFICIAL STATEMENT is deemed “final” within the meaning of Rule 15c2-12 of the U.S. Securities and Exchange Commission as of the date which appears on the cover hereof except for the omission of certain pricing and other information. For more information concerning the County, or the OFFICIAL STATEMENT, contact The Honorable Jim Durrett, County Mayor, One Millennium Plaza, Suite 205, Clarksville, Tennessee 37040, Telephone: (931) 648-5787.

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**\$50,490,000**  
**MONTGOMERY COUNTY, TENNESSEE**  
**General Obligation Refunding and Public Improvement Bonds, Series 2017**

**SECURITIES OFFERED**

**AUTHORITY AND PURPOSE**

This *Official Statement*, which includes the Summary Statement and appendices, is furnished in connection with the offering by Montgomery County, Tennessee (the “County” or “Issuer”) of \$50,490,000 General Obligation Refunding and Public Improvement Bonds, Series 2017 (the “Bonds”).

The Bonds are authorized to be issued pursuant to the provisions of Title 9, Chapter 21, *Tennessee Code Annotated*, as supplemented and amended, and other applicable provisions of law and pursuant to the bond resolution (the “Resolution”) duly adopted by the County Commission of the County on July 10, 2017.

**PLAN OF FINANCE**

The Bonds are being issued, in part, for the purpose of financing, in whole or in part, the (i) design, site development, construction, renovation, improvement, repair, maintenance and equipping of County buildings and facilities, parks and related facilities, and County schools and school facilities; (ii) acquisition of school buses and other school-related vehicles; (iii) acquisition of solid waste equipment; (iv) acquisition of real property for a public safety training facility; (v) acquisition of all property, real or personal, appurtenant to the foregoing and acquisition or construction of public art and (vi) payment of architectural, engineering, legal, fiscal and administrative costs incident to the foregoing (collectively, the “Projects”).

**REFUNDING PLAN**

The Bonds are additionally being issued, in part, for the purpose of advance refunding all or a portion of the County’s General Obligation School and Public Improvement Bonds, Series 2011, dated July 28, 2011, maturing April 1, 2025 through April 1, 2028 (the “Outstanding Bonds”).

As required by Title 9, Chapter 21, Part 9 of Tennessee Code Annotated as supplemented and revised, a plan of refunding (the “Plan”) for the Outstanding Bonds was submitted to the Director of the Office of State and Local Finance for review.

A portion of the proceeds of the Bonds will be deposited to an escrow fund established under a Refunding Escrow Agreement between the County and U.S. Bank National Association, Nashville, Tennessee (the “Escrow Agent”), and used to purchase United States Treasury Obligations (the “Escrow Investments”). The Escrow Investments will be held in a separate fund established by the Escrow Agent with the maturing principal of and interest on the Escrow Investments, together with any other amounts in the escrow fund, being sufficient to pay principal of and interest on the Outstanding Bonds to their earliest redemption date. Neither the

principal of nor the interest on the Escrow Investments will be available for payment of the Bonds. The Escrow Agent will give the paying agent for the Outstanding Bonds irrevocable direction to redeem the Outstanding Bonds on their earliest optional redemption date of April 1, 2022.

**VERIFICATION OF MATHEMATICAL COMPUTATIONS**

Robert Thomas CPA, LLC, a firm of independent arbitrage consultants, will deliver to the County, on or before the settlement date of the Bonds, its attestation report indicating that it has examined, in accordance with standards established by the American Institute of Certified Public Accountants, the information and assertions provided by the County and its representatives. Included in the scope of its examination will be a verification of the mathematical accuracy of the mathematical computations of the adequacy of the cash and the maturing principal of and interest on the Escrow Investments to pay, when due, the principal of and interest on the Outstanding Bonds. The examinations performed by Robert Thomas CPA, LLC will be solely based upon data, information and documents provided to it by the County and its representatives. Robert Thomas CPA, LLC’s report of its examination will state that it has no obligation to update the report because of events occurring, or data or information coming to its attention, subsequent to the date of the report.

**DESCRIPTION OF THE BONDS**

The Bonds will be dated and bear interest from their date of issuance and delivery of September 20, 2017. Interest on the Bonds will be payable semi-annually on April 1 and October 1, commencing April 1, 2018. The Bonds are issuable in book-entry only form in \$5,000 denominations or integral multiples thereof as shall be requested by each respective registered owner.

The Bonds shall be signed by the County Mayor and shall be attested by the County Clerk. No Bond shall be valid until it has been authorized by the manual signature of an authorized officer or employee of the Registration Agent and the date of the authentication noted thereon.

**SECURITY**

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

The County through its governing body, shall annually levy and collect a tax on all taxable property within the County, in addition to all other taxes authorized by law, sufficient to pay the principal of and interest on the Bonds when due. Principal and interest on the Bonds falling due at any time when there are insufficient funds from such tax shall be paid from the current funds of the County and reimbursement therefor shall be made out of taxes provided by the Resolution when the same shall have been collected.

The Bonds will not be obligations of the State of Tennessee.

## **OPTIONAL REDEMPTION OF THE BONDS**

The Bonds maturing on April 1, 2028 and thereafter shall be subject to optional redemption prior to maturity at the option of the County on April 1, 2027 and thereafter, as a whole or in part, at any time, at the redemption price of par plus accrued interest to the redemption date.

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

(i) if the Bonds are being held under a Book-Entry System by DTC, or a successor Depository, the amount of the interest of each DTC Participant in the Bonds to be redeemed shall be determined by DTC, or such successor Depository, by lot or such other manner as DTC, or such successor Depository, shall determine; or

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

## **NOTICE OF REDEMPTION**

Notice of call for redemption shall be given by the Registration Agent on behalf of the County not less than twenty (20) nor more than sixty (60) days prior to the date fixed for redemption by sending an appropriate notice to the registered owners of the Bonds to be redeemed by first-class mail, postage prepaid, at the addresses shown on the Bond registration records of the Registration Agent as of the date of the notice; but neither failure to mail such notice nor any defect in any such notice so mailed shall affect the sufficiency of the proceedings for redemption of any of the Bonds for which proper notice was given. The notice may state that it is conditioned upon the deposit of moneys in an amount equal to the amount necessary to effect the redemption with the Registration Agent no later than the redemption date (“Conditional Redemption”). As long as DTC, or a successor Depository, is the registered owner of the Bonds, all redemption notices shall be mailed by the Registration Agent to DTC, or such successor Depository, as the registered owner of the Bonds, as and when above provided, and neither the County nor the Registration Agent shall be responsible for mailing notices of redemption to DTC Participants or Beneficial Owners. Failure of DTC, or any successor Depository, to provide notice to any DTC Participant or Beneficial Owner will not affect the validity of such redemption. The Registration Agent shall mail said notices as and when directed by the County pursuant to written instructions from an authorized representative of the County given at least forty-five (45) days prior to the redemption date (unless a shorter notice period shall be satisfactory to the Registration Agent). From and after the redemption date, all Bonds called for redemption shall cease to bear interest if funds are available at the office of the Registration Agent for the payment thereof and if notice has been duly provided as set forth herein. In the

case of a Conditional Redemption, the failure of the County to make funds available in part or in whole on or before the redemption date shall not constitute an event of default, and the Registration Agent shall give immediate notice to the Depository or the affected Bondholders that the redemption did not occur and that the Bonds called for redemption and not so paid remain outstanding.

## **PAYMENT OF BONDS**

The Bonds will bear interest from their date or from the most recent interest payment date to which interest has been paid or duly provided for, on the dates provided herein, such interest being computed upon the basis of a 360-day year of twelve 30-day months. Interest on each Bond shall be paid by check or draft of the Registration Agent to the person in whose name such Bond is registered at the close of business on the 15<sup>th</sup> day of the month next preceding the interest payment date (the "Regular Record Date"). The principal of, and premium, if any, on the Bonds shall be payable in lawful money of the United States of America at the principal corporate trust office of the Registration Agent.

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



## **BASIC DOCUMENTATION**

### **REGISTRATION AGENT**

The Registration Agent, U.S. Bank National Association, Nashville, Tennessee, its successor or the County will make all interest payments with respect to the Bonds on each interest payment date directly to Cede & Co., as nominee of DTC, the registered owner as shown on the Bond registration records maintained by the Registration Agent, except as follows.

So long as Cede & Co. is the Registered Owner of the Bonds, as nominee of DTC, references herein to the Bondholders, Holders or Registered Owners of the Bonds shall mean Cede & Co. and shall not mean the Beneficial Owners of the Bonds. For additional information, see the following section.

### **BOOK -ENTRY-ONLY SYSTEM**

The Registration Agent, its successor or the Issuer will make all interest payments with respect to the Bonds on each interest payment date directly to Cede & Co., as nominee of DTC, the registered owner as shown on the Bond registration records maintained by the Registration Agent on the Regular Record Date by check or draft mailed to such owner at its address shown on said Bond registration records, without, except for final payment, the presentation or surrender of such registered Bonds, and all such payments shall discharge the obligations of the Issuer in respect of such Bonds to the extent of the payments so made, except as described above. Payment of principal of the Bonds shall be made upon presentation and surrender of such Bonds to the Registration Agent as the same shall become due and payable.

So long as Cede & Co. is the Registered Owner of the Bonds, as nominee of DTC, references herein to the Bondholders, Holders or Registered Owners of the Bonds shall mean Cede & Co. and shall not mean the Beneficial Owners of the Bonds.

The Bonds, when issued, will be registered in the name of Cede & Co., DTC's partnership nominee, except as described above. When the Bonds are issued, ownership interests will be available to purchasers only through a book-entry system maintained by DTC (the "Book-Entry-Only System"). One fully-registered bond certificate will be issued for each maturity, in the entire aggregate principal amount of the Bonds and will be deposited with DTC.

*DTC and its Participants.* DTC, the world's largest securities depository, is a limited-purpose trust company organized under the New York Banking Law, a "banking organization" within the meaning of the New York Banking Law, a member of the Federal Reserve System, a "clearing corporation" within the meaning of the New York Uniform Commercial Code, and a "clearing agency" registered pursuant to the provisions of Section 17A of the Securities Exchange Act of 1934. DTC holds and provides asset servicing for over 3.5 million issues of U.S. and non-U.S. equity issues, corporate and municipal debt issues, and money market instruments (from over 100 countries) that DTC's participants ("Direct Participants") deposit with DTC. DTC also facilitates the post-trade settlement among Direct Participants of sales and other securities transactions in deposited securities, through electronic computerized book-entry transfers and pledges between Direct Participants' accounts. This eliminates the need for

physical movement of securities certificates. Direct Participants include both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, clearing corporations, and certain other organizations. DTC is a wholly-owned subsidiary of The Depository Trust & Clearing Corporation (“DTCC”). DTCC is the holding company for DTC, National Securities Clearing Corporation and Fixed Income Clearing Corporation, all of which are registered clearing agencies. DTCC is owned by the users of its regulated subsidiaries. Access to the DTC system is also available to others such as both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, and clearing corporations that clear through or maintain a custodial relationship with a Direct Participant, either directly or indirectly (“Indirect Participants”). DTC has a Standard & Poor’s rating of AA+. The DTC Rules applicable to its Participants are on file with the Securities and Exchange Commission. More information about DTC can be found at [www.dtcc.com](http://www.dtcc.com).

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

*Payments of Principal and Interest.* Principal and interest payments on the Bonds will be made to Cede & Co., or such other nominee as may be requested by an authorized representative of DTC. DTC’s practice is to credit Direct Participants’ accounts, upon DTC’s receipt of funds and corresponding detail information from the Registration Agent on the payable date in accordance with their respective holdings shown on DTC’s records, unless DTC has reason to believe it will not receive payment on such date. Payments by Direct and Indirect Participants to beneficial owners will be governed by standing instructions and customary practices, as is the case with municipal securities held for the accounts of customers in bearer form or registered in “street name”, and will be the responsibility of such Participant and not of DTC, the Issuer or the Registration Agent subject to any statutory or regulatory requirements as may be in effect from time to time. Payment of redemption proceeds, principal, tender price and interest payments to Cede & Co. (or such other nominee as may be requested by an authorized representative of DTC) is the responsibility of the Registration Agent, disbursement of such payments to Direct Participants shall be the responsibility of DTC, and disbursement of such payments to the beneficial owners shall be the responsibility of Direct and Indirect Participants.

*Notices.* Conveyance of notices and other communications by DTC to Direct Participants, by Direct Participants to Indirect Participants, and by Direct Participants and Indirect Participants to Beneficial Owners will be governed by arrangements among them, subject to any statutory or regulatory requirements as may be in effect from time to time. Beneficial Owners of Bonds may wish to take certain steps to augment the transmission to them

of notices of significant events with respect to the Bonds, such as redemptions, tenders, defaults, and proposed amendments to the Security documents. For example, Beneficial Owners of Bonds may wish to ascertain that the nominee holding the Bonds for their benefit has agreed to obtain and transmit notices to Beneficial Owners. In the alternative, Beneficial Owners may wish to provide their names and addresses to the registrar and request that copies of notices be provided directly to them.

Redemption notices shall be sent to DTC. If less than all of the Bonds within a maturity are being redeemed, DTC's practice is to determine by lot the amount of the interest of each Direct Participant in such maturity to be redeemed. Neither DTC nor Cede & Co. (nor any other DTC nominee) will consent or vote with respect to the Bonds unless authorized by a Direct Participant in accordance with DTC's procedures. Under its usual procedures, DTC mails an Omnibus Proxy to the Issuer as soon as practicable after the record date. The Omnibus Proxy assigns Cede & Co.'s consenting or voting rights to those Direct Participants to whose accounts the Bonds are credited on the record date (identified in a listing attached to the Omnibus Proxy).

NONE OF THE ISSUER, THE UNDERWRITER, THE BOND COUNSEL, THE FINANCIAL ADVISOR OR THE REGISTRATION AGENT WILL HAVE ANY RESPONSIBILITY OR OBLIGATION TO SUCH PARTICIPANTS OR THE PERSONS FOR WHOM THEY ACT AS NOMINEES WITH RESPECT TO THE PAYMENT TO, OR THE PROVIDING OF NOTICE FOR, SUCH PARTICIPANTS OR THE PERSONS FOR WHOM THEY ACT AS NOMINEES.

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

None of the Issuer, the Bond Counsel, the Registration Agent, the Financial Advisor or the Underwriter will have any responsibility or obligation, legal or otherwise, to any party other than to the registered owners of any Bond on the registration books of the Registration Agent.

#### **DISCONTINUANCE OF BOOK-ENTRY-ONLY SYSTEM**

In the event that (i) DTC determines not to continue to act as securities depository for the Bonds or (ii) to the extent permitted by the rules of DTC, the Issuer determines to discontinue the Book-Entry-Only System, the Book-Entry-Only System shall be discontinued. Upon the occurrence of the event described above, the Issuer will attempt to locate another qualified securities depository, and if no qualified securities depository is available, Bond certificates will be printed and delivered to Beneficial Owners.

*No Assurance Regarding DTC Practices.* The foregoing information in this section

concerning DTC and DTC’s book-entry system has been obtained from sources that the Issuer believes to be reliable, but the Issuer, the Bond Counsel, the Registration Agent, the Financial Advisor and the Underwriter do not take any responsibility for the accuracy thereof. So long as Cede & Co. is the registered owner of the Bonds as nominee of DTC, references herein to the holders or registered owners of the Bonds will mean Cede & Co. and will not mean the Beneficial Owners of the Bonds. None of the Issuer, the Bond Counsel, the Registration Agent, the Financial Advisor or the Underwriter will have any responsibility or obligation to the Participants, DTC or the persons for whom they act with respect to (i) the accuracy of any records maintained by DTC or by any Direct or Indirect Participant of DTC, (ii) payments or the providing of notice to Direct Participants, the Indirect Participants or the Beneficial Owners or (iii) any other action taken by DTC or its partnership nominee as owner of the Bonds.

For more information on the duties of the Registration Agent, please refer to the Resolution. Also, please see the section entitled “SECURITIES OFFERED – Optional Redemption of the Bonds.”

**ESTIMATED SOURCES AND USES OF FUNDS**

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

<b>Sources:</b>	
Par	\$50,490,000.00
Premium	<u>10,120,427.70</u>
<b>Total Sources</b>	<u><u>\$60,610,427.70</u></u>
 <b>Uses:</b>	
Project Fund	\$30,523,226.00
Escrow Deposit	29,783,416.59
Costs of Issuance <sup>(1)</sup>	185,195.36
Underwriter’s Discount	<u>118,589.75</u>
<b>Total Uses</b>	<u><u>\$60,610,427.70</u></u>

(1) Includes contingency amount

**Disposition of Bond Proceeds**

The proceeds of the sale of the Bonds shall be disbursed as follows:

(a) An amount sufficient, together with such other County funds as may be identified by the County Mayor and, if applicable, investment earnings on the foregoing, to refund the Outstanding Bonds shall be applied to the refunding thereof by depositing such funds with the Escrow Agent in accordance with the terms of the Escrow Agreement.

(b) The remainder of the proceeds of the sale of the Bonds shall be deposited with a financial institution regulated by the Federal Deposit Insurance Corporation or similar federal agency

in a special fund known as the Montgomery County 2017 Construction Fund (the “Construction Fund”), or such other designation as shall be determined by the County Mayor to be kept separate and apart from all other funds of the County. The County shall disburse funds in the Construction Fund to pay costs of issuance of the Bonds, including necessary legal, accounting and fiscal expenses, printing, engraving, advertising and similar expenses, administrative and clerical costs, Registration Agent fees, bond insurance premiums, if any, and other necessary miscellaneous expenses incurred in connection with the issuance and sale of the Bonds. Notwithstanding the foregoing, costs of issuance of the Bonds may be withheld from the good faith deposit or purchase price of the Bonds and paid to the Financial Advisor to be used to pay costs of issuance of the Bonds. The remaining funds in the Construction Fund shall be disbursed solely to pay the costs of the Projects and to reimburse the County for any funds previously expended for costs of the Projects. Money in the Construction Fund shall be secured in the manner prescribed by applicable statutes relative to the securing of public or trust funds, if any, or, in the absence of such a statute, by a pledge of readily marketable securities having at all times a market value of not less than the amount in said Construction Fund. Money in the Construction Fund shall be invested in such investments as shall be permitted by applicable law to the extent permitted by applicable law.

#### **DISCHARGE AND SATISFACTION OF BONDS**

If the County shall pay and discharge the indebtedness evidenced by any of the Bonds in any one or more of the following ways:

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

and if the County shall also pay or cause to be paid all other sums payable hereunder by the County with respect to such Bonds, or make adequate provision therefor, and by resolution of the Governing Body instruct any such escrow agent to pay amounts when and as required to the Registration Agent for the payment of principal of and interest on such Bonds when due, then and in that case the indebtedness evidenced by such Bonds shall be discharged and satisfied and all covenants, agreements and obligations of the County to the holders of such Bonds shall be fully discharged and satisfied and shall thereupon cease, terminate and become void.

If the County shall pay and discharge the indebtedness evidenced by any of the Bonds in the manner provided in either clause (a) or clause (b) above, then the registered owners thereof shall thereafter be entitled only to payment out of the money or Defeasance Obligations (defined herein) deposited as aforesaid.

Except as otherwise provided in this section, neither Defeasance Obligations nor moneys deposited with the Registration Agent nor principal or interest payments on any such Defeasance Obligations shall be withdrawn or used for any purpose other than, and shall be held in trust for, the payment of the principal and interest on said Bonds; provided that any cash received from such principal or interest payments on such Defeasance Obligations deposited with the Registration Agent, (A) to the extent such cash will not be required at any time for such purpose, shall be paid over to the County as received by the Registration Agent and (B) to the extent such cash will be required for such purpose at a later date, shall, to the extent practicable, be reinvested in Defeasance Obligations maturing at times and in amounts sufficient to pay when due the principal and interest to become due on said Bonds on or prior to such redemption date or maturity date thereof, as the case may be, and interest earned from such reinvestments shall be paid over to the County, as received by the Registration Agent. For the purposes hereof, Defeasance Obligations shall mean direct obligations of, or obligations, the principal of and interest on which are guaranteed by, the United States of America, or any agency thereof, obligations of any agency or instrumentality of the United States or any other obligations at the time of the purchase thereof are permitted investments under Tennessee law for the purposes described herein, which bonds or other obligations shall not be subject to redemption prior to their maturity other than at the option of the registered owner thereof.

## **REMEDIES OF BONDHOLDERS**

Under Tennessee law, any Bondholder has the right, in addition to all other rights:

(1) By mandamus or other suit, action or proceeding in any court of competent jurisdiction to enforce its rights against the County, including, but not limited to, the right to require the County to assess, levy and collect taxes adequate to carry out any agreement as to, or pledge of, such taxes, fees, rents, tolls, or other charges, and to require the County to carry out any other covenants and agreements, or

(2) By action or suit in equity, to enjoin any acts or things which may be unlawful or a violation of the rights of such Bondholder.

## **LEGAL MATTERS**

### **LITIGATION**

There are no claims against the County, including claims in litigation, which, in the opinion of the County, would materially affect the County's financial position as it relates to its ability to make payments on the Bonds. There are no suits pending or, to the knowledge of the County, threatened challenging the legality or validity of the Bonds or the right of the County to sell or issue the Bonds. See the subsection entitled "Closing Certificates" for additional information.

## TAX MATTERS

### Federal Taxes

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

- is excluded from a bondholder's federal gross income under the Internal Revenue Code of 1986 (the "Code"),
- is not a preference item for a bondholder under the federal alternative minimum tax, and
- is included in the adjusted current earnings of a corporation for purpose of the federal corporate alternative minimum tax.

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

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

- an S corporation,
- a United States branch of a foreign corporation,
- a financial institution,
- a property and casualty or a life insurance company,
- an individual receiving Social Security or railroad retirement benefits,
- an individual claiming the earned income credit or
- a borrower of money to purchase or carry the Bonds.

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

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

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

*Bond Premium.* If a bondholder purchases a Bond for a price that is more than the principal amount, generally the excess is "bond premium" on that Bond. The tax accounting treatment of bond premium is complex. It is amortized over time and as it is amortized a bondholder's tax basis in that Bond will be reduced. The holder of a Bond that is callable before

its stated maturity date may be required to amortize the premium over a shorter period, resulting in a lower yield on such Bonds. A bondholder in certain circumstances may realize a taxable gain upon the sale of a Bond with bond premium, even though the Bond is sold for an amount less than or equal to the owner's original cost. If a bondholder owns any Bonds with bond premium, it should consult its tax advisor regarding the tax accounting treatment of bond premium.

*Information Reporting and Backup Withholding.* Information reporting requirements apply to interest on tax-exempt obligations, including the Bonds. In general, such requirements are satisfied if the interest recipient completes, and provides the payor with a Form W-9, "Request for Taxpayer Identification Number and Certification," or if the recipient is one of a limited class of exempt recipients. A recipient not otherwise exempt from information reporting who fails to satisfy the information reporting requirements will be subject to "backup withholding," which means that the payor is required to deduct and withhold a tax from the interest payment, calculated in the manner set forth in the Code. For the foregoing purpose, a "payor" generally refers to the person or entity from whom a recipient receives its payments of interest or who collects such payments on behalf of the recipient.

If an owner purchasing a Bond through a brokerage account has executed a Form W-9 in connection with the establishment of such account, as generally can be expected, no backup withholding should occur. In any event, backup withholding does not affect the excludability of the interest on the Bonds from gross income for Federal income tax purposes. Any amounts withheld pursuant to backup withholding would be allowed as a refund or a credit against the owner's Federal income tax once the required information is furnished to the Internal Revenue Service.

### **State Taxes**

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

## **CHANGES IN FEDERAL AND STATE TAX LAW**

From time to time, there are Presidential proposals, proposals of various federal committees, and legislative proposals in the Congress and in the states that, if enacted, could alter or amend the federal and state tax matters referred to herein or adversely affect the marketability or market value of the Bonds or otherwise prevent holders of the Bonds from realizing the full benefit of the tax exemption of interest on the Bonds. Further, such proposals may impact the marketability or market value of the Bonds simply by being proposed. It cannot be predicted whether or in what form any such proposal might be enacted or whether if enacted it would apply to bonds issued prior to enactment. In addition, regulatory actions are from time to time announced or proposed and litigation is threatened or commenced which, if implemented or concluded in a particular manner, could adversely affect the market value, marketability or tax status of the Bonds. It cannot be predicted whether any such regulatory action will be



implemented, how any particular litigation or judicial action will be resolved, or whether the Bonds would be impacted thereby. Purchasers of the Bonds should consult their tax advisors regarding any pending or proposed legislation, regulatory initiatives or litigation. The opinions expressed by Bond Counsel are based upon existing legislation and regulations as interpreted by relevant judicial and regulatory authorities as of the date of issuance and delivery of the Bonds, and Bond Counsel has expressed no opinion as of any date subsequent thereto or with respect to any proposed or pending legislation, regulatory initiatives or litigation.

## **MISCELLANEOUS**

Prospective purchasers of the Bonds should consult their own tax advisors regarding the foregoing matters.

## **CLOSING CERTIFICATES**

Upon delivery of the Bonds, the County will execute in a form satisfactory to Bond Counsel, certain closing certificates including the following: (i) a certificate as to the *Official Statement*, in final form, signed by the Mayor acting in his official capacity to the effect that to the best of his knowledge and belief, and after reasonable investigation, (a) neither the *Official Statement*, in final form, nor any amendment or supplement thereto, contains any untrue statements of material fact or omits to state any material fact necessary to make statements therein, in light of the circumstances in which they are made, misleading, (b) since the date of the *Official Statement*, in final form, no event has occurred which should have been set forth in such a memo or supplement, (c) there has been no material adverse change in the operation or the affairs of the County since the date of the *Official Statement*, in final form, and having attached thereto a copy of the *Official Statement*, in final form, and (d) there is no litigation of any nature pending or, to the knowledge of the County, threatened seeking to restrain the issuance, sale, execution and delivery of the Bonds, or contesting the validity of the Bonds or any proceeding taken pursuant to which the Bonds were authorized; (ii) certificates as to the delivery and payment, signed by the Mayor acting in his official capacity, evidencing delivery of and payment for the Bonds; (iii) a signature identification and incumbency certificate, signed by the Mayor and County Clerk acting in their official capacities certifying as to the due execution of the Bonds; and, (iv) a Continuing Disclosure Certificate regarding certain covenants of the County concerning the preparation and distribution of certain annual financial information and notification of certain material events, if any.

## **APPROVAL OF LEGAL PROCEEDINGS**

Certain legal matters relating to the authorization and the validity of the Bonds are subject to the approval of Bass, Berry & Sims PLC, Nashville, Tennessee, Bond Counsel. Bond Counsel has not prepared the *Preliminary Official Statement* or the *Official Statement*, in final form, or verified their accuracy, completeness or fairness. Accordingly, Bond Counsel expresses no opinion of any kind concerning the *Preliminary Official Statement* or *Official Statement*, in final form, except for the information in the section entitled "LEGAL MATTERS - Tax Matters." The opinion of Bond Counsel will be limited to matters relating to authorization and validity of the Bonds and to the tax-exemption of interest on the Bonds under present federal income tax laws, both as described above. The legal opinion will be delivered with the Bonds and

the form of the opinion is included in APPENDIX A. For additional information, see the section entitled “MISCELLANEOUS – “Competitive Public Sale”, “Additional Information” and “Continuing Disclosure.”

## MISCELLANEOUS

### RATING

Standard & Poor’s (“S&P”) has given the Bonds the rating of “AA+”.

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

The rating reflects only the views of S&P and any explanation of the significance of such rating should be obtained from S&P.

Due to the ongoing uncertainty regarding the economy of the United States of America, including, without limitation, matters such as the future political uncertainty regarding the United States debt limit, obligations issued by state and local governments, such as the Bonds, could be subject to a rating downgrade. Additionally, if a significant default or other financial crisis should occur in the affairs of the United States or of any of its agencies or political subdivisions, then such event could also adversely affect the market for and rating, liquidity, and market value of outstanding debt obligations, including the Bonds.

### COMPETITIVE PUBLIC SALE

The Bonds were offered for sale at competitive public bidding on September 6, 2017. Details concerning the public sale were provided to potential bidders and others in the *Preliminary Official Statement* dated August 30, 2017.

Piper Jaffray & Co. has agreed, subject to the conditions of Closing set forth in the Official Notice of Sale, to purchase the Bonds at a purchase price of \$60,491,837.95 (consisting of the par amount of the Bonds, plus premium of \$10,120,427.70 and less underwriter's discount of \$118,589.75).

### FINANCIAL ADVISOR; RELATED PARTIES; OTHER

*Financial Advisor.* PFM Financial Advisors LLC (“PFM”) has been retained by the County to perform professional services in the capacity of financial advisor. In its role as financial advisor to the County, PFM has provided advice on the plan of financing and structure of the Bonds, and reviewed certain legal and disclosure documents, including this Official Statement, for financial matters. PFM has not independently verified the factual information contained in this Official Statement, but relied on the information supplied by the County and other sources and the County’s certification as to the Official Statement.

*U.S. Bank National Association.* U.S. Bank National Association (the “Bank”) provides,

among other services, commercial banking, investments and corporate trust services to private parties and to State and local jurisdictions, including serving as registration, paying agent or filing agent related to debt offerings. The Bank will receive compensation for its role in serving as Registration and Paying Agent for the Bonds and as Escrow Agent for the Outstanding Bonds. In instances where the Bank serves the County in other normal commercial banking capacities, it will be compensated separately for such services.

*Official Statement.* Certain information relative to the location, economy and finances of the Issuer is found in the *Preliminary Official Statement*, in final form and the *Official Statement*, in final form. Except where otherwise indicated, all information contained in this Official Statement has been provided by the Issuer. The information set forth herein has been obtained by the Issuer from sources which are believed to be reliable but is not guaranteed as to accuracy or completeness by, and is not to be construed as a representation of, the Financial Advisor or the Underwriter. The information contained herein is subject to change without notice, and neither the delivery of this Official Statement nor any sale made hereunder shall under any circumstances create an implication that there has been no change in the affairs of the Issuer, or the other matters described herein since the date hereof or the earlier dates set forth herein as of which certain information contained herein is given.

*Bond Counsel.* From time to time, Bass, Berry & Sims PLC may have represented the Bank on legal matters unrelated to the County and may do so again in the future.

#### **ADDITIONAL DEBT**

The County has not authorized any additional debt at this time. Pursuant to the County's five-year capital improvement program, the County anticipates financing various public improvement projects with approximately \$45,000,000 in additional general obligation indebtedness through fiscal year 2022. This amount is subject to change, however, and does not include any anticipated general obligation indebtedness for schools. The County anticipates incurring additional general obligation indebtedness to fund County schools within the next five years; however, the amount of such school debt is unknown at this time. Before any additional debt may be issued by the County, it must be approved by the County Commission.

#### **DEBT LIMITATIONS**

Pursuant to Title 9, Chapter 21, *Tennessee Code Annotated*, as amended, there is no limit on the amount of bonds that may be issued when the County uses the statutory authority granted therein to issue bonds. (See "DEBT STRUCTURE - Indebtedness and Debt Ratios" for additional information.)

#### **DEBT RECORD**

There is no record of a default on principal and interest payments by the County from information available. Additionally, no agreements or legal proceedings of the County relating to securities have been declared invalid or unenforceable.

## CONTINUING DISCLOSURE

The County will at the time the Bonds are delivered execute a Continuing Disclosure Certificate under which it will covenant for the benefit of holders and beneficial owners of the Bonds to provide certain financial information and operating data relating to the County by not later than twelve months after the end of each fiscal year commencing with the fiscal year ending June 30, 2017 (the "Annual Report"), and to provide notice of the occurrence of certain significant events not later than ten business days after the occurrence of the events and notice of failure to provide any required financial information of the County. The Annual Report (and audited financial statements if filed separately) and notices described above will be filed by the County with the Municipal Securities Rulemaking Board ("MSRB") at [www.emma.msrb.org](http://www.emma.msrb.org) and with any State Information Depository which may be established in Tennessee (the "SID"). The specific nature of the information to be contained in the Annual Report or the notices of events is summarized below. These covenants have been made in order to assist the Underwriters in complying with Securities Exchange Act Rule 15c2-12(b), as it may be amended from time to time (the "Rule 15c2-12").

**Five-Year History of Filing.** While it is believed that all appropriate filings were made with respect to the ratings of County's outstanding bond issues, some of which were insured by the various municipal bond insurance companies, no absolute assurance can be made that all such rating changes of the bonds or various insurance companies which insured some transactions were made or made in a timely manner as required by Rule 15c2-12. For the past five years, the County has complied in all material respects with its existing continuing disclosure agreements in accordance with Rule 15c2-12

**Content of Annual Report.** The County's Annual Report shall contain or incorporate by reference the General Purpose Financial Statements of the County for the fiscal year, prepared in accordance with generally accepted accounting principles, provided, however, if the County's audited financial statements are not available by the time the Annual Report is required to be filed, the Annual Report shall contain unaudited financial statements in a format similar to the financial statements contained herein, and the audited financial statements shall be filed when available. The Annual Report shall also include in a similar format the following information included in APPENDIX B entitled "SUPPLEMENTAL INFORMATION STATEMENT."

1. Summary of bonded indebtedness as of the end of such fiscal year as shown on page B-10;
2. The debt trend and debt ratios as of the end of such fiscal year, together with information about the property tax base as shown on pages B-11 and B-12;
3. Information about the Bonded Debt Service Requirements – General Obligation as of the end of such fiscal year as show on page B-13;
4. The fund balances and retained earnings for the fiscal year as shown on page B-14;
5. Summary of Revenues, Expenditures and Changes in Fund Balances - General Fund for the fiscal year as shown on page B-15;

6. The estimated assessed value of property in the County for the tax year ending in such fiscal year and the total estimated actual value of all taxable property for such year as shown on page B-21;
7. Property tax rates and tax collections of the County for the tax year ending in such fiscal year as well as the uncollected balance for such fiscal year as shown on page B-21; and
8. The ten largest taxpayers as shown on page B-22.
9. Local Option Sales Tax as shown on page B-23.
10. Wheel Tax Revenues as shown on page B-23.

Any or all of the items above may be incorporated by reference from other documents, including Official Statements in final form for debt issues of the County or related public entities, which have been submitted to the MSRB or Securities and Exchange Commission. If the document incorporated by reference is a final Official Statement, in final form, it will be available from the MSRB. The County shall clearly identify each such other document so incorporated by reference. If the Annual Report is not filed with the MSRB by the date required, the County shall send a timely notice of such failure to the MSRB.

**Reporting of Significant Events.** The County will file notice regarding certain significant events with the MSRB and the SID, if any, as follows:

1. Upon the occurrence of a Listed Event (as defined in (3) below), the County shall in a timely manner, but in no event more than ten (10) business days after the occurrence of such event, file a notice of such occurrence with the MSRB and SID, if any.
2. For Listed Events where notice is only required upon a determination that such event would be material under applicable Federal securities laws, the County shall determine the materiality of such event as soon as possible after learning of its occurrence.
3. The following are the Listed Events:
  - a. Principal and interest payment delinquencies;
  - b. Non-payment related defaults, if material;
  - c. Unscheduled draws on debt service reserves reflecting financial difficulties;
  - d. Unscheduled draws on credit enhancements reflecting financial difficulties;

- e. Substitution of credit or liquidity providers, or their failure to perform;
- f. Adverse tax opinions, the issuance by the Internal Revenue Service of proposed or final determinations of taxability, Notices of Proposed Issue (IRS Form 5701-TEB) or other material notices or determinations with respect to the tax status of the Bonds or other material events affecting the tax status of the Bonds;
- g. Modifications to rights of Bondholders, if material;
- h. Bond calls, if material, and tender offers;
- i. Defeasances;
- j. Release, substitution, or sale of property securing repayment of the securities, if material;
- k. Rating changes;
- l. Bankruptcy, insolvency, receivership or similar event of the obligated person;
- m. The consummation of a merger, consolidation or acquisition involving an obligated person or the sale of all or substantially all of the assets of the obligated person, other than in the ordinary course of business, the entry into a definitive agreement to undertake such an action or the termination of a definitive agreement relating to any such actions, other than pursuant to its terms, if material; and
- n. Appointment of a successor or additional trustee or the change of name of a trustee, if material.

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

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

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

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

interpretations of the Rule, as well as any change in circumstances; and

(c) The amendment or waiver either (i) is approved by the Holders of the Bonds, or (ii) does not, in the opinion of nationally recognized Bond Counsel, materially impair the interests of the Holders or beneficial owners of the Bonds.

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

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

#### **ADDITIONAL INFORMATION**

Use of the words "shall," "must," or "will" in this Official Statement in summaries of documents or laws to describe future events or continuing obligations is not intended as a representation that such event will occur or obligation will be fulfilled but only that the document or law contemplates or requires such event to occur or obligation to be fulfilled.

Any statements made in this Official Statement involving estimates or matters of opinion, whether or not so expressly stated, are set forth as such and not as representations of fact, and no representation is made that any of the estimates or matters of opinion will be realized. Neither this Official Statement nor any statement which may have been made orally or in writing is to be construed as a contract with the owners of the Bonds.

The references, excerpts and summaries contained herein of certain provisions of the laws of the State of Tennessee, and any documents referred to herein, do not purport to be complete statements of the provisions of such laws or documents, and reference should be made to the complete provisions thereof for a full and complete statement of all matters of fact relating to the Bonds, the security for the payment of the Bonds, and the rights of the holders thereof.

The PRELIMINARY OFFICIAL STATEMENT and OFFICIAL STATEMENT, in final form, and any advertisement of the Bonds, is not to be construed as a contract or agreement between the County and the purchasers of any of the Bonds. Any statements or information

printed in this PRELIMINARY OFFICIAL STATEMENT or the OFFICIAL STATEMENT, in final form, involving matters of opinions or of estimates, whether or not expressly so identified, is intended merely as such and not as representation of fact.

The County has deemed this OFFICIAL STATEMENT as “final” as of its date within the meaning of Rule 15c2-12, except for the omission of certain pricing and other information as permitted by Rule 15c2-12.

**CERTIFICATION OF ISSUER**

On behalf of the County, we hereby certify that to the best of our knowledge and belief, the information contained herein as of this date is true and correct in all material respects, and does not contain an untrue statement of material fact or omit to state a material fact required to be stated where necessary to make the statement made, in light of the circumstance under which they were made, not misleading.

/s/ Jim Durrett  
County Mayor

ATTEST:

/s/ Kellie Jackson  
County Clerk



**APPENDIX A**  
**FORM OF LEGAL OPINION**

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[FORM OF OPINION OF BOND COUNSEL]

BASS, BERRY & SIMS PLC  
150 Third Avenue South, Suite 2800  
Nashville, TN 37201

September 20, 2017

Board of County Commissioners  
of Montgomery County, Tennessee  
Clarksville, Tennessee

Piper Jaffray & Co.  
Minneapolis, Minnesota

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Ladies and Gentlemen:

We have acted as bond counsel to Montgomery County, Tennessee (the "Issuer") in connection with the issuance of its \$50,490,000 General Obligation Refunding and Public Improvement Bonds, Series 2017, dated the date hereof (the "Bonds"). We have examined the law and such certified proceedings and other papers as we deemed necessary to render this opinion.

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

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

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

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

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

4. Interest on the Bonds is excluded from gross income for federal income tax purposes and is not an item of tax preference for purposes of the federal alternative

minimum tax imposed on individuals and corporations; however, such interest is taken into account in determining adjusted current earnings of certain corporations for purposes of the alternative minimum tax on corporations. The opinion set forth in the preceding sentence is subject to the condition that the Issuer comply with all requirements of the Internal Revenue Code of 1986, as amended (the "Code"), that must be satisfied subsequent to the issuance of the Bonds in order that interest thereon be, or continue to be, excluded from gross income for federal income tax purposes. Failure to comply with certain of such requirements could cause interest on the Bonds to be so included in gross income retroactive to the date of issuance of the Bonds. The Issuer has covenanted to comply with all such requirements. Except as set forth in this Paragraph 4, we express no opinion regarding other federal tax consequences arising with respect to the Bonds.

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

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

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

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

Very truly yours,  
Bass, Berry & Sims PLC

**APPENDIX B**  
**SUPPLEMENTAL INFORMATION STATEMENT**

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## GENERAL INFORMATION

### LOCATION

Montgomery County (the “County”) lies in the central portion of the State of Tennessee. The City of Clarksville (the “City”) serves as the county seat. Approximate land area of the County measures 539 square miles. The County is bordered to the north by the Kentucky State Line. Robertson and Cheatham Counties provide the County's eastern border, while Dickson and Houston Counties makes up the County's southern border. To the west, the County is bordered by Stewart County. The City is located 45 miles southeast of Nashville. The population according to the 2010 U.S. Census for the County was 172,331 and the City was 132,929.

### GENERAL

The County is part of the Clarksville, TN-KY Metropolitan Statistical Area (the “MSA”), which includes Montgomery and Stewart Counties with a Hopkinsville, Kentucky Portion. According to the 2010 US Census the MSA had a population of 268,838. The County is the seventh largest county in the state and the regional hub for seven counties in Tennessee and Kentucky.

Fort Campbell Army Military Base lies along the Tennessee - Kentucky line and has about 85% of the base being located in the County. It is by far the largest employer in the area with a large number of the employees residing in the County. The site includes 106,700 acres located in four counties - Montgomery and Stewart in Tennessee and Christian and Trigg in Kentucky. The base is one of the largest in the world.

Fort Campbell is home to the only Air Assault Division in the world, the 101st Airborne Division. It is also the home of two prestigious Special Operations Command units, the 5th Special Forces Group and the 160th Special Operations Aviation Regiment. Fort Campbell provides training and mobilization support for numerous Army National Guard and Army Reserve units. Fort Campbell is an Army installation that supports active and reserve component units, Army civilians, Army families, retirees and veterans. Constructed in 1941, Fort Campbell supports the fifth largest military population in the Army and the seventh largest in the Department of Defense. (See “RECENT DEVELOPMENTS” herein for information regarding potential significant Base reduction.)

### TRANSPORTATION

Transportation for the County is provided by a variety of sources. The County is served by Interstate 24, U.S. Highways 79 and 41A, and State Highways 12, 13, 48, 76, 112, 149, 374, 236 and 237. Fifty-one motor freight carriers maintain routes throughout the County. R.J. Corman Railroad (shortline) and CSX Transportation (mainline) provide the County's rail services. The nearest port facility is 45 miles away in Nashville on the Cumberland River.

Private air service is provided by the Clarksville Regional Airport about 8 miles from Clarksville which has a 6,000 foot runway and a 4,004 foot runway (see “RECENT

DEVELOPMENTS” for information on a new expansion). The closest full-service commercial airport is located 55 miles away at the Nashville International Airport.

## EDUCATION

*Public School System.* The *Montgomery County School System* serves the County with thirty-nine total schools, which include twenty-three elementary schools, seven middle schools and six high schools (see ‘RECENT DEVELOPMENTS’ for more information on new school construction). The fall 2016 enrollment was 31,232 students with 2,047 teachers. Austin Peay State University also operates the Middle College within the school system, which helps engage students who find it difficult in traditional high school programs.

*Source:* Tennessee Department of Education.

*Private Schools.* There are five private schools in the County that offer a choice for parents seeking an alternative to the traditional public school system: *Clarksville Academy, Clarksville Christian School, Immaculate Conception School, Montgomery Christian Academy* and *Tabernacle Christian School*.

*Higher Education.* There are several places of higher education located within the County. In addition to the colleges listed below, there is also the *Daymar Institute - Clarksville, Miller-Motte Technical College - Clarksville, North Central Institute, Tennessee Rehabilitation Center* and *Troy University – Clarksville* all located in Clarksville.

*Austin Peay State University* is located in Clarksville, Tennessee, on a 180-year-old campus. The campus has 80 buildings on 168 acres and has held five colleges in its history. Austin Peay, founded in 1927 in Montgomery County, is named after former Tennessee Governor Austin Peay, a Clarksville native. The school is a four-year public, masters level university offering over 57 majors and 91 different concentrations. APSU is the fastest-growing university in Tennessee, with a 30 percent enrollment increase since 2000. The fall 2016 enrollment was 10,344 students. There is an Army Education Center at the Fort Campbell Army Base outside of Clarksville that serves the military community through complete academic programs.

*Source:* Austin Peay State University.

*Bethel University* is a private, four-year liberal arts institution founded by the Cumberland Presbyterian Church. Bethel was founded in 1842 and the 100-acre campus is located in McKenzie, Tennessee. Bethel University is accredited by the Southern Association of Colleges and Schools Commission on Colleges to award associate, baccalaureate, and master's degrees. The fall 2016 enrollment was 4,764. There are satellite campuses located in Jackson, Clarksville, Nashville, Chattanooga, Memphis and Paris.

*Source:* Bethel University.

*Nashville State Technical Community College Clarksville Campus* is located in Nashville, Tennessee and was founded in 1970. Fall 2016 enrollment was 10,123. Nashville State shares a 109 acre campus with the Tennessee Technology Center at Nashville. The Nashville State facilities include 239,000 square feet of space for classrooms, labs, offices, student services, and a library. Nashville State offers 49 degree programs and 12 certificate programs. In addition, Nashville State offers continuing education courses ranging from technical skills to management training and programs providing training in such areas as computer-aided drafting and office



technology. The College serves an area comprised of Davidson, Putnam, Cheatham, Dickson, Houston, Humphreys, Montgomery and Stewart Counties, and the Upper Cumberland region. There are five satellite campuses: Clarksville, Cookeville, Humphreys County, Dickson and Southeast Nashville.

*Source:* Nashville State Community College.

*The Tennessee Technology Center at Dickson Clarksville Campus* is part of a statewide system of 26 vocational-technical schools. The Tennessee Technology Center meets a Tennessee mandate that no resident is more than 50 miles from a vocational-technical shop. The institution's primary purpose is to meet the occupational and technical training needs of the citizens including employees of existing and prospective businesses and industries in the region. The Technology Center at Dickson serves the south central region of the state including Dickson, Montgomery, Williamson, Houston and Humphreys Counties. The Technology Center at Dickson began operations in 1968, and the main campus is located in Dickson County. Fall 2013 enrollment was 905 students. There are three satellite campuses located in Clarksville, Franklin and Waverly, Tennessee.

*Source:* Tennessee Technology Center at Dickson.

## **MEDICAL FACILITIES**

*Tennova Healthcare.* Tennova Healthcare, the former Gateway Medical Center, is located in Clarksville, Tennessee, and is a fully accredited 270-bed, acute care facility offering a range of services including emergency, cardiology, cancer care, surgery, pediatrics, neonatal intensive care, and rehabilitation. About 150 physicians support the community with over 30 specialties and sub-specialties. Tennova is affiliated with Community Health Systems (the "CHS") which is one of the nation's leading operators of general acute care hospitals based in Brentwood, TN. The Tennova network, whose parent company is CHS, includes 17 hospitals with about 2,600 licensed beds, 2,400 physicians on the combined medical staffs and 9,600 employees.

*Source:* Community Health Systems.

## **MANUFACTURING AND COMMERCE**

*Aspire Clarksville Foundation.* Aspire Clarksville was developed by area leaders as a focused economic development effort to recruit new businesses and work closely with existing businesses to meet current and future expansion needs. The Internal Revenue Service officially granted the Foundation its 501(c)(3) designation, which has enabled the Foundation to be considered for grants that it would not have otherwise been able to apply for.

*Industrial Development Parks.* There are two main industrial development parks within the County. The newest park is Montgomery County's Corporate Business Park North. It has 833 acres available for development that was from a 2014 land donation by Hemlock Semiconductor. Clarksville-Montgomery County Corporate Business Park South is certified "Deal Ready" on about 840 acres. The entrance less than one-half mile from Interstate 24 and fully served by industrial quality electric, natural gas, water, and wastewater infrastructure. The new Hankook Tire facility is currently under construction at site. See "RECENT DEVELOPMENTS" for more information on the facilities at the parks.

*Fort Campbell Army Military Base.* Of all four counties surrounding the base in both states, Montgomery County receives the most of the economic impact of Fort Campbell’s approximately an annual payroll of over \$4 billion, as reported by the Garrison Resource Management Office for fiscal year 2012. Fort Campbell is a city within itself, having six elementary schools, two middle schools, and one high school with a total enrollment of over 5,000 students. The Base also has a bowling alley, PX Mall, horseback riding, commissary, pools and a library. Blanchfield Army Community Hospital is a 66 bed facility and provides health care for the soldiers, eligible retirees and their family members at the Base. (See “RECENT DEVELOPMENTS” herein for information regarding potential significant Base reduction.)

The following is a list of the major employers in the County:

**Major Employers in Montgomery County**

<u>Company</u>	<u>Product</u>	<u>Employment</u>
Fort Campbell Military Base	Military	31,905
Clarksville Montgomery County School System	Education	4,000
Hankook Tire	Tire	1,800
Wal-Mart Supercenter	Retail	1,363
Tennova Healthcare	Healthcare	1,150
Trane US, Inc.	Air Conditioning/Heating Units	1,100
City of Clarksville	Government	1,050
Austin Peay State University	Education	860
Montgomery County Government	Government	850
Agero	Call Center	750
Convergys Corp.	Contact Center	600
Akebono Brake System	Anti-Lock Brake Systems	600
Jostens, Print & Publish Div.	Yearbooks/Commercial Printing	400
Bridgestone Metalpha USA, Inc.	Steel Cord	375
Hendrickson Trailer Suspension Sys.	Tractor Trailer Air-ride	320
Letica Corporation	Plastic Cups	315
Clarksville Area YMCA	Gym	300
Premier Medical Group	Healthcare	300
Progressive Directions, Inc.	Mental Health Services	300
Florim USA	Ceramic/Porcelain Tile	287
F&M Bank	Bank	250
Lowe’s	Retail	250
Nyrstar	Zinc refining	242
Cumberland Electric Membership Corp.	Electric Utility	227

<u>Company</u>	<u>Product</u>	<u>Employment</u>
Asercare Hospice	Healthcare	222
Centerstone	Behavioral Health Services	184
CDE Lightband	Municipal Electric Utility	175
Spear USA	Metalized Paper Labels	161
Jenkins & Wynne	Automotive Dealership	160
Sam's Club	Retail	156
Beach Oil Company	Oil and Gas	150
Spring Meadows Health Center	Nursing Home	150
Workforce Essentials	Employment Services	148
Clarksville Nursing & Rehabilitation Services	Healthcare	145
Hollingsworth Oil	Petroleum	145
Fortera Credit Union	Bank	140
James Corlew Chevrolet	Automotive Dealership	140
Wyatt-Johnson, Inc.	Retail	140
MW/MB LLC	Fiberglass Strands	101

*Source:* The County.

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## EMPLOYMENT INFORMATION

For the month of April 2017, the unemployment rate for Montgomery County was at 4.1% with 76,537 persons employed out of a labor force of 79,798. The Clarksville, TN-KY MSA's unemployment for April 2017 was at 4.7% with 106,613 persons employed out of a labor force of 111,823.

### Unemployment

	Annual Average				
	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>
National	8.1%	7.4%	6.2%	5.3%	4.9%
Tennessee	7.8%	7.8%	6.5%	5.6%	4.8%
<b>Montgomery County</b>	<b>7.6%</b>	<b>7.6%</b>	<b>6.6%</b>	<b>5.8%</b>	<b>5.2%</b>
Index vs. National	94%	103%	106%	109%	98%
Index vs. State	97%	97%	102%	104%	108%
<b>Clarksville, TN-KY MSA</b>	<b>8.1%</b>	<b>8.1%</b>	<b>6.9%</b>	<b>5.9%</b>	<b>5.4%</b>
Index vs. National	100%	109%	111%	111%	102%
Index vs. State	104%	104%	106%	105%	113%

Source: Bureau of Labor Statistics, revised April 2017.

## ECONOMIC DATA

### Per Capita Personal Income

	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>
<b>National</b>	\$42,461	\$44,282	\$44,493	\$46,464	\$48,190
<b>Tennessee</b>	\$37,457	\$38,778	\$38,814	\$40,252	\$42,127
<b>Montgomery County</b>	<b>\$40,439</b>	<b>\$39,167</b>	<b>\$38,904</b>	<b>\$38,552</b>	<b>\$39,400</b>
Index vs. National	95%	88%	87%	83%	82%
Index vs. State	108%	101%	100%	96%	94%
<b>Clarksville, TN-KY MSA</b>	<b>\$38,723</b>	<b>\$37,823</b>	<b>\$37,744</b>	<b>\$37,554</b>	<b>\$38,554</b>
Index vs. National	91%	85%	85%	81%	80%
Index vs. State	103%	98%	97%	93%	92%

Source: U.S. Department of Commerce, Bureau of Economic Analysis. Updated November 2016

### Social and Economic Characteristics

	<u>National</u>	<u>Tennessee</u>	<u>Montgomery County</u>	<u>Clarksville</u>
Median Value Owner Occupied Housing	\$178,600	\$142,100	\$145,900	\$137,900
% High School Graduates or Higher Persons 25 Years Old and Older	86.7%	85.5%	91.9%	92.2%
Median Household Income	\$53,889	\$45,219	\$50,344	\$46,947
% Persons with Income Below Poverty Level	13.5%	16.7%	13.4%	17.4%

*Source:* U.S. Census Bureau State & County QuickFacts - 2016.

### RECREATION

*Clarksville Marina at Liberty Park.* In 2014, The Clarksville Marina was added to the Liberty Park in downtown. The Marina features boat slips, boat storage, an extended RiverWalk, an amphitheater, park amenities, future retail and dining establishments, and two event centers - Freedom Point and the Wilma Rudolph Event Center.

*Dunbar Cave State Park.* Dunbar Cave is located 60 minutes northwest of Nashville in Montgomery County. Dunbar Cave is the most prominent of several caves located in this designated natural area. In the roomy mouth of the cave, square dances, radio shows, and big band era concerts were once held. This 110-acre natural area in Montgomery County is honeycombed by caves and sinkholes, the most prominent being Dunbar Cave. This 8.1 mile cave has historical, natural, archaeological and geological significance. Excavations revealed that this cave has been occupied by man for thousands of years, drawn by its constant stream flow and natural air conditioning. Angling is a popular activity on beautiful Swan Lake. The lake is fed by the cold, clear stream that flows from the mouth of Dunbar Cave. Since it is only 15-acres in size, boating and swimming are not permitted. There is a Visitors Center, picnic facilities and many hiking trails also in the park.

*Source:* Tennessee State Parks.

*Fort Defiance.* Fort Defiance is a well-preserved Civil War outpost that was used by the Confederate Army. The fort overlooks both the Cumberland and Red Rivers and the Interpretive Center offers detailed insight into Clarksville's role in the War Between the States.

*Montgomery Bell State Park.* Montgomery Bell State Park is located Dickson County. The iron industry in the park has been long silent, but the 3,782 acres that make up Montgomery Bell State Resort Park still show the signs of its presence. The park has a conference style meeting room facilities with a restaurant, lodge, rental cabins, campsites and hiking trails. There is also an 18-hole golf course and three lakes to enjoy. The park is also the site of the first Cumberland Presbyterian Church and the remains of the Old Laurel Furnace.

*Source:* Tennessee State Parks.

## RECENT DEVELOPMENTS

*Agero, Inc.* In 2015 the driver assistance call and date response center increased its employment from 460 to over 500 by the beginning of 2015. Agero invested \$8.2 million in its new facility in 2012. These centers provide critical roadside assistance to over 75 million drivers throughout the U.S. Agero is headquartered in Medford, Massachusetts.

*Bridgestone Metalpha, U.S.A.* In 2011 the Bridgestone Metalpha company completed a \$75 million expansion at its plant in the Clarksville-Montgomery County Corporate Business Park South. The expansion provided an additional 45 jobs. This location serves as the U.S. Corporate Headquarters for steel cord production.

*Clarksville Regional Airport.* The Clarksville Regional Airport completed in late 2014 a \$3.2 million improvement project to accommodate business and private planes as well as some Fort Campbell air traffic. The improvements included a completely reconstructed apron area with two new helicopter landing pads, a new tie-down area supporting 55 aircraft and structural improvements to the apron design that expand the airport's service capabilities.

*Fort Campbell Army Military Base.* As of June 2015, Fort Campbell had about 26,500 in military employees, 65,220 in military retirees and about 8,355 in civilian employees. In 2015 the Army announced plans to reduce its across-the-board troop strength, however, Fort Campbell was spared a large reduction. The Army has only cut 363 soldiers from Fort Campbell instead of the worst case scenario of half its personnel (about 16,000 soldiers).

The reductions come as part of a mandate for Army-wide reductions of about 40,000 troops, reducing its size from 490,000 to 450,000. Army officials looked at cuts to 30 bases during the decision process. The reductions are part of mandatory budget cuts, known as sequestration, that shrink the money allocated to the country's defense budget, and part of the military's drawdown from Iraq and Afghanistan.

*Hankook Tire Co. Ltd.* The South Korean-owned company Hankook Company began construction in late 2014 on a new \$800 million facility. The 1.5 million-square-foot facility will be located in the Clarksville Corporate Business Park South. The company produces high-end performance tires. When the plant is completed by 2018, Hankook hopes to have hired about 200 administrative staff and 1,600 manufacturing staff, for a total of 1,800 people. The two-phased construction process will result in a huge manufacturing facility, that's designed to produce high-end performance tires at an annual production rate of about 11 million.

*Hemlock Semiconductor.* In 2013 the 1,215-acre polycrystalline silicon manufacturing plant closed just prior to launching production and laid off 300 people due to the global marketplace. The \$1.2 billion plant began construction in 2009 at the Commerce Park megasite in Clarksville. The entire 2,200 acre site also included buffering acreage around the site. In 2014 Hemlock donated 833 acres of its 2,200 acre site to the County's Industrial Development Board to attract future facilities. The donated land has been named Montgomery County's Corporate Business Park North.

The facility, which is intended to produce a primary component used in the manufacture of solar panels and other energy equipment, could mean an investment of up to \$2.5 billion

dollars by the company with the potential of employing up to 900 people. If plans are fully implemented, the project would become the largest announced corporate capital investment in Tennessee history.

Hemlock Semiconductor Corporation is the world's leading provider of polycrystalline silicon and other silicon-based products used in the manufacturing of semiconductor devices and passive solar cells and modules. Headquartered in Hemlock, Michigan, Hemlock Semiconductor is owned in majority and managed by Dow Corning Corporation.

Dow Corning Corporation provides performance-enhancing solutions to serve the diverse needs of more than 25,000 customers worldwide. A global leader in silicon-based technology and innovation, offering more than 7,000 products and services, Dow Corning is equally owned by The Dow Chemical Company and Corning, Incorporated. More than half of Dow Corning's annual sales are outside the United States. In the past few years, Hemlock Semiconductor and their parent company, Dow Corning, have invested more than \$4.5 billion dollars in new capacity.

*Jostens, Inc.* Jostens, a Minneapolis-based memory book and scholastic products corporation, purchased the former Quad Graphic Building in 2011 to establish a new memory book facility. The \$47 million expansion investment resulted in over 300 jobs initially.

*Public School Construction.* Northwest High School completed a \$15.6 million renovation in the fall of 2014. The school renovations include a secure, weather-free walkway, an improved theater, a new 7,000-square-foot auxiliary gym, and a larger cafeteria. A new elementary school, Pisgah Elementary, opened in August of 2013. Montgomery Central High School underwent renovations in 2012 to update the building and add space. Rossvie Elementary School opened in fall of 2009 and completed the three school complex off of Rossvie Road.

*Shiloh Industries, Inc.* Shiloh Industries opened its new aluminum die-casting plant in December of 2014 in the Clarksville-Montgomery County Corporate Business Park South. The company plans to hire 150 over the next five years in an estimated \$20 million investment. The site was acquired by Shiloh in August 2013. The plant is approximately 125,000 square feet and one of five Shiloh large-tonnage, high-pressure die casting facilities in the U.S.

*Sources:* The Leaf Chronicle, Southern Standard, The Tennessean, and WBIR News.

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**MONTGOMERY COUNTY, TENNESSEE**  
SUMMARY OF BONDED INDEBTEDNESS

AMOUNT ISSUED	PURPOSE	DUE DATE	INTEREST RATE(S)	OUTSTANDING As of June 30, 2017 <sup>(1)</sup>
\$ 3,894,000	Qualified Zone Academy Bonds, Series 2006	2021	Zero	\$ 1,038,400
20,000,000	Qualified School Construction Bonds, Series 2009	2027	Fixed	11,472,213
40,000,000	General Obligation School and Public Improvement Bonds, Series 2005	April 2016	Fixed	-
63,945,000	General Obligation School and Refunding Bonds, Series 2006	April 2016	Fixed	-
18,000,000	General Obligation School and Public Improvement Bonds, Series 2007	May 2028	Fixed	-
18,450,000	General Obligation Industrial Park Bonds (Taxable), Series 2008	May 2024	Fixed	2,500,000
5,400,000	General Obligation Bonds, Series 2010A (Federally Taxable Build America Bonds)	April 2030	Fixed	5,400,000
74,155,000	General Obligation Refunding Bonds, Series 2010	April 2024	Fixed	53,855,000
62,335,000	General Obligation School and Public Improvement Bonds, Series 2011	April 2029	Fixed	57,335,000
19,465,000	General Obligation Refunding Bonds, Series 2012	April 2025	Fixed	10,625,000
28,040,000	(2) General Obligation School and Refunding Bonds, Series 2012	April 2029	Fixed	20,455,000
37,120,000	General Obligation Bonds, Series 2013 (Federally Taxable)	April 2020	Fixed	18,965,000
13,200,000	General Obligation Public Improvement Bonds, Series 2013	April 2028	Fixed	11,200,000
50,155,000	General Obligation Refunding Bonds, Series 2014	April 2026	Fixed	41,955,000
18,060,000	General Obligation School Bonds, Series 2015	April 2035	Fixed	17,860,000
20,360,000	(3) General Obligation Refunding and Improvement Bonds, Series 2015	April 2035	Fixed	20,210,000
17,600,000	General Obligation Public Improvement Bonds, Series 2016A	April 2036	Fixed	16,510,000
10,830,000	General Obligation Refunding Bonds, Series 2016B (Taxable)	April 2024	Fixed	10,830,000
<u>\$ 523,479,731</u>	<b>OUTSTANDING DEBT</b>			<u>\$ 300,210,613</u>
\$ 50,490,000	General Obligation Refunding and Public Improvement Bonds, Series 2017			\$ 50,490,000
<u>25,900,000</u>	Less: Refunded Bonds - Series 2011 Bonds			<u>25,900,000</u>
<u>\$ 548,069,731</u>	<b>NET DIRECT DEBT</b>			<u>\$ 324,800,613</u>
<b>OVERLAPPING DEBT - As of June 30, 2016</b>				
<u>\$ 115,251,000</u>	City of Clarksville, Tennessee - (73.06% of the Assessed Value of Montgomery County, TN)			<u>\$ 84,202,381</u>
<u>\$ 663,320,731</u>	<b>OVERALL NET DEBT</b>			<u>\$ 409,002,994</u>

**NOTES:**

- (1) The above figures may not include all short-term notes outstanding and capitalized leases, if any. For more information, see the notes to the Financial Statements in the CAFR.
- (2) Includes \$135,000 payable by the Bi-County Solid Waste Management System.
- (3) Includes \$1,190,000 payable by the Bi-County Solid Waste Management System.

**Debt Record**

There is no record of a default on principal and interest payments by the County from information available. Additionally, no agreements or legal proceedings of the County relating to securities have been declared invalid or unenforceable.



## MONTGOMERY COUNTY, TENNESSEE

### Debt Trend and Debt Ratios

#### INTRODUCTON

The information set forth in the following table is based upon information derived in part from the CAFR and the table should be read in conjunction with those statements.

<b>INDEBTEDNESS</b>	<b>For Fiscal Years Ended June 30</b>				
	<b><u>2013</u></b>	<b><u>2014</u></b>	<b><u>2015</u></b>	<b><u>2016</u></b>	<b><u>2017</u></b>
TAX SUPPORTED					<b>(unaudited)</b>
General Obligation Bonds & Notes					
Rural School Bonds & Notes	342,625,316	331,166,266	324,672,217	308,853,182	300,230,613
TOTAL TAX SUPPORTED	\$ 342,625,316	\$ 331,166,266	\$ 324,672,217	\$ 308,853,182	\$ 300,230,613
TOTAL DEBT	\$ 342,625,316	\$ 331,166,266	\$ 324,672,217	\$ 308,853,182	\$ 300,230,613
Less: Debt Service Fund	(35,030,595)	(37,572,524)	(40,336,621)	(33,067,927)	(32,233,597)
NET DIRECT DEBT	<u>\$ 307,594,721</u>	<u>\$ 293,593,742</u>	<u>\$ 284,335,596</u>	<u>\$ 275,785,255</u>	<u>\$ 267,997,016</u>
<b>PROPERTY TAX BASE</b>					
Estimated Actual Value	\$ 11,656,429,368	\$ 11,645,370,726	\$ 12,315,290,725	\$ 12,613,407,459	\$ 15,142,382,790
Appraised Value	\$ 11,369,681,206	\$ 11,266,896,177	\$ 12,315,290,725	\$ 12,613,407,459	\$ 15,142,382,790
Assessed Value	\$ 3,289,142,549	\$ 3,285,782,581	\$ 3,553,987,730	\$ 3,654,768,400	\$ 3,777,728,074

Source: General Purpose Financial Statements and County Officials.

\* Fort Campbell Base (the "Base"), the largest military base in the State of Tennessee and one of the largest in the USA, is located in Montgomery County. The Base is also the largest employer in Tennessee. The Base has significant development amounting to \$6.7 billion as of 2010 (latest information available) with 85% of it located in Tennessee and 15% in Kentucky. The majority of the Base development in Tennessee is in Montgomery County except for a small portion of undeveloped land (25,973 acres) in Stewart County with an estimated value of \$250 million. The total land area of the Base in Tennessee is 68,444 acres amounting to a projected value of Fort Campbell in the County of \$5.5 billion. Additionally, the County has approximately \$488 million of other property currently under In-Lieu of Tax Payment Plans.

**For Fiscal Years Ended June 30**

<b>DEBT RATIOS</b>	<b><u>2013</u></b>	<b><u>2014</u></b>	<b><u>2015</u></b>	<b><u>2016</u></b>	<b><u>2017</u></b> <b><u>(unaudited)</u></b>
TOTAL DEBT to Estimated Actual Value	2.94%	2.84%	2.64%	2.45%	1.98%
TOTAL DEBT to Appraised Value	3.01%	2.94%	2.64%	2.45%	1.98%
TOTAL DEBT to Assessed Value	10.42%	10.08%	9.14%	7.55%	7.09%
NET DIRECT DEBT to Estimated Actual Value	2.64%	2.52%	2.31%	2.19%	1.77%
NET DIRECT DEBT to Appraised Value	2.71%	2.61%	2.31%	2.19%	1.77%
NET DIRECT DEBT to Assessed Value	9.35%	8.94%	8.00%	7.55%	7.09%
<b>PER CAPITA RATIOS</b>					
POPULATION <sup>(1)</sup>	184,637	189,655	193,294	195,734	195,734
PER CAPITA PERSONAL INCOME <sup>(2)</sup>	\$38,904	\$38,552	\$39,400	\$39,400	\$39,400
Estimated Actual Value to POPULATION	63,132	61,403	63,713	64,442	77,362
Assessed Value to POPULATION	17,814	17,325	18,386	18,672	19,300
Total Debt to POPULATION	1,856	1,746	1,680	1,578	1,534
Net Direct Debt to POPULATION	1,666	1,548	1,471	1,409	1,369
Total Debt Per Capita as a % of PER CAPITA PERSONAL INCOME	4.77%	4.53%	4.26%	4.00%	3.89%
Net Direct Debt Per Capita as a % of PER CAPITA PERSONAL INCOME	4.28%	4.02%	3.73%	3.58%	3.48%

<sup>(1)</sup>Per capita computations are based upon data according to the U.S. Census.

<sup>(2)</sup>Per capita personal income is based upon the most recent current data available from the U.S. Department of Commerce for Montgomery County, TN.

**MONTGOMERY COUNTY, TENNESSEE**  
**BONDED DEBT SERVICE REQUIREMENTS - GENERAL OBLIGATION**

FY Ended June	<u>Existing Debt- General Obligation</u> Estimated				<u>Less: Refunded Bonds</u>			<u>The Bonds</u>			<u>Total Debt Service</u>		
	Principal	Gross Interest	U.S. Treasury	TOTAL	Principal	Interest	Total	Principal	Interest	Total	Principal	Interest	Total
2018	\$ 27,592,569	\$ 11,088,587	\$ (90,031)	38,591,125	\$ -	\$ 1,190,000	\$ 1,190,000	\$ 1,390,000	\$ 1,260,335	\$ 2,650,335	\$ 28,982,569	\$ 11,158,922	\$ 40,141,491
2019	28,542,569	10,155,500	(90,031)	38,608,038	-	1,190,000	1,190,000	865,000	2,306,000	3,171,000	29,407,569	11,271,500	40,679,069
2020	29,992,569	9,221,718	(90,031)	39,124,256	-	1,190,000	1,190,000	905,000	2,262,750	3,167,750	30,897,569	10,294,468	41,192,037
2021	30,992,556	8,266,084	(90,031)	39,168,609	-	1,190,000	1,190,000	955,000	2,217,500	3,172,500	31,947,556	9,293,584	41,241,140
2022	27,552,969	6,907,327	(90,031)	34,370,265	-	1,190,000	1,190,000	1,000,000	2,169,750	3,169,750	28,552,969	7,887,077	36,440,046
2023	27,227,969	5,841,658	(83,011)	32,986,616	-	1,190,000	1,190,000	1,050,000	2,119,750	3,169,750	28,277,969	6,771,408	35,049,377
2024	27,192,969	4,716,489	(75,082)	31,834,376	-	1,190,000	1,190,000	1,110,000	2,067,250	3,177,250	28,302,969	5,593,739	33,896,708
2025	24,412,969	3,726,057	(66,596)	28,072,430	6,300,000	1,190,000	7,490,000	6,785,000	2,011,750	8,796,750	24,897,969	4,547,807	29,445,776
2026	22,560,816	2,801,513	(57,538)	25,304,791	7,000,000	875,000	7,875,000	7,475,000	1,672,500	9,147,500	23,035,816	3,599,013	26,634,829
2027	13,907,645	2,064,970	(47,405)	15,925,210	6,300,000	630,000	6,930,000	6,995,000	1,298,750	8,293,750	14,602,645	2,733,720	17,336,365
2028	13,270,000	1,500,275	(36,646)	14,733,629	6,300,000	315,000	6,615,000	7,060,000	949,000	8,009,000	14,030,000	2,134,275	16,164,275
2029	7,420,000	938,525	(25,245)	8,333,280	-	-	-	1,410,000	596,000	2,006,000	8,830,000	1,534,525	10,364,525
2030	3,685,000	669,900	(13,187)	4,341,713	-	-	-	1,465,000	539,600	2,004,600	5,150,000	1,209,500	6,359,500
2031	3,075,000	526,463	-	3,601,463	-	-	-	1,525,000	481,000	2,006,000	4,600,000	1,007,463	5,607,463
2032	2,780,000	428,087	-	3,208,087	-	-	-	1,590,000	420,000	2,010,000	4,370,000	848,087	5,218,087
2033	2,870,000	336,681	-	3,206,681	-	-	-	1,645,000	356,400	2,001,400	4,515,000	693,081	5,208,081
2034	3,025,000	240,638	-	3,265,638	-	-	-	1,710,000	290,600	2,000,600	4,735,000	531,238	5,266,238
2035	3,110,000	137,538	-	3,247,538	-	-	-	1,780,000	222,200	2,002,200	4,890,000	359,738	5,249,738
2036	870,000	31,538	-	901,538	-	-	-	1,855,000	151,000	2,006,000	2,725,000	182,538	2,907,538
2037	-	-	-	-	-	-	-	1,920,000	76,800	1,996,800	1,920,000	76,800	1,996,800
	<u>\$300,080,600</u>	<u>\$ 69,599,544</u>	<u>\$(854,865)</u>	<u>\$368,825,279</u>	<u>\$ 25,900,000</u>	<u>\$ 11,340,000</u>	<u>\$ 37,240,000</u>	<u>\$ 50,490,000</u>	<u>\$ 23,468,935</u>	<u>\$ 73,958,935</u>	<u>\$324,670,600</u>	<u>\$81,728,479</u>	<u>\$ 406,399,079</u>

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## FINANCIAL INFORMATION

### BASIS OF ACCOUNTING AND PRESENTATION

The accounts of the County are organized on the basis of funds and account groups, each of which is considered a separate accounting entity. The modified accrual basis of accounting is used to account for all governmental funds of the County. Revenues for such funds are recognized when they become measurable and available as net current assets. Expenditures, other than interest or long-term debt, are recognized when incurred and measurable.

All proprietary funds are accounted for using the accrual basis of accounting, whereby revenues are recognized when they are earned and expenses are recognized when they are incurred except for prepaid expenses, such as insurance, which are fully expended at the time of payment.

### FUND BALANCES, NET ASSETS AND RETAINED EARNINGS

The following table depicts audited fund balances, net assets and retained earnings for the last five fiscal years ending June 30:

	<u>For the Fiscal Year Ended June 30</u>				
<u>Fund Type</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>
<i>Governmental Funds:</i>					
General	\$23,227,185	\$23,737,681	\$20,679,039	\$17,195,426	\$28,866,987
General Debt Service	31,895,211	35,030,595	37,572,524	40,336,621	33,067,927
General Capital Projects	38,233,152	23,796,446	13,906,254	21,600,232	6,778,055
Nonmajor Funds	2,957,945	3,656,404	3,853,074	4,320,557	4,320,557
<b>Total</b>	<b><u>\$96,313,493</u></b>	<b><u>\$86,221,126</u></b>	<b><u>\$76,010,891</u></b>	<b><u>\$83,452,836</u></b>	<b><u>\$73,033,526</u></b>
Internal Service Funds	\$17,585,960	\$25,434,459	\$25,711,014	\$26,446,393	\$20,997,785

*source:* Comprehensive Financial Audit Reports of the County.

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## MONTGOMERY COUNTY, TENNESSEE

### Five Year Summary of Revenues, Expenditures and Changes in Fund Balances - General Fund For the Fiscal Year Ended June 30

<u>Revenues</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>
Local Taxes	\$ 35,084,913	\$ 35,276,838	\$ 35,925,542	\$ 37,726,587	\$ 51,643,273
Licenses and Permits	1,300,513	820,090	695,798	865,425	1,271,405
Fines, Forfeitures, and Penalties	1,057,431	1,034,240	1,020,151	1,010,721	1,059,843
Charges for Current Services	4,461,375	5,229,349	5,582,142	6,075,063	6,735,676
Other Local Revenues	2,014,931	2,080,583	2,114,113	1,803,161	1,949,647
Fees Received from County Officials	8,576,188	8,703,138	8,503,296	8,384,180	9,002,410
State of Tennessee	6,833,540	7,558,183	6,774,803	6,773,698	7,457,759
Federal Government	1,323,753	797,911	814,843	570,338	484,049
Other Governments & Citizens Groups	376,916	225,543	567,380	555,431	420,916
<b>Total Revenues</b>	<b>\$ 61,029,560</b>	<b>\$ 61,725,875</b>	<b>\$ 61,998,068</b>	<b>\$ 63,764,604</b>	<b>\$ 80,024,978</b>
<b><u>Expenditures</u></b>					
General Government	\$ 6,623,504	\$ 6,634,477	\$ 6,958,416	\$ 7,055,554	\$ 7,926,230
Finance	5,167,296	5,587,506	5,868,627	6,339,758	6,365,652
Administration of Justice	5,813,589	5,942,650	6,296,714	6,641,531	6,871,068
Public Safety	24,714,195	25,241,997	27,190,326	27,779,568	27,128,818
Public Health & Welfare	10,484,914	10,797,419	11,473,940	11,578,537	11,899,571
Social, Cultural, & Recreational Services	2,021,824	2,137,169	2,439,295	2,675,205	2,632,460
Agricultural & Natural Resources	366,881	367,617	392,822	372,311	351,946
Other Operations	4,480,549	4,208,241	4,239,059	4,587,737	5,097,381
Highways	124,155	126,507	132,403	133,608	132,563
Debt Service	-	-	-	-	-
Capital Projects	-	-	-	-	-
<b>Total Expenditures</b>	<b>\$ 59,796,907</b>	<b>\$ 61,043,583</b>	<b>\$ 64,991,602</b>	<b>\$ 67,163,809</b>	<b>\$ 68,405,689</b>
Excess (Deficiency) of Revenues Over Expenditures	\$ 1,232,653	\$ 682,292	\$ (2,993,534)	\$ (3,399,205)	\$ 11,619,289
<b><u>Other Financing Sources (Uses)</u></b>					
Bonds Issued	\$ -	\$ -	\$ -	\$ -	\$ -
Insurance Recovery	32,343	10,251	27,115	5,565	52,272
Transfers In	18,000	-	-	-	-
Transfers Out	(116,528)	(84,788)	(92,223)	(89,973)	-
<b>Total Other Financing Sources (Uses)</b>	<b>\$ (66,185)</b>	<b>\$ (74,537)</b>	<b>\$ (65,108)</b>	<b>\$ (84,408)</b>	<b>\$ 52,272</b>
Net Change in Fund Balance	1,166,468	607,755	(3,058,642)	(3,483,613)	11,671,561
Fund Balance July 1	22,060,717	23,227,185	23,737,681	20,679,039	17,195,426
Prior Period Adjustment	-	(97,259)	-	-	-
<b>Fund Balance June 30</b>	<b>\$ 23,227,185</b>	<b>\$ 23,737,681</b>	<b>\$ 20,679,039</b>	<b>\$ 17,195,426</b>	<b>\$ 28,866,987</b>

Source: Comprehensive Annual Financial Reports of the County.

## **INVESTMENT AND CASH MANAGEMENT PRACTICES**

Investment of idle County operating funds is controlled by state statute and local policies and administered by the County Trustee. Generally, such policies limit investment instruments to direct U. S. Government obligations, those issued by U.S. Agencies or Certificates of Deposit. As required by prevailing statutes, all demand deposits or Certificates of Deposit are secured by similar grade collateral pledged at 110% of market value for amounts in excess of that guaranteed through federally sponsored insurance programs. Deposits with savings and loan associations must be collateralized as outlined above, by an irrevocable letter of credit issued by the Federal Home Loan Bank or by providing notes secured by the first mortgages or first deeds for trust upon residential property in the state equal to at least 150 percent of the amount of uninsured deposits. All collateral must be held in a third party escrow account for the benefit of the County. For reporting purposes, all investments are stated at cost which approximates market value. The County Trustee is responsible for all County investments.

## **REAL PROPERTY ASSESSMENT, TAX LEVY AND COLLECTION PROCEDURES**

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

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

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

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

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

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

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

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

### ***County Taxation of Property***

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

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

### ***Assessment of Property***

*County Assessments; County Board of Equalization.* The function of assessment is to assess all property (with certain exceptions) to the person or persons owning or claiming to own

such property on January 1 for the year for which the assessment is made. All assessment of real and personal property are required to be made annually and as of January 1 for the year to which the assessment applies. Not later than May 20 of each year, the assessor of property in each county is required to (a) make an assessment of all property in the county and (b) note upon the assessor's records the current classification and assessed value of all taxable property within the assessor's jurisdiction.

The assessment records are open to public inspection at the assessor's office during normal business hours. The assessor is required to notify each taxpayer of any change in the classification or assessed value of the taxpayer's property and to cause a notice to be published in a newspaper of general circulation stating where and when such records may be inspected and describing certain information concerning the convening of the county board of equalization. The notice to taxpayers and such published notice are required to be provided and published at least 10 days before the local board of equalization begins its annual session.

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

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

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

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



### ***Periodic Reappraisal and Equalization***

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

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

### ***Valuation for Property Tax Purposes***

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

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

### ***Certified Tax Rate***

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

extraordinary assessment changes or to recapture excessive adjustments.

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

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

### ***Tax Collection and Tax Lien***

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

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

### ***Tax Freeze for the Elderly Homeowners***

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

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**MONTGOMERY COUNTY, TENNESSEE**  
**PROPERTY VALUATION AND PROPERTY TAX**

Fiscal Year Tax Year	2011-2012 2011	2012-2013 2012	2013-2014 2013	2014-2015 2014	2015-2016 2015	2016-2017 2016 (unaudited)
<u>Estimated Actual Values</u>						
Residential & Farms	7,821,507,895	8,085,073,816	8,047,828,618	8,768,881,000	9,077,526,840	9,395,151,145
Commerical & Industrial	2,442,366,106	2,546,542,034	2,799,197,736	2,720,461,090	2,682,353,718	2,764,123,381
Personal Tangible Property	645,844,901	844,387,694	616,079,287	637,780,643	921,914,560	735,473,908
Public Utilities	181,620,219	180,425,824	182,265,085	188,167,992	188,167,992 *	209,618,501
<b>Total Assessor's Appraised Values</b>	<u>11,091,339,121</u>	<u>11,656,429,368</u>	<u>11,645,370,726</u>	<u>12,315,290,725</u>	<u>12,869,963,110</u>	<u>13,104,366,935</u>
In-Lieu of Property Tax Values	83,330,100	488,576,365	488,576,365	488,576,365	488,576,365	488,576,365
Fort Campbell Property Values	5,449,013,544	5,449,013,544	5,449,013,544	5,449,013,544	5,449,013,544	5,449,013,544
<b>Total Assessor's Appraised Values</b>	<u>16,623,682,765</u>	<u>17,594,019,277</u>	<u>17,582,960,635</u>	<u>18,252,880,634</u>	<u>18,807,553,019</u>	<u>19,041,956,844</u>
<u>Assessed Values (1)</u>						
Residential & Farms	1,907,274,700	1,971,545,250	1,946,568,547	2,192,220,250	2,269,074,970	2,328,823,090
Commerical & Industrial	952,913,560	993,558,840	1,083,289,524	1,088,184,436	1,068,952,391	1,096,251,333
Personal Tangible Property	188,987,135	247,084,727	178,817,013	191,334,193	219,437,000	218,766,714
Public Utilities	77,481,312	76,953,732	77,107,497	82,248,851	82,248,851	91,578,687
<b>Total Assessed Values</b>	3,126,656,707	3,289,142,549	3,285,782,581	3,553,987,730	3,639,713,212	3,735,419,824
Appraisal Ratio	97.54%	97.54%	96.75%	100.00%	100.00%	99.15%
Property Tax Rate	3.140	3.140	3.140	2.975	3.070	3.070
Taxes Levied	98,177,021	103,279,076	104,554,843	103,158,299	108,215,644	114,677,389
<u>Collections</u>						
Current Fiscal Year	93,266,713	95,472,606	98,037,684	97,616,012	106,050,895	<i>In Progress</i>
Percent Collected Current FY	95.00%	92.44%	93.77%	94.63%	98.00%	
Amount Uncollected as of 6/30/16	165,841	441,949	1,285,129	4,741,849	5,074,616	<i>In Progress</i>

\* Estimated

(1) Fort Campbell Base (the "Base"), the largest military base in the State of Tennessee and one of the largest in the USA, is located in Montgomery County. The Base is also the largest employer in Tennessee. The Base has significant development amounting to \$6.7 billion as of 2010 (latest information available) with 85% of it located in Tennessee and 15% in Kentucky. The majority of the Base development in Tennessee is in Montgomery County except for a small portion of undeveloped land (25,973 acres) in Stewart County with an estimated value of \$250 million. The total land area of the Base in Tennessee is 68,444 acres amounting to a projected value of Fort Campbell in the County of \$5.5 billion. Additionally, the County has approximately \$488 million of other property currently under In-Lieu of Tax Payment Plans.

*Largest Taxpayers.* For the fiscal year ending June 30, 2016 (tax year 2015), the ten largest taxpayers in the County are as follows:

	<u>Taxpayer</u>	<u>Business Type</u>	<u>Assessment</u>	<u>Taxes Paid</u>
1	Clarksville Health System	Healthcare	\$ 46,045,360	\$ 1,413,593
2	Cumberland Electric	Utility	39,819,113	1,222,446
3	Governor's Square	Retail Shopping Mall	17,650,680	541,876
4	IDB Florim USA	Manufacturing	14,694,566	451,124
5	IDB Montgomery Co.	Manufacturing	13,849,760	425,188
6	Trane Company	Heating & Air Conditioning	45,253,669	413,244
7	Bellsouth Telecommunications	Telecommunications	13,095,395	402,029
8	NYRStar Clarksville	Zinc, Sulfuric Acid & Cadmium	11,631,560	357,091
9	Akebono Brake	Brake Systems	37,161,372	339,347
10	Bridgestone Metalpha	Steel Cord	36,963,201	337,537
	<b>Total</b>		<b>\$ 276,164,676</b>	<b>\$ 5,903,475</b>

Source: The County.

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## LOCAL OPTION SALES TAX

<u>Fiscal Year</u>	<u>Debt Service Fund</u>	<u>General Purpose School</u>	<u>Cities</u>	<u>Total</u>
2011	\$3,236,669	\$34,832,038	\$12,160,832	\$50,229,539
2012	3,805,449	41,032,880	14,489,406	59,327,735
2013	3,532,476	38,057,375	13,594,753	55,184,604
2014	3,622,287	39,033,394	13,868,926	56,524,607
2015	3,525,013	41,612,795	14,604,552	59,742,360
2016	155,312	46,159,719	15,997,108	62,312,139

Source: The County.

## WHEEL TAX

<u>Fiscal Year</u>	<u>Rate Per Vehicle</u>	<u>General Purpose School</u>	<u>% of Increase</u>
2011	30.50	\$3,890,329	15.11%
2012	30.50	3,917,191	0.69%
2013	30.50	4,022,309	2.68%
2014	30.50	4,066,876	1.11%
2015	30.50	4,154,355	2.15%
2016	30.50	4,241,272	2.09%

Source: The County.

## PENSION PLANS

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, become 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.

For additional information of the funding status, trend information and actuarial status of the County's retirement programs, please refer to the appropriate Notes to Financial Statements located in the General Purpose Financial Statements of the County located herein.

### **OTHER POST-EMPLOYMENT BENEFITS OTHER THAN PENSIONS**

GASB Statement 45 establishes standards for the measurement, recognition, and display of Other Post-Employment Benefits (“OPEB”) in the financial reports of state and local government employers. GASB 45 requires the recognition of the accrued liability for the respective year, plus the disclosure of the total unfunded liability. Cash funding of the unfunded liability is not required.

For more information see the Notes to the General Purpose Financial Statements located herein.

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**APPENDIX C**  
**GENERAL PURPOSE FINANCIAL STATEMENTS**

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**ANNUAL FINANCIAL REPORT**  
**MONTGOMERY COUNTY, TENNESSEE**

**FOR THE YEAR ENDED JUNE 30, 2016**



**DIVISION OF LOCAL GOVERNMENT AUDIT**



**ANNUAL FINANCIAL REPORT**  
**MONTGOMERY COUNTY, TENNESSEE**  
**FOR THE YEAR ENDED JUNE 30, 2016**

**COMPTROLLER OF THE TREASURY**  
**JUSTIN P. WILSON**

**DIVISION OF LOCAL GOVERNMENT AUDIT**  
**JAMES R. ARNETTE**  
*Director*

**JEFF BAILEY, CPA, CGFM, CFE**  
*Audit Manager*

**KATIE ARMSTRONG, CPA, CGFM, CFE**  
*Auditor 4*

**CARRIE SABIN**  
**NATHAN SPIESS, CPA**  
**LAUREN SHARPE**  
**WENDY HEATH, CFE**  
*State Auditors*

This financial report is available at [www.comptroller.tn.gov](http://www.comptroller.tn.gov)

**MONTGOMERY COUNTY, TENNESSEE  
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# ***Summary of Audit Findings***

Annual Financial Report  
Montgomery County, Tennessee  
For the Year Ended June 30, 2016

## ***Scope***

We have audited the basic financial statements of Montgomery County as of and for the year ended June 30, 2016.

## ***Results***

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

Our audit resulted in two 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**

- ◆ Tax anticipation note was not retired in compliance with state statute.
- ◆ Material audit adjustments were required for proper financial statement presentation.

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# INTRODUCTORY SECTION

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Montgomery County Officials  
June 30, 2016

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**Officials**

Jim Durrett, County Mayor  
Mike Frost, Highway Supervisor  
Dr. B.J. Worthington, Director of Schools  
Brenda Radford, Trustee  
Erinne Hester, Assessor of Property  
Kellie Jackson, County Clerk  
Cheryl Castle, Circuit, General Sessions, and Juvenile Courts Clerk  
Ted A. Crozier, Jr., Clerk and Master  
Connie Gunnett, Register of Deeds  
John Fuson, Sheriff  
Jeffrey Taylor, Director of Accounts and Budgets  
Jane Davis, Purchasing Agent

**Board of County Commissioners**

Jim Durrett, County Mayor, Chairperson  
John Gannon, Sr.  
Arnold Hodges  
Edward Baggett  
Mark Riggins  
John Genis  
Robert Gibbs, Jr.  
Brandon Butts  
Audrey Tooley  
Ronald Sokol  
Charles Keene

Martha Brockman  
Joe Creek  
David Harper  
Wallace Redd  
Robert Nichols  
Tommy Vallejos  
Jason Hodges  
Monroe Gildersleeve  
Garland Johnson  
Larry Rocconi  
Jerry Allbert

**Highway Commission**

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

**Board of Education**

Josh Baggett, Chairman  
Willie Freeman  
Jimmie Garland  
George Giles

Stephanie Lobdell  
Eula Dowdy  
Anne Murtha

**Audit Committee**

David Harper, Chairman  
Brandon Butts  
Larry Rocconi

Arnold Hodges  
Monroe Gildersleeve



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## FINANCIAL SECTION

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

Independent Auditor's Report

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

To the County Mayor and Board of County Commissioners:

**Report on the Financial Statements**

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, 2016, and the related notes to the financial statements, which collectively comprise the county's basic financial statements as listed in the table of contents.

***Management's Responsibility for the Financial Statements***

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

***Auditor's Responsibility***

Our responsibility is to express opinions on these financial statements based on our audit. We did not audit the financial statements of the Clarksville-Montgomery County Industrial Development Board. Those statements were audited by other auditors whose report has been furnished to us, and our opinion, insofar as it relates to the amounts included for the Clarksville-Montgomery County Industrial Development Board, is based solely on the report of the other auditors. We were unable to determine the Clarksville-Montgomery County Industrial Development Board's respective percentage of the assets, net position and revenues of the aggregate discretely presented component units because the Montgomery

County Emergency Communications District, the Bi-County Solid Waste Management System, the Clarksville-Montgomery County Public Library, and the Clarksville-Montgomery County Tourism Commission, component units requiring discrete presentation, was not included in the county's financial statements. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

### ***Opinions***

In our opinion, based on our audit and the report 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, 2016, and the respective changes in financial position and, where applicable, cash flows thereof and the respective budgetary comparison for the General Fund for the year then ended in accordance with accounting principles generally accepted in the United States of America.

### ***Change in Accounting Principle***

As described in Note V.B., Montgomery County has adopted the provisions of Governmental Accounting Standards Board (GASB) Statement No. 72, *Fair Value Measurement and Application*; GASB Statement No. 76, *The Hierarchy of Generally Accepted Accounting Principles for State and Local Governments*; GASB Statement No. 73, *Accounting and Financial Reporting for Pensions and Related Assets that are not within the Scope of GASB Statement No. 68*, and *Amendments to Certain Provisions of GASB Statements No. 67 and No. 68*; and GASB Statement No. 79, *Certain External Investment Pools and Pool Participants*. Our opinion is not modified with respect to these matters.

## *Other Matters*

### *Required Supplementary Information*

Management has omitted the management's discussion and analysis that accounting principles generally accepted in the United States of America require to be presented to supplement the basic financial statements. Such missing information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. Our opinion on the basic financial statements is not affected by this missing information.

Accounting principles generally accepted in the United States of America require that the schedule of changes in the county's net pension liability (asset) and related ratios, schedule of county and school contributions, schedule of school's proportionate share of the net pension liability (asset), and schedule of funding progress - other postemployment benefits plan on pages 108-115 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

### *Supplementary and Other Information*

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise Montgomery County's 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 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 miscellaneous schedules are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures

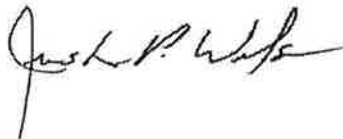
in accordance with auditing standards generally accepted in the United States of America by us. In our opinion, based on our audit, the procedures performed as described above, the combining and individual nonmajor fund financial statements, budgetary comparison schedules of nonmajor governmental funds and the General Debt Service Fund, combining and individual fund financial statements of the Montgomery County School Department (a discretely presented component unit), and miscellaneous schedules are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

The introductory section has not been subjected to the auditing procedures applied in the audit of the basic financial statements, and accordingly, we do not express an opinion or provide any assurance on it.

**Other Reporting Required by *Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report dated November 30, 2016, on our consideration of Montgomery County's internal control over financial reporting and on 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 internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Montgomery County's internal control over financial reporting and compliance.

Very truly yours,



Justin P. Wilson  
Comptroller of the Treasury  
Nashville, Tennessee

November 30, 2016

JPW/kp

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# BASIC FINANCIAL STATEMENTS

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Montgomery County, Tennessee  
 Statement of Net Position  
 June 30, 2016

	Primary Governmental Activities	Component Units		
		Clarksville-Montgomery County School System	Clarksville-Montgomery County Industrial Development Board	
Cash	\$ 70,310	\$ 228,212	\$ 1,493,052	
Equity in Pooled Cash and Investments	97,240,293	59,948,116	0	0
Inventories	64,505	298,466	0	0
Accounts Receivable	8,965,492	206,895	23,468	0
Allowance for Uncollectibles	(5,314,451)	0	0	0
Due from Other Governments	1,737,528	10,246,911	1,055,878	0
Due from Primary Government	0	38	0	0
Due from Component Units	1,826,356	0	0	0
Property Taxes Receivable	84,616,076	31,813,489	0	0
Allowance for Uncollectible Property Taxes	(2,277,650)	(893,597)	0	0
Prepaid Items	246,163	0	0	0
Net Pension Asset - Teacher Retirement Plan	0	153,956	0	0
Unbilled Reimbursable Costs	0	0	618	0
Property Held for Sale or Lease	0	0	29,293,954	0
Due from Related Parties	0	0	17,000	0
Capital Assets:				
Assets Not Depreciated:				
Land	9,340,894	18,865,563	37,641	0
Construction in Progress	11,931,231	393,745	362,952	0
Assets Net of Accumulated Depreciation:				
Buildings and Improvements	85,890,640	283,791,909	0	0
Other Capital Assets	5,806,739	17,351,084	1,579,609	0
Intangibles	1,728,036	0	0	0
Infrastructure	33,767,701	0	0	0
Total Assets	\$ 335,139,837	\$ 417,402,787	\$ 33,864,072	

(Continued)

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

	Component Units		
	Primary Governmental Activities	Clarksville-Montgomery County School System	Clarksville-Montgomery County Industrial Development Board

DEFERRED OUTFLOWS OF RESOURCES

Deferred Charge on Refunding	\$ 9,640,539	\$ 0	\$ 0
Pension Changes in Experience	391,764	1,419,450	0
Pension Other Deferrals	0	1,277,284	0
Pension Contributions After Measurement Date	5,208,931	15,476,323	0
Total Deferred Outflows of Resources	\$ 15,241,234	\$ 18,173,057	\$ 0

LIABILITIES

Accounts Payable	\$ 1,848,133	\$ 1,587,048	\$ 1,017,312
Accrued Payroll	0	13,852,101	0
Payroll Deductions Payable	340,534	8,388,175	0
Accrued Interest Payable	2,148,761	0	0
Retainage Payable	0	0	316,064
Due to Primary Government	0	1,350	0
Due to Component Units	38	0	0
Due to Litigants, Heirs, and Others	14,028	0	0
Other Current Liabilities	11,339	0	0
Customer Deposits Payable	106,528	152,926	0
Due to Related Parties	0	0	33,542
Noncurrent Liabilities:			
Due Within One Year	30,722,461	1,646,256	801,874
Due in More Than One Year	308,127,431	8,131,707	6,229,955
Total Liabilities	\$ 343,319,303	\$ 33,759,563	\$ 8,393,747

DEFERRED INFLOWS OF RESOURCES

Deferred Current Property Taxes	\$ 79,863,172	\$ 29,909,106	\$ 0
Pension Changes in Experience	1,085,317	20,683,718	0
Pension Changes in Investment Earnings	1,076,477	9,209,405	0
Total Deferred Inflows of Resources	\$ 82,024,966	\$ 59,796,229	\$ 0

(Continued)



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

	Component Units			
	Primary Governmental Activities	Clarksville-Montgomery County School System	Clarksville-Montgomery County Industrial Development Board	
\$	5,647,607	\$ 315,402,301	\$	506,000
	0	1,112,372		0
	41,199,174	0		0
	4,104,378	0		0
	352,112	0		0
	1,614,745	0		0
	914,273	0		0
	250,903	0		0
	248,469	0		0
	0	6,588,702		0
	0	2,343,812		0
	0	356,620		0
	0	157,790		0
	(129,294,859)	16,108,455		24,959,325
\$	(74,963,198)	\$ 342,020,052	\$	25,465,325

NET POSITION

Net Investment in Capital Assets

Restricted for:

- Capital Projects
- Debt Service
- Highways
- General Government
- Finance
- Administration of Justice
- Public Safety
- Public Health and Welfare
- Central Cafeteria
- School Transportation
- School Federal Projects
- Education
- Unrestricted

Total Net Position

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, 2016

Functions/Programs	Net (Expense) Revenue and Changes in Net Position					
	Program Revenues			Component Units		
	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Primary Government Total Governmental Activities	Clarksville-Montgomery County School System	Clarksville-Montgomery County Industrial Development Board
Primary Government:						
Governmental Activities:						
General Government	\$ 15,417,328	\$ 3,594,292	\$ 995,000	\$ (10,851,725)	\$ 0	\$ 0
Finance	6,317,699	5,063,070	0	(1,254,629)	0	0
Administration of Justice	7,232,787	4,441,698	0	(1,980,227)	0	0
Public Safety	27,827,171	2,450,660	0	(24,489,340)	0	0
Public Health and Welfare	14,809,080	6,936,414	839,151	(4,728,267)	0	0
Social, Cultural and Recreational Services	3,337,978	238,929	45,000	(3,054,049)	0	0
Agriculture and Natural Resources	384,079	0	18,820	(365,259)	0	0
Highways/Public Works	8,154,535	16,720	1,246,512	(3,664,381)	0	0
Education	61,593,263	36,586,401	481,677	(24,465,186)	0	0
Interest on Long-term Debt	14,235,563	0	225,143	(14,010,420)	0	0
Total Primary Government	\$ 159,249,463	\$ 59,123,184	\$ 7,469,234	\$ (38,864,482)	\$ 0	\$ 0
Component Units:						
Clarksville-Montgomery County School System	\$ 257,648,096	\$ 5,110,027	\$ 0	\$ 0	\$ (225,922,262)	\$ 0
Clarksville-Montgomery County Industrial Development Board	9,601,380	0	8,007,227	0	0	(1,594,153)
Total Component Units	\$ 267,249,476	\$ 5,110,027	\$ 8,007,227	\$ 0	\$ (225,922,262)	\$ (1,594,153)

(Continued)

Exhibit B

Montgomery County, Tennessee  
Statement of Activities (Cont.)

Functions/Programs	Net (Expense) Revenue and Changes in Net Position			
	Expenses	Component Units		
		Charges for Services	Program Revenues Operating Grants and Contributions	Capital Grants and Contributions
General Revenues:				
Taxes:				
Property Taxes Levied for General Purposes		\$ 52,187,619	\$ 31,510,484	\$ 0
Property Taxes Levied for Debt Service		26,809,784	0	0
Local Option Sales Tax		155,486	46,229,719	0
Hotel/Motel Tax		1,760,483	0	0
Wheel Tax		0	4,241,272	0
Business Tax		1,581,071	768,968	0
Mixed Drink Tax		0	332,184	0
Adequate Facilities/Development Tax		1,155,558	0	0
Litigation Tax		1,140,863	0	0
Wholesale Beer Tax		336,591	0	0
Mineral Severance Tax		228,697	0	0
Interstate Telecommunications Tax		3,308	14,466	0
Grants and Contributions Not Restricted to Specific Programs		4,344,260	171,376,963	1,185,867
Interest Income		868,786	9,284	4,231
Miscellaneous		4,153,158	199,479	139,550
Total General Revenues		\$ 94,715,664	\$ 254,677,769	\$ 1,329,648
Change in Net Position		\$ 5,851,182	\$ 28,756,607	\$ (264,505)
Net Position July 1, 2015		(80,593,543)	313,264,545	25,988,797
Prior-period Adjustment (See Note VI.R.)		0	0	(258,967)
Restatement (See Note I.D.9.)		(280,837)	0	0
Net Position, June 30, 2016		\$ (74,963,198)	\$ 342,020,052	\$ 25,466,325

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

Montgomery County, Tennessee  
 Balance Sheet  
 Governmental Funds  
 June 30, 2016

	Major Funds			Nonmajor Funds		Total Governmental Funds
	General	General Debt Service	General Capital Projects	Other	Governmental Funds	
<b>ASSETS</b>						
Cash	\$ 9,600	\$ 0	\$ 0	\$ 10,710	\$ 20,310	
Equity in Pooled Cash and Investments	32,071,873	26,907,278	9,207,530	4,252,680	72,439,361	
Inventories	64,505	0	0	0	64,505	
Accounts Receivable	8,410,224	144,653	0	4,075	8,558,952	
Allowance for Uncollectibles	(5,314,451)	0	0	0	(5,314,451)	
Due from Other Governments	1,050,620	29,307	25,305	632,296	1,737,528	
Due from Other Funds	0	5,278,741	0	0	5,278,741	
Property Taxes Receivable	42,885,126	35,012,212	2,380,745	4,337,993	84,616,076	
Allowance for Uncollectible Property Taxes	(1,229,183)	(865,986)	(64,661)	(117,820)	(2,277,650)	
Prepaid Items	127,116	119,047	0	0	246,163	
Advances to Other Funds	0	500,000	0	0	500,000	
<b>Total Assets</b>	<b>\$ 78,075,430</b>	<b>\$ 67,125,252</b>	<b>\$ 11,548,919</b>	<b>\$ 9,119,934</b>	<b>\$ 165,869,535</b>	
<b>LIABILITIES</b>						
Accounts Payable	\$ 1,090,676	\$ 0	\$ 566,294	\$ 56,593	\$ 1,713,563	
Payroll Deductions Payable	312,354	0	0	25,818	338,172	
Due to Other Funds	3,900,000	0	1,378,741	0	5,278,741	
Due to Litigants, Heirs, and Others	1,809	0	0	12,219	14,028	
Other Current Liabilities	0	0	0	11,339	11,339	
Current Liabilities Payable From Restricted Assets	12,268	0	0	94,260	106,528	
Advances from Other Funds	0	0	500,000	0	500,000	
<b>Total Liabilities</b>	<b>\$ 5,317,107</b>	<b>\$ 0</b>	<b>\$ 2,445,035</b>	<b>\$ 200,229</b>	<b>\$ 7,962,371</b>	

(Continued)

Exhibit C-1

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

	Major Funds			Nonmajor Funds		Total Governmental Funds
	General	General Debt Service	General Capital Projects	Other	Governmental Funds	
\$ 40,228,415 \$	33,298,809 \$	2,245,106 \$	4,090,842 \$		79,863,172	
1,249,041	699,675	61,017	111,180		2,120,913	
2,413,880	58,841	19,706	294,917		2,787,344	
\$ 43,891,336 \$	34,057,325 \$	2,325,829 \$	4,496,939 \$		84,771,429	

DEFERRED INFLOWS OF RESOURCES

Deferred Current Property Taxes	
Deferred Delinquent Property Taxes	
Other Deferred/Unavailable Revenue	
Total Deferred Inflows of Resources	

FUND BALANCES

Nonspendable:

Inventories

Prepaid Items

Restricted:

Restricted for General Government

Restricted for Finance

Restricted for Administration of Justice

Restricted for Public Safety

Restricted for Public Health and Welfare

Restricted for Highways/Public Works

Restricted for Debt Service

Restricted for Capital Projects

Committed:

Committed for General Government

Committed for Public Safety

Committed for Social, Cultural, and Recreational Services

Assigned:

Assigned for General Government

Assigned for Finance

\$ 64,505 \$	0 \$	0 \$	0 \$	0 \$	64,505
127,115	119,047	0	0	0	246,162
352,112	0	0	0	0	352,112
1,614,745	0	0	0	0	1,614,745
914,273	0	0	0	0	914,273
136,884	0	0	114,019	0	250,903
248,469	0	0	0	0	248,469
0	0	0	3,882,064	0	3,882,064
0	32,948,880	0	0	0	32,948,880
0	0	6,778,055	0	0	6,778,055
258,758	0	0	0	0	258,758
77,982	0	0	0	0	77,982
2,698	0	0	0	0	2,698
82,496	0	0	0	0	82,496
201,889	0	0	0	0	201,889

(Continued)

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

	Major Funds			Nonmajor Funds		Total Governmental Funds
	General	General Debt Service	General Capital Projects	Other	Governmental Funds	
\$	441,207	0	0	0	0	441,207
	27,447	0	0	0	0	27,447
	0	0	0	426,683	0	426,683
	24,316,407	0	0	0	0	24,316,407
\$	28,866,987	33,067,927	6,778,055	4,422,766	0	73,135,735
\$	78,075,430	67,125,252	11,548,919	9,119,934	0	165,869,535

FUND BALANCES (Cont.)

Assigned (Cont.):  
Assigned for Public Safety  
Assigned for Public Health and Welfare  
Assigned for Highways/Public Works  
Unassigned  
Total Fund Balances

Total Liabilities, Deferred Inflows of Resources, and Fund Balances

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 Position  
June 30, 2016

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

Total fund balances - balance sheet - governmental funds (Exhibit C-1)		\$ 73,135,735
(1) Capital assets used in governmental activities are not financial resources and therefore are not reported in the governmental funds.		
Add: land	\$ 9,340,894	
Add: construction in progress	11,931,231	
Add: buildings and improvements net of accumulated depreciation	85,890,640	
Add: other capital assets net of accumulated depreciation	5,806,739	
Add: intangibles net of accumulated depreciation	1,728,036	
Add: infrastructure net of accumulated depreciation	33,767,701	
Less: capital assets of internal service funds, which are included below in item (2)	(15,279)	148,449,962
(2) Internal service funds are used by management to charge the cost of liability, workers' compensation insurance, and employee dental benefits to individual funds. The assets and liabilities are included in governmental activities in the statement of net position.		20,997,785
(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	\$ (294,795,000)	
Less: notes payable	(40,000)	
Less: other loans payable	(13,888,169)	
Add: debt to be contributed by component unit	1,325,000	
Add: deferred amount on refunding	9,640,539	
Less: unamortized premium on debt	(18,616,884)	
Less: accrued interest on bonds, notes, and other loans	(2,148,761)	
Less: net pension liability	(485,919)	
Less: other postemployment benefits liability	(3,732,827)	
Less: compensated absences payable	(3,151,817)	(325,893,838)
(4) Amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be amortized and recognized as components of pension expense in future years:		
Add: deferred outflows of resources related to pensions	\$ 5,600,695	
Less: deferred inflows of resources related to pensions	(2,161,794)	3,438,901
(5) Other long-term assets are not available to pay for current-period expenditures and therefore are deferred in the governmental funds.		4,908,257
Net position of governmental activities (Exhibit A)		<u>\$ (74,963,198)</u>

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

Exhibit C-3

Montgomery County, Tennessee  
 Statement of Revenues, Expenditures,  
 and Changes in Fund Balances  
 Governmental Funds  
 For the Year Ended June 30, 2016

	Major Funds			Nonmajor Funds		Total Governmental Funds
	General	General Debt Service	General Capital Projects	Other Governmental Funds		
<b>Revenues</b>						
Local Taxes	\$ 51,643,273	\$ 29,198,596	\$ 2,265,133	\$ 4,476,045	\$ 87,583,047	
Licenses and Permits	1,271,405	0	0	0	1,271,405	
Fines, Forfeitures, and Penalties	1,059,848	0	0	63,452	1,123,295	
Charges for Current Services	6,735,676	0	0	16,163	6,751,839	
Other Local Revenues	1,949,647	416,321	7,398	39,375	2,412,741	
Fees Received From County Officials	9,002,410	0	0	0	9,002,410	
State of Tennessee	7,457,759	0	0	3,505,166	10,962,925	
Federal Government	484,049	44,967	121,425	0	650,441	
Other Governments and Citizens Groups	420,916	706,520	1,835,641	27,000	2,990,377	
<b>Total Revenues</b>	<b>\$ 80,024,978</b>	<b>\$ 30,366,704</b>	<b>\$ 4,229,597</b>	<b>\$ 8,127,201</b>	<b>\$ 122,748,480</b>	
<b>Expenditures</b>						
Current:						
General Government	\$ 7,926,230	\$ 0	\$ 0	\$ 0	\$ 7,926,230	
Finance	6,365,652	0	0	0	6,365,652	
Administration of Justice	6,871,068	0	0	16,163	6,887,231	
Public Safety	27,128,818	0	0	14,528	27,143,346	
Public Health and Welfare	11,899,571	0	0	0	11,899,571	
Social, Cultural, and Recreational Services	2,632,460	0	0	0	2,632,460	
Agriculture and Natural Resources	351,946	0	0	0	351,946	
Other Operations	5,097,381	0	0	0	5,097,381	
Highways	132,563	0	0	7,724,483	7,857,046	
Debt Service:						
Principal on Debt	0	24,719,047	0	0	24,719,047	
Interest on Debt	0	12,328,697	0	0	12,328,697	
Other Debt Service	0	746,443	113,899	0	860,342	

(Continued)



Exhibit C-3

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

	Major Funds			Nonmajor Funds		Total Governmental Funds
	General	General Debt Service	General Capital Projects	Other Governmental Funds		
<b>Expenditures (Cont.)</b>						
Capital Projects	\$ 0	\$ 0	\$ 28,459,389	\$ 0	\$ 0	\$ 28,459,389
Total Expenditures	\$ 68,405,689	\$ 37,794,187	\$ 28,573,288	\$ 7,755,174	\$ 7,755,174	\$ 142,528,338
Excess (Deficiency) of Revenues Over Expenditures	\$ 11,619,289	\$ (7,427,483)	\$ (24,343,691)	\$ 372,027	\$ 372,027	\$ (19,779,858)
<b>Other Financing Sources (Uses)</b>						
Bonds Issued	\$ 0	\$ 0	\$ 9,000,000	\$ 0	\$ 0	\$ 9,000,000
Refunding Debt Issued	0	11,360,000	0	0	0	11,360,000
Premiums on Debt Sold	0	1,130,523	246,514	0	0	1,377,037
Insurance Recovery	52,272	0	0	5,182	0	57,454
Transfers In	0	0	275,000	0	0	275,000
Transfers Out	0	0	0	(275,000)	0	(275,000)
Payments to Refunded Debt Escrow Agent	0	(12,331,734)	0	0	0	(12,331,734)
Total Other Financing Sources (Uses)	\$ 52,272	\$ 158,789	\$ 9,521,514	\$ (269,818)	\$ (269,818)	\$ 9,462,757
Net Change in Fund Balances	\$ 11,671,561	\$ (7,268,694)	\$ (14,822,177)	\$ 102,209	\$ 102,209	\$ (10,317,101)
Fund Balance, July 1, 2015	17,195,426	40,336,621	21,600,232	4,320,557	4,320,557	83,452,836
Fund Balance, June 30, 2016	\$ 28,866,987	\$ 33,067,927	\$ 6,778,055	\$ 4,422,766	\$ 4,422,766	\$ 73,135,735

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, 2016

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)		\$ (10,317,101)
(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	\$ 7,894,110	
Less: current-year depreciation expense	(5,056,715)	
Add: current-year depreciation expense in internal service fund	991	2,838,386
(2) The net effect of various miscellaneous transactions involving capital assets (sales, trade-ins, and donations) is to increase net position.		
Add: capital assets donated	\$ 793,089	
Less: book value of capital assets disposed	(35,934)	757,155
(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, 2015	\$ (4,759,074)	
Add: deferred delinquent property taxes and other deferred June 30, 2016	4,908,257	149,183
(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 position. Also, governmental funds report the effect of 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: bond proceeds	\$ (19,120,000)	
Add: payment to refunding agent	11,650,000	
Add: principal payments on notes	20,000	
Add: principal payments on bonds	23,015,000	
Add: principal payments on other loans	1,684,047	
Less: debt service contributions from component unit to the primary government	(190,000)	
Less: change in deferred amount on refunding debt	(1,378,214)	
Add: change in premium on debt issuances	635,989	16,316,822
(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	\$ 153,082	
Change in other postemployment benefits liability	(795,999)	
Change in compensated absences payable	207,081	
Change in net pension liability/asset	(971,423)	
Restatement in net pension liability/asset	280,837	
Change in deferred outflows of resources related to pensions	706,775	
Change in deferred inflows of resources related to pensions	1,974,992	1,555,345
(6) Internal service funds are used by management to charge the cost of liability, workers' compensation insurance, and employee dental benefits to individual funds. The net revenue (expense) of certain activities of the internal service funds is reported with governmental activities in the statement of activities.		(5,448,608)
Change in net position of governmental activities (Exhibit B)		<u>\$ 5,851,182</u>

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

Montgomery County, Tennessee  
 Statement of Revenues, Expenditures, and Changes  
 in Fund Balance - Actual (Budgetary Basis) and Budget  
 General Fund  
 For the Year Ended June 30, 2016

	Actual (GAAP Basis)	Less: Encumbrances 7/1/2016	Add: Encumbrances 6/30/2016	Actual Revenues/ Expenditures (Budgetary Basis)	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
					Original	Final	
<b>Revenues</b>							
Local Taxes	\$ 51,643,273	\$ 0	\$ 0	\$ 51,643,273	\$ 50,367,228	\$ 50,867,228	\$ 776,045
Licenses and Permits	1,271,405	0	0	1,271,405	653,500	653,500	617,905
Fines, Forfeitures, and Penalties	1,059,843	0	0	1,059,843	930,655	930,655	129,188
Charges for Current Services	6,735,676	0	0	6,735,676	6,075,000	6,075,000	660,676
Other Local Revenues	1,949,647	0	0	1,949,647	2,101,359	2,106,405	(166,758)
Fees Received From County Officials	9,002,410	0	0	9,002,410	8,268,000	8,268,000	734,410
State of Tennessee	7,457,759	0	0	7,457,759	6,924,343	7,530,663	(72,904)
Federal Government	484,049	0	0	484,049	107,350	803,697	(319,648)
Other Governments and Citizens Groups	420,916	0	0	420,916	181,660	450,551	(29,635)
<b>Total Revenues</b>	<b>\$ 80,024,978</b>	<b>\$ 0</b>	<b>\$ 0</b>	<b>\$ 80,024,978</b>	<b>\$ 75,609,125</b>	<b>\$ 77,685,699</b>	<b>\$ 2,339,279</b>
<b>Expenditures</b>							
<b>General Government</b>							
County Commission	290,410	0	0	290,410	325,410	346,960	56,550
Board of Equalization	1,190	0	0	1,190	4,841	4,841	3,651
Beer Board	1,615	0	0	1,615	4,845	4,845	3,230
Other Boards and Committees	4,360	0	0	4,360	4,038	5,168	808
County Mayor/Executive	462,262	0	0	462,262	473,465	473,465	11,193
Personnel Office	352,636	0	0	352,636	375,676	374,376	21,740
County Attorney	119,269	0	0	119,269	60,000	166,460	(12,819)
Election Commission	551,976	0	0	551,976	630,299	630,299	78,323
Register of Deeds	434,327	0	0	434,327	454,427	453,827	19,500
Planning	332,262	0	0	332,262	305,369	332,262	0
Building	184,149	0	0	184,149	188,628	188,528	4,379
Codes Compliance	663,746	0	0	663,746	696,714	694,714	30,968
Geographical Information Systems	156,090	0	0	156,090	185,367	245,207	89,117
County Buildings	1,925,605	(7,939)	4,950	1,922,516	1,968,036	2,033,125	110,609
Other Facilities	907,948	0	0	907,948	1,002,264	1,012,264	104,306
Other General Administration	740,421	0	0	740,421	606,172	779,672	39,251
Preservation of Records	143,624	0	0	143,624	164,920	164,920	21,296

(Continued)

Exhibit C-5

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

	Actual (GAAP Basis)	Less: Encumbrances 7/1/2015	Add: Encumbrances 6/30/2016	Actual Revenues/ Expenditures (Budgetary Basis)	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
					Original		
					Original	Final	
<b>Expenditures (Cont.)</b>							
<b>General Government (Cont.)</b>							
Other Risk Management	\$ 654,440	\$ 0	\$ 0	\$ 654,440	\$ 0	\$ 654,440	\$ 0
<b>Finance</b>							
Accounting and Budgeting	596,065	(542)	0	595,493	646,614	647,156	51,663
Purchasing	285,767	0	0	285,767	294,120	294,070	8,303
Property Assessor's Office	1,002,075	0	23,500	1,025,575	994,473	1,149,128	123,553
County Trustee's Office	638,306	0	0	638,306	598,966	632,266	43,960
County Clerk's Office	1,925,652	(1,473)	677	1,924,856	2,058,262	2,059,735	134,879
Data Processing	1,862,648	0	0	1,862,648	1,911,827	1,978,888	116,240
Other Finance	55,169	0	0	55,169	56,550	71,550	16,381
<b>Administration of Justice</b>							
Circuit Court	2,749,953	(10,832)	0	2,739,621	2,990,195	3,000,527	260,906
General Sessions Court	676,990	0	0	676,990	690,039	690,039	13,049
Drug Court	70,026	0	0	70,026	70,000	70,000	(26)
Chancery Court	527,145	0	0	527,145	532,891	534,743	7,598
Juvenile Court	1,227,236	(1,199)	0	1,226,037	1,105,651	1,405,749	179,712
District Attorney General	37,022	0	0	37,022	59,750	59,750	22,728
Office of Public Defender	6,858	0	0	6,858	7,313	8,183	1,325
Judicial Commissioners	201,270	0	0	201,270	235,984	235,984	34,714
Other Administration of Justice	512,711	0	0	512,711	92,702	514,784	2,073
Probation Services	861,857	0	0	861,857	943,505	943,505	81,648
<b>Public Safety</b>							
Sheriff's Department	9,317,916	0	36,649	9,354,565	9,502,233	9,790,998	436,433
Special Patrols	2,109,768	0	10,235	2,119,993	2,184,283	2,184,283	64,290
Administration of the Sexual Offender Registry	11,449	0	0	11,449	12,760	12,760	1,311
Jail	12,299,830	(2,969)	0	12,296,861	13,189,828	13,219,485	922,624
Workhouse	1,676,616	0	0	1,676,616	1,763,450	1,763,450	86,834
Correctional Incentive Program Improvements	439,463	0	0	439,463	493,802	493,802	54,339
Juvenile Services	202,008	0	0	202,008	141,179	214,190	12,182
Fire Prevention and Control	195,636	(1,093)	0	194,543	240,467	255,451	60,908

(Continued)

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

	Actual (GAAP Basis)	Less:		Add:	Actual Revenues/ Expenditures (Budgetary Basis)	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
		7/1/2015	Encumbrances 6/30/2016			Original	Final	
<u>Expenditures (Cont.)</u>								
<u>Public Safety (Cont.)</u>								
Civil Defense	\$ 479,871	\$ 0	\$ 0	\$ 479,871	\$ 484,193	\$ 488,693	\$ 8,922	
Other Emergency Management	119,511	(7,138)	0	112,373	0	287,786	175,413	
County Coroner/Medical Examiner	276,750	0	0	276,750	215,000	294,500	17,750	
<u>Public Health and Welfare</u>								
Local Health Center	263,151	0	0	263,151	218,472	490,542	227,391	
Rabies and Animal Control	636,095	0	0	636,095	730,203	731,703	95,608	
Ambulance/Emergency Medical Services	8,690,603	0	0	8,690,603	9,968,526	9,970,252	1,279,649	
Other Local Health Services	2,082,093	0	0	2,082,093	2,773,200	2,847,800	765,707	
Appropriation to State	213,779	0	0	213,779	216,429	213,779	0	
Other Local Welfare Services	12,650	0	0	12,650	20,825	20,825	8,175	
Other Public Health and Welfare	1,200	0	0	1,200	2,500	2,500	1,300	
<u>Social, Cultural, and Recreational Services</u>								
Libraries	1,914,836	0	0	1,914,836	1,914,836	1,914,836	0	
Parks and Fair Boards	711,205	(86,230)	0	625,075	770,697	868,927	195,952	
Other Social, Cultural, and Recreational	6,419	0	0	6,419	9,688	9,688	3,269	
<u>Agriculture and Natural Resources</u>								
Agricultural Extension Service	316,479	0	0	316,479	400,456	419,276	102,797	
Forest Service	2,000	0	0	2,000	2,000	2,000	0	
Soil Conservation	33,467	0	0	33,467	33,563	33,563	96	
<u>Other Operations</u>								
Tourism	1,394,303	0	0	1,394,303	1,466,667	1,600,000	205,697	
Industrial Development	640,404	0	0	640,404	640,404	640,404	0	
Airport	233,722	0	0	233,722	220,260	233,722	0	
Veterans' Services	426,190	0	0	426,190	444,987	455,089	28,899	
Other Charges	1,537,894	0	0	1,537,894	1,968,401	1,713,961	176,067	
Contributions to Other Agencies	467,861	0	0	467,861	412,500	471,457	3,596	
Employee Benefits	382,131	0	0	382,131	457,900	457,900	75,769	
Miscellaneous	14,876	0	0	14,876	15,500	15,500	624	

(Continued)

Exhibit C-5

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

	Actual (GAAP Basis)	Less: Encumbrances 7/1/2015	Add: Encumbrances 6/30/2016	Actual Revenues/ Expenditures (Budgetary Basis)	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
					Original	Final	
<u>Expenditures (Cont.)</u>							
<u>Highways</u>							
Litter and Trash Collection	\$ 132,563 \$	0 \$	0 \$	132,563 \$	117,563 \$	135,163 \$	2,600
Total Expenditures	\$ 68,405,639 \$	(70,915) \$	76,001 \$	68,410,775 \$	71,766,965 \$	75,105,685 \$	6,694,910
Excess (Deficiency) of Revenues Over Expenditures	\$ 11,619,289 \$	70,915 \$	(76,001) \$	11,614,203 \$	3,842,160 \$	2,580,014 \$	9,034,189
<u>Other Financing Sources (Uses)</u>							
Insurance Recovery	\$ 52,272 \$	0 \$	0 \$	52,272 \$	8,500 \$	18,576 \$	33,696
Transfers In	0	0	0	0	351,164	672,239	(672,239)
Total Other Financing Sources	\$ 52,272 \$	0 \$	0 \$	52,272 \$	359,664 \$	690,815 \$	(638,543)
Net Change in Fund Balance Fund Balance, July 1, 2015	\$ 11,671,561 \$	70,915 \$	(76,001) \$	11,666,475 \$	4,201,824 \$	3,270,829 \$	8,395,646
Fund Balance, June 30, 2016	17,195,426	(70,915)	0	17,124,511	15,184,233	17,195,426	(70,915)
Fund Balance, June 30, 2016	\$ 28,866,987 \$	0 \$	(76,001) \$	28,790,986 \$	19,386,067 \$	20,466,255 \$	8,324,731

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

Exhibit D-1

Montgomery County, Tennessee  
Statement of Net Position  
Proprietary Funds  
June 30, 2016

	<u>Governmental Activities - Internal Service Funds</u>
<u>ASSETS</u>	
Current Assets:	
Equity in Pooled Cash and Investments	\$ 24,800,922
Cash with Paying Agents	50,000
Accounts Receivable	406,530
Due from Component Units	1,350
Total Current Assets	<u>\$ 25,258,802</u>
Noncurrent Assets:	
Capital Assets:	
Buildings and Improvements	\$ 24,803
Accumulated Depreciation - Buildings and Improvements	(9,524)
Total Noncurrent Assets	<u>\$ 15,279</u>
Total Assets	<u>\$ 25,274,081</u>
<u>LIABILITIES</u>	
Current Liabilities:	
Accounts Payable	\$ 134,570
Payroll Deductions Payable	2,412
Due to Component Units	38
Claims and Judgments Payable	2,069,638
Total Current Liabilities	<u>\$ 2,206,658</u>
Noncurrent Liabilities:	
Claims and Judgments Payable	<u>\$ 2,069,638</u>
Total Noncurrent Liabilities	<u>\$ 2,069,638</u>
Total Liabilities	<u>\$ 4,276,296</u>
<u>NET POSITION</u>	
Unrestricted	<u>\$ 20,997,785</u>
Total Net Position	<u>\$ 20,997,785</u>

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

Exhibit D-2

Montgomery County, Tennessee  
Statement of Revenues, Expenses, and  
Changes in Net Position  
Proprietary Funds  
For the Year Ended June 30, 2016

	<u>Governmental Activities - Internal Service Funds</u>
<u>Operating Revenues</u>	
Charges for Current Services	\$ 46,683,843
Total Operating Revenues	<u>\$ 46,683,843</u>
<u>Operating Expenses</u>	
Other Facilities	\$ 2,623
Property Assessor's Office	7,150
Risk Management	706,434
Probation Services	707
Sheriff's Department	1,402
Jail	782
Waste Pickup	1,790
Convenience Centers	503
Landfill Operation and Maintenance	3,850
Parks and Fair Boards	25
Instruction	60,183
Other Charges	1,399,104
Depreciation	991
Employee Benefits	51,759,601
Other	7,150
Total Operating Expenses	<u>\$ 53,952,295</u>
Operating Income (Loss)	<u>\$ (7,268,452)</u>
<u>Nonoperating Revenues (Expenses)</u>	
Investment Income	\$ 56,089
Miscellaneous Refunds	1,763,755
Total Nonoperating Revenues (Expenses)	<u>\$ 1,819,844</u>
Changes in Net Position	\$ (5,448,608)
Net Position, July 1, 2015	<u>26,446,393</u>
Net Position, June 30, 2016	<u>\$ 20,997,785</u>

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



Montgomery County, Tennessee  
Statement of Cash Flows  
Proprietary Funds  
For the Year Ended June 30, 2016

	<u>Governmental Activities - Internal Service Funds</u>
<u>Cash Flows from Operating Activities</u>	
Receipts from Interfund Services Provided	\$ 46,280,226
Other Self-Insured Claims	(53,703,415)
Other Receipts (Payments)	1,763,755
Net Cash Provided By (Used In) Operating Activities	<u>\$ (5,659,434)</u>
<u>Cash Flows from Investing Activities</u>	
Investment Income	\$ 56,089
Net Cash Provided By (Used In) Investing Activities	<u>\$ 56,089</u>
Net Increase (Decrease) in Cash	\$ (5,603,345)
Cash, July 1, 2015	<u>30,454,267</u>
Cash, June 30, 2016	<u>\$ 24,850,922</u>
<u>Reconciliation of Operating Income (Loss) to Net Cash Provided By (Used In) Operating Activities</u>	
Operating Income (Loss)	\$ (7,268,452)
Miscellaneous Refunds	1,763,755
Adjustments to Reconcile Net Operating Income (Loss) to Net Cash Provided By (Used In) Operating Activities:	
Depreciation Expense	991
(Increase) Decrease in Accounts Receivable	(405,430)
(Increase) Decrease in Due from Other Funds	1,100
(Increase) Decrease in Due from Component Units	1,813
Increase (Decrease) in Accounts Payable	22,844
Increase (Decrease) in Accrued Payroll	(1,190)
Increase (Decrease) in Payroll Deductions Payable	834
Increase (Decrease) in Due to Component Units	(217)
Increase (Decrease) in Claims and Judgments Payable	<u>224,518</u>
Net Cash Provided By (Used In) Operating Activities	<u>\$ (5,659,434)</u>

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

Exhibit E

Montgomery County, Tennessee  
Statement of Fiduciary Assets and Liabilities  
Fiduciary Funds  
June 30, 2016

	<u>Agency Funds</u>
<u>ASSETS</u>	
Cash	\$ 6,982,907
Equity in Pooled Cash and Investments	366,164
Accounts Receivable	4,210
Due from Other Governments	<u>2,688,955</u>
Total Assets	<u>\$ 10,042,236</u>
<u>LIABILITIES</u>	
Accounts Payable	\$ 6,118
Due to Other Taxing Units	2,686,116
Due to Litigants, Heirs, and Others	7,063,650
Due to Joint Ventures	216,153
Other Current Liabilities	<u>70,199</u>
Total Liabilities	<u>\$ 10,042,236</u>

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

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**MONTGOMERY COUNTY, TENNESSEE**  
**Index of Notes to the Financial Statements**

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**MONTGOMERY COUNTY, TENNESSEE**  
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**MONTGOMERY COUNTY, TENNESSEE**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**For the Year Ended June 30, 2016**

**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 financial statements of the Emergency Communications District of Montgomery County, the Bi-County Solid Waste Management System, the Clarksville-Montgomery County Public Library, and the Clarksville-Montgomery County Tourism Commission, component units requiring discrete presentation, were excluded from this report due to materiality calculations; therefore, the effect of their omission did not affect our opinion thereon. The component units discussed below are included in the county's reporting entity because of the significance of their operational or financial relationships with the county.

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

The Clarksville-Montgomery County School System operates the public school system in the county, and the voters of Montgomery County elect its board. The School System is fiscally dependent on the county because it may not issue debt, and its budget and property tax levy are subject to the County Commission's approval. The School System's taxes are levied under the taxing authority of the county and are included as part of the county's total tax levy.

The Emergency Communications District of Montgomery County provides a simplified means of securing emergency services through a uniform emergency number for the residents of Montgomery County, and the Montgomery County Commission and the Clarksville City Council appoint its governing body. The district is funded primarily through a service charge levied on telephone services. Before the issuance of most debt instruments,

the district must obtain the County Commission's approval. The financial statements of the Emergency Communications District of Montgomery County were not material to the component units' opinion unit and therefore have been omitted from this report.

The Bi-County Solid Waste Management System provides landfill and collection services for Montgomery and Stewart counties, and Montgomery County operates the transfer station. The joint participants appoint the board members of the system; however, Montgomery County appoints a voting majority of the board members and contributes the majority of funding for the system. This system is treated as a discrete component unit of Montgomery County since the county may unilaterally control the operations of the system. The financial statements of the Bi-County Solid Waste Management System were not material to the component units' opinion unit and therefore have been omitted from this report.

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

The Clarksville-Montgomery County Public Library provides for the maintenance and operation of the public library for the benefit of residents of Montgomery County, and the Montgomery County Commission appoints its nine board members. County appropriations and donations provide the majority of its funding. The financial statements of the Clarksville-Montgomery County Public Library were not material to the component units' opinion unit and therefore have been omitted from this report.

The county, in conjunction with the City of Clarksville, has created the Clarksville-Montgomery County Tourism Commission to promote tourist and recreational activity in the Clarksville-Montgomery County area. 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. The annual budget of the Tourism Commission is prepared and legally adopted by the board of commissioners and approved by the Montgomery County Director of Accounts and Budgets. The financial statements of the Clarksville-Montgomery County Tourism Commission were not material to the component units' opinion unit and therefore have been omitted from this report.

The Clarksville-Montgomery County School System does not issue separate financial statements from those of the county. Therefore, basic financial statements of the School System are included in this report as listed in the table of contents. The financial statements of the Emergency Communications District of Montgomery County, the bi-County Solid Waste Management System, the Clarksville-Montgomery County Public Library,

and the Clarksville-Montgomery County Tourism Commission were not material to the component units' opinion unit and, therefore, have been omitted from this report, as previously mentioned. Complete financial statements of the Emergency Communications District of Montgomery County, the Bi-County Solid Waste Management System, the Clarksville-Montgomery County Industrial Development Board, the Clarksville-Montgomery County Public Library, and the Clarksville-Montgomery County Tourism Commission can be obtained from their administrative offices at the following addresses:

Administrative Offices:

Emergency Communications District of Montgomery County  
130 South First Street  
Clarksville, TN 37040

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

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

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

Clarksville-Montgomery County Tourism Commission  
25 Jefferson Street, Suite 300  
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 Position and the Statement of Activities) report information on all of the nonfiduciary activities of the primary government and its component units. For the most part, the effect of interfund activity has been removed from these statements. However, when applicable, interfund services provided and used between functions are not eliminated in the process of consolidation in the Statement of Activities. Governmental activities are normally supported

by taxes and intergovernmental revenues. Business-type activities, which rely to a significant extent on fees and charges, are required to be reported separately from governmental activities in government-wide financial statements. However, the primary government of Montgomery County does not have any business-type activities to report. Likewise, the primary government is reported separately from certain legally separate component units for which the primary government is financially accountable. The Clarksville-Montgomery County School System component unit only reports governmental activities in the government-wide financial statements.

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

Montgomery County issues all debt for the discretely presented Clarksville-Montgomery County School System. Net debt issues totaling \$18,640,568 were contributed by the county to the School System during the year ended June 30, 2016.

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, deferred outflow of resources, liabilities, deferred inflow of resources, 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.

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

Additionally, Montgomery County reports the following fund types:

**Special Revenue Funds** – These funds account for the proceeds of specific revenue sources that are restricted or committed to expenditure for specified purposes other than debt service or capital projects.

**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, delinquent property taxes for the City of Clarksville, state grants and other restricted revenues held for the benefit of the Judicial District Drug Task Force, restricted revenues held for the benefit of the Office of District Attorney General, and assets held in a custodial capacity for a regional port authority. Agency funds are custodial in nature (assets equal liabilities) and do not involve measurement of results of operations. They do, however, use the accrual basis of accounting to recognize receivables and payables.

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

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

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

Additionally, the Clarksville-Montgomery County School System reports the following fund type:

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

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.

**D. Assets, Liabilities, Deferred Outflows/Inflows of Resources, and Net Position/Fund Balance**

**1. Deposits and Investments**

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

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

The county trustee maintains a cash and internal investment pool that is used by all funds of Montgomery County, the Clarksville-

Montgomery County School System, the Bi-County Solid Waste Management System, the Emergency Communications District of Montgomery County, the Clarksville-Montgomery County Public Library, 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 position 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 School System have adopted a policy of reporting U.S. Treasury obligations, U.S. agency obligations, and repurchase agreements with maturities of one year or less when purchased on the balance sheet at amortized cost. Certificates of deposit are reported at cost. Investments in the State Treasurer's Investment Pool are reported at amortized cost using a Stable Net Asset Value. 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.

## 2. Receivables and Payables

Activity between funds for unremitted current collections outstanding at the end of the fiscal year is referred to as due to/from other funds. Advances receivable between funds, as reported in the General Debt Service Fund financial statements are included in restricted fund balance.

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

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 a deferred inflow of resources 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 as a deferred inflow of resources 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. Current liabilities payable from restricted assets reflected in the primary government funds represent deposits placed with Montgomery County for rental deposits (\$12,268) and road construction (\$94,260). Claims and Judgments Payable totaling \$4,139,276 for the primary government and \$152,800 for the discretely presented Clarksville-Montgomery County School System are discussed in Note V.A. Risk Management.

3. **Inventories and Prepaid Items**

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

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items in both the government-wide and fund financial statements. The cost of prepaid items is recorded as an expenditure when consumed rather than when purchased. Prepaids are offset in the nonspendable fund balance account in governmental funds.

4. **Capital Assets**

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

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

historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair market value at the date of donation.

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

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

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

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

**5. Deferred Outflows/Inflows of Resources**

In addition to assets, the Statement of Net Position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/expenditure) until then. The government has items that qualify for reporting in this category. Accordingly, the items are reported in the government-wide Statement of Net Position and the governmental funds balance sheet. These items are for deferred charge on refunding, pension changes in experience, as well as employer contributions made to the pension plan after the measurement date.

In addition to liabilities, the Statement of Net Position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. The government has items that qualify for reporting in this category. Accordingly, the items are reported in the government-wide Statement of Net Position and the governmental funds balance sheet. These revenues are from the following sources:

current and delinquent property taxes, pension changes in investment earnings, pension changes in experience, and various receivables for revenues, which do not meet the availability criteria in governmental funds. These amounts are deferred and recognized as an inflow of resources in the period that the amounts become available.

6. **Compensated Absences**

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

7. **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 Position. Debt premiums and discounts are deferred and amortized over the life of the new debt using the straight-line method. Debt issuance costs are expensed in the period incurred. In refunding transactions, the difference between the reacquisition price and the net carrying amount of the old debt is reported as a deferred outflow of resources or a deferred inflow of resources and recognized as a component of interest expense in a systematic and rational manner over the remaining life of the refunded debt or the life of the new debt issued, whichever is shorter.

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

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

to the extent that the liabilities have matured (come due for payment) each period.

8. Net Position and Fund Balance

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

- a. Net investment in capital assets – 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 position – Consists of net position 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 position – All other net position that does not meet the definition of restricted or net investment in capital assets.

As of June 30, 2016, Montgomery County had \$166,935,747 in outstanding debt for capital purposes for the discretely presented Clarksville-Montgomery County School System. This debt is a liability of Montgomery County, but the capital assets acquired are reported in the financial statements of the School System. Therefore, Montgomery County has incurred a liability significantly decreasing its unrestricted net position with no corresponding increase in the county's capital assets.

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

In the fund financial statements, governmental funds report fund balance in classifications that comprise a hierarchy based primarily on the extent to which the government is bound to honor constraints on



the specific purposes for which amounts in these funds can be spent. These classifications may consist of the following:

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

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

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

Assigned Fund Balance – includes amounts that are constrained by the county's intent to be used for specific purposes, but are neither restricted nor committed (excluding stabilization arrangements). The County Commission has by resolution authorized the county's Budget Committee to make assignments for the general government. The Board of Education makes assignments for the School System.

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

## 9. Restatement

In the prior year, retirement commitments related to the discretely presented Bi-County Solid Waste Management System were not presented as part of the primary government's government-wide financial statements. Based on a negotiated agreement executed between Montgomery County, the Bi-County Solid Waste Management System, and the Tennessee Consolidated Retirement System (*TCRS*) all retirement commitments for Bi-County Solid Waste Management System employees will be included with the primary government through November 30, 2016. Beginning December 1, 2016, Bi-County Solid Waste Management System

retirement commitments will be reported separately to *TCRS* and presented separately in the audit report of the component unit. As a result of this agreement, net position totaling (\$280,837) has been restated in the Statement of Activities.

**E. Pension Plans**

**Primary Government**

For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of Montgomery County's participation in the Public Employee Retirement Plan of the Tennessee Consolidated Retirement System (TCRS), and additions to/deductions from Montgomery County's fiduciary net position have been determined on the same basis as they are reported by the TCRS for the Public Employee Retirement Plan. For this purpose, benefits (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms of the Public Employee Retirement Plan of TCRS. Investments are reported at fair value.

**Discretely Presented Clarksville-Montgomery County School System**

For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the Teacher Retirement Plan and the Teacher Legacy Pension Plan in the Tennessee Consolidated Retirement System, and additions to/deductions from fiduciary net position have been determined on the same basis as they are reported by the TCRS. For this purpose, benefits (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms of the Teacher Retirement Plan and the Teacher Legacy Pension Plan. Investments are reported at fair value.

**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 Position**

**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 Position.

### Discretely Presented Clarksville-Montgomery County School System

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

#### **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 position of governmental activities reported in the government-wide Statement of Activities.

### Discretely Presented Clarksville-Montgomery County School System

Exhibit K-5 includes explanations of the nature of individual elements of items required to reconcile the net change in fund balances – total governmental funds with the change in net position 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 County Uniform Chart of Accounts, as prescribed by the Comptroller of the Treasury of the State of Tennessee. Major categories are at the department level (examples of General Fund major categories: County Commission, Board of Equalization, Beer Board, Other Boards and Committees, etc.). Management may make revisions within major categories, but only the County Commission may transfer appropriations between major

categories. During the year, several supplementary appropriations were necessary.

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

At June 30, 2016, Montgomery County and the Clarksville-Montgomery County School System reported the following significant encumbrances:

Funds	Description	Amount
Primary Government:		
Nonmajor Fund:		
Highway/Public Works	Box Culvert	\$ 211,541
"	Ford F-650 Supercab Truck	125,863
School Department:		
Major Fund:		
General Purpose School	Lockers	228,493
"	Security Installation	226,827
"	Refuse Collection Truck	218,885
"	Renovations	554,057
"	Textbooks	416,232

**B. Expenditures Exceeded Appropriations**

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

<u>Fund/Major Appropriation Category</u>	<u>Amount Overspent</u>
Primary Government:	
General:	
County Attorney	\$ 12,819
Drug Court	26

Expenditures that exceed appropriations are a violation of state statutes. These expenditures in excess of appropriations were funded by available fund balance.

#### IV. DETAILED NOTES ON ALL FUNDS

##### A. Deposits and Investments

Montgomery County, the Clarksville-Montgomery County School System, the Bi-County Solid Waste Management System, the Emergency Communications District of Montgomery County, the Clarksville-Montgomery County Public Library, 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 position as Equity in Pooled Cash and Investments. Cash reflected on the balance sheets or statements of net position represents nonpooled amounts held separately by individual funds.

##### Deposits

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

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

##### Investments

**Legal Provisions.** Counties are authorized to make direct investments in bonds, notes, or treasury bills of the U.S. government and obligations guaranteed by the U.S. government or any of its agencies; deposits at state and federal chartered banks and savings and loan associations; bonds of any state or political subdivision rated A or higher by any nationally recognized rating service; nonconvertible debt securities of certain federal government sponsored enterprises; and the county's own legally issued bonds or notes.

These investments may not have a maturity greater than two years. The county may make investments with longer maturities if various restrictions set out in state law are followed. Counties are also authorized to make investments in the State Treasurer's Investment Pool and in repurchase agreements. Repurchase agreements must be approved by the state Comptroller's Office and executed in accordance with procedures established by the State Funding Board. Securities purchased under a repurchase agreement must be obligations of the U.S. government or obligations guaranteed by the U.S. government or any of its agencies. When repurchase agreements are executed, the purchase of the securities must be priced at least two percent below the fair value of the securities on the day of purchase.

**Investment Balances.** As of June 30, 2016, Montgomery County had the following investments carried at amortized cost. All investments are in the county trustee's investment pool. Separate disclosures concerning pooled investments cannot be made for Montgomery County and the discretely presented Clarksville-Montgomery County School System since both pool their deposits and investments through the county trustee.

<u>Investment</u>	<u>Weighted Average Maturity (days)</u>	<u>Amortized Cost</u>
State Treasurer's Investment Pool	4 - 117	\$ 46,565

**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, 2016, 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, 2016, was as follows:

**Primary Government (Includes Internal Service Fund)**

**Governmental Activities:**

	Balance 7-1-15	Increases	Decreases	Balance 6-30-16
Capital Assets Not Depreciated:				
Land	\$ 8,154,357	\$ 1,186,537	\$ 0	\$ 9,340,894
Construction in Progress	10,075,404	4,147,770	(2,291,943)	11,931,231
<b>Total Capital Assets Not Depreciated</b>	<b>\$ 18,229,761</b>	<b>\$ 5,334,307</b>	<b>\$ (2,291,943)</b>	<b>\$ 21,272,125</b>
Capital Assets Depreciated:				
Buildings and Improvements	\$ 118,774,459	\$ 2,809,603	\$ 0	\$ 121,584,062
Other Capital Assets	15,100,123	2,042,143	(283,547)	16,858,719
Intangibles	9,732,887	0	0	9,732,887
Infrastructure	51,626,177	793,089	0	52,419,266
<b>Total Capital Assets Depreciated</b>	<b>\$ 195,233,646</b>	<b>\$ 5,644,835</b>	<b>\$ (283,547)</b>	<b>\$ 200,594,934</b>
Less Accumulated Depreciation For:				
Buildings and Improvements	\$ 32,438,771	\$ 3,254,651	\$ 0	\$ 35,693,422
Other Capital Assets	10,070,181	1,229,412	(247,613)	11,051,980
Intangibles	7,893,422	111,429	0	8,004,851
Infrastructure	18,190,342	461,223	0	18,651,565
<b>Total Accumulated Depreciation</b>	<b>\$ 68,592,716</b>	<b>\$ 5,056,715</b>	<b>\$ (247,613)</b>	<b>\$ 73,401,818</b>
<b>Total Capital Assets Depreciated, Net</b>	<b>\$ 126,640,930</b>	<b>\$ 588,120</b>	<b>\$ (35,934)</b>	<b>\$ 127,193,116</b>
<b>Governmental Activities Capital Assets, Net</b>	<b>\$ 144,870,691</b>	<b>\$ 5,922,427</b>	<b>\$ (2,327,877)</b>	<b>\$ 148,465,241</b>

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

**Governmental Activities:**

General Government	\$ 1,003,374
Finance	284,622
Administration of Justice	554,920
Public Safety	1,399,698
Public Health and Welfare	663,944
Social, Cultural, and Recreational Services	468,372
Agriculture and Natural Resources	34,982
Highway/Public Works	<u>646,803</u>
Total Depreciation Expense - Governmental Activities	<u>\$ 5,056,715</u>

**Discretely Presented Clarksville-Montgomery County School System**

**Governmental Activities:**

	Balance 7-1-15	Increases	Decreases	Balance 6-30-16
Capital Assets Not Depreciated:				
Land	\$ 13,865,563	\$ 0	\$ 0	\$ 13,865,563
Construction in Progress	<u>16,484,019</u>	<u>18,476,832</u>	<u>(34,567,106)</u>	<u>393,745</u>
Total Capital Assets Not Depreciated	<u>\$ 30,349,582</u>	<u>\$ 18,476,832</u>	<u>\$ (34,567,106)</u>	<u>\$ 14,259,308</u>
Capital Assets Depreciated:				
Buildings and Improvements	\$ 365,731,761	\$ 34,472,069	\$ 0	\$ 400,203,830
Other Capital Assets	<u>34,168,672</u>	<u>2,503,224</u>	<u>(114,617)</u>	<u>36,557,279</u>
Total Capital Assets Depreciated	<u>\$ 399,900,433</u>	<u>\$ 36,975,293</u>	<u>\$ (114,617)</u>	<u>\$ 436,761,109</u>
Less Accumulated Depreciation For:				
Buildings and Improvements	\$ 107,434,022	\$ 8,977,899	\$ 0	\$ 116,411,921
Other Capital Assets	<u>17,234,669</u>	<u>2,050,354</u>	<u>(78,828)</u>	<u>19,206,195</u>
Total Accumulated Depreciation	<u>\$ 124,668,691</u>	<u>\$ 11,028,253</u>	<u>\$ (78,828)</u>	<u>\$ 135,618,116</u>
Total Capital Assets Depreciated, Net	<u>\$ 275,231,742</u>	<u>\$ 25,947,040</u>	<u>\$ (35,789)</u>	<u>\$ 301,142,993</u>
Governmental Activities Capital Assets, Net	<u>\$ 305,581,324</u>	<u>\$ 44,423,872</u>	<u>\$ (34,602,895)</u>	<u>\$ 315,402,301</u>



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

**Governmental Activities:**

Instruction	\$ 112,819
Support Services	10,615,270
Operation of Non-instructional Services	<u>300,164</u>
<b>Total Depreciation Expense - Governmental Activities</b>	<b><u>\$ 11,028,253</u></b>

**C. Construction Commitments**

At June 30, 2016, the General Capital Projects Fund had uncompleted construction contracts of approximately \$1,758,647 for various construction projects. Funding for these future expenditures has been received.

**D. Interfund Receivables, Payables, and Transfers**

The composition of interfund balances as of June 30, 2016, was as follows:

**Due to/from Other Funds:**

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>
Primary Government:		
General Debt Service	General	\$ 3,900,000
"	General Capital Projects	1,378,741
School System Component Unit:		
General Purpose School	Nonmajor governmental	472,311
Education Capital Projects	General Purpose School	4,861
Nonmajor governmental	"	22,583
"	Nonmajor governmental	1,021

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.

**Advances to/from Other Funds:**

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>
Primary Government:		
General Debt Service	General Capital Projects	\$ 500,000

The balance of \$500,000 due the General Debt Service Fund from the General Capital Projects Fund resulted from an advance to the General Capital Projects Fund to complete a construction project.

**Due to/from Primary Government and Component Unit:**

Receivable Fund	Payable Fund	Amount
Primary Government: Government-wide	Component Unit: Bi-County Solid Waste Management System	\$ 1,325,000
Internal Service - Self-Insurance	School System: Nonmajor Governmental	1,350
Component Unit: School System: General Purpose School	Primary Government: Internal Service - Self-Insurance	38

**Interfund Transfers:**

Interfund transfers for the year ended June 30, 2016, consisted of the following amounts:

**Primary Government**

Transfers Out	Transfers In General Capital Projects Fund
Nonmajor governmental fund	\$ 275,000

**Discretely Presented Clarksville-Montgomery County School System**

Transfers Out	Transfers In	
	General Purpose School Fund	Nonmajor Governmental Funds
Nonmajor governmental funds	\$ 470,996	\$ 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 Obligations

Primary Government

General Obligation Bonds, Notes, and Other Loans

Montgomery County issues general obligation bonds and other loans to provide funds for the acquisition and construction of major capital facilities for the primary government and the discretely presented School System. In addition, general obligation bonds have been issued to refund other general obligation bonds. Capital outlay notes are also issued to fund facilities and other capital outlay purchases, such as equipment.

General obligation bonds, capital outlay notes, and other loans are direct obligations and pledge the full faith and credit of the government. General obligation bonds, capital outlay notes, and other loans outstanding were issued for original terms of up to 21 years for bonds, up to four years for notes, and up to 17 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 and other loans included in long-term debt as of June 30, 2016, will be retired from the General Debt Service Fund.

General obligation bonds, capital outlay notes, and other loans outstanding as of June 30, 2016, for governmental activities are as follows:

Type	Interest Rate	Final Maturity	Amount of Issue	Balance 6-30-16
General Obligation Bonds	2 to 5.625 %	4-1-35	\$ 136,070,000	\$ 108,305,000
General Obligation Bonds - Refunding	.2 to 5	4-1-35	228,670,000	186,490,000
Capital Outlay Notes	3	3-11-18	80,000	40,000
Other Loans	0 to 1.515	7-1-26	23,763,987	13,888,169

In prior years, Montgomery County entered into a loan agreements with the Tennessee State School Bond Authority. Under this loan agreement, the authority borrowed \$3,763,987 (Series 2005) Qualified Zone Academy Bonds and loaned the proceeds to Montgomery County for various renovation and construction projects. This loan is repayable at zero percent interest with annual administrative fees of \$1,246.

Qualified School Construction Bonds were issued through the State of Tennessee, and the proceeds were loaned to Montgomery County and various other local governments across Tennessee. The county pays interest of 1.515 percent on its share of the bonds and also pays a monthly administrative fee. The county and the other borrowers of the bond proceeds are required to comply with federal regulations established for the Qualified

School Construction Bond program. Failure to comply with those requirements may result in the loss of the tax credit status on the bonds. This would result in further charges to the borrowers including the requirement to pay the tax-credit rate (5.86 percent) in addition to the 1.515 percent for a total rate of 7.375 percent.

The annual requirements to amortize all general obligation bonds, capital outlay notes, and other loans outstanding as of June 30, 2016, including interest payments and other loan fees, are presented in the following tables:

Year Ending June 30	Bonds		
	Principal	Interest	Total
2017	\$ 23,985,000	\$ 11,548,248	\$ 35,533,248
2018	25,265,000	10,708,858	35,973,858
2019	26,190,000	9,819,276	36,009,276
2020	27,615,000	8,881,201	36,496,201
2021	28,770,000	7,824,288	36,594,288
2022-2026	118,360,000	21,789,682	140,149,682
2027-2031	36,020,000	4,390,980	40,410,980
2032-2035	8,590,000	735,510	9,325,510
<b>Total</b>	<b>\$ 294,795,000</b>	<b>\$ 75,698,043</b>	<b>\$ 370,493,043</b>

Year Ending June 30	Notes		
	Principal	Interest	Total
2017	\$ 20,000	\$ 1,200	\$ 21,200
2018	20,000	600	20,600
<b>Total</b>	<b>\$ 40,000</b>	<b>\$ 1,800</b>	<b>\$ 41,800</b>

Year Ending June 30	Other Loans			
	Principal	Interest	Other Fees	Total
2017	\$ 1,507,569	\$ 303,000	\$ 21,246	\$ 1,831,815
2018	1,507,569	303,000	21,246	1,831,815
2019	1,507,569	303,000	21,246	1,831,815
2020	1,507,569	303,000	21,246	1,831,815
2021	1,377,556	303,000	21,246	1,701,802
2022-2026	6,362,690	1,515,000	100,000	7,977,690
2027	117,647	25,250	5,000	147,897
<b>Total</b>	<b>\$ 13,888,169</b>	<b>\$ 3,055,250</b>	<b>\$ 211,230</b>	<b>\$ 17,154,649</b>

There is \$33,067,927 available in the General Debt Service Fund to service long-term debt. Debt per capita, including bonds and other loans, totaled \$1,791, based on the 2010 federal census.

The Bi-County Solid Waste Management System, a component unit, is currently servicing some of the debt issued on its behalf by the primary government as noted in the table below. This debt is reflected in the government-wide financial statements as Due to the Primary Government in the financial statements of the Bi-County Solid Waste Management System and as Due from Component Units in the government-wide financial statements of the Primary Government.

<u>Description of Indebtedness</u>	<u>Outstanding 6-30-16</u>
<u>Bonds Payable</u>	
<u>Payable by Bi-County Solid Waste Management System</u>	
<u>Contributions to the Primary Government</u>	
General Obligation Public Improvement	\$ 135,000
General Obligation Refunding and Improvement	<u>1,190,000</u>
 Total	 <u>\$ 1,325,000</u>

Changes in Long-term Obligations

Long-term obligations activity for the year ended June 30, 2016, was as follows:

**Primary Government**

Governmental Activities:

	Bonds	Notes	Other Loans
Balance, July 1, 2015	\$ 309,100,000	\$ 60,000	\$ 15,572,216
Additions	20,360,000	0	0
Reductions	(34,665,000)	(20,000)	(1,684,047)
Balance, June 30, 2016	<u>\$ 294,795,000</u>	<u>\$ 40,000</u>	<u>\$ 13,888,169</u>
Balance Due Within One Year	<u>\$ 23,985,000</u>	<u>\$ 20,000</u>	<u>\$ 1,507,569</u>

	Compensated Absences	Other Postemployment Benefits
Balance, July 1, 2015	\$ 3,358,898	\$ 2,936,828
Additions	3,541,687	887,447
Reductions	(3,748,768)	(91,448)
Balance, June 30, 2016	<u>\$ 3,151,817</u>	<u>\$ 3,732,827</u>
Balance Due Within One Year	<u>\$ 3,140,254</u>	<u>\$ 0</u>

	Net Pension Liability - Agent Plan*	Internal Service Claims and Judgments
Balance, July 1, 2015	\$ (485,504)	\$ 3,914,758
Additions	3,832,687	45,755,324
Reductions	(2,861,264)	(45,530,806)
Balance, June 30, 2016	<u>\$ 485,919</u>	<u>\$ 4,139,276</u>
Balance Due Within One Year	<u>\$ 0</u>	<u>\$ 2,069,638</u>

\*At July 1, 2015, the agent plan had a net pension asset.

Analysis of Noncurrent Liabilities Presented on Exhibit A:

Total Noncurrent Liabilities, June 30, 2016	\$ 320,233,008
Less: Due Within One Year	(30,722,461)
Add: Unamortized Premium on Debt	<u>18,616,884</u>
Noncurrent Liabilities - Due in More Than One Year - Exhibit A	<u>\$ 308,127,431</u>

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

Advance Refunding

On November 5, 2015, Montgomery County advance refunded a portion of a general obligation bond issue with a separate general obligation bond issue. The county issued \$20,360,000 of general obligation refunding bonds to provide resources to purchase U.S. government securities that were placed in an irrevocable trust to generate resources for all future debt service payments of the refunded debt. As a result, the refunded bonds are considered defeased, and the liability has been removed from the county's long-term debt. As a result of the advance refunding, total debt service payments over the next 12 years will be reduced by \$1,381,232, and an economic gain (difference between the present value of the debt service payments of the refunded and refunding bonds) of \$1,161,512 was obtained.

Discretely Presented Clarksville-Montgomery County School System

Changes in Long-term Obligations

Long-term obligations activity for the discretely presented Clarksville-Montgomery County School System for the year ended June 30, 2016, was as follows:

	Other		
	Postemployment Benefits	Compensated Absences	Claims and Judgments
Balance, July 1, 2015	\$ 4,958,468	\$ 1,579,910	\$ 303,213
Additions	2,123,440	1,507,302	134,045
Reductions	(823,025)	(1,487,257)	(284,458)
Balance, June 30, 2016	<u>\$ 6,258,883</u>	<u>\$ 1,599,955</u>	<u>\$ 152,800</u>
Balance Due Within One Year	<u>\$ 0</u>	<u>\$ 1,551,956</u>	<u>\$ 94,300</u>

	Net Pension Liability - Agent Plan*	Net Pension Liability - Legacy Plan*
Balance, July 1, 2015	\$ (965,190)	\$ (493,864)
Additions	4,058,371	21,747,019
Reductions	(2,578,650)	(20,001,361)
Balance, June 30, 2016	<u>\$ 514,531</u>	<u>\$ 1,251,794</u>
Balance Due Within One Year	<u>\$ 0</u>	<u>\$ 0</u>

\*At July 1, 2015, the agent plan and the legacy plan had net pension assets.

#### Analysis of Noncurrent Liabilities Presented on Exhibit A:

Total Noncurrent Liabilities, June 30, 2016	\$ 9,777,963
Less: Due Within One Year	<u>(1,646,256)</u>
Noncurrent Liabilities - Due in More Than One Year - Exhibit A	<u>\$ 8,131,707</u>

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

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

The State of Tennessee pays health insurance premiums for retired teachers on-behalf of the Clarksville-Montgomery County School System. These payments are made by the state to the Medicare Supplement Plan. This plan



is administered by the State of Tennessee and reported in the state's Comprehensive Annual Financial Report. Payments by the state to the Medicare Supplement Plan for the year ended June 30, 2016, were \$119,625. The School System has recognized these on-behalf payments as revenues and expenditures in the General Purpose School Fund.

**G. Short-term Debt**

Montgomery County issued tax and revenue anticipation notes in advance of revenue and property tax collections and deposited the proceeds in the General and School Federal Projects funds, respectively. These notes were necessary because funds were not available to meet obligations coming due before current revenue collections. Short-term debt activity for the year ended June 30, 2016, was as follows:

	Balance 7-1-15	Issued	Paid	Balance 6-30-16
Tax Anticipation Notes	\$ 0	\$ 3,900,000	\$ 0	\$ 3,900,000
Revenue Anticipation Notes	0	1,000,000	(1,000,000)	0

**V. OTHER INFORMATION**

**A. Risk Management**

Montgomery County, the Clarksville-Montgomery County School System, the Bi-County Solid Waste Management System, the Emergency Communications District of Montgomery County, and the Clarksville-Montgomery County Public Library, 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 \$300,000 per specific loss. The county obtained a stop/loss commercial insurance policy to cover claims beyond this liability. The reinsurance carrier will pay 85 percent of paid claims exceeding \$300,000 per specific loss to an unlimited maximum less the county's deductible.

All full-time and certain part-time employees of the primary government and the above-noted discretely presented component units are eligible to participate. A premium charge is allocated to each fund that accounts for all eligible participating employees. This charge is based on actuarial estimates of the amounts needed to pay prior- and current-year claims and to establish a reserve for catastrophic losses. Liabilities of the fund are reported when it is probable that a loss has occurred and the amount of the loss can be reasonably estimated. The Self-insurance Fund establishes claims liabilities based on estimates of the ultimate cost of claims that have been reported but not settled and of claims that have been incurred but not reported. Claims

liabilities include incremental claim adjustment expenditures/expenses, if any. In addition, estimated recoveries, if any, on settled claims have been deducted from the liability for unpaid claims. The process used to compute claims liabilities does not necessarily result in an exact amount. Changes in the balance of claims liabilities during the past two fiscal years are as follows:

	Beginning of Fiscal Year Liability	Current-year Claims and Estimates	Payments	Balance at Fiscal Year-end
2014-15	\$ 3,382,273	\$ 41,838,428	\$ (41,462,534)	\$ 3,758,167
2015-16	3,758,167	45,191,163	(45,118,472)	3,830,858

Montgomery County has decided to maintain a self-insurance plan for risks associated with workers' compensation claims. Claims are paid from the Workers' Compensation Fund. The county administers this plan internally instead of contracting out this service. The county retains the risk of loss to a limit of \$300,000 per specific loss. All employees of Montgomery County, the Bi-County Solid Waste Management System, the Emergency Communications District of Montgomery County, and the Clarksville-Montgomery County Public Library 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
2014-15	\$ 49,813	\$ 0	\$ (9,440)	\$ 40,373
2015-16	40,373	351,968	(350,475)	41,866

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, the Bi-County Solid Waste Management System, and the Clarksville-Montgomery County Library 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
2014-15	\$ 116,218	\$ 267,470	\$ (267,470)	\$ 116,218
2015-16	116,218	212,193	(61,859)	266,552

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

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

It is the policy of the Clarksville-Montgomery County School System to purchase commercial insurance for the risks of losses to which it is exposed. These risks include general liability, property, and casualty losses. Settled claims have not exceeded this commercial coverage in any of the past three fiscal years.

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

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

	Beginning of Fiscal Year Liability	Current-year Claims and Estimates	Payments	Balance at Fiscal Year-end
2014-15	\$ 521,404	\$ 0	\$ (229,680)	\$ 291,724
2015-16	291,724	0	(174,724)	117,000

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

	Beginning of Fiscal Year Liability	Current-year Claims and Estimates	Payments	Balance at Fiscal Year-end
2014-15	\$ 19,337	\$ 102,292	\$ (110,140)	\$ 11,489
2015-16	11,489	134,045	(109,734)	35,800

**B. Accounting Changes**

Provisions of Governmental Accounting Standards Board (GASB) Statement No. 72, *Fair Value Measurement and Application*; Statement No. 73, *Accounting and Financial Reporting for Pensions and Related Assets that are not within the Scope of GASB Statement No. 68, and Amendments to Certain Provisions of GASB Statements No. 67 and No. 68*; Statement No. 76, *The Hierarchy of Generally Accepted Accounting Principles for State and Local Governments*; Statement No. 79, *Certain External Investment Pools and Pool Participants* became effective for the year ended June 30, 2016.

GASB Statement No. 72, establishes general principles for measuring fair value and standards of accounting and financial reporting for assets and liabilities measured at fair value. This standard supersedes previous statements as they relate to measuring fair value of certain assets and liabilities.

GASB Statement No. 73, established accounting and reporting requirements for pensions that are not administered through a trust account and also addresses changes made to Statements No. 67 and No. 68. The changes to Statements No. 67 and No. 68 require new RSI disclosures concerning plan investments and address specific payables to defined benefit plans.

GASB Statement No. 76, addresses changes made to the hierarchy of generally accepted accounting principles. This standard supersedes Statement No. 55 and reduces the hierarchy from four to two categories.

GASB Statement No. 79, addresses issues related to certain external investment pools and pool participants because of changes in Security and Exchange rules relative to money market funds. This standard establishes criteria for an external investment pool to qualify for making the election to measure all of its investments at amortized cost rather than fair value for financial reporting purposes standards.

**C. Subsequent Events**

On August 24, 2016, Ted Crozier left the Office of Clerk and Master and was succeeded by Michael Dale.

On October 10, 2016, Montgomery County authorized the issuance of general obligation bonds not to exceed \$32,000,000.

On November 15, 2016, Montgomery County issued a \$1,000,000 tax anticipation note to the School Federal Projects Fund from the General Debt Service Fund for temporary operating funds.

**D. Contingent Liabilities**

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

**E. Landfill Closure/Postclosure Care Costs**

State and federal laws and regulations require the county to place a final cover on its landfill site when it stops accepting waste and to perform certain maintenance and monitoring functions at the site for 30 years after closure. Although closure and postclosure care costs will be paid only near or after the

date that the landfill stops accepting waste, the Bi-County Solid Waste Management System, a component unit, will report a portion of these closure and postclosure care costs as an operating expense in each period based on landfill capacity used as of each balance sheet date.

**F. Joint Ventures**

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

Montgomery County and the City of Clarksville jointly created the Clarksville Montgomery County Airport and the Clarksville-Montgomery County Regional Planning Commission. These joint ventures are operated by county/city-appointed boards/commissions for the benefit of all citizens of the two entities. Montgomery County has control over budgeting and financing the joint ventures only to the extent of representation by the board members appointed. Each entity is responsible for funding 50 percent of any deficits from operations if not covered by prior earnings. Montgomery County contributed \$233,722 for the operations of the airport during the year ended June 30, 2016.

The Joint 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 2015-16 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 nine-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 2015-16 year.

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

Administrative Offices:

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

Clarksville-Montgomery County Airport  
200 Airport Road  
Clarksville, TN 37042

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

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

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

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

G. **Jointly Governed Organization**

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.

H. **Retirement Commitments**

1. **Tennessee Consolidated Retirement System (TCRS)  
Primary Government**

**General Information About the Pension Plan**

*Plan Description.* Employees of Montgomery County and non-certified employees of the discretely presented Clarksville-Montgomery County School System are provided a defined benefit pension plan through the Public Employee Retirement Plan, an agent multiple-employer pension plan administered by the TCRS. The primary government employees comprised 48.57 percent and the non-certified employees of the discretely presented School Department comprised 51.43 percent, of the plan based on contribution data. The TCRS was created by state statute under *Tennessee Code Annotated (TCA)*, Title 8, Chapters 34-37. The TCRS Board of Trustees is responsible for the proper operation and administration of the TCRS. The Tennessee Treasury Department, an agency in the legislative branch of state government, administers the plans of the TCRS. The TCRS issues a publicly available financial report that can be obtained at [www.treasury.tn.gov/tcrs](http://www.treasury.tn.gov/tcrs).

*Benefits Provided.* TCA, Title 8, Chapters 34-37 establish the benefit terms and can be amended only by the Tennessee General Assembly. The chief legislative body may adopt the benefit terms permitted by statute. Members are eligible to retire with an unreduced benefit at age 60 with five years of service credit or after 30 years of service credit regardless of age. Benefits are determined by a formula using the member's highest five consecutive year average compensation and the member's years of service credit. Reduced benefits for early retirement are available to vested members at age 55. Members vest with five years of service credit. Service related disability benefits are provided regardless of length of service. Five years of service is required for non-service related disability eligibility. The service related and non-service related disability benefits are determined in the same manner as a service retirement benefit but are reduced ten percent and include projected service credits. A variety of death benefits is available under various eligibility criteria.



Member and beneficiary annuitants are entitled to an automatic cost of living adjustment (COLA) after retirement. A COLA is granted each July for annuitants retired prior to the second of July of the previous year. The COLA is based on the change in the consumer price index (CPI) during the prior calendar year, capped at three percent, and applied to the current benefit. No COLA is granted if the change in the CPI is less than one-half percent. A one percent COLA is granted if the CPI change is between one-half percent and one percent. A member who leaves employment may withdraw their employee contributions plus any accumulated interest.

*Employees Covered by Benefit Terms.* At the measurement date of June 30, 2015, the following employees were covered by the benefit terms:

Inactive Employees or Beneficiaries Currently Receiving Benefits	997
Inactive Employees Entitled to But Not Yet Receiving Benefits	1,080
Active Employees	2,446
Total	<u>4,523</u>

*Contributions.* Contributions for employees are established in the statutes governing the TCRS and may only be changed by the Tennessee General Assembly. Montgomery County employees are non-contributory. Montgomery County makes employer contributions at the rate set by the Board of Trustees as determined by an actuarial valuation. For the year ended June 30, 2015, the Actuarial Determined Contribution (ADC) for Montgomery County was \$9,884,158 based on a rate of 13.82 percent of covered payroll. By law, employer contributions are required to be paid. The TCRS may intercept Montgomery County's state shared taxes if required employer contributions are not remitted. The employer's ADC and member contributions are expected to finance the costs of benefits earned by members during the year, the cost of administration, as well as an amortized portion of any unfunded liability.

#### **Net Pension Liability (Asset)**

Montgomery County's net pension liability (asset) was measured as of June 30, 2015, and the total pension liability (asset) used to calculate net pension liability (asset) was determined by an actuarial valuation as of that date.

*Actuarial Assumptions.* The total pension liability as of the June 30, 2015, actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	3%
Salary Increases	Graded Salary Ranges from 8.97% to 3.71% Based on Age, Including Inflation, Averaging 4.25%
Investment Rate of Return	7.5%, Net of Pension Plan Investment Expenses, Including Inflation
Cost of Living Adjustment	2.5%

Mortality rates were based on actual experience from the June 30, 2012, actuarial experience study, adjusted for some of the expected future improvement in life expectancy.

The actuarial assumptions used in the June 30, 2015, actuarial valuation were based on the results of an actuarial experience study performed for the period July 1, 2008, through June 30, 2012. The demographic assumptions were adjusted to more closely reflect actual and expected future experience.

The long-term expected rate of return on pension plan investments was established by the TCRS Board of Trustees in conjunction with the June 30, 2012, actuarial experience study by considering the following three techniques: (1) the 25-year historical return of the TCRS at June 30, 2012, (2) the historical market returns of asset classes from 1926 to 2012 using the TCRS investment policy asset allocation, and (3) capital market projections that were utilized as a building-block method in which best-estimate ranges of expected future real rate of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. Four sources of capital market projections were blended and utilized in the third technique. The blended capital market projection established the long-term expected rate of return by weighting the expected future real rate of return by the target asset allocation percentage and by adding inflation of three percent. The target allocation and best estimate of arithmetic real rates of return for each major asset class are summarized in the following table:

Asset Class	Percentage Long-term Expected Real Rate of Return		Percentage Target Allocations	
U.S. Equity Developed Market	6.46	%	33	%
International Equity Emerging Market	6.26		17	
International Equity Private Equity and Strategic Lending	6.40		5	
U.S. Fixed Income	4.61		8	
Real Estate	0.98		29	
Short-term Securities	4.73		7	
	0.00		1	
<b>Total</b>			<u>100</u>	<u>%</u>

The long-term expected rate of return on pension plan investments was established by the TCRS Board of Trustees as 7.5 percent based on a blending of the three factors described above.

*Discount Rate.* The discount rate used to measure the total pension liability was 7.5 percent. The projection of cash flows used to determine the discount rate assumes that employee contributions will be made at the current rate and that contributions from Montgomery County will be made at the actuarially determined contribution rate pursuant to an actuarial valuation in accordance with the funding policy of the TCRS Board of Trustees and as required to be paid by state statute. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make projected future benefit payments of current active and inactive members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

### Changes in the Net Pension Liability (Asset)

	Increase (Decrease)		
	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability (a)-(b)
Balance, July 1, 2014	\$ 203,974,096	\$ 205,465,659	\$ (1,491,563)
Changes for the year:			
Service Cost	\$ 5,781,524	\$ 0	\$ 5,781,524
Interest	15,453,553	0	15,453,553
Differences Between Expected and Actual Experience	(2,606,966)	0	(2,606,966)
Contributions-Employer	0	9,884,158	(9,884,158)
Contributions-Employees	0	9,073	(9,073)
Net Investment Income	0	6,354,345	(6,354,345)
Benefit Payments, Including Refunds of Employee Contributions	(7,416,482)	(7,416,482)	0
Administrative Expense	0	(121,228)	121,228
Other Changes	0	9,750	(9,750)
Net Changes	\$ 11,211,629	\$ 8,719,616	\$ 2,492,013
Balance, June 30, 2015	\$ 215,185,725	\$ 214,185,275	\$ 1,000,450

	Total Pension Liability	Plan Fiduciary Net Position	Net Pension Liability (Asset)
Primary Government 48.57%	\$ 53,752,428	\$ 104,029,788	\$ 485,919
School Department 51.43%	110,670,018	110,155,487	514,531
Total	\$ 215,185,725	\$ 214,185,275	\$ 1,000,450

*Sensitivity of the Net Pension Liability (Asset) to Changes in the Discount Rate.* The following presents the net pension liability (asset) of Montgomery County calculated using the discount rate of 7.5 percent, as well as what the net pension liability (asset) would be if it was calculated using a discount rate that is one percentage point lower (6.5%) or one percentage point higher (8.5%) than the current rate:

	1% Decrease	Current Discount Rate	1% Increase
<u>Montgomery County</u>	6.5%	7.5%	8.5%

Net Pension Liability \$ 30,632,625 \$ 1,000,450 \$ (23,622,835)

**Pension Expense (Income) and Deferred Outflows of Resources and Deferred Inflows of Resources to Pensions**

*Pension Expense.* For the year ended June 30, 2016, Montgomery County recognized pension expense of \$4,279,355.

*Deferred Outflows of Resources and Deferred Inflows of Resources.* For the year ended June 30, 2016, Montgomery County reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference Between Expected and Actual Experience	\$ 806,596	\$ 2,234,542
Net Difference Between Projected and Actual Earnings on Pension Plan Investments	0	2,216,342
Contributions Subsequent to the Measurement Date of June 30, 2015 (1)	10,164,790	N/A
<b>Total</b>	<b>\$ 10,971,386</b>	<b>\$ 4,450,884</b>

- (1) The amount shown above for "Contributions Subsequent to the Measurement Date of June 30, 2015," will be recognized as a reduction (increase) to net pension liability (asset) in the following measurement period.

Allocation of Agent Plan Deferred Outflows of Resources and  
Deferred Inflows of Resources

	Deferred Outflows of Resources	Deferred Inflows of Resources
Primary Government	\$ 5,600,695	\$ 2,161,794
School Department	5,370,691	2,289,090
Total	<u>\$ 10,971,386</u>	<u>\$ 4,450,884</u>

Amounts reported as deferred outflows of resources, with the exception of contributions subsequent to the measurement date, and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year Ending June 30	Amount
2017	\$ (1,559,505)
2018	(1,559,505)
2019	(1,559,505)
2020	1,617,750
2021	(211,105)
Thereafter	(372,424)

In the table shown above, positive amounts will increase pension expense while negative amounts will decrease pension expense.

**Discretely Presented Montgomery County School Department**

**Non-certified Employees**

**General Information About the Pension Plan**

*Plan Description.* As noted above under the primary government, employees of Montgomery County and non-certified employees of the discretely presented Clarksville-Montgomery County School System are provided a defined benefit pension plan through the Public Employee Retirement Plan, an agent multiple-employer pension plan administered by the TCRS. The primary government employees comprise 48.57 percent and the non-certified employees of the discretely presented School Department comprise 51.43 percent of the plan based on contribution data.

## Certified Employees

### Teacher Retirement Plan

#### General Information About the Pension Plan

*Plan Description.* Teachers of the Montgomery County School Department with membership in the TCRS before July 1, 2014, are provided with pensions through the Teacher Legacy Pension Plan, a cost-sharing multiple-employer pension plan administered by the TCRS. The Teacher Legacy Pension Plan is closed to new membership. Teachers with membership in the TCRS after June 30, 2014, are provided with pensions through a legally separate plan referred to as the Teacher Retirement Plan, a cost-sharing multiple-employer pension plan administered by the TCRS. The TCRS was created by state statute under *Tennessee Code Annotated (TCA)*, Title 8, Chapters 34-37. The TCRS Board of Trustees is responsible for the proper operation and administration of all employer pension plans in the TCRS. The Tennessee Treasury Department, an agency in the legislative branch of state government, administers the plans of the TCRS. The TCRS issues a publically available financial report that can be obtained at [www.treasury.tn.gov/tcrs](http://www.treasury.tn.gov/tcrs).

*Benefits Provided.* TCA, Title 8, Chapters 34-37 establish the benefit terms and can be amended only by the Tennessee General Assembly. Members are eligible to retire with an unreduced benefit at age 65 with five years of service credit or pursuant to the rule of 90 in which the member's age and service credit total 90. Benefits are determined by a formula using the member's highest five consecutive year average compensation and the member's years of service credit. A reduced early retirement benefit is available to vested members at age 60 or pursuant to the rule of 80. Members are vested with five years of service credit. Service related disability benefits are provided regardless of length of service. Five years of service is required for non-service related disability eligibility. The service related and non-service related disability benefits are determined in the same manner as a service retirement benefit but are reduced ten percent and include projected service credits. A variety of death benefits is available under various eligibility criteria. Member and beneficiary annuitants are entitled to an automatic cost of living adjustment (COLA) after retirement. A COLA is granted each July for annuitants retired prior to the second of July of the previous year. The COLA is based on the change in the consumer price index (CPI) during the prior calendar year, capped at three percent, and applied to the current benefit. No COLA is granted if the change in the CPI is less than one-half percent. A one percent COLA is granted if the CPI change is between one-half percent and one percent. Members who leave employment may withdraw their employee contributions, plus

any accumulated interest. Under the Teacher Retirement Plan, benefit terms and conditions, including COLA, can be adjusted on a prospective basis. Moreover, there are defined cost controls and unfunded liability controls that provide for the adjustment of benefit terms and conditions on an automatic basis.

*Contributions.* Contributions for teachers are established in the statutes governing the TCRS and may only be changed by the Tennessee General Assembly or by automatic cost controls set out in law. Teachers are required to contribute five percent of their salary to the plan. The Local Education Agencies (LEAs) make employer contributions at the rate set by the Board of Trustees as determined by an actuarial valuation. Per the statutory provisions governing TCRS, the employer contribution rate cannot be less than four percent, except in years when the maximum funded level, approved by the TCRS Board of Trustees, is reached. By law, employer contributions for the Teacher Retirement Plan are required to be paid. The TCRS may intercept the state shared taxes of the sponsoring governmental entity of the LEA if the required employer contributions are not remitted. Employer contributions for the year ended June 30, 2016, to the Teacher Retirement Plan were \$798,821, which is four percent of covered payroll. The employer rate, when combined with member contributions, is expected to finance the costs of benefits earned by members during the year, the cost of administration, as well as an amortized portion of any unfunded liability.

#### **Pension Liabilities (Assets), Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions**

*Pension Liabilities (Assets).* At June 30, 2016, the Montgomery County School Department reported an asset of \$153,956 for its proportionate share of the net pension asset. The net pension asset was measured as of June 30, 2015, and the total pension liability used to calculate the net pension asset was determined by an actuarial valuation as of that date. The Montgomery County School Department's proportion of the net pension asset was based on the Montgomery County School Department's share of contributions to the pension plan relative to the contributions of all participating LEAs. At the measurement date of June 30, 2015, the Montgomery County School Department's proportion was 3.826940 percent.

*Pension Expense.* For the year ended June 30, 2016, the Montgomery County School Department recognized pension expense of \$201,764.

*Deferred Outflows of Resources and Deferred Inflows of Resources.* For the year ended June 30, 2016, the Montgomery County School



Department reported deferred outflows of resources related to pensions from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Difference Between Expected and Actual Experience	\$ 0	\$ 50,110
Net Difference Between Projected and Actual Earnings on Pension Plan Investments	12,445	0
LEAs Contributions Subsequent to the Measurement Date of June 30, 2015	798,821	N/A
<b>Total</b>	<b>\$ 811,266</b>	<b>\$ 50,110</b>

The Montgomery County School Department's employer contributions of \$798,821, reported as pension related deferred outflows of resources subsequent to the measurement date, will be recognized as an increase of net pension liability (asset) in the year ending June 30, 2017. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

<u>Year Ending June 30</u>	<u>Amount</u>
2017	\$ (1,065)
2018	(1,065)
2019	(1,065)
2020	(1,065)
2021	(4,176)
Thereafter	(29,231)

In the table above, positive amounts will increase pension expense, while negative amounts will decrease pension expense.

*Actuarial Assumptions.* The total pension liability in the June 30, 2015, actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	3%
Salary Increases	Graded Salary Ranges from 8.97% to 3.71% Based on Age, Including Inflation, Averaging 4.25%
Investment Rate of Return	7.5%, Net of Pension Plan Investment Expenses, Including Inflation
Cost of Living Adjustment	2.5%

Mortality rates are customized based on the June 30, 2012, actuarial experience study and some included adjustment for expected future improvement in life expectancy.

The actuarial assumptions used in the June 30, 2015, actuarial valuation were based on the results of an actuarial experience study performed for the period July 1, 2008, through June 30, 2012. The demographic assumptions were adjusted to more closely reflect actual and expected future experience.

The long-term expected rate of return on pension plan investments was established by the TCRS Board of Trustees in conjunction with the June 30, 2012, actuarial experience study by considering the following three techniques: (1) the 25-year historical return of the TCRS at June 30, 2012, (2) the historical market returns of asset classes from 1926 to 2012 using the TCRS investment policy asset allocation, and (3) capital market projections that were utilized as a building-block method in which best-estimate ranges of expected future real rate of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. Four sources of capital market projections were blended and utilized in the third technique. The blended capital market projection established the long-term expected rate of return by weighting the expected future real rate of return by the target asset allocation percentage and by adding inflation of three percent. The target allocation and best estimates of arithmetic real rates of return for each major asset class are summarized in the following table:

Asset Class	Percentage Long-term Expected Real Rate of Return	Percentage Target Allocations
U.S. Equity Developed Market	6.46 %	33 %
International Equity Emerging Market	6.26	17
International Equity Private Equity and Strategic Lending	6.40	5
U.S. Fixed Income	4.61	8
Real Estate	0.98	29
Short-term Securities	4.73	7
	0.00	1
Total		100 %

The long-term expected rate of return on pension plan investments was established by the TCRS Board of Trustees as 7.5 percent based on a blending of the three factors described above.

*Discount Rate.* The discount rate used to measure the total pension liability was 7.5 percent. The projection of cash flows used to determine the discount rate assumes that employee contributions will be made at the current rate and that contributions from all the LEAs will be made at the actuarially determined contribution rate pursuant to an actuarial valuation in accordance with the funding policy of the TCRS Board of Trustees and as required to be paid by state statute. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make projected future benefit payments of current active and inactive members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

*Sensitivity of the Proportionate Share of Net Pension Liability (Asset) to Changes in the Discount Rate.* The following presents the Montgomery County School Department's proportionate share of the net pension liability (asset) calculated using the discount rate of 7.5 percent, as well as what the Montgomery County School Department's proportionate share of the net pension liability (asset) would be if it was calculated using a discount rate that is one percentage point lower (6.5%) or one percentage point higher (8.5%) than the current rate:

School Department's Proportionate Share of the Net Pension Liability (Asset)	1% Decrease 6.5%	Current Discount Rate 7.5%	1% Increase 8.5%
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Net Pension Liability	\$	27,300	\$	(153,956)	\$	(286,892)
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*Pension Plan Fiduciary Net Position.* Detailed information about the pension plan's fiduciary net position is available in a separately issued TCRS financial report.

### **Teacher Legacy Pension Plan**

#### **General Information About the Pension Plan**

*Plan Description.* Teachers of the Montgomery County School Department with membership in the TCRS before July 1, 2014, are provided with pensions through the Teacher Legacy Pension Plan, a cost-sharing multiple-employer pension plan administered by the TCRS. The Teacher Legacy Pension Plan closed to new membership on June 30, 2014, but will continue providing benefits to existing members and retirees. Beginning July 1, 2014, the Teacher Retirement Plan became effective for teachers employed by LEAs after June 30, 2014. The Teacher Retirement Plan is a separate cost-sharing, multiple-employer defined benefit plan. The TCRS was created by state statute under *Tennessee Code Annotated (TCA)*, Title 8, Chapters 34-37. The TCRS Board of Trustees is responsible for the proper operation and administration of all employer pension plans in the TCRS. The Tennessee Treasury Department, an agency in the legislative branch of state government, administers the plans of the TCRS. The TCRS issues a publically available financial report that can be obtained at [www.treasury.tn.gov/tcrs](http://www.treasury.tn.gov/tcrs).

*Benefits Provided.* TCA, Title 8, Chapters 34-37 establish the benefit terms and can be amended only by the Tennessee General Assembly. Members of the Teacher Legacy Pension Plan are eligible to retire with an unreduced benefit at age 60 with five years of service credit or after 30 years of service credit regardless of age. Benefits are determined by a formula using the member's highest five consecutive year average compensation and the member's years of service credit. A reduced early retirement benefit is available to vested members at age 55. Members are vested with five years of service credit. Service related disability benefits are provided regardless of length of service. Five years of service is required for non-service related disability eligibility. The service related and non-service related disability benefits are determined in the same manner as a service retirement benefit but are reduced ten percent and include projected service credits. A variety of death benefits is available under various

eligibility criteria. Member and beneficiary annuitants are entitled to an automatic cost of living adjustment (COLA) after retirement. A COLA is granted each July for annuitants retired prior to the second of July of the previous year. The COLA is based on the change in the consumer price index (CPI) during the prior calendar year, capped at three percent, and applied to the current benefit. No COLA is granted if the change in the CPI is less than one-half percent. A one percent COLA is granted if the CPI change is between one-half and one percent. A member who leaves employment may withdraw their employee contributions, plus any accumulated interest. Under the Teacher Legacy Pension Plan, benefit terms and conditions, including COLAs can be adjusted on a prospective basis. Moreover, there are defined cost controls and unfunded liability controls that provide for the adjustment of benefit terms and conditions on an automatic basis.

*Contributions.* Contributions for teachers are established in the statutes governing the TCRS and may only be changed by the Tennessee General Assembly. Teachers are required to contribute five percent of their salaries. The Local Education Agencies (LEAs) make employer contributions at the rate set by the Board of Trustees as determined by an actuarial valuation. By law, employer contributions for the Teacher Legacy Pension Plan are required to be paid. The TCRS may intercept the state shared taxes of the sponsoring governmental entity of the LEA if the required employer contributions are not remitted. Employer contributions by the Montgomery County School Department for the year ended June 30, 2016, to the Teacher Legacy Pension Plan were \$9,721,643, which is 9.04 percent of covered payroll. The employer rate, when combined with member contributions, is expected to finance the costs of benefits earned by members during the year, the cost of administration, as well as an amortized portion of any unfunded liability.

#### **Pension Liabilities (Assets), Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions**

*Pension Liability (Assets).* At June 30, 2016, the Montgomery County School Department reported a liability of \$1,251,796 for its proportionate share of the net pension liability (asset). The net pension liability (asset) was measured as of June 30, 2015, and the total pension liability used to calculate the net pension liability (asset) was determined by an actuarial valuation as of that date. The Montgomery County School Department's proportion of the net pension liability (asset) was based on the Montgomery County School Department's long-term share of contributions to the pension plan relative to the contributions of all participating LEAs. At the measurement date of June 30, 2015, the Montgomery County School

Department's proportion was 3.055886 percent. The proportion measured at June 30, 2014, was 3.039254 percent.

*Negative Pension Expense.* For the year ended June 30, 2016, the Montgomery County School Department recognized negative pension expense of \$801,374.

*Deferred Outflows of Resources and Deferred Inflows of Resources.* For the year ended June 30, 2016, the Montgomery County School Department reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference Between Expected and Actual Experience	\$ 1,004,618	\$ 19,484,383
Net Difference Between Projected and Actual Earnings on Pension Plan Investments	22,603,508	30,685,493
Changes in Proportion of Net Pension Liability (Asset)	1,277,283	0
LEAs Contributions Subsequent to the Measurement Date of June 30, 2015	9,721,643	N/A
<b>Total</b>	<b>\$ 34,607,052</b>	<b>\$ 50,169,876</b>

The Montgomery County School Department's employer contributions of \$9,721,643 reported as pension related deferred outflows of resources subsequent to the measurement date, will be recognized as an increase in net pension asset in the year ending June 30, 2017. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year Ending June 30	Amount
2017	\$ (8,018,117)
2018	(8,018,117)
2019	(8,018,117)
2020	2,210,381
2021	(3,440,496)
Thereafter	0

In the table above, positive amounts will increase pension expense, while negative amounts will decrease pension expense.

*Actuarial Assumptions.* The total pension liability in the June 30, 2015, actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	3%
Salary Increases	Graded Salary Ranges from 8.97% to 3.71% Based on Age, Including Inflation, Averaging 4.25%
Investment Rate of Return	7.5%, Net of Pension Plan Investment Expenses, Including Inflation
Cost of Living Adjustment	2.5%

Mortality rates are customized based on the June 30, 2012, actuarial experience study and some included adjustments for expected future improvement in life expectancy.

The actuarial assumptions used in the June 30, 2015, actuarial valuation were based on the results of an actuarial experience study performed for the period July 1, 2008, through June 30, 2012. The demographic assumptions were adjusted to more closely reflect actual and expected future experience.

The long-term expected rate of return on pension plan investments was established by the TCRS Board of Trustees in conjunction with the June 30, 2012, actuarial experience study by considering the following three techniques: (1) the 25-year historical return of the TCRS at June 30, 2012, (2) the historical market returns of asset classes from 1926 to 2012 using the TCRS investment policy asset allocation, and (3) capital market projections that were utilized as a building-block method in which best-estimate ranges of expected future real rate of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. Four sources of capital market projections were blended and utilized in the third technique. The blended capital market projection established the long-term expected rate of return by weighting the expected future real rate of return by the target asset allocation percentage and by adding inflation of three percent. The target allocation and best estimates of arithmetic real rates of return for each major asset class are summarized in the following table:

Asset Class	Percentage Long-term Expected Real Rate of Return	Percentage Target Allocations
U.S. Equity Developed Market	6.46 %	33 %
International Equity Emerging Market	6.26	17
International Equity Private Equity and Strategic Lending	6.40	5
U.S. Fixed Income Real Estate	4.61	8
Short-term Securities	0.98	29
	4.73	7
	0.00	1
<b>Total</b>		100 %

The long-term expected rate of return on pension plan investments was established by the TCRS Board of Trustees as 7.5 percent based on a blending of the three factors described above.

*Discount Rate.* The discount rate used to measure the total pension liability was 7.5 percent. The projection of cash flows used to determine the discount rate assumes that employee contributions will be made at the current rate and that contributions from all the LEAs will be made at the actuarially determined contribution rate pursuant to an actuarial valuation in accordance with the funding policy of the TCRS Board of Trustees and as required to be paid by state statute. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make projected future benefit payments of current active and inactive members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

*Sensitivity of the Proportionate Share of Net Pension Liability (Asset) to Changes in the Discount Rate.* The following presents the Montgomery County School Department's proportionate share of the net pension liability (asset) calculated using the discount rate of 7.5 percent, as well as what the Montgomery County School Department's proportionate share of the net pension liability (asset) would be if it was calculated using a discount rate that is one percentage point lower (6.5%) or one percentage point higher (8.5%) than the current rate:



School Department's Proportionate Share of the Net Pension Liability (Asset)	1% Decrease 6.5%	Current Discount Rate 7.5%	1% Increase 8.5%
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Net Pension Liability    \$ 85,343,203    \$ 1,251,796    \$ (68,365,973)

*Pension Plan Fiduciary Net Position.* Detailed information about the pension plan's fiduciary net position is available in a separately issued TCRS financial report.

**2. Deferred Compensation – Primary Government**

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

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

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

**I. Other Postemployment Benefits (OPEB)**

**Self-Insurance Plan**

**Plan Description**

All full-time employees and eligible retirees of the primary government and the discretely presented Clarksville-Montgomery County School System are eligible to participate in the health and dental insurance cost-sharing plan accounted for in the Self-Insurance Fund (internal service fund). For accounting purposes, the plan is an agent single-employer defined benefit OPEB plan. Benefits are established and amended by an insurance committee established by the County Commission.

### Funding Policy

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

Employees who retire from Montgomery County become eligible for retiree health coverage if they have 30 years of verified Tennessee Consolidated Retirement System service, or have reached 55 years of age with a minimum of 20 years of service and 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 insurance coverage will remain in effect until the retiree becomes eligible for Medicare.

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

The School System also provides postemployment life insurance benefits to certified employees with 20 years of service. The School System pays 100 percent of life insurance premiums (\$7,000 policy) until death. Anyone who is hired after July 1, 2007, is not eligible for this benefit.

Annual OPEB Cost and Net OPEB Obligation

	Primary Government	School System	Total
ARC	\$ 893,601	2,126,103	\$ 3,019,704
Interest on the NOPEBO	104,091	212,310	316,401
Adjustment to the ARC	(110,245)	(214,973)	(325,218)
Annual OPEB cost	\$ 887,447	\$ 2,123,440	\$ 3,010,887
Amount of contribution	(91,448)	(823,025)	(914,473)
Increase/decrease in NOPEBO	\$ 795,999	\$ 1,300,415	\$ 2,096,414
Net OPEB obligation, 7-1-15	2,936,828	4,958,468	7,895,296
Net OPEB obligation, 6-30-16	\$ 3,732,827	\$ 6,258,883	\$ 9,991,710

Fiscal Year Ended	Plans	Annual OPEB Cost	Percentage of Annual OPEB Cost Contributed	Net OPEB Obligation at Year End
6-30-14	Primary Government	\$ 655,265	13 %	\$ 2,375,113
6-30-15	"	696,273	19	2,936,828
6-30-16	"	887,447	10	3,732,827
6-30-14	School System	1,176,905	62	3,807,632
6-30-15	"	2,004,764	43	4,958,468
6-30-16	"	2,123,440	39	6,258,883

Funded Status and Funding Progress

The funded status of the plans are as follows:

	Primary Government	School System
Actuarial valuation date	7-1-16	7-1-15
Actuarial accrued liability (AAL)	\$ 7,193,695	\$ 19,238,396
Actuarial value of plan assets	\$ 0	\$ 0
Unfunded actuarial accrued liability (UAAL)	\$ 7,193,695	\$ 19,238,396
Actuarial value of assets as a % of the AAL	0%	0%
Covered payroll (active plan members)	\$ 32,914,268	\$ 155,432,238
UAAL as a % of covered payroll	22%	12%

Actuarial valuations involve estimates of the value of reported amounts and assumptions about the probability of events far into the future, and actuarially determined amounts are subject to continual revision as actual

results are compared to past expectations and new estimates are made about the future. The Schedule of Funding Progress, presented as required supplementary information following the notes to the financial statements, presents multi-year trend information about whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liability for benefits.

#### Actuarial Methods and Assumptions

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

In the July 1, 2016, actuarial valuation for the primary government, the projected unit credit actuarial cost method was used. The actuarial assumptions included a four percent investment rate of return (net of administrative expenses) and an annual healthcare cost trend rate of seven percent initially, reduced by decrements to an ultimate rate of five percent after four years. The unfunded actuarial accrued liability is being amortized as a level dollar amount on a closed basis over a 30-year period beginning with July 1, 2009.

In the July 1, 2015, actuarial valuation for the School System, the projected unit credit actuarial cost method was used. The actuarial assumptions included a 4.5 percent investment rate of return (net of administrative expenses) and an annual healthcare cost trend rate of 8.5 percent initially, reduced by decrements to an ultimate rate of five percent after seven years. The unfunded actuarial accrued liability is being amortized as a level dollar amount on a closed basis over a 30-year period beginning with July 1, 2009.

#### J. Office of Central Accounting, Budgeting, and Purchasing

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

K. Purchasing Laws

Office of Central Purchasing

Purchasing procedures for the Office of County Mayor 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, along with *TCA Section 12-3-1212*, require all purchases exceeding \$25,000 to be made on the basis of publicly advertised competitive bids.

Office of Director of Schools

Purchasing procedures for the School System are governed by purchasing laws applicable to schools as set forth in Section 49-2-203, *TCA*, which provides for the county Board of Education, through its executive committee (director of schools and chairman of the Board of Education), to make all purchases. This statute, along with *TCA Section 12-3-1212*, also provides for the School System, which has a purchasing division, to use a comprehensive vendor list to solicit competitive bids on all purchases exceeding \$25,000 provided the vendors on such list are given notice to bid. This statute also requires the purchasing division to periodically advertise in a county newspaper of general circulation for vendors and to update the list of vendors following such advertisement.

VI. OTHER NOTES – DISCRETELY PRESENTED CLARKSVILLE-MONTGOMERY COUNTY 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 *Tennessee Code Annotated*. The board's main purpose is to maintain and increase employment opportunities and further the use of the county's agricultural products and natural resources by promoting industry, trade, commerce, and construction by inducing manufacturing, industrial, governmental, educational, financial, service, commercial, and recreational enterprises to locate in or remain in this area.

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

In fiscal year 1995, the Clarksville-Montgomery County Tourism Commission (Tourism), the Clarksville Area Chamber of Commerce (Chamber), and the board jointly organized the Clarksville-Montgomery County Economic Development Council (EDC) to develop, coordinate, and implement a comprehensive marketing plan relating to economic prosperity of Clarksville-Montgomery County and the surrounding area. The board, Tourism, and Chamber evenly share the cost of EDC staff salaries, payroll taxes, benefits, and other operating costs and expenses related to the general administration of the EDC. All other expenses of the EDC are share based on usage allocations. The audited financial statements of the EDC can be obtained from the Vice President of Finance and Human Resources, Clarksville-Montgomery County Economic Development Council, P. O. Box 883, Clarksville, Tennessee 37041-0883.

2. **Use of Estimates**

The board's financial statements are presented in accordance with accounting principles generally accepted in the United States of America, which require the use of management's estimates and assumptions. Those estimates and assumptions affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities, and the reported revenues and expenses. Actual results could vary from these estimates in the near term and these variations can have a material effect on these financial statements.

3. **Concentrations of Credit Risk**

Financial instruments that potentially subject the board to significant concentrations of credit risk consist principally of cash and receivables. Custodial credit risk for the board's deposits is the risk that the board's deposits may not be returned in the event of a bank failure. As required by state statutes, the board's policy is to require financial institutions holding its deposits to be members of the Tennessee Collateral Pool or pledge collateral for deposits in excess of federal depository insurance. The collateral is required to be held by the board or its agent in the board's name. With respect to receivables,

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

4. **Government-wide Financial Statements**

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

The governmental fund financial statements are shown in combination with the government-wide financial statements.

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

5. **Measurement Focus, Basis of Accounting, and Basis of Presentation**

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 government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned, and expenses are recorded when the related liabilities are incurred, regardless of the timing of the related cash flow.

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

60 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. The board's only fund is the General Fund. It accounts for all of the financial resources of the board.

6. **Cash and Cash Equivalents**

The board considers all highly liquid debt instruments purchased with maturities of 90 days or less to be cash equivalents. Restricted cash consists of funds set aside to pay retainage liabilities.

7. **Uncollectible Accounts**

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

8. **Capital Assets**

Capital assets are valued at cost for assets purchased. All assets with an initial, individual cost of more than \$500 and an estimated useful life in excess of two years are capitalized. Depreciation of capital assets is provided over the estimated useful lives of the respective assets on a straight-line basis. Donated capital assets are recorded at their estimated fair value at the date of the donation. The cost of normal maintenance and repairs is not capitalized.

9. **Property Held for Sale or Lease**

Property held for sale or lease is recorded at cost or market, if lower. The cost of property sold is charged to expense using the specific identification method. If the property sold was originally contributed by the primary government, the value of the property sold is charged to contributed capital.

10. **Accrued Compensated Absences**

Employees are required to take earned vacation days within the fiscal year, and sick days are not paid upon separation. Therefore, compensated absences are not accrued.

11. **Fund Balance**

The board has implemented Governmental Accounting Standards Board (GASB) Codification 1800, *Classification and Terminology*. This code provides more clearly defined fund balance categories to make the nature and extent of the constraints placed on a government's fund balances more transparent. The following classifications describe the relative strength of the spending constraints:



- Nonspendable Fund Balance – amounts that are not in spendable form (such as inventory) or are required to remain intact.
- Restricted Fund Balance – amounts constrained to specific purposes by their providers (such as grantors, bondholders, and higher levels of government), through constitutional provisions, or by enabling legislation.
- Committed Fund Balance – amounts constrained to specific purposes by the board’s governing body, using its highest level of decision-making authority (i.e., by majority vote of the board of directors at an official meeting). To be reported as committed, amounts cannot be used for any other purpose unless the board of directors takes the same highest level action to remove or change the constraint.
- Assigned Fund Balance – amounts the board intends to use for a specific purpose. Intent can be expressed by management of the board.
- Unassigned Fund Balance – amounts that are available for any purpose.

The details of the fund balances are included in the Governmental Fund Balance Sheet and in Note VI.N.

It is the board’s policy to use restricted funds first as appropriate. Assigned funds are reduced to the extent that expenditure authority has been budgeted or the assignment has been changed by management. Decreases to fund balance first reduce unassigned fund balance; in the event that unassigned fund balance becomes zero, then assigned and committed fund balances are used in that order.

## 12. Funding

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

### B. Cash and Cash Equivalents

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

At June 30, 2016, cash and other deposits included bank balances totaling \$1,529,109, all of which were insured by the Federal Deposit Insurance Corporation (FDIC) or the State of Tennessee Bank 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, 2016. Following is a summary of the board's certificates of deposit at June 30, 2016, all of which were insured by the FDIC or the State of Tennessee Bank Collateral Pool.

	<u>Carrying Amount</u>	<u>Market Value</u>
Certificates of Deposits	\$ 616,300	\$ 616,300

D. Property Held for Sale or Lease

A summary of property held for sale or lease follows:

	<u>Acres Available</u>	<u>At Cost</u>
Land-Park Expansion	405.960	\$ 5,940,625
Goodpasture Property	19.500	116,060
Bell Property	33.880	124,686
Clarksville Business Park North	1,142.050	18,168,239
Dunlop Property	18.300	3,734,085
Hamill Property	1.640	7,815
Hampton Station Property	3.360	111,724
Pad-Ready Site	0.000	<u>1,090,720</u>
Total		<u>\$ 29,293,954</u>

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

E. Capital Assets

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

Capital Assets	Balance			Balance 6-30-16
	7-1-15	Additions	Deductions	
Equipment	\$ 73,399	\$ 3,542	\$ 37,289	\$ 39,652
Vehicles	26,325	0	11,170	15,155
Leasehold Improvements	48,793	0	0	48,793
Buildings	1,883,553	0	0	1,883,553
Land	37,641	0	0	37,641
Software	1,385	0	1,385	0
<b>Total</b>	<b>\$ 2,071,096</b>	<b>\$ 3,542</b>	<b>\$ 49,844</b>	<b>\$ 2,024,794</b>

Accumulated Depreciation

Equipment	\$ 69,368	\$ 1,220	\$ 35,696	\$ 34,892
Vehicles	12,128	3,031	10,612	4,547
Leasehold Improvements	27,380	3,254	0	30,634
Buildings	290,382	47,089	0	337,471
Software	1,385	0	1,385	0
<b>Total</b>	<b>\$ 400,643</b>	<b>\$ 54,594</b>	<b>\$ 47,693</b>	<b>\$ 407,544</b>

Land is not depreciated or amortized. Capital assets with net book values totaling \$1,594,332 were pledged as collateral for debt at June 30, 2016.

**F. Construction in Progress**

A summary of changes in construction in progress follows:

	Balance		Balance 6-30-16
	7-1-15	Deductions	
Rail to Park Expansion	\$ 362,952	\$ 0	\$ 362,952
<b>Total</b>	<b>\$ 362,952</b>	<b>\$ 0</b>	<b>\$ 362,952</b>

Construction in progress is not depreciated and will be transferred to property held for sale or lease once completed.

**G. Notes Payable**

Notes payable consisted of the following:

Note payable bearing interest at Wall Street Journal prime rate (3.5% as of June 30, 2016) secured by land and a building; principal and interest are payable in monthly installments, maturing May 2021. \$ 921,127

Note payable bearing interest at 2.75% secured by a vehicle; principal and interest are payable in monthly installments, maturing September 2017. 6,470

Note payable bearing interest at 3.25% secured by building in property held for sale or lease; interest is payable in annual installments with a balloon payment due March 2019. The county will fund the balloon payment if the building has not sold. 3,710,000

Non-interest bearing note payable, secured by land in property held for sale or lease; payable in annual installments of \$598,558, maturing in 2020. The annual installment payments will be reimbursed by the county. 2,394,232

Total Notes Payable \$ 7,031,829

Less: Current Portion (801,874)

Total Notes Payable Excluding Current Portion \$ 6,229,955

Changes in notes payable (including current portions) for the year ended June 30, 2016, were as follows:

	Balance			Balance	Estimated
	7-1-15	Increases	Decreases	6-30-16	Amount Due
					in Year
					Ending
					6-30-17
Notes Payable	\$ 4,831,901	\$ 2,394,232	\$ 194,304	\$ 7,031,829	\$ 801,874

Future payments on notes payable are as follows:

Year Ending June 30	Total Principal	Total Interest
2017	\$ 801,874	\$ 158,607
2018	807,129	149,407
2019	4,525,340	139,869
2020	825,299	9,335
2021	72,187	842
Total	<u>\$ 7,031,829</u>	<u>\$ 458,060</u>

**H. Retainage Payable**

At June 30, 2016, the board owed \$316,064 to various construction companies for retainage. The retainage is associated with site development of property held for sale or lease and is not associated with the capital assets of the board.

**I. Adjustments to Governmental Fund Statements**

Governmental Fund Balance Sheet to the Statement of Net Position:

When capital assets that are to be used in governmental activities are purchased or constructed, the costs of those assets are reported as expenditures in governmental funds. However, the Statement of Net Position includes those capital assets among the assets of the board, net of related accumulated depreciation. The Statement of Net Position also includes the debt related to the capital assets and other debt among the liabilities of the board.

Cost of Capital Assets	\$ 2,024,794
Less: Accumulated Depreciation	<u>(407,544)</u>
Net Capital Assets	<u>\$ 1,617,250</u>
Debt Related to Capital Assets:	
Current Portion of Note Payable	\$ 176,789
Long-term Portion of Note Payable	<u>934,461</u>
Total Debt Related to Capital Assets	<u>\$ 1,111,250</u>

Other Debt:	
Current Portion of Note Payable	\$ 625,085
Long-term Portion of Note Payable	<u>5,295,494</u>
Total Other Debt	<u>\$ 5,920,579</u>
Total Debt	<u>\$ 7,031,829</u>

Statement of Governmental Fund Revenues, Expenditures, and Changes in Fund Balance to the Statement of Activities:

Governmental funds report capital outlays as expenditures. However, in the Statement of Activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense. Proceeds from the sales of capital assets are excluded from the Statement of Activities since the proceeds are not a gain or loss associated with the sale. Governmental funds record borrowings as revenue and the principal portion of debt repayment as an expense, while the Statement of Net Position records borrowings as a liability and the Statement of Activities records the interest portion of payments as an expense.

Depreciation Expense	\$ (54,594)
Loss on Disposal of Capital Assets	(2,151)
Capital outlays	3,542
Debt Service Principal	<u>194,304</u>
Total	<u>\$ 141,101</u>

**J. Operating Leases**

The board leases office space in the Capital Bank building from the EDC under a five-year agreement. Rental expense under the operating lease was \$26,664 for the year ended June 30, 2016. The lease expired in November 2016, and was renewed for a five-year term ending November 2021.

Future payments on lease obligations are as follows:

Year Ending June 30	Lease Payments
2017	\$ 27,840
2018	28,427
2019	28,427
2020	28,427
2021	28,427
Thereafter	<u>9,476</u>
Total	<u>\$ 151,024</u>

**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 lease contract ends December 31, 2020. Under the terms of the lease, the state makes monthly lease payments of \$21,542 to the board. The state has one option to renew the lease for an additional ten years with monthly rent of \$15,866. The leased building and land had a cost basis of \$1,921,194, accumulated depreciation of \$337,470, and carrying cost of \$1,583,724 at June 30, 2016.

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

Year Ending June 30	Lease Payments
2017	\$ 258,513
2018	258,513
2019	258,513
2020	<u>129,257</u>
Total	<u>\$ 904,796</u>

**L. Retirement Plan**

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

contribution. With regard to contributions of the board, vesting occurs immediately.

During the year ended June 30, 2016, contributions totaling \$28,717 were paid and expensed by the board. Employee contributions to the plan were \$25,623 for the year ended June 30, 2016.

**M. Related-party Transactions**

The board paid EDC \$258,329 for its share of EDC expenses during the year ended June 30, 2016. The board had related-party payables at June 30, 2016, totaling \$33,542, and related-party receivables of \$17,000. Included in related party receivables at June 30, 2016, is \$17,000 that was advanced to the EDC to facilitate payment of routine board expenses and is not expected to be collected within one year.

**N. Fund Balance**

The board has unassigned fund balance of \$1,066,448, assigned fund balance of \$139,550, and nonspendable fund balance of \$29,673,906 at June 30, 2016. Assigned fund balance consisted of funds set aside by management to be used towards the purchase of a new sign for the industrial park. Nonspendable fund balance consisted of the following:

Property Held for Sale or Lease	\$ 29,293,954
Construction in Progress	362,952
Long-term Portion of Due from Related Parties	<u>17,000</u>
Total Nonspendable Fund Balance	<u>\$ 29,673,906</u>

**O. Conduit Debt Obligations**

The board has participated in several issues of industrial revenue bonds to provide financial assistance to private-sector entities for the acquisition and construction of industrial and commercial facilities deemed to be in the public interest. The board is not obligated in any manner for repayment of the bonds. Accordingly, the bonds are not reported as liabilities in the financial statements. The principal balances outstanding as of June 30, 2016, totaled \$451,078,800.

**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, 2016, there was an accrued liability of zero to the city and zero to the county.

The board 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 board, through its primary government, Montgomery County, has elected to obtain various insurance policies to transfer risk to a commercial insurance company either directly or through the Tennessee County Services Association Pool. Insurance settlements have not been in excess of insurance coverage in any of the prior three fiscal years. The board has obtained commercial insurance for employees' health, unemployment compensation, and worker's compensation through the EDC.

**R. Prior-period Adjustment**

Property held for sale or lease was adjusted as of June 30, 2015, to correct accounting errors that occurred in previous years. These errors resulted from the failure to record a donation of property held for sale or lease in a prior year. Following is a schedule of adjustments to the June 30, 2015, governmental fund balance sheet/statement of net position:

	<u>Fund Balance</u>	<u>Net Position</u>
Decrease in property held for sale or lease	\$ (258,967)	\$ (258,967)
Total decrease in fund balance/net position	(258,967)	(258,967)
Fund balance/net position - June 30, 2015, as previously reported	<u>\$ 29,150,245</u>	<u>\$ 25,988,797</u>
 Fund balance/net position - June 30, 2015, as restated	 <u>\$ 28,891,278</u>	 <u>\$ 25,729,830</u>

**S. Subsequent Event**

In September 2016, the board entered into an agreement to lease property held for sale or lease pursuant to a three-year agreement beginning December 2016 and ending November 2019. Total expected lease income from the agreement is expected to be \$1,237,500 over the life of the lease. The leased building and land had a cost basis and carrying cost of \$3,734,085 at June 30, 2016.

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**REQUIRED SUPPLEMENTARY  
INFORMATION**

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Exhibit F-1

Montgomery County, Tennessee  
Schedule of Changes in Net Pension Liability (Asset) and Related Ratios Based on  
Participation in the Public Employee Pension Plan of TCRS  
Primary Government  
For the Fiscal Year Ended June 30

	2014	2015
<b>Total Pension Liability (Asset)</b>		
Service Cost	\$ 5,364,200	\$ 5,781,524
Interest	14,385,325	15,453,553
Differences Between Actual and Expected Experience	1,129,234	(2,606,966)
Benefit Payments, Including Refunds of Employee Contributions	(6,689,595)	(7,416,482)
Net Change in Total Pension Liability (Asset)	\$ 14,189,164	\$ 11,211,629
Total Pension Liability (Asset), Beginning	189,784,932	203,974,096
<b>Total Pension Liability (Asset), Ending (a)</b>	<b>\$ 203,974,096</b>	<b>\$ 215,185,725</b>
<b>Plan Fiduciary Net Position</b>		
Contributions - Employer	\$ 9,861,110	\$ 9,884,158
Contributions - Employee	1,936	9,073
Net Investment Income	29,005,282	6,354,345
Benefit Payments, Including Refunds of Employee Contributions	(6,689,595)	(7,416,482)
Administrative Expense	(92,900)	(121,228)
Other Changes	0	9,750
Net Change in Plan Fiduciary Net Position	\$ 32,085,833	\$ 8,719,616
Plan Fiduciary Net Position, Beginning	173,379,826	205,465,659
<b>Plan Fiduciary Net Position, Ending (b)</b>	<b>\$ 205,465,659</b>	<b>\$ 214,185,275</b>
<b>Net Pension Liability (Asset), Ending (a - b)</b>	<b>\$ (1,491,563)</b>	<b>\$ 1,000,450</b>
<b>Plan Fiduciary Net Position as a Percentage of Total Pension Liability</b>	<b>100.73%</b>	<b>99.54%</b>
<b>Covered Payroll</b>	<b>\$ 68,814,466</b>	<b>\$ 71,520,680</b>
<b>Net Pension Liability (Asset) as a Percentage of Covered Payroll</b>	<b>2.17%</b>	<b>1.40%</b>

Note: ten years of data will be presented when available.

Note: data presented includes primary government and non-certified employees of the discretely presented School System.

Exhibit F-2

Montgomery County, Tennessee  
Schedule of Contributions Based on Participation in the Public  
Employee Pension Plan of TCRS  
Primary Government  
For the Fiscal Year Ended June 30

	2014	2015	2016
Actuarially Determined Contribution	\$ 9,861,110	\$ 9,884,158	\$ 10,164,790
Less Contributions in Relation to the			
Actuarially Determined Contribution	(9,861,110)	(9,884,158)	(10,164,790)
Contribution Deficiency (Excess)	\$ 0	\$ 0	\$ 0
Covered Payroll	\$ 68,814,466	\$ 71,520,680	\$ 76,519,775
Contributions as a Percentage of			
Covered Payroll	14.33%	13.82%	13.82%

Note: ten years of data will be presented when available.

Note: data presented includes primary government and non-certified employees of the discretely presented School System.

Exhibit F-3

Montgomery County, Tennessee  
Schedule of Contributions Based on Participation in the Teacher  
Retirement Plan of TCRS  
Discretely Presented Clarksville - Montgomery County School System  
For the Fiscal Year Ended June 30

	2015	2016
\$	198,784 \$	499,266
	(318,055)	(798,821)
\$	<u>(119,271) \$</u>	<u>(299,555)</u>
\$	7,951,405 \$	19,970,624
	4.00%	4.00%

Contractually Required Contribution  
Less Contributions in Relation to the  
Contractually Required Contribution  
Contribution Deficiency (Excess)

Covered Payroll

Contributions as a Percentage of Covered Payroll

Note: ten years of data will be presented when available.

Exhibit F-4

Montgomery County, Tennessee  
Schedule of Contributions Based on Participation in the Teacher  
Legacy Pension Plan of TCRS  
Discretely Presented Clarksville - Montgomery County School System  
For the Fiscal Year Ended June 30

	2014	2015	2016
Contractually Required Contribution	\$ 10,592,992	\$ 10,341,505	\$ 9,721,643
Less Contributions in Relation to the			
Contractually Required Contribution	(10,592,992)	(10,341,505)	(9,721,643)
Contribution Deficiency (Excess)	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>
Covered Payroll	\$ 119,290,487	\$ 114,397,283	\$ 107,542,037
Contributions as a Percentage of Covered Payroll	8.88%	9.04%	9.04%

Note: ten years of data will be presented when available.

Exhibit F-5

Montgomery County, Tennessee  
Schedule of Proportionate Share of the Net Pension Asset  
in the Teacher Pension Plan of TCRS  
Discretely Presented Clarksville - Montgomery County School System  
For the Fiscal Year Ended June 30 \*

	<u>2016</u>
School System's Proportion of the Net Pension Liability (Asset)	3.826940%
School System's Proportionate Share of the Net Pension Liability (Asset)	\$ (153,956)
Covered Employee Payroll	\$ 7,951,405
School System's Proportionate Share of the Net Pension Liability (Asset) as a Percentage of its Covered Payroll	(1.94)%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	127.46%

\* The amounts presented were determined as of June 30 of the prior fiscal year.

Note: ten years of data will be presented when available.



Exhibit F-6

Montgomery County, Tennessee  
Schedule of Proportionate Share of the Net Pension Asset  
in the Teacher Legacy Pension Plan of TCRS  
Discretely Presented Clarksville-Montgomery County School System  
For the Fiscal Year Ended June 30 \*

	<u>2015</u>	<u>2016</u>
School System's Proportion of the Net Pension Liability (Asset)	3.039254%	3.055886%
School System's Proportionate Share of the Net Pension Liability (Asset)	\$ (493,865)	\$ 1,251,796
Covered Payroll	\$ 119,290,452	\$ 114,397,283
School System's Proportionate Share of the Net Pension Liability (Asset) as a Percentage of its Covered Payroll	(0.414002)%	1.094253%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	100.08%	99.81%

\* The amounts presented were determined as of June 30 of the prior fiscal year.

Note: ten years of data will be presented when available.

Exhibit F-7

Montgomery County, Tennessee  
 Schedule of Funding Progress – Other Postemployment Benefits Plans  
 Primary Government and Discretely Presented Clarksville-Montgomery County School System  
 June 30, 2016

(Dollar amounts in thousands)

Plans	Actuarial Valuation Date	Actuarial Value of Plan Assets (a)	Actuarial Accrued Liability (AAL) Projected Unit Credit (b)	Unfunded AAL (UAAL) (b)-(a)	Funded Ratio (a/b)	Covered Payroll (c)	UAAL as a Percentage of Covered Payroll ((b-a)/c)
Primary Government	7-1-14	\$0	\$5,937	\$5,937	0 %	\$31,420	19 %
"	7-1-15	0	6,304	6,304	0	31,420	20
"	7-1-16	0	7,194	7,194	0	32,914	22
School System	7-1-12	0	11,912	11,912	0	137,701	9
"	7-1-13	0	18,377	18,377	0	155,432	12
"	7-1-15	0	19,238	19,238	0	155,432	12

**MONTGOMERY COUNTY, TENNESSEE  
 NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION  
 For the Year Ended June 30, 2016**

**TENNESSEE CONSOLIDATED RETIREMENT SYSTEM**

*Valuation Date:* Actuarially determined contribution rates for 2016 were calculated based on the July 1, 2013, actuarial valuation.

Methods and assumptions used to determine contribution rates:

Actuarial Cost Method	Frozen Initial Liability
Amortization Method	Level Dollar, Closed (Not to Exceed 20 Years)
Remaining Amortization Period	4 Years
Asset Valuation	10-Year Smoothed Within a 20% Corridor to Market Value
Inflation	3%
Salary Increases	Graded Salary Ranges from 8.97% to 3.71% Based on Age, Including Inflation, Averaging 4.25%
Investment Rate of Return	7.5%, Net of Investment Expense, Including Inflation
Retirement Age	Pattern of Retirement Determined by Experience Study
Mortality	Customized Table Based on Actual Experience Including an Adjustment for Some Anticipated Improvement
Cost of Living Adjustment	2.5%

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

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# Nonmajor Governmental Funds

## Special Revenue Funds

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

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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 of deeds, and sheriff.

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

Exhibit G-1

Montgomery County, Tennessee  
 Combining Balance Sheet  
 Nonmajor Governmental Funds  
 June 30, 2016

	Special Revenue Funds				Total Nonmajor Governmental Funds
	Drug Control	Constitu- tional Officers - Fees	Highway / Public Works		
\$	0 \$	10,660 \$	50 \$	10,710	
	124,963	0	4,127,717	4,252,680	
	395	1,559	2,121	4,075	
	0	0	632,296	632,296	
	0	0	4,337,993	4,337,993	
	0	0	(117,820)	(117,820)	
\$	125,358 \$	12,219 \$	8,982,357 \$	9,119,934	

ASSETS

Cash  
 Equity in Pooled Cash and Investments  
 Accounts Receivable  
 Due from Other Governments  
 Property Taxes Receivable  
 Allowance for Uncollectible Property Taxes

Total Assets

LIABILITIES

Accounts Payable  
 Payroll Deductions Payable  
 Due to Litigants, Heirs, and Others  
 Other Current Liabilities  
 Current Liabilities Payable From Restricted Assets  
 Total Liabilities

DEFERRED INFLOWS OF RESOURCES

Deferred Current Property Taxes  
 Deferred Delinquent Property Taxes  
 Other Deferred/Unavailable Revenue  
 Total Deferred Inflows of Resources

\$	0 \$	0 \$	4,090,842 \$	4,090,842
	0	0	111,180	111,180
	0	0	294,917	294,917
\$	0 \$	0 \$	4,496,939 \$	4,496,939

(Continued)

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

	Special Revenue Funds				Total Nonmajor Governmental Funds
	Drug Control	Constitu- tional Officers - Fees	Highway / Public Works		
\$	114,019	0	0	0	114,019
	0	0	3,882,064		3,882,064
	0	0	426,683		426,683
\$	114,019	0	4,308,747		4,422,766
\$	125,368	12,219	8,982,357		9,119,934

FUND BALANCES

Restricted:  
 Restricted for Public Safety  
 Restricted for Highways/Public Works  
 Assigned:  
 Assigned for Highways/Public Works  
 Total Fund Balances

Total Liabilities, Deferred Inflows of Resources, and Fund Balances

Montgomery County, Tennessee  
 Combining Statement of Revenues, Expenditures,  
 and Changes in Fund Balances  
 Nonmajor Governmental Funds  
 For the Year Ended June 30, 2016

	Special Revenue Funds				Total Nonmajor Governmental Funds
	Drug Control	Constitu- tional Officers - Fees	Highway / Public Works		
<u>Revenues</u>					
Local Taxes	\$ 0	\$ 0	\$ 4,476,045	\$ 4,476,045	
Fines, Forfeitures, and Penalties	63,452	0	0	63,452	
Charges for Current Services	0	16,163	0	16,163	
Other Local Revenues	0	0	39,375	39,375	
State of Tennessee	0	0	3,505,166	3,505,166	
Other Governments and Citizens Groups	0	0	27,000	27,000	
<b>Total Revenues</b>	<b>\$ 63,452</b>	<b>\$ 16,163</b>	<b>\$ 8,047,586</b>	<b>\$ 8,127,201</b>	
<u>Expenditures</u>					
Current:					
Administration of Justice	0	16,163	0	16,163	
Public Safety	14,528	0	0	14,528	
Highways	0	0	7,724,483	7,724,483	
<b>Total Expenditures</b>	<b>\$ 14,528</b>	<b>\$ 16,163</b>	<b>\$ 7,724,483</b>	<b>\$ 7,755,174</b>	
<b>Excess (Deficiency) of Revenues Over Expenditures</b>	<b>\$ 48,924</b>	<b>\$ 0</b>	<b>\$ 323,103</b>	<b>\$ 372,027</b>	
<u>Other Financing Sources (Uses)</u>					
Insurance Recovery	0	0	5,182	5,182	
Transfers Out	0	0	(275,000)	(275,000)	
<b>Total Other Financing Sources (Uses)</b>	<b>\$ 0</b>	<b>\$ 0</b>	<b>\$ (269,818)</b>	<b>\$ (269,818)</b>	

(Continued)



Exhibit G-2

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

	Special Revenue Funds				Total Nonmajor Governmental Funds
	Drug Control	Constitutional Officers - Fees	Highway / Public Works		
Net Change in Fund Balances	\$ 48,924	\$ 0	\$ 53,285	\$	102,209
Fund Balance, July 1, 2015	65,095	0	4,255,462		4,320,557
Fund Balance, June 30, 2016	\$ 114,019	\$ 0	\$ 4,308,747	\$	4,422,766

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, 2016

	Actual	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
		Original	Final	
<u>Revenues</u>				
Fines, Forfeitures, and Penalties	\$ 63,452	\$ 25,000	\$ 25,000	\$ 38,452
Total Revenues	\$ 63,452	\$ 25,000	\$ 25,000	\$ 38,452
<u>Expenditures</u>				
<u>Public Safety</u>				
Sheriff's Department	\$ 14,528	\$ 64,420	\$ 64,420	\$ 49,892
Total Expenditures	\$ 14,528	\$ 64,420	\$ 64,420	\$ 49,892
Excess (Deficiency) of Revenues Over Expenditures	\$ 48,924	\$ (39,420)	\$ (39,420)	\$ 88,344
Net Change in Fund Balance	\$ 48,924	\$ (39,420)	\$ (39,420)	\$ 88,344
Fund Balance, July 1, 2015	65,095	43,103	65,095	0
Fund Balance, June 30, 2016	\$ 114,019	\$ 3,683	\$ 25,675	\$ 88,344

Exhibit G-4

Montgomery County, Tennessee  
 Schedule of Revenues, Expenditures, and Changes  
 in Fund Balance - Actual (Budgetary Basis) and Budget  
 Highway/Public Works Fund  
 For the Year Ended June 30, 2016

	Actual (GAAP Basis)	Less: Encumbrances 7/1/2015	Add: Encumbrances 6/30/2016	Actual Revenues/ Expenditures (Budgetary Basis)	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
					Original	Final	
<b>Revenues</b>							
Local Taxes	\$ 4,476,045	\$ 0	\$ 0	\$ 4,476,045	\$ 4,379,349	\$ 4,379,349	\$ 96,696
Other Local Revenues	39,375	0	0	39,375	86,660	86,660	(47,285)
State of Tennessee	3,605,166	0	0	3,506,166	3,429,503	3,429,503	76,663
Other Governments and Citizens Groups	27,000	0	0	27,000	25,000	25,000	2,000
<b>Total Revenues</b>	<b>\$ 8,047,586</b>	<b>\$ 0</b>	<b>\$ 0</b>	<b>\$ 8,047,586</b>	<b>\$ 7,920,512</b>	<b>\$ 7,920,512</b>	<b>\$ 127,074</b>
<b>Expenditures</b>							
<b>Highways</b>							
Administration	\$ 416,781	\$ 0	\$ 0	\$ 416,781	\$ 429,006	\$ 429,006	\$ 12,225
Highway and Bridge Maintenance	4,309,020	0	0	4,309,020	4,599,125	4,599,125	290,105
Operation and Maintenance of Equipment	1,102,891	0	20,450	1,122,841	1,233,190	1,233,190	110,349
Traffic Control	467,512	0	0	467,512	505,648	505,648	38,136
Other Charges	521,869	(5,135)	0	516,734	559,953	565,088	48,354
Employee Benefits	15,719	0	0	15,719	60,000	60,000	44,281
Capital Outlay	891,191	(116,980)	406,233	1,180,444	1,601,164	1,760,590	580,146
Interest on Debt	0	0	0	0	7,000	7,000	7,000
Highways and Streets	0	0	0	0	0	0	0
<b>Total Expenditures</b>	<b>\$ 7,724,483</b>	<b>\$ (122,115)</b>	<b>\$ 426,683</b>	<b>\$ 8,029,051</b>	<b>\$ 8,995,066</b>	<b>\$ 9,159,647</b>	<b>\$ 1,130,596</b>
<b>Excess (Deficiency) of Revenues Over Expenditures</b>	<b>\$ 323,103</b>	<b>\$ 122,115</b>	<b>\$ (426,683)</b>	<b>\$ 18,535</b>	<b>\$ (1,074,574)</b>	<b>\$ (1,239,135)</b>	<b>\$ 1,257,670</b>
<b>Other Financing Sources (Uses)</b>							
Insurance Recovery	\$ 5,182	\$ 0	\$ 0	\$ 5,182	\$ 0	\$ 0	\$ 5,182
Transfers Out	(275,000)	0	0	(275,000)	0	(275,000)	0
<b>Total Other Financing Sources</b>	<b>\$ (269,818)</b>	<b>\$ 0</b>	<b>\$ 0</b>	<b>\$ (269,818)</b>	<b>\$ 0</b>	<b>\$ (275,000)</b>	<b>\$ 5,182</b>
<b>Net Change in Fund Balance Fund Balance, July 1, 2015</b>	<b>\$ 53,285</b>	<b>\$ 122,115</b>	<b>\$ (426,683)</b>	<b>\$ (261,263)</b>	<b>\$ (1,074,574)</b>	<b>\$ (1,514,135)</b>	<b>\$ 1,262,852</b>
<b>Fund Balance, July 1, 2015</b>	<b>\$ 4,255,462</b>	<b>\$ (122,115)</b>	<b>\$ 0</b>	<b>\$ 4,133,347</b>	<b>\$ 2,825,063</b>	<b>\$ 4,255,462</b>	<b>\$ (122,115)</b>
<b>Fund Balance, June 30, 2016</b>	<b>\$ 4,308,747</b>	<b>\$ 0</b>	<b>\$ (426,683)</b>	<b>\$ 3,882,064</b>	<b>\$ 1,750,489</b>	<b>\$ 2,741,327</b>	<b>\$ 1,140,737</b>

# Major Governmental Fund

## General Debt Service Fund

---

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

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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, 2016

	Actual	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
		Original	Final	
<b>Revenues</b>				
Local Taxes	\$ 29,198,596	\$ 28,827,000	\$ 28,827,000	\$ 371,596
Other Local Revenues	416,321	350,000	350,000	66,321
Federal Government	44,967	90,000	90,000	(45,033)
Other Governments and Citizens Groups	706,820	0	706,820	0
<b>Total Revenues</b>	<b>\$ 30,366,704</b>	<b>\$ 29,267,000</b>	<b>\$ 29,973,820</b>	<b>\$ 392,884</b>
<b>Expenditures</b>				
<b>Principal on Debt</b>				
General Government	\$ 8,388,460	\$ 8,362,960	\$ 8,388,460	\$ 0
Education	16,330,587	16,306,090	16,330,587	0
<b>Interest on Debt</b>				
General Government	3,262,839	3,144,369	3,263,440	601
Education	9,065,858	9,149,199	9,149,200	83,342
<b>Other Debt Service</b>				
General Government	300,278	252,500	411,291	111,013
Education	446,165	618,000	618,003	171,838
<b>Total Expenditures</b>	<b>\$ 37,794,187</b>	<b>\$ 37,833,118</b>	<b>\$ 38,160,981</b>	<b>\$ 366,794</b>
Excess (Deficiency) of Revenues Over Expenditures	\$ (7,427,483)	\$ (8,566,118)	\$ (8,187,161)	\$ 759,678
<b>Other Financing Sources (Uses)</b>				
Refunding Debt Issued	\$ 11,360,000	\$ 0	\$ 11,360,000	\$ 0
Premiums on Debt Sold	1,130,523	0	1,130,523	0
Transfers In	0	153,750	0	0
Payments to Refunded Debt Escrow Agent	(12,331,734)	0	(12,331,734)	0
<b>Total Other Financing Sources</b>	<b>\$ 158,789</b>	<b>\$ 153,750</b>	<b>\$ 158,789</b>	<b>\$ 0</b>
Net Change in Fund Balance	\$ (7,268,694)	\$ (8,412,368)	\$ (8,028,372)	\$ 759,678
Fund Balance, July 1, 2015	40,336,621	38,801,186	40,336,621	0
<b>Fund Balance, June 30, 2016</b>	<b>\$ 33,067,927</b>	<b>\$ 30,388,818</b>	<b>\$ 32,308,249</b>	<b>\$ 759,678</b>

# Proprietary Funds

---

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

---

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

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

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

## Exhibit I-1

Montgomery County, Tennessee  
Combining Statement of Net Position  
Proprietary Funds  
June 30, 2016

	Internal Service Funds			Total
	Self-Insurance	Workers' Compensation	Unemployment Compensation	
<u>ASSETS</u>				
Current Assets:				
Equity in Pooled Cash and Investments	\$ 24,102,469	\$ 660,178	\$ 38,275	\$ 24,800,922
Cash with Paying Agents	0	50,000	0	50,000
Accounts Receivable	406,530	0	0	406,530
Due from Component Units	1,350	0	0	1,350
Total Current Assets	<u>\$ 24,510,349</u>	<u>\$ 710,178</u>	<u>\$ 38,275</u>	<u>\$ 25,258,802</u>
Noncurrent Assets:				
Capital Assets:				
Buildings and Improvements	\$ 24,803	0	0	\$ 24,803
Accumulated Depreciation - Buildings and Improvements	(9,524)	0	0	(9,524)
Total Noncurrent Assets	<u>\$ 15,279</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 15,279</u>
Total Assets	<u>\$ 24,525,628</u>	<u>\$ 710,178</u>	<u>\$ 38,275</u>	<u>\$ 25,274,081</u>
<u>LIABILITIES</u>				
Current Liabilities:				
Accounts Payable	\$ 46,153	\$ 88,417	0	\$ 134,570
Payroll Deductions Payable	0	2,412	0	2,412
Due to Component Units	38	0	0	38
Claims and Judgments Payable	1,915,429	154,209	0	2,069,638
Total Current Liabilities	<u>\$ 1,961,620</u>	<u>\$ 245,038</u>	<u>\$ 0</u>	<u>\$ 2,206,658</u>
Noncurrent Liabilities:				
Claims and Judgments Payable	\$ 1,915,429	\$ 154,209	0	\$ 2,069,638
Total Noncurrent Liabilities	<u>\$ 1,915,429</u>	<u>\$ 154,209</u>	<u>\$ 0</u>	<u>\$ 2,069,638</u>
Total Liabilities	<u>\$ 3,877,049</u>	<u>\$ 399,247</u>	<u>\$ 0</u>	<u>\$ 4,276,296</u>
<u>NET POSITION</u>				
Unrestricted	<u>\$ 20,648,579</u>	<u>\$ 310,931</u>	<u>\$ 38,275</u>	<u>\$ 20,997,785</u>
Total Net Position	<u>\$ 20,648,579</u>	<u>\$ 310,931</u>	<u>\$ 38,275</u>	<u>\$ 20,997,785</u>

Exhibit I-2

Montgomery County, Tennessee  
Combining Statement of Revenues, Expenses, and  
Changes in Net Position  
Proprietary Funds  
For the Year Ended June 30, 2016

	Internal Service Funds			Total
	Self-Insurance	Workers' Compensation	Unemployment Compensation	
<b><u>Operating Revenues</u></b>				
Charges for Current Services	\$ 45,806,801	\$ 787,111	\$ 89,931	\$ 46,683,843
Total Operating Revenues	\$ 45,806,801	\$ 787,111	\$ 89,931	\$ 46,683,843
<b><u>Operating Expenses</u></b>				
Other Facilities	\$ 0	\$ 0	\$ 2,623	\$ 2,623
Property Assessor's Office	0	0	7,150	7,150
Risk Management	0	706,434	0	706,434
Probation Services	0	0	707	707
Sheriff's Department	0	0	1,402	1,402
Jail	0	0	782	782
Waste Pickup	0	0	1,790	1,790
Convenience Centers	0	0	503	503
Landfill Operation and Maintenance	0	0	3,850	3,850
Parks and Fair Boards	0	0	25	25
Instruction	0	0	60,183	60,183
Depreciation	991	0	0	991
Other Charges	1,399,104	0	0	1,399,104
Employee Benefits	51,759,601	0	0	51,759,601
Other	0	0	7,150	7,150
Total Operating Expenses	\$ 53,159,696	\$ 706,434	\$ 86,165	\$ 53,952,295
Operating Income (Loss)	\$ (7,352,895)	\$ 80,677	\$ 3,766	\$ (7,268,452)
<b><u>Nonoperating Revenues (Expenses)</u></b>				
Investment Income	\$ 56,089	\$ 0	\$ 0	\$ 56,089
Miscellaneous Refunds	1,763,755	0	0	1,763,755
Total Nonoperating Revenues (Expenses)	\$ 1,819,844	\$ 0	\$ 0	\$ 1,819,844
Changes in Net Position	\$ (5,533,051)	\$ 80,677	\$ 3,766	\$ (5,448,608)
Net Position, July 1, 2015	26,181,630	230,254	34,509	26,446,393
Net Position, June 30, 2016	\$ 20,648,579	\$ 310,931	\$ 38,275	\$ 20,997,785



Exhibit I-3

Montgomery County, Tennessee  
Combining Statement of Cash Flows  
Proprietary Funds  
For the Year Ended June 30, 2016

	Internal Service Funds				Total
	Self-Insurance	Workers' Compensation	Unemployment Compensation		
<u>Cash Flows from Operating Activities</u>					
Receipts from Interfund Services Provided	\$ 45,403,184	\$ 787,111	\$ 89,931	\$ 46,280,226	
Other Self-Insured Claims	(53,107,314)	(506,346)	(89,755)	(53,703,415)	
Other Receipts (Payments)	1,763,755	0	0	1,763,755	
Net Cash Provided By (Used In) Operating Activities	\$ (5,940,375)	\$ 280,765	\$ 176	\$ (5,659,434)	
<u>Cash Flows from Investing Activities</u>					
Investment Income	\$ 56,089	\$ 0	\$ 0	\$ 56,089	
Net Cash Provided By (Used In) Investing Activities	\$ 56,089	\$ 0	\$ 0	\$ 56,089	
Net Increase (Decrease) in Cash	\$ (5,884,286)	\$ 280,765	\$ 176	\$ (5,603,345)	
Cash, July 1, 2015	29,986,755	429,413	38,099	30,454,267	
Cash, June 30, 2016	\$ 24,102,469	\$ 710,178	\$ 38,275	\$ 24,850,922	

(Continued)

Exhibit I-3

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

	Internal Service Funds			Total
	Self-Insurance	Workers' Compensation	Unemployment Compensation	
\$	(7,352,895)	\$ 80,677	\$ 3,766	\$ (7,268,452)
	1,763,755	0	0	1,763,755
	991	0	0	991
	(405,430)	0	0	(405,430)
	0	0	1,100	1,100
	1,813	0	0	1,813
	(21,083)	48,617	(4,690)	22,844
	0	(1,190)	0	(1,190)
	0	834	0	834
	(217)	0	0	(217)
	72,691	151,827	0	224,518
\$	(5,940,375)	\$ 280,765	\$ 176	\$ (5,659,434)

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

# Fiduciary Funds

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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.

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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.

Cities - Property Tax Fund – The Cities - Property Tax Fund is used to account for the collection of delinquent property taxes of the City of Clarksville. These collections are remitted to the city monthly.

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 of deeds, 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.

District Attorney General Fund – The District Attorney General Fund is used to account for restricted revenue held in trust for the benefit of the Office of District Attorney General.

Port Authority Fund – The Port Authority Fund is used to account for restricted revenue held in trust for the benefit of the Port Authority.

Exhibit J-1

Montgomery County, Tennessee  
 Combining Statement of Fiduciary Assets and Liabilities  
 Fiduciary Funds  
 June 30, 2016

	Agency Funds					Total
	Cities - Sales Tax	Constitu- tional Officers - Agency	Judicial District Drug	District Attorney General Fund	Port Authority Fund	
\$	0 \$	6,977,764 \$	5,143 \$	0 \$	0 \$	6,982,907
	0	0	281,727	34,437	50,000	366,164
	0	2,448	146	1,616	0	4,210
	2,686,116	0	2,145	694	0	2,688,955
\$	2,686,116 \$	6,980,212 \$	289,161 \$	36,747 \$	50,000 \$	10,042,236
\$	0 \$	0 \$	2,809 \$	3,309 \$	0 \$	6,118
	2,686,116	0	0	0	0	2,686,116
	0	6,980,212	0	33,438	50,000	7,063,650
	0	0	216,153	0	0	216,153
	0	0	70,199	0	0	70,199
\$	2,686,116 \$	6,980,212 \$	289,161 \$	36,747 \$	50,000 \$	10,042,236

ASSETS

Cash  
 Equity in Pooled Cash and Investments  
 Accounts Receivable  
 Due from Other Governments  
 Total Assets

LIABILITIES

Accounts Payable  
 Due to Other Taxing Units  
 Due to Litigants, Heirs, and Others  
 Due to Joint Ventures  
 Other Current Liabilities  
 Total Liabilities

Exhibit J-2

Montgomery County, Tennessee  
Combining Statement of Changes in Assets and  
Liabilities - All Agency Funds  
For the Year Ended June 30, 2016

	Beginning Balance	Additions	Deductions	Ending Balance
<u>Cities - Sales Tax Fund</u>				
<u>Assets</u>				
Equity in Pooled Cash and Investments	\$ 0	\$ 15,997,108	\$ 15,997,108	\$ 0
Due from Other Governments	2,627,507	2,686,116	2,627,507	2,686,116
Total Assets	\$ 2,627,507	\$ 18,683,224	\$ 18,624,615	\$ 2,686,116
<u>Liabilities</u>				
Due to Other Taxing Units	\$ 2,627,507	\$ 18,683,224	\$ 18,624,615	\$ 2,686,116
Total Liabilities	\$ 2,627,507	\$ 18,683,224	\$ 18,624,615	\$ 2,686,116
<u>Cities - Property Tax Fund</u>				
<u>Assets</u>				
Equity in Pooled Cash and Investments	\$ 0	\$ 459,473	\$ 459,473	\$ 0
Total Assets	\$ 0	\$ 459,473	\$ 459,473	\$ 0
<u>Liabilities</u>				
Due to Other Taxing Units	\$ 0	\$ 459,473	\$ 459,473	\$ 0
Total Liabilities	\$ 0	\$ 459,473	\$ 459,473	\$ 0
<u>Constitutional Officers - Agency Fund</u>				
<u>Assets</u>				
Cash	\$ 5,940,491	\$ 35,489,951	\$ 34,452,678	\$ 6,977,764
Accounts Receivable	845	2,448	845	2,448
Total Assets	\$ 5,941,336	\$ 35,492,399	\$ 34,453,523	\$ 6,980,212
<u>Liabilities</u>				
Due to Litigants, Heirs, and Others	\$ 5,941,336	\$ 35,492,399	\$ 34,453,523	\$ 6,980,212
Total Liabilities	\$ 5,941,336	\$ 35,492,399	\$ 34,453,523	\$ 6,980,212

(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
<b>Judicial District Drug Fund</b>				
<u>Assets</u>				
Cash	\$ 9,458	\$ 5,143	\$ 9,458	\$ 5,143
Equity in Pooled Cash and Investments	126,152	278,894	123,319	281,727
Accounts Receivable	95	146	95	146
Due from Other Governments	4,869	2,145	4,869	2,145
<b>Total Assets</b>	<b>\$ 140,574</b>	<b>\$ 286,328</b>	<b>\$ 137,741</b>	<b>\$ 289,161</b>
<u>Liabilities</u>				
Accounts Payable	\$ 4,659	\$ 2,809	\$ 4,659	\$ 2,809
Due to Joint Ventures	77,309	180,322	41,478	216,153
Other Current Liabilities	58,606	103,197	91,604	70,199
<b>Total Liabilities</b>	<b>\$ 140,574</b>	<b>\$ 286,328</b>	<b>\$ 137,741</b>	<b>\$ 289,161</b>
<b>District Attorney General Fund</b>				
<u>Assets</u>				
Equity in Pooled Cash and Investments	\$ 54,748	\$ 28,285	\$ 48,596	\$ 34,437
Accounts Receivable	1,279	1,616	1,279	1,616
Due from Other Governments	1,054	694	1,054	694
<b>Total Assets</b>	<b>\$ 57,081</b>	<b>\$ 30,595</b>	<b>\$ 50,929</b>	<b>\$ 36,747</b>
<u>Liabilities</u>				
Accounts Payable	\$ 57	\$ 3,309	\$ 57	\$ 3,309
Accrued Payroll	287	0	287	0
Due to Litigants, Heirs, and Others	56,737	27,286	50,585	33,438
<b>Total Liabilities</b>	<b>\$ 57,081</b>	<b>\$ 30,595</b>	<b>\$ 50,929</b>	<b>\$ 36,747</b>
<b>Port Authority Fund</b>				
<u>Assets</u>				
Equity in Pooled Cash and Investments	\$ 50,000	\$ 0	\$ 0	\$ 50,000
<b>Total Assets</b>	<b>\$ 50,000</b>	<b>\$ 0</b>	<b>\$ 0</b>	<b>\$ 50,000</b>
<u>Liabilities</u>				
Due to Litigants, Heirs, and Others	\$ 50,000	\$ 0	\$ 0	\$ 50,000
<b>Total Liabilities</b>	<b>\$ 50,000</b>	<b>\$ 0</b>	<b>\$ 0</b>	<b>\$ 50,000</b>

(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
<b><u>Totals - All Agency Funds</u></b>				
<b><u>Assets</u></b>				
Cash	\$ 5,949,949	\$ 35,495,094	\$ 34,462,136	\$ 6,982,907
Equity in Pooled Cash and Investments	230,900	16,763,760	16,628,496	366,164
Accounts Receivable	2,219	4,210	2,219	4,210
Due from Other Governments	2,633,430	2,688,955	2,633,430	2,688,955
<b>Total Assets</b>	<b>\$ 8,816,498</b>	<b>\$ 54,952,019</b>	<b>\$ 53,726,281</b>	<b>\$ 10,042,236</b>
<b><u>Liabilities</u></b>				
Accounts Payable	\$ 4,716	\$ 6,118	\$ 4,716	\$ 6,118
Accrued Payroll	287	0	287	0
Due to Other Taxing Units	2,627,507	19,142,697	19,084,088	2,686,116
Due to Litigants, Heirs, and Others	6,048,073	35,519,685	34,504,108	7,063,650
Due to Joint Ventures	77,309	180,322	41,478	216,153
Other Current Liabilities	58,606	103,197	91,604	70,199
<b>Total Liabilities</b>	<b>\$ 8,816,498</b>	<b>\$ 54,952,019</b>	<b>\$ 53,726,281</b>	<b>\$ 10,042,236</b>

# Clarksville-Montgomery County School System

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

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

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

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

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

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

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



Exhibit K-1

Montgomery County, Tennessee  
 Statement of Activities  
 Discretely Presented Clarksville-Montgomery County School System  
 For the Year Ended June 30, 2016

Functions/Programs	Program Revenues			Net (Expense) Revenue and Changes in Net Position
	Expenses	Charges for Services	Operating Grants and Contributions	
Governmental Activities:				
Instruction	\$ 139,104,698	\$ 112,031	\$ 8,654,986	\$ (130,337,681)
Support Services	101,724,881	333,133	4,098,836	(97,292,912)
Operation of Non-instructional Services	16,805,672	4,664,863	13,861,985	1,721,176
Interest on Long-term Debt	12,845	0	0	(12,845)
<b>Total Governmental Activities</b>	<b>\$ 257,648,096</b>	<b>\$ 5,110,027</b>	<b>\$ 26,615,807</b>	<b>\$ (225,922,262)</b>
General Revenues:				
Taxes:				
Property Taxes Levied for General Purposes				\$ 31,510,434
Local Option Sales Tax				46,229,719
Wheel Tax				4,241,272
Business Tax				763,968
Mixed Drink Tax				332,184
Interstate Telecommunications Tax				14,466
Grants and Contributions Not Restricted to Specific Programs				171,376,963
Unrestricted Investment Earnings				9,284
Miscellaneous				199,479
<b>Total General Revenues</b>				<b>\$ 254,677,769</b>
Change in Net Position				\$ 28,755,507
Net Position, July 1, 2015				313,264,545
<b>Net Position, June 30, 2016</b>				<b>\$ 342,020,052</b>

Montgomery County, Tennessee  
 Balance Sheet - Governmental Funds  
 Discretely Presented Clarksville-Montgomery County School System  
 June 30, 2016

	Major Funds			Nonmajor Funds		Total Governmental Funds
	General Purpose School	Education Capital Projects	Other	Governmental Funds		
\$	68,558	0	159,654	\$		228,212
Equity in Pooled Cash and Investments	48,101,244	1,146,977	10,699,895			59,948,116
Inventories	255,907	0	40,559			296,466
Accounts Receivable	116,098	654	90,143			206,895
Due from Other Governments	8,430,454	0	1,816,457			10,246,911
Due from Other Funds	472,911	4,861	23,604			500,776
Due from Primary Government	38	0	0			38
Property Taxes Receivable	29,811,488	0	2,002,001			31,813,489
Allowance for Uncollectible Property Taxes	(837,537)	0	(56,060)			(893,597)
Total Assets	\$ 86,418,561	\$ 1,152,492	\$ 14,776,253	\$		\$ 102,347,306

LIABILITIES

Accounts Payable	1,416,455	40,120	130,473	\$		1,587,048
Accrued Payroll	12,982,768	0	869,333			13,852,101
Payroll Deductions Payable	7,833,884	0	554,291			8,388,175
Due to Other Funds	27,444	0	473,332			500,776
Due to Primary Government	0	0	1,350			1,350
Current Liabilities Payable From Restricted Assets	7,500	0	145,426			152,926
Total Liabilities	\$ 22,268,051	\$ 40,120	\$ 2,174,205	\$		\$ 24,482,376

DEFERRED INFLOWS OF RESOURCES

Deferred Current Property Taxes	28,020,750	0	1,882,356	\$		29,903,106
Deferred Delinquent Property Taxes	819,469	0	54,664			874,133

(Continued)

Montgomery County, Tennessee  
 Balance Sheet - Governmental Funds  
 Discretely Presented Clarksville-Montgomery County School Department (Cont.)

	Major Funds		Nonmajor Funds		Total Governmental Funds
	General Purpose School	Education Capital Projects	Other	Governmental Funds	
\$	4,113,338	\$ 0	\$ 0	\$ 0	\$ 4,113,338
\$	32,953,557	\$ 0	\$ 1,937,020	\$	34,890,577

DEFERRED INFLOWS OF RESOURCES (Cont.)

Other Deferred/Unavailable Revenue  
 Total Deferred Inflows of Resources

FUND BALANCES

Nonspendable:					
Inventory	\$ 255,907	\$ 0	\$ 40,559	\$	296,466
Restricted:					
Restricted for Education	3,834	0	9,472,783		9,476,617
Restricted for Capital Projects	0	1,112,372	0		1,112,372
Committed:					
Committed for Education	11,476,123	0	1,151,686		12,627,809
Assigned:					
Assigned for Education	11,654,473	0	0		11,654,473
Unassigned	7,806,616	0	0		7,806,616
Total Fund Balances	\$ 31,196,953	\$ 1,112,372	\$ 10,665,028	\$	42,974,353
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	\$ 86,418,561	\$ 1,152,492	\$ 14,776,253	\$	102,347,306

Exhibit K-3

Montgomery County, Tennessee  
Reconciliation of the Balance Sheet of Governmental Funds to the Statement of Net Position  
Discretely Presented Clarksville-Montgomery County School System  
June 30, 2016

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

Total fund balances - balance sheet - governmental funds (Exhibit K-2)		\$ 42,974,353
(1) Capital assets used in governmental activities are not financial resources and therefore are not reported in the governmental funds.		
Add: land	\$ 13,865,563	
Add: construction in progress	393,745	
Add: buildings and improvements net of accumulated depreciation	283,791,909	
Add: other capital assets net of accumulated depreciation	<u>17,351,084</u>	315,402,301
(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	\$ (152,800)	
Less: other postemployment benefits liability	(6,258,883)	
Less: net pension liability - agent plan	(514,531)	
Less: net pension liability - agent and legacy plans	(1,251,794)	
Less: compensated absences payable	<u>(1,599,955)</u>	(9,777,963)
(3) Amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be amortized and recognized as components of pension expense in future years:		
Add: deferred outflows of resources related to pensions	\$ 18,173,057	
Less: deferred inflows of resources related to pensions	<u>(29,893,123)</u>	(11,720,066)
(4) Net pension assets of the teacher retirement plan are not current financial resources and therefore are not reported in the governmental funds.		153,956
(5) Other long-term assets are not available to pay for current-period expenditures and therefore are deferred in the governmental funds.		<u>4,987,471</u>
Net position of governmental activities (Exhibit A)		<u>\$ 342,020,052</u>

Montgomery County, Tennessee  
 Statement of Revenues, Expenditures,  
 and Changes in Fund Balances -  
 Governmental Funds  
 Discretely Presented Clarksville-Montgomery County School System  
 For the Year Ended June 30, 2016

	Major Funds			Nonmajor Funds		Total Governmental Funds
	General Purpose School	Education Capital Projects	Other	Governmental Funds	Other	
<b>Revenues</b>						
Local Taxes	\$ 81,970,153	\$ 0	\$ 0	\$ 2,032,343	\$ 84,002,496	
Charges for Current Services	233,444	0	0	4,615,752	4,849,196	
Other Local Revenues	382,237	1,391,141	0	118,279	1,891,657	
State of Tennessee	134,275,731	0	0	9,193,187	143,468,918	
Federal Government	3,757,746	0	0	29,774,812	33,532,558	
Other Governments and Citizens Groups	33,770	18,640,568	0	0	18,674,338	
<b>Total Revenues</b>	<b>\$ 220,653,081</b>	<b>\$ 20,031,709</b>	<b>\$ 45,734,373</b>	<b>\$ 286,419,163</b>		
<b>Expenditures</b>						
Current:						
Instruction	\$ 137,048,267	\$ 0	\$ 0	\$ 10,231,031	\$ 147,279,298	
Support Services	75,754,362	890,083	0	18,044,054	94,688,499	
Operation of Non-Instructional Services	2,088,473	0	0	15,557,867	17,646,340	
Debt Service:						
Interest on Debt	12,845	0	0	0	12,845	
Other Debt Service	481,677	0	0	0	481,677	
Capital Projects	0	21,700,185	0	0	21,700,185	
<b>Total Expenditures</b>	<b>\$ 215,385,624</b>	<b>\$ 22,590,268</b>	<b>\$ 43,832,952</b>	<b>\$ 281,808,844</b>		
Excess (Deficiency) of Revenues Over Expenditures	\$ 5,267,457	\$ (2,558,559)	\$ 1,901,421	\$ 4,610,319		
<b>Other Financing Sources (Uses)</b>						
Insurance Recovery	\$ 35,994	\$ 0	\$ 0	\$ 0	\$ 35,994	
Transfers In	470,996	0	0	1,282,915	1,753,911	

(Continued)

Montgomery County, Tennessee  
 Statement of Revenues, Expenditures,  
 and Changes in Fund Balances -  
 Governmental Funds  
 Discretely Presented Clarksville-Montgomery County School System (Cont.)

	Major Funds			Nonmajor Funds		Total Governmental Funds
	General Purpose School	Education Capital Projects	Other	Governmental Funds		
Other Financing Sources (Uses) (Cont.)						
Transfers Out	\$ 0	\$ 0	\$ 0	\$ (1,753,911)	\$ (1,753,911)	
Total Other Financing Sources (Uses)	\$ 506,990	\$ 0	\$ 0	\$ (470,996)	\$ 35,994	
Net Change in Fund Balances	\$ 5,774,447	\$ (2,558,559)	\$ 1,430,425	\$ 1,430,425	\$ 4,646,313	
Fund Balance, July 1, 2015	25,422,506	3,670,981	9,234,603	9,234,603	88,328,040	
Fund Balance, June 30, 2016	\$ 31,196,953	\$ 1,112,372	\$ 10,665,028	\$ 10,665,028	\$ 42,974,353	

Exhibit K-5

Montgomery County, Tennessee  
Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances  
of Governmental Funds to the Statement of Activities  
Discretely Presented Clarksville-Montgomery County School System  
For the Year Ended June 30, 2016

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

Net change in fund balances - total governmental funds (Exhibit K-4)		\$ 4,646,313
(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	\$ 20,885,019	
Less: current-year depreciation expense	<u>(11,028,253)</u>	9,856,766
(2) The net effect of various miscellaneous transactions involving capital assets (sales, trade-ins, and donations) is to decrease net position.		
Less: Book value of capital assets disposed		(35,789)
(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, 2015	\$ (4,999,629)	
Add: deferred delinquent property taxes and other deferred June 30, 2016	<u>4,987,471</u>	(12,158)
(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 net pension liability- agent plan	\$ (1,479,721)	
Change in net pension liability- eacher legacy retirement plan	(1,745,658)	
Change in net pension asset - teacher retirement plan	153,956	
Change in deferred outflows of resources related to pensions	(480,341)	
Change in deferred inflows of resources related to pensions	19,022,186	
Change in claims and judgments payable	150,413	
Change in other postemployment benefits liability	(1,300,415)	
Change in compensated absences payable	<u>(20,045)</u>	<u>14,300,375</u>
Change in net position of governmental activities (Exhibit B)		<u>\$ 28,755,507</u>

Montgomery County, Tennessee  
 Combining Balance Sheet - Nonmajor Governmental Funds  
 Discretely Presented Clarksville-Montgomery County School System  
 June 30, 2016

	Special Revenue Funds				Total Nonmajor Governmental Funds
	School Federal Projects	Central Cafeteria	School Transpor- tation	Extended School Program	
Cash	\$ 0	\$ 159,654	\$ 0	\$ 0	\$ 159,654
Equity in Pooled Cash and Investments	1,579,803	6,562,992	2,405,714	151,386	10,699,895
Inventories	0	40,559	0	0	40,559
Accounts Receivable	1,770	32,022	56,051	300	90,143
Due from Other Governments	1,816,457	0	0	0	1,816,457
Due from Other Funds	1,133	17,034	5,437	0	23,604
Property Taxes Receivable	0	0	2,002,001	0	2,002,001
Allowance for Uncollectible Property Taxes	0	0	(56,060)	0	(56,060)
<b>Total Assets</b>	<b>\$ 3,399,163</b>	<b>\$ 6,812,261</b>	<b>\$ 4,413,143</b>	<b>\$ 151,686</b>	<b>\$ 14,776,253</b>

LIABILITIES

Accounts Payable	\$ 43,169	\$ 19,022	\$ 68,282	\$ 0	\$ 130,473
Accrued Payroll	869,333	0	0	0	869,333
Payroll Deductions Payable	554,291	0	0	0	554,291
Due to Other Funds	471,446	1,622	264	0	473,332
Due to Primary Government	0	0	1,350	0	1,350
Current Liabilities Payable From Restricted Assets	0	145,426	0	0	145,426
<b>Total Liabilities</b>	<b>\$ 1,938,239</b>	<b>\$ 166,070</b>	<b>\$ 69,896</b>	<b>\$ 0</b>	<b>\$ 2,174,205</b>

DEFERRED INFLOWS OF RESOURCES

Deferred Current Property Taxes	\$ 0	\$ 0	\$ 1,882,356	\$ 0	\$ 1,882,356
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(Continued)



Montgomery County, Tennessee  
 Combining Balance Sheet - Nonmajor Governmental Funds  
 Discretely Presented Clarksville-Montgomery County School System (Cont.)

	Special Revenue Funds					Total Nonmajor Governmental Funds
	School Federal Projects	Central Cafeteria	School Transpor- tation	Extended School Program		
\$	0 \$	0 \$	54,664 \$	0 \$	0 \$	54,664
\$	0 \$	0 \$	1,937,020 \$	0 \$	0 \$	1,937,020
\$	0 \$	40,559 \$	0 \$	0 \$	0 \$	40,559
	460,924	6,605,632	2,406,227	0	0	9,472,783
	1,000,000	0	0	151,686		1,151,686
\$	1,460,924 \$	6,646,191 \$	2,406,227 \$	151,686 \$	0 \$	10,665,028
\$	3,399,163 \$	6,812,261 \$	4,413,143 \$	151,686 \$	0 \$	14,776,253

DEFERRED INFLOWS OF RESOURCES (Cont.)

Deferred Delinquent Property Taxes  
 Total Deferred Inflows of Resources

FUND BALANCES

Nonspendable:  
 Inventory  
 Restricted:  
 Restricted for Education  
 Committed:  
 Committed for Education  
 Total Fund Balances  
 Total Liabilities, Deferred Inflows of Resources, and Fund Balances

Montgomery County, Tennessee  
 Combining Statement of Revenues, Expenditures,  
 and Changes in Fund Balances -  
 Nonmajor Governmental Funds  
 Discretely Presented Clarksville-Montgomery County School System  
 For the Year Ended June 30, 2016

	Special Revenue Funds					Total Nonmajor Governmental Funds
	School Federal Projects	Central Cafeteria	School Transportation	Extended School Program		
<b>Revenues</b>						
Local Taxes	\$ 0	\$ 0	\$ 2,082,848	\$ 0	\$ 0	\$ 2,082,848
Charges for Current Services	0	4,562,148	0	53,604	0	4,616,752
Other Local Revenues	3,821	92,188	22,270	0	0	118,279
State of Tennessee	670,510	142,677	8,380,000	0	0	9,193,187
Federal Government	18,711,323	11,063,489	0	0	0	29,774,812
<b>Total Revenues</b>	<b>\$ 19,385,654</b>	<b>\$ 15,860,502</b>	<b>\$ 10,434,613</b>	<b>\$ 53,604</b>	<b>\$ 0</b>	<b>\$ 45,734,373</b>
<b>Expenditures</b>						
Current:						
Instruction	\$ 10,161,769	\$ 0	\$ 0	\$ 69,262	\$ 0	\$ 10,231,031
Support Services	6,714,206	0	11,324,783	5,065	0	18,044,054
Operation of Non-Instructional Services	1,076,640	14,481,227	0	0	0	15,557,867
<b>Total Expenditures</b>	<b>\$ 17,952,615</b>	<b>\$ 14,481,227</b>	<b>\$ 11,324,783</b>	<b>\$ 74,327</b>	<b>\$ 0</b>	<b>\$ 43,832,952</b>
<b>Excess (Deficiency) of Revenues Over Expenditures</b>	<b>\$ 1,433,039</b>	<b>\$ 1,379,275</b>	<b>\$ (890,170)</b>	<b>\$ (20,723)</b>	<b>\$ 0</b>	<b>\$ 1,901,421</b>
<b>Other Financing Sources (Uses)</b>						
Transfers In	\$ 0	\$ 0	\$ 1,282,915	\$ 0	\$ 0	\$ 1,282,915
Transfers Out	(1,753,911)	0	0	0	0	(1,753,911)
<b>Total Other Financing Sources (Uses)</b>	<b>\$ (1,753,911)</b>	<b>\$ 0</b>	<b>\$ 1,282,915</b>	<b>\$ 0</b>	<b>\$ 0</b>	<b>\$ (470,996)</b>

(Continued)

Exhibit K-7

Montgomery County, Tennessee  
 Combining Statement of Revenues, Expenditures,  
 and Changes in Fund Balances -  
 Nonmajor Governmental Funds  
 Discretely Presented Clarksville-Montgomery County School System (Cont.)

	Special Revenue Funds					Total Nonmajor Governmental Funds
	School Federal Projects	Central Cafeteria	School Transpor- tation	Extended School Program		
Net Change in Fund Balances	\$ (320,872)	\$ 1,879,275	\$ 392,745	\$ (20,723)	\$	1,430,425
Fund Balance, July 1, 2015	1,781,796	5,266,916	2,013,482	172,409		9,234,603
Fund Balance, June 30, 2016	\$ 1,460,924	\$ 6,646,191	\$ 2,406,227	\$ 151,686	\$	10,665,028

Exhibit K-8

Montgomery County, Tennessee  
 Schedule of Revenues, Expenditures, and Changes  
 in Fund Balance - Actual (Budgetary Basis) and Budget  
 Discretely Presented Clarksville-Montgomery County School System  
 General Purpose School Fund  
 For the Year Ended June 30, 2016

	Actual (GAAP Basis)	Less: Encumbrances 7/1/2015	Add: Encumbrances 6/30/2016	Actual Revenues/ Expenditures (Budgetary Basis)	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
					Original	Final	
<b>Revenues</b>							
Local Taxes	\$ 81,970,153	\$ 0	\$ 0	\$ 81,970,153	\$ 79,619,800	\$ 82,005,284	\$ (35,131)
Charges for Current Services	283,444	0	0	283,444	117,000	207,296	26,149
Other Local Revenues	382,237	0	0	382,237	452,600	410,523	(28,286)
State of Tennessee	134,275,731	0	0	134,275,731	133,675,795	134,702,015	(426,284)
Federal Government	3,757,746	0	0	3,757,746	3,590,000	3,749,524	8,222
Other Governments and Citizens Groups	33,770	0	0	33,770	27,000	32,000	1,770
<b>Total Revenues</b>	<b>\$ 220,653,081</b>	<b>\$ 0</b>	<b>\$ 0</b>	<b>\$ 220,653,081</b>	<b>\$ 217,482,095</b>	<b>\$ 221,106,641</b>	<b>\$ (453,560)</b>
<b>Expenditures</b>							
<b>Instruction</b>							
Regular Instruction Program	\$ 107,111,055	(2,160)	489,640	\$ 107,548,535	\$ 109,466,939	\$ 110,341,251	\$ 2,792,716
Alternative Instruction Program	1,225,405	(121)	0	1,226,284	1,040,337	1,286,414	61,130
Special Education Program	24,181,659	(40,869)	614	24,141,404	25,215,650	25,370,923	1,229,519
Vocational Education Program	4,530,145	(3,659)	280,415	4,806,904	5,363,173	5,630,573	823,669
<b>Support Services</b>							
Attendance	762,406	0	0	762,406	796,779	794,825	32,419
Health Services	1,447,459	(229)	0	1,447,230	1,520,951	1,532,617	85,387
Other Student Support	7,179,637	0	0	7,179,637	7,868,845	7,856,111	676,474
Regular Instruction Program	10,495,287	(5,450)	11	10,489,848	11,069,968	11,335,374	845,526
Alternative Instruction Program	31,717	0	0	31,717	32,433	32,433	716
Special Education Program	2,390,697	(11,893)	0	2,378,804	2,528,185	2,555,167	176,363
Vocational Education Program	120,458	(469)	0	119,989	116,816	122,066	2,077
Adult Programs	141,947	0	0	141,947	147,749	147,774	5,827
Other Programs	119,625	0	0	119,625	0	119,625	0
Board of Education	3,040,098	(1,716)	0	3,038,382	3,787,838	3,444,408	406,026
Director of Schools	1,025,540	(7,550)	3,858	1,021,848	1,135,638	1,112,684	90,836
Office of the Principal	16,101,744	(43,230)	2,500	16,061,014	16,686,459	16,722,342	661,323
Fiscal Services	2,317,680	0	199	2,317,879	2,462,809	2,489,234	171,355
Human Services/Personnel	2,442,531	(45,020)	0	2,397,511	2,291,896	2,527,610	130,099

(Continued)

Exhibit K-8

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

	Actual (GAAP Basis)	Less:		Add: Encumbrances 6/30/2016	Actual Revenues/ Expenditures (Budgetary Basis)	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
		7/1/2015	6/30/2016			Original	Final	
<b>Expenditures (Cont.)</b>								
<b>Support Services (Cont.)</b>								
Operation of Plant	\$ 15,281,992	\$ (59,938)	\$ 552,891	\$ 15,754,935	\$ 16,662,767	\$ 17,049,090	\$ 1,294,155	
Maintenance of Plant	6,639,535	(170,501)	907,267	6,776,301	6,403,371	7,041,301	265,000	
Central and Other	6,836,019	(287,848)	180,078	6,728,254	6,140,565	6,948,549	220,295	
<b>Operation of Non-Instructional Services</b>								
Early Childhood Education	2,098,473	0	0	2,068,473	2,229,226	2,217,615	129,142	
Interest on Debt	12,845	0	0	12,845	24,375	24,875	11,530	
<b>Other Debt Service</b>								
Education	481,677	0	0	481,677	0	481,677	0	
<b>Total Expenditures</b>	<b>\$ 215,385,624</b>	<b>\$ (680,648)</b>	<b>\$ 2,367,473</b>	<b>\$ 217,072,449</b>	<b>\$ 222,982,869</b>	<b>\$ 227,184,028</b>	<b>\$ 10,111,579</b>	
<b>Excess (Deficiency) of Revenues Over Expenditures</b>	<b>\$ 5,267,457</b>	<b>\$ 680,648</b>	<b>\$ (2,367,473)</b>	<b>\$ 3,580,632</b>	<b>\$ (5,500,874)</b>	<b>\$ (6,077,387)</b>	<b>\$ 3,658,019</b>	
<b>Other Financing Sources (Uses)</b>								
Insurance Recovery	\$ 35,994	\$ 0	\$ 0	\$ 35,994	\$ 25,000	\$ 25,000	\$ 10,994	
Transfers In	470,996	0	0	470,996	575,000	450,000	20,996	
Transfers Out	0	0	0	0	(481,677)	0	0	
<b>Total Other Financing Sources</b>	<b>\$ 506,990</b>	<b>\$ 0</b>	<b>\$ 0</b>	<b>\$ 506,990</b>	<b>\$ 118,323</b>	<b>\$ 475,000</b>	<b>\$ 31,990</b>	
<b>Net Change in Fund Balance Fund Balance, July 1, 2015</b>	<b>\$ 5,774,447</b>	<b>\$ 680,648</b>	<b>\$ (2,367,473)</b>	<b>\$ 4,087,622</b>	<b>\$ (5,382,551)</b>	<b>\$ (5,602,887)</b>	<b>\$ 9,690,009</b>	
	25,422,506	(680,648)	0	24,741,858	19,384,318	24,741,859	(1)	
<b>Fund Balance, June 30, 2016</b>	<b>\$ 31,196,953</b>	<b>\$ 0</b>	<b>\$ (2,367,473)</b>	<b>\$ 28,829,480</b>	<b>\$ 14,001,662</b>	<b>\$ 19,139,472</b>	<b>\$ 9,690,008</b>	

Exhibit K-9

Montgomery County, Tennessee  
 Schedule of Revenues, Expenditures, and Changes  
 in Fund Balance - Actual (Budgetary Basis) and Budget  
 Discretely Presented Clarksville-Montgomery County School System  
 School Federal Projects Fund  
 For the Year Ended June 30, 2016

	Actual (GAAP Basis)	Add: Encumbrances 6/30/2016	Actual Revenues/ Expenditures (Budgetary Basis)	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
				Original	Final	
<b>Revenues</b>						
Other Local Revenues	\$ 3,821	\$ 0	\$ 3,821	\$ 0	\$ 3,821	\$ 0
State of Tennessee	670,510	0	670,510	720,187	787,412	(116,902)
Federal Government	18,711,323	0	18,711,323	23,172,663	23,916,027	(5,204,704)
<b>Total Revenues</b>	<b>\$ 19,385,654</b>	<b>\$ 0</b>	<b>\$ 19,385,654</b>	<b>\$ 23,892,850</b>	<b>\$ 24,707,260</b>	<b>\$ (5,321,606)</b>
<b>Expenditures</b>						
<b>Instruction</b>						
Regular Instruction Program	\$ 6,781,296	\$ 0	\$ 6,781,296	\$ 6,203,377	\$ 8,453,265	\$ 1,671,969
Special Education Program	2,964,074	0	2,964,074	3,206,337	3,526,051	561,977
Vocational Education Program	331,091	5,712	336,803	298,368	340,768	3,965
Adult Education Program	85,308	0	85,308	96,832	92,831	7,523
<b>Support Services</b>						
Health Services	153,801	641	154,442	155,000	154,999	557
Other Student Support	588,303	0	588,303	623,554	873,398	285,095
Regular Instruction Program	4,316,185	0	4,316,185	8,624,758	6,765,951	2,449,766
Special Education Program	1,376,304	0	1,376,304	1,425,192	1,576,919	200,615
Vocational Education Program	12,804	0	12,804	4,000	22,600	9,796
Adult Programs	148,337	0	148,337	147,474	158,978	10,641
Operation of Plant	0	0	0	0	6,765	6,765
Transportation	118,472	0	118,472	1,551,047	157,678	39,206
<b>Operation of Non-Instructional Services</b>						
Community Services	1,076,640	0	1,076,640	1,064,344	1,500,771	424,131
<b>Total Expenditures</b>	<b>\$ 17,952,615</b>	<b>\$ 6,353</b>	<b>\$ 17,958,968</b>	<b>\$ 23,400,273</b>	<b>\$ 23,630,974</b>	<b>\$ 5,672,006</b>

(Continued)

Exhibit K-9

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

	Actual (GAAP Basis)	Add: Encumbrances 6/30/2016	Actual Revenues/ Expenditures (Budgetary Basis)	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
				Original	Final	
Excess (Deficiency) of Revenues Over Expenditures	\$ 1,433,039 \$	(6,353) \$	1,426,686 \$	492,577 \$	1,076,286 \$	350,400
Other Financing Sources (Uses)						
Transfers In	\$ 0 \$	0 \$	0 \$	750,000 \$	0 \$	0
Transfers Out	(1,753,911)	0	(1,753,911)	(1,327,291)	(1,858,082)	104,171
Total Other Financing Sources	\$ (1,753,911) \$	0 \$	(1,753,911) \$	(577,291) \$	(1,858,082) \$	104,171
Net Change in Fund Balance Fund Balance, July 1, 2015	\$ (320,872) \$	(6,353) \$	(327,225) \$	(84,714) \$	(781,796) \$	454,571
Fund Balance, June 30, 2016	1,781,796	0	1,781,796	1,084,714	1,781,795	1
	\$ 1,460,924 \$	(6,353) \$	1,454,571 \$	1,000,000 \$	999,999 \$	454,572

Exhibit K-10

Montgomery County, Tennessee  
Schedule of Revenues, Expenditures, and Changes  
in Fund Balance - Actual (Budgetary Basis) and Budget  
Discretely Presented Clarksville-Montgomery County School System  
Central Cafeteria Fund  
For the Year Ended June 30, 2016

	Actual (GAAP Basis)	Add: Encumbrances 6/30/2016	Actual Revenues/ Expenditures (Budgetary Basis)	Budgeted Amounts		Variance with Final Budget - Positive Negative
				Original	Final	
<b>Revenues</b>						
Charges for Current Services	\$ 4,562,148	\$ 0	\$ 4,562,148	\$ 4,998,475	\$ 4,568,815	\$ (6,667)
Other Local Revenues	92,188	0	92,188	101,321	84,705	7,483
State of Tennessee	142,677	0	142,677	146,047	142,677	0
Federal Government	11,063,489	0	11,063,489	10,026,325	10,711,368	352,121
<b>Total Revenues</b>	<b>\$ 15,860,502</b>	<b>\$ 0</b>	<b>\$ 15,860,502</b>	<b>\$ 15,272,168</b>	<b>\$ 15,507,565</b>	<b>\$ 352,937</b>
<b>Expenditures</b>						
Operation of Non-Instructional Services	\$ 14,481,227	\$ 2,189	\$ 14,483,416	\$ 15,607,229	\$ 15,472,519	\$ 989,103
Food Service	\$ 14,481,227	\$ 2,189	\$ 14,483,416	\$ 15,607,229	\$ 15,472,519	\$ 989,103
<b>Total Expenditures</b>	<b>\$ 1,379,275</b>	<b>\$ (2,189)</b>	<b>\$ 1,377,086</b>	<b>\$ (335,061)</b>	<b>\$ 35,046</b>	<b>\$ 1,342,040</b>
<b>Excess (Deficiency) of Revenues Over Expenditures</b>	<b>\$ 1,379,275</b>	<b>\$ (2,189)</b>	<b>\$ 1,377,086</b>	<b>\$ (335,061)</b>	<b>\$ 35,046</b>	<b>\$ 1,342,040</b>
<b>Net Change in Fund Balance Fund Balance, July 1, 2015</b>	<b>\$ 5,266,916</b>	<b>0</b>	<b>\$ 5,266,916</b>	<b>\$ 4,835,020</b>	<b>\$ 5,226,916</b>	<b>\$ 40,000</b>
<b>Fund Balance, June 30, 2016</b>	<b>\$ 6,646,191</b>	<b>\$ (2,189)</b>	<b>\$ 6,644,002</b>	<b>\$ 4,499,959</b>	<b>\$ 5,261,962</b>	<b>\$ 1,382,040</b>



Exhibit K-11

Montgomery County, Tennessee  
 Schedule of Revenues, Expenditures, and Changes  
 in Fund Balances - Actual (Budgetary Basis) and Budget  
 Discretely Presented Clarksville-Montgomery County School System  
 School Transportation Fund  
 For the Year Ended June 30, 2016

	Actual (GAAP Basis)	Less: Encumbrances 7/1/2015	Add: Encumbrances 6/30/2016	Actual Revenues/ Expenditures (Budgetary Basis)	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
					Original	Final	
<b>Revenues</b>							
Local Taxes	\$ 2,032,343	\$ 0	\$ 0	\$ 2,032,343	\$ 1,971,100	\$ 1,971,100	\$ 61,243
Other Local Revenues	22,270	0	0	22,270	53,700	53,700	(31,430)
State of Tennessee	8,380,000	0	0	8,380,000	8,380,000	8,380,000	0
Federal Government	0	0	0	0	1,282,915	0	0
<b>Total Revenues</b>	<b>\$ 10,434,613</b>	<b>\$ 0</b>	<b>\$ 0</b>	<b>\$ 10,434,613</b>	<b>\$ 11,687,715</b>	<b>\$ 10,404,800</b>	<b>\$ 29,813</b>
<b>Expenditures</b>							
<u>Support Services</u>							
Board of Education	\$ 40,689	\$ 0	\$ 0	\$ 40,689	\$ 45,000	\$ 41,000	\$ 311
Transportation	11,284,094	(26,089)	187,452	11,445,457	13,085,725	13,219,627	1,774,170
<b>Total Expenditures</b>	<b>\$ 11,324,783</b>	<b>\$ (26,089)</b>	<b>\$ 187,452</b>	<b>\$ 11,486,146</b>	<b>\$ 13,130,725</b>	<b>\$ 13,260,627</b>	<b>\$ 1,774,481</b>
<b>Excess (Deficiency) of Revenues Over Expenditures</b>	<b>\$ (890,170)</b>	<b>\$ 26,089</b>	<b>\$ (187,452)</b>	<b>\$ (1,051,535)</b>	<b>\$ (1,443,010)</b>	<b>\$ (2,855,827)</b>	<b>\$ 1,804,294</b>
<u>Other Financing Sources (Uses)</u>							
Transfers In	\$ 1,282,915	\$ 0	\$ 0	\$ 1,282,915	\$ 0	\$ 1,282,915	\$ 0
<b>Total Other Financing Sources</b>	<b>\$ 1,282,915</b>	<b>\$ 0</b>	<b>\$ 0</b>	<b>\$ 1,282,915</b>	<b>\$ 0</b>	<b>\$ 1,282,915</b>	<b>\$ 0</b>
<b>Net Change in Fund Balance Fund Balance, July 1, 2015</b>	<b>\$ 392,745</b>	<b>\$ 26,089</b>	<b>\$ (187,452)</b>	<b>\$ 231,382</b>	<b>\$ (1,443,010)</b>	<b>\$ (1,572,912)</b>	<b>\$ 1,804,294</b>
<b>Fund Balance, June 30, 2016</b>	<b>\$ 2,013,482</b>	<b>\$ (26,089)</b>	<b>\$ 0</b>	<b>\$ 1,987,393</b>	<b>\$ 1,837,079</b>	<b>\$ 1,987,394</b>	<b>\$ (1)</b>
<b>Fund Balance, June 30, 2016</b>	<b>\$ 2,406,227</b>	<b>\$ 0</b>	<b>\$ (187,452)</b>	<b>\$ 2,218,775</b>	<b>\$ 394,069</b>	<b>\$ 414,482</b>	<b>\$ 1,804,293</b>

Exhibit K-12

Montgomery County, Tennessee  
Schedule of Revenues, Expenditures, and Changes  
in Fund Balance - Actual and Budget  
Discretely Presented Clarksville-Montgomery County School System  
Extended School Program Fund  
For the Year Ended June 30, 2016

	Actual	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
		Original	Final	
<b>Revenues</b>				
Charges for Current Services	\$ 53,604	\$ 180,000	\$ 112,500	\$ (58,896)
<b>Total Revenues</b>	<b>\$ 53,604</b>	<b>\$ 180,000</b>	<b>\$ 112,500</b>	<b>\$ (58,896)</b>
<b>Expenditures</b>				
<u>Instruction</u>				
Regular Instruction Program	\$ 69,262	\$ 109,110	\$ 83,195	\$ 13,933
<u>Support Services</u>				
Board of Education	514	1,800	1,200	686
Office of the Principal	4,551	32,674	10,270	5,719
Operation of Plant	0	9,759	4,859	4,859
<b>Total Expenditures</b>	<b>\$ 74,327</b>	<b>\$ 163,343</b>	<b>\$ 99,624</b>	<b>\$ 25,197</b>
Excess (Deficiency) of Revenues Over Expenditures	\$ (20,723)	\$ 26,657	\$ 12,976	\$ (33,699)
Net Change in Fund Balance	\$ (20,723)	\$ 26,657	\$ 12,976	\$ (33,699)
Fund Balance, July 1, 2015	172,409	158,832	172,409	0
<b>Fund Balance, June 30, 2016</b>	<b>\$ 151,686</b>	<b>\$ 185,489</b>	<b>\$ 185,385</b>	<b>\$ (33,699)</b>

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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, 2016

Description of Indebtedness	Original Amount of Issue	Interest Rate	Date of Issue	Last Maturity Date	Outstanding 7-1-15	Issued During Period	Paid and/or Matured During Period	Debt Refunded	Outstanding 6-30-16
<b>NOTES PAYABLE</b>									
Payable through General Debt Service Fund									
Promissory Note - Land for EMS Building	\$ 80,000	3	7-1-14	3-11-18	\$ 60,000	0	20,000	0	\$ 40,000
Total Notes Payable					\$ 60,000	0	20,000	0	\$ 40,000
<b>OTHER LOANS PAYABLE</b>									
Payable through General Debt Service Fund									
Qualified Zone Academy Bonds	2,470,731	0	10-17-02	12-18-15	\$ 176,478	0	176,478	0	0
Qualified Zone Academy Bonds	3,763,987	0	5-22-06	12-1-20	1,427,587	0	259,600	0	1,167,987
Qualified School Construction Bonds	20,000,000	1.515	12-1-09	7-1-26	13,968,151	0	1,247,969	0	12,720,182
Total Other Loans Payable					\$ 15,572,216	0	1,684,047	0	\$ 13,888,169
<b>BONDS PAYABLE</b>									
Payable through General Debt Service Fund									
General Obligation Public Improvement	40,000,000	4 to 5	12-1-05	4-1-16	\$ 400,000	0	400,000	0	0
General Obligation Refunding	63,945,000	4 to 5	8-11-06	4-1-16	8,000,000	0	8,000,000	0	0
General Obligation Public Improvement and Schools	18,000,000	4 to 5	8-30-07	5-1-28	13,275,000	0	800,000	11,650,000	825,000
General Obligation Industrial Park	18,450,000	5 to 5.625	8-28-08	5-1-24	14,950,000	0	1,000,000	0	13,950,000
General Obligation Schools - Build America Bonds	5,400,000	4.55 to 5.6	2-4-10	4-1-30	5,400,000	0	0	0	5,400,000
General Obligation Refunding	74,155,000	2 to 5	4-1-10	4-1-24	56,585,000	0	930,000	0	55,655,000
General Obligation School and Public Improvement	62,335,000	2 to 5	7-23-11	4-1-29	59,335,000	0	1,000,000	0	58,335,000
General Obligation Refunding	19,465,000	2 to 5	4-25-12	4-1-25	16,365,000	0	2,880,000	0	13,485,000
General Obligation Public Improvement and Refunding	27,415,000	2 to 5	10-11-12	4-1-29	23,345,000	0	1,435,000	0	21,910,000
General Obligation Refunding	37,120,000	.20 to 1.65	5-17-13	5-1-20	30,755,000	0	5,780,000	0	24,975,000
General Obligation Public Improvement	13,200,000	3 to 5	8-29-13	4-1-28	12,200,000	0	500,000	0	11,700,000
General Obligation Refunding	50,155,000	2.5 to 5	5-15-14	4-1-26	50,155,000	0	0	0	50,155,000
General Obligation Schools	18,060,000	2 to 5	5-15-15	4-1-35	18,060,000	0	100,000	0	17,960,000
General Obligation Refunding and Improvement	19,120,000	2 to 5	11-5-15	4-1-35	0	19,120,000	0	0	19,120,000
Total Payable through General Debt Service Fund					\$ 808,825,000	\$ 19,120,000	\$ 22,825,000	\$ 11,650,000	\$ 293,470,000
<b>Payable by Bi-County Solid Waste Management System</b>									
Contributions to General Debt Service Fund									
General Obligation Public Improvement	625,000	5	10-11-12	4-1-17	\$ 275,000	0	140,000	0	\$ 135,000
General Obligation Refunding and Improvement	1,240,000	2 to 5	11-5-15	4-1-25	0	1,240,000	50,000	0	1,190,000
Total Payable by Bi-County Solid Waste Management System					\$ 275,000	\$ 1,240,000	\$ 190,000	\$ 0	\$ 1,325,000
Contributions to the General Debt Service Fund					\$ 309,100,000	\$ 20,360,000	\$ 23,015,000	\$ 11,650,000	\$ 294,735,000
Total Bonds Payable					\$ 309,100,000	\$ 20,360,000	\$ 23,015,000	\$ 11,650,000	\$ 294,735,000

Exhibit L-2

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

Year Ending June 30	Notes		
	Principal	Interest	Total
2017	\$ 20,000	\$ 1,200	\$ 21,200
2018	20,000	600	20,600
<b>Total</b>	<b>\$ 40,000</b>	<b>\$ 1,800</b>	<b>\$ 41,800</b>

Year Ending June 30	Other Loans			Total
	Principal	Interest	Other Fees	
2017	\$ 1,507,569	\$ 303,000	\$ 21,246	\$ 1,831,815
2018	1,507,569	303,000	21,246	1,831,815
2019	1,507,569	303,000	21,246	1,831,815
2020	1,507,569	303,000	21,246	1,831,815
2021	1,377,556	303,000	21,246	1,701,802
2022	1,247,969	303,000	20,000	1,570,969
2023	1,247,969	303,000	20,000	1,570,969
2024	1,247,969	303,000	20,000	1,570,969
2025	1,247,969	303,000	20,000	1,570,969
2026	1,370,814	303,000	20,000	1,693,814
2027	117,617	25,250	5,000	147,897
<b>Total</b>	<b>\$ 13,888,169</b>	<b>\$ 3,055,250</b>	<b>\$ 211,230</b>	<b>\$ 17,154,649</b>

Year Ending June 30	Bonds		
	Principal	Interest	Total
2017	\$ 23,985,000	\$ 11,548,248	\$ 35,533,248
2018	25,265,000	10,708,858	35,973,858
2019	26,190,000	9,819,276	36,009,276
2020	27,615,000	8,881,201	36,496,201
2021	28,770,000	7,824,288	36,594,288
2022	25,480,000	6,460,507	31,940,507

(Continued)

Exhibit L-2

Montgomery County, Tennessee  
Schedule of Long-term Debt Requirements by Year (Cont.)

Year Ending June 30	Bonds (Cont.)		
	Principal	Interest	Total
2023	25,175,000	5,393,894	30,568,894
2024	25,165,000	4,264,906	29,429,906
2025	22,275,000	3,270,206	25,545,206
2026	20,265,000	2,400,169	22,665,169
2027	12,825,000	1,721,393	14,546,393
2028	12,265,000	1,197,081	13,462,081
2029	6,380,000	675,531	7,055,531
2030	2,600,000	448,506	3,048,506
2031	1,950,000	348,469	2,298,469
2032	2,020,000	286,656	2,306,656
2033	2,085,000	220,900	2,305,900
2034	2,215,000	151,350	2,366,350
2035	2,270,000	76,604	2,346,604
<b>Total</b>	<b>\$ 294,795,000</b>	<b>\$ 75,698,043</b>	<b>\$ 370,493,043</b>

Exhibit L-3

Montgomery County, Tennessee  
Schedule of Transfers  
Primary Government and Discretely Presented Clarksville-Montgomery County School System  
For the Year Ended June 30, 2016

<u>From Fund</u>	<u>To Fund</u>	<u>Purpose</u>	<u>Amount</u>
<u>PRIMARY GOVERNMENT</u>			
Highway/Public Works	General Capital Projects	Matching grant funds	\$ 275,000
Total Transfers Primary Government			<u>\$ 275,000</u>
<u>DISCRETELY PRESENTED CLARKSVILLE-MONTGOMERY</u> <u>COUNTY SCHOOL SYSTEM</u>			
School Federal Projects	General Purpose School	Indirect costs	\$ 470,996
"	School Transportation	Salaries	1,282,915
Total Transfers Discretely Presented Clarksville-Montgomery County School System			<u>\$ 1,753,911</u>

Exhibit L-4

Montgomery County, Tennessee  
 Schedule of Salaries and Official Bonds of Principal Officials  
 Primary Government and Discretely Presented Clarksville-Montgomery County School System  
 For the Year Ended June 30, 2016

Official	Authorization for Salary	Salary Paid During Period	Bond	Surety
County Mayor	Section 8-24-102, TCA	\$ 148,672 (1)	\$ 100,000	RLI Insurance Company
Highway Supervisor	Section 8-24-102, TCA	102,811 (1)	100,000	Western Surety Company
Director of Schools	State Board of Education and Local Board of Education	172,481 (2)	100,000	The Cincinnati Insurance Company
Trustee	Section 8-24-102, TCA	93,465	9,637,421	Hartford Fire Insurance Company
Assessor of Property	Section 8-24-102, TCA	93,465	50,000	Western Surety Company
Director of Accounts and Budgets	Section 8-24-102, TCA	91,609	100,000	RLI Insurance Company
Purchasing Agent	County Commission	70,423	100,000	"
County Clerk	Section 8-24-102, TCA	93,465 (3)	100,000	"
Circuit, General Sessions, and Juvenile Courts Clerk	Section 8-24-102, TCA	93,465	100,000	"
Clerk and Master	Section 8-24-102, TCA, and Chancery Judge	93,465 (4)	50,000	Auto-Owners Mutual Insurance Company
Register of Deeds	Section 8-24-102, TCA	93,465	100,000	RLI Insurance Company
Sheriff	Section 8-24-102, TCA, and County Commission	111,522 (5)	100,000	"
County Employees:				
Public Employees Blanket Bond			150,000	Local Government Insurance Pool
School Employees:				
Public School System			500,000	Assured Neace Lutkens Insurance Agency, Inc.

- (1) Does not include fringe benefits for the use of a county vehicle.
- (2) Includes a \$4,800 transportation supplement, a \$4,855 payment for unused vacation days, and a \$1,000 CEO supplement.
- (3) Does not include a cell phone allowance of \$600.
- (4) Does not include special commissioner fees totaling \$16,163.
- (5) Includes \$7,500 as a 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, 2016

	Special Revenue Funds					Debt Service Fund	
	General	Drug Control	Constitutional Officers - Fees	Highway / Public Works	General Debt	Service	
<b>Local Taxes</b>							
<u>County Property Taxes</u>							
Current Property Tax	\$ 43,339,496	\$ 0	\$ 0	\$ 3,929,016	\$ 25,773,546		
Trustee's Collections - Prior Year	1,050,906	0	0	90,216	564,579		
Trustee's Collections - Bankruptcy	52,695	0	0	4,708	30,450		
Circuit Clerk/Clerk and Master Collections - Prior Years	571,742	0	0	51,818	339,665		
Interest and Penalty	428,675	0	0	39,497	263,045		
Payments in-Lieu-of Taxes - T.V.A.	763	0	0	0	0		
Payments in-Lieu-of Taxes - Local Utilities	1,453,177	0	0	0	0		
Payments in-Lieu-of Taxes - Other	677,598	0	0	0	0		
<u>County Local Option Taxes</u>							
Local Option Sales Tax	0	0	0	0	155,312		
Hotel/Motel Tax	1,760,483	0	0	0	0		
Litigation Tax - General	374,476	0	0	0	332,427		
Litigation Tax - Special Purpose	69,980	0	0	0	0		
Litigation Tax - Jail, Workhouse, or Courthouse	0	0	0	0	363,980		
Business Tax	1,348,561	0	0	116,255	116,255		
Mineral Severance Tax	0	0	0	228,697	0		
Adequate Facilities/Development Tax	0	0	0	0	1,155,558		
<u>Statutory Local Taxes</u>							
Bank Excise Tax	174,822	0	0	15,838	103,779		
Wholesale Beer Tax	336,591	0	0	0	0		
Interstate Telecommunications Tax	3,308	0	0	0	0		
<b>Total Local Taxes</b>	<b>\$ 51,643,273</b>	<b>\$ 0</b>	<b>\$ 0</b>	<b>\$ 4,476,045</b>	<b>\$ 29,198,596</b>		

(Continued)

Exhibit L-5

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

	Special Revenue Funds					Debt Service Fund	
	General	Drug Control	Constitutional Officers - Fees	Highway / Public Works	General Debt Service		
<u>Licenses and Permits</u>							
<u>Licenses</u>							
Animal Registration	\$ 34,914	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	0
Animal Vaccination	5,120	0	0	0	0	0	0
Cable TV Franchise	301,905	0	0	0	0	0	0
<u>Permits</u>							
Building Permits	741,957	0	0	0	0	0	0
Plumbing Permits	19,400	0	0	0	0	0	0
Other Permits	168,109	0	0	0	0	0	0
Total Licenses and Permits	\$ 1,271,405	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	0
<u>Fines, Forfeitures, and Penalties</u>							
<u>Circuit Court</u>							
Fines	2,237	0	0	0	0	0	0
Officers Costs	26,508	0	0	0	0	0	0
Drug Court Fees	1,683	0	0	0	0	0	0
Veterans Treatment Court Fees	214	0	0	0	0	0	0
Jail Fees	2,416	0	0	0	0	0	0
Data Entry Fee - Circuit Court	9,928	0	0	0	0	0	0
Courtroom Security Fee	7,197	0	0	0	0	0	0
Victims Assistance Assessments	3,005	0	0	0	0	0	0
<u>General Sessions Court</u>							
Fines	122,998	0	0	0	0	0	0
Fines for Littering	430	0	0	0	0	0	0
Officers Costs	225,410	0	0	0	0	0	0
Game and Fish Fines	369	0	0	0	0	0	0
Drug Court Fees	21,211	0	0	0	0	0	0

(Continued)

Exhibit L-5

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

	Special Revenue Funds				Debt Service Fund
	General	Drug Control	Constitutional Officers - Fees	Highway / Public Works	
<u>Fines, Forfeitures, and Penalties (Cont.)</u>					
<u>General Sessions Court (Cont.)</u>					
Veterans Treatment Court Fees	\$ 8,707	\$ 0	\$ 0	\$ 0	0
Jail Fees	299,759	0	0	0	0
DUI Treatment Fines	20,954	0	0	0	0
Data Entry Fee - General Sessions Court	51,038	0	0	0	0
Victims Assistance Assessments	63,608	0	0	0	0
<u>Juvenile Court</u>					
Fines	789	0	0	0	0
Officers Costs	18,771	0	0	0	0
Jail Fees	50,062	0	0	0	0
Data Entry Fee - Juvenile Court	23,507	0	0	0	0
<u>Chancery Court</u>					
Officers Costs	38,388	0	0	0	0
Data Entry Fee - Chancery Court	5,738	0	0	0	0
<u>Other Courts - In-county</u>					
Fines	2,024	0	0	0	0
Drug Control Fines	0	53,862	0	0	0
Drug Court Fees	23,240	0	0	0	0
<u>Other Fines, Forfeitures, and Penalties</u>					
Proceeds from Confiscated Property	26,943	9,590	0	0	0
Other Fines, Forfeitures, and Penalties	2,715	0	0	0	0
<b>Total Fines, Forfeitures, and Penalties</b>	<b>\$ 1,059,843</b>	<b>\$ 63,452</b>	<b>\$ 0</b>	<b>\$ 0</b>	<b>0</b>
<u>Charges for Current Services</u>					
General Service Charges	\$ 5,803,223	\$ 0	\$ 0	\$ 0	0
Patient Charges					

(Continued)

Exhibit L-5

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

	Special Revenue Funds				Debt Service Fund
	General	Drug Control	Constitutional Officers - Fees	Highway / Public Works	
<b>Charges for Current Services (Cont.)</b>					
<u>General Service Charges (Cont.)</u>					
Zoning Studies	\$ 4,750	\$ 0	\$ 0	\$ 0	\$ 0
Other General Service Charges	56,700	0	0	0	0
<u>Fees</u>					
Recreation Fees	11,122	0	0	0	0
Copy Fees	24,689	0	0	0	0
Archives and Records Management Fee	428,434	0	0	0	0
Greenbelt Late Application Fee	700	0	0	0	0
Telephone Commissions	137,169	0	0	0	0
Vending Machine Collections	116,581	0	0	0	0
Special Commissioner Fees/Special Master Fees	0	0	16,163	0	0
Data Processing Fee - Register	72,540	0	0	0	0
Probation Fees	15,390	0	0	0	0
Data Processing Fee - Sheriff	22,172	0	0	0	0
Sexual Offender Registration Fee - Sheriff	15,250	0	0	0	0
Data Processing Fee - County Clerk	19,251	0	0	0	0
<u>Education Charges</u>					
Other Charges for Services	7,705	0	0	0	0
<b>Total Charges for Current Services</b>	<b>\$ 6,735,676</b>	<b>\$ 0</b>	<b>\$ 16,163</b>	<b>\$ 0</b>	<b>\$ 0</b>
<u>Other Local Revenues</u>					
<u>Recurring Items</u>					
Investment Income	\$ 378,979	\$ 0	\$ 0	\$ 0	\$ 416,320
Lease/Rentals	587,015	0	0	0	0
Sale of Gasoline	0	0	0	16,720	0
Sale of Maps	1,571	0	0	0	0

(Continued)

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

	Special Revenue Funds				Debt Service Fund
	General	Drug Control	Constitutional Officers - Fees	Highway / Public Works	
<u>Other Local Revenues (Cont.)</u>					
<u>Recurring Items (Cont.)</u>					
Sale of Recycled Materials	200 \$	0 \$	0 \$	0 \$	0
Miscellaneous Refunds	260,211	0	0	22,655	0
<u>Nonrecurring Items</u>					
Sale of Equipment	6,867	0	0	0	0
Sale of Property	5,010	0	0	0	0
<u>Other Local Revenues</u>	709,794	0	0	0	1
<u>Total Other Local Revenues</u>	<u>1,949,647 \$</u>	<u>0 \$</u>	<u>0 \$</u>	<u>39,375 \$</u>	<u>416,321</u>
<u>Fees Received From County Officials</u>					
<u>Fees In-Lieu-of Salary</u>					
County Clerk	1,699,512 \$	0 \$	0 \$	0 \$	0
Circuit Court Clerk	624,867	0	0	0	0
General Sessions Court Clerk	1,434,801	0	0	0	0
Clerk and Master	431,748	0	0	0	0
Juvenile Court Clerk	247,912	0	0	0	0
Register	1,090,370	0	0	0	0
Sheriff	36,362	0	0	0	0
Trustee	3,436,838	0	0	0	0
<u>Total Fees Received From County Officials</u>	<u>9,002,410 \$</u>	<u>0 \$</u>	<u>0 \$</u>	<u>0 \$</u>	<u>0</u>
<u>State of Tennessee</u>					
<u>General Government Grants</u>	571,802 \$	0 \$	0 \$	0 \$	0
Juvenile Services Program					

(Continued)

Exhibit L-5

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

	Special Revenue Funds					Debt Service Fund
	General	Drug Control	Constitutional Officers - Fees	Highway / Public Works	General Debt Service	
<u>State of Tennessee (Cont.)</u>						
<u>Public Safety Grants</u>						
Law Enforcement Training Programs	\$ 57,000	\$ 0	\$ 0	\$ 0	\$ 0	0
<u>Health and Welfare Grants</u>						
Other Health and Welfare Grants	1,200	0	0	0	0	0
<u>Public Works Grants</u>						
State Aid Program	0	0	0	358,488	0	0
Litter Program	70,483	0	0	0	0	0
<u>Other State Revenues</u>						
Flood Control	1,271	0	0	0	0	0
Beer Tax	18,488	0	0	0	0	0
Vehicle Certificate of Title Fees	20,352	0	0	0	0	0
Alcoholic Beverage Tax	241,943	0	0	0	0	0
State Revenue Sharing - T.V.A.	1,702,216	0	0	0	0	0
Prisoner Transportation	9,812	0	0	0	0	0
Contracted Prisoner Boarding	1,782,906	0	0	0	0	0
Gasoline and Motor Fuel Tax	0	0	0	3,022,333	0	0
Petroleum Special Tax	0	0	0	124,345	0	0
Registrar's Salary Supplement	15,164	0	0	0	0	0
Other State Grants	2,778,123	0	0	0	0	0
Other State Revenues	186,999	0	0	0	0	0
<b>Total State of Tennessee</b>	<b>\$ 7,457,759</b>	<b>\$ 0</b>	<b>\$ 0</b>	<b>\$ 3,505,166</b>	<b>\$ 0</b>	<b>0</b>
<u>Federal Government</u>						
Federal Through State	\$ 188,286	\$ 0	\$ 0	\$ 0	\$ 0	0
Homeland Security Grants	244,208	0	0	0	0	0
Other Federal through State						

(Continued)

Exhibit L-5

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

	Special Revenue Funds				Debt Service Fund
	General	Drug Control	Constitutional Officers - Fees	Highway / Public Works	
<u>Federal Government (Cont.)</u>					
<u>Direct Federal Revenue</u>					
Tax Credit Bond Rebate	\$ 0	\$ 0	\$ 0	\$ 0	\$ 44,967
Other Direct Federal Revenue	51,555	0	0	0	0
Total Federal Government	\$ 484,049	\$ 0	\$ 0	\$ 0	\$ 44,967
<u>Other Governments and Citizens Groups</u>					
<u>Other Governments</u>					
Prisoner Board	209	0	0	0	0
Paving and Maintenance	0	0	0	27,000	0
Contributions	181,043	0	0	0	706,820
Citizens Groups					
Donations	239,664	0	0	0	0
Total Other Governments and Citizens Groups	\$ 420,916	\$ 0	\$ 0	\$ 27,000	\$ 706,820
<u>Total</u>	\$ 80,024,978	\$ 63,452	\$ 16,163	\$ 8,047,586	\$ 30,366,704

(Continued)

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

	Capital Projects Fund	Total
	General Capital Projects	
<u>Local Taxes</u>		
<u>County Property Taxes</u>		
Current Property Tax	\$ 2,156,370	\$ 75,198,428
Trustee's Collections - Prior Year	47,773	1,753,474
Trustee's Collections - Bankruptcy	2,604	90,457
Circuit Clerk/Clerk and Master Collections - Prior Years	28,423	991,648
Interest and Penalty	21,271	752,488
Payments in-Lieu-of Taxes - T.V.A.	0	763
Payments in-Lieu-of Taxes - Local Utilities	0	1,453,177
Payments in-Lieu-of Taxes - Other	0	677,598
<u>County Local Option Taxes</u>		
Local Option Sales Tax	0	155,312
Hotel/Motel Tax	0	1,760,483
Litigation Tax - General	0	706,903
Litigation Tax - Special Purpose	0	69,980
Litigation Tax - Jail, Workhouse, or Courthouse	0	363,980
Business Tax	0	1,581,071
Mineral Severance Tax	0	228,697
Adequate Facilities/Development Tax	0	1,155,558
<u>Statutory Local Taxes</u>		
Bank Excise Tax	8,692	303,131
Wholesale Beer Tax	0	336,591
Interstate Telecommunications Tax	0	3,308
<u>Total Local Taxes</u>	<u>\$ 2,265,133</u>	<u>\$ 87,583,047</u>

(Continued)



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

	Capital Projects Fund	Total
	General Capital Projects	
<u>Licenses and Permits</u>		
<u>Licenses</u>		
Animal Registration	0 \$	34,914
Animal Vaccination	0	5,120
Cable TV Franchise	0	301,905
<u>Permits</u>		
Building Permits	0	741,957
Plumbing Permits	0	19,400
Other Permits	0	168,109
<b>Total Licenses and Permits</b>	<b>0 \$</b>	<b>1,271,405</b>
<u>Fines, Forfeitures, and Penalties</u>		
<u>Circuit Court</u>		
Fines	0 \$	2,237
Officers Costs	0	26,508
Drug Court Fees	0	1,683
Veterans Treatment Court Fees	0	214
Jail Fees	0	2,416
Data Entry Fee - Circuit Court	0	9,928
Courtroom Security Fee	0	7,197
Victims Assistance Assessments	0	3,005
<u>General Sessions Court</u>		
Fines	0	122,998
Fines for Littering	0	430
Officers Costs	0	225,410
Game and Fish Fines	0	369
Drug Court Fees	0	21,211

(Continued)

Exhibit L-5

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

	Capital Projects Fund	Total
	General Capital Projects	
<u>Fines, Forfeitures, and Penalties (Cont.)</u>		
<u>General Sessions Court (Cont.)</u>		
Veterans Treatment Court Fees	0 \$	8,707
Jail Fees	0	299,759
DUI Treatment Fines	0	20,954
Data Entry Fee - General Sessions Court	0	51,038
Victims Assistance Assessments	0	63,608
<u>Juvenile Court</u>		
Fines	0	783
Officers Costs	0	18,771
Jail Fees	0	50,062
Data Entry Fee - Juvenile Court	0	23,507
<u>Chancery Court</u>		
Officers Costs	0	38,388
Data Entry Fee - Chancery Court	0	5,738
<u>Other Courts - In-county</u>		
Fines	0	2,024
Drug Control Fines	0	53,862
Drug Court Fees	0	23,240
<u>Other Fines, Forfeitures, and Penalties</u>		
Proceeds from Confiscated Property	0	36,533
Other Fines, Forfeitures, and Penalties	0	2,715
<u>Total Fines, Forfeitures, and Penalties</u>	0 \$	1,123,295
<u>Charges for Current Services</u>		
<u>General Service Charges</u>		
Patient Charges	0 \$	5,803,223

(Continued)

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

	Capital Projects Fund	Total
	General Capital Projects	
<u>Charges for Current Services (Cont.)</u>		
<u>General Service Charges (Cont.)</u>		
Zoning Studies	0 \$	4,750
Other General Service Charges	0	56,700
<u>Fees</u>		
Recreation Fees	0	11,122
Copy Fees	0	24,689
Archives and Records Management Fee	0	428,434
Greenbelt Late Application Fee	0	700
Telephone Commissions	0	137,169
Vending Machine Collections	0	116,581
Special Commissioner Fees/Special Master Fees	0	16,163
Data Processing Fee - Register	0	72,540
Probation Fees	0	15,390
Data Processing Fee - Sheriff	0	22,172
Sexual Offender Registration Fee - Sheriff	0	15,250
Data Processing Fee - County Clerk	0	19,251
<u>Education Charges</u>		
Other Charges for Services	0	7,705
<b>Total Charges for Current Services</b>	<b>0 \$</b>	<b>6,751,839</b>
<u>Other Local Revenues</u>		
<u>Recurring Items</u>		
Investment Income	7,398 \$	802,697
Lease/Rentals	0	587,015
Sale of Gasoline	0	16,720
Sale of Maps	0	1,571

(Continued)

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

	Capital Projects Fund		Total
	General Capital Projects		
<u>Other Local Revenues (Cont.)</u>			
<u>Recurring Items (Cont.)</u>			
Sale of Recycled Materials	0 \$	200	
Miscellaneous Refunds	0	282,866	
<u>Nonrecurring Items</u>			
Sale of Equipment	0	6,867	
Sale of Property	0	5,010	
<u>Other Local Revenues</u>			
Other Local Revenues	0	709,795	
<b>Total Other Local Revenues</b>	<b>7,398 \$</b>	<b>2,412,741</b>	
<u>Fees Received From County Officials</u>			
<u>Fees In-Lieu-of Salary</u>			
County Clerk	0 \$	1,699,512	
Circuit Court Clerk	0	624,867	
General Sessions Court Clerk	0	1,434,801	
Clerk and Master	0	431,748	
Juvenile Court Clerk	0	247,912	
Register	0	1,090,370	
Sheriff	0	36,362	
Trustee	0	3,436,838	
<b>Total Fees Received From County Officials</b>	<b>0 \$</b>	<b>9,002,410</b>	
<u>State of Tennessee</u>			
General Government Grants	0 \$	571,802	
Juvenile Services Program	0 \$	571,802	

(Continued)

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

	Capital Projects Fund	Total
	General Capital Projects	Total
State of Tennessee (Cont.)		
Public Safety Grants		
Law Enforcement Training Programs	0 \$	57,000
Health and Welfare Grants	0	1,200
Other Health and Welfare Grants		
Public Works Grants		
State Aid Program	0	358,488
Litter Program	0	70,483
Other State Revenues		
Flood Control	0	1,271
Beer Tax	0	18,488
Vehicle Certificate of Title Fees	0	20,352
Alcoholic Beverage Tax	0	241,943
State Revenue Sharing - T.V.A.	0	1,702,216
Prisoner Transportation	0	9,812
Contracted Prisoner Boarding	0	1,782,906
Gasoline and Motor Fuel Tax	0	3,022,333
Petroleum Special Tax	0	124,345
Registrar's Salary Supplement	0	15,164
Other State Grants	0	2,778,123
Other State Revenues	0	186,999
Total State of Tennessee	0 \$	10,962,925
Federal Government		
Federal Through State		
Homeland Security Grants	0 \$	188,286
Other Federal through State	121,425	365,633

(Continued)

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

	Capital Projects Fund	General Capital Projects	Total
Federal Government (Cont.)			
<u>Direct Federal Revenue</u>			
Tax Credit Bond Rebate	0 \$	0	44,967
Other Direct Federal Revenue	0	0	51,555
Total Federal Government	121,425 \$		650,441
Other Governments and Citizens Groups			
<u>Other Governments</u>			
Prisoner Board	0 \$	0	209
Paving and Maintenance	0	0	27,000
Contributions	1,832,951		2,720,814
Citizens Groups			
Donations	2,690		242,354
Total Other Governments and Citizens Groups	1,835,641 \$		2,990,377
Total	4,229,597 \$		122,748,480

Exhibit L-6

Montgomery County, Tennessee  
 Schedule of Detailed Revenues -  
 All Governmental Fund Types  
 Discretely Presented Clarksville-Montgomery County School System  
 For the Year Ended June 30, 2016

	Special Revenue Funds					
	General Purpose School	School Federal Projects	Central Cafeteria	School Transportation	Extended School Program	
<u>Local Taxes</u>						
<u>County Property Taxes</u>						
Current Property Tax	\$ 28,076,684	\$ 0	\$ 0	\$ 1,873,739	\$ 0	0
Trustee's Collections - Prior Year	823,988	0	0	54,790	0	0
Trustee's Collections - Bankruptcy	36,522	0	0	2,435	0	0
Circuit Clerk/Clerk and Master Collections - Prior Years	381,962	0	0	25,477	0	0
Interest and Penalty	292,641	0	0	19,418	0	0
Payments in-Lieu-of Taxes - Local Utilities	730,013	0	0	48,697	0	0
<u>County Local Option Taxes</u>						
Local Option Sales Tax	46,159,719	0	0	0	0	0
Wheel Tax	4,241,272	0	0	0	0	0
Business Tax	763,968	0	0	0	0	0
Mixed Drink Tax	332,184	0	0	0	0	0
<u>Statutory Local Taxes</u>						
Bank Excise Tax	116,734	0	0	7,787	0	0
Interstate Telecommunications Tax	14,466	0	0	0	0	0
<b>Total Local Taxes</b>	<b>\$ 81,970,153</b>	<b>\$ 0</b>	<b>\$ 0</b>	<b>\$ 2,032,343</b>	<b>\$ 0</b>	<b>0</b>
<u>Charges for Current Services</u>						
<u>Fees</u>						
Archives and Records Management Fee	\$ 8,436	\$ 0	\$ 0	\$ 0	\$ 0	0
<u>Education Charges</u>						
Tuition - Regular Day Students	51,499	0	0	0	0	0
Tuition - Summer School	0	0	0	0	0	51,129
Tuition - Out-of-state Systems	6,928	0	0	0	0	0
Tuition - Other	0	0	0	0	0	2,475

(Continued)

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

	Special Revenue Funds					Extended School Program
	General Purpose School	School Federal Projects	Central Cafeteria	School Transpor- tation		
<u>Charges for Current Services (Cont.)</u>						
<u>Education Charges (Cont.)</u>						
Lunch Payments - Children	0 \$	0 \$	2,977,019 \$	0 \$	0 \$	0
Lunch Payments - Adults	0	0	150,821	0	0	0
Income from Breakfast	0	0	137,144	0	0	0
A la Carte Sales	0	0	1,251,896	0	0	0
School Based Health Services - FFS	107,635	0	0	0	0	0
TBI Criminal Background Fee	36,332	0	0	0	0	0
Other Charges for Services	22,614	0	45,268	0	0	0
<b>Total Charges for Current Services</b>	<b>233,444 \$</b>	<b>0 \$</b>	<b>4,562,148 \$</b>	<b>0 \$</b>	<b>0 \$</b>	<b>53,604</b>
<u>Other Local Revenues</u>						
<u>Recurring Items</u>						
Investment Income	0 \$	0 \$	9,284 \$	0 \$	0 \$	0
Lease/Rentals	157,757	0	0	0	0	0
Sale of Materials and Supplies	0	0	46,044	4,042	0	0
Sale of Recycled Materials	3,556	0	0	220	0	0
E-Rate Funding	27,628	0	0	0	0	0
Miscellaneous Refunds	64,216	0	24,049	16,331	0	0
<u>Nonrecurring Items</u>						
Sale of Equipment	71,492	0	8,546	339	0	0
Damages Recovered from Individuals	8,634	0	0	838	0	0
Contributions and Gifts	48,954	3,821	4,265	500	0	0
<b>Total Other Local Revenues</b>	<b>382,237 \$</b>	<b>3,821 \$</b>	<b>92,188 \$</b>	<b>22,270 \$</b>	<b>0 \$</b>	<b>0</b>

(Continued)



Exhibit L-6

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

	Special Revenue Funds					
	General Purpose School	School Federal Projects	Central Cafeteria	School Transportation	Extended School Program	
<u>State of Tennessee</u>						
<u>General Government Grants</u>						
On-behalf Contributions for OFEB	\$ 119,625	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
Health and Welfare Grants	122,208	0	0	0	0	0
Other Health and Welfare Grants						
<u>State Education Funds</u>						
Basic Education Program	131,338,480	0	0	8,380,000	0	0
Early Childhood Education	1,833,517	0	0	0	0	0
School Food Service	0	0	142,677	0	0	0
Energy Efficient School Initiative	80,220	0	0	0	0	0
Other State Education Funds	151,792	670,510	0	0	0	0
Career Ladder Program	484,847	0	0	0	0	0
Other State Revenues						
Income Tax	145,042	0	0	0	0	0
Total State of Tennessee	\$ 134,275,731	\$ 670,510	\$ 142,677	\$ 8,380,000	\$ 0	\$ 0
<u>Federal Government</u>						
<u>Federal Through State</u>						
USDA School Lunch Program	\$ 0	\$ 0	\$ 7,130,141	\$ 0	\$ 0	\$ 0
USDA - Commodities	0	0	884,264	0	0	0
Breakfast	0	0	3,032,422	0	0	0
USDA - Other	0	0	16,662	0	0	0
Adult Education State Grant Program	0	161,276	0	0	0	0
Vocational Education - Basic Grants to States	0	510,422	0	0	0	0
Title I Grants to Local Education Agencies	0	7,387,398	0	0	0	0
Special Education - Grants to States	131,400	5,469,781	0	0	0	0

(Continued)

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

	Special Revenue Funds					
	General Purpose School	School Federal Projects	Central Cafeteria	School Transportation	Extended School Program	
<u>Federal Government (Cont.)</u>						
<u>Federal Through State (Cont.)</u>						
Special Education Preschool Grants	\$ 0	\$ 104,734	\$ 0	\$ 0	\$ 0	\$ 0
English Language Acquisition Grants	0	72,045	0	0	0	0
Safe and Drug-free Schools - State Grants	0	874,714	0	0	0	0
Education for Homeless Children and Youth	0	32,705	0	0	0	0
Eisenhower Professional Development State Grants	0	1,037,828	0	0	0	0
Other Federal through State	0	234,545	0	0	0	0
<u>Direct Federal Revenue</u>						
Public Law 874 - Maintenance and Operation	3,015,124	0	0	0	0	0
ROTC Reimbursement	611,222	0	0	0	0	0
Other Direct Federal Revenue	0	2,825,875	0	0	0	0
<b>Total Federal Government</b>	<b>\$ 3,757,746</b>	<b>\$ 18,711,323</b>	<b>\$ 11,063,489</b>	<b>\$ 0</b>	<b>\$ 0</b>	<b>\$ 0</b>
<u>Other Governments and Citizens Groups</u>						
<u>Other Governments</u>						
Contributions	\$ 3,750	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
Contracted Services	30,020	0	0	0	0	0
<b>Total Other Governments and Citizens Groups</b>	<b>\$ 33,770</b>	<b>\$ 0</b>	<b>\$ 0</b>	<b>\$ 0</b>	<b>\$ 0</b>	<b>\$ 0</b>
<b>Total</b>	<b>\$ 220,653,081</b>	<b>\$ 19,385,654</b>	<b>\$ 15,860,502</b>	<b>\$ 10,434,613</b>	<b>\$ 53,604</b>	<b>\$ 53,604</b>

(Continued)

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

	Capital Projects Fund	Education Capital Projects	Total
<u>Local Taxes</u>			
<u>County Property Taxes</u>			
Current Property Tax	0 \$		29,950,423
Trustee's Collections - Prior Year	0		878,778
Trustee's Collections - Bankruptcy	0		38,957
Circuit Clerk/Clerk and Master Collections - Prior Years	0		407,439
Interest and Penalty	0		312,059
Payments in-Lieu-of Taxes - Local Utilities	0		778,710
<u>County Local Option Taxes</u>			
Local Option Sales Tax	0		46,159,719
Wheel Tax	0		4,241,272
Business Tax	0		763,968
Mixed Drink Tax	0		332,184
<u>Statutory Local Taxes</u>			
Bank Excise Tax	0		124,521
Interstate Telecommunications Tax	0		14,466
<u>Total Local Taxes</u>	<u>0 \$</u>		<u>84,002,496</u>
<u>Charges for Current Services</u>			
<u>Fees</u>			
Archives and Records Management Fee	0 \$		8,436
<u>Education Charges</u>			
Tuition - Regular Day Students	0		51,499
Tuition - Summer School	0		51,129
Tuition - Out-of-state Systems	0		6,928
Tuition - Other	0		2,475

(Continued)

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

	Capital Projects Fund	Education Capital Projects	Total
<u>Charges for Current Services (Cont.)</u>			
<u>Education Charges (Cont.)</u>			
Lunch Payments - Children	0 \$	2,977,019	
Lunch Payments - Adults	0	150,821	
Income from Breakfast	0	137,144	
A la Carte Sales	0	1,251,896	
School Based Health Services - FFS	0	107,635	
TBI Criminal Background Fee	0	36,332	
Other Charges for Services	0	67,882	
<b>Total Charges for Current Services</b>	<b>0 \$</b>	<b>4,849,196</b>	
<u>Other Local Revenues</u>			
<u>Recurring Items</u>			
Investment Income	0 \$	9,284	
Lease/Rentals	0	157,757	
Sale of Materials and Supplies	0	50,086	
Sale of Recycled Materials	0	3,776	
E-Rate Funding	0	27,628	
Miscellaneous Refunds	0	104,596	
<u>Nonrecurring Items</u>			
Sale of Equipment	0	80,377	
Damages Recovered from Individuals Contributions and Gifts	0	9,472	
<b>Total Other Local Revenues</b>	<b>1,391,141</b>	<b>1,448,681</b>	
	<b>\$ 1,391,141 \$</b>	<b>1,891,657</b>	

(Continued)

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

	Capital Projects Fund	Education Capital Projects	Total
State of Tennessee			
General Government Grants			
On-behalf Contributions for OPPEB	\$ 0	\$ 0	\$ 119,625
Health and Welfare Grants			
Other Health and Welfare Grants	0	0	122,208
State Education Funds			
Basic Education Program	0	0	139,718,480
Early Childhood Education	0	0	1,833,517
School Food Service	0	0	142,677
Energy Efficient School Initiative	0	0	80,220
Other State Education Funds	0	0	822,302
Career Ladder Program	0	0	484,847
Other State Revenues	0	0	145,042
Income Tax	0	0	143,465,918
Total State of Tennessee	\$ 0	\$ 0	\$ 143,465,918
Federal Government			
Federal Through State			
USDA School Lunch Program	\$ 0	\$ 0	\$ 7,130,141
USDA - Commodities	0	0	884,264
Breakfast	0	0	3,032,422
USDA - Other	0	0	16,662
Adult Education State Grant Program	0	0	161,276
Vocational Education - Basic Grants to States	0	0	510,422
Title I Grants to Local Education Agencies	0	0	7,387,398
Special Education - Grants to States	0	0	5,601,181

(Continued)

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

	Capital Projects Fund	Education Capital Projects	Total
<u>Federal Government (Cont.)</u>			
<u>Federal Through State (Cont.)</u>			
Special Education Preschool Grants	0 \$		104,734
English Language Acquisition Grants	0		72,045
Safe and Drug-free Schools - State Grants	0		874,714
Education for Homeless Children and Youth	0		32,705
Eisenhower Professional Development State Grants	0		1,037,828
Other Federal through State	0		234,545
<u>Direct Federal Revenue</u>			
Public Law 874 - Maintenance and Operation	0		3,015,124
ROTC Reimbursement	0		611,222
Other Direct Federal Revenue	0		2,825,875
<u>Total Federal Government</u>	<u>0 \$</u>		<u>33,532,568</u>
<u>Other Governments and Citizens Groups</u>			
<u>Other Governments</u>			
Contributions	\$ 18,640,568	\$	18,644,318
Contracted Services	0		30,020
<u>Total Other Governments and Citizens Groups</u>	<u>\$ 18,640,568</u>	<u>\$</u>	<u>18,674,338</u>
<u>Total</u>	<u>\$ 20,031,709</u>	<u>\$</u>	<u>286,419,163</u>

Exhibit L-7

Montgomery County, Tennessee  
Schedule of Detailed Expenditures -  
All Governmental Fund Types  
For the Year Ended June 30, 2016

General Fund

General Government

County Commission

Secretary(ies)	\$	40,237	
Board and Committee Members Fees		129,975	
Social Security		10,365	
Pensions		5,561	
Life Insurance		53	
Medical Insurance		12,550	
Employer Medicare		2,424	
Audit Services		61,194	
Legal Notices, Recording, and Court Costs		2,158	
Travel		9,986	
Tuition		4,520	
Other Contracted Services		10,085	
Food Supplies		49	
Office Supplies		485	
Other Supplies and Materials		48	
Data Processing Equipment		720	
Total County Commission			\$ 290,410

Board of Equalization

Board and Committee Members Fees	\$	1,105	
Social Security		69	
Employer Medicare		16	
Total Board of Equalization			1,190

Beer Board

Board and Committee Members Fees	\$	1,500	
Social Security		93	
Employer Medicare		22	
Total Beer Board			1,615

Other Boards and Committees

Board and Committee Members Fees	\$	4,050	
Social Security		251	
Employer Medicare		59	
Total Other Boards and Committees			4,360

County Mayor/Executive

County Official/Administrative Officer	\$	148,672
Supervisor/Director		91,609
Secretary(ies)		51,577
Clerical Personnel		30,630
Overtime Pay		1,185
Social Security		17,726
Pensions		44,568
Life Insurance		211
Medical Insurance		34,786
Employer Medicare		4,551

(Continued)

Exhibit L-7

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

General Fund (Cont.)

General Government (Cont.)

County Mayor/Executive (Cont.)

Advertising	\$	348	
Communication		3,294	
Dues and Memberships		585	
Licenses		6	
Maintenance and Repair Services - Vehicles		444	
Postal Charges		880	
Printing, Stationery, and Forms		492	
Rentals		3,588	
Travel		8,722	
Tuition		3,980	
Other Contracted Services		5,980	
Custodial Supplies		93	
Food Supplies		1,339	
Gasoline		2,134	
Library Books/Media		353	
Office Supplies		1,550	
Periodicals		320	
Other Supplies and Materials		872	
Premiums on Corporate Surety Bonds		947	
Communication Equipment		820	
Total County Mayor/Executive			\$ 462,262

Personnel Office

Supervisor/Director	\$	86,066	
Accountants/Bookkeepers		49,036	
Clerical Personnel		78,990	
Overtime Pay		102	
Social Security		12,443	
Pensions		28,773	
Life Insurance		231	
Medical Insurance		45,327	
Employer Medicare		2,910	
Communication		1,484	
Dues and Memberships		843	
Evaluation and Testing		11,405	
Postal Charges		1,033	
Rentals		2,692	
Travel		922	
Tuition		1,706	
Other Contracted Services		24,019	
Data Processing Supplies		45	
Duplicating Supplies		410	
Office Supplies		3,234	
Data Processing Equipment		965	
Total Personnel Office			352,636

(Continued)



Exhibit L-7

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

General Fund (Cont.)

General Government (Cont.)

County Attorney

Legal Services	\$ 119,269	
Total County Attorney		\$ 119,269

Election Commission

Supervisor/Director	\$ 85,988	
Clerical Personnel	140,685	
Temporary Personnel	36,088	
Overtime Pay	7,788	
Election Commission	10,270	
Election Workers	74,800	
Social Security	18,018	
Pensions	32,002	
Life Insurance	264	
Medical Insurance	29,970	
Employer Medicare	4,330	
Communication	1,431	
Legal Notices, Recording, and Court Costs	11,892	
Maintenance and Repair Services - Office Equipment	20,820	
Postal Charges	14,028	
Printing, Stationery, and Forms	16,840	
Rentals	5,801	
Travel	3,309	
Tuition	2,150	
Other Contracted Services	12,065	
Office Supplies	3,933	
Other Supplies and Materials	6,140	
Data Processing Equipment	12,480	
Furniture and Fixtures	884	
Total Election Commission		551,976

Register of Deeds

County Official/Administrative Officer	\$ 93,465	
Deputy(ies)	174,834	
Social Security	16,003	
Pensions	36,813	
Life Insurance	290	
Medical Insurance	45,246	
Employer Medicare	3,743	
Communication	434	
Data Processing Services	53,031	
Maintenance and Repair Services - Office Equipment	750	
Postal Charges	447	
Rentals	2,991	
Other Contracted Services	2,412	
Data Processing Supplies	1,934	
Duplicating Supplies	761	
Other Supplies and Materials	976	
Premiums on Corporate Surety Bonds	197	
Total Register of Deeds		434,327

(Continued)

Exhibit L-7

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

General Fund (Cont.)

General Government (Cont.)

Planning

Contributions	\$ 332,262	
Total Planning		\$ 332,262

Building

Assistant(s)	\$ 40,237	
Supervisor/Director	83,173	
Social Security	7,259	
Pensions	17,055	
Life Insurance	106	
Medical Insurance	25,482	
Employer Medicare	1,698	
Communication	667	
Dues and Memberships	339	
Licenses	410	
Maintenance and Repair Services - Vehicles	1,813	
Postal Charges	20	
Printing, Stationery, and Forms	54	
Rentals	2,038	
Travel	1,390	
Tuition	334	
Gasoline	780	
Library Books/Media	143	
Office Supplies	733	
Small Tools	218	
Furniture and Fixtures	200	
Total Building		184,149

Codes Compliance

Assistant(s)	\$ 253,040
Supervisor/Director	70,423
Clerical Personnel	87,757
Social Security	23,787
Pensions	54,649
Life Insurance	524
Medical Insurance	93,095
Employer Medicare	5,563
Communication	7,580
Contracts with Private Agencies	6,350
Dues and Memberships	1,781
Legal Notices, Recording, and Court Costs	1,674
Maintenance and Repair Services - Office Equipment	1,297
Maintenance and Repair Services - Vehicles	6,322
Postal Charges	904
Rentals	7,086
Travel	499
Tuition	1,443
Permits	3,460

(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.)

Other Contracted Services	\$	1,450	
Data Processing Supplies		544	
Gasoline		9,307	
Office Supplies		886	
Uniforms		1,019	
Other Supplies and Materials		583	
Motor Vehicles		22,723	
<b>Total Codes Compliance</b>			\$ 663,746

Geographical Information Systems

Contracts with Government Agencies	\$	138,922	
Data Processing Equipment		17,168	
<b>Total Geographical Information Systems</b>			156,090

County Buildings

Assistant(s)	\$	36,429	
Supervisor/Director		158,632	
Secretary(ies)		40,237	
Custodial Personnel		165,815	
Maintenance Personnel		391,181	
Temporary Personnel		21,598	
Overtime Pay		14,623	
Social Security		48,338	
Pensions		105,201	
Life Insurance		1,210	
Medical Insurance		187,164	
Employer Medicare		11,305	
Communication		11,685	
Licenses		29	
Maintenance Agreements		66,268	
Maintenance and Repair Services - Buildings		35,419	
Maintenance and Repair Services - Equipment		31,433	
Maintenance and Repair Services - Vehicles		9,245	
Pest Control		3,788	
Printing, Stationery, and Forms		61	
Rentals		5,352	
Travel		426	
Tuition		700	
Disposal Fees		5,060	
Other Contracted Services		28,013	
Custodial Supplies		24,620	
Data Processing Supplies		25	
Drugs and Medical Supplies		421	
Electricity		266,128	
Equipment Parts - Light		952	
Gasoline		12,194	
Natural Gas		33,473	

(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	\$	1,610	
Periodicals		223	
Propane Gas		1,544	
Salt		1,255	
Small Tools		4,801	
Uniforms		4,539	
Water and Sewer		23,825	
Other Supplies and Materials		50,582	
Boiler Insurance		1,476	
Indirect Cost		7,500	
Building Improvements		12,694	
Communication Equipment		37	
Furniture and Fixtures		2,387	
Motor Vehicles		27,916	
Other Equipment		62,354	
Other Capital Outlay		5,737	
Total County Buildings			\$ 1,925,505

Other Facilities

Secretary(ies)	\$	30,999	
Custodial Personnel		128,206	
Maintenance Personnel		109,498	
Overtime Pay		2,914	
Social Security		15,664	
Pensions		36,712	
Life Insurance		467	
Medical Insurance		64,398	
Employer Medicare		3,663	
Communication		4,309	
Maintenance and Repair Services - Buildings		2,870	
Maintenance and Repair Services - Equipment		74,070	
Pest Control		1,340	
Rentals		2,200	
Disposal Fees		1,710	
Other Contracted Services		10,219	
Custodial Supplies		12,763	
Electricity		292,538	
Food Supplies		571	
Natural Gas		48,533	
Office Supplies		43	
Uniforms		450	
Water and Sewer		41,292	
Other Supplies and Materials		19,371	
Building and Contents Insurance		2,738	
Other Equipment		410	
Total Other Facilities			907,948

(Continued)

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

General Fund (Cont.)

General Government (Cont.)

Other General Administration

Supervisor/Director	\$	54,273	
Social Security		3,223	
Pensions		7,533	
Life Insurance		53	
Medical Insurance		12,741	
Employer Medicare		754	
Communication		635	
Contracts with Other Public Agencies		477,473	
Travel		1,766	
Tuition		590	
Other Contracted Services		9,108	
Other Supplies and Materials		698	
Judgments		65,574	
Land		106,000	
Total Other General Administration			\$ 740,421

Preservation of Records

Supervisor/Director	\$	44,783	
Clerical Personnel		50,661	
Board and Committee Members Fees		525	
Social Security		5,843	
Pensions		11,431	
Life Insurance		154	
Employer Medicare		1,367	
Communication		529	
Data Processing Services		13,000	
Dues and Memberships		280	
Maintenance and Repair Services - Office Equipment		1,900	
Rentals		4,306	
Travel		1,139	
Other Contracted Services		101	
Duplicating Supplies		257	
Library Books/Media		2,346	
Office Supplies		3,959	
Other Supplies and Materials		243	
Furniture and Fixtures		800	
Total Preservation of Records			143,624

Other Risk Management

Workers' Compensation Insurance	\$	654,440	
Total Other Risk Management			654,440

Finance

Accounting and Budgeting

County Official/Administrative Officer	\$	91,609	
Accountants/Bookkeepers		269,175	
Clerical Personnel		35,027	

(Continued)

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

General Fund (Cont.)

Finance (Cont.)

Accounting and Budgeting (Cont.)

Part-time Personnel	\$	8,179	
Social Security		24,578	
Pensions		56,425	
Life Insurance		396	
Medical Insurance		61,245	
Employer Medicare		5,812	
Communication		3,752	
Data Processing Services		7,038	
Dues and Memberships		824	
Postal Charges		5,397	
Printing, Stationery, and Forms		734	
Rentals		823	
Travel		3,606	
Tuition		785	
Other Contracted Services		15,656	
Data Processing Supplies		1,761	
Duplicating Supplies		463	
Food Supplies		78	
Library Books/Media		60	
Office Supplies		1,184	
Periodicals		321	
Other Supplies and Materials		910	
Premiums on Corporate Surety Bonds		197	
Total Accounting and Budgeting			\$ 596,035

Purchasing

County Official/Administrative Officer	\$	70,423
Purchasing Personnel		45,348
Clerical Personnel		35,484
Other Salaries and Wages		28,183
Social Security		10,434
Pensions		24,831
Life Insurance		211
Medical Insurance		37,349
Employer Medicare		2,405
Communication		1,128
Dues and Memberships		614
Maintenance and Repair Services - Equipment		8,424
Maintenance and Repair Services - Office Equipment		65
Maintenance and Repair Services - Vehicles		1,336
Postal Charges		243
Rentals		6,987
Travel		95
Other Contracted Services		233
Custodial Supplies		142
Duplicating Supplies		395
Food Supplies		187

(Continued)

Exhibit L-7

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

General Fund (Cont.)

Finance (Cont.)

Purchasing (Cont.)

Gasoline	\$	1,061	
Office Supplies		3,433	
Periodicals		205	
Other Supplies and Materials		6,354	
Premiums on Corporate Surety Bonds		197	
Total Purchasing			\$ 285,767

Property Assessor's Office

County Official/Administrative Officer	\$	93,465	
Deputy(ies)		461,450	
Temporary Personnel		6,616	
Part-time Personnel		8,724	
Educational Incentive - Official/Admin Officer		1,000	
Overtime Pay		4,771	
Social Security		33,884	
Pensions		72,300	
Life Insurance		701	
Medical Insurance		103,155	
Employer Medicare		7,924	
Audit Services		37,320	
Communication		4,593	
Data Processing Services		49,483	
Dues and Memberships		4,396	
Operating Lease Payments		7,449	
Legal Notices, Recording, and Court Costs		253	
Maintenance and Repair Services - Vehicles		2,398	
Postal Charges		5,144	
Printing, Stationery, and Forms		9,157	
Rentals		481	
Travel		12,455	
Tuition		5,039	
Other Contracted Services		1,406	
Data Processing Supplies		760	
Duplicating Supplies		437	
Food Supplies		599	
Gasoline		2,220	
Library Books/Media		85	
Office Supplies		2,851	
Other Supplies and Materials		2,522	
Premiums on Corporate Surety Bonds		98	
Data Processing Equipment		13,483	
Furniture and Fixtures		1,393	
Motor Vehicles		44,063	
Total Property Assessor's Office			1,002,075

County Trustee's Office

County Official/Administrative Officer	\$	93,465	
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(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.)

Supervisor/Director	\$	54,273	
Deputy(ies)		139,955	
Accountants/Bookkeepers		63,157	
Part-time Personnel		6,165	
Overtime Pay		10,896	
Board and Committee Members Fees		750	
Social Security		21,414	
Pensions		44,945	
Life Insurance		436	
Medical Insurance		71,638	
Employer Medicare		5,008	
Bank Charges		41,986	
Communication		2,789	
Data Processing Services		22,898	
Dues and Memberships		1,126	
Legal Notices, Recording, and Court Costs		3,258	
Postal Charges		30,664	
Printing, Stationery, and Forms		2,268	
Rentals		3,160	
Travel		1,226	
Tuition		155	
Other Contracted Services		233	
Food Supplies		245	
Office Supplies		7,030	
Periodicals		793	
Premiums on Corporate Surety Bonds		6,875	
Other Capital Outlay		1,498	
Total County Trustee's Office			\$ 638,306

County Clerk's Office

County Official/Administrative Officer	\$	93,465
Supervisor/Director		54,273
Deputy(ies)		1,070,531
Part-time Personnel		29,301
Overtime Pay		3,880
Social Security		71,479
Pensions		163,536
Life Insurance		1,879
Medical Insurance		294,480
Employer Medicare		16,812
Communication		3,935
Maintenance and Repair Services - Equipment		18,641
Postal Charges		50,643
Printing, Stationery, and Forms		901
Rentals		8,555
Travel		1,733
Other Contracted Services		2,403

(Continued)



Exhibit L-7

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

General Fund (Cont.)

Finance (Cont.)

County Clerk's Office (Cont.)

Data Processing Supplies	\$	16,159	
Duplicating Supplies		6,040	
Food Supplies		335	
Office Supplies		13,509	
Other Supplies and Materials		2,350	
Premiums on Corporate Surety Bonds		247	
Data Processing Equipment		565	
Total County Clerk's Office			\$ 1,925,652

Data Processing

Supervisor/Director	\$	91,609	
Computer Programmer(s)		361,675	
Data Processing Personnel		242,743	
Secretary(ies)		40,250	
Part-time Personnel		10,772	
Social Security		44,567	
Pensions		100,063	
Life Insurance		673	
Medical Insurance		98,228	
Employer Medicare		10,423	
Communication		53,273	
Data Processing Services		566,788	
Dues and Memberships		195	
Freight Expenses		41	
Licenses		2,916	
Maintenance and Repair Services - Vehicles		1,164	
Postal Charges		161	
Rentals		484	
Travel		6,057	
Tuition		9,823	
Other Contracted Services		765	
Custodial Supplies		128	
Data Processing Supplies		6,094	
Food Supplies		145	
Gasoline		740	
Office Supplies		193	
Other Supplies and Materials		126	
Communication Equipment		13,913	
Data Processing Equipment		122,028	
Furniture and Fixtures		16,915	
Other Capital Outlay		59,696	
Total Data Processing			1,862,648

Other Finance

Legal Notices, Recording, and Court Costs	\$	34,502	
Postal Charges		20,667	
Total Other Finance			55,169

(Continued)

Exhibit L-7

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

General Fund (Cont.)

Administration of Justice

Circuit Court

County Official/Administrative Officer	\$	93,465	
Assistant(s)		108,545	
Supervisor/Director		172,808	
Deputy(ies)		1,288,570	
Accountants/Bookkeepers		81,206	
Overtime Pay		12,905	
Jury and Witness Expense		51,538	
Social Security		101,124	
Pensions		229,501	
Life Insurance		2,839	
Medical Insurance		436,959	
Employer Medicare		23,650	
Communication		5,430	
Data Processing Services		33,516	
Dues and Memberships		691	
Legal Notices, Recording, and Court Costs		1,634	
Postal Charges		15,506	
Printing, Stationery, and Forms		13,704	
Rentals		6,655	
Travel		1,987	
Other Contracted Services		4,518	
Custodial Supplies		371	
Data Processing Supplies		6,675	
Drugs and Medical Supplies		105	
Duplicating Supplies		2,398	
Food Supplies		1,799	
Library Books/Media		1,835	
Office Supplies		5,542	
Other Supplies and Materials		1,164	
Premiums on Corporate Surety Bonds		758	
Data Processing Equipment		27,628	
Furniture and Fixtures		5,382	
Other Construction		9,545	
Total Circuit Court			\$ 2,749,953

General Sessions Court

Judge(s)	\$	483,557	
Secretary(ies)		40,158	
Social Security		24,460	
Pensions		72,377	
Life Insurance		199	
Medical Insurance		48,864	
Employer Medicare		7,375	
Total General Sessions Court			676,990

Drug Court

Probation Officer(s)	\$	39,546	
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(Continued)

Exhibit L-7

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

General Fund (Cont.)

Administration of Justice (Cont.)

Drug Court (Cont.)

Social Security	\$	2,376	
Pensions		5,455	
Life Insurance		40	
Employer Medicare		556	
Communication		596	
Dues and Memberships		200	
Postal Charges		102	
Travel		2,372	
Other Contracted Services		17,520	
Office Supplies		569	
Other Supplies and Materials		694	
Total Drug Court			\$ 70,026

Chancery Court

County Official/Administrative Officer	\$	93,465	
Deputy(ies)		269,175	
Social Security		20,955	
Pensions		50,117	
Life Insurance		449	
Medical Insurance		59,718	
Employer Medicare		4,901	
Communication		628	
Dues and Memberships		841	
Legal Notices, Recording, and Court Costs		3,954	
Postal Charges		5,457	
Rentals		5,500	
Travel		156	
Data Processing Supplies		6,459	
Duplicating Supplies		1,018	
Library Books/Media		834	
Office Supplies		3,518	
Total Chancery Court			527,145

Juvenile Court

Judge(s)	\$	161,186
Supervisor/Director		73,940
Probation Officer(s)		120,732
Youth Service Officer(s)		219,395
Clerical Personnel		28,566
Social Security		33,452
Pensions		78,727
Life Insurance		588
Medical Insurance		81,990
Employer Medicare		8,404
Communication		3,863
Contributions		31,152
Dues and Memberships		5,247

(Continued)

Exhibit L-7

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

General Fund (Cont.)

Administration of Justice (Cont.)

Juvenile Court (Cont.)

Operating Lease Payments	\$	4,596	
Postal Charges		557	
Travel		39,507	
Tuition		783	
Other Contracted Services		280,937	
Drugs and Medical Supplies		160	
Library Books/Media		3,275	
Office Supplies		3,715	
Other Supplies and Materials		3,315	
Data Processing Equipment		565	
Furniture and Fixtures		386	
Other Capital Outlay		42,198	
Total Juvenile Court			\$ 1,227,236

District Attorney General

Communication	\$	212	
Dues and Memberships		666	
Legal Notices, Recording, and Court Costs		239	
Travel		27,214	
Other Contracted Services		897	
Custodial Supplies		1,555	
Duplicating Supplies		402	
Food Supplies		1,349	
Library Books/Media		1,884	
Office Supplies		1,167	
Other Supplies and Materials		1,437	
Total District Attorney General			37,022

Office of Public Defender

Travel	\$	3,377	
Tuition		269	
Other Contracted Services		2,225	
Other Supplies and Materials		237	
Data Processing Equipment		750	
Total Office of Public Defender			6,858

Judicial Commissioners

Part-time Personnel	\$	44,635	
Overtime Pay		8,834	
Other Salaries and Wages		103,807	
Social Security		9,372	
Pensions		15,349	
Life Insurance		199	
Medical Insurance		12,595	
Employer Medicare		2,192	
Communication		985	
Rentals		2,327	

(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 Contracted Services	\$	663	
Office Supplies		312	
Total Judicial Commissioners			\$ 201,270

Other Administration of Justice

Supervisor/Director	\$	63,382	
Social Security		3,845	
Pensions		8,759	
Life Insurance		53	
Medical Insurance		5,427	
Employer Medicare		899	
Communication		884	
Contracts with Private Agencies		422,082	
Dues and Memberships		620	
Postal Charges		423	
Tuition		700	
Duplicating Supplies		24	
Instructional Supplies and Materials		5,155	
Office Supplies		103	
Other Supplies and Materials		355	
Total Other Administration of Justice			512,711

Probation Services

Assistant(s)	\$	21,326	
Supervisor/Director		70,423	
Probation Officer(s)		237,586	
Clerical Personnel		24,875	
Other Salaries and Wages		184,617	
Social Security		31,383	
Pensions		68,648	
Life Insurance		748	
Medical Insurance		112,078	
Employer Medicare		7,339	
Communication		1,269	
Dues and Memberships		400	
Evaluation and Testing		46,024	
Licenses		810	
Postal Charges		899	
Printing, Stationery, and Forms		996	
Rentals		1,554	
Travel		8,271	
Tuition		818	
Other Contracted Services		18,089	
Duplicating Supplies		2,246	
Instructional Supplies and Materials		12,941	
Office Supplies		4,682	
Other Supplies and Materials		3,835	
Total Probation Services			861,857

(Continued)

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

General Fund (Cont.)

Public Safety

Sheriff's Department

County Official/Administrative Officer	\$	103,422
Assistant(s)		127,661
Deputy(ies)		2,910,766
Investigator(s)		717,396
Captain(s)		145,761
Lieutenant(s)		336,915
Sergeant(s)		610,982
Secretary(ies)		37,927
Clerical Personnel		444,568
Temporary Personnel		58,261
Part-time Personnel		20,863
Overtime Pay		374,442
In-service Training		57,000
Social Security		349,522
Pensions		787,329
Life Insurance		6,641
Medical Insurance		1,137,251
Employer Medicare		82,116
Communication		89,003
Contracts with Government Agencies		2,680
Contracts with Private Agencies		31,700
Data Processing Services		6,197
Dues and Memberships		4,329
Evaluation and Testing		2,836
Legal Services		21,925
Licenses		574
Maintenance Agreements		2,970
Maintenance and Repair Services - Equipment		6,870
Maintenance and Repair Services - Vehicles		101,616
Pest Control		240
Postal Charges		5,354
Printing, Stationery, and Forms		1,520
Rentals		12,729
Towing Services		1,770
Transportation - Other than Students		7,903
Travel		26,092
Tuition		29,594
Veterinary Services		2,653
Other Contracted Services		3,843
Animal Food and Supplies		652
Custodial Supplies		958
Data Processing Supplies		344
Drugs and Medical Supplies		742
Duplicating Supplies		1,807
Electricity		4,764
Food Supplies		936
Gasoline		176,453

(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.)

Law Enforcement Supplies	\$	49,394	
Library Books/Media		220	
Natural Gas		1,014	
Office Supplies		6,878	
Tires and Tubes		33,876	
Uniforms		24,312	
Vehicle Parts		2,336	
Water and Sewer		322	
Other Supplies and Materials		4,096	
Premiums on Corporate Surety Bonds		431	
Workers' Compensation Insurance		9,921	
Communication Equipment		700	
Data Processing Equipment		6,497	
Law Enforcement Equipment		64,375	
Motor Vehicles		244,165	
Other Capital Outlay		11,503	
<b>Total Sheriff's Department</b>			\$ 9,317,916

Special Patrols

Deputy(ies)	\$	1,247,448	
Lieutenant(s)		61,691	
Sergeant(s)		151,425	
Overtime Pay		1,339	
Social Security		86,369	
Pensions		200,277	
Life Insurance		1,663	
Medical Insurance		236,729	
Employer Medicare		20,199	
Communication		1,703	
Maintenance and Repair Services - Equipment		778	
Maintenance and Repair Services - Vehicles		16,681	
Travel		19,088	
Tuition		8,581	
Other Contracted Services		7	
Gasoline		24,623	
Law Enforcement Supplies		9,044	
Tires and Tubes		4,158	
Uniforms		7,222	
Vehicle Parts		40	
Other Supplies and Materials		5,539	
Law Enforcement Equipment		5,164	
<b>Total Special Patrols</b>			2,109,768

Administration of the Sexual Offender Registry

Overtime Pay	\$	8,320	
Communication		1,145	
Travel		1,704	
Tuition		280	
<b>Total Administration of the Sexual Offender Registry</b>			11,449

(Continued)

Exhibit L-7

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

General Fund (Cont.)

Public Safety (Cont.)

Jail

Assistant(s)	\$	77,303
Supervisor/Director		53,952
Deputy(ies)		4,078,686
Lieutenant(s)		166,306
Sergeant(s)		527,475
Clerical Personnel		630,497
Maintenance Personnel		159,651
Overtime Pay		323,276
Board and Committee Members Fees		1,050
Social Security		354,018
Pensions		750,867
Life Insurance		8,195
Medical Insurance		1,023,537
Employer Medicare		82,903
Communication		8,015
Evaluation and Testing		17,685
Laundry Service		4,098
Operating Lease Payments		600
Licenses		1,360
Maintenance Agreements		89,192
Maintenance and Repair Services - Buildings		10,789
Maintenance and Repair Services - Equipment		30,219
Maintenance and Repair Services - Vehicles		1,596
Medical and Dental Services		2,058,793
Pest Control		3,690
Printing, Stationery, and Forms		2,097
Rentals		8,496
Travel		6,265
Tuition		1,239
Disposal Fees		9,365
Other Contracted Services		544,320
Custodial Supplies		37,254
Data Processing Supplies		5,203
Duplicating Supplies		3,279
Electricity		350,992
Equipment and Machinery Parts		3,308
Food Preparation Supplies		489
Gasoline		11,830
Law Enforcement Supplies		25,270
Library Books/Media		294
Natural Gas		47,661
Office Supplies		1,982
Prisoners Clothing		15,849
Tires and Tubes		968
Uniforms		26,888
Water and Sewer		218,073
Other Supplies and Materials		79,876

(Continued)



Exhibit L-7

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

General Fund (Cont.)

Public Safety (Cont.)

Jail (Cont.)

Boiler Insurance	\$	787	
Building and Contents Insurance		152,302	
Indirect Cost		41,712	
Liability Insurance		146,642	
Law Enforcement Equipment		4,900	
Other Equipment		24,190	
Other Capital Outlay		64,546	
Total Jail			\$ 12,299,830

Workhouse

County Official/Administrative Officer	\$	7,500	
Deputy(ies)		660,316	
Lieutenant(s)		32,997	
Sergeant(s)		52,970	
Overtime Pay		36,115	
Social Security		45,560	
Pensions		107,612	
Life Insurance		977	
Medical Insurance		137,776	
Employer Medicare		10,656	
Communication		3,016	
Laundry Service		1,886	
Maintenance Agreements		5,651	
Maintenance and Repair Services - Buildings		149	
Maintenance and Repair Services - Equipment		350	
Maintenance and Repair Services - Vehicles		209	
Medical and Dental Services		393,344	
Pest Control		510	
Rentals		1,919	
Other Contracted Services		58,688	
Custodial Supplies		8,666	
Diesel Fuel		2,909	
Electricity		26,423	
Equipment and Machinery Parts		498	
Gasoline		1,346	
Law Enforcement Supplies		2,421	
Natural Gas		5,103	
Prisoners Clothing		4,849	
Tires and Tubes		256	
Uniforms		2,500	
Water and Sewer		30,620	
Other Supplies and Materials		7,069	
Building and Contents Insurance		14,646	
Liability Insurance		11,109	
Total Workhouse			1,676,616

(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

Supervisor/Director	\$	50,430	
Probation Officer(s)		187,599	
Secretary(ies)		22,140	
Social Security		15,434	
Pensions		28,268	
Life Insurance		457	
Medical Insurance		39,081	
Employer Medicare		3,609	
Accounting Services		12,000	
Communication		5,059	
Maintenance and Repair Services - Office Equipment		65	
Maintenance and Repair Services - Vehicles		521	
Postal Charges		253	
Printing, Stationery, and Forms		645	
Rentals		35,930	
Travel		5,817	
Tuition		1,110	
Other Contracted Services		11,825	
Custodial Supplies		652	
Duplicating Supplies		394	
Electricity		1,214	
Food Supplies		354	
Gasoline		1,480	
Office Supplies		5,713	
Periodicals		206	
Other Supplies and Materials		6,079	
Liability Insurance		1,315	
Vehicle and Equipment Insurance		1,643	
Furniture and Fixtures		170	
Total Correctional Incentive Program Improvements			\$ 439,463

Juvenile Services

Supervisor/Director	\$	49,036
Probation Officer(s)		40,157
Medical Personnel		38,968
Social Security		7,107
Pensions		15,006
Life Insurance		159
Medical Insurance		23,382
Employer Medicare		1,662
Communication		1,581
Dues and Memberships		650
Travel		3,847
Tuition		1,500
Other Contracted Services		4,554
Food Supplies		58
Office Supplies		189

(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.)

Other Supplies and Materials	\$	11,934	
Refunds		136	
Furniture and Fixtures		2,082	
Total Juvenile Services			\$ 202,008

Fire Prevention and Control

Board and Committee Members Fees	\$	3,750	
Social Security		232	
Employer Medicare		54	
Communication		20,631	
Contributions		1,000	
Licenses		69	
Maintenance and Repair Services - Buildings		1,624	
Maintenance and Repair Services - Equipment		5,896	
Maintenance and Repair Services - Vehicles		31,609	
Medical and Dental Services		212	
Postal Charges		60	
Travel		4,324	
Other Contracted Services		6,422	
Diesel Fuel		9,011	
Equipment and Machinery Parts		2,957	
Food Preparation Supplies		86	
Food Supplies		258	
Gasoline		2,660	
Instructional Supplies and Materials		604	
Uniforms		9,589	
Utilities		22,404	
Chemicals		2,855	
Other Supplies and Materials		17,625	
Liability Insurance		6,986	
Communication Equipment		891	
Motor Vehicles		13,260	
Other Equipment		30,567	
Total Fire Prevention and Control			195,636

Civil Defense

Assistant(s)	\$	54,273	
Supervisor/Director		76,053	
Secretary(ies)		44,785	
Other Salaries and Wages		70,130	
Social Security		14,508	
Pensions		33,892	
Life Insurance		238	
Medical Insurance		35,843	
Employer Medicare		3,393	
Communication		4,812	
Contracts with Private Agencies		1,176	

(Continued)

Exhibit L-7

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

General Fund (Cont.)

Public Safety (Cont.)

Civil Defense (Cont.)

Maintenance and Repair Services - Vehicles	\$	1,462	
Rentals		80,141	
Travel		50	
Other Contracted Services		2,810	
Gasoline		4,478	
Utilities		44,531	
Other Supplies and Materials		2,296	
Other Equipment		5,000	
Total Civil Defense			\$ 479,871

Other Emergency Management

Travel	\$	750	
Other Contracted Services		7,138	
Other Supplies and Materials		1,496	
Communication Equipment		16,389	
Data Processing Equipment		5,700	
Other Equipment		88,038	
Total Other Emergency Management			119,511

County Coroner/Medical Examiner

Medical and Dental Services	\$	260,430	
Other Contracted Services		16,150	
Premiums on Corporate Surety Bonds		170	
Total County Coroner/Medical Examiner			276,750

Public Health and Welfare

Local Health Center

Medical Personnel	\$	47,762	
Social Security		2,773	
Pensions		6,601	
Life Insurance		53	
Medical Insurance		11,404	
Employer Medicare		648	
Advertising		42,199	
Communication		9,581	
Dues and Memberships		400	
Laundry Service		338	
Licenses		115	
Maintenance Agreements		1,711	
Maintenance and Repair Services - Buildings		5,277	
Maintenance and Repair Services - Equipment		3,576	
Rentals		1,735	
Travel		6,821	
Other Contracted Services		11,895	
Custodial Supplies		3,123	
Electricity		72,517	
Instructional Supplies and Materials		408	

(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.)

Natural Gas	\$	17,621	
Office Supplies		108	
Water and Sewer		3,721	
Other Supplies and Materials		12,302	
Boiler Insurance		393	
Premiums on Corporate Surety Bonds		69	
Total Local Health Center			\$ 263,151

Rabies and Animal Control

Supervisor/Director	\$	64,921	
Clerical Personnel		15,285	
Custodial Personnel		22,277	
Part-time Personnel		29,574	
Overtime Pay		37,807	
Other Salaries and Wages		210,944	
Board and Committee Members Fees		1,875	
Social Security		22,929	
Pensions		30,430	
Life Insurance		484	
Medical Insurance		48,262	
Employer Medicare		5,363	
Communication		7,700	
Maintenance and Repair Services - Buildings		226	
Maintenance and Repair Services - Equipment		199	
Maintenance and Repair Services - Vehicles		5,489	
Printing, Stationery, and Forms		1,801	
Travel		8,121	
Tuition		4,775	
Veterinary Services		26,027	
Other Contracted Services		11,864	
Animal Food and Supplies		6,501	
Custodial Supplies		4,953	
Drugs and Medical Supplies		17,667	
Electricity		24,884	
Gasoline		12,413	
Natural Gas		4,084	
Office Supplies		1,024	
Water and Sewer		4,439	
Other Supplies and Materials		3,777	
Total Rabies and Animal Control			636,095

Ambulance/Emergency Medical Services

Assistant(s)	\$	134,325
Supervisor/Director		91,608
Captain(s)		260,980
Lieutenant(s)		374,822
Accountants/Bookkeepers		144,389

(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.)

Medical Personnel	\$	4,075,199
Part-time Personnel		112,511
Overtime Pay		46,960
Board and Committee Members Fees		3,750
Social Security		305,430
Pensions		663,725
Life Insurance		5,757
Medical Insurance		961,024
Employer Medicare		71,556
Communication		34,774
Contracts with Private Agencies		269,445
Contributions		32,812
Data Processing Services		16,901
Debt Collection Services		41,172
Dues and Memberships		780
Janitorial Services		3,900
Laundry Service		5,813
Legal Services		184
Licenses		7,730
Maintenance and Repair Services - Buildings		11,887
Maintenance and Repair Services - Equipment		48,959
Maintenance and Repair Services - Vehicles		119,648
Medical and Dental Services		5,203
Pest Control		2,086
Postal Charges		1,395
Printing, Stationery, and Forms		564
Rentals		5,655
Travel		2,497
Tuition		18,047
Disposal Fees		4,760
Other Contracted Services		11,747
Custodial Supplies		7,319
Data Processing Supplies		112
Diesel Fuel		124,974
Drugs and Medical Supplies		416,069
Duplicating Supplies		593
Electricity		54,431
Food Supplies		507
Gasoline		18,459
Instructional Supplies and Materials		10,940
Natural Gas		9,580
Office Supplies		1,550
Propane Gas		2,743
Tires and Tubes		28,276
Uniforms		36,776
Vehicle Parts		15,615
Water and Sewer		9,266

(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.)

Other Supplies and Materials	\$	6,675	
Indirect Cost		9,975	
Furniture and Fixtures		4,384	
Health Equipment		11,075	
Other Equipment		23,289	
Total Ambulance/Emergency Medical Services			\$ 8,690,603

Other Local Health Services

Social Workers	\$	329,572	
Medical Personnel		487,468	
Clerical Personnel		544,577	
Educational Assistants		26,960	
Part-time Personnel		47,730	
Social Security		83,854	
Pensions		180,094	
Life Insurance		2,213	
Medical Insurance		291,894	
Employer Medicare		19,611	
Communication		6,444	
Maintenance and Repair Services - Buildings		522	
Pest Control		300	
Travel		11,730	
Custodial Supplies		486	
Electricity		17,398	
Natural Gas		4,405	
Office Supplies		923	
Water and Sewer		930	
Other Supplies and Materials		388	
Liability Insurance		24,589	
Total Other Local Health Services			2,082,093

Appropriation to State

Contributions	\$	213,779	
Total Appropriation to State			213,779

Other Local Welfare Services

Pauper Burials	\$	12,500	
Other Contracted Services		150	
Total Other Local Welfare Services			12,650

Other Public Health and Welfare

Medical and Dental Services	\$	1,200	
Total Other Public Health and Welfare			1,200

Social, Cultural, and Recreational Services

Libraries

Contributions	\$	1,914,836	
Total Libraries			1,914,836

(Continued)

Exhibit L-7

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

General Fund (Cont.)

Social, Cultural, and Recreational Services (Cont.)

Parks and Fair Boards

Assistant(s)	\$	73,113	
Supervisor/Director		64,921	
Maintenance Personnel		131,835	
Temporary Personnel		27,511	
Social Security		17,694	
Pensions		30,270	
Life Insurance		387	
Medical Insurance		52,937	
Employer Medicare		4,138	
Communication		5,644	
Dues and Memberships		1,300	
Maintenance and Repair Services - Vehicles		5,602	
Postal Charges		2	
Rentals		115	
Travel		4,770	
Tuition		2,457	
Disposal Fees		2,889	
Other Contracted Services		12,479	
Custodial Supplies		5,580	
Electricity		61,401	
Fertilizer, Lime, and Seed		36,878	
Gasoline		10,907	
Office Supplies		384	
Sand		9,521	
Uniforms		759	
Water and Sewer		18,138	
Gravel and Chert		10,805	
Top Soil		6,982	
Fencing		1,498	
Other Supplies and Materials		33,510	
Communication Equipment		3,945	
Maintenance Equipment		40,631	
Motor Vehicles		23,232	
Other Equipment		5,500	
Other Capital Outlay		3,470	
Total Parks and Fair Boards			\$ 711,205

Other Social, Cultural, and Recreational

Postal Charges	\$	23	
Gasoline		4,651	
Office Supplies		102	
Vehicle and Equipment Insurance		1,643	
Total Other Social, Cultural, and Recreational			6,419

Agriculture and Natural Resources

Agricultural Extension Service

Assistant(s)	\$	39,547	
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(Continued)



Exhibit L-7

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

General Fund (Cont.)

Agriculture and Natural Resources (Cont.)

Agricultural Extension Service (Cont.)

Salary Supplements	\$	157,747	
Board and Committee Members Fees		1,275	
Social Security		6,595	
Pensions		20,427	
Life Insurance		53	
Medical Insurance		33,404	
Unemployment Compensation		13	
Employer Medicare		2,091	
Communication		1,253	
Rentals		4,093	
Travel		2,500	
Other Contracted Services		18,000	
Office Supplies		849	
Workers' Compensation Insurance		186	
Data Processing Equipment		5,000	
Other Equipment		23,446	
Total Agricultural Extension Service			\$ 316,479

Forest Service

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

Soil Conservation

Secretary(ies)	\$	26,169	
Social Security		1,622	
Pensions		3,574	
Life Insurance		53	
Employer Medicare		379	
Other Contracted Services		1,130	
Other Supplies and Materials		540	
Total Soil Conservation			33,467

Other Operations

Tourism

Contracts with Government Agencies	\$	348,576	
Contracts with Other Public Agencies		1,045,727	
Total Tourism			1,394,303

Industrial Development

Contributions	\$	640,404	
Total Industrial Development			640,404

Airport

Contributions	\$	233,722	
Total Airport			233,722

(Continued)

Exhibit L-7

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

General Fund (Cont.)

Other Operations (Cont.)

Veterans' Services

Assistant(s)	\$	157,192	
Supervisor/Director		66,363	
Secretary(ies)		60,813	
Board and Committee Members Fees		1,500	
Social Security		16,650	
Pensions		39,300	
Life Insurance		422	
Medical Insurance		59,040	
Employer Medicare		3,894	
Communication		1,542	
Postal Charges		1,547	
Printing, Stationery, and Forms		546	
Rentals		2,712	
Travel		3,060	
Other Contracted Services		7,061	
Food Supplies		548	
Other Supplies and Materials		4,000	
Total Veterans' Services			\$ 426,190

Other Charges

Contributions	\$	50,992	
Boiler Insurance		26,178	
Building and Contents Insurance		341,730	
Liability Insurance		21,851	
Trustee's Commission		1,097,143	
Total Other Charges			1,537,894

Contributions to Other Agencies

Contracts with Other Public Agencies	\$	128,717	
Contributions		306,306	
Dues and Memberships		32,838	
Total Contributions to Other Agencies			467,861

Employee Benefits

Handling Charges and Administrative Costs	\$	6,056	
Medical Insurance		167,781	
Disability Insurance		173,504	
Unemployment Compensation		12,987	
Other Fringe Benefits		16,791	
Other Charges		5,012	
Total Employee Benefits			382,131

Miscellaneous

Advertising	\$	450	
Travel		4,691	
Other Contracted Services		7,452	
Other Supplies and Materials		2,283	
Total Miscellaneous			14,876

(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)	\$	84,427	
Social Security		5,008	
Pensions		11,663	
Life Insurance		105	
Medical Insurance		12,658	
Unemployment Compensation		48	
Employer Medicare		1,171	
Other Supplies and Materials		17,483	
Total Litter and Trash Collection			\$ 132,563

Total General Fund

\$ 68,405,689

Drug Control Fund

Public Safety

Sheriff's Department

Contributions	\$	1,000	
Travel		2,557	
Tuition		2,985	
Veterinary Services		1,609	
Other Contracted Services		790	
Animal Food and Supplies		2,733	
Trustee's Commission		148	
Law Enforcement Equipment		2,706	
Total Sheriff's Department			\$ 14,528

Total Drug Control Fund

14,528

Constitutional Officers - Fees Fund

Administration of Justice

Chancery Court

Special Commissioner Fees/Special Master Fees	\$	16,163	
Total Chancery Court			\$ 16,163

Total Constitutional Officers - Fees Fund

16,163

Highway/Public Works Fund

Highways

Administration

County Official/Administrative Officer	\$	102,811	
Assistant(s)		64,721	
Accountants/Bookkeepers		42,605	
Secretary(ies)		35,064	
Clerical Personnel		35,002	
Overtime Pay		1,499	
Board and Committee Members Fees		3,600	
Social Security		16,781	
Pensions		38,889	

(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.)

Life Insurance	\$	264	
Medical Insurance		47,990	
Employer Medicare		3,925	
Dues and Memberships		4,274	
Legal Services		4,200	
Printing, Stationery, and Forms		317	
Rentals		3,507	
Travel		447	
Other Contracted Services		4,050	
Drugs and Medical Supplies		1,928	
Office Supplies		2,189	
Other Supplies and Materials		2,718	
Total Administration			\$ 416,781

Highway and Bridge Maintenance

Foremen	\$	445,413	
Mechanic(s)		106,676	
Equipment Operators - Heavy		479,359	
Equipment Operators - Light		185,061	
Truck Drivers		452,366	
Laborers		103,186	
Temporary Personnel		49,424	
Overtime Pay		48,216	
Social Security		108,945	
Pensions		244,746	
Life Insurance		2,569	
Medical Insurance		405,614	
Employer Medicare		25,685	
Rentals		356	
Other Contracted Services		11,118	
Asphalt - Hot Mix		1,189,214	
Asphalt - Liquid		51,913	
Concrete		4,418	
Crushed Stone		31,336	
Fertilizer, Lime, and Seed		2,534	
Pipe - Metal		13,843	
Salt		340,743	
Structural Steel		3,734	
Other Supplies and Materials		2,551	
Total Highway and Bridge Maintenance			4,309,020

Operation and Maintenance of Equipment

Foremen	\$	53,967
Mechanic(s)		182,299
Truck Drivers		29,234
Clerical Personnel		32,789
Overtime Pay		7,654

(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.)

Social Security	\$	17,390	
Pensions		41,298	
Life Insurance		397	
Medical Insurance		76,474	
Employer Medicare		4,067	
Operating Lease Payments		880	
Maintenance and Repair Services - Equipment		12,876	
Maintenance and Repair Services - Vehicles		24,486	
Other Contracted Services		4,900	
Diesel Fuel		99,331	
Equipment and Machinery Parts		227,337	
Garage Supplies		2,476	
Gasoline		77,542	
Lubricants		20,391	
Small Tools		10,312	
Tires and Tubes		51,960	
Vehicle Parts		95,128	
Other Supplies and Materials		29,203	
Total Operation and Maintenance of Equipment			\$ 1,102,391

Traffic Control

Foremen	\$	55,185	
Equipment Operators - Heavy		68,754	
Laborers		58,462	
Overtime Pay		4,261	
Social Security		11,140	
Pensions		25,692	
Life Insurance		264	
Medical Insurance		28,809	
Employer Medicare		2,605	
Operating Lease Payments		395	
Other Contracted Services		27,275	
Electricity		30,628	
Road Signs		41,063	
Small Tools		438	
Uniforms		3,250	
Other Supplies and Materials		109,291	
Total Traffic Control			467,512

Other Charges

Communication	\$	8,275	
Licenses		682	
Other Contracted Services		173	
Electricity		22,201	
Natural Gas		2,622	
Water and Sewer		3,525	
Building and Contents Insurance		220,851	

(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 (Cont.)

Indirect Cost	\$	13,179	
Premiums on Corporate Surety Bonds		138	
Trustee's Commission		117,552	
Workers' Compensation Insurance		132,671	
Total Other Charges			\$ 521,869

Employee Benefits

Medical Insurance	\$	15,719	
Total Employee Benefits			15,719

Capital Outlay

Engineering Services	\$	32,808	
Bridge Construction		3,476	
Building Improvements		1,712	
Communication Equipment		42,565	
Data Processing Equipment		1,090	
Furniture and Fixtures		2,126	
Heating and Air Conditioning Equipment		229	
Highway Construction		12,545	
Highway Equipment		193,240	
Motor Vehicles		72,545	
State Aid Projects		489,504	
Other Equipment		39,351	
Total Capital Outlay			891,191

Total Highway/Public Works Fund \$ 7,724,483

General Debt Service Fund

Principal on Debt

General Government

Principal on Bonds	\$	8,368,460	
Principal on Notes		20,000	
Total General Government			\$ 8,388,460

Education

Principal on Bonds	\$	14,646,540	
Principal on Other Loans		1,684,047	
Total Education			16,330,587

Interest on Debt

General Government

Interest on Bonds	\$	3,261,039	
Interest on Notes		1,800	
Total General Government			3,262,839

Education

Interest on Bonds	\$	8,762,858	
Interest on Other Loans		303,000	
Total Education			9,065,858

(Continued)

Exhibit L-7

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

General Debt Service Fund (Cont.)

Other Debt Service

General Government

Trustee's Commission	\$	140,777	
Underwriter's Discount		96,355	
Other Debt Issuance Charges		62,434	
Other Debt Service		712	
Total General Government			\$ 300,278

Education

Trustee's Commission	\$	422,331	
Other Debt Service		23,834	
Total Education			446,165

Total General Debt Service Fund \$ 37,794,187

General Capital Projects Fund

Other Debt Service

General Government

Underwriter's Discount	\$	76,338	
Other Debt Issuance Charges		37,561	
Total General Government			\$ 113,899

Capital Projects

General Administration Projects

Architects	\$	1,294	
Other Contracted Services		570	
Trustee's Commission		45,417	
Building Improvements		177,211	
Data Processing Equipment		289,184	
Heating and Air Conditioning Equipment		36	
Other Equipment		124,387	
Other Construction		1,313	
Total General Administration Projects			639,412

Administration of Justice Projects

Building Improvements	\$	289	
Total Administration of Justice Projects			289

Public Safety Projects

Architects	\$	30,724	
Building Improvements		409,343	
Heating and Air Conditioning Equipment		648,978	
Motor Vehicles		402,939	
Other Equipment		10,244	
Other Construction		306,269	
Total Public Safety Projects			1,808,497

Public Health and Welfare Projects

Architects	\$	81,725	
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(Continued)

Exhibit L-7

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

<u>General Capital Projects Fund (Cont.)</u>		
<u>Capital Projects (Cont.)</u>		
<u>Public Health and Welfare Projects (Cont.)</u>		
Contributions	\$ 1,378,741	
Building Construction	1,701,363	
Heating and Air Conditioning Equipment	24,801	
Motor Vehicles	882,321	
Health Equipment	13,891	
Other Equipment	15,687	
Total Public Health and Welfare Projects		\$ 4,098,529
<u>Social, Cultural, and Recreation Projects</u>		
Architects	\$ 68,162	
Other Contracted Services	32	
Building Construction	1,254,174	
Land	1,080,537	
Site Development	431,584	
Building Purchases	150,000	
Other Construction	113,062	
Other Capital Outlay	10,715	
Total Social, Cultural, and Recreation Projects		3,108,266
<u>Other General Government Projects</u>		
Building Improvements	\$ 2,109	
Other Capital Outlay	10,984	
Total Other General Government Projects		13,093
<u>Highway and Street Capital Projects</u>		
Engineering Services	\$ 89,805	
Highway Construction	35,580	
Right-of-Way	25,350	
Total Highway and Street Capital Projects		150,735
<u>Education Capital Projects</u>		
Contributions	\$ 18,640,568	
Total Education Capital Projects		18,640,568
Total General Capital Projects Fund		\$ 28,573,288
Total Governmental Funds - Primary Government		\$ 142,528,338



Exhibit L-8

Montgomery County, Tennessee  
Schedule of Detailed Expenditures -  
All Governmental Fund Types  
Discretely Presented Clarksville-Montgomery County School System  
For the Year Ended June 30, 2016

General Purpose School Fund

Instruction

Regular Instruction Program

Teachers	\$ 76,257,905	
Career Ladder Program	249,792	
Career Ladder Extended Contracts	70,378	
Homebound Teachers	138,978	
Educational Assistants	1,348,078	
Overtime Pay	23	
Certified Substitute Teachers	717,394	
Non-certified Substitute Teachers	701,636	
Social Security	4,726,513	
Pensions	7,106,699	
Life Insurance	100,432	
Medical Insurance	11,928,679	
Employer Medicare	1,108,126	
Maintenance and Repair Services - Equipment	6,493	
Travel	12,425	
Tuition	216,300	
Other Contracted Services	213,183	
Basic Skills Materials	16,644	
Instructional Supplies and Materials	816,310	
Textbooks	736,280	
Fee Waivers	453,426	
Regular Instruction Equipment	185,362	
Total Regular Instruction Program		\$ 107,111,055

Alternative Instruction Program

Teachers	\$ 706,993	
Career Ladder Program	3,000	
Educational Assistants	14,280	
Non-certified Substitute Teachers	1,834	
Social Security	43,011	
Pensions	66,081	
Life Insurance	815	
Medical Insurance	109,588	
Employer Medicare	10,059	
Rentals	4,127	
Other Contracted Services	262,500	
Instructional Supplies and Materials	3,117	
Total Alternative Instruction Program		1,225,405

Special Education Program

Teachers	\$ 12,804,598
Career Ladder Program	54,358
Career Ladder Extended Contracts	6,030
Homebound Teachers	129,053
Educational Assistants	2,714,601
Temporary Personnel	235,205

(Continued)

Exhibit L-8

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

General Purpose School Fund (Cont.)

Instruction (Cont.)

Special Education Program (Cont.)

Speech Pathologist	\$ 1,577,745	
Overtime Pay	390	
Certified Substitute Teachers	115,404	
Non-certified Substitute Teachers	134,480	
Social Security	1,050,978	
Pensions	1,647,648	
Life Insurance	24,233	
Medical Insurance	2,803,983	
Employer Medicare	246,192	
Contracts with Private Agencies	575,325	
Other Contracted Services	26,766	
Instructional Supplies and Materials	9,518	
Special Education Equipment	25,152	
Total Special Education Program		\$ 24,181,659

Vocational Education Program

Teachers	\$ 3,183,678	
Career Ladder Program	6,166	
Salary Supplements	33,560	
Certified Substitute Teachers	26,695	
Non-certified Substitute Teachers	39,925	
Social Security	196,095	
Pensions	291,167	
Life Insurance	3,846	
Medical Insurance	519,592	
Employer Medicare	45,924	
Maintenance and Repair Services - Equipment	999	
Travel	100	
Instructional Supplies and Materials	153,199	
Vocational Instruction Equipment	29,202	
Total Vocational Education Program		4,530,148

Support Services

Attendance

Supervisor/Director	\$ 166,709
Career Ladder Program	4,000
Pupil Personnel	367,771
Secretary(ies)	36,700
Overtime Pay	56
Social Security	34,103
Pensions	53,704
Life Insurance	600
Medical Insurance	72,347
Employer Medicare	7,976
Dues and Memberships	154
Travel	4,684

(Continued)

Exhibit L-8

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

General Purpose School Fund (Cont.)

Support Services (Cont.)

Attendance (Cont.)

Office Supplies	\$	4,347	
Other Supplies and Materials		112	
In Service/Staff Development		9,143	
Total Attendance			\$ 762,406

Health Services

Medical Personnel	\$	983,137	
Temporary Personnel		70,483	
Overtime Pay		12	
Social Security		61,934	
Pensions		118,606	
Life Insurance		1,436	
Medical Insurance		166,310	
Employer Medicare		14,484	
Other Contracted Services		844	
Other Supplies and Materials		28,109	
Health Equipment		2,104	
Total Health Services			1,447,459

Other Student Support

Career Ladder Program	\$	15,500	
Guidance Personnel		3,614,836	
Career Ladder Extended Contracts		4,020	
Social Workers		201,449	
Salary Supplements		1,239,606	
Clerical Personnel		261,005	
Educational Assistants		143,643	
Overtime Pay		10	
Other Salaries and Wages		12,617	
Social Security		327,815	
Pensions		495,803	
Life Insurance		5,447	
Medical Insurance		655,235	
Employer Medicare		76,780	
Evaluation and Testing		109,588	
Other Contracted Services		15,783	
Instructional Supplies and Materials		500	
Total Other Student Support			7,179,637

Regular Instruction Program

Supervisor/Director	\$	1,234,523	
Career Ladder Program		33,166	
Career Ladder Extended Contracts		2,205	
Librarians		2,472,380	
Instructional Computer Personnel		1,534,127	
Salary Supplements		272,100	

(Continued)

Exhibit L-8

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

General Purpose School Fund (Cont.)

Support Services (Cont.)

Regular Instruction Program (Cont.)

Secretary(ies)	\$	142,869	
Clerical Personnel		34,154	
Educational Assistants		723,525	
Overtime Pay		78	
Other Salaries and Wages		958,184	
In-service Training		22,352	
Social Security		442,817	
Pensions		763,236	
Life Insurance		7,515	
Medical Insurance		1,006,410	
Employer Medicare		103,655	
Dues and Memberships		29,987	
Travel		9,918	
Other Contracted Services		63,011	
Gasoline		829	
Library Books/Media		149,769	
Office Supplies		16,189	
Periodicals		30,471	
Other Supplies and Materials		264,273	
In Service/Staff Development		152,324	
Other Charges		12,151	
Regular Instruction Equipment		8,369	
Other Equipment		4,700	
Total Regular Instruction Program			\$ 10,495,287

Alternative Instruction Program

Clerical Personnel	\$	21,785	
Social Security		1,259	
Pensions		3,011	
Life Insurance		38	
Medical Insurance		5,329	
Employer Medicare		295	
Total Alternative Instruction Program			31,717

Special Education Program

Supervisor/Director	\$	56,862	
Career Ladder Program		9,917	
Psychological Personnel		885,833	
Secretary(ies)		53,751	
Clerical Personnel		44,724	
Other Salaries and Wages		663,491	
Social Security		102,292	
Pensions		161,770	
Life Insurance		1,605	
Medical Insurance		228,556	
Employer Medicare		23,923	

(Continued)

Exhibit L-8

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

General Purpose School Fund (Cont.)

Support Services (Cont.)

Special Education Program (Cont.)

Bank Charges	\$	532	
Dues and Memberships		780	
Travel		28,123	
Other Contracted Services		29,267	
Office Supplies		7,315	
Other Supplies and Materials		80,445	
In Service/Staff Development		11,301	
Other Charges		210	
Total Special Education Program			\$ 2,390,697

Vocational Education Program

Supervisor/Director	\$	70,369	
Secretary(ies)		16,466	
Social Security		5,219	
Pensions		8,637	
Life Insurance		82	
Medical Insurance		10,447	
Employer Medicare		1,221	
Travel		399	
Office Supplies		1,018	
In Service/Staff Development		6,600	
Total Vocational Education Program			120,458

Adult Programs

Supervisor/Director	\$	38,171	
Career Ladder Program		1,000	
Guidance Personnel		27,887	
Other Salaries and Wages		56,600	
Social Security		7,642	
Pensions		8,658	
Life Insurance		202	
Employer Medicare		1,787	
Total Adult Programs			141,947

Other Programs

On-behalf Payments to OPEB	\$	119,625	
Total Other Programs			119,625

Board of Education

Secretary to Board	\$	21,327	
Board and Committee Members Fees		36,950	
Social Security		3,512	
Pensions		2,272	
Life Insurance		19	
Medical Insurance		5,224	
Disability Insurance		478,176	

(Continued)

Exhibit L-8

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

General Purpose School Fund (Cont.)

Support Services (Cont.)

Board of Education (Cont.)

Unemployment Compensation	\$	63,675	
Employer Medicare		821	
Other Fringe Benefits		492,956	
Audit Services		72,500	
Dues and Memberships		26,137	
Legal Services		43,042	
Liability Insurance		212,600	
Premiums on Corporate Surety Bonds		2,795	
Trustee's Commission		1,172,524	
Workers' Compensation Insurance		118,380	
Liability Claims		186,720	
Other Self-insured Claims		33,500	
In Service/Staff Development		6,794	
Criminal Investigation of Applicants - TBI		50,043	
Other Charges		10,131	
Total Board of Education			\$ 3,040,098

Director of Schools

County Official/Administrative Officer	\$	172,481	
Education Media Personnel		96,781	
Secretary(ies)		21,327	
Clerical Personnel		174,361	
Temporary Personnel		1,408	
Overtime Pay		134	
Other Salaries and Wages		145,299	
Social Security		33,017	
Pensions		69,437	
Life Insurance		433	
Medical Insurance		97,116	
Employer Medicare		8,451	
Advertising		500	
Dues and Memberships		9,553	
Postal Charges		52,084	
Travel		502	
Other Contracted Services		63,010	
Duplicating Supplies		30,307	
Food Supplies		2,425	
Office Supplies		9,911	
Periodicals		162	
Other Supplies and Materials		7,835	
In Service/Staff Development		22,440	
Other Equipment		6,566	
Total Director of Schools			1,025,540

Office of the Principal

Principals	\$	3,507,983	
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(Continued)

Exhibit L-8

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

General Purpose School Fund (Cont.)

Support Services (Cont.)

Office of the Principal (Cont.)

Career Ladder Program	\$	38,916	
Accountants/Bookkeepers		1,554,755	
Career Ladder Extended Contracts		9,690	
Assistant Principals		4,473,755	
Salary Supplements		38,008	
Clerical Personnel		2,204,714	
Temporary Personnel		1,980	
Overtime Pay		95	
Social Security		701,265	
Pensions		1,242,360	
Life Insurance		11,780	
Medical Insurance		2,080,426	
Employer Medicare		164,005	
Dues and Memberships		4,449	
Other Contracted Services		8,384	
In Service/Staff Development		7,754	
Administration Equipment		51,425	
Total Office of the Principal			\$ 16,101,744

Fiscal Services

Supervisor/Director	\$	458,873	
Accountants/Bookkeepers		714,644	
Temporary Personnel		13,367	
Overtime Pay		3,990	
Other Salaries and Wages		433,342	
Social Security		94,854	
Pensions		219,131	
Life Insurance		1,391	
Medical Insurance		263,247	
Employer Medicare		22,272	
Bank Charges		5,200	
Dues and Memberships		940	
Laundry Service		2,023	
Travel		829	
Other Contracted Services		30,078	
Gasoline		8,673	
Office Supplies		22,305	
Other Supplies and Materials		1,129	
In Service/Staff Development		12,994	
Other Equipment		8,398	
Total Fiscal Services			2,317,680

Human Services/Personnel

Supervisor/Director	\$	521,906
Secretary(ies)		619,688
Overtime Pay		2,332

(Continued)

Exhibit L-8

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

General Purpose School Fund (Cont.)

Support Services (Cont.)

Human Services/Personnel (Cont.)

Other Salaries and Wages	\$ 45,923	
Other Per Diem and Fees	304,236	
Social Security	89,195	
Pensions	177,516	
Life Insurance	878	
Medical Insurance	159,530	
Employer Medicare	20,953	
Advertising	3,834	
Dues and Memberships	2,250	
Travel	14,577	
Other Contracted Services	19,436	
Office Supplies	12,942	
Other Supplies and Materials	26,259	
In Service/Staff Development	20,601	
Administration Equipment	424	
Other Equipment	400,051	
<b>Total Human Services/Personnel</b>	<b>2,442,531</b>	<b>\$ 2,442,531</b>

Operation of Plant

Supervisor/Director	\$ 282,608
Salary Supplements	35,000
Foremen	37,888
Secretary(ies)	22,339
Custodial Personnel	4,541,771
Overtime Pay	19,195
Social Security	288,754
Pensions	640,514
Life Insurance	7,244
Medical Insurance	1,308,308
Employer Medicare	67,530
Dues and Memberships	200
Evaluation and Testing	8,939
Laundry Service	60,555
Licenses	11,251
Other Contracted Services	234,547
Custodial Supplies	371,323
Electricity	5,563,221
Fertilizer, Lime, and Seed	35,740
Fuel Oil	6,415
Natural Gas	348,775
Office Supplies	4,795
Water and Sewer	678,113
Gravel and Chert	20,584
Other Supplies and Materials	27,742
Building and Contents Insurance	438,099
In Service/Staff Development	6,387

(Continued)



Exhibit L-8

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

General Purpose School Fund (Cont.)

Support Services (Cont.)

Operation of Plant (Cont.)

Furniture and Fixtures	\$	70,849	
Plant Operation Equipment		123,296	
Total Operation of Plant			\$ 15,261,982

Maintenance of Plant

Supervisor/Director	\$	74,579	
Foremen		54,725	
Secretary(ies)		70,613	
Maintenance Personnel		2,184,014	
Overtime Pay		3,729	
Social Security		140,579	
Pensions		327,874	
Life Insurance		2,372	
Medical Insurance		518,010	
Employer Medicare		32,877	
Communication		915,649	
Dues and Memberships		135	
Laundry Service		11,896	
Maintenance and Repair Services - Equipment		216,003	
Maintenance and Repair Services - Vehicles		3,948	
Rentals		3,467	
Other Contracted Services		178,734	
Gasoline		123,961	
Lubricants		2,925	
Office Supplies		2,969	
Tires and Tubes		18,425	
Vehicle Parts		56,516	
Chemicals		67,242	
Other Supplies and Materials		871,422	
Vehicle and Equipment Insurance		53,601	
In Service/Staff Development		3,643	
Maintenance Equipment		99,627	
Total Maintenance of Plant			6,039,535

Central and Other

Supervisor/Director	\$	385,025	
Computer Programmer(s)		331,224	
Salary Supplements		5,207	
Secretary(ies)		35,068	
Other Salaries and Wages		122,132	
Social Security		52,712	
Pensions		117,851	
Life Insurance		765	
Medical Insurance		83,650	
Employer Medicare		12,390	
Dues and Memberships		1,240	

(Continued)

Exhibit L-8

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

General Purpose School Fund (Cont.)

Support Services (Cont.)

Central and Other (Cont.)

Operating Lease Payments	\$ 1,750,042	
Travel	33,321	
Other Contracted Services	2,001,548	
Data Processing Supplies	703,362	
Office Supplies	1,453	
Other Supplies and Materials	70,964	
In Service/Staff Development	17,290	
Data Processing Equipment	372,761	
Other Equipment	738,014	
Total Central and Other		\$ 6,836,019

Operation of Non-Instructional Services

Early Childhood Education

Teachers	\$ 1,017,522	
Educational Assistants	351,120	
Temporary Personnel	9,184	
Other Salaries and Wages	107,976	
Certified Substitute Teachers	9,442	
Non-certified Substitute Teachers	11,899	
Social Security	88,530	
Pensions	148,560	
Life Insurance	2,163	
Medical Insurance	312,459	
Employer Medicare	20,764	
Travel	712	
Instructional Supplies and Materials	3,818	
In Service/Staff Development	4,324	
Total Early Childhood Education		2,088,473

Interest on Debt

Education

Interest on Notes	\$ 12,845	
Total Education		12,845

Other Debt Service

Education

Debt Service Contribution to Primary Government	\$ 481,677	
Total Education		481,677

Total General Purpose School Fund \$ 215,385,624

School Federal Projects Fund

Instruction

Regular Instruction Program

Teachers	\$ 2,338,790	
Salary Supplements	1,407,636	

(Continued)

Exhibit L-8

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

School Federal Projects Fund (Cont.)

Instruction (Cont.)

Regular Instruction Program (Cont.)

Educational Assistants	\$	524,470	
Other Salaries and Wages		124,269	
Certified Substitute Teachers		72,015	
Non-certified Substitute Teachers		151,080	
Social Security		272,798	
Pensions		398,259	
Life Insurance		4,179	
Medical Insurance		485,637	
Employer Medicare		64,682	
Other Contracted Services		193,437	
Instructional Supplies and Materials		511,399	
Regular Instruction Equipment		232,645	
Total Regular Instruction Program			\$ 6,781,296

Special Education Program

Teachers	\$	235,088	
Educational Assistants		1,671,641	
Speech Pathologist		51,243	
Certified Substitute Teachers		2,539	
Non-certified Substitute Teachers		4,739	
Social Security		111,591	
Pensions		239,287	
Life Insurance		4,119	
Medical Insurance		434,046	
Employer Medicare		26,109	
Contracts with Other Public Agencies		48,362	
Other Contracted Services		16,610	
Instructional Supplies and Materials		15,908	
Other Supplies and Materials		48,753	
Special Education Equipment		54,039	
Total Special Education Program			2,964,074

Vocational Education Program

Other Contracted Services	\$	9,743	
Instructional Supplies and Materials		9,999	
Other Supplies and Materials		10,462	
Other Charges		2,965	
Vocational Instruction Equipment		297,922	
Total Vocational Education Program			331,091

Adult Education Program

Teachers	\$	70,108	
Social Security		3,145	
Pensions		779	
Employer Medicare		1,014	
Other Contracted Services		1,578	
Instructional Supplies and Materials		8,684	
Total Adult Education Program			85,308

(Continued)

Exhibit L-8

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

School Federal Projects Fund (Cont.)

Support Services

Health Services

Other Salaries and Wages	\$	42,925	
Social Security		2,574	
Pensions		3,929	
Life Insurance		34	
Medical Insurance		5,526	
Employer Medicare		602	
Communication		630	
Travel		77	
Other Supplies and Materials		2,946	
In Service/Staff Development		1,425	
Other Charges		1,895	
Health Equipment		91,238	
Total Health Services			\$ 153,801

Other Student Support

Guidance Personnel	\$	49,000	
Social Workers		29,700	
Clerical Personnel		18,486	
Other Salaries and Wages		148,433	
Social Security		11,730	
Pensions		21,438	
Life Insurance		311	
Medical Insurance		61,961	
Employer Medicare		3,276	
Communication		577	
Travel		44,879	
Other Contracted Services		36,129	
Other Supplies and Materials		70,245	
In Service/Staff Development		38,635	
Other Charges		52,878	
Other Equipment		625	
Total Other Student Support			588,303

Regular Instruction Program

Supervisor/Director	\$	303,841	
Secretary(ies)		43,577	
Temporary Personnel		6,900	
Other Salaries and Wages		2,375,657	
Social Security		164,110	
Pensions		251,818	
Life Insurance		2,563	
Medical Insurance		303,334	
Employer Medicare		38,505	
Communication		577	
Consultants		13,684	
Contributions		211,197	

(Continued)

Exhibit L-8

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

School Federal Projects Fund (Cont.)

Support Services (Cont.)

Regular Instruction Program (Cont.)

Postal Charges	\$	100	
Travel		4,608	
Other Contracted Services		208,043	
Library Books/Media		11,834	
Periodicals		527	
Other Supplies and Materials		42,597	
In Service/Staff Development		134,338	
Other Charges		1,225	
Other Equipment		197,150	
Total Regular Instruction Program			\$ 4,316,185

Special Education Program

Psychological Personnel	\$	241,499	
Secretary(ies)		40,019	
Other Salaries and Wages		758,622	
Social Security		62,544	
Pensions		97,007	
Life Insurance		858	
Medical Insurance		107,509	
Employer Medicare		14,627	
Communication		577	
Travel		3,616	
Other Supplies and Materials		31,308	
In Service/Staff Development		18,118	
Total Special Education Program			1,376,304

Vocational Education Program

Travel	\$	219	
In Service/Staff Development		12,585	
Total Vocational Education Program			12,804

Adult Programs

Supervisor/Director	\$	38,171	
Clerical Personnel		31,654	
Other Salaries and Wages		34,829	
Social Security		6,172	
Pensions		12,639	
Medical Insurance		15,776	
Employer Medicare		1,443	
Office Supplies		1,990	
In Service/Staff Development		5,663	
Total Adult Programs			148,337

Transportation

Bus Drivers	\$	91,797	
Social Security		5,354	

(Continued)

Exhibit L-8

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

School Federal Projects Fund (Cont.)

Support Services (Cont.)

Transportation (Cont.)

Pensions	\$	11,794	
Employer Medicare		1,252	
Contracts with Parents		523	
Gasoline		893	
Other Charges		6,859	
Total Transportation			\$ 118,472

Operation of Non-Instructional Services

Community Services

Other Salaries and Wages	\$	881,745	
Social Security		54,244	
Pensions		85,542	
Employer Medicare		12,686	
Instructional Supplies and Materials		8,936	
In Service/Staff Development		262	
Other Charges		33,225	
Total Community Services			1,076,640

Total School Federal Projects Fund

\$ 17,952,615

Central Cafeteria Fund

Operation of Non-Instructional Services

Food Service

Supervisor/Director	\$	100,996
Salary Supplements		4,750
Truck Drivers		54,635
Secretary(ies)		108,955
Cafeteria Personnel		3,282,650
Custodial Personnel		217,887
Overtime Pay		26,286
Other Salaries and Wages		421,454
Social Security		242,829
Pensions		557,587
Life Insurance		8,703
Medical Insurance		1,091,602
Employer Medicare		56,791
Bank Charges		564
Communication		3,461
Dues and Memberships		9,838
Laundry Service		58,947
Licenses		3,040
Printing, Stationery, and Forms		454
Travel		8,087
Other Contracted Services		337,746
Equipment and Machinery Parts		132,148
Food Supplies		5,953,583

(Continued)

Exhibit L-8

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

Central Cafeteria Fund (Cont.)

Operation of Non-Instructional Services (Cont.)

Food Service (Cont.)

Gasoline	\$	12,262	
Lubricants		212	
Office Supplies		23,949	
Uniforms		9,321	
Utilities		266,000	
Vehicle Parts		3,159	
USDA - Commodities		884,264	
Other Supplies and Materials		475,764	
Workers' Compensation Insurance		7,946	
In Service/Staff Development		19,485	
Administration Equipment		15,343	
Food Service Equipment		80,529	
Total Food Service			\$ 14,481,227

Total Central Cafeteria Fund

\$ 14,481,227

School Transportation Fund

Support Services

Board of Education

Trustee's Commission	\$	40,689	
Total Board of Education			\$ 40,689

Transportation

Supervisor/Director	\$	211,627
Salary Supplements		15,950
Mechanic(s)		642,389
Bus Drivers		4,376,231
Dispatchers/Radio Operators		142,524
Secretary(ies)		146,727
Temporary Personnel		147,432
Overtime Pay		14,342
Other Salaries and Wages		1,052,836
Social Security		396,103
Pensions		873,178
Life Insurance		14,548
Medical Insurance		1,529,830
Employer Medicare		92,913
Communication		39,208
Laundry Service		5,911
Licenses		1,751
Maintenance and Repair Services - Equipment		10,696
Maintenance and Repair Services - Vehicles		632
Medical and Dental Services		43,400
Transportation - Other than Students		113,775
Other Contracted Services		71,107
Garage Supplies		6,293

(Continued)

Exhibit L-8

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

School Transportation Fund (Cont.)

Support Services (Cont.)

Transportation (Cont.)

Gasoline	\$	485,684	
Lubricants		22,716	
Office Supplies		15,196	
Tires and Tubes		132,337	
Vehicle Parts		358,131	
Other Supplies and Materials		22,669	
Vehicle and Equipment Insurance		129,024	
In Service/Staff Development		11,958	
Communication Equipment		14,700	
Transportation Equipment		142,276	
Total Transportation			\$ 11,284,094

Total School Transportation Fund \$ 11,324,783

Extended School Program Fund

Instruction

Regular Instruction Program

Teachers	\$	56,786	
Social Security		3,521	
Pensions		4,982	
Employer Medicare		823	
Other Contracted Services		3,150	
Total Regular Instruction Program			\$ 69,262

Support Services

Board of Education

Trustee's Commission	\$	514	
Total Board of Education			514

Office of the Principal

Assistant Principals	\$	3,900	
Social Security		242	
Pensions		352	
Employer Medicare		57	
Total Office of the Principal			4,551

Total Extended School Program Fund 74,327

Education Capital Projects Fund

Support Services

Transportation

Transportation Equipment	\$	890,083	
Total Transportation			\$ 890,083

(Continued)



Exhibit L-8

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

<u>Education Capital Projects Fund (Cont.)</u>		
<u>Capital Projects</u>		
<u>Education Capital Projects</u>		
Architects	\$	24,513
Engineering Services		6,870
Building Construction		18,395,016
Building Improvements		1,879,937
Data Processing Equipment		278,842
Maintenance Equipment		19,934
Plant Operation Equipment		973,379
Site Development		121,694
Total Education Capital Projects		<u>\$ 21,700,185</u>
Total Education Capital Projects Fund		<u>\$ 22,590,268</u>
Total Governmental Funds - Montgomery County School Department		<u>\$ 281,808,844</u>

**Exhibit L-9**

**Montgomery County, Tennessee**  
**Schedule of Detailed Revenues and Expenses**  
**All Proprietary Funds**  
**For the Year Ended June 30, 2016**

	Internal Service Funds			Total
	Self-Insurance	Workers' Compensation	Unemployment Compensation	
<b>Revenues</b>				
<b>Operating Revenues</b>				
<b>Charges for Current Services</b>				
Self-Insurance Premiums/Contributions	\$ 41,240,653	\$ 787,111	\$ 89,931	\$ 42,117,695
Other Employee Benefit Charges	3,143,636	0	0	3,143,636
Other Charges for Services	47,660	0	0	47,660
Retirees' Insurance Payments	1,374,852	0	0	1,374,852
<b>Total Operating Revenues</b>	<b>\$ 45,806,801</b>	<b>\$ 787,111</b>	<b>\$ 89,931</b>	<b>\$ 46,683,843</b>
<b>Nonoperating Revenues</b>				
Investment Income	\$ 56,089	\$ 0	\$ 0	\$ 56,089
Miscellaneous Refunds	1,763,755	0	0	1,763,755
<b>Total Nonoperating Revenues</b>	<b>\$ 1,819,844</b>	<b>\$ 0</b>	<b>\$ 0</b>	<b>\$ 1,819,844</b>
<b>Total Revenues</b>	<b>\$ 47,626,645</b>	<b>\$ 787,111</b>	<b>\$ 89,931</b>	<b>\$ 48,503,687</b>
<b>Expenses</b>				
<b>Operating Expenses</b>				
<b>Other Facilities</b>				
Unemployment Compensation	\$ 0	\$ 0	\$ 2,623	\$ 2,623
<b>Total Other Facilities</b>	<b>\$ 0</b>	<b>\$ 0</b>	<b>\$ 2,623</b>	<b>\$ 2,623</b>
<b>Risk Management</b>				
Supervisor/Director	\$ 0	\$ 54,273	\$ 0	\$ 54,273
Clerical Personnel	0	41,446	0	41,446
Social Security	0	5,354	0	5,354
State Retirement	0	12,367	0	12,367
Life Insurance	0	125	0	125
Medical Insurance	0	27,456	0	27,456
Employer Medicare	0	1,252	0	1,252
Communication	0	380	0	380
Consultants	0	11,500	0	11,500
Contracts with Private Agencies	0	130,309	0	130,309
Dues and Memberships	0	385	0	385
Legal Services	0	322	0	322
Medical and Dental Services	0	399,698	0	399,698
Postal Charges	0	96	0	96
Travel	0	3,209	0	3,209
Tuition	0	1,420	0	1,420
Data Processing Supplies	0	168	0	168
Drug and Medical Supplies	0	14,780	0	14,780
Instructional Supplies and Materials	0	526	0	526
Other Supplies and Materials	0	1,268	0	1,268
Communication Equipment	0	100	0	100
<b>Total Risk Management</b>	<b>\$ 0</b>	<b>\$ 706,434</b>	<b>\$ 0</b>	<b>\$ 706,434</b>

(Continued)

**Exhibit L-9**

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

	Internal Service Funds			Total
	Self-Insurance	Workers' Compensation	Unemployment Compensation	
<b>Expenses (Cont.)</b>				
<b>Property Assessor's Office</b>				
Unemployment Compensation	\$ 0	\$ 0	\$ 7,150	\$ 7,150
Total Probation Services	\$ 0	\$ 0	\$ 7,150	\$ 7,150
<b>Probation Services</b>				
Unemployment Compensation	\$ 0	\$ 0	\$ 707	\$ 707
Total Probation Services	\$ 0	\$ 0	\$ 707	\$ 707
<b>Sheriff's Department</b>				
Unemployment Compensation	\$ 0	\$ 0	\$ 1,402	\$ 1,402
Total Sheriff's Department	\$ 0	\$ 0	\$ 1,402	\$ 1,402
<b>Jail</b>				
Unemployment Compensation	\$ 0	\$ 0	\$ 782	\$ 782
Total Jail	\$ 0	\$ 0	\$ 782	\$ 782
<b>Waste Pickup</b>				
Unemployment Compensation	\$ 0	\$ 0	\$ 1,790	\$ 1,790
Total Waste Pickup	\$ 0	\$ 0	\$ 1,790	\$ 1,790
<b>Convenience Centers</b>				
Unemployment Compensation	\$ 0	\$ 0	\$ 503	\$ 503
Total Convenience Centers	\$ 0	\$ 0	\$ 503	\$ 503
<b>Landfill Operation and Maintenance</b>				
Unemployment Compensation	\$ 0	\$ 0	\$ 3,850	\$ 3,850
Total Landfill Operation and Maintenance	\$ 0	\$ 0	\$ 3,850	\$ 3,850
<b>Parks and Fair Boards</b>				
Unemployment Compensation	\$ 0	\$ 0	\$ 25	\$ 25
Total Parks and Fair Boards	\$ 0	\$ 0	\$ 25	\$ 25
<b>Other Charges</b>				
Medical Personnel	\$ 646,584	\$ 0	\$ 0	\$ 646,584
Clerical Personnel	107,315	0	0	107,315
Overtime Pay	785	0	0	785
Other Salaries and Wages	27,524	0	0	27,524
Social Security	47,078	0	0	47,078
State Retirement	75,264	0	0	75,264
Life Insurance	539	0	0	539
Medical Insurance	83,584	0	0	83,584
Employer Medicare	11,010	0	0	11,010
Dues and Memberships	8,470	0	0	8,470
Travel	194	0	0	194
Other Contracted Services	204,383	0	0	204,383

(Continued)

Exhibit L-9

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

	Internal Service Funds			Total
	Self-Insurance	Workers' Compensation	Unemployment Compensation	
<u>Expenses (Cont.)</u>				
<u>Other Charges (Cont.)</u>				
Other Supplies and Materials	143,020	0	0	143,020
Liability Insurance	17,842	0	0	17,842
Depreciation	991	0	0	991
In-Service/Staff Development	4,424	0	0	4,424
Other Charges	19,011	0	0	19,011
Data Processing Equipment	1,614	0	0	1,614
Furniture and Fixtures	463	0	0	463
Total Other Charges	\$ 1,400,096	\$ 0	\$ 0	\$ 1,400,096
<u>Employee Benefits</u>				
Life Insurance	\$ 255,525	\$ 0	\$ 0	\$ 255,525
Medical and Dental Services	2,232,065	0	0	2,232,065
Excess Risk Insurance	878,293	0	0	878,293
Medical Claims	45,191,163	0	0	45,191,163
Contracts with Private Agencies	1,744,903	0	0	1,744,903
Other Contracted Services	662,209	0	0	662,209
Drugs and Medical Supplies	103,041	0	0	103,041
Other Charges	692,402	0	0	692,402
Total Employee Benefits	\$ 51,759,601	\$ 0	\$ 0	\$ 51,759,601
<u>Instruction</u>				
Unemployment Compensation	\$ 0	\$ 0	\$ 60,183	\$ 60,183
Total Instruction	\$ 0	\$ 0	\$ 60,183	\$ 60,183
<u>Other</u>				
Unemployment Compensation	\$ 0	\$ 0	\$ 7,150	\$ 7,150
Total Other	\$ 0	\$ 0	\$ 7,150	\$ 7,150
Total Expenses	\$ 53,159,696	\$ 706,434	\$ 86,165	\$ 53,952,296

Exhibit L-10

Montgomery County, Tennessee  
Schedule of Detailed Receipts, Disbursements,  
and Changes in Cash Balances - City Agency Funds  
For the Year Ended June 30, 2016

	Cities - Sales Tax Fund	Cities - Property Tax Fund	Total
<u>Cash Receipts</u>			
Local Option Sales Tax	\$ 15,997,108	\$ 0	\$ 15,997,108
Trustee Collections - Prior Year	0	459,473	459,473
<b>Total Cash Receipts</b>	<b>\$ 15,997,108</b>	<b>\$ 459,473</b>	<b>\$ 16,456,581</b>
<u>Cash Disbursements</u>			
Remittance of Revenues Collected	\$ 15,837,137	\$ 448,819	\$ 16,285,956
Trustee's Commission	159,971	10,654	170,625
<b>Total Cash Disbursements</b>	<b>\$ 15,997,108</b>	<b>\$ 459,473</b>	<b>\$ 16,456,581</b>
Excess of Cash Receipts Over (Under) Cash Disbursements	\$ 0	\$ 0	\$ 0
Cash Balance, July 1, 2015	0	0	0
<b>Cash Balance, June 30, 2016</b>	<b>\$ 0</b>	<b>\$ 0</b>	<b>\$ 0</b>

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# SINGLE AUDIT SECTION

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

**Independent Auditor's Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance With *Government Auditing Standards***

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

To the County Mayor and Board of County Commissioners:

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, 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, 2016, and the related notes to the financial statements, which collectively comprise Montgomery County's basic financial statements, and have issued our report thereon dated November 30, 2016. Our report includes a reference to other auditors who audited the financial statements of the Clarksville-Montgomery County Industrial Development Board, as described in our report on Montgomery County's financial statements. This report does not include the results of the other auditors' testing of internal control over financial reporting or compliance and other matters that are reported on separately by those auditors.

**Internal Control Over Financial Reporting**

In planning and performing our audit of the financial statements, we considered Montgomery County's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances 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. Accordingly, we do not express an opinion on the effectiveness of Montgomery County's internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a

deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. We consider the deficiency described in the accompanying Schedule of Findings and Questioned Costs to be a material weakness: 2016-002.

A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance. We did not consider any deficiencies described in the accompanying Schedule of Findings and Questioned Costs to be significant deficiencies.

### **Compliance and Other Matters**

As part of obtaining reasonable assurance about whether Montgomery County's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed one instance of noncompliance or other matter that is required to be reported under *Government Auditing Standards* and is described in the accompanying Schedule of Findings and Questioned Costs as item: 2016-001.

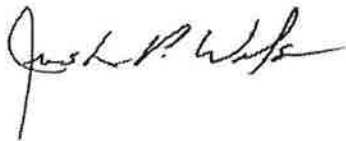
### **Montgomery County's Responses to the Findings**

Montgomery County's responses to the findings identified in our audit are described in the accompanying Schedule of Findings and Questioned Costs. Montgomery County's responses were not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on them.

### **Purpose of this Report**

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Montgomery County's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Very truly yours,



Justin P. Wilson  
Comptroller of the Treasury  
Nashville, Tennessee

November 30, 2016

JPW/kp





STATE OF TENNESSEE  
**COMPTROLLER OF THE TREASURY**  
DEPARTMENT OF AUDIT  
DIVISION OF LOCAL GOVERNMENT AUDIT  
SUITE 1500  
JAMES K. POLK STATE OFFICE BUILDING  
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**Independent Auditor's Report on Compliance for Each Major Federal Program  
and on Internal Control Over Compliance and on the Schedule of Expenditures of  
Federal Awards Required by the Uniform Guidance**

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

To the County Mayor and Board of County Commissioners:

**Report on Compliance for Each Major Federal Program**

We have audited Montgomery County's compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of Montgomery County's major federal programs for the year ended June 30, 2016. 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.

***Management's Responsibility***

Management is responsible for compliance with the requirements of laws, regulations, contracts, and grants applicable to its federal programs.

***Auditor's Responsibility***

Our responsibility is to express an opinion on compliance for each of Montgomery County's major federal programs based on our audit of the types of compliance requirements referred to above. 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 the audit requirements of Title 2 U.S. *Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Those standards and the Uniform Guidance 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 on compliance for each major federal program. However, our audit does not provide a legal determination of Montgomery County's compliance.

### ***Opinion on Each Major Federal Program***

In our opinion, Montgomery County complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2016.

### **Report on Internal Control Over Compliance**

Management of Montgomery County is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered Montgomery County's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of Montgomery County's internal control over compliance.

*A deficiency in internal control over compliance* exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. A *material weakness in internal control over compliance* is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. A *significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

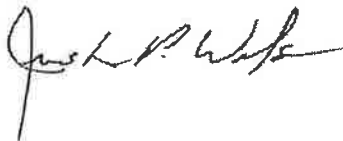
Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

### **Report on Schedule of Expenditures of Federal Awards Required by the Uniform Guidance**

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, 2016, and the related notes to the financial statements, which collectively comprise Montgomery County's basic financial statements. We issued our report thereon dated November 30, 2016, which contained unmodified opinions on those financial statements. Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the basic financial statements. The accompanying Schedule of Expenditures of Federal Awards is presented for purposes of additional analysis as required by the Uniform Guidance and is not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the Schedule of Expenditures of Federal Awards is fairly stated in all material respects in relation to the basic financial statements as a whole.

Very truly yours,



Justin P. Wilson  
Comptroller of the Treasury  
Nashville, Tennessee

November 30, 2016

JPW/kp

Montgomery County, Tennessee  
Schedule of Expenditures of Federal Awards and State Grants (1) (2)  
For the Year Ended June 30, 2016

Federal/Pass-through Agency/State Grantor Program Title	Federal CFDA Number	Pass-through Entity Identifying Number	Expenditures
<b>U.S. Department of Agriculture:</b>			
Direct Program:			
Rural Business Development Grant	10.351	N/A	\$ 18,820
Passed-through State Department of Agriculture:			
National School Lunch Program (Commodities - Noncash Assistance)	10.555	(3)	884,264 (4)
Passed-through State Department of Education:			
Child Nutrition Cluster:			
School Breakfast Program	10.553	(3)	3,032,422
National School Lunch Program	10.555	(3)	7,130,141 (4)
State Administrative Expenses for Child Nutrition	10.560	(3)	16,662
Total U.S. Department of Agriculture			<u>\$ 11,082,309</u>
<b>U.S. Department of Defense:</b>			
Direct Program:			
Competitive Grants: Promoting K-12 Student Achievement at Military-Connected Schools	12.556	N/A	\$ 1,549,195
Passed-through the Army Morale Welfare and Recreation Fund:			
Army Youth Programs in Your Neighborhood	12.U01	(3)	1,613,716
Total U.S. Department of Defense			<u>\$ 3,162,911</u>
<b>U.S. Department of Justice:</b>			
Direct Program:			
State Criminal Alien Assistance Program	16.606	N/A	\$ 23,335
Passed-through State Commission on Children and Youth:			
Juvenile Justice and Delinquency Prevention - Allocation to States	16.540	(3)	11,000
Passed-through State Department of Mental Health and Substance Abuse Services:			
Drug Court Discretionary Grant Program	16.585	(3)	147,060
Passed-through the City of Clarksville:			
Edward Byrne Memorial Justice Assistance Grant Program	16.738	(3)	25,314
Passed-through State Children's Advocacy Centers:			
Improving the Investigation and Prosecution of Child Abuse and the Regional and Local Children's Advocacy Centers	16.758	(3)	9,000
Total U.S. Department of Justice			<u>\$ 215,709</u>
<b>U.S. Department of Transportation:</b>			
Passed-through State Department of Transportation:			
Highway Planning and Construction	20.205	(3)	\$ 121,425
State and Community Highway Safety	20.600	(3)	19,944
National Priority Safety Programs	20.616	(3)	31,890
Total U.S. Department of Transportation			<u>\$ 173,259</u>
<b>U.S. Department of Education:</b>			
Direct Program:			
Impact Aid	84.041	N/A	\$ 3,015,124
Passed-through State Department of Education:			
Adult Education - Basic Grants to States	84.002	(3)	161,276
Title I Grants to Local Educational Agencies	84.010	N/A	7,389,373

(Continued)

Montgomery County, Tennessee  
Schedule of Expenditures of Federal Awards and State Grants (1) (2) (Cont.)

Federal/Pass-through Agency/State Grantor Program Title	Federal CFDA Number	Pass-through Entity Identifying Number	Expenditures
U.S. Department of Education (Cont):			
Special Education Cluster:			
Special Education - Grants to States	84.027	N/A	\$ 5,601,181
Special Education - Preschool Grants	84.173	N/A	104,734
Career and Technical Education - Basic Grants to States	84.048	N/A	504,422
Education for Homeless Children and Youth	84.196	(3)	32,705
Twenty-first Century Community Learning Centers	84.287	(3)	874,714
English Language Acquisition State Grants	84.365	N/A	71,061
Mathematics and Science Partnerships	84.366	(3)	234,545
Improving Teacher Quality State Grants	84.367	N/A	1,036,845
Total U.S. Department of Education			<u>\$ 19,025,980</u>
U.S. Department of Homeland Security:			
Passed-through State Department of Military:			
Emergency Management Performance Grants	97.042	(3)	\$ 74,350
Homeland Security Grant Program	97.067	(3)	113,936
Total U.S. Department of Homeland Security			<u>\$ 188,286</u>
Total Federal Awards			<u>\$ 33,848,454</u>

State Grants	Contract Number	Expenditures
Early Childhood Education - State Department of Education	N/A (3)	\$ 1,833,517
Lottery for Education - Afterschool Program - State Department of Education	N/A (3)	233,795
Juvenile Justice States Supplemental Funds - State Commission on Children and Youth	N/A (3)	9,000
Energy Efficient Schools Initiative - State Department of Education	N/A (3)	80,220
Coordinated School Health - State Department of Education	N/A (3)	154,443
Safe Schools Act - State Department of Education	N/A (3)	209,903
Adult Education - State Department of Education	N/A (3)	72,368
Connect Tenn - State Department of Education	N/A (3)	84,505
Child Advocacy Center - State Department of Children's Services	N/A (3)	87,000
Juvenile Court Prevention - State Department of Children's Services	N/A (3)	62,720
Litter Program - State Department of Transportation	N/A (3)	70,483
Rural Local Health Services - State Department of Health	N/A (3)	2,267,382
Community Correction Grant - State Department of Correction	N/A (3)	431,741
School to Work Transition Grant - State Department of Human Services	N/A (3)	122,208
Adult Drug Court - State Office of Criminal Justice Programs	N/A (3)	70,000
Teen Learning Center - State Department of Children's Services	N/A (3)	422,082
Low Cost Spay and Neuter Procedures - State Department of Health	N/A (3)	1,200
Total State Grants		<u>\$ 6,212,567</u>

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

- (1) Presented in conformity with generally accepted accounting principles using the modified accrual basis of accounting.
- (2) Montgomery County elected not to use the 10% de minimus cost rate permitted in the Uniform Guidance.
- (3) Information not available.
- (4) Total for CFDA No. 10.555 is \$8,014,405.

Montgomery County, Tennessee  
Summary Schedule of Prior-year Findings  
For the Year Ended June 30, 2016

Government Auditing Standards require auditors to report the status of uncorrected findings from prior audits. In addition, OMB's Uniform Guidance requires auditees to report the status of all prior-year findings whether corrected or not. Presented below are financial statement findings along with their current status from the Annual Financial Report for Montgomery County, Tennessee, for the year ended June 30, 2016.

*Prior-year Financial Statement Findings*

Fiscal Year	Page Number	Finding Number	Title of Finding	CFDA Number	Current Status
2015	275	2015-001	A Promissory Note was not Issued in Compliance with State Statutes	N/A	Corrected
2015	275	2015-002	Deficiencies Existed in the Child Nutrition Department	N/A	Corrected
2015	276	2015-003	The Office of Trustee had Accounting Deficiencies	N/A	Corrected

*Prior-year Federal Awards Findings*

There were no prior-year federal award findings to report.

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MONTGOMERY COUNTY, TENNESSEE  
 SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
 For the Year Ended June 30, 2016

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**PART I, SUMMARY OF AUDITOR'S RESULTS**

**Financial Statements:**

1. Our report on the financial statements of Montgomery County is unmodified.
2. Internal Control Over Financial Reporting:
  - \* Material weakness identified? YES
  - \* Significant deficiency identified? NO
3. Noncompliance material to the financial statements noted? YES

**Federal Awards:**

4. Internal Control Over Major Federal Programs:
  - \* Material weakness identified? NO
  - \* Significant deficiency identified? NONE REPORTED
5. Type of report auditor issued on compliance for major programs: UNMODIFIED
6. Any audit findings disclosed that are required to be reported in accordance with 2 CFR 200.516(a)? NO
7. Identification of Major Federal Programs:
  - \* CFDA Numbers: 10.553 and 10.555 Nutrition Cluster: School Breakfast Program and National School Lunch Program
  - \* CFDA Number 12.U01 Army Youth Programs in Your Neighborhood
  - \* CFDA Number 84.367 Improving Teacher Quality State Grants
8. Dollar threshold used to distinguish between Type A and Type B Programs: \$1,015,454
9. Auditee qualified as low-risk auditee? NO

## PART II, FINDINGS RELATING TO THE FINANCIAL STATEMENTS

Findings and recommendations, as a result of our audit, are presented below. We reviewed these findings and recommendations with management to provide an opportunity for their response. Written responses are paraphrased and presented following each finding and recommendation. The county mayor and director of accounts and budgets provided corrective action plans, which are paraphrased and presented separately in the Management's Corrective Action Plan in the Single Audit Section of this report.

Findings relating specifically to the audit of federal awards, if any, are separately presented under Part III, Findings and Questioned Costs for Federal Awards.

### OFFICES OF COUNTY MAYOR AND DIRECTOR OF ACCOUNTS AND BUDGETS

#### FINDING 2016-001

#### **TAX ANTICIPATION NOTE WAS NOT RETIRED IN COMPLIANCE WITH STATE STATUTE** (Material Noncompliance Under *Government Auditing Standards*)

On October 29, 2015, the General Fund borrowed \$3,900,000 from the General Debt Service Fund to provide cash for operations. This note should have been retired by June 30, 2016, but was still outstanding as of that date. Section 9-21-801, *Tennessee Code Annotated*, provides that tax anticipation notes shall mature not later than the close of the fiscal year issued. This note, which was paid back on July 8, 2016, has been reflected in the financial statements of this report as Due from Other Funds in the General Debt Service Fund and Due to Other Funds in the General Fund. This deficiency was the result of a lack of management oversight.

#### RECOMMENDATION

Tax anticipation notes should be retired prior to the end of the fiscal year issued as required by state statute.

### MANAGEMENT'S RESPONSE – COUNTY MAYOR AND DIRECTOR OF ACCOUNTS AND BUDGETS

We concur. The Debt Service Fund issued a Tax and Revenue Anticipation Note (TRAN) of \$3,900,000 to the County General Fund. The TRAN loan was not paid until July 8, 2016. In the future, the TRAN loans will be paid by the June 30 due date.



FINDING 2016-002

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

At June 30, 2016, certain general ledger account balances in the General Fund were not materially correct. Audit adjustments totaling \$4,300,611 related to ambulance service receivables 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 – COUNTY MAYOR AND DIRECTOR OF ACCOUNTS AND BUDGETS

We concur. The EMS receivable is reviewed at the end of every year to evaluate both the amount and the allowance for doubtful accounts. The EMS implemented new software in fiscal year 2015. The error occurred based on a misunderstanding of terminology in the new accounts receivable reports. The report will now be interpreted correctly.

### **PART III, FINDINGS AND QUESTIONED COSTS FOR FEDERAL AWARDS**

There were no findings and questioned costs related to federal awards for the year ended June 30, 2016.

**Montgomery County, Tennessee  
Management's Corrective Action Plan  
For the Year Ended June 30, 2016**

We reviewed the financial statement and federal award findings and recommendations with management to provide an opportunity for their response as required by the auditee requirements within Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (Uniform Guidance). Management's corrective action plans for all financial statement findings and federal award findings are presented below:

**Corrective Action - Financial Statement Findings**

**OFFICES OF COUNTY MAYOR AND DIRECTOR OF ACCOUNTS AND BUDGETS**

**FINDING 2016-001                      TAX ANTICIPATION NOTE WAS NOT RETIRED IN  
COMPLIANCE WITH STATE STATUTE**

Response and Corrective Action Plan Prepared by:	Jeff Taylor, Director of Accounts & Budgets
Person Responsible for Implementing the Corrective Action:	Shannon Holt, Assistant Finance Director
Anticipated Completion Date of Corrective Action:	November 30, 2016
Repeat Finding:	No
Reason Why Corrective Action was Not Taken – PY:	N/A

**Planned Corrective Action:**

A review of all Tax and Revenue Anticipation Notes issued in the fiscal year will be performed no later than May 31 to ensure that all notes are paid prior to June 30.

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**FINDING 2016-002                      MATERIAL AUDIT ADJUSTMENTS WERE REQUIRED  
FOR PROPER FINANCIAL STATEMENT  
PRESENTATION**

Response and Corrective Action Plan Prepared by:	Jeff Taylor, Director of Accounts & Budgets
Person Responsible for Implementing the Corrective Action:	Shannon Holt, Assistant Finance Director
Anticipated Completion Date of Corrective Action:	June 30, 2017
Repeat Finding:	No
Reason Why Corrective Action was Not Taken – PY:	N/A

Planned Corrective Action:

The Accounts Receivable report for the EMS billing service will be reviewed and the year-end entries made accurately based on the correct interpretation of the report. The entry will be prepared by the assistant finance director and reviewed and posted by the finance director.

## **BEST PRACTICE**

Accounting literature describes a best practice as a recommended policy, procedure, or technique that aids management in improving financial performance. Historically, a best practice has consistently shown superior results over conventional methods.

The Division of Local Government Audit strongly believes that the item noted below is a best practice that should be adopted by the governing body as a means of significantly improving accountability and the quality of services provided to the citizens of Montgomery County.

### **MONTGOMERY COUNTY SHOULD ADOPT A CENTRAL SYSTEM OF ACCOUNTING, BUDGETING, AND PURCHASING**

Montgomery County does not have a central system of accounting, budgeting, and purchasing. Sound business practices dictate that establishing a central system would significantly improve internal controls over the accounting, budgeting, and purchasing processes. The absence of a central system of accounting, budgeting, and purchasing has been a management decision by the County Commission resulting in decentralization and some duplication of effort. The Division of Local Government Audit strongly believes that the adoption of a central system of accounting, budgeting, and purchasing is a best practice that would significantly improve accountability and the quality of services provided to the citizens of Montgomery County. Therefore, we recommend the adoption of the County Financial Management System of 1981 or a private act, which would provide for a central system of accounting, budgeting, and purchasing covering all county departments.