



*Montgomery County Government*

Carolyn P. Bowers  
Mayor

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February 23, 2012

Mrs. Mary-Margaret Collier, Director  
Division of State and Local Finance  
James K. Polk State Building, Suite 1600  
505 Deaderick Street  
Nashville, TN 37243-1402

RECEIVED

FEB 24 2012

STATE AND LOCAL FINANCE

Dear Mrs. Collier:

The low tax-exempt interest rates in the current capital financial market provides an opportunity for Montgomery County to refinance two of its bonds issues --- Series 2001, 2003, 2004, and possibly Series 2005 for a projected Anticipated net of all costs savings of \$2.738 million as presented in the enclosed documents.

Upon a review of the *Tennessee Code Annotated* Title 9, the directive letter from the Office of State and Local Finance dated March 7, 2011, the Montgomery County Debt Management Policy dated November 14, 2011, the Tennessee State Funding Board Policy dated September 8, 2011 and other sources, we have attempted to prepare a Plan of Refunding with multiple exhibits to support our request. We are requesting that you approve the issuance of refunding bonds at a private negotiated sale pursuant to TCA 9-21-910 as described in the Plan of Refunding and exhibits.

If you have any questions or need additional information, please contact us as listed on the Plan. We plan to ask the County Commission at its regular meeting on March 12, 2012, to approve the Refunding Bond Resolution and other information. If possible, we would like to provide the information to County Commission members at least a week before the meeting.

Your consideration of this request is appreciated.

Sincerely,

A handwritten signature in cursive script that reads "Carolyn P. Bowers".

Carolyn P. Bowers  
County Mayor

cc: Erinne J. Hester, Director of Accounts and Budgets  
Tom McAnulty, Stephens Inc.

Enclosures

**MONTGOMERY COUNTY, TENNESSEE**  
**PLAN OF REFUNDING FOR VARIOUS BOND ISSUES**  
**INFORMATION SUBMITTED TO THE STATE OFFICE OF STATE AND LOCAL FINANCE**  
**Dated: February 24, 2012**

3. Specific Request for:

a. Pursuant to TCA 9-21-903:

It is requested that the Comptroller's designee review and approve the refinancing of the County's bonds and notes at a **private negotiated sale** for the following issues as further described in this request. **The Refunding Issue is for uniform savings only; no restructuring or extension of maturities.**

<u>Series</u>	<u>Dated Date &amp; Maturities to Refinance</u>	<u>Amount Callable</u>	<u>General Obligation Bonds Only</u>
			<b>(To be refinanced with Series 2012)</b>
2001	12/1/2001 Unrefunded Maturities: 5/1/2013 through 5/1/2021	\$3,965,000	Original issue for Public Improvements for schools and equipment; construction and equpping of a County Health Department and the County Jail; construction and equpping of a County Courts Center; and the refinancing of Series 1994 maturities August 1, 2002 through August 1, 2005 and Serles 1996 maturities January 1, 2003 through January 1, 2007 for savings only with NO restructuring or extension of maturies. Approved by the Division of Local Finance October 30, 2001 "for this refunding to achieve interest cost savings." Callable: 5/1/2012 at 100%.
2003	6/1/2003 Maturities: 5/1/2014 through 5/1/2018 and 5/1/2021 through 5/1/2023	\$14,000,000	Construction, repairing, renovating and equpping of County shchool buildings and school facilities; improvement of roads and streets; installation of water and sewer facilities; construction and equpping of an animal control facility; acquisition of all property, real and personal, appurtenant to the foregoing; and costs associated with the issuance and sale of the Bonds. Callable: 5/1/2013 at 100%.
2004	11/1/2004 Maturity: 4/1/2025	\$2,700,000	Construction and equpping of schools; constructing and equpping an animal control facility; improvements to roads and streets; various other capital projects; and cost of issuance. Callable: 4/1/2015 at 100%.

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2005      12/1/2005      \$10,100,000

Maturities:  
4/1/2025  
through  
4/1/2026

This issue may or may not be refinanced; however, the County wants to be prepared to refinance the maturities, depending on the Interest rate markets. Originally issued for constructing and equipping of schools; constructing and equipping of an animal control center; improvements of streets and roads; constructing and equipping of a veterans nursing home facility; various other capital projects; and the cost of issuance. Callable 4/1/2016 at 100%.

**b. Approval for:**

**i. Extension of Maturity:**

Final maturity of the Refunding Bonds will be the same as the Refunded Bonds or Notes. NO planned restructuring or extending of original maturities.

**ii. Negotiated Sale:**

Pursuant to TCA 9-21-910, the approval of a private negotiated sale is requested as the "governing body of the local government may direct". Pursuant TCA 9-21-902 before the underwriter enters the capital market to sell the Refunding Bonds, the County's designated official after a review of the offering and savings calculation will approve the sale by the underwriter.

**(a) Reasons for a Negotiated Sale:**

The proposed Refunding Bond Issue is to "advance" refinance originally issued "new money" bonds for "uniform" fiscal year savings due to the extremely low fixed, tax-exempt interest rates. The primary reasons for requesting approval for a negotiated sale are:

**(1) Volatile Interest Rate Market:**

Savings from the refinancing depends on the tax-exempt interest rates at the time of the bonds are sold and the rates of U.S. Government securities for investing the bond proceeds to be held in a bank escrow account until the prior bonds and interest are redeemed.

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**(2) Timing of the Refunding Bond Sale:**

Due to the volatile tax-exempt interest rate market and by monitoring the interest market, the refunding bonds may be pre-marketed and sold at any time when the market is favorable. With the approval of the issuer, the underwriter can enter the market quickly to take advantage of lower interest rates. It may be necessary to pull the sale if another competing issue is placed in the market at the same time or some financial crisis might occur like 911 when bond issues had to be postponed

**(3) Structuring of Bond Issue Flexibility**

The flexibility of a negotiated sale is very important for an advanced refunding. Before the sale or during the sale, the offering principal maturities may be adjusted or eliminated if they do not produce a reasonable level of savings; other features as authorized by the Refunding Bond Resolution and requested by the issuer may be changed; a single issue to be refunded of a multiple issue refunding may be dropped if the level of savings does not meet the targeted savings; and for many other reasons, the negotiated sale offers flexibility that the competitive sale does not.

**(4) Pre-sale Marketing**

To reduce inventory risks and to attract possible investors, the underwriter can conduct more effective pre-sale marketing than in a competitive sale.

**(5) Pricing on the Day of Sale**

The underwriter will monitor the interest rate market and coordinate the bond sale with the issuer. The underwriter



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**c. Information and Documents Related to New Refunding Bond Issue**

(a) Proposed Refunding Bond Resolution:

See **Exhibit A** General Obligation Refunding Bond Resolution as prepared by Bass, Berry & Sims, Nashville

(b) Preliminary Official Statement  
(Proposed disclosure statement):

See **Exhibit B (Draft) Preliminary Official Statement (POS)** as prepared by Bass, Berry & Sims, Nashville and Stephens Inc., Nashville. Appendix B of **Exhibit B** present the Demographic and General Financial Information of Montgomery County with page B-11 showing the total Debt Service Requirements including the proposed Refunding.

(c) Detailed Statement of the Cost of Issuance:

See **Exhibit C (Draft) Estimated Cost of Issuance**

(d) Local Government Statement:

**"The proposed private negotiated sale is feasible; the proposed private negotiated sale is in the best interest of Montgomery County; and the County will amortize the proposed indebtedness together with all of other obligations outstanding as it had intended when the original bonds were issued."**

(e) Montgomery County Debt Management Policy Statement authorization of a private negotiated sale:

See **Exhibit G, Section C.2., page 11 - Negotiated Method of Sale**. The factors to be considered for a negotiated sale include the following: volatility of market conditions; size and complexity of the bond sale; credit strength; and in case of a refunding, timing and interest rate sensitivity;

(f) Montgomery County Debt Management Policy Statement

See **Exhibit G, Section E, page 12**

**4. Identification of Key Professionals:**

See **Exhibit D: Distribution List**

**5. Purpose of Refunding:**

**a. Cost Savings:**

See **Exhibit E: Cost Savings Summary**. The only purpose for refunding the bonds and notes, described in Number 3 above, is to produce savings to the County and its taxpayers. Based on Interest rates as of February 22, 2012, the estimated net savings after all costs is projected at \$2.738 million for a net pv of the total refunded debt service (total P & I) of 8.701%. See page 1 of **Exhibit F1 - Anticipated Financial Analysis**.

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- b. Financial Analysis Schedules:** See **Exhibit F1 and F2: Refunding Financial Analysis Schedules**
- c. Restructuring of Current Debt:** NO restructuring of the current obligations is being considered.
- d. Covenant Changes:** NO covenant changes or additions are planned for this refinancing.
- e. Reduction or Elimination of Risks:** The current obligations have been issued at a fixed rate, and the refinancing bonds will be issued at a fixed rate thereby minimizing the risks associated with variable rate obligations.

**6. Montgomery County Debt Management Policy Requirements:**

**The refinancing request complies with the County's debt management policy. See County's Debt Management Policy Exhibit G and the Policy quotes in 3. above.**

**a. Savings Threshold:**

**See Exhibit G. Section B1, page 10. "In determining whether a refunding is advisable, the Governing Body shall take into account, among other factors, the level of savings, the call date and final maturity date of the refunded bonds, and the projected interest rates relative to historical interest rate levels." The County Policy does not state the minimum threshold to consider a refinancing for savings; however, the County will consider savings exceeding a net present value benefit of three percent (3%) of the refunded debt service (total principal and interest) of the prior bonds.**

**7. Refunding Financial Analysis Schedules:**

**See Exhibit F1: Refunding Financial Analysis Schedules presents the Anticipated size of the Refunding Bond issue based on interest rates as of February 22, 2012. Exhibit F2 provides an analysis to produce the projected maximum size that also includes the Series 2005 Bonds dated 12/1/2005 with interest rates producing less reoffering premium.**

**a. Refunding Debt:**

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i. **Maximum Size:**

The maximum size will depend on the interest rates and yield rates at the time the refunding bonds are sold; the time of the year when the refunding bonds are sold; and the SLGS rates for investing escrow proceeds. The estimated maximum range is \$20,000,000 to \$29,415,000 depending if the Series 2005 is included

ii. **Anticipated Size:**

The anticipated size is \$19,760,000 as of February 22, 2012.

iii. **Final and Weighted Average Maturity**

The final maturity of the Refunding Bonds will not exceed 2021, the final maturity of the Refunded Bonds. The average life of the Refunded Bonds and Notes is 5.183 years, and the average life of the Refunding Bonds and Notes is 5.138 years.

iv. **Type of Refunding:**

The Advanced Refunding issue will have one Escrow Account to be funded with the purchase of U.S. Government State and Local Government Securities (SLGS) or Open Market U.S. Government securities in accordance with the Internal Revenue Code. The Escrow Account will be established and funded in accordance with state law and verified by a third party Verification Agent.

v. **Principal Maturity Structure**

Principal payments will be from April 1, 2013 to April 1, 2021 as may be determined by solving the Refunding amortization as fiscal year "uniform" savings. NO restructuring or extending the principal payments.

vi. **Cost of Issuance:**

\$57,762.20 plus an estimated underwriter fee of \$113,620 or \$5.75 per \$1,000 bonds issued for a total of .00867 of the total principal of \$19,760,000 projected for the issue. In the event the Series 2005 is included and the size approaches the Projected Maximum, the cost issuance is estimated at \$66,644.80 plus the underwriting fee of

vii. **Sources and Uses of Funds**

The estimated sources and uses of funds are presented on page 40 of **Exhibit F1 and Exhibit F2, page 42.**

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**b. Refunded Debt Issues**

**i. Current Debt Issue :**

- |  |   |
|--|---|
| (a) Date of Issue:                             | Montgomery County, Tennessee bond and note issues to be refinanced are show above in Number 3.  |
| (b) Date of Authorization:                     | See Number 3 above  |
| (c) Type of Debt:                              | See Number 3 above  |
| (d) Bank-qualified:                            | General Obligation security of all property in the County, Serial Bonds or Notes, Fixed Interest Rates, Federal and State Tax-exempt interest income.   |
| (e) Small Issuer IRS Exception:                | Not bank-qualified  |
| (f) Copy of State Report CT-0253:              | Not Applicable  |
| (g) Projects Funded with Proceeds:             | See <b>Exhibit H1</b>   |
| (h) Weighted Average Life of Issue:            | All original bond issues to be refinanced were reviewed by Bond Counsel and were in compliance with the state laws authorizing the the issue. The County has maintained accounting records that have been audited by the State Comptroller's County Audit Division. Construction, renovation, and equipping of County authorized facilities, purchased of land, and cost associated with the issuance of the Bonds. |
| (i) Projected Life of Capital Assets:          | 6.990 Years of Refunded Bonds compared to 6.891 years for <b>Exhibit F1 Anticipated Issue</b> . 9.127 years for Refunded Bonds, <b>Exhibit F1 Projected Maximum</b> compared to 9.251 years for new Refunding Bonds.  |
| (j) Remaining Project Life as of April 2, 2012 | All bonds and notes were issued for 20 years or less with the capital expenditures projected life exceeding 20 years. The refinancing does not exceed the original issue of bonds or notes.   |
| (k) CUSIP Number of Final Maturity             | The projected life of the Refunding Bonds exceed the original expected life of the capital assets.  |
| (l) Current Outstanding Bonds:                 | Base CUSIP Number is 613664   |
| (m) Bonds to be Refunded:                      | See Number 3 above and the Total Refunded Debt Service Schedules included in the Financial Analysis <b>Exhibit F1 and F2</b> .  |
|  | Only the callable bonds for each issue are proposed for refinancing for savings only.   |

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(n) Callable Feature:

The bond and note refinancing will have a final maturity of April 1, 2025 which is 13 years, or April 1, 2026 if the Series 22005 is included. The callable feature will be decided upon a review of other bond issues in the market with redemption features and a review of the cost savings with a

c. Derivative Products:

Montgomery County does not have any variable rate demand obligations, auction rate obligations, SWAPs, letter of credit obligations, public building authority transactions or any other derivative products, nor the risks associated with these products.

d. Prior Refunding of Current Refunded Debt

The proposed bonds to be refunded were issued as original "new money" bonds for capital asset projects with exception a refunding portion of the Series 2001 which was paid off in 2007.

**REVIEWED BY:**

**SUBMITTED TO:**

**STATE OFFICE OF STATE AND LOCAL FINANCE**




Carolyn P. Bowers

Date

2/23/12

Montgomery County Mayor



Erinne J. Hester

Montgomery County Director of Accounts and Budgets

**Exhibit A**

**Proposed Refunding**

**Bond Resolution**

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A RESOLUTION AUTHORIZING THE ISSUANCE, IN ONE OR MORE SERIES, OF GENERAL OBLIGATION REFUNDING BONDS OF MONTGOMERY COUNTY, TENNESSEE, IN THE AGGREGATE PRINCIPAL AMOUNT OF APPROXIMATELY TWENTY-NINE MILLION FOUR HUNDRED FIFTEEN THOUSAND DOLLARS (\$29,415,000) FOR THE PURPOSE OF REFUNDING ALL OR A PORTION OF CERTAIN OUTSTANDING BONDS OF THE COUNTY; MAKING PROVISION FOR THE ISSUANCE, SALE AND PAYMENT OF SAID BONDS; ESTABLISHING THE TERMS THEREOF AND THE DISPOSITION OF PROCEEDS THEREFROM; AND PROVIDING FOR THE LEVY OF TAXES FOR THE PAYMENT OF PRINCIPAL OF, PREMIUM, IF ANY, AND INTEREST ON THE BONDS.

WHEREAS, Montgomery County, Tennessee (the "County") has outstanding its General Obligation Public Improvement and Refunding Bonds, Series 2001 (the "Series 2001 Bonds"), dated December 1, 2001, unrefunded portions maturing May 1, 2013 through May 1, 2021, inclusive, its outstanding General Obligation Public Improvement Bonds, Series 2003 (the "Series 2003 Bonds"), dated June 1, 2003, maturing May 1, 2014 through May 1, 2018, inclusive and May 1, 2021 through May 1, 2023, inclusive; its outstanding General Obligation School and Public Improvement Bonds, Series 2004 (the "Series 2004 Bonds"), dated November 1, 2004, maturing April 1, 2025, and its outstanding General Obligation School and Public Improvement Bonds, Series 2005 (the "Series 2005 Bonds" and together with the Series 2001 Bonds, the Series 2003 Bonds and the Series 2004 Bonds, collectively, the "Outstanding Bonds"), dated December 1, 2005, maturing April 1, 2025 and April 1, 2026; and

WHEREAS, the Outstanding Bonds can now be refinanced at a lower interest cost, thereby effecting a cost savings to the public; and

WHEREAS, counties in Tennessee are authorized by Section 9-21-101 et seq., Tennessee Code Annotated, to issue, by resolution, bonds to refund, redeem or make principal and interest payments on their previously issued bonds, notes or other obligations; and

WHEREAS, the Board of County Commissioners of the County has determined that in order to provide the funds necessary to accomplish said refunding, it is necessary to issue general obligation refunding bonds of the County; and

WHEREAS, the plan of said refunding has been submitted to the Director of State and Local Finance as required by Section 9-21-903, Tennessee Code Annotated, and said report on the plan of refunding has been issued and is attached hereto as Exhibit A; and

WHEREAS, it is the intention of the Board of County Commissioners to adopt this resolution for the purpose of authorizing the issuance of general obligation refunding bonds, in one or more series, for the purpose of refunding the Outstanding Bonds, providing for the issuance, sale and payment of said bonds, establishing the terms thereof and the disposition of proceeds therefrom and providing for the levy of a tax for the payment of principal thereof, premium, if any, and interest thereon.

NOW, THEREFORE, BE IT RESOLVED by the Board of County Commissioners of Montgomery County, Tennessee, as follows:

Section 1. Authority. The bonds authorized by this resolution are issued pursuant to Sections 9-21-101, et seq., Tennessee Code Annotated, and other applicable provisions of law.

Section 2. Definitions. The following terms shall have the following meanings in this resolution unless the text expressly or by necessary implication requires otherwise:

- (a) "Bonds" means General Obligation Refunding Bonds authorized herein;
- (b) "Bond Purchase Agreement" means a Bond Purchase Agreement, dated as of the sale of the Bonds, entered into by and between the County and the Underwriter, in the form of the document attached hereto and incorporated herein by reference as Exhibit C, subject to such changes therein as shall be permitted by Section 8 hereof;
- (c) "Book-Entry Form" or "Book-Entry System" means a form or system, as applicable, under which physical bond certificates in fully registered form are issued to a Depository, or to its nominee as Registered Owner, with the certificate of bonds being held by and "immobilized" in the custody of such Depository, and under which records maintained by persons, other than the County or the Registration Agent, constitute the written record that identifies, and records the transfer of, the beneficial "book-entry" interests in those bonds;
- (d) "Code" shall mean the Internal Revenue Code of 1986, as amended, and all regulations promulgated thereunder;
- (e) "County" shall mean Montgomery County, Tennessee;
- (f) "Depository" means any securities depository that is a clearing agency under federal laws operating and maintaining, with its participants or otherwise, a Book-Entry System, including, but not limited to, DTC;
- (g) "DTC" means the Depository Trust Company, a limited purpose company organized under the laws of the State of New York, and its successors and assigns;
- (h) "DTC Participant(s)" means securities brokers and dealers, banks, trust companies and clearing corporations that have access to the DTC System;
- (i) "Escrow Agent" means the escrow agent appointed by the County Mayor, or its successor;
- (j) "Governing Body" means the Board of County Commissioners of the County;
- (k) "Outstanding Bonds" shall have the meaning ascribed to it in the preamble hereto;
- (l) "Refunded Bonds" means the maturities or portions of maturities of the Outstanding Bonds designated by the County Mayor pursuant to Section 8 hereof;
- (m) "Refunding Escrow Agreement" shall mean the Refunding Escrow Agreement, dated as of the date of the Bonds, to be entered into by and between the County and the Escrow Agent, in the form of the document attached hereto and incorporated herein by this reference as Exhibit E, subject to such changes therein as shall be permitted by Section 11 hereof;
- (n) "Registration Agent" means the registration and paying agent for the Bonds appointed by the County Mayor pursuant to Section 4 hereof;
- (o) "Underwriter" means Stephens Inc., Nashville, Tennessee; and



(p) "State Director" shall mean the Director of State and Local Finance for the State of Tennessee.

Section 3. Findings of the Governing Body; Compliance with Debt Management Policy. It is hereby found and determined by the Governing Body as follows:

(a) In conformance with the directive of the State Funding Board of the State of Tennessee, the County has heretofore adopted its Debt Management Policy. The County Commission hereby finds that the issuance and sale of the Bonds, as proposed herein, is consistent with the County's Debt Management Policy. However, in the event that the issuance and sale of the Bonds is in conflict with the provisions of the County's Debt Management Policy, the terms and conditions of this Bond Resolution shall control, and the Debt Management Policy shall be deemed to have been accordingly amended for purposes of the issuance and sale of the Bonds. The Debt Management Policy provides that the County shall utilize the least costly securities available in structuring refunding escrows; provided that the County may purchase U.S. Treasuries – State and Local Government Series ("SLGS") if it is determined that the costs and risks attendant to the solicitation of open market securities outweigh any attendant benefits. The County Commission hereby determines that the use of SLGS in the refunding escrow does outweigh any attendant benefits to the use of open market securities in the refunding escrow.

(b) Specifically, the County Commission hereby finds that the issuance of the Bonds authorized by this resolution is advisable because it will result in the reduction in debt service payable and secured by the County, over the term of the Outstanding Bonds. In the case of the Bonds authorized herein, the County Commission finds that a savings threshold of not less than \_\_\_\_ percent (\_\_\_\_%), measured by comparing the present value of the savings to the par amount of Refunded Bonds, should be met in order for the Bonds to be issued.

(c) Further, the County's Debt Management Policy contemplates that the County will, as a general rule, structure the term of any refunding bonds within the original term of the Refunded Bonds and that the savings resulting from such refunding be level over the term of the Bonds. The Bonds authorized herein will be structured so as not to materially extend beyond the original term of the Refunded Bonds and the debt service savings will be approximately level over the term of the Bonds.

(d) To ensure that the costs of the Bonds authorized herein have been fully disclosed, the Refunding Report of the State Director has been presented to the members of the Governing Body in connection with their consideration of this resolution and is attached hereto as Exhibit A.

Section 4. Authorization and Terms of the Bonds.

(a) For the purpose of providing funds to refund all or a portion of the Refunded Bonds and pay the costs incident to the issuance and sale of the Bonds, as more fully set forth in Section 9 hereof, there are hereby authorized to be issued bonds, in one or more series, of the County in an aggregate principal amount sufficient to pay the principal of and interest on the Refunded Bonds and pay costs of issuance of the Bonds. The Bonds shall be issued in fully registered, book-entry only form (except as otherwise permitted herein), without coupons, shall be issued in one or more series, shall be known as "General Obligation Refunding Bonds" and shall have such series designation and dated date as shall be determined by the County Mayor pursuant to Section 8 hereof. The rate or rates on the Bonds shall not exceed the maximum interest rate permitted by applicable law at the time of the sale of the Bonds, or any series thereof. Subject to the adjustments permitted pursuant to Section 8 hereof, interest on the Bonds shall be payable semi-annually on April 1 and October 1 in each year, commencing October 1, 2012. The Bonds shall be issued initially in \$5,000 denominations or integral multiples thereof, as shall be requested by the Underwriter, and, subject to adjustment as permitted by Section 8 hereof, shall mature, either

serially or through mandatory redemption on April 1 of each year, subject to prior optional redemption as hereinafter provided, either serially or through mandatory redemption, in the years 2013 through 2023, inclusive, 2025 and 2026. Attached hereto as Exhibit B is a preliminary debt service estimate of the amortization of the Bonds; provided, however, such amortization may be adjusted in accordance with Section 8 hereof.

(b) Subject to the adjustments permitted pursuant to Section 8 hereof, the Bonds, or any series thereof, maturing on or after April 1, 2023 shall be subject to redemption, at the option of the County, in whole or in part, on April 1, 2022 and on any date thereafter at the redemption price of par plus interest accrued to the redemption date. If less than all the Bonds of such series shall be called for redemption, the maturities to be redeemed shall be selected by the Governing Body in its discretion. If less than all of the Bonds within a single maturity shall be called for redemption, the interests within the maturity to be redeemed shall be selected as follows:

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

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

(c) Pursuant to Section 8 hereof, the County Mayor is authorized to sell the Bonds, or any maturities thereof, as term bonds with mandatory redemption requirements corresponding to the maturities set forth herein or as determined by the County Mayor. In the event any or all the Bonds are sold as term bonds, the County shall redeem term bonds on redemption dates corresponding to the maturity dates set forth herein, in aggregate principal amounts equal to the maturity amounts established pursuant to Section 8 hereof for each redemption date, as such maturity amounts may be adjusted pursuant to Section 8 hereof, at a price of par plus accrued interest thereon to the date of redemption. The term bonds to be redeemed within a single maturity shall be selected in the manner described in subsection (b) above.

At its option, to be exercised on or before the forty-fifth (45th) day next preceding any such mandatory redemption date, the County may (i) deliver to the Registration Agent for cancellation Bonds to be redeemed, in any aggregate principal amount desired, and/or (ii) receive a credit in respect of its redemption obligation under this mandatory redemption provision for any Bonds of the maturity to be redeemed which prior to said date have been purchased or redeemed (otherwise than through the operation of this mandatory sinking fund redemption provision) and canceled by the Registration Agent and not theretofore applied as a credit against any redemption obligation under this mandatory sinking fund provision. Each Bond so delivered or previously purchased or redeemed shall be credited by the Registration Agent at 100% of the principal amount thereof on the obligation of the County on such payment date and any excess shall be credited on future redemption obligations in chronological order, and the principal amount of Bonds to be redeemed by operation of this mandatory sinking fund provision shall be accordingly reduced. The County shall on or before the forty-fifth (45th) day next preceding each payment date furnish the Registration Agent with its certificate indicating whether or not and to what extent the provisions of clauses (i) and (ii) of this subsection are to be availed of with respect to such payment and confirm that funds for the balance of the next succeeding prescribed payment will be paid on or before the next succeeding payment date.

(d) Notice of call for redemption, whether optional or mandatory, shall be given by the Registration Agent on behalf of the County not less than thirty (30) nor more than sixty (60) days prior to the date fixed for redemption by sending an appropriate notice to the registered owners of the Bonds to be redeemed by first-class mail, postage prepaid, at the addresses shown on the Bond registration records of the Registration Agent as of the date of the notice; but neither failure to mail such notice nor any defect in any such notice so mailed shall affect the sufficiency of the proceedings for redemption of any of the Bonds for which proper notice was given. As long as DTC, or a successor Depository, is the registered owner of the Bonds, all redemption notices shall be mailed by the Registration Agent to DTC, or such successor Depository, as the registered owner of the Bonds, as and when above provided, and neither the County nor the Registration Agent shall be responsible for mailing notices of redemption to DTC Participants or Beneficial Owners. Failure of DTC, or any successor Depository, to provide notice to any DTC Participant or Beneficial Owner will not affect the validity of such redemption. The Registration Agent shall mail said notices as and when directed by the County pursuant to written instructions from an authorized representative of the County (other than for a mandatory sinking fund redemption, notices of which shall be given on the dates provided herein) 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.

(e) The County Mayor is hereby authorized and directed to appoint the Registration Agent for the Bonds and the Registration Agent so appointed is authorized and directed to maintain Bond registration records with respect to the Bonds, to authenticate and deliver the Bonds as provided herein, either at original issuance or upon transfer, to effect transfers of the Bonds, to give all notices of redemption as required herein, to make all payments of principal and interest with respect to the Bonds as provided herein, to cancel and destroy Bonds which have been paid at maturity or upon earlier redemption or submitted for exchange or transfer, to furnish the County at least annually a certificate of destruction with respect to Bonds canceled and destroyed, and to furnish the County at least annually an audit confirmation of Bonds paid, Bonds outstanding and payments made with respect to interest on the Bonds. The County Mayor is hereby authorized to execute and the County Clerk is hereby authorized to attest such written agreement between the County and the Registration Agent as they shall deem necessary and proper with respect to the obligations, duties and rights of the Registration Agent. The payment of all reasonable fees and expenses of the Registration Agent for the discharge of its duties and obligations hereunder or under any such agreement is hereby authorized and directed.

(f) The Bonds shall be payable, both principal and interest, in lawful money of the United States of America at the main office of the Registration Agent. The Registration Agent shall make all interest payments with respect to the Bonds by check or draft on each interest payment date directly to the registered owners as shown on the Bond registration records maintained by the Registration Agent as of the close of business on the fifteenth day of the month next preceding the interest payment date (the "Regular Record Date") by depositing said payment in the United States mail, postage prepaid, addressed to such owners at their addresses 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 County in respect of such Bonds to the extent of the payments so made. Payment of principal of and premium, if any, on the Bonds shall be made upon presentation and surrender of such Bonds to the Registration Agent as the same shall become due and payable. All rates of interest specified herein shall be computed on the basis of a three hundred sixty (360) day year composed of twelve (12) months of thirty (30) days each. In the event the Bonds are no longer registered in the name of DTC, or a successor Depository, if requested by the Owner of at least \$1,000,000 in aggregate principal amount of the Bonds, payment of interest on such Bonds shall be paid by wire transfer to a bank within the continental United States or deposited to a designated account if such account is maintained with the

Registration Agent and written notice of any such election and designated account is given to the Registration Agent prior to the record date.

(g) 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 this Section 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, premium, if any, and interest on the Bonds when due.

(h) The Bonds are transferable only by presentation to the Registration Agent by the registered owner, or his legal representative duly authorized in writing, of the registered Bond(s) to be transferred with the form of assignment on the reverse side thereof completed in full and signed with the name of the registered owner as it appears upon the face of the Bond(s) accompanied by appropriate documentation necessary to prove the legal capacity of any legal representative of the registered owner. Upon receipt of the Bond(s) in such form and with such documentation, if any, the Registration Agent shall issue a new Bond or the Bond to the assignee(s) in \$5,000 denominations, or integral multiples thereof, as requested by the registered owner requesting transfer. The Registration Agent shall not be required to transfer or exchange any Bond during the period commencing on a Regular or Special Record Date and ending on the corresponding interest payment date of such Bond, nor to transfer or exchange any Bond after the publication of notice calling such Bond for redemption has been made, nor to transfer or exchange any Bond during the period following the receipt of instructions from the County to call such Bond for redemption; provided, the Registration Agent, at its option, may make transfers after any of said dates. No charge shall be made to any registered owner for the privilege of transferring any Bond, provided that any transfer tax relating to such transaction shall be paid by the registered owner requesting transfer. The person in whose name any Bond shall be registered shall be deemed and regarded as the absolute owner thereof for all purposes and neither the County nor the Registration Agent shall be affected by any notice to the contrary whether or not any payments due on the Bonds shall be overdue. The Bonds, upon surrender to the Registration Agent, may, at the option of the registered owner, be exchanged for an equal aggregate principal amount of the Bonds of the same maturity in any authorized denomination or denominations.

(i) The Bonds shall be executed in such manner as may be prescribed by applicable law, in the name, and on behalf, of the County with the manual or facsimile signature of the County Mayor and

with the official seal, or a facsimile thereof, of the County impressed or imprinted thereon and attested by the manual or facsimile signature of the County Clerk.

(j) Except as otherwise provided in this resolution, the Bonds shall be registered in the name of Cede & Co., as nominee of DTC, which will act as securities depository for the Bonds. References in this Section to a Bond or the Bonds shall be construed to mean the Bond or the Bonds that are held under the Book-Entry System. One Bond for each maturity shall be issued to DTC and immobilized in its custody. A Book-Entry System shall be employed, evidencing ownership of the Bonds in authorized denominations, with transfers of beneficial ownership effected on the records of DTC, and the DTC Participants pursuant to rules and procedures established by DTC.

Each DTC Participant shall be credited in the records of DTC with the amount of such DTC Participant's interest in the Bonds. Beneficial ownership interests in the Bonds may be purchased by or through DTC Participants. The holders of these beneficial ownership interests are hereinafter referred to as the "Beneficial Owners." The Beneficial Owners shall not receive the Bonds representing their beneficial ownership interests. The ownership interests of each Beneficial Owner shall be recorded through the records of the DTC Participant from which such Beneficial Owner purchased its Bonds. Transfers of ownership interests in the Bonds shall be accomplished by book entries made by DTC and, in turn, by DTC Participants acting on behalf of Beneficial Owners. SO LONG AS CEDE & CO., AS NOMINEE FOR DTC, IS THE REGISTERED OWNER OF THE BONDS, THE REGISTRATION AGENT SHALL TREAT CEDE & CO., AS THE ONLY HOLDER OF THE BONDS FOR ALL PURPOSES UNDER THIS RESOLUTION, INCLUDING RECEIPT OF ALL PRINCIPAL OF, PREMIUM, IF ANY, AND INTEREST ON THE BONDS, RECEIPT OF NOTICES, VOTING AND REQUESTING OR DIRECTING THE REGISTRATION AGENT TO TAKE OR NOT TO TAKE, OR CONSENTING TO, CERTAIN ACTIONS UNDER THIS RESOLUTION.

Payments of principal, interest, and redemption premium, if any, with respect to the Bonds, so long as DTC is the only owner of the Bonds, shall be paid by the Registration Agent directly to DTC or its nominee, Cede & Co. as provided in the Letter of Representation relating to the Bonds from the County and the Registration Agent to DTC (the "Letter of Representation"). DTC shall remit such payments to DTC Participants, and such payments thereafter shall be paid by DTC Participants to the Beneficial Owners. The County and the Registration Agent shall not be responsible or liable for payment by DTC or DTC Participants, for sending transaction statements or for maintaining, supervising or reviewing records maintained by DTC or DTC Participants.

In the event that (1) DTC determines not to continue to act as securities depository for the Bonds or (2) the County determines that the continuation of the Book-Entry System of evidence and transfer of ownership of the Bonds would adversely affect their interests or the interests of the Beneficial Owners of the Bonds, the County shall discontinue the Book-Entry System with DTC. If the County fails to identify another qualified securities depository to replace DTC, the County shall cause the Registration Agent to authenticate and deliver replacement Bonds in the form of fully registered Bonds to each Beneficial Owner. If the purchaser of the Bonds, or any series thereof, does not intend to reoffer the Bonds to the public, then the County Mayor and the purchaser may agree that the Bonds be issued in the form of fully-registered certificated Bonds and not utilize the Book-Entry System.

THE COUNTY AND THE REGISTRATION AGENT SHALL NOT HAVE ANY RESPONSIBILITY OR OBLIGATIONS TO ANY DTC PARTICIPANT OR ANY BENEFICIAL OWNER WITH RESPECT TO (i) THE BONDS; (ii) THE ACCURACY OF ANY RECORDS MAINTAINED BY DTC OR ANY DTC PARTICIPANT; (iii) THE PAYMENT BY DTC OR ANY DTC PARTICIPANT OF ANY AMOUNT DUE TO ANY BENEFICIAL OWNER IN RESPECT OF THE PRINCIPAL OF AND INTEREST ON THE BONDS; (iv) THE DELIVERY OR TIMELINESS OF

DELIVERY BY DTC OR ANY DTC PARTICIPANT OF ANY NOTICE DUE TO ANY BENEFICIAL OWNER THAT IS REQUIRED OR PERMITTED UNDER THE TERMS OF THIS RESOLUTION TO BE GIVEN TO BENEFICIAL OWNERS, (v) THE SELECTION OF BENEFICIAL OWNERS TO RECEIVE PAYMENTS IN THE EVENT OF ANY PARTIAL REDEMPTION OF THE BONDS; OR (vi) ANY CONSENT GIVEN OR OTHER ACTION TAKEN BY DTC, OR ITS NOMINEE, CEDE & CO., AS OWNER.

(k) The Registration Agent is hereby authorized to take such action as may be necessary from time to time to qualify and maintain the Bonds for deposit with DTC, including but not limited to, wire transfers of interest and principal payments with respect to the Bonds, utilization of electronic book entry data received from DTC in place of actual delivery of Bonds and provision of notices with respect to Bonds registered by DTC (or any of its designees identified to the Registration Agent) by overnight delivery, courier service, telegram, telecopy or other similar means of communication. No such arrangements with DTC may adversely affect the interest of any of the owners of the Bonds, provided, however, that the Registration Agent shall not be liable with respect to any such arrangements it may make pursuant to this section.

(l) The Registration Agent is hereby authorized to authenticate and deliver the Bonds to the original purchaser, upon receipt by the County of the proceeds of the sale thereof and to authenticate and deliver Bonds in exchange for Bonds of the same principal amount delivered for transfer upon receipt of the Bond(s) to be transferred in proper form with proper documentation as hereinabove described. The Bonds shall not be valid for any purpose unless authenticated by the Registration Agent by the manual signature of an officer thereof on the certificate set forth herein on the Bond form.

(m) In case any Bond shall become mutilated, or be lost, stolen, or destroyed, the County, in its discretion, shall issue, and the Registration Agent, upon written direction from the County, shall authenticate and deliver, a new Bond of like tenor, amount, maturity and date, in exchange and substitution for, and upon the cancellation of, the mutilated Bond, or in lieu of and in substitution for such lost, stolen or destroyed Bond, or if any such Bond shall have matured or shall be about to mature, instead of issuing a substituted Bond the County may pay or authorize payment of such Bond without surrender thereof. In every case the applicant shall furnish evidence satisfactory to the County and the Registration Agent of the destruction, theft or loss of such Bond, and indemnity satisfactory to the County and the Registration Agent; and the County may charge the applicant for the issue of such new Bond an amount sufficient to reimburse the County for the expense incurred by it in the issue thereof.

Section 5. Source of Payment. The Bonds shall be payable from unlimited ad valorem taxes to be levied on all taxable property within the County.

Section 6. Form of Bonds. The Bonds shall be in substantially the following form, the omissions to be appropriately completed when the Bonds are prepared and delivered:

(Form of Face of Bond)

REGISTERED  
Number \_\_\_\_\_

REGISTERED  
\$ \_\_\_\_\_

UNITED STATES OF AMERICA  
STATE OF TENNESSEE  
COUNTY OF MONTGOMERY  
GENERAL OBLIGATION REFUNDING BOND, SERIES \_\_\_\_\_

Interest Rate:

Maturity Date:

Date of Bond:

CUSIP No.:

Registered Owner: CEDE & CO.

Principal Amount:

FOR VALUE RECEIVED, Montgomery County, Tennessee (the "County") hereby promises to pay to the registered owner hereof, hereinabove named, or registered assigns, in the manner hereinafter provided, the principal amount hereinabove set forth on the maturity date hereinabove set forth (or upon earlier redemption as set forth herein), and to pay interest (computed on the basis of a 360-day year of twelve 30-day months) on said principal amount at the annual rate of interest hereinabove set forth from the date hereof until said maturity date or redemption date, said interest being payable on [October 1, 2012], and semi-annually thereafter on the first day of April and October in each year until this Bond matures or is redeemed. Both principal hereof and interest hereon are payable in lawful money of the United States of America by check or draft at the principal corporate trust office of \_\_\_\_\_, as registration agent and paying agent (the "Registration Agent"). The Registration Agent shall make all interest payments with respect to this Bond on each interest payment date directly to the registered owner hereof shown on the Bond registration records maintained by the Registration Agent as of the close of business on the fifteenth day of the month next preceding the interest payment date (the "Regular Record Date") by check or draft mailed to such owner at such owner's address shown on said Bond registration records, without, except for final payment, the presentation or surrender of this Bond, and all such payments shall discharge the obligations of the County to the extent of the payments so made. Any such interest not so punctually paid or duly provided for on any interest payment date 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 payable to the person in whose name this Bond is registered at the close of business on the date (the "Special Record Date") for payment of such defaulted interest to be fixed by the Registration Agent, notice of which shall be given to the owners of the Bonds of the issue of which this Bond is one not less than ten (10) days prior to such Special Record Date. Payment of principal of [and premium, if any, on] this Bond shall be made when due upon presentation and surrender of this Bond to the Registration Agent.

Except as otherwise provided herein or in the Resolution, as hereinafter defined, this Bond shall be registered in the name of Cede & Co., as nominee of The Depository Trust Company, New York, New York ("DTC"), which will act as securities depository for the Bonds of the series of which this Bond is one. One Bond for each maturity of the Bonds shall be issued to DTC and immobilized in its custody. A book-entry system shall be employed, evidencing ownership of the Bonds in \$5,000 denominations, or multiples thereof, with transfers of beneficial ownership effected on the records of DTC and the DTC Participants, as defined in the Resolution, pursuant to rules and procedures established by DTC. So long as Cede & Co., as nominee for DTC, is the registered owner of the Bonds, the County and the Registration Agent shall treat Cede & Co., as the only owner of the Bonds for all purposes under the Resolution, including receipt of all principal of, [premium, if any,] and interest on the Bonds, receipt of notices, voting and requesting or taking or not taking, or consenting to, certain actions hereunder. Payments of principal and interest [and redemption premium, if any,] with respect to the Bonds, so long as DTC is the only owner of the Bonds, shall be paid directly to DTC or its nominee, Cede & Co. DTC shall remit such payments to DTC Participants, and such payments thereafter shall be paid by DTC Participants to the Beneficial Owners, as defined in the Resolution. Neither the County nor the Registration Agent shall be responsible or liable for payment by DTC or DTC Participants, for sending transaction statements or for maintaining, supervising or reviewing records maintained by DTC or DTC Participants. In the event that (1) DTC determines not to continue to act as securities depository for the Bonds or (2) the County determines that the continuation of the book-entry system of evidence and

transfer of ownership of the Bonds would adversely affect its interests or the interests of the Beneficial Owners of the Bonds, the County may discontinue the book-entry system with DTC. If the County fails to identify another qualified securities depository to replace DTC, the County shall cause the Registration Agent to authenticate and deliver replacement Bonds in the form of fully registered Bonds to each Beneficial Owner. Neither the County nor the Registration Agent shall have any responsibility or obligations to any DTC Participant or any Beneficial Owner with respect to (i) the Bonds; (ii) the accuracy of any records maintained by DTC or any DTC Participant; (iii) the payment by DTC or any DTC Participant of any amount due to any Beneficial Owner in respect of the principal or maturity amounts of and interest on the Bonds; (iv) the delivery or timeliness of delivery by DTC or any DTC Participant of any notice due to any Beneficial Owner that is required or permitted under the terms of the Resolution to be given to Beneficial Owners, (v) the selection of Beneficial Owners to receive payments in the event of any partial redemption of the Bonds; or (vi) any consent given or other action taken by DTC, or its nominee, Cede & Co., as owner.

[Bonds of the issue of which this Bond is one maturing April 1, \_\_\_\_ through April 1, \_\_\_\_, inclusive, shall mature without option of prior redemption, and Bonds maturing April 1, \_\_\_\_ and thereafter shall be subject to redemption prior to maturity at the option of the County on April 1, \_\_\_\_ and thereafter, as a whole or in part, at any time, at the redemption price of par plus interest accrued to the redemption date.]

If less than all the Bonds shall be called for redemption, the maturities to be redeemed shall be 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.

[Subject to the credit hereinafter provided, the County shall redeem Bonds maturing \_\_\_\_\_ on the redemption dates set forth below opposite the maturity dates, in aggregate principal amounts equal to the respective dollar amounts set forth below opposite the respective redemption dates at a price of par plus accrued interest thereon to the date of redemption. DTC, as securities depository for the series of Bonds of which this Bond is one, or such Person as shall then be serving as the securities depository for the Bonds, shall determine the interest of each Participant in the Bonds to be redeemed using its procedures generally in use at that time. If DTC, or another securities depository is no longer serving as securities depository for the Bonds, the Bonds to be redeemed within a maturity shall be selected by the Registration Agent by lot or such other random manner as the Registration Agent in its discretion shall select. The dates of redemption and principal amount of Bonds to be redeemed on said dates are as follows:



Final  
Maturity

Redemption  
Date

Principal Amount  
of Bonds  
Redeemed

**\*Final Maturity**

At its option, to be exercised on or before the forty-fifth (45th) day next preceding any such redemption date, the County may (i) deliver to the Registration Agent for cancellation Bonds to be redeemed, in any aggregate principal amount desired, and/or (ii) receive a credit in respect of its redemption obligation under this mandatory redemption provision for any Bonds of the maturity to be redeemed which prior to said date have been purchased or redeemed (otherwise than through the operation of this mandatory sinking fund redemption provision) and canceled by the Registration Agent and not theretofore applied as a credit against any redemption obligation under this mandatory sinking fund provision. Each Bond so delivered or previously purchased or redeemed shall be credited by the Registration Agent at 100% of the principal amount thereof on the obligation of the County on such payment date and any excess shall be credited on future redemption obligations in chronological order, and the principal amount of Bonds to be redeemed by operation of this mandatory sinking fund provision shall be accordingly reduced. The County shall on or before the forty-fifth (45th) day next preceding each payment date furnish the Registration Agent with its certificate indicating whether or not and to what extent the provisions of clauses (i) and (ii) of this subsection are to be availed of with respect to such payment and confirm that funds for the balance of the next succeeding prescribed payment will be paid on or before the next succeeding payment date.]

Notice of call for redemption[, whether optional or mandatory,] shall be given by the Registration Agent not less than thirty (30) nor more than sixty (60) days prior to the date fixed for redemption by sending an appropriate notice to the registered owners of the Bonds to be redeemed by first-class mail, postage prepaid, at the addresses shown on the Bond registration records of the Registration Agent as of the date of the notice; but neither failure to mail such notice nor any defect in any such notice so mailed shall affect the sufficiency of the proceedings for the redemption of any of the Bonds for which proper notice was given. As long as DTC, or a successor Depository, is the registered owner of the Bonds, all redemption notices shall be mailed by the Registration Agent to DTC, or such successor Depository, as the registered owner of the Bonds, as and when above provided, and neither the County nor the Registration Agent shall be responsible for mailing notices of redemption to DTC Participants or Beneficial Owners. Failure of DTC, or any successor Depository, to provide notice to any DTC Participant will not affect the validity of such redemption. From and after any 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 in the Resolution, as hereafter defined.]

This Bond is transferable by the registered owner hereof in person or by such owner's attorney duly authorized in writing at the principal corporate trust office of the Registration Agent set forth on the front side hereof, but only in the manner, subject to limitations and upon payment of the charges provided in the Resolution, as hereafter defined, and upon surrender and cancellation of this Bond. Upon such transfer a new Bond or Bonds of authorized denominations of the same maturity and interest rate for the same aggregate principal amount will be issued to the transferee in exchange therefor. The person in whose name this Bond is registered shall be deemed and regarded as the absolute owner thereof for all

purposes and neither the County nor the Registration Agent shall be affected by any notice to the contrary whether or not any payments due on the Bond shall be overdue. Bonds, upon surrender to the Registration Agent, may, at the option of the registered owner thereof, be exchanged for an equal aggregate principal amount of the Bonds of the same maturity in authorized denomination or denominations, upon the terms set forth in the Resolution. The Registration Agent shall not be required to transfer or exchange any Bond during the period commencing on a Regular Record Date or Special Record Date and ending on the corresponding interest payment date of such Bond[, nor to transfer or exchange any Bond after the notice calling such Bond for redemption has been made, nor during a period following the receipt of instructions from the County to call such Bond for redemption].

This Bond is one of a total authorized issue aggregating \$\_\_\_\_\_ and issued by the County for the purpose of providing funds to refund the County's outstanding [General Obligation Public Improvement and Refunding Bonds, Series 2001, dated December 1, 2001, unrefunded portions maturing May 1, 2013 through May 1, 2021, inclusive, its outstanding General Obligation Public Improvement Bonds, Series 2003, dated June 1, 2003, maturing May 1, 2014 through May 1, 2018, inclusive and May 1, 2021 through May 1, 2023, inclusive; its outstanding General Obligation School and Public Improvement Bonds, Series 2004, dated November 1, 2004, maturing April 1, 2025, and its outstanding General Obligation School and Public Improvement Bonds, Series 2005, dated December 1, 2005, maturing April 1, 2025 and April 1, 2026]; and to pay costs of issuance of the Bonds of the issue of which this Bond is one under and in full compliance with the constitution and statutes of the State of Tennessee, including Sections 9-21-101, *et seq.*, Tennessee Code Annotated, and pursuant to a resolution duly adopted by the Board of County Commissioners of the County on March 12, 2012 (the "Resolution").

This Bond is payable from unlimited ad valorem taxes to be levied on all taxable properly located within the County. For the prompt payment of principal of[, premium, if any,] and interest on this Bond, the full faith and credit of the County are irrevocably pledged. For a more complete statement of the general covenants and provisions pursuant to which this Bond is issued, reference is hereby made to said Resolution.

This Bond and the income therefrom are exempt from all present state, county and municipal taxes in Tennessee except (a) inheritance, transfer and estate taxes, (b) Tennessee excise taxes on interest on the Bond during the period the Bond is held or beneficially owned by any organization or entity, other than a sole proprietorship or general partnership, doing business in the State of Tennessee, and (c) Tennessee franchise taxes by reason of the inclusion of the book value of the Bond 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 hereby certified, recited, and declared that all acts, conditions and things required to exist, happen and be performed precedent to and in the issuance of this Bond exist, have happened and have been performed in due time, form and manner as required by law, and that the amount of this Bond, together with all other indebtedness of the County, does not exceed any limitation prescribed by the constitution and statutes of the State of Tennessee.

IN WITNESS WHEREOF, the County has caused this Bond to be signed by its County Mayor with her manual or facsimile signature and attested by its County Clerk with her manual or facsimile signature under an impression or facsimile of the corporate seal of the County, all as of the date hereinabove set forth.

MONTGOMERY COUNTY

BY: \_\_\_\_\_  
County Mayor

(SEAL)

ATTESTED:

\_\_\_\_\_  
County Clerk

Transferable and payable at the principal corporate trust office of: \_\_\_\_\_  
\_\_\_\_\_

Date of Registration: \_\_\_\_\_

This Bond is one of the issue of Bonds issued pursuant to the Resolution hereinabove described.

\_\_\_\_\_  
Registration Agent

By: \_\_\_\_\_  
Authorized Officer

(FORM OF ASSIGNMENT)

FOR VALUE RECEIVED, the undersigned sells, assigns, and transfers unto \_\_\_\_\_, whose address is \_\_\_\_\_ (Please insert Federal Identification or Social Security Number of Assignee \_\_\_\_\_), the within Bond of Montgomery County, Tennessee, and does hereby irrevocably constitute and appoint \_\_\_\_\_, attorney, to transfer the said Bond on the records kept for registration thereof with full power of substitution in the premises.

Dated: \_\_\_\_\_

NOTICE: The signature to this assignment must correspond with the name of the registered owner as it appears on the face of the within Bond in every particular, without alteration or enlargement or any change whatsoever.

Signature guaranteed:

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NOTICE: Signature(s) must be guaranteed by a member firm of a Medallion Program acceptable to the Registration Agent.

Section 7. Pledge of Net Revenues and Levy of Tax. The County, through its Governing Body, shall annually levy and collect a tax upon all taxable property within the County, in addition to all other taxes authorized by law, sufficient to pay principal of, premium, if any, and interest on the Bonds when due, and for that purpose there is hereby levied a direct annual tax in such amount as may be found necessary each year to pay principal and interest coming due on the Bonds in said year. Principal and interest falling due at any time when there are insufficient funds from this tax levy on hand shall be paid from the current funds of the County and reimbursement therefor shall be made out of the taxes hereby provided to be levied when the same shall have been collected. The tax herein provided may be reduced to the extent of any appropriations from other funds, taxes and revenues of the County, to the payment of debt service on the Bonds.

Section 8. Sale of Bonds.

(a) The Bonds shall be sold at negotiated sale to the Underwriter at a price of not less than 99% of par, exclusive of original issue discount, plus accrued interest, as shall be determined by the County Mayor. The rate or rates on the Bonds shall not exceed the maximum rate permitted by applicable State law. The sale of the Bonds by the County Mayor shall be binding on the County and no further action by the Governing Body with respect thereto shall be required.

(b) To facilitate the sale of the Bonds in a manner that is in the best interest of the County and achieves the County's objectives, the County Mayor is authorized:

- (1) to establish the dated date of the Bonds, or any series thereof, and the designation of the Bonds;
- (2) to change the first interest payment due on the Bonds or any series thereof to a date other than October 1, 2012; provided that such date is not later than twelve months from the dated date of the Bonds;
- (3) to establish the principal amount of the Bonds, or any series thereof, provided that such principal amount shall not be greater than necessary to provide for the redemption of the Refunded Bonds and to pay costs of issuance of such series of the Bonds;
- (4) to adjust the principal and interest payment dates of the Bonds, provided that the final maturity date of each series shall not extend more than six months beyond the final maturity of the Outstanding Bonds being refunded by such series, unless otherwise approved by the office of the State Comptroller;
- (5) to adjust or remove the County's optional redemption provisions, provided that any premium amount to be paid on the Bonds does not exceed two percent (2%) of the principal amount thereof;

- (6) to determine which of the Outstanding Bonds or portions thereof to refund, provided that each series of Bonds shall produce net present value savings to the County or otherwise contribute to the savings objectives of the County as set forth in Section 3 hereof;
- (7) to sell the Bonds or any maturities thereof as term bonds with mandatory redemption requirements corresponding to the maturity dates set forth herein or as otherwise determined by the County Mayor of the County, as she shall deem most advantageous to the County; and
- (8) to cause all or a portion of the Bonds to be insured by a bond insurance policy issued by a nationally recognized bond insurance company to achieve the purposes set forth herein and to serve the best interests of the County and to enter into agreements with such insurance company with respect to any series of Bonds to the extent not inconsistent with this Resolution.

(c) The County Mayor is hereby authorized to execute and the County Clerk is authorized to attest a Bond Purchase Agreement with the Underwriter, providing for the purchase and sale of the Bonds. The Bond Purchase Agreement shall be in substantially the form attached hereto as Exhibit C, which is in all respects approved, provided the Bond Purchase Agreement effects the sale of the Bonds in accordance with the provisions of this resolution, and is not inconsistent with the terms hereof.

(d) The County Mayor and the County Clerk, or either of them, are authorized to cause the Bonds to be authenticated and delivered by the Registration Agent to the Underwriter, and to execute, publish and deliver all certificates and documents, as they shall deem necessary in connection with the sale and delivery of the Bonds. The form of the Bond as set forth in Section 6 hereof shall be conformed to reflect any changes made pursuant to this Section 8.

(e) The County Mayor is authorized to sell the Bonds simultaneously with any other bonds or notes authorized by resolution or resolutions of the Governing Body. The County Mayor is further authorized to sell the Bonds as a single issue of bonds with any other bonds with substantially similar terms authorized by resolution or resolutions of the Governing Body as he shall deem to be advantageous to the County, provided, however, that the total aggregate principal amount of combined bonds to be sold does not exceed the total principal amount of Bonds authorized by this resolution and bonds authorized by any other resolution or resolutions adopted by the Governing Body.

(f) The County Mayor is hereby authorized to enter into an engagement letter with Bass, Berry & Sims PLC to serve as bond counsel in connection with the Bonds in substantially the form presented as Exhibit D, with such changes as may be approved by the County Mayor as evidenced by his execution thereof.

Section 9. Disposition of Bond Proceeds. The proceeds of the sale of each series of the Bonds shall be applied by the County as follows:

(a) all accrued interest, if any, shall be deposited to the appropriate fund of the County to be used to pay interest on the Bonds on the first interest payment date following delivery of the Bonds;

(b) an amount, which together with legally available funds of the County, if any, and investment earnings thereon, will be sufficient to pay principal of, premium, if any, and interest on the Refunded Bonds until and through the redemption date therefor shall be transferred to the Escrow Agent

under the Refunding Escrow Agreement to be deposited to the Escrow Fund established thereunder to be held and applied as provided therein; and

(c) the remainder of the proceeds of the sale of the Bonds shall be used to pay the costs of issuance of the Bonds, including necessary legal, accounting and fiscal expenses, printing, engraving, advertising and similar expenses, bond insurance premium, if any, administrative and clerical costs, rating agency fees, Registration Agent fees, and other miscellaneous expenses incurred in connection with the issuance and sale of the Bonds.

(d) In accordance with state law, the various department heads responsible for the fund or funds receiving and disbursing funds are hereby authorized to amend the budget of the proper fund or funds for the receipt of proceeds from the issuance of the obligations authorized by this resolution including bond and note proceeds, accrued interest, reoffering premium and other receipts from this transaction. The department heads responsible for the fund or funds are further authorized to amend the proper budgets to reflect the appropriations and expenditures of the receipts authorized by this resolution.

Section 10. Official Statement. The County Mayor and the County Clerk, or either of them, working with the Underwriter, is hereby authorized and directed to provide for the preparation and distribution, electronic or otherwise, of a Preliminary Official Statement describing the Bonds. After the Bonds have been sold, the County Mayor and the County Clerk, or either of them, shall make such completions, omissions, insertions and changes in the Preliminary Official Statement not inconsistent with this resolution as are necessary or desirable to complete it as a final Official Statement for purposes of Rule 15c2-12(e)(3) of the Securities and Exchange Commission. The County Mayor and the County Clerk, or either of them, shall arrange for the delivery of a reasonable number of copies of the Official Statement within seven business days after the Bonds have been sold to the Underwriter, to each potential investor requesting a copy of the Official Statement.

The County Mayor and the County Clerk, or either of them, is authorized, on behalf of the County, to deem the Preliminary Official Statement and the Official Statement in final form, each to be final as of its date within the meaning of Rule 15c2-12(b)(1), except for the omission in the Preliminary Official Statement of certain pricing and other information allowed to be omitted pursuant to such Rule 15c2-12(b)(1). The distribution of the Preliminary Official Statement and the Official Statement in final form shall be conclusive evidence that each has been deemed in final form as of its date by the County except for the omission in the Preliminary Official Statement of such pricing and other information.

No Official Statement need be prepared if the Bonds are sold to a purchaser that does not intend to reoffer the Bonds to the public.

Section 11. Refunding Escrow Agreement. For the purpose of providing for the payment of the principal of, premium, if any, and interest on the Refunded Bonds, the County Mayor is hereby authorized and directed to execute and the County Clerk to attest on behalf of the County the Refunding Escrow Agreement with the Escrow Agent and to deposit with the Escrow Agent the amounts to be used by the Escrow Agent to purchase Government Securities as provided therein; provided, however, that the yield on such investments shall be determined in such manner that none of the Bonds will be an "arbitrage bond" within the meaning of Section 148 (a) of the Code. The form of the Refunding Escrow Agreement presented to this meeting and attached hereto as Exhibit E is hereby in all respects approved and the County Mayor and the County Clerk are hereby authorized and directed to execute and deliver same on behalf of the County in substantially the form thereof presented to this meeting, or with such changes as may be approved by the County Mayor and County Clerk, their execution thereof to constitute conclusive evidence of their approval of all such changes. The Escrow Agent is hereby authorized and directed to hold and administer all funds deposited in trust for the payment when due of principal of, premium, if

any, and interest on the Refunded Bonds and to exercise such duties as set forth in the Refunding Escrow Agreement.

Section 12. Notice of Refunding. Prior to the issuance of the Bonds, or any series thereof, if required, notice of the County's intention to refund the Refunded Bonds, shall be given by the registration agent for the Refunded Bonds to be mailed by first-class mail, postage prepaid, to the registered holders thereof, as of the date of the notice, as shown on the bond registration records maintained by such registration agent of said Refunded Bonds. Such notice shall be in the form consistent with applicable law. The County Mayor and the County Clerk, or either of them, is hereby authorized and directed to authorize the registration agent of said Refunded Bonds to give such notice on behalf of the County in accordance with this Section.

Section 13. Federal Tax Matters Related to the Bonds. The County recognizes that the purchasers and holders of the Bonds will have accepted them on, and paid therefor a price that reflects, the understanding that interest thereon is excluded from gross income for purposes of federal income taxation under laws in force on the date of delivery of the Bonds. Accordingly, the County agrees that it shall take no action that may render the interest on any of said Bonds subject to federal income taxation. It is the reasonable expectation of the Governing Body that the proceeds of the Bonds will not be used in a manner which will cause the Bonds to be "arbitrage bonds" within the meaning of Section 148(a) of the Internal Revenue Code of 1986, as amended (the "Code"), including any lawful regulations promulgated or proposed thereunder, and to this end the said proceeds of the Bonds and other related funds established for the purposes herein set out, shall be used and spent expeditiously for the purposes described herein. The Governing Body further covenants and represents that in the event it shall be required by Section 148(f) of the Code to pay any investment proceeds of the Bonds to the United States government, it will make such payments as and when required by said Section and will take such other actions as shall be necessary or permitted to prevent the interest on the Bonds from becoming subject to inclusion in the gross income for purposes of federal income taxation. The County Mayor and the Finance Director are authorized and directed to make such certifications in this regard in connection with the sale of the Bonds as any or all shall deem appropriate, and such certifications shall constitute a representation and certification of the County. Following the issuance of the Bonds, the Finance Director is directed to administer the County's Federal Tax Compliance Policies and Procedures with respect to the Bonds.

Section 14. 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, to wit:

(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 Federal Obligations, as hereafter defined, the principal of and interest on which, when due and payable, will provide sufficient moneys to pay or redeem such Bonds and to pay interest thereon when due until the maturity or redemption date (provided, if such Bonds are to be redeemed prior to maturity thereof, proper notice of such redemption shall have been given or adequate provision shall have been made for the giving of such notice);

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

and if the County shall also pay or cause to be paid all other sums payable hereunder by the County with respect to such Bonds, or make adequate provision therefor, and by resolution of the Governing Body instruct any such 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 Federal Obligations deposited as aforesaid.

Except as otherwise provided in this Section, neither Federal Obligations nor moneys deposited with the Registration Agent pursuant to this Section nor principal or interest payments on any such Federal 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 Federal 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 Federal 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 of this Section, Federal 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 in this Section, 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.

Section 15. Continuing Disclosure. The County hereby covenants and agrees that it will provide annual financial information and material event notices as required by Rule 15c2-12 of the Securities Exchange Commission for the Bonds. The County Mayor is authorized to execute at the Closing of the sale of the Bonds, an agreement for the benefit of and enforceable by the owners of the Bonds specifying the details of the financial information and material event notices to be provided and its obligations relating thereto. Failure of the County to comply with the undertaking herein described and to be detailed in said closing agreement, shall not be a default hereunder, but any such failure shall entitle the owner or owners of any of the Bonds to take such actions and to initiate such proceedings as shall be necessary and appropriate to cause the County to comply with their undertaking as set forth herein and in said agreement, including the remedies of mandamus and specific performance.

Section 16. Resolution a Contract. The provisions of this resolution shall constitute a contract between the County and the registered owners of the Bonds, and after the issuance of the Bonds, no change, variation or alteration of any kind in the provisions of this resolution shall be made in any manner until such time as the Bonds and interest due thereon shall have been paid in full.

Section 17. Separability. If any section, paragraph or provision of this resolution shall be held to be invalid or unenforceable for any reason, the invalidity or unenforceability of such section, paragraph or provision shall not affect any of the remaining provisions of this resolution.



Section 18. Repeal of Conflicting Resolutions and Effective Date. All other resolutions and orders, or parts thereof, in conflict with the provisions of this resolution are, to the extent of such conflict, hereby repealed and this resolution shall be in immediate effect from and after its adoption.

Adopted and approved this 12<sup>th</sup> day of March, 2012.

\_\_\_\_\_  
County Mayor

ATTEST:

\_\_\_\_\_  
County Clerk

STATE OF TENNESSEE )

COUNTY OF MONTGOMERY)

I, Kellie A. Jackson, certify that I am the duly qualified and acting County Clerk of Montgomery County, Tennessee, and as such official I further certify that attached hereto is a copy of excerpts from the minutes of a regular meeting of the governing body of the County held on March 12, 2012; that these minutes were promptly and fully recorded and are open to public inspection; that I have compared said copy with the original minute record of said meeting in my official custody; and that said copy is a true, correct and complete transcript from said original minute record insofar as said original record relates to the refunding of certain of the County's outstanding general obligation bonds.

WITNESS my official signature and seal of said County this \_\_\_\_ day of \_\_\_\_\_, 2012.

\_\_\_\_\_  
County Clerk

(SEAL)

The Board of County Commissioners of Montgomery County, Tennessee, met in a regular session on March 12, 2012, at 7:00 p.m., at the Montgomery County Courthouse, 1 Millennium Plaza, Clarksville, Tennessee with Carolyn P. Bowers, County Mayor, presiding, and the following members present:

There were absent:

There were also present Kellie A. Jackson, County Clerk and Erinne J. Hester, Accounts and Budgets Director.

It was announced that public notice of the time, place and purpose of the meeting had been given and accordingly, the meeting was called to order.

The following resolution was introduced by \_\_\_\_\_, seconded by \_\_\_\_\_ and after due deliberation, were adopted by the following vote:

AYE:

NAY:

EXHIBIT A

REPORT ON PLAN OF REFUNDING

EXHIBIT B

PRELIMINARY DEBT SERVICE ESTIMATE

EXHIBIT C

FORM OF BOND PURCHASE AGREEMENT

**MONTGOMERY COUNTY, TENNESSEE  
GENERAL OBLIGATION REFUNDING BONDS, SERIES 2012**

**BOND PURCHASE AGREEMENT**

\_\_\_\_\_, 2012

Board of Commissioners of  
Montgomery County, Tennessee  
1 Millennium Plaza  
Clarksville, Tennessee 37040

Ladies and Gentlemen:

The undersigned, Stephens Inc. (the "Underwriter"), offers to enter into the following agreement with Montgomery County, Tennessee (the "Issuer"), which, upon the Issuer's acceptance and approval hereof, will be binding upon the Issuer and upon the Underwriter. This offer is made subject to acceptance by the Issuer, by execution of this Bond Purchase Agreement (the "Purchase Agreement") and its delivery to the Underwriter, on or before 5:00 p.m., central time, on the date hereof.

Capitalized terms used herein and not defined herein shall have the meanings given them in the Resolution (as hereinafter defined).

1. Purchase and Sale of the Bonds.

(a) Upon the basis of the representations, warranties, covenants and agreements herein contained, but subject to the terms and conditions herein set forth, the Underwriter hereby agrees to purchase from the Issuer for offering to the public, and the Issuer hereby agrees to sell to the Underwriter for such purpose, all (but not less than all) of the Issuer's \$ \_\_\_\_\_ General Obligation Refunding Bonds, Series 2012 (the "Bonds"), dated \_\_\_\_\_, 2012 in book-entry only form, at the purchase price of \$ \_\_\_\_\_, representing the face amount of the Bonds, plus original issue premium of \$ \_\_\_\_\_, less Underwriter's discount of \$ \_\_\_\_\_. The Bonds shall bear interest, shall mature, shall be redeemable and shall otherwise be as described in Exhibit A attached hereto and incorporated herein by reference.

(b) The Bonds shall be issued and secured under the provisions of a resolution, adopted on March 12, 2012 (the "Resolution") by the Board of Commissioners of the Issuer (the "Board"), providing for the issuance of the Bonds pursuant to Sections 9-21-101 et seq., Tennessee Code Annotated, as amended and other applicable provisions of law, for the purpose of refunding the Issuer's outstanding General Obligation Public Improvement and Refunding Bonds, Series 2001 (the "Series 2001 Bonds"), dated December 1, 2001, unrefunded portions maturing May 1, 2013 through May 1, 2021, inclusive, its outstanding General Obligation Public Improvement Bonds, Series 2003 (the "Series 2003 Bonds"), dated June 1, 2003, maturing May 1, 2014 through May 1, 2018, inclusive and May 1, 2021 through May 1, 2023, inclusive; its outstanding General Obligation School and Public Improvement Bonds, Series 2004 (the "Series 2004 Bonds"), dated November 1, 2004, maturing April 1, 2025, and its outstanding General Obligation School and Public Improvement Bonds, Series 2005 (the "Series 2005 Bonds" and together with the Series 2001 Bonds, the Series 2003 Bonds and the Series 2004 Bonds,

collectively, the "Outstanding Bonds"), dated December 1, 2005, maturing April 1, 2025 and April 1, 2026 (collectively, the "Outstanding Bonds"), and paying costs associated with the sale and issuance of the Bonds.

(c) After acceptance of this offer by the Issuer, the Underwriter agrees to make a bona fide public offering of all the Bonds at prices not in excess of the initial public offering prices (which may be expressed in terms of yield) set forth on the cover page of the Official Statement, dated the date hereof (the "Official Statement"). The Bonds may be offered and sold to certain dealers (including dealers depositing such Bonds into investment trusts) at prices lower than such initial public offering prices in the sole discretion of the Underwriter. Subsequent to such initial public offering, the Underwriter reserves the right to change the public offering prices as it may deem necessary in connection with the marketing of the Bonds.

(d) At the time of the Issuer's acceptance hereof (or as soon as reasonably practicable thereafter, but no later than the Closing (as hereinafter defined)), the Issuer shall have delivered, or caused to be delivered, to the Underwriter: (i) a certified copy of the Resolution; and (ii) a copy of the Official Statement, manually signed on behalf of the Issuer by the County Mayor and the County Clerk.

(e) The Issuer authorizes the Underwriter to use copies of the Official Statement and the information contained therein in connection with the public offering and sale of the Bonds and agrees not to supplement or amend, or cause to be supplemented or amended, the Official Statement, at any time prior to the Closing, without the consent of the Underwriter. The Issuer ratifies and confirms the use by the Underwriter, prior to the date hereof in connection with the public offering of the Bonds, of the Preliminary Official Statement of the Issuer relating to the Bonds, dated \_\_\_\_\_, 2012, which with any and all appendices, exhibits, maps, reports and summaries included therein is hereinafter called the "Preliminary Official Statement".

(f) As of its date, the Preliminary Official Statement has been "deemed final" (except for permitted omissions) by the Issuer for purposes of Rule 15c2-12(b)(1) of the Securities and Exchange Commission. The Issuer will deliver, or cause to be delivered, to the Underwriter, promptly after the acceptance hereof, but in any event within seven (7) days of the date hereof, copies of the Official Statement, sufficient to enable the Underwriter to comply with the requirements of Rule 15c2-12 of the Securities Exchange Commission (and the related rules of the Municipal Securities Rulemaking Board).

2. Liquidated Damages. If the Issuer accepts this offer and if the Underwriter fails (other than for a reason permitted hereunder) to accept and pay for the Bonds upon tender thereof by the Issuer at the Closing as herein provided, the parties hereby agree that the damages to the Issuer shall be fixed at 1.00% of the aggregate principal amount of the Bonds and, upon such failure of the Underwriter to accept and pay for the Bonds, Underwriter shall be obligated to pay to the Issuer such amount as and for full liquidated damages for such failure and for any and all defaults hereunder on the part of the Underwriter. Upon such payment the Underwriter shall be fully released and discharged of all claims, rights and damages for such failure and for any and all such defaults. In no event shall the Issuer be entitled to damages of any nature other than the liquidated damages herein specified.

3. Closing. At 10:30 a.m., central time, on \_\_\_\_\_, 2012, or at such other time or date as shall be agreed to by the Issuer and the Underwriter, the Issuer will deliver, or cause to be delivered, to the Underwriter, or such agent as it shall designate, the Bonds, in definitive form, duly executed on the Issuer's behalf, together with the other documents hereinafter mentioned, and the Underwriter will accept, or cause to be accepted, such delivery and pay to the Issuer the purchase price of

the Bonds in the amount set forth in Section 1 hereof by wire transfer payable in immediately available funds or such other medium of payment as shall be acceptable to the Issuer. Payment for the Bonds as aforesaid shall be made at such place designated by the Issuer and delivery of the Bonds shall be made through Depository Trust Company, New York, New York, or at such other location mutually acceptable to the parties. Such payment and delivery is herein called the "Closing" and the date of the Closing is herein called the "Closing Date." The Bonds shall be delivered as fully registered Bonds, book-entry only form, in denominations of \$5,000 each or any integral multiple thereof as the Underwriter shall request, shall bear CUSIP numbers, shall be registered in such names and in such denominations as shall be designated in writing by the Underwriter to the Issuer or to \_\_\_\_\_, as the registration and paying agent for the Bonds (the "Registration Agent"), and shall be duly authenticated by the Registration Agent. The Underwriter hereby instructs that the Bonds be delivered at Closing through The Depository Trust Company's "FAST Program".

4. Conditions of Closing. The obligations of the Underwriter hereunder shall be subject to the performance by the Issuer of its obligations to be performed hereunder at or prior to the Closing, to the accuracy of and compliance with the representations, warranties and covenants of the Issuer herein, in each case as of the time of delivery of this Purchase Agreement and as of the Closing, and, in the discretion of the Underwriter, to the following:

(a) at the Closing, (i) the Resolution shall be in full force and effect and shall not have been amended, modified or supplemented, except as may have been agreed to in writing by the Underwriter, and the Issuer shall have executed and there shall be in full force and effect such additional agreements, and there shall have been taken in connection therewith and in connection with the issuance of the Bonds all such action as shall, in the opinion of Bass, Berry & Sims PLC, Nashville, Tennessee, Bond Counsel ("Bond Counsel"), be necessary in connection with the transactions contemplated hereby, (ii) the Bonds shall have been duly authorized, executed and delivered as provided herein, (iii) the Official Statement shall not have been amended, modified or supplemented, except as may have been agreed to in writing by the Underwriter, and (iv) the Issuer shall perform or have performed all of its obligations under or specified in this Bond Purchase Agreement to be performed at or prior to the Closing;

(b) At or prior to the Closing Date, the Underwriter shall have received the following:

(i) The unqualified approving opinion, dated the Closing Date, of Bond Counsel, in substantially the form attached as Appendix A to the Official Statement, addressed to the Issuer and the Underwriter;

(ii) A certificate, dated the Closing Date, signed by the County Mayor and County Clerk of the Issuer, in which such officers, to the best of their knowledge, information and belief, shall state that

(A) Except as described in the Official Statement, there is no litigation or other legal or governmental action, proceeding, inquiry or investigation of any nature pending on the Closing Date, or to our knowledge threatened, seeking to restrain or enjoin the issuance, sale, execution or delivery of the Bonds, application of the proceeds thereof, or the payment, collection or application of income of the Issuer or the pledge thereof to the payment of the Bonds pursuant to the Resolution; seeking to restrain or enjoin the execution, delivery or performance of the Purchase Agreement or the Refunding Escrow



Agreement (the "Refunding Escrow Agreement") between the Issuer and \_\_\_\_\_, as escrow agent; in any manner questioning the proceedings or authority pursuant to which the Bonds are authorized or issued; in any manner questioning or relating to the validity of the Bonds, the Resolution, the Refunding Escrow Agreement or the Purchase Agreement; contesting in any way the completeness or accuracy of the Official Statement; in any way contesting the corporate existence or boundaries of the Issuer or the title of its present officers to their respective offices; or contesting the powers of the Issuer or its authority with respect to the Bonds, the Resolution, the Purchase Agreement, the Refunding Escrow Agreement or the Official Statement, or any act to be done or documents or certificates to be executed or delivered in connection with any of them.

(B) The Resolution is, as of the Closing Date, in full force and effect and has not been amended, modified or supplemented, except as provided herein.

(C) The execution and delivery of the Purchase Agreement, the Refunding Escrow Agreement and the Bonds, the adoption of the Resolution, and the compliance by the Issuer with the terms and provisions thereof, will not conflict with, or result in any violation of any provision of the order of incorporation of the Issuer or similar incorporating or governing documents of the Issuer or of any amendments to any of the foregoing or any indenture, mortgage, deed of trust or other agreement or instrument to which the Issuer is a party or by which it or its properties are bound and will not violate any decree, order, injunction, judgment, determination or award to which the Issuer or its properties are subject.

(D) The Issuer has complied with all the requirements and satisfied all the conditions on its part to be performed or satisfied at or prior to the delivery of the Bonds.

(E) The descriptions and statements contained in the Official Statement were at the time of its publication and distribution, and are on the Closing Date, true and correct in all material respects, and the Official Statement did not at the time of its publication and distribution, and does not on the Closing Date, contain an untrue statement of a material fact or omit to state a material fact required to be stated where necessary to make the statements made, in light of the circumstances under which they are made, not misleading.

(F) Subsequent to June 30, 2011, there has been no material adverse change in the financial position or results of operations of the Issuer except as set forth in or contemplated by the Official Statement;

(iii) Evidence satisfactory in form and substance to the Underwriter that the credit rating assigned to the Bonds by \_\_\_\_\_ is as set forth on the cover page of the Official Statement;

(iv) An opinion of counsel to the Issuer in form and substance satisfactory to Bond Counsel;

(v) A report of \_\_\_\_\_, independent arbitrage consultants, verifying the accuracy of the arithmetical computations of the adequacy of funds on deposit to pay the principal of and interest on the Outstanding Bonds;

(vi) An executed copy of the Issuer's Continuing Disclosure Agreement; and

(vii) An executed copy of the Escrow Agreement.

If the Issuer shall be unable to satisfy the conditions to the obligations of the Underwriter contained in this Purchase Agreement, this Purchase Agreement shall terminate and neither the Underwriter nor the Issuer shall be under any further obligation hereunder.

5. Termination of Agreement. The Underwriter may terminate this Purchase Agreement, without liability therefor, by notification to the Issuer, if at any time subsequent to the date of this Purchase Agreement and at or prior to the Closing:

(a) legislation shall be enacted by the Congress of the United States or a bill introduced (by amendment or otherwise) or favorably reported by a committee of the House of Representatives or the Senate of the Congress of the United States, or a decision by a court of the United States or the Tax Court of the United States shall be rendered, or a ruling, regulation or fiscal action shall be issued or proposed by or on behalf of the Treasury Department of the United States, the Internal Revenue Service or other governmental agency with respect to or having the purpose or effect of including within gross income for federal income tax purposes interest received on bonds of the general character of the Bonds, which, in the reasonable opinion of the Underwriter, materially adversely affects the market for the Bonds or the sale, at the contemplated offering prices, by the Underwriter of the Bonds to be purchased by it; or

(b) any legislation, rule or regulation shall be introduced in, or be enacted by the General Assembly or any department or agency in the State of Tennessee, or a decision by any court of competent jurisdiction within the State of Tennessee shall be rendered which, in the reasonable opinion of the Underwriter, materially adversely affects the market for the Bonds or the sale, at the contemplated offering prices, by the Underwriter of the Bonds to be purchased by it; or

(c) any amendment to the Official Statement is proposed by the Issuer or deemed necessary by Bond Counsel which, in the reasonable opinion of the Underwriter, materially adversely affects the market for the Bonds or the sale, at the contemplated offering prices, by the Underwriter of the Bonds to be purchased by it; or

(d) any fact shall exist or any event shall have occurred which, in the reasonable opinion of the Underwriter, makes the Official Statement, in the form as originally approved by the Issuer, contain an untrue statement of a material fact or omit to state a material fact necessary in order to make the statements made therein, in the light of the circumstances under which they were made, not misleading; or

(e) there shall have occurred any outbreak or escalation of hostilities or any national or international calamity or crisis, financial or otherwise, including a general suspension of trading on any national securities exchange, which, in the reasonable opinion of the Underwriter, materially adversely affects the market for the Bonds or the sale, at the contemplated offering prices, by the Underwriter of the Bonds to be purchased by it; or

(f) legislation shall be enacted or any action shall be taken by, or on behalf of, the Securities and Exchange Commission which, in the reasonable opinion of the Underwriter, has the effect of requiring the contemplated distribution of the Bonds to be registered under the Securities Act of 1933, as amended, or the Resolution to be qualified under the Trust Indenture Act of 1939, as amended, or any laws analogous thereto relating to governmental bodies, and compliance therewith cannot be accomplished prior to the Closing; or

(g) a general banking moratorium shall have been declared by United States, New York or Tennessee authorities, which, in the reasonable opinion of the Underwriter, materially adversely affects the market for the Bonds or the sale, at the contemplated offering prices, by the Underwriter of the Bonds to be purchased by it; or

(h) any national securities exchange, or any governmental authority, shall impose, as to the Bonds or obligations of the general character of the Bonds, any material restrictions not now in force, or increase materially those now in force, with respect to the extension of credit by, or the charge to the net capital requirements of, the Underwriter; or

(i) the rating of the Bonds shall have been downgraded from the rating set forth on the cover page of the Official Statement by \_\_\_\_\_ or withdrawn by such rating service, which, in the Underwriter's reasonable opinion, materially adversely affects the market for the Bonds or the sale, at the contemplated offering prices, by the Underwriter of the Bonds to be purchased by them; or trading in any securities of the Issuer shall have been suspended on any national securities exchange; or any proceeding shall be pending or threatened by the Securities and Exchange Commission against the Issuer

6. Expenses.

(a) The Issuer agrees to pay all expenses incident to the issuance and sale of the Bonds, including but not limited to the cost of insuring the Bonds, if applicable.

(b) In the event that either the Issuer or the Underwriter shall have paid obligations of the other as set forth in this Section, adjustment shall be made.

7. Miscellaneous.

(a) All notices, demands and formal actions hereunder shall be in writing and mailed, telegraphed or delivered to:

The Underwriter: Stephens Inc.  
3100 West End Avenue  
Suite 630  
Nashville, Tennessee 37203

The Issuer: Montgomery County, Tennessee  
Montgomery County Courthouse  
1 Millennium Plaza  
Clarksville, Tennessee 37040  
Attn: County Mayor

(b) This Purchase Agreement will inure to the benefit of and be binding upon the parties and their successors and assigns, and will not confer any rights upon any other person. The terms

"successors" and "assigns" shall not include any purchaser of any of the Bonds from the Underwriter merely because of such purchase.

(c) Section headings have been inserted in this Purchase Agreement as a matter of convenience of reference only, and it is agreed that such section headings are not a part of this Purchase Agreement and will not be used in the interpretation of any provisions of this Purchase Agreement.

(d) If any provision of this Purchase Agreement shall be held or deemed to be or shall, in fact, be invalid, inoperative or unenforceable as applied in any particular case in any jurisdiction or jurisdictions, or in all jurisdictions because it conflicts with any provisions of any constitution, statute or rule of public policy, or for any other reason, such circumstances shall not have the effect of rendering the provision in question invalid, inoperative or unenforceable in any other case or circumstance, or of rendering any other provision or provisions of this Purchase Agreement invalid, in operative or unenforceable to any extent whatever.

(e) This Purchase Agreement may be executed in several counterparts, each of which shall be regarded as an original and all of which shall constitute one and the same document.

(f) This Purchase Agreement shall be governed by, and construed in accordance with, the law of the State of Tennessee.

(g) This Purchase Agreement constitutes the entire agreement between the parties hereto with respect to the subject matter hereof.

(h) The Underwriter may waive compliance by the Issuer with any of the conditions, requirements, covenants, warranties or representations set forth herein, but waiver by the Underwriter of any such compliance shall not be deemed a waiver of compliance with any other of the conditions, requirements, covenants, warranties or representations set forth herein.

STEPHENS INC.

By: \_\_\_\_\_  
Title: Senior Vice President

Accepted as of the date first  
above written:

MONTGOMERY COUNTY, TENNESSEE

By: \_\_\_\_\_  
County Mayor

EXHIBIT D

FORM OF ENGAGEMENT LETTER

LETTERHEAD OF BASS, BERRY & SIMS PLC

March \_\_, 2012

Montgomery County, Tennessee  
Montgomery County Courthouse  
1 Millennium Plaza  
Clarksville, Tennessee 37040  
Attention: Carolyn P. Bowers, County Mayor

**Re: Issuance of Approximately \$25,020,000 in Aggregate Principal Amount of General Obligation Refunding Bonds.**

Dear Mayor:

The purpose of this engagement letter is to set forth certain matters concerning the services we will perform as bond counsel to Montgomery County, Tennessee (the "Issuer"), in connection with the issuance of the above-referenced bonds (the "Bonds"). We understand that the Bonds are being issued for the purpose of providing funds necessary to refinance all or a portion of the Issuer's General Obligation Public Improvement and Refunding Bonds, Series 2001 (the "Series 2001 Bonds"), dated December 1, 2001, unrefunded portions maturing May 1, 2013 through May 1, 2021, inclusive, its outstanding General Obligation Public Improvement Bonds, Series 2003 (the "Series 2003 Bonds"), dated June 1, 2003, maturing May 1, 2014 through May 1, 2018, inclusive and May 1, 2021 through May 1, 2023, inclusive; its outstanding General Obligation School and Public Improvement Bonds, Series 2004 (the "Series 2004 Bonds"), dated November 1, 2004, maturing April 1, 2025, and its outstanding General Obligation School and Public Improvement Bonds, Series 2005 (the "Series 2005 Bonds" and together with the Series 2001 Bonds, the Series 2003 Bonds and the Series 2004 Bonds, collectively, the "Outstanding Bonds"), maturing April 1, 2025 and April 1, 2026 and to pay costs of issuance of the Bonds, as more fully set forth in the resolution adopted by the County Commission on March 12, 2012. We further understand that the Bonds will be sold by negotiated sale to Stephens Inc.

**SCOPE OF ENGAGEMENT**

In this engagement, we expect to perform the following duties:

1. Subject to the completion of proceedings to our satisfaction, render our legal opinion (the Bond Opinion) regarding the validity and binding effect of the Bonds, the source of payment and security for the Bonds, and the excludability of interest on the Bonds from gross income for federal income tax purposes.
2. Prepare and review documents necessary or appropriate for the authorization, issuance and delivery of the Bonds, coordinate the authorization and execution of such documents, and review enabling legislation.
3. Assist the Issuer in seeking from other governmental authorities such approvals, permissions and exemptions as we determine are necessary or appropriate in connection

with the authorization, issuance, and delivery of the Bonds, except that we will not be responsible for any required blue-sky filings.

4. Review legal issues relating to the structure of the Bond issue.
5. Draft those sections of the official statement to be disseminated in connection with the sale of the Bonds, describing the Bond Opinion, the terms of and security for the Bonds, and the treatment of the Bonds and interest thereon under state and federal tax law.
6. Assist the Issuer in presenting information to bond rating organizations and providers of credit enhancement relating to legal issues affecting the issuance of the Bonds, if requested.
7. Prepare and review the notice of sale pertaining to the competitive sale of the Bonds, if any, and review the bond purchase agreement, if sold at negotiated sale.
8. Draft the continuing disclosure undertaking of the Issuer.

Our Bond Opinion will be addressed to the Issuer and will be delivered by us on the date the Bonds are exchanged for their purchase price (the "Closing").

The Bond Opinion will be based on facts and law existing as of its date. In rendering our Bond Opinion, we will rely upon the certified proceedings and other certifications of public officials and other persons furnished to us without undertaking to verify the same by independent investigation, and we will assume continuing compliance by the Issuer with applicable laws relating to the Bonds. During the course of this engagement, we will rely on you to provide us with complete and timely information on all developments pertaining to any aspect of the Bonds and their security. We understand that you will direct members of your staff and other employees of the Issuer to cooperate with us in this regard.

Our duties in this engagement are limited to those expressly set forth above. Among other things, our duties do not include:

- a. Except as described in paragraph (5) above,
  - 1) Assisting in the preparation or review of an official statement or any other disclosure document with respect to the Bonds, or
  - 2) Performing an independent investigation to determine the accuracy, completeness or sufficiency of any such document, or
  - 3) Rendering advice that the official statement or other disclosure documents
    - a) Do not contain any untrue statement of a material fact or
    - b) Do not omit to state a material fact necessary to make the statements contained therein, in light of the circumstances under which they were made, not misleading.
- b. Preparing requests for tax rulings from the Internal Revenue Service, or no action letters from the Securities and Exchange Commission.

- c. Preparing blue sky or investment surveys with respect to the Bonds.
- d. Drafting state constitutional or legislative amendments.
- e. Pursuing test cases or other litigation, (such as contested validation proceedings).
- f. Making an investigation or expressing any view as to the creditworthiness of the Issuer or the Bonds.
- g. Except as described in paragraph 8 above, assisting in the preparation of, or opining on, a continuing disclosure undertaking pertaining to the Bonds or, after Closing, providing advice concerning any actions necessary to assure compliance with any continuing disclosure undertaking.
- h. Representing the Issuer in Internal Revenue Service examinations or inquiries, or Securities and Exchange Commission investigations.
- i. After Closing, providing continuing advice to the Issuer or any other party concerning any actions necessary to assure that interest paid on the Bonds will continue to be excludable from gross income for federal income tax purposes (e.g., our engagement does not include rebate calculations for the Bonds).
- j. Addressing any other matter not specifically set forth above that is not required to render our Bond Opinion.

#### **ATTORNEY-CLIENT RELATIONSHIP**

Upon execution of this engagement letter, the Issuer will be our client and an attorney-client relationship will exist between us. We assume that all other parties will retain such counsel as they deem necessary and appropriate to represent their interests in this transaction. We further assume that all other parties understand that in this transaction we represent only the Issuer, we are not counsel to any other party, and we are not acting as an intermediary among the parties. Our services as bond counsel are limited to those contracted for in this letter; the Issuer's execution of this engagement letter will constitute an acknowledgment of those limitations. Our representation of the Issuer will not affect, however, our responsibility to render an objective Bond Opinion. Please note that, in our representation of the Issuer, we will not act as a "municipal advisor", as such term is defined in the Securities Exchange Act of 1934, as amended.

Our representation of the Issuer and the attorney-client relationship created by this engagement letter will be concluded upon issuance of the Bonds. Nevertheless, subsequent to Closing, we will mail the appropriate Internal Revenue Service Forms 8038-G, and prepare and distribute to the participants in the transaction a transcript of the proceedings pertaining to the Bonds.

As you are aware, our firm represents many political subdivisions, companies and individuals. It is possible that during the time that we are representing the Issuer, one or more of our present or future clients will have transactions with the Issuer. It is also possible that we may be asked to represent, in an unrelated matter, one or more of the entities involved in the issuance of the Bonds. We do not believe such representation, if it occurs, will adversely affect our ability to represent you as provided in this letter, either because such matters will be sufficiently different from the issuance of the Bonds as to make such representations not adverse to our representation of you, or because the potential for such adversity is

remote or minor and outweighed by the consideration that it is unlikely that advice given to the other client will be relevant to any aspect of the issuance of the Bonds. Our firm represents Stephens Inc. in matters unrelated to the Bonds. We believe this representation fits within the foregoing description. Execution of this letter will signify the Issuer's consent to such representation of the Underwriter and to our representation of others consistent with the circumstances described in this paragraph.

### **FEES**

Based upon: (i) our current understanding of the terms, structure, size and schedule of the financing represented by the Bonds; (ii) the duties we will undertake pursuant to this engagement letter; (iii) the time we anticipate devoting to the financings; and (iv) the responsibilities we will assume in connection therewith, we estimate that our fee will be \$37,000 for the Bonds. Our fees may vary: (a) if the principal amount of Bonds actually issued differs significantly from the amounts stated above; (b) if material changes in the structure or schedule of the respective financings occur; or (c) if unusual or unforeseen circumstances arise which require a significant increase in our time or responsibility. If, at any time, we believe that circumstances require an adjustment of our original fee estimates, we will advise you and prepare and provide to you an amendment to this engagement letter. The fees quoted above will include all out-of-pocket expenses advanced for your benefit, such as travel costs, photocopying, deliveries, long distance telephone charges, telecopier charges, filing fees, computer-assisted research and other expenses. The fee will also include incidental phone calls and discussions with Issuer officials on matters related to the issuance of the Bonds. If advice or representation on matters not related to the Bonds exceeds incidental phone calls and discussions, we will advise you and negotiate an acceptable fee arrangement at that time.

If, for any reason, the financing represented by the Bonds is completed without the delivery of our Bond Opinion as bond counsel or our services are otherwise terminated, we will expect to be compensated at our normal rates for the time actually spent on your behalf plus client charges as described above unless we have failed to meet our responsibilities under this engagement, but in no event will our fees exceed \$37,000.

### **RECORDS**

At your request, papers and property furnished by you will be returned promptly upon receipt of payment for outstanding fees and client charges. All goods, documents, records, and other work product and property produced during the performance of this engagement are deemed to be Issuer's property. We agree to maintain documentation for all charges against the Issuer. Our books, records, and documents, insofar as they relate to work performed or money received under this engagement, shall be maintained for a period of three (3) full years from the respective Closings and will be subject to audit, at any reasonable time and upon reasonable notice by the Issuer or its duly appointed representatives.

### **OTHER MATTERS**

We have not retained any persons to solicit or secure this engagement from the Issuer upon an agreement or understanding for a contingent commission, percentage, or brokerage fee. We have not offered any employee of the Issuer a gratuity or an offer of employment in connection with this engagement and no employee has requested or agreed to accept a gratuity or offer of employment in connection with this engagement.

Any modification or amendment to this Engagement Letter must be in writing, executed by us and contain the signatures of the Issuer. The validity, construction and effect of this Engagement Letter and any and all extensions and/or modifications thereof shall be governed by the laws of the State of



Tennessee. Any action between the parties arising from this Engagement Letter shall be maintained in the state or federal courts of Davidson County, Tennessee.

**CONCLUSION**

If the foregoing terms are acceptable to you, please so indicate by returning the enclosed copy of this engagement letter dated and signed by an authorized officer, retaining the original for your files. We look forward to working with you.

**MONTGOMERY COUNTY, TENNESSEE:**

**BASS, BERRY & SIMS PLC:**

By: \_\_\_\_\_  
Carolyn P. Bowers, County Mayor

By: \_\_\_\_\_

EXHIBIT E

FORM OF REFUNDING ESCROW AGREEMENT

This Refunding Escrow Agreement is made and entered into as of the \_\_\_\_\_ day of \_\_\_\_\_, 2012 by and between Montgomery County, Tennessee (the "County"), and \_\_\_\_\_, \_\_\_\_\_ (the "Agent").

WITNESSETH:

WHEREAS, the County has previously issued its General Obligation Public Improvement and Refunding Bonds, Series 2001 (the "Series 2001 Bonds"), dated December 1, 2001, unrefunded portions maturing May 1, 2013 through May 1, 2021, inclusive, its outstanding General Obligation Public Improvement Bonds, Series 2003 (the "Series 2003 Bonds"), dated June 1, 2003, maturing May 1, 2014 through May 1, 2018, inclusive and May 1, 2021 through May 1, 2023, inclusive; its outstanding General Obligation School and Public Improvement Bonds, Series 2004 (the "Series 2004 Bonds"), dated November 1, 2004, maturing April 1, 2025, and its outstanding General Obligation School and Public Improvement Bonds, Series 2005 (the "Series 2005 Bonds" and together with the Series 2001 Bonds, the Series 2003 Bonds and the Series 2004 Bonds, collectively, the "Outstanding Bonds"), dated December 1, 2005, maturing April 1, 2025 and April 1, 2026; and

WHEREAS, the County has determined to provide for the refinancing of the Outstanding Bonds by depositing in escrow with the Agent funds as herein provided; and

WHEREAS, in order to obtain a portion of the funds to be applied as herein provided, the County has authorized and issued its General Obligation Refunding Bonds, Series 2012 (the "Series 2012 Bonds"); and

WHEREAS, a portion of the proceeds derived from the sale of the Series 2012 Bonds will be deposited, along with other available monies of the County, in escrow with the Agent hereunder and applied as herein provided; and

WHEREAS, in order to create the escrow hereinabove described, provide for the deposit of a portion of said Series 2012 Bond proceeds and other available monies of the County and the application thereof, and to provide for the payment of the debt service on the Outstanding Bonds, the parties hereto do hereby enter into this Agreement.

NOW, THEREFORE, the County, in consideration of the foregoing and the mutual covenants herein set forth, does by these presents hereby grant, warrant, demise, release, convey, assign, transfer, alien, pledge, set over and confirm, to the Agent, and to its successors hereunder, and to it and its assigns forever, in escrow, all and singular the property hereinafter described to wit:

DIVISION I

All right, title and interest of the County in and to \$\_\_\_\_\_ (consisting of \$\_\_\_\_\_ derived from the proceeds of the sale of the Series 2012 Bonds and \$\_\_\_\_\_ other available monies of the County).

DIVISION II

Any and all other property of every kind and nature from time to time hereafter, by delivery or by writing of any kind, conveyed, pledged, assigned or transferred in escrow hereunder by the County or by

anyone in its behalf to the Agent, which is hereby authorized to receive the same at any time to be held in escrow hereunder.

### DIVISION III

All property that is by the express provisions of this Agreement required to be subject to the pledge hereof and any additional property that may, from time to time hereafter, by delivery or by writing of any kind, be subject to the pledge hereof, by the County or by anyone in its behalf, and the Agent is hereby authorized to receive the same at any time to be held in escrow hereunder.

TO HAVE AND TO HOLD, all and singular, the escrowed property, including all additional property which by the terms hereof has or may become subject to this Agreement, unto the Agent, and its successors and assigns, forever.

### ARTICLE I

#### DEFINITIONS AND CONSTRUCTION

SECTION 1.01. Definitions. In addition to words and terms elsewhere defined in this Agreement, the following words and terms as used in this Agreement shall have the following meanings, unless some other meaning is plainly intended:

“Agent” means \_\_\_\_\_, \_\_\_\_\_, \_\_\_\_\_, its successors and assigns.

“Agreement” means this Refunding Escrow Agreement, dated as of the date of the Series 2012 Bonds, between the County and the Agent.

“County” means the Montgomery County, Tennessee.

“Escrow Fund” shall have the meaning ascribed to it in Section 2.01 hereof.

“Escrow Property”, “escrow property” or “escrowed property” means the property, rights and interest of the County that are described in Divisions I through III of this Agreement and hereinabove conveyed in escrow to the Agent.

“Outstanding Bonds” has the meanings in the recitals hereto.

“Series 2012 Bonds” has the meanings in the recitals hereto.

“Written Request” shall mean a request in writing signed by the County Mayor of the County or by any other officer or official of the County duly authorized by the County to act in her place.

SECTION 1.02. Construction. Words of the masculine gender shall be deemed and construed to include correlative words of the feminine and neuter genders. Words importing the singular number shall include the plural number and vice versa unless the context shall otherwise indicate. The word “person” shall include corporations, associations, natural persons and public bodies unless the context shall otherwise indicate. Reference to a person other than a natural person shall include its successors.

## ARTICLE II

### ESTABLISHMENT AND ADMINISTRATION OF FUNDS

**SECTION 2.01. Creation of Escrow; Deposit of Funds.** The County hereby creates and establishes with the Agent a special and irrevocable escrow composed of the Escrowed Property and hereby deposits with the Agent and the Agent hereby acknowledges receipt of \$\_\_\_\_\_ as described in Division I hereof. The monies so deposited, together with investment income therefrom, is herein referred to as the "Escrow Fund" and shall constitute a fund to be held by the Agent as a part of the Escrowed Property created, established, and governed by this Agreement.

**SECTION 2.02. Investment of Funds.** The monies described in Section 2.01 hereof shall be held or invested as follows:

(i) the amount of \$\_\_\_\_\_ shall be used to purchase the Government Securities described on Exhibit B attached hereto; and

(ii) the amount of \$\_\_\_\_\_ shall be held as cash in a non-interest-bearing account.

Except as provided in Sections 2.04 and 2.06 hereof, the investment income from the Government Securities in the Escrow Fund shall be credited to the Escrow Fund and shall not be reinvested. The Agent shall have no power or duty to invest any monies held hereunder or to make substitutions of Government Securities held hereunder or to sell, transfer, or otherwise dispose of the Government Securities acquired hereunder except as provided herein.

**SECTION 2.03. Disposition of Escrow Funds.** The Agent shall without further authorization or direction from the County collect the principal on the Government Securities promptly as the same shall fall due. From the Escrow Fund, to the extent that monies therein are sufficient for such purpose, the Agent shall make timely payments to the proper paying agent or agents, or their successors, for the Outstanding Bonds of monies sufficient for the payment of the principal of and interest on the Outstanding Bonds as the same shall become due and payable. Amounts and dates of principal and interest payments and the name and address of the paying agent with respect to the Outstanding Bonds are set forth on Exhibit A. Payment on the dates and to the paying agent in accordance with Exhibit A shall constitute full performance by the Agent of its duties hereunder with respect to each respective payment. The County represents and warrants that the Escrow Fund, if held, invested and disposed of by the Agent in accordance with the provisions of this Agreement, will be sufficient to make the foregoing payments. No paying agent fees, fees and expenses of the Agent, or any other costs and expenses associated with the Refunding Bonds or the Outstanding Bonds shall be paid from the Escrow Fund, and the County agrees to pay all such fees, expenses, and costs from its legally available funds as such payments become due. When the Agent has made all required payments of principal and interest on the Outstanding Bonds to the paying agent as hereinabove provided, the Agent shall transfer any monies or Government Securities then held hereunder to the County and this Agreement shall terminate.

**SECTION 2.04. Excess Funds.** Except as provided in Section 2.06 hereof, amounts held by the Agent, representing interest on the Government Securities in excess of the amount necessary to make the corresponding payment of principal and/or interest on the Outstanding Bonds, shall be held by the Agent without interest and shall be applied before any other Escrow Fund monies to the payment of the next ensuing principal and/or interest payment on the Outstanding Bonds. Upon retirement of all the Outstanding Bonds, the Agent shall pay any excess amounts remaining in the Escrow Fund to the County.

SECTION 2.05. Reports. The Escrow Agent shall deliver to the County Clerk of the County a monthly report summarizing all transactions relating to the Escrow Fund; and on or before the first day of August of each year shall deliver to the County Clerk a report current as of June 30 of that year, which shall summarize all transactions relating to the Escrow Fund effected during the immediately preceding fiscal year of the County and which also shall set forth all assets in the Escrow Fund as of June 30 and set forth opening and closing balances thereof for that fiscal year.

SECTION 2.06. Investment of Moneys Remaining in Escrow Fund. The Agent may invest and reinvest any monies remaining from time to time in the Escrow Fund until such time as they are needed. Such monies shall be invested in Government Obligations, maturing no later than the next interest payment date of the Outstanding Bonds, or for such periods or at such interest rates as the Agent shall be directed by Written Request, provided, however, that the County shall furnish the Agent, as a condition precedent to such investment, with an opinion from nationally recognized bond counsel stating that such reinvestment of such monies will not, under the statutes, rules and regulations then in force and applicable to obligations issued on the date of issuance of the Refunding Bonds, cause the interest on the Refunding Bonds or the Outstanding Bonds not to be excluded from gross income for Federal income tax purposes and that such investment is not inconsistent with the statutes and regulations applicable to the Refunding Bonds or the Outstanding Bonds. Any interest income resulting from reinvestment of monies pursuant to this Section 2.06 shall be applied first to the payment of principal of and interest on the Outstanding Bonds to the extent the Escrow is or will be insufficient to retire the Outstanding Bonds as set forth on Exhibit A and any excess shall be paid to the County to be applied to the payment of the Refunding Bonds or the expenses of issuance thereof.

SECTION 2.07. Irrevocable Escrow Created. The deposit of monies in the Escrow Fund shall constitute an irrevocable deposit of said monies for the benefit of the holder of the Outstanding Bonds except as provided herein with respect to amendments permitted under Section 4.01 hereof. All the funds and accounts created and established pursuant to this Agreement shall be and constitute escrow funds for the purposes provided in this Agreement and shall be kept separate and distinct from all other funds of the County and the Agent and used only for the purposes and in the manner provided in this Agreement.

SECTION 2.08. Redemption of the Outstanding Bonds. The Outstanding Bonds shall be redeemed as stated on Exhibits C-1, C-2, C-3 and C-4 attached hereto. The Agent is authorized to give notice to the respective paying agents for the Outstanding Bonds not less than 45 days prior to the stated respective redemption dates of the Outstanding Bonds directing the respective paying agent banks to give notice to the respective holders of the Outstanding Bonds as and when required by the respective resolutions authorizing the Outstanding Bonds.

### ARTICLE III

#### CONCERNING THE AGENT

SECTION 3.01. Appointment of Agent. The County hereby appoints the Agent as escrow agent under this Agreement.

SECTION 3.02. Acceptance by Agent. By execution of this Agreement, the Agent accepts the duties and obligations as Agent hereunder. The Agent further represents that it has all requisite power, and has taken all corporate actions necessary to execute the escrow hereby created.

SECTION 3.03. Liability of Agent. The Agent shall be under no obligation to inquire into or be in any way responsible for the performance or nonperformance by the County or any paying agent of its obligations, or to protect any of the County's rights under any bond proceedings or any of the County's

other contracts with or franchises or privileges from any state, county, municipal or other governmental agency or with any person. The Agent shall not be liable for any act done or step taken or omitted to be taken by it, or for any mistake of fact or law, or anything which it may do or refrain from doing, except for its own negligence or willful misconduct in the performance or nonperformance of any obligation imposed upon it hereunder. The Agent shall not be responsible in any manner whatsoever for the recitals or statements contained herein or in the Outstanding Bonds or in the Refunding Bonds or in any proceedings taken in connection therewith, but they are made solely by the County. The Agent shall have no lien whatsoever upon any of the monies or investments in the Escrow Fund for the payment of fees and expenses for services rendered by the Agent under this Agreement.

The Agent shall not be liable for the accuracy of the calculations as to the sufficiency of Escrow Fund monies and Government Securities and the earnings thereon to pay the Outstanding Bonds. So long as the Agent applies any monies, the Government Securities to pay the Outstanding Bonds as provided herein, and complies fully with the terms of this Agreement, the Agent shall not be liable for any deficiencies in the amounts necessary to pay the Outstanding Bonds caused by such calculations. The Agent shall not be liable or responsible for any loss resulting from any investment made pursuant to this Agreement and in full compliance with the provisions hereof.

In the event of the Agent's failure to account for any of the Government Securities or monies received by it, said Government Securities or monies shall be and remain the property of the County in escrow for the benefit of the holders of the Outstanding Bonds, as herein provided, and if for any improper reason such Government Securities or monies are applied to purposes not provided for herein or misappropriated by the Agent, the assets of the Agent shall be impressed with a trust for the amount thereof until the required application of such funds shall be made or such funds shall be restored to the Escrow Fund.

SECTION 3.04. Permitted Acts. The Agent and its affiliates may become the owner of or may deal in the Series 2012 Bonds as fully and with the same rights as if it were not the Agent.

SECTION 3.05. Exculpation of Funds of Agent. Except as set forth in Section 3.03, none of the provisions contained in this Agreement shall require the Agent to use or advance its own funds or otherwise incur personal financial liability in the performance of any of its duties or the exercise of any of its rights or powers hereunder. The Agent shall be under no liability for interest on any funds or other property received by it hereunder, except as herein expressly provided.

SECTION 3.06. Qualifications of Agent. There shall at all times be an Agent hereunder that shall be a corporation or banking association organized and doing business under the laws of the United States or any state, located in the State of Tennessee, authorized under the laws of its incorporation to exercise the powers herein granted, having a combined capital, surplus, and undivided profits of at least \$75,000,000 and subject to supervision or examination by federal or state authority. If such corporation or association publishes reports of condition at least annually, pursuant to law or to the requirements of any supervising or examining authority above referred to, then for the purposes of this paragraph the combined capital, surplus, and undivided profits of such corporation or association shall be deemed to be its combined capital, surplus, and undivided profits as set forth in its most recent report of condition as published. In case at any time the Agent shall cease to be eligible in accordance with the provisions of this section, the Agent shall resign immediately in the manner and with the effect specified herein.

SECTION 3.07. Payment to Agent. The County agrees to pay the Agent, as reasonable and proper compensation under this Agreement the sum of \$\_\_\_\_\_. The Agent shall be entitled to reimbursement of all advances, counsel fees and expenses, and other costs made or incurred by the Agent in connection with its services and/or its capacity as Agent or resulting therefrom. In addition, the County

agrees to pay to the Agent all out-of-pocket expenses and costs of the Agent incurred by the Agent in the performance of its duties hereunder, including all publication, mailing and other expenses associated with the payment of debt service of the Outstanding Bonds; provided, however, that, to the extent permitted by applicable law, the County agrees to indemnify the Agent and hold it harmless against any liability which it may incur while acting in good faith in its capacity as Agent under this Agreement, including, but not limited to, any court costs and attorneys' fees, and such indemnification shall be paid from available funds of the County and shall not give rise to any claim against the Escrow Fund.

SECTION 3.08. Resignation of Agent. The Agent may at any time resign by giving direct written notice to the County and by giving the holder of the Outstanding Bonds by first-class mail of such resignation. Upon receiving such notice of resignation, the County shall promptly appoint a successor escrow agent by resolution of its governing body. If no successor escrow agent shall have been appointed and have accepted appointment within thirty (30) days after the publication of such notice of resignation, the resigning Agent may petition any court of competent jurisdiction located in Montgomery County, Tennessee, for the appointment of a successor, or any holder of the Outstanding Bonds may, on behalf of himself and others similarly situated, petition any such court for the appointment of a successor. Such court may thereupon, after such notice, if any, as it may deem proper, appoint a successor meeting the qualifications set forth in Section 3.06. The Agent shall serve as escrow agent hereunder until its successor shall have been appointed and such successor shall have accepted the appointment.

SECTION 3.09. Removal of Agent. In case at any time the Agent shall cease to be eligible in accordance with the provisions of Section 3.06 hereof and shall fail to resign after written request therefor by the County or by any holder of the Outstanding Bonds, or the Agent shall become incapable of acting or shall be adjudged a bankrupt or insolvent or a receiver of the Agent or any of its property shall be appointed, or any public officer shall take charge or control of the Agent or its property or affairs for the purpose of rehabilitation, conservation, or liquidation, then in any such case, the County may remove the Agent and appoint a successor by resolution of its governing body or any such holder may, on behalf of himself and all others similarly situated, petition any court of competent jurisdiction situated in the County for the removal of the Agent and the appointment of a successor. Such court may thereupon, after such notice, if any, as it may deem proper, remove the Agent and appoint a successor who shall meet the qualifications set forth in Section 3.08. Unless incapable of serving, the Agent shall serve as escrow agent hereunder until its successor shall have been appointed and such successor shall have accepted the appointment.

Any resignation or removal of the Agent and appointment of a successor pursuant to any of the provisions of this Agreement shall become effective upon acceptance of appointment by the successor as provided in Section 3.10 hereof.

SECTION 3.10. Acceptance by Successor. Any successor escrow agent appointed as provided in this Agreement shall execute, acknowledge and deliver to the County and to its predecessor an instrument accepting such appointment hereunder and agreeing to be bound by the terms hereof, and thereupon the resignation or removal of the predecessor shall become effective and such successor, without any further act, deed or conveyance, shall become vested with all the rights, powers, duties and obligations of its predecessor, with like effect as if originally named as Agent herein; but, nevertheless, on Written Request of the County or the request of the successor, the predecessor shall execute and deliver an instrument transferring to such successor all rights, powers and escrow property of the predecessor. Upon request of any such successor, the County shall execute any and all instruments in writing for more fully and certainly vesting in and confirming to such successor all such rights, powers and duties. No successor shall accept appointment as provided herein unless at the time of such acceptance such successor shall be eligible under the provisions of Section 3.07 hereof.

Any corporation into which the Agent may be merged or with which it may be consolidated, or any corporation resulting from any merger or consolidation to which the Agent shall be a party, or any corporation succeeding to the business of the Agent, shall be the successor of the Agent hereunder without the execution or filing of any paper or any further act on the part of any of the parties hereto, anything herein to the contrary notwithstanding, provided that such successor shall be eligible under the provisions of Section 3.07 hereof.

#### ARTICLE IV

#### MISCELLANEOUS

SECTION 4.01. Amendments to this Agreement. This Agreement is made for the benefit of the County, the holders from time to time for the Outstanding Bonds and it shall not be repealed, revoked, altered or amended without the written consent of all such holders, the Agent and the County; provided, however, that the County and the Agent may, without the consent of, or notice to, such holders, enter into such agreements supplemental to this Agreement as shall not adversely affect the rights of such holders and as shall not be inconsistent with the terms and provisions of this Agreement, for any one or more of the following purposes:

- (a) to cure any ambiguity or formal defect or omission in this Agreement;
- (b) to grant to, or confer upon, the Agent for the benefit of the holder[s] of the Outstanding Bonds any additional rights, remedies, powers or authority that may lawfully be granted to, or conferred upon, such holders or the Agent; and
- (c) to subject to this Agreement additional funds, securities or properties.

The Agent shall be entitled to rely exclusively upon an unqualified opinion of nationally recognized bond counsel with respect to compliance with this Section, including the extent, if any, to which any change, modification, addition or elimination affects the rights of the holder of the Outstanding Bonds or that any instrument executed hereunder complies with the conditions and provisions of this Section.

Notwithstanding the foregoing or any other provision of this Agreement, upon Written Request and upon compliance with the conditions hereinafter stated, the Agent shall have the power to and shall, in simultaneous transactions, sell, transfer, otherwise dispose of or request the redemption of the Government Obligations held hereunder and to substitute therefor direct obligations of, or obligations the principal of and interest on which are fully guaranteed by the United States of America, subject to the condition that such monies or securities held by the Agent shall be sufficient to pay principal of, premium, if any, and interest on the Outstanding Bonds. The County hereby covenants and agrees that it will not request the Agent to exercise any of the powers described in the preceding sentence in any manner which will cause the Refunding Bonds or Outstanding Bonds to be arbitrage bonds within the meaning of Section 148 of the Code in effect on the date of such request and applicable to obligations issued on the issue date of the Refunding Bonds. The Agent shall purchase such substituted securities with the proceeds derived from the maturity, sale, transfer, disposition or redemption of the Government Obligations held hereunder or from other monies available. The transactions may be effected only if there shall have been submitted to the Agent: (1) an independent verification by a nationally recognized independent certified public accounting firm concerning the adequacy of such substituted securities with respect to principal and the interest thereon and any other monies or securities held for such purpose to pay when due the principal of, premium, if any, and interest on the Outstanding Bonds in the manner required by the proceedings which authorized their issuance; and (2) an opinion from nationally



recognized bond counsel to the effect that the disposition and substitution or purchase of such securities will not, under the statutes, rules and regulations then in force and applicable to obligations issued on the date of issuance of the Refunding Bonds, or Outstanding Bonds cause the interest on the Refunding Bonds not to be exempt from Federal income taxation. Any surplus monies resulting from the sale, transfer, other disposition or redemption of the Government Obligations held hereunder and the substitutions therefor of direct obligations of, or obligations the principal of and interest on which is fully guaranteed by, the United States of America, shall be released from the Escrow Fund and shall be transferred to the County.

SECTION 4.02. Severability. If any provision of this Agreement shall be held or deemed to be invalid or shall, in fact, be illegal, inoperative or unenforceable, the same shall not affect any other provision or provisions herein contained or render the same invalid, inoperative or unenforceable to any extent whatever.

SECTION 4.03. Governing Law. This Agreement shall be governed and construed in accordance with the law of the State of Tennessee.

SECTION 4.04. Notices. Any notice, request, communication or other paper shall be sufficiently given and shall be deemed given when delivered or mailed by Registered or Certified Mail, postage prepaid, or sent by telegram as follows:

To the County:

Montgomery County, Tennessee  
Montgomery County Courthouse  
1 Millennium Plaza  
Clarksville, Tennessee 37040  
Attn: County Mayor

To the Agent:

\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_

The County and the Agent may designate in writing any further or different addresses to which subsequent notices, requests, communications or other papers shall be sent.

SECTION 4.05. Agreement Binding. All the covenants, promises and agreements in this Agreement contained by or on behalf of the parties shall bind and inure to the benefit of their respective successors and assigns, whether so expressed or not.

SECTION 4.06. Termination. This Agreement shall terminate when all transfers and payments required to be made by the Agent under the provisions hereof shall have been made.

SECTION 4.07. Execution by Counterparts. This Agreement may be executed in several counterparts, all or any of which shall be regarded for all purposes as one original and shall constitute and be but one and the same instrument.

*Signatures on Following Page*

IN WITNESS WHEREOF, the County has caused this Agreement to be signed in its name by its County Mayor and attested by its County Clerk and the official seal of the County to be impressed hereon, and the Agent has caused this Agreement to be signed in its corporate name by its duly authorized officer, all as of the day and date first above written.

MONTGOMERY COUNTY, TENNESSEE

By: \_\_\_\_\_  
County Mayor

(SEAL)

\_\_\_\_\_  
County Clerk

\_\_\_\_\_  
as Escrow Agent

By: \_\_\_\_\_  
Title: \_\_\_\_\_

By: \_\_\_\_\_  
Title: \_\_\_\_\_

EXHIBIT A

Montgomery County, Tennessee

Debt Service of \_\_\_\_\_, in the original aggregate principal amount of \$ \_\_\_\_\_ to the  
Redemption Date

EXHIBIT A (Continued)

Montgomery County, Tennessee

Debt Service of \_\_\_\_\_, in the original aggregate principal amount of \$ \_\_\_\_\_ to  
the Redemption Date

EXHIBIT A (Continued)

Debt Service of \_\_\_\_\_ in the original aggregate principal amount of \$ \_\_\_\_\_ to the  
Redemption Date

EXHIBIT A (Continued)

Debt Service of \_\_\_\_\_ in the original aggregate principal amount of \$ \_\_\_\_\_ to the  
Redemption Date

EXHIBIT B

Government Securities  
Certificate of Indebtedness  
U.S. State and Local Government Series

<u>Amount</u>	<u>Interest Rate</u>	<u>Maturity Date</u>	<u>Issue Date</u>
---------------	----------------------	----------------------	-------------------

Government Securities  
U. S. Treasury Notes

<u>Amount</u>	<u>Interest Rate</u>	<u>First Interest Payment Date</u>	<u>Maturity Date</u>	<u>Issue Date</u>
---------------	----------------------	--	----------------------	-------------------

Total Cost of Securities: \$ \_\_\_\_\_  
Initial Cash Deposit: \$ \_\_\_\_\_

EXHIBIT C-1

NOTICE OF REDEMPTION  
MONTGOMERY COUNTY, TENNESSEE

NOTICE IS HEREBY GIVEN that Montgomery County, Tennessee (the "County"), has elected to and does exercise its option to call and redeem on [ \_\_\_\_\_ ] all the County's outstanding bonds (the "Outstanding Bonds") as follows:

\_\_\_\_\_, maturing [ \_\_\_\_\_ ]

<u>Maturity Date</u>	<u>Principal Amount</u>	<u>Interest Rate</u>	<u>Cusip No.</u>
----------------------	-------------------------	----------------------	------------------

The owners of the above-described Outstanding Bonds are hereby notified to present the same to the offices of \_\_\_\_\_, \_\_\_\_\_, \_\_\_\_\_, where redemption shall be made at the redemption price of par, plus interest accrued to the redemption date.

The redemption price will become due and payable on \_\_\_\_\_, upon each such Bond herein called for redemption and such Bond shall not bear interest beyond \_\_\_\_\_.

Important Notice: Withholding of 28% of gross redemption proceeds of any payment made within the United States may be required by the Economic Growth and Tax Relief Reconciliation Act of 2003 (the "Act"), unless the Paying Agent has the correct taxpayer identification number (social security or employer identification number) or exemption certificate of the payee. Please furnish a properly completed W-9 or exemption certificate or equivalent when presenting your securities.

\_\_\_\_\_  
Registration and Paying Agent



EXHIBIT C-2

NOTICE OF REDEMPTION  
MONTGOMERY COUNTY, TENNESSEE

NOTICE IS HEREBY GIVEN that Montgomery County, Tennessee (the "County"), has elected to and does exercise its option to call and redeem on [ ] all the County's outstanding bonds (the "Outstanding Bonds") as follows:

\_\_\_\_\_, maturing [ ]

<u>Maturity Date</u>	<u>Principal Amount</u>	<u>Interest Rate</u>	<u>Cusip No.</u>
----------------------	-------------------------	----------------------	------------------

The owners of the above-described Outstanding Bonds are hereby notified to present the same to the offices of \_\_\_\_\_, \_\_\_\_\_, \_\_\_\_\_, where redemption shall be made at the redemption price of par, plus interest accrued to the redemption date.

The redemption price will become due and payable on \_\_\_\_\_, upon each such Bond herein called for redemption and such Bond shall not bear interest beyond \_\_\_\_\_.

Important Notice: Withholding of 28% of gross redemption proceeds of any payment made within the United States may be required by the Economic Growth and Tax Relief Reconciliation Act of 2003 (the "Act"), unless the Paying Agent has the correct taxpayer identification number (social security or employer identification number) or exemption certificate of the payee. Please furnish a properly completed W-9 or exemption certificate or equivalent when presenting your securities.

\_\_\_\_\_  
Registration and Paying Agent

EXHIBIT C-3

NOTICE OF REDEMPTION  
MONTGOMERY COUNTY, TENNESSEE

NOTICE IS HEREBY GIVEN that Montgomery County, Tennessee (the "County"), has elected to and does exercise its option to call and redeem on [ ] all the County's outstanding bonds (the "Outstanding Bonds") as follows:

\_\_\_\_\_, maturing [ ]

<u>Maturity Date</u>	<u>Principal Amount</u>	<u>Interest Rate</u>	<u>Cusip No.</u>
----------------------	-------------------------	----------------------	------------------

The owners of the above-described Outstanding Bonds are hereby notified to present the same to the offices of \_\_\_\_\_, \_\_\_\_\_, \_\_\_\_\_, where redemption shall be made at the redemption price of par, plus interest accrued to the redemption date.

The redemption price will become due and payable on \_\_\_\_\_, upon each such Bond herein called for redemption and such Bond shall not bear interest beyond \_\_\_\_\_.

Important Notice: Withholding of 28% of gross redemption proceeds of any payment made within the United States may be required by the Economic Growth and Tax Relief Reconciliation Act of 2003 (the "Act"), unless the Paying Agent has the correct taxpayer identification number (social security or employer identification number) or exemption certificate of the payee. Please furnish a properly completed W-9 or exemption certificate or equivalent when presenting your securities.

\_\_\_\_\_  
Registration and Paying Agent

EXHIBIT C-4

NOTICE OF REDEMPTION  
MONTGOMERY COUNTY, TENNESSEE

NOTICE IS HEREBY GIVEN that Montgomery County, Tennessee (the "County"), has elected to and does exercise its option to call and redeem on [ ] all the County's outstanding bonds (the "Outstanding Bonds") as follows:

\_\_\_\_\_, maturing [ ]

<u>Maturity Date</u>	<u>Principal Amount</u>	<u>Interest Rate</u>	<u>Cusip No.</u>
----------------------	-------------------------	----------------------	------------------

The owners of the above-described Outstanding Bonds are hereby notified to present the same to the offices of \_\_\_\_\_, \_\_\_\_\_, \_\_\_\_\_, where redemption shall be made at the redemption price of par, plus interest accrued to the redemption date.

The redemption price will become due and payable on \_\_\_\_\_, upon each such Bond herein called for redemption and such Bond shall not bear interest beyond \_\_\_\_\_.

Important Notice: Withholding of 28% of gross redemption proceeds of any payment made within the United States may be required by the Economic Growth and Tax Relief Reconciliation Act of 2003 (the "Act"), unless the Paying Agent has the correct taxpayer identification number (social security or employer identification number) or exemption certificate of the payee. Please furnish a properly completed W-9 or exemption certificate or equivalent when presenting your securities.

\_\_\_\_\_  
Registration and Paying Agent

10561475.1

**Exhibit B**

**Draft Preliminary**

**Official Statement**

This Preliminary Official Statement and the information contained herein are subject to change, completion or amendment without notice. The Bonds may not be sold nor may offers to buy be accepted prior to the time the Official Statement is delivered in final form. Under no circumstances shall this Preliminary Official Statement constitute an offer to sell or a solicitation of an offer to buy, nor shall there be any sale of the Bonds in any jurisdiction in which such offer, solicitation or sale would be unlawful prior to registration or qualification under the securities laws of such jurisdiction.

PRELIMINARY OFFICIAL STATEMENT DATED \_\_\_\_\_, 2012

New Issue  
Book-Entry Only

Rating: [Moody's] "\_\_\_"

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

§ \_\_\_\_\_ \*

## MONTGOMERY COUNTY, TENNESSEE GENERAL OBLIGATION REFUNDING BONDS, SERIES 2012

DATED: Date of Issuance

DUE: April 1, as shown below

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

Payments of principal of and interest on the Bonds are to be made to purchasers by DTC through the Participants (as such term is herein defined). Purchasers will not receive physical delivery of Bonds purchased by them. See "DESCRIPTION OF THE BONDS - Book-Entry-Only System." Principal of and interest on the Bonds are payable by the County to the corporate trust office of \_\_\_\_\_, as registration and paying agent (the "Registration Agent").

The Bonds are subject to redemption prior to their stated maturities. See "The Bonds - Optional Redemption". The Bonds are payable on April 1 of each year as follows:

Maturity (April 1)*	Principal*	Interest Rate	Price or Yield	CUSIP No.**	Maturity (April 1)*	Principal*	Interest Rate	Price or Yield	CUSIP No.**
------------------------	------------	------------------	-------------------	-------------	------------------------	------------	------------------	-------------------	-------------

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 full faith and credit of the County are irrevocably pledged.

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

### Stephens Inc.

\_\_\_\_\_, 2012

\_\_\_\_\_  
Preliminary and subject to change

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

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

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

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

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

The Underwriters have provided the following sentence for inclusion in this Official Statement: The Underwriters have reviewed the information in this Official Statement in accordance with, and as part of, their respective responsibilities to investors under the federal securities laws as applied to the facts and circumstances of this transaction, but the Underwriters do not guarantee the accuracy or completeness of such information.

Upon issuance, the Bonds will not be registered by the County under the Securities Act of 1933, as amended, and will not be listed on any stock or other securities exchange. The Resolution has not been qualified under the Trust Indenture Act of 1939, as amended. Neither the Securities and Exchange Commission nor any other federal, state or other governmental entity or agency, except the Authority, will pass upon the accuracy or adequacy of this Official Statement or approve the Bonds for sale. This Official Statement includes the cover page and appendices attached hereto.

IN CONNECTION WITH THIS OFFERING, THE UNDERWRITERS MAY OVERALLOT OR EFFECT TRANSACTIONS THAT STABILIZE OR MAINTAIN THE MARKET PRICE OF THE SERIES 2012A BONDS AT A LEVEL ABOVE THAT WHICH MIGHT OTHERWISE PREVAIL IN THE OPEN MARKET. SUCH STABILIZING, IF COMMENCED, MAY BE DISCONTINUED AT ANY TIME, WITHOUT PRIOR NOTICE.

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

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

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Annual Financial Report of Montgomery County for the Year Ended June 30, 2011.....Appendix C



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

**OFFICIALS**

Carolyn P. Bowers  
County Mayor and Chairman

**BOARD OF COMMISSIONERS**

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

**COUNTY OFFICIALS**

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

**Counsel for the County**  
Austin Peay, Esq.  
Clarksville, Tennessee

**Bond Counsel**  
Bass, Berry & Sims PLC  
Nashville, Tennessee

**Registration and Paying Agent and Escrow Agent**

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**Underwriter**  
Stephens Inc.  
Nashville, Tennessee

**SUMMARY STATEMENT**

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

**ISSUER** .....Montgomery County, Tennessee (the "County").

**ISSUE** .....\$ \_\_\_\_\_ \* General Obligation Refunding Bonds, Series 2012 (the "Bonds").

**PURPOSE** .....The Bonds are being issued to refund all or a portion of the County's outstanding General Obligation Public Improvement and Refunding Bonds, Series 2001, dated December 1, 2001, unrefunded portions maturing May 1, 2013 through May 1, 2021, inclusive, its outstanding General Obligation Public Improvement Bonds, Series 2003, dated June 1, 2003, maturing May 1, 2014 through May 1, 2018, inclusive and May 1, 2021 through May 1, 2023, inclusive; its outstanding General Obligation School and Public Improvement Bonds, Series 2004, dated November 1, 2004, maturing April 1, 2025, and its outstanding General Obligation School and Public Improvement Bonds, Series 2005, dated December 1, 2005, maturing April 1, 2025 and April 1, 2026 (collective, the "Outstanding Bonds").\*

**DATED DATE**..... \_\_\_\_\_, 2012.

**INTEREST DUE** .....Each April 1 and October 1, commencing October 1, 2012.

**PRINCIPAL DUE** .....April 1, 2013 through March 1, 2023, inclusive, as set forth on the cover page.\*

**SETTLEMENT**

**DATE** ..... \_\_\_\_\_, 2012.

**OPTIONAL**

**REDEMPTION\*** .....The Bonds are subject to redemption at the option of the County prior to their stated maturities. See, "The Bonds – Optional Redemption" herein.

**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 of principal of and interest on the Bonds, the full faith and credit of the County are irrevocably pledged.

**RATING**.....The Bonds have been assigned a rating of "\_\_\_\_\_" by \_\_\_\_\_ ("\_\_\_\_\_") based on documents and other information provided by the County. The rating reflects only the view of \_\_\_\_\_, and neither the County nor the Underwriter makes any representations as to the appropriateness of such rating.

\* Preliminary and subject to change

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

**TAX MATTERS** .....Bass, Berry & Sims PLC will provide an unqualified opinion as to the tax exemption of the Bonds discussed under "TAX MATTERS" herein.

**REGISTRATION  
AND PAYING  
AGENT  
AND REFUNDING  
ESCROW AGENT**.....\_\_\_\_\_ , \_\_\_\_\_ , \_\_\_\_\_ .

**VERIFICATION AGENT**.....\_\_\_\_\_ .

**UNDERWRITER**.....Stephens Inc.

**OFFICIAL STATEMENT**

**MONTGOMERY COUNTY, TENNESSEE**

**\$ \_\_\_\_\_ \* GENERAL OBLIGATION REFUNDING BONDS, SERIES 2012**

**INTRODUCTION**

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

The Bonds are issuable under and in full compliance with the constitution and statutes of the State of Tennessee including Sections 9-21-101, et seq., Tennessee Code Annotated, and pursuant to a resolution adopted by the Board of County Commissioners of the County on March 12, 2012 (the "Resolution") authorizing the execution, terms, issuance, and the sale of the Bonds.

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

**THE BONDS**

**Description**

The Bonds are being issued to refund all or a portion of the County's outstanding General Obligation Public Improvement and Refunding Bonds, Series 2001, dated December 1, 2001, unrefunded portions maturing May 1, 2013 through May 1, 2021, inclusive, its outstanding General Obligation Public Improvement Bonds, Series 2003, dated June 1, 2003, maturing May 1, 2014 through May 1, 2018, inclusive and May 1, 2021 through May 1, 2023, inclusive; its outstanding General Obligation School and Public Improvement Bonds, Series 2004, dated November 1, 2004, maturing April 1, 2025, and its outstanding General Obligation School and Public Improvement Bonds, Series 2005, dated December 1, 2005, maturing April 1, 2025 and April 1, 2026 (collectively, the "Outstanding Bonds")\* and to pay costs of issuance of the Bonds.

The Bonds will be issued as fully registered book-entry Bonds, without coupons, in denominations of \$5,000 or any integral multiple thereof. The Bonds will be dated their date of issuance. Interest on the Bonds, at the rates per annum set forth on the cover page and calculated on the basis of a 360-day year, consisting of twelve 30-day months, will be payable semiannually on April 1 and October 1 of each year (herein an "Interest Payment Date"), commencing October 1, 2012.

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\* Preliminary and subject to change

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

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

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

### **Optional Redemption**

Bonds maturing April 1, 2013 through April 1, 20\_\_ are not subject to redemption prior to maturity at the option of the County. Bonds maturing on April 1, 20\_\_ and thereafter shall be subject to redemption prior to maturity at the option of the County on or after April 1, 20\_\_ as a whole or in part at any time at the redemption price of par, plus interest accrued to the redemption date.

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

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

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

Notice of call for redemption shall be given by the Registration Agent not less than thirty (30) nor more than sixty (60) days prior to the date fixed for redemption by sending an appropriate notice to the registered owners of the Bonds to be redeemed by first-class mail, postage prepaid, at the addresses shown on the Bond registration records of the Registration Agent as of the date of the notice; but neither failure to mail such notice nor any defect in any such notice so mailed shall affect the sufficiency of the proceedings for the redemption of any of the Bonds for which proper notice was given. As long as DTC, or a successor Depository, is the registered owner of the Bonds, all redemption notices shall be mailed by the Registration Agent to DTC, or such successor Depository, as the registered owner of the Bonds, as and when above provided, and neither the County nor the Registration Agent shall be responsible for mailing notices of redemption to DTC Participants or Beneficial Owners. Failure of DTC, or any successor Depository, to provide notice to any DTC Participant will not affect the validity of such redemption. From and after any 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 in the Resolutions.

### **Security and Sources of Payment**

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 full faith and credit of the County are irrevocably pledged.

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

### **Book-Entry-Only System**

The Depository Trust Company ("DTC"), New York, NY, will act as securities depository for the Bonds (the "Securities"). The Securities will be issued as fully-registered securities registered in the name of Cede & Co. (DTC's partnership nominee) or such other name as may be requested by an authorized representative of DTC. One fully-registered Security certificate for each maturity of the Securities will be issued for the Securities, in the aggregate principal amount of such issue, and will be deposited with DTC.

DTC, the world's largest 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 2.2 million issues of U.S. and non-U.S. equity, corporate and municipal debt issues, and money market instrument 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, in turn, is owned by a number of Direct Participants of DTC and Members of the National Securities Clearing Corporation, Fixed Income Clearing Corporation, and Emerging Markets Clearing Corporation (NSCC, FICC, and EMCC, also subsidiaries of DTCC), as well as by the New York Stock Exchange, Inc., the American Stock Exchange LLC, and the National Association of Securities Dealers, Inc. 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 Moody’s highest rating: AAA. 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) and [www.dtc.org](http://www.dtc.org).

Purchases of Securities under the DTC system must be made by or through Direct Participants, which will receive a credit for the Securities 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 Securities 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 Securities, except in the event that use of the book-entry system for the Securities is discontinued.

To facilitate subsequent transfers, all Securities 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 Securities 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 Securities; DTC’s records reflect only the identity of the Direct Participants to whose accounts such Securities 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.

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.

Redemption notices shall be sent to DTC. If less than all of the Securities within an issue are being redeemed, DTC’s practice is to determine by lot the amount of the interest of each Direct Participant in such issue to be redeemed.

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

Redemption proceeds, distributions, and dividend payments on the Securities 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 Issuer or Agent on payable date in accordance with their respective holdings shown on DTC's records. Payments by Participants to Beneficial Owners will be governed by standing instructions and customary practices, as is the case with securities held for the accounts of customers in bearer form or registered in "street name," and will be the responsibility of such Participant and not of DTC[nor its nominee], Agent, or Issuer, subject to any statutory or regulatory requirements as may be in effect from time to time. Payment of redemption proceeds, distributions, and dividend payments to Cede & Co. (or such other nominee as may be requested by an authorized representative of DTC) is the responsibility of Issuer or Agent, disbursement of such payments to Direct Participants will be the responsibility of DTC, and disbursement of such payments to the Beneficial Owners will be the responsibility of Direct and Indirect Participants.

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

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

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

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

#### **Plan of Refunding**

The Bonds are being issued to refund the Outstanding Bonds as described under "THE BONDS - Description" herein. Pursuant to a Refunding Escrow Agreement (the "Agreement") between the County and \_\_\_\_\_, \_\_\_\_\_ (the "Escrow Agent"), the proceeds of the Bonds, excluding amounts to pay issuance costs and underwriter's discount, will be used to purchase investments authorized under Section 9-21-914, Tennessee Code Annotated (the "Escrow Investments"). The Escrow Investments purchased with the proceeds of the Bonds will be held in a separate fund



established by the Escrow Agent with the interest earned and the principal amount of the Escrow Investments being sufficient to pay principal of and interest on the Outstanding Bonds. Neither the principal of nor the interest on the Escrow Investments will be available for payment of the Bonds.

**Sources and Uses of Funds**

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

<b><u>Sources of Funds</u></b>	
Par Amount	\$
Reoffering Premium (Discount)	
Total Sources	<u>\$</u>
<b><u>Uses of Funds</u></b>	
Deposit with Escrow Agent	\$
Costs of Issuance (includes Underwriter's Discount, and expenses)	
Total Uses	<u>\$</u>

**Rating**

The Bonds have been assigned a rating of "\_\_\_\_\_" by \_\_\_\_\_ ("\_\_\_\_\_") based on documents and other information provided by the County. The rating reflects only the view of Moody's, and neither the County nor the Underwriter make any representation as to the appropriateness of such rating.

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

**CONTINUING DISCLOSURE**

**General**

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, 2012 (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.com](http://www.emma.msrb.com) and with any State Information Depository which may be established in Tennessee (the "SID"). The specific nature of the information to be contained in the Annual Report or the notices of events is summarized below. These covenants have been made in order to assist the Underwriters in complying with Securities and Exchange Commission Rule 15c2-12(b), as it may be amended from time to time (the "Rule"). The County is in compliance with the undertakings required under the Rule.

## **Annual Report**

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

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

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 each of the Repositories or the Securities and Exchange Commission. If the document incorporated by reference is a final Official Statement, in final form, it will be available from the Municipal Securities Rulemaking Board. The County shall clearly identify each such other document so incorporated by reference.

## **Reporting of Significant Events**

The County will file notice regarding certain significant events with the MSRB and 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. Notwithstanding the foregoing, notice of Listed Events described in subsection (3)(h) and

- (i) need not be given under this subsection any earlier than the notice (if any) of the underlying event is given to holders of affected Bonds pursuant to the Resolution.
2. For Listed Events where notice is only required upon a determination that such event would be material under applicable Federal securities laws, the County shall determine the materiality of such event as soon as possible after learning of its occurrence.
  3. The following are the Listed Events:
    - a. Principal and interest payment delinquencies;
    - b. Non-payment related defaults, if material;
    - c. Unscheduled draws on debt service reserves reflecting financial difficulties;
    - d. Unscheduled draws on credit enhancements reflecting financial difficulties;
    - e. Substitution of credit or liquidity providers, or their failure to perform;
    - f. Adverse tax opinions, the issuance by the Internal Revenue Service of proposed or final determinations of taxability, Notices of Proposed Issue (IRS Form 5701-TEB) or other material notices or determinations with respect to the tax status of the Bonds or other material events affecting the tax status of the Bonds;
    - g. Modifications to rights of Bondholders, if material;
    - h. Bond calls, if material, and tender offers;
    - i. Defeasances;
    - j. Release, substitution, or sale of property securing repayment of the securities, if material;
    - k. Rating changes;
    - l. Bankruptcy, insolvency, receivership or similar event of the obligated person;
    - m. The consummation of a merger, consolidation or acquisition involving an obligated person or the sale of all or substantially all of the assets of the obligated person, other than in the ordinary course of business, the entry into a definitive agreement to undertake such an action or the termination of a definitive agreement relating to any such actions, other than pursuant to its terms, if material; and
    - n. Appointment of a successor or additional trustee or the change of name of a trustee, if material.

#### **Termination of Reporting Obligation**

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

## **Amendment/Waiver**

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

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

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

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

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

## **Default**

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

## **FUTURE ISSUES**

[to be provided].

## LITIGATION

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

## APPROVAL OF LEGAL PROCEEDINGS

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

## TAX MATTERS

### Federal

**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,
- 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 under the federal corporate alternative minimum tax.

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

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

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

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

Bond Counsel is not responsible for updating its opinion in the future. It is possible that future events or changes in applicable law could change the tax treatment of the interest on the Bonds or affect the market price of the Bonds. See also “Changes in Federal and State Tax Law” 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.

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

***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) inheritance, transfer and estate taxes, (b) Tennessee excise taxes on interest on the Bonds during the period the Bonds are held or beneficially owned by any organization or entity, or other than a sole proprietorship or general partnership doing business in the State of Tennessee, and (c) Tennessee franchise taxes by reason of the inclusion of the book value of the Bonds in

the Tennessee franchise tax base of any organization or entity, other than a sole proprietorship or general partnership, doing business in the State of Tennessee.

### **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.

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

### **FORWARD LOOKING STATEMENTS**

The statements contained in this Official Statement, and in any other information provided that are not purely historic, are forward-looking statements, including statements regarding the expectations, hopes, intentions, or strategies regarding the future.

Readers should not place undue reliance on forward-looking statements. All forward-looking statements included in this Official Statement are based on information available on the date hereof, and assumes no obligation to update any such forward-looking statements.

The forward-looking statements herein are necessarily based on various assumptions and estimates and are inherently subject to various risks and uncertainties, including risks and uncertainties relating to the possible invalidity of the underlying assumptions and estimates and possible changes or developments in social, economic, business, industry, market, legal and regulatory circumstances and conditions and actions taken or omitted to be taken by third parties, including customers, suppliers, business partners and competitors, and legislative, judicial and other governmental authorities and officials. Assumptions related to the foregoing involve judgments with respect to, among other things, future economic, competitive, and market conditions and future business and policy decisions, all of which are difficult or impossible to predict accurately and, therefore, there can be no assurance that the forward-looking statements included in this Official Statement would prove to be accurate.

### **UNDERWRITING**

Stephens Inc. (the "Underwriter"), acting for and on behalf of itself and such other securities dealers as it may designate, will purchase the Bonds for an aggregate purchase price of \$\_\_\_\_\_ (which is

\$\_\_\_\_\_ aggregate principal amount, less \$\_\_\_\_\_ underwriter's discount, plus original issue premium of \$\_\_\_\_\_, less original issue discount of \$\_\_\_\_\_), plus accrued interest on the Bonds, if any. The Underwriter's obligation to purchase the Bonds is subject to certain conditions contained in the Bond Purchase Agreement by and between the County and the Underwriter (the "Bond Purchase Agreement").

The Underwriter may offer and sell the Bonds to certain dealers (including dealer banks and dealers depositing the Bonds into investment trusts) and others at prices different from the public offering prices stated on the cover page of this Official Statement. Such initial public offering prices may be changed from time to time by the Underwriter.

#### MISCELLANEOUS

The foregoing summaries do not purport to be complete and are expressly made subject to the exact provisions of the complete documents. For details of all terms and conditions, purchasers are referred to the Resolution, copies of which may be obtained from the County.

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

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



**CERTIFICATE OF COUNTY MAYOR**

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

WITNESS my official signature this \_\_\_\_ day of \_\_\_\_\_, 2012.

/s/ \_\_\_\_\_  
County Mayor

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

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

/s/ \_\_\_\_\_  
County Clerk

(SEAL)

**APPENDIX A**

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

(Proposed Form of Opinion of Bond Counsel)

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

(Dated Closing Date)

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

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

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

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

2. The resolution of the Board of County Commissioners of the Issuer authorizing the Bonds has been duly and lawfully adopted, is in full force and effect and is a valid and binding agreement of the Issuer enforceable in accordance with its terms.

3. The Bonds constitute general obligations of the Issuer for the payment of which the Issuer has validly and irrevocably pledged its full faith and credit. The principal of and interest on the Bonds are payable from unlimited ad valorem taxes to be levied on all taxable property within the Issuer.

4. Interest on the Bonds (including any original issue discount properly allocable to an owner thereof) 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 the 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, that must be satisfied subsequent to the issuance of the Bonds in order that interest thereon be, or continue to be, excluded from gross income for federal income tax purposes. Failure to comply with certain of such requirements could cause interest on the Bonds to be so included in gross income retroactive to the date of issuance of the Bonds. The Issuer has covenanted to comply with all such requirements. Except as set forth in this Paragraph 4, we express no opinion regarding other federal tax consequences arising with respect to the Bonds.

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

It is to be understood that the rights of the owners of the Bonds and the enforceability of the Bonds and the 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.

Yours truly,

**APPENDIX B**

Demographics and Financial Information  
Related to the County

## GENERAL INFORMATION

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

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

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

## DEMOGRAPHIC DATA

### Population

Montgomery County's location in the central area of the state has promoted its population growth and economic expansion. According to the 2010 U. S. Census, the County is the seventh largest county in the state with a population of 175,331 reflecting a 30 percent increase since the 2000 census.

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

Source: U.S. Bureau of Census

## Income and Housing

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

### Per Capita Personal Income

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

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

### Median Household Income

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

Source: U.S. Census Bureau

## ECONOMIC DATA

### Economic Base

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

## **Major Employers**

A diversified employment base of military, industries, state and local governments, health care, higher education and retail trade supports the economic base of the County. Based on May 2011 statistics provided by the Tennessee Department of Employment Security, the County has a resident labor force of 73,900, which does not include military personnel (soldiers).

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

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

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

### **Hemlock Semiconductor LLC**

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



### Major County Employers

Employer	Number of Employees	Products /Services
Fort Campbell Military Base	8,058	Major Defense Installation
USD Civilian	2,782	
NAF	533	
PX	917	
Schools	660	
Contract Employees	2,931	
Other Tenants	235	
Montgomery County School System	3,900	Education and Schools
Trane Company	1,400	Air Condition & Heating Equipment
Wal-Mart Supercenter	1,363	Retail
Gateway Health System (Hospital)	1,165	Medical Services
City of Clarksville	989	Municipal Services
Montgomery County General Government	921	County Services
Austin Peay State University	900	Higher Education
Quebecor Printing	850	Magazine Printing
Convergys Corp.	800	Telemarketing Call Center
Larson Enterprises (McDonalds)	600	Restaurants
Bosch Braking Systems	475	Anti-lock Brakes
State of Tennessee	411	State Government Services
Letica Corp. (Maui Cup)	400	Paper Cups
Josten's Printing & Publication	375	Yearbook Printing
Bridgestone Metalpha USA Inc.	365	Metal Cord
Akebono	328	Hubs, Rotors, & Corner Modules
Progressive Directions, Inc.	300	Health Care
Premier Medical Group	279	Health Care
Florim USA	260	Ceramic & Porcelain Tile Manufacturing
Carreca Enterprises (Pizza Hut)	250	Restaurants
Nyrstar	249	Zinc, Sulfuric Acid and Cadmium
F&M Bank	231	Financial Services
Cumberland Electric Co-op	225	Electricity Supplier
Spear USA	206	Pressure Sensitive Labels

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

## Labor Force, Employment and Unemployment Data

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

Year	Total			Unemployment		
	Labor Force	Unemployment	Employment	County	State	U.S.
2000	59,200	1,840	57,360	3.1%	3.9%	4.0%
2001	60,220	2,240	57,980	3.7%	4.5%	4.8%
2002	64,160	3,050	61,110	4.8%	5.1%	5.8%
2003	63,320	3,000	60,320	4.7%	5.8%	6.0%
2004	62,530	3,100	59,430	5.0%	5.4%	5.5%
2005	64,480	3,230	61,250	5.0%	5.6%	5.1%
2006	67,440	3,230	64,210	4.8%	5.2%	4.6%
2007	70,290	3,160	67,130	4.5%	4.7%	4.6%
2008	67,330	4,140	63,200	6.1%	6.4%	5.8%
2009	67,740	6,040	61,700	8.9%	10.5%	9.3%
2010	71,490	6,510	64,980	9.1%	9.7%	9.6%
Dec 2011	73,720	6,180	67,540	8.4%	8.1%	8.3%

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

## Transportation System

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

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

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

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

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

## **Aspire Clarksville**

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

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

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

## **Fort Campbell Military Base**

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

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

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

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

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

## **Health Care Services**

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

## **Retail Trade**

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

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

## **Tourism, Restaurants and Lodging**

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

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

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

## **Higher Education**

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

*Austin Peay State University* is the primary institution of higher education in the County. It was founded in 1927 and had a Fall 2010 enrollment of over 10,700. The main campus is located on 160 acres with an additional site of 475 acres operated as an environmental education center. The University offers a diversified higher educational program offering 57 majors with more than 91 different areas of concentration and four Chairs of Excellence in the areas of creative arts, free enterprise, business and nursing and two Centers of Excellence in the areas of biology and the creative arts. The University has added a Business and Community Solution Center, which combines the efforts of the University and the

Clarksville-Montgomery County Economic Development Council to provide a resource for business and economic development for the County.

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

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

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

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

**Private Schools**

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

**Public Education**

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

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

## GREATER NASHVILLE REGION

### Population for Region

The population of the Region is 27.1% of the state total population based on the 2010 U.S. Census. The County's population in 2010 represents 10.0% of the Region's total population of 1,722,648. The growth of the County was 27.9% from 2000 to 2010, which was slightly less than the state's growth of 30.1%. The County is the fourth largest in the Region after Davidson, Rutherford and Williamson Counties.

County	2000	2010	Growth Percent	Percent of Region
Cheatham	35,912	39,105	8.9%	2.3%
Davidson	569,891	626,681	10.0%	36.4%
Dickson	43,156	49,666	15.1%	2.9%
Houston	8,088	8,426	4.2%	0.5%
Humphreys	17,929	18,538	3.4%	1.1%
<b>Montgomery</b>	<b>134,768</b>	<b>172,331</b>	<b>27.9%</b>	<b>10.0%</b>
Robertson	54,433	66,283	21.8%	3.8%
Rutherford	182,023	262,604	44.3%	15.2%
Stewart	12,370	13,324	7.7%	0.8%
Sumner	130,449	160,645	23.1%	9.3%
Trousdale	7,259	7,870	8.4%	0.5%
Williamson	126,638	183,182	44.7%	10.6%
Wilson	88,809	113,993	28.4%	6.6%
<b>Total for Region</b>	<b>1,411,725</b>	<b>1,722,648</b>	<b>22.0%</b>	<b>100.0%</b>
State of Tennessee	4,877,203	6,346,105	30.1%	
Region % of State	28.9%	27.1%		

**Labor Force, Employment and Unemployment Data for Region – December 2011**

For the month of December 2011, the County labor force represents 8.3% of the Region’s total available labor force with an unemployment rate of 8.4%. The Region employs 28.2% of the state labor force and has an unemployment rate of 7.0 % while the State has a rate of 8.7% as presented in the table below.

<b>County</b>	<b>Labor Force</b>	<b>Employment Number</b>	<b>% of Region</b>	<b>Unemployment Number</b>	<b>Rate</b>
Cheatham	21,150	19,560	2.4%	1,590	7.5%
Davidson	334,840	311,750	37.7%	23,090	6.9%
Dickson	24,350	22,160	2.7%	2,190	9.0%
Houston	3,970	3,630	0.4%	340	8.6%
Humphreys	9,330	8,490	1.1%	840	9.0%
<b>Montgomery</b>	<b>73,720</b>	<b>67,540</b>	<b>8.3%</b>	<b>6,180</b>	<b>8.4%</b>
Robertson	34,780	32,310	3.9%	2,470	7.1%
Rutherford	139,440	130,030	15.7%	9,410	6.7%
Stewart	6,260	5,570	0.7%	690	11.0%
Sumner	82,650	76,980	9.3%	5,670	6.9%
Trousdale	3,810	3,460	0.4%	350	9.2%
Williamson	92,840	87,840	10.5%	5,000	5.4%
Wilson	60,660	56,600	6.8%	4,060	6.7%
<b>Total for Region</b>	<b>887,800</b>	<b>825,920</b>	<b>100.0%</b>	<b>61,880</b>	<b>7.0%</b>
<b>State of Tennessee</b>	<b>3,109,000</b>	<b>2,839,700</b>		<b>269,300</b>	<b>8.7%</b>
<b>Region % of State</b>	<b>27.8%</b>	<b>28.2%</b>			

**GOVERNMENTAL STRUCTURE**

**County Government**

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

**Accounting and Financial Reporting for Post-Employment Benefits**

See Appendix C, page 61, Note I.

**Retirement Commitments**

See page Appendix C, page 58, Note H.

**GENERAL FINANCIAL INFORMATION  
SUMMARY OF OUTSTANDING DEBT**

Amount Issued	Issue	Date Issued	Maturity Date	Interest Rate	Principal Outstanding 06/30/11
<b><u>Bonds</u></b>					
\$68,725,000	GO Public Improvement & Ref. Bonds, Series 2001	12/1/01	5/1/21	4.00% - 5.50%	\$7,265,000 <sup>(1)</sup>
25,000,000	GO Public Improvement Bonds, Series 2003	6/1/03	6/1/23	2.00% - 4.25%	16,000,000
81,640,000	GO Refunding Bonds, Series 2003	6/1/03	6/1/15	4.00% - 4.75%	15,400,000 <sup>(1)</sup>
43,240,000	GO Refunding Bonds, Series 2004	3/15/04	3/15/20	2.30% - 4.75%	42,650,000
22,000,000	GO Public Improvement Bonds, Series 2004	11/1/04	4/1/25	3.00% - 4.50%	3,100,000 <sup>(1)</sup>
40,000,000	GO School and Public Improvement Bonds, Series 2005	12/1/05	4/1/26	4.00% - 4.50%	11,500,000 <sup>(1)</sup>
63,945,000	GO School Refunding Bonds, Series 2006	8/11/06	4/1/26	4.25% - 5.00%	57,820,000
18,000,000	GO School and Public Improvement Bonds, Series 2007	8/30/07	5/1/28	4.00% - 5.00%	16,125,000
18,450,000	GO Industrial Park Bonds, Series 2008	8/28/08	5/1/22	5.00%-5.625%	17,400,000
5,400,000	GO Bonds, Series 2010 (Build America Bonds or BABs)	2/4/10	4/1/30	2.96% - 3.64% <sup>(2)</sup>	5,400,000
74,155,000	GO Refunding Bonds, Series 2011	4/1/10	4/1/24	2.00% - 5.00%	74,090,000
62,335,000	GO Schools and Public Improvement Bonds, Series 2011	7/28/11	4/1/29	2.00% - 5.00%	62,335,000
<b>Sub-Total</b>					<b>\$329,085,000</b>
<b><u>Loan Agreements</u></b>					
\$20,140,987	PBA Loan through TN County Services Assn	6/6/08	5/25/29	Variable	\$18,704,000
20,000,000	Qualified School Construction Bonds Issued by State	12/17/09	7/1/26	1.72%	18,960,029
2,470,731	Qualified Zone Academy (School) Bonds, Series 2001	2001	12/18/15	0.00%	882,404
2,751,820	Qualified Zone Academy (School) Bonds, Series 2005	2005	12/1/17	0.00%	2,465,987
<b>Sub-Total</b>					<b>\$41,012,420</b>
<b><u>Notes</u></b>					
\$4,500,000	General Obligation Capital Outlay Notes, Series 2009	3/6/09	4/1/12	2.65%	3,500,000
250,000	Promissory Note - Land for Park	3/31/10	7/1/14	4.00%	203,843
<b>Sub-Total</b>					<b>\$3,703,843</b>
<b>Total Outstanding Debt</b>					<b>\$373,801,263</b>

**DEBT STATEMENT  
(as of June 30, 2011)**

<b>Outstanding Debt</b>	
Total Outstanding Debt	\$373,801,263
<b>Gross Direct Debt</b>	\$373,801,263
Less: Bonds to be Refunded	(\$30,765,000)
Plus: Current Offering: General Obligation Schools and Public Improvement Bonds, Series 2011	\$29,415,000 *
Less: Estimated Debt Service Fund Balance as of June 30, 2011	(27,999,143)
<b>Net Direct Debt</b>	\$344,452,120
<b>Net Overlapping Debt (as of June 30, 2011)</b>	
City of Clarksville	\$90,872,303
<b>Total Net Overlapping Debt</b>	\$90,872,303
<b>Overall Net Debt</b>	<b>\$435,324,423</b>

**DEBT RECORD**

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

\*Preliminary

<sup>(1)</sup>A portion of these bonds will be refunded with the Series 2012 Refunding Bonds.

<sup>(2)</sup>Taxable Build America Bonds. Rate shown is net of 35% subsidy expected to be received from from U.S. Government.

Sources: Annual Financial Report for Fiscal Year ending June 30, 2010 and County Finance Department.



## POPULATION

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

Source: US Census Bureau

## DEBT PER CAPITA RATIOS

Outstanding Debt	\$2,169.09
Gross Direct Debt	\$2,169.09
Net Direct Debt	\$1,998.78
Total Net Overlapping Debt	\$527.31
Overall Net Debt	\$2,526.09

## DEBT RATIOS

	<b>Estimated Actual Value</b>	<b>Assessed Value</b>
Outstanding Debt to	2.373%	12.044%
Gross Direct Debt to	2.373%	12.044%
Net Direct Debt to	2.186%	11.098%
Total Net Overlapping Debt to	0.577%	2.928%
Overall Net Debt to	2.763%	14.026%

## DEBT TREND

<b>Form of Debt</b>	<b>06/30/06</b>	<b>06/30/07</b>	<b>06/30/08</b>	<b>06/30/09</b>	<b>06/30/10</b>
Bonded Debt	\$221,875,808	\$274,685,000	\$281,490,000	\$288,540,000	\$280,180,000
Loan Agreements	24,595,000	4,080,546	23,785,452	20,278,371	39,231,202
Notes Payable	7,168,587	5,016,726	3,450,000	6,850,000	5,450,000
<b>Gross Direct Debt</b>	<b>\$253,639,395</b>	<b>\$283,782,272</b>	<b>\$308,725,452</b>	<b>\$315,668,371</b>	<b>\$324,861,202</b>
Less: Debt Service Fund Balance	(17,800,772)	(23,901,392)	(25,601,896)	(26,689,680)	(28,454,661)
<b>Net Direct Debt</b>	<b>\$235,838,623</b>	<b>\$259,880,880</b>	<b>\$283,123,556</b>	<b>\$288,978,691</b>	<b>\$296,406,541</b>

Sources: Annual Financial Reports as prepared and presented by The Division of County Audit for the fiscal years ending June 30, 2006-2010.

**DEBT SERVICE REQUIREMENTS**  
(as of June 30, 2011)

Year Ended	Year No.	Principal Requirements					Interest Requirements					Total Debt Service Prin. & Int. Requirements	
		Bonds & Notes	Agreements QZABs & QSC Bonds	Less: Bonds to be Refunded	Plus: Current Offering Series 2012*	Total Principal Requirements	Percent Retired	Bonds & Notes <sup>(1)(2)</sup>	Loan Agreements and QSC Bonds	Less: Bonds to be Refunded	Plus: Current Offering Series 2012*		Total Interest Requirements
2012	0	\$18,813,003	\$2,447,050			\$21,260,053		\$12,414,451	\$864,120	(\$370,404)	\$0	\$12,908,167	\$34,168,220
2013	1	18,099,923	2,474,050	(300,000)	350,000	20,623,973		11,568,231	841,230	(1,310,494)	1,081,500	12,180,467	32,804,440
2014	2	19,136,920	2,501,049	(1,335,000)	1,380,000	21,682,969		10,781,784	817,530	(1,293,993)	1,074,500	11,379,821	33,062,790
2015	3	20,108,997	2,530,049	(1,370,000)	1,390,000	22,659,046		10,006,407	793,020	(1,243,069)	1,046,900	10,603,258	33,262,304
2016	4	20,190,000	2,560,049	(2,910,000)	2,905,000	22,745,049		9,202,247	767,640	(1,188,969)	1,019,100	9,800,018	32,545,067
2017	5	21,445,000	2,413,569	(2,945,000)	2,885,000	23,798,569	35.65%	8,325,522	741,360	(1,075,793)	961,000	8,952,089	32,750,658
2018	6	22,840,000	2,445,569	(2,985,000)	2,860,000	25,160,569		7,372,484	714,180	(957,569)	903,300	8,032,395	33,192,964
2019	7	24,000,000	2,478,569	(1,060,000)	390,000	25,808,569		6,383,228	686,040	(836,462)	788,900	7,021,706	32,830,275
2020	8	25,145,000	2,512,568	(3,060,000)	395,000	24,992,568		5,368,541	656,910	(809,813)	777,200	5,992,838	30,985,406
2021	9	25,955,000	2,417,556	(1,000,000)	2,895,000	30,267,556		4,272,753	626,760	(782,137)	769,300	4,886,676	35,154,232
2022	10	21,435,000	2,324,969	(1,000,000)	795,000	23,554,969	70.49%	3,165,872	595,560	(653,438)	682,450	3,790,444	27,345,413
2023	11	20,910,000	2,362,969	0	785,000	24,057,969		2,476,424	563,250	(612,187)	650,650	3,078,137	27,136,106
2024	12	20,600,000	2,401,969	0	0	23,001,969		1,778,868	529,800	(569,687)	619,250	2,358,231	25,360,200
2025	13	18,055,000	2,441,969	(7,750,000)	7,525,000	20,271,969		1,113,412	495,180	(569,687)	619,250	1,658,155	21,930,124
2026	14	16,080,000	2,606,819	(5,050,000)	4,860,000	18,496,819		598,498	459,360	(227,250)	243,000	1,073,608	19,570,427
2027	15	8,025,000	1,397,647			9,422,647	96.07%	196,618	144,530			341,148	9,763,795
2028	16	8,050,000	1,325,000			9,375,000		124,211	80,880			205,091	9,580,091
2029	17	3,175,000	1,371,000			4,546,000		50,521	41,130			91,651	4,637,651
2030	18	725,000				725,000	100.00%	26,390				26,390	751,390
		\$332,788,843	\$41,012,420	(\$30,765,000)	\$29,415,000	\$372,451,263		\$95,226,462	\$10,418,480	(\$12,500,952)	\$11,236,300	\$104,380,290	\$476,831,553

<sup>(1)</sup> The PBA loan through the Tennessee County Services Association is a variable rate and resets weekly. We have used an estimated interest using a rate of 3.00% for the computations.

<sup>(2)</sup> Includes Series 2010 Taxable Build America Bonds. The interest is net of 35% subsidy expected to be received from U.S. Government. Sources: Annual Financial Report for Fiscal Year ending June 30, 2010 and County Finance Department.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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**PROPERTY VALUATION AND PROPERTY TAX**

	<b>Fiscal Year</b>	<b>2007-2008</b>	<b>2008-2009</b>	<b>2009-2010</b>	<b>2010-2011</b>	<b>Budget for</b>
	<b>Tax Year</b>	<b>2007</b>	<b>2008</b>	<b>2009</b>	<b>2010</b>	<b>2011-2012</b>
				<b>Reappraisal Yr.</b>		<b>2011</b>
<b>ESTIMATED ACTUAL VALUES<sup>(1)</sup></b>						
Residential & Farm		\$5,832,902,800	\$6,873,701,571	\$7,295,617,300	\$7,409,691,000	\$7,629,042,000
Commercial & Industrial		1,826,682,000	2,252,824,579	2,489,254,100	2,420,216,100	2,384,158,200
Personal Tangible Property		556,167,407	555,072,110	432,963,867	594,728,107	551,657,790
Public Utilities		172,773,297	164,484,504	164,484,505	176,533,975	176,533,975
<b>Total Assessor's Appraised Values</b>		<b>\$8,388,525,504</b>	<b>\$9,846,082,764</b>	<b>\$10,382,319,772</b>	<b>\$10,601,169,182</b>	<b>\$10,741,391,965</b>
In-lieu of Property Tax Values (1)		28,402,164	36,188,299	43,857,793	83,330,100	83,330,100
Fort Campbell Property Values (2)		2,623,666,127	3,292,018,801	3,291,997,793	4,110,768,668	4,929,539,544
<b>Total Estimated Actual Values</b>		<b>\$11,040,593,795</b>	<b>\$13,174,289,864</b>	<b>\$13,718,175,358</b>	<b>\$14,795,267,950</b>	<b>\$15,754,261,609</b>
Annual Percentage Change		12.10%	19.33%	4.13%	7.85%	6.48%
Estimated Per Capita Actual Values		\$71,479	\$85,129	\$85,218	\$85,854	\$91,419
<b>ASSESSED VALUES<sup>(1)</sup></b>						
Residential & Farm (at 25%)		\$1,458,225,700	\$1,531,117,025	\$1,825,831,225	\$1,852,422,750	\$1,907,260,500
Commercial & Industrial (at 40%)		730,672,800	802,906,680	991,746,760	968,086,440	953,663,280
Personal Tangible Property (at 30%)		166,850,222	148,370,775	179,626,028	178,418,432	165,497,337
Public Utilities (at 30%-55%)		67,380,363	64,102,507	64,102,507	77,227,249	77,227,249
<b>Total Assessor Assessed Values</b>		<b>\$2,423,129,085</b>	<b>\$2,546,496,987</b>	<b>\$3,061,306,520</b>	<b>\$3,076,154,871</b>	<b>\$3,103,648,366</b>
Annual Percentage Change		5.94%	5.09%	20.22%	0.49%	0.89%
Estimated Per Capita Amount		\$15,688	\$16,455	\$19,782	\$19,109	\$18,010
<b>Appraisal Ratio</b>		100.00%	89.10%	100.00%	100.00%	100.00%
<b>Assessed Values to Appraised Values</b>		28.89%	25.86%	29.49%	29.02%	28.89%
<b>Property Tax Rate</b>						
General		\$0.970	\$0.970	\$0.930	\$0.930	\$0.930
Highway/Public Works		0.130	0.130	0.120	0.120	0.120
General Purpose School		1.020	1.020	0.884	0.884	0.968
Debt Service		0.897	0.897	0.840	0.850	1.026
General Capital Projects		0.055	0.055	0.047	0.037	0.037
Schools Capital Projects		0.068	0.068	0.059	0.059	0.059
<b>Total Property Tax Rate</b>		<b>\$3.140</b>	<b>\$3.140</b>	<b>\$2.880</b>	<b>\$2.880</b>	<b>\$3.140</b>
<b>Taxes Levied</b>						
Total Assessed Taxes Levied		\$76,086,253	\$77,954,013	\$84,021,232	\$85,165,115	\$97,454,559
Total In-lieu of Property Tax Levied		356,731	454,525	505,241	505,241	505,241
<b>Collections</b>						
Current Fiscal Year		\$72,955,555	\$76,335,210	\$81,486,889	\$81,979,348	In Process
Percent Collected Current FY		95.89%	97.92%	96.98%	96.26%	In Process
As of 6/30/10						
Amount Uncollected		\$15,438	\$49,957	\$1,018,641	\$3,185,767	
Percent Collected		99.98%	99.94%	98.79%	96.26%	
Percent Uncollected		0.02%	0.06%	1.21%	3.74%	

(1) The County has entered into a tax abatement program with eight firms that are paying a total of \$505,241.76 for the 2009 Tax Year. The in-lieu of taxes paid were used to project the actual value for the property subject to the tax abatement program.

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

Sources: State Board of Equalization, State Board of Equalization Tax Aggregate Reports of Tennessee, Tennessee Office of State Assessed Properties, Property Assessor's office and County Trustee of Montgomery County, TN and Comprehensive Annual Financial Reports as prepared and presented by The Division of County Audit for the fiscal years ending June 30, 2006 - 2010.



## TOP TAXPAYERS

<u>Business</u>	<u>Type of Business</u>	<u>2010 Tax Year FY 2010-11 Assessed Value</u>	<u>Assessed Value as a % of 2010 Total Assessment</u>
Clarksville Health System	Healthcare	\$76,997,338	2.50%
Cumberland Electric	Utility	26,582,881	0.86%
Trane Company	Heating & cooling equipment	20,179,935	0.66%
BellSouth	Telecommunication	18,656,743	0.61%
Governor's Square	Retail shopping mall	17,695,583	0.58%
Pasminco Zinc, Inc	Manufacturing	16,985,922	0.55%
Walmart	Retail	16,658,218	0.54%
Tinytown Village	Real Estate	16,304,498	0.53%
Robert Bosch Corporation	Brake Manufacturer	14,876,003	0.48%
Tennessee Metro Holdings	Commercial	13,982,894	0.45%

Sources: Montgomery County Assessor of Property

## FUND BALANCES

	<u>06/30/06</u>	<u>06/30/07</u>	<u>06/30/08</u>	<u>06/30/09</u>	<u>06/30/10</u>
<b>GOVERNMENTAL FUNDS</b>					
General Government Fund	\$9,764,561	\$16,144,917	\$19,527,697	\$19,861,355	\$22,149,410
Special Revenue Funds	1,763,197	1,912,642	1,526,821	1,136,974	2,018,952
Education Funds	18,427,366	21,515,056	20,209,969	27,680,678	23,269,502
Debt Service Funds	17,800,772	23,901,392	24,741,067	26,689,670	28,454,661
<b>Total Operating Funds</b>	<b>\$47,755,896</b>	<b>\$63,474,007</b>	<b>\$66,005,554</b>	<b>\$75,368,677</b>	<b>\$75,892,525</b>
Capital Project - Gen. Government	31,140,422	55,295,284	23,415,979	7,614,678	3,132,866
Capital Project-Education	1,651,318	2,860,452	3,156,647	6,125,853	21,252,155
<b>Total Governmental Funds</b>	<b>\$80,547,636</b>	<b>\$121,629,743</b>	<b>\$92,578,180</b>	<b>\$89,109,208</b>	<b>\$100,277,546</b>

Sources: Annual Financial Reports as prepared and presented by The Division of County Audit for the fiscal years ending June 30, 2006-2010.

## LOCAL SALES TAX

	<u>06/30/06</u>	<u>06/30/07</u>	<u>06/30/08</u>	<u>06/30/09</u>	<u>06/30/10</u>
<b>Rate (Percent of retail sales)</b>	2.50%	2.50%	2.50%	2.50%	2.50%
<b>Distribution</b>					
General Debt Service Fund	\$2,676,472	\$2,954,707	\$2,899,239	\$2,973,898	\$3,095,126
General Fund	0	0	0	1,182	0
General Purpose School Fund	28,817,756	31,838,876	31,227,581	32,020,303	33,320,858
Cities Portion	10,163,209	12,093,816	11,068,305	11,282,435	11,762,261
<b>Total Amount Collected</b>	<b>\$41,657,437</b>	<b>\$46,887,399</b>	<b>\$45,195,125</b>	<b>\$46,277,818</b>	<b>\$48,178,245</b>
% of Increase	4.67%	12.55%	-3.61%	2.40%	4.11%

Sources: Annual Financial Reports as prepared and presented by The Division of County Audit for the fiscal years ending June 30, 2006-2010.

## WHEEL TAX

	<u>06/30/06</u>	<u>06/30/07</u>	<u>06/30/08</u>	<u>06/30/09</u>	<u>06/30/10</u>
<b>Rate Per Vehicle</b>	\$30.50	\$30.50	\$30.50	\$30.50	\$30.50
General Purpose School Fund	\$3,390,834	\$3,547,215	\$3,650,243	\$3,710,968	\$3,379,672
<b>Total Amount Collected</b>	<b>\$3,390,834</b>	<b>\$3,547,215</b>	<b>\$3,650,243</b>	<b>\$3,710,968</b>	<b>\$3,379,672</b>
% of Increase	4.11%	4.61%	2.90%	1.66%	-8.93%

Sources: Annual Financial Reports as prepared and presented by The Division of County Audit for the fiscal years ending June 30, 2006-2010.

## SELECTED FINANCIAL INFORMATION REGARDING THE COUNTY

### General

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

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

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

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

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

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

**APPENDIX C**

**Annual Financial Report of Montgomery County  
for the Year Ended June 30, 2010**

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**ANNUAL FINANCIAL REPORT  
MONTGOMERY COUNTY, TENNESSEE**



**FOR THE YEAR ENDED JUNE 30, 2010**



**ANNUAL FINANCIAL REPORT**  
**MONTGOMERY COUNTY, TENNESSEE**  
**FOR THE YEAR ENDED JUNE 30, 2010**

**DEPARTMENT OF AUDIT**  
**JUSTIN P. WILSON**  
*Comptroller of the Treasury*

**DIVISION OF COUNTY AUDIT**  
**RICHARD V. NORMENT**  
*Assistant to the Comptroller*

**JAMES R. ARNETTE**  
*Director*

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

**RACHELLE CABADING, CFE**  
*Auditor 4*

**FERMAN PRIDE, CGFM**  
**KATIE ARMSTRONG, CPA, CFE**  
**JOSEPH ENSMINGER, CFE**  
**CARRIE SABIN**  
**WENDY HEATH, CFE**  
*State Auditors*

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

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# ***Audit Highlights***

Annual Financial Report  
Montgomery County, Tennessee  
For the Year Ended June 30, 2010

## ***Scope***

We have audited the basic financial statements of Montgomery County as of and for the year ended June 30, 2010.

## ***Results***

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

Our audit resulted in five 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:

### **MONTGOMERY COUNTY AND THE CLARKSVILLE-MONTGOMERY COUNTY SCHOOL DEPARTMENT**

- ◆ The Self-Insurance Fund had a deficit of \$1,657,951 in unrestricted net assets at June 30, 2010.

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### **OFFICES OF COUNTY MAYOR AND DIRECTOR OF ACCOUNTS AND BUDGETS**

- ◆ A \$250,000 promissory note to purchase land was not issued in accordance with state statutes.
- ◆ The office had deficiencies in budget operations.
- ◆ The Ambulance Service did not issue prenumbered receipts.

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### **OFFICE OF SHERIFF**

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

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## INTRODUCTORY SECTION

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# Montgomery County Officials

## June 30, 2010

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### Officials

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

### Board of County Commissioners

Carolyn Bowers, County Mayor, Chairperson  
John M. Gannon, Sr.  
Keith Politi  
Edward Baggett  
Benny Skinner  
John Genis  
Robert Gibbs, Jr.  
Dalton Harrison  
Ruth Ann Milliken  
Ronald Sokol  
Charles Keene

Martha Brockman  
Joe Creek  
Nick Robards  
Loretta Bryant  
Robert Nichols  
Ginger Miles  
Lettie Kendall  
Glen Demorest  
Mark Banasiak  
Dwain Etterling  
Jerry Allbert

### Highway Commission

Mike Frost, Highway Supervisor  
Edgar Ray Groves  
Milan Lewis

### Board of Education

George Giles, Chairman  
Horace Murphy, Jr.  
James Mann  
Jimmie Garland

Carol Smithson  
Eula Dowdy  
Ernest Brockman

### Audit Committee

Nick Robards, Chairman  
Keith Politi  
Ronald Sokol

Dwain Etterling  
Robert Gibbs, Jr.

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## FINANCIAL SECTION

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

INDEPENDENT AUDITOR'S REPORT

December 29, 2010

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

To the County Mayor and Board of County Commissioners:

We have audited the accompanying financial statements of the governmental activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of Montgomery County, Tennessee, as of and for the year ended June 30, 2010, which collectively comprise Montgomery County's basic financial statements as listed in the table of contents. These financial statements are the responsibility of Montgomery County's management. Our responsibility is to express opinions on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the auditing standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinions.

The financial statements of the Emergency Communications District of Montgomery County, the Bi-County Solid Waste Management System, the Clarksville-Montgomery County Industrial Development Board, and the Clarksville-Montgomery County Public Library, component units requiring discrete presentation, had not been made available by other auditors as of the date of this report. Accordingly, the aggregate discretely presented

component units financial statements referred to above do not include amounts for the Emergency Communications District of Montgomery County, the Bi-County Solid Waste Management System, the Clarksville-Montgomery County Industrial Development Board, and the Clarksville-Montgomery County Public Library, which should be included to conform with accounting principles generally accepted in the United States of America. The effects on the financial statements of the aggregate discretely presented component units are not reasonably determinable.

In our opinion, except for the effects of not including the financial statements of the Emergency Communications District of Montgomery County, the Bi-County Solid Waste Management System, the Clarksville-Montgomery County Industrial Development Board, and the Clarksville-Montgomery County Public Library, as discussed in the preceding paragraph, the financial statements referred to above present fairly, in all material respects, the financial position of the aggregate discretely presented component units of Montgomery County, Tennessee, as of June 30, 2010, and the results of operations of the aggregate discretely presented component units, for the year then ended, in conformity with accounting principles generally accepted in the United States of America.

Additionally, in our opinion, based on our audit, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of Montgomery County, Tennessee, as of June 30, 2010, and the respective changes in financial position thereof for the year then ended, in conformity with accounting principles generally accepted in the United States of America.

In accordance with Government Auditing Standards, we have also issued our report dated December 29, 2010, on our consideration of Montgomery County's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with Government Auditing Standards and should be considered in assessing the results of our audit.

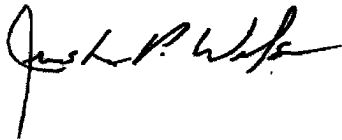
As described in Note V.B., Montgomery County has adopted the provisions of Governmental Accounting Standards Board Statement No. 51, Accounting and Financial Reporting for Intangible Assets; and Statement No. 53, Accounting and Financial Reporting for Derivative Instruments, which became effective for the year ended June 30, 2010.

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

Accounting principles generally accepted in the United States of America require that the budgetary comparison, pension, and other postemployment benefits information on pages 66 through 73 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

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

Very truly yours,



Justin P. Wilson  
Comptroller of the Treasury

JPW/yu

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## **BASIC FINANCIAL STATEMENTS**

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Exhibit A

Montgomery County, Tennessee  
Statement of Net Assets  
June 30, 2010

	<u>Primary Government Governmental Activities</u>	<u>Component Unit Clarksville- Montgomery County School Department</u>
<b><u>ASSETS</u></b>		
Cash	\$ 25,219	\$ 18,846,694
Equity in Pooled Cash and Investments	59,322,572	30,507,183
Inventories	51,724	495,349
Accounts Receivable	5,380,954	143,588
Allowance for Uncollectibles	(1,289,028)	0
Due from Other Governments	2,198,854	8,387,821
Due from Primary Government	0	40,666
Due from Component Units	15,791	0
Property Taxes Receivable	70,752,197	28,638,162
Allowance for Uncollectible Property Taxes	(1,191,897)	(546,872)
Prepaid Items	0	631,695
Deferred Charges - Debt Issuance Costs	2,256,043	0
Capital Assets:		
Assets Not Depreciated:		
Land	24,384,624	12,556,577
Construction in Progress	4,678,738	1,832,263
Assets Net of Accumulated Depreciation:		
Buildings and Improvements	81,830,125	238,076,051
Other Capital Assets	6,150,485	13,969,094
Intangibles	452,233	0
Infrastructure	27,912,655	0
Total Assets	<u>\$ 282,931,289</u>	<u>\$ 353,578,271</u>
<b><u>LIABILITIES</u></b>		
Accounts Payable	\$ 975,830	\$ 1,824,055
Accrued Payroll	1,540,531	5,740,314
Payroll Deductions Payable	206,997	3,284,202
Accrued Interest Payable	2,868,387	0
Deferred Compensation Payable	0	319,182
Due to State of Tennessee	1,003	0
Due to Primary Government	0	15,791
Due to Component Units	40,666	0
Due to Litigants, Heirs, and Others	20,010	0
Other Current Liabilities	758,950	0
Customer Deposits Payable	1,000	104,891
Deferred Revenue - Current Taxes	67,480,862	26,988,742
Noncurrent Liabilities:		
Due Within One Year	21,168,727	1,490,912
Due in More Than One Year (net of unamortized premiums and deferred amount on refunding)	311,702,963	1,999,392
Total Liabilities	<u>\$ 406,765,926</u>	<u>\$ 41,767,481</u>

(Continued)

Exhibit A

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

	<u>Primary Government Governmental Activities</u>	<u>Component Unit Clarksville- Montgomery County School Department</u>
<b><u>NET ASSETS</u></b>		
Invested in Capital Assets, Net of Related Debt	\$ 26,439,729	\$ 0
Invested in Capital Assets	0	266,433,985
Restricted for:		
Capital Projects	2,556,939	21,252,155
School Federal Projects	0	679,382
Debt Service	39,486,777	0
Highways	2,233,241	0
Central Cafeteria	0	3,938,579
School Transportation	0	1,487,894
Extended School Program	0	64,809
Automation Purposes	450,643	0
Drug Control	86,179	0
Alcohol and Drug Treatment	205,171	0
Career Ladder - Extended Contract	0	116,538
Career Ladder Program	0	27,135
Victims Assistance Programs	68,940	0
Unclaimed Property	480,159	0
Animal Control Donations	81,307	0
Fraud and Crimes Prosecution Act	44,372	0
Courtroom Security	40,837	0
Other Purposes	93,879	0
Unrestricted	<u>(196,102,810)</u>	<u>17,810,313</u>
Total Net Assets (Deficit)	<u>\$ (123,834,637)</u>	<u>\$ 311,810,790</u>

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

Exhibit B

Montgomery County, Tennessee  
Statement of Activities  
For the Year Ended June 30, 2010

Functions/Programs	Net (Expense) Revenue and Changes in						Clarksville- Montgomery County School Department
	Net Assets						
	Expenses	Charges for Services	Program Revenues Operating Grants and Contributions	Capital Grants and Contributions	Primary Government Total Governmental Activities	Component Unit	
Primary Government:							
Governmental Activities:							
General Government	\$ 7,824,967	\$ 3,306,233	\$ 190,645	\$ 0	\$ (4,328,089)	\$ 0	
Finance	5,204,956	4,253,975	31,650	0	(919,331)	0	
Administration of Justice	6,091,450	4,609,791	640,822	9,000	(831,837)	0	
Public Safety	24,214,254	1,406,367	992,646	668,887	(21,146,354)	0	
Public Health and Welfare	10,880,689	4,817,578	1,738,376	0	(4,324,735)	0	
Social, Cultural, and Recreational Services	1,836,010	4,638	0	440,000	(1,391,372)	0	
Agriculture and Natural Resources	415,634	0	0	0	(415,634)	0	
Other Operations	4,613,121	0	0	0	(4,613,121)	0	
Highways/Public Works	7,491,940	72,717	2,895,024	2,191,082	(2,333,117)	0	
Education	57,999,800	31,476,208	0	0	(26,523,592)	0	
Interest on Long-term Debt	14,321,704	0	0	0	(14,321,704)	0	
Other Debt Service	277,034	0	0	0	(277,034)	0	
<b>Total Primary Government</b>	<b>\$ 141,171,559</b>	<b>\$ 49,947,507</b>	<b>\$ 6,489,163</b>	<b>\$ 3,308,969</b>	<b>\$ (81,425,920)</b>	<b>\$ 0</b>	
Component Unit:							
Clarksville-Montgomery County School Department	\$ 232,933,205	\$ 5,189,084	\$ 21,616,240	\$ 24,136,203	\$ 0	\$ (181,991,678)	
<b>Total Component Unit</b>	<b>\$ 232,933,205</b>	<b>\$ 5,189,084</b>	<b>\$ 21,616,240</b>	<b>\$ 24,136,203</b>	<b>\$ 0</b>	<b>\$ (181,991,678)</b>	

(Continued)

Exhibit B

Montgomery County, Tennessee  
Statement of Activities (Cont.)

Functions/Programs	Program Revenues			Expenses	Net (Expense) Revenue and Changes in Net Assets		
	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions		Primary Government Total Governmental Activities	Component Unit	
						Clarksville- Montgomery County School Department	
General Revenues:							
Taxes:							
Property Taxes Levied for General Purposes				\$ 32,657,512	\$	27,518,189	
Property Taxes Levied for Debt Service				25,046,878		0	
Local Option Sales Tax				3,119,623		33,570,915	
Hotel/Motel Tax				1,480,011		0	
Wheel Tax				0		3,379,672	
Business Tax				1,155,043		564,615	
Adequate Facilities/Development Tax				867,315		0	
Litigation Tax				1,375,277		0	
Wholesale Beer Tax				392,206		0	
Mineral Severance Tax				350,014		0	
Interstate Telecommunications Tax				2,718		11,696	
Grants and Contributions Not Restricted to Specific Programs				5,290,457		125,940,534	
Interest Income				1,621,015		32,289	
Miscellaneous				1,863,334		227,813	
Total General Revenues				\$ 75,221,403	\$	191,245,723	
Change in Net Assets				\$ (6,204,517)	\$	9,254,045	
Net Assets (Deficit), July 1, 2009				(117,755,384)		302,556,745	
Prior-period Adjustment				125,264		0	
Net Assets (Deficit), June 30, 2010				\$ (123,834,637)	\$	311,810,790	

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

Exhibit C-1

Montgomery County, Tennessee  
Balance Sheet  
Governmental Funds  
June 30, 2010

	Major Funds			Nonmajor	Total
	General		General	Other	
	General	Debt Service	Capital Projects	Governmental Funds	
<b>ASSETS</b>					
Cash	\$ 24,359	\$ 0	\$ 0	\$ 860	\$ 25,219
Equity in Pooled Cash and Investments	21,694,200	28,251,939	3,400,693	2,019,638	55,366,470
Inventories	51,724	0	0	0	51,724
Accounts Receivable	5,143,536	175,285	1,358	34,113	5,354,292
Allowance for Uncollectibles	(1,289,028)	0	0	0	(1,289,028)
Due from Other Governments	1,039,143	547,813	17,458	594,440	2,198,854
Due from Other Funds	0	280,658	0	0	280,658
Property Taxes Receivable	34,470,474	30,894,482	1,206,374	4,180,867	70,752,197
Allowance for Uncollectible Property Taxes	(573,249)	(520,696)	(25,332)	(72,620)	(1,191,897)
Advances to Other Funds	0	150,000	0	0	150,000
<b>Total Assets</b>	<b>\$ 60,561,159</b>	<b>\$ 59,779,481</b>	<b>\$ 4,600,551</b>	<b>\$ 6,757,298</b>	<b>\$ 131,698,489</b>
<b>LIABILITIES AND FUND BALANCES</b>					
<b>Liabilities</b>					
Accounts Payable	\$ 667,344	\$ 50	\$ 141,732	\$ 154,930	\$ 964,056
Accrued Payroll	1,439,175	0	0	96,231	1,535,406
Payroll Deductions Payable	178,634	0	0	27,224	205,858
Due to Other Funds	332,608	0	0	893	333,501
Due to State of Tennessee	1,003	0	0	0	1,003
Due to Litigants, Heirs, and Others	16,059	0	0	3,951	20,010
Other Current Liabilities	8,950	750,000	0	0	758,950
Current Liabilities Payable from Restricted Assets:					
Customer Deposits Payable	1,000	0	0	0	1,000
Deferred Revenue - Current Property Taxes	32,914,254	29,464,792	1,125,307	3,976,509	67,480,862
Deferred Revenue - Delinquent Property Taxes	882,274	818,045	50,646	118,747	1,869,712
Other Deferred Revenues	1,970,448	291,933	0	359,861	2,622,242
Advances from Other Funds	0	0	150,000	0	150,000
<b>Total Liabilities</b>	<b>\$ 38,411,749</b>	<b>\$ 31,324,820</b>	<b>\$ 1,467,685</b>	<b>\$ 4,738,346</b>	<b>\$ 75,942,600</b>
<b>Fund Balances</b>					
Reserved for Encumbrances	\$ 44,934	\$ 0	\$ 640,506	\$ 176,183	\$ 861,623
Reserved for Alcohol and Drug Treatment	205,171	0	0	0	205,171
Reserved for Litigation Tax - Jail, Workhouse, or Courthouse	0	2,110,166	0	0	2,110,166
Reserved for Drug Court	34,986	0	0	0	34,986
Reserved for Sexual Offender Registration	152	0	0	0	152
Reserved for Courtroom Security	40,837	0	0	0	40,837
Reserved for Victims Assistance Programs	68,940	0	0	0	68,940
Reserved for Computer System - Register	214,658	0	0	0	214,658
Reserved for Automation Purposes - Circuit Court	30,951	0	0	0	30,951
Reserved for Automation Purposes - General Sessions Court	149,856	0	0	0	149,856
Reserved for Automation Purposes - Chancery Court	9,724	0	0	0	9,724
Reserved for Automation Purposes - Sheriff	36,511	0	0	0	36,511
Reserved for Automation Purposes - County Clerk	8,943	0	0	0	8,943
Reserved for Advances to Other Funds	0	150,000	0	0	150,000
Reserved for Fraud and Crimes Prosecution Act	44,372	0	0	0	44,372
Reserved for Other General Purposes	620,207	0	0	0	620,207
Unreserved, Reported In:					
General Fund	20,639,168	0	0	0	20,639,168
Special Revenue Funds	0	0	0	1,842,769	1,842,769
Debt Service Funds	0	26,194,495	0	0	26,194,495
Capital Projects Funds	0	0	2,492,360	0	2,492,360
<b>Total Fund Balances</b>	<b>\$ 22,149,410</b>	<b>\$ 28,454,661</b>	<b>\$ 3,132,866</b>	<b>\$ 2,018,952</b>	<b>\$ 55,755,889</b>
<b>Total Liabilities and Fund Balances</b>	<b>\$ 60,561,159</b>	<b>\$ 59,779,481</b>	<b>\$ 4,600,551</b>	<b>\$ 6,757,298</b>	<b>\$ 131,698,489</b>

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

Exhibit C-2

Montgomery County, Tennessee  
Reconciliation of the Balance Sheet of Governmental Funds to  
the Statement of Net Assets  
June 30, 2010

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

Total fund balances - balance sheet - governmental funds (Exhibit C-1)		\$ 55,755,889
(1) Capital assets used in governmental activities are not financial resources and therefore are not reported in the governmental funds.		
Add: land	\$ 24,384,624	
Add: construction in progress	4,678,738	
Add: buildings and improvements net of accumulated depreciation	81,830,125	
Add: other capital assets net of accumulated depreciation	6,150,485	
Add: intangibles net of accumulated depreciation	452,233	
Add: infrastructure net of accumulated depreciation	27,912,655	
Less: capital assets of internal service funds, which are included below in item (2)	<u>(21,225)</u>	145,387,635
(2) Internal service funds are used by management to charge the cost of liability, workers' compensation insurance, and employee dental benefits to individual funds. The assets and liabilities are included in governmental activities in the statement of net assets.		602,786
(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	\$ (280,180,000)	
Less: notes payable	(5,450,000)	
Less: other loans payable	(39,231,202)	
Add: deferred amount on refunding	12,790,525	
Add: deferred charges - debt issuance costs	2,256,043	
Less: other deferred revenue - premium on debt	(14,668,874)	
Less: accrued interest on bonds, notes, and other loans	(2,868,387)	
Less: other postemployment benefits liability	(687,758)	
Less: compensated absences payable	<u>(2,033,248)</u>	(330,072,901)
(4) Other long-term assets are not available to pay for current-period expenditures and therefore are deferred in the governmental funds.		<u>4,491,954</u>
Net assets (deficit) of governmental activities (Exhibit A)		<u>\$ (123,834,637)</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, 2010**

	Major Funds			Nonmajor Funds	Total Governmental Funds
	General	General	General	Other Govern- mental Funds	
		Debt Service	Capital Projects		
<b>Revenues</b>					
Local Taxes	\$ 33,106,521	\$ 30,739,359	\$ 1,408,620	\$ 4,015,389	\$ 69,269,889
Licenses and Permits	1,661,972	0	0	0	1,661,972
Fines, Forfeitures, and Penalties	1,363,614	0	0	6,647	1,370,261
Charges for Current Services	3,764,116	0	0	1,712	3,765,828
Other Local Revenues	2,930,627	424,945	50,213	73,853	3,479,638
Fees Received from County Officials	7,750,178	0	0	0	7,750,178
State of Tennessee	5,534,055	0	440,000	2,726,473	8,700,528
Federal Government	1,194,831	0	17,458	110,930	1,323,219
Other Governments and Citizens Groups	270,227	510,435	10,150	237,281	1,028,093
<b>Total Revenues</b>	<b>\$ 57,576,141</b>	<b>\$ 31,674,739</b>	<b>\$ 1,926,441</b>	<b>\$ 7,172,285</b>	<b>\$ 98,349,606</b>
<b>Expenditures</b>					
<b>Current:</b>					
General Government	\$ 5,771,960	\$ 0	\$ 0	\$ 0	\$ 5,771,960
Finance	5,133,371	0	0	0	5,133,371
Administration of Justice	5,495,526	0	0	1,550	5,497,076
Public Safety	22,685,283	0	0	13,310	22,698,593
Public Health and Welfare	9,466,912	0	0	0	9,466,912
Social, Cultural, and Recreational Services	1,653,211	0	0	0	1,653,211
Agriculture and Natural Resources	393,348	0	0	0	393,348
Other Operations	4,460,822	0	0	0	4,460,822
Highways	117,730	0	0	7,043,174	7,160,904
<b>Debt Service:</b>					
Principal on Debt	0	15,311,068	0	0	15,311,068
Interest on Debt	0	14,035,740	0	5,354	14,041,094
Other Debt Service	0	1,097,935	0	0	1,097,935
Capital Projects	0	0	31,505,032	0	31,505,032
<b>Total Expenditures</b>	<b>\$ 55,178,163</b>	<b>\$ 30,444,743</b>	<b>\$ 31,505,032</b>	<b>\$ 7,063,388</b>	<b>\$ 124,191,326</b>
<b>Excess (Deficiency) of Revenues Over Expenditures</b>	<b>\$ 2,397,978</b>	<b>\$ 1,229,996</b>	<b>\$ (29,578,591)</b>	<b>\$ 108,897</b>	<b>\$ (25,841,720)</b>
<b>Other Financing Sources (Uses)</b>					
Bonds Issued	\$ 0	\$ 0	\$ 5,400,000	\$ 0	\$ 5,400,000
Notes Issued	0	0	250,000	0	250,000
Refunding Debt Issued	0	74,155,000	0	0	74,155,000
Premiums on Debt Issued	0	9,271,813	0	0	9,271,813
Other Loans Issued	0	0	20,088,899	0	20,088,899
Insurance Recovery	16,028	0	31,380	4,581	51,989
Transfers In	0	30,951	95,000	768,500	894,451
Transfers Out	(125,951)	0	(768,500)	0	(894,451)
Payments to Refunded Debt Escrow Agent	0	(82,922,779)	0	0	(82,922,779)
<b>Total Other Financing Sources (Uses)</b>	<b>\$ (109,923)</b>	<b>\$ 534,985</b>	<b>\$ 25,096,779</b>	<b>\$ 773,081</b>	<b>\$ 26,294,922</b>
<b>Net Change in Fund Balances</b>	<b>\$ 2,288,055</b>	<b>\$ 1,764,981</b>	<b>\$ (4,481,812)</b>	<b>\$ 881,978</b>	<b>\$ 453,202</b>
<b>Fund Balance, July 1, 2009</b>	<b>19,861,355</b>	<b>26,689,680</b>	<b>7,614,678</b>	<b>1,136,974</b>	<b>55,302,687</b>
<b>Fund Balance, June 30, 2010</b>	<b>\$ 22,149,410</b>	<b>\$ 28,454,661</b>	<b>\$ 3,132,866</b>	<b>\$ 2,018,952</b>	<b>\$ 55,755,889</b>

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, 2010

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)		\$ 453,202
(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	\$ 6,210,468	
Less: current year depreciation expense	(4,143,362)	
Add: current year depreciation expense in internal service fund	<u>991</u>	2,068,097
(2) The net effect of various miscellaneous transactions involving capital assets (sales, trade-ins, and donations) is to increase net assets.		
Add: assets donated and capitalized	\$ 2,191,082	
Less: decrease revenue for the sale or insurance recovery of disposed assets	(77,279)	
Less: loss on disposal of capital assets	<u>(84,659)</u>	2,029,144
(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, 2009	\$ (3,726,666)	
Add: deferred delinquent property taxes and other deferred June 30, 2010	<u>4,491,954</u>	765,288
(4) The issuance of long-term debt (e.g., notes, bonds, other loans) provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net assets. Also, governmental funds report the effect of issuance costs, premiums, discounts, and similar items when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities. This amount is the effect of these differences in the treatment of long-term debt and related items.		
Less: bond proceeds	\$ (5,400,000)	
Less: other loan proceeds	(20,088,899)	
Less: note proceeds	(250,000)	
Less: refunding bond proceeds	(74,155,000)	
Add: principal payments on notes	1,650,000	
Add: principal payments on bonds	12,525,000	
Add: principal payments on other loans	1,136,068	
Add: payment to refunding agent	75,390,000	
Add: debt issuance cost on debt issued during year	820,901	
Less: debt issuance cost amortized during year	(140,035)	
Add: deferred charges on refunding debt issued during the year	7,532,779	
Less: deferred charges on refunding debt amortized during the year	(119,620)	
Less: premiums on debt issued during year	(9,271,813)	
Add: amortization of debt issuance premiums	<u>664,959</u>	(9,705,660)
(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	\$ (20,955)	
Change in other postemployment benefits liability	(378,570)	
Change in compensated absences payable	<u>(40,248)</u>	(439,773)
(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.		<u>(1,374,815)</u>
Change in net assets of governmental activities (Exhibit B)		<u>\$ (6,204,517)</u>

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



Exhibit D-1

Montgomery County, Tennessee  
Statement of Net Assets  
Proprietary Funds  
June 30, 2010

	<u>Governmental Activities - Internal Service Funds</u>
<b><u>ASSETS</u></b>	
Current Assets:	
Equity in Pooled Cash and Investments	\$ 3,956,102
Accounts Receivable	26,662
Due from Other Funds	52,843
Due from Component Units	15,791
Total Current Assets	<u>\$ 4,051,398</u>
Noncurrent Assets:	
Capital Assets:	
Buildings and Improvements	\$ 24,803
Accumulated Depreciation - Buildings and Improvements	(3,578)
Total Noncurrent Assets	<u>\$ 21,225</u>
Total Assets	<u>\$ 4,072,623</u>
<b><u>LIABILITIES</u></b>	
Current Liabilities:	
Accounts Payable	\$ 11,774
Accrued Payroll	5,125
Payroll Deductions Payable	1,139
Due to Component Units	40,666
Claims and Judgments Payable	1,746,267
Total Current Liabilities	<u>\$ 1,804,971</u>
Noncurrent Liabilities:	
Claims and Judgments Payable	\$ 1,664,866
Total Noncurrent Liabilities	<u>\$ 1,664,866</u>
Total Liabilities	<u>\$ 3,469,837</u>
<b><u>NET ASSETS</u></b>	
Unrestricted	<u>\$ 602,786</u>
Total Net Assets	<u>\$ 602,786</u>

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

Exhibit D-2

Montgomery County, Tennessee  
Statement of Revenues, Expenses, and  
Changes in Net Assets  
Proprietary Funds  
For the Year Ended June 30, 2010

	<u>Governmental Activities - Internal Service Funds</u>
<u>Operating Revenues</u>	
Charges for Current Services	\$ 38,955,166
Total Operating Revenues	<u>\$ 38,955,166</u>
<u>Operating Expenses</u>	
Personnel Office	\$ 135
Election Commission	1,343
Codes Compliance	320
County Buildings	270
Other Facilities	1,784
Risk Management	112,425
Other Risk Management	333
Reappraisal Program	967
County Clerk's Office	2,382
Data Processing	85
Circuit Court	1,010
General Sessions Court	270
Probation Services	270
Sheriff's Department	12,856
Jail	29,792
Fire Prevention and Control	1,230
Rabies and Animal Control	1,108
Ambulance/Emergency Medical Services	22,655
Other Local Health Services	3,960
Landfill Operation and Maintenance	9,660
Veteran's Services	4,619
Highway and Bridge Maintenance	38,576
Litter and Trash Collection	180
Depreciation	991
Other Charges	1,235,926
Employee Benefits	39,638,241
Total Operating Expenses	<u>\$ 41,121,388</u>
Operating Income (Loss)	<u>\$ (2,166,222)</u>

(Continued)

Exhibit D-2

Montgomery County, Tennessee  
Statement of Revenues, Expenses, and  
Changes in Net Assets  
Proprietary Funds (Cont.)

	<u>Governmental Activities - Internal Service Funds</u>
<u>Nonoperating Revenues (Expenses)</u>	
Investment Income	\$ 10,607
Miscellaneous Refunds	780,800
Total Nonoperating Revenues (Expenses)	<u>\$ 791,407</u>
Changes in Net Assets	\$ (1,374,815)
Prior-period Adjustment	125,264
Net Assets, July 1, 2009	<u>1,852,337</u>
Nets Assets, June 30, 2010	<u><u>\$ 602,786</u></u>

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

Exhibit D-3

Montgomery County, Tennessee  
Statement of Cash Flows  
Proprietary Funds  
For the Year Ended June 30, 2010

	<u>Governmental Activities - Internal Service Funds</u>
<u>Cash Flows from Operating Activities</u>	
Receipts from Interfund Services Provided	\$ 39,720,948
Other Self-Insured Claims	(40,657,548)
Other Receipts (Payments)	772,553
Net Cash Provided By (Used In) Operating Activities	<u>\$ (164,047)</u>
<u>Cash Flows from Investing Activities</u>	
Investment Income	\$ 10,607
Net Cash Provided By (Used In) Investing Activities	<u>\$ 10,607</u>
Net Increase (Decrease) in Cash	\$ (153,440)
Prior-period Adjustment	125,264
Cash, July 1, 2009	<u>3,984,278</u>
Cash, June 30, 2010	<u>\$ 3,956,102</u>
<u>Reconciliation of Operating Income (Loss) to Net Cash Provided By (Used In) Operating Activities</u>	
Operating Income (Loss)	\$ (2,166,222)
Miscellaneous Refunds	780,800
Adjustments to Reconcile Net Operating Income (Loss) to Net Cash Provided By (Used In) Operating Activities:	
Depreciation Expense	991
(Increase) Decrease in Accounts Receivable	128,771
(Increase) Decrease in Due from Other Funds	576,182
(Increase) Decrease in Due from Component Units	4,276
Increase (Decrease) in Accounts Payable	(14,118)
Increase (Decrease) in Accrued Payroll	2,594
Increase (Decrease) in Payroll Deductions Payable	(180)
Increase (Decrease) in Due to Component Units	2,916
Increase (Decrease) in Claims and Judgments Payable	<u>519,943</u>
Net Cash Provided By (Used In) Operating Activities	<u>\$ (164,047)</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, 2010

	<u>Agency Funds</u>
<b><u>ASSETS</u></b>	
Cash	\$ 6,760,969
Equity in Pooled Cash and Investments	248,764
Accounts Receivable	3,142
Due from Other Governments	<u>2,019,617</u>
Total Assets	<u>\$ 9,032,492</u>
<b><u>LIABILITIES</u></b>	
Accounts Payable	\$ 6,942
Accrued Payroll	7,994
Other Current Liabilities	62,036
Due to Other Taxing Units	2,011,097
Due to Litigants, Heirs, and Others	6,749,967
Due to Joint Ventures	<u>194,456</u>
Total Liabilities	<u>\$ 9,032,492</u>

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

**MONTGOMERY COUNTY, TENNESSEE**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**For the Year Ended June 30, 2010**

**I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

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

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

**A. Reporting Entity**

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

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

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

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

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

County operates the transfer station. The joint participants appoint the board members of the system; however, Montgomery County appoints a voting majority of the board members and contributes the majority of funding for the system. This system is treated as a discrete component unit of Montgomery County since the county may unilaterally control the operations of the system. The financial statements of the Bi-County Solid Waste Management System were not available from other auditors in time for inclusion in this report.

The Clarksville-Montgomery County Industrial Development Board primarily provides inducements to industry to locate or remain in Montgomery County, and the Montgomery County Commission appoints its governing body. City and county appropriations provide the majority of its funding. The financial statements of the Clarksville-Montgomery County Industrial Development Board were not available from other auditors in time for inclusion in this report.

The Clarksville-Montgomery County Public Library provides for the maintenance and operation of the public library for the benefit of residents of Montgomery County, and the Montgomery County Commission appoints its seven board members. County appropriations and donations provide the majority of its funding. The financial statements of the Clarksville-Montgomery County Public Library were not available from other auditors in time for inclusion in this report.

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

**Administrative Offices:**

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

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

Clarksville-Montgomery County Industrial Development Board  
P.O. Box 883  
312 Madison Street  
Clarksville, TN 37040

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

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

**B. Government-wide and Fund Financial Statements**

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

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

Montgomery County issues all debt for the discretely presented Clarksville-Montgomery County School Department. Net debt issues totaling \$24,136,203 were contributed by the county to the School Department during the year ended June 30, 2010.



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

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

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

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

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

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they become both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the county considers revenues other than grants to be available if they are collected within 30 days after year-end. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met and the revenues are available. Montgomery County considers grants and similar revenues to be available if they are collected within 60 days after year-end. Expenditures are generally recognized under the modified accrual basis of

accounting when the related fund liability is incurred. Principal and interest on long-term debt are recognized as fund liabilities when due or when amounts have been accumulated in the General Debt Service Fund for payments to be made early in the following year.

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

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

Montgomery County reports the following major governmental funds:

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

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

**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 (other than major capital projects) that are legally restricted to expenditures for specific purposes.

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

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

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

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

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

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

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

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

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

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

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

**D. Assets, Liabilities, and Net Assets or Equity**

**1. Deposits and Investments**

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

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

## **2. Receivables and Payables**

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

Advances between funds, as reported in the fund financial statements, are offset by a fund balance reserve account in applicable government funds to indicate that they are not available for appropriation and are not expendable available financial resources.

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

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

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

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

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

Most payables are disaggregated on the face of the financial statements. Claims and Judgments Payable totaling \$3,411,133 for the primary government and \$764,028 for the discretely presented Clarksville-Montgomery County School Department are discussed in Note V.A. Risk Management.

**3. Inventories and Prepaid Items**

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

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

**4. Capital Assets**

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

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

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

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

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

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

**5. Compensated Absences**

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

**6. Long-term Obligations**

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

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

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

obligations, including compensated absences, claims and judgments, and other postemployment benefits, are recognized to the extent that the liabilities have matured (come due for payment) each period.

**7. Net Assets and Fund Equity**

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

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

As of June 30, 2010, Montgomery County had \$211,266,405 in outstanding debt for capital purposes for the discretely presented Clarksville-Montgomery County School Department. This debt is a liability of Montgomery County, but the capital assets acquired are reported in the financial statements of the School Department. Therefore, Montgomery County has incurred a liability significantly decreasing its unrestricted net assets with no corresponding increase in the county's capital assets.

In the fund financial statements, governmental funds report reservations of fund balance for amounts that are not available for appropriation or are legally restricted by outside parties for use for a specific purpose. Designations of fund balance represent tentative management plans that are subject to change. The following table reflects designations on June 30, 2010:



<u>Fund/Purpose</u>	<u>Amount</u>
General:	
Insurance	\$ 15,231
Mobile Data Terminals	59,124
Child Advocacy Center	91,275
Inmate Medical Services	3,724
GIS System	82,359
General Debt Service:	
Loan Program	3,895,627
General Purpose School (School Department):	
Workers' Compensation	1,375,218
Property and Liability Insurance	1,475,000

**8. Prior-period Adjustment**

Net assets in the Worker's Compensation Fund were restated \$125,264 due to a reduction in outstanding claims per a new actuarial study.

**II. RECONCILIATION OF GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS**

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

**Primary Government**

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

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

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

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

**Primary Government**

Exhibit C-4 includes explanations of the nature of individual elements of items required to reconcile the net change in fund balances – total

governmental funds with the change in net assets of governmental activities reported in the government-wide Statement of Activities.

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

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

**III. STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY**

**A. Budgetary Information**

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

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

The budgetary level of control is at the major category level established by the 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.

**B. Net Assets Deficit**

The Self-Insurance Fund (internal service fund) had a deficit in unrestricted net assets of \$1,657,951 at June 30, 2010. This deficit resulted from the recognition of liabilities in the financial statements for claims and judgments totaling \$3,012,733 at year-end.

**C. Appropriations Exceeding Available Funding**

The budget and subsequent amendments submitted to and approved by the County Commission for the Drug Control Fund resulted in appropriations exceeding available funding by \$32,193.

**D. Expenditures Exceeded Appropriations**

Expenditures exceeded appropriations approved by the County Commission in the Tourism major appropriation category (the legal level of control) of the General Fund by \$24,169. Such overexpenditures are a violation of state statutes. This overexpenditure was funded from available fund balance.

**IV. DETAILED NOTES ON ALL FUNDS**

**A. Deposits and Investments**

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

**Deposits**

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

For deposits with financial institutions that do not participate in the bank collateral pool, state statutes require that all deposits be collateralized with collateral whose market value is equal to 105 percent of the uninsured

amount of the deposits. The collateral must be placed by the depository bank in an escrow account in a second bank for the benefit of the county.

### **Investments**

**Legal Provisions.** Counties are authorized to make direct investments in bonds, notes, or treasury bills of the U.S. government and obligations guaranteed by the U.S. government or any of its agencies; 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, 2010, Montgomery County had the following investments carried at cost. All investments are in the county trustee's investment pool. Separate disclosures concerning pooled investments cannot be made for Montgomery County and the discretely presented Clarksville-Montgomery County School Department since both pool their deposits and investments through the county trustee.

<u>Investment</u>	<u>Maturities</u>	<u>Cost</u>
State Treasurer's Investment Pool	Daily	\$ 46,152

**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, 2010, 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, 2010, was as follows:

**Primary Government**

**Governmental Activities:**

	Restated Balance 7-1-09	Increases	Decreases	Balance 6-30-10
Capital Assets Not Depreciated:				
Land	\$ 23,762,095	\$ 622,529	\$ 0	\$ 24,384,624
Construction in Progress	643,952	4,607,674	(572,888)	4,678,738
<b>Total Capital Assets Not Depreciated</b>	<b>\$ 24,406,047</b>	<b>\$ 5,230,203</b>	<b>\$ (572,888)</b>	<b>\$ 29,063,362</b>
Capital Assets Depreciated:				
Buildings and Improvements	\$ 101,422,174	\$ 259,740	\$ (199,000)	\$ 101,482,914
Infrastructure	45,480,256	1,968,553	0	47,448,809
Intangibles	1,336,628	105,267	0	1,441,895
Other Capital Assets	15,976,976	1,371,609	(784,171)	16,564,414
<b>Total Capital Assets Depreciated</b>	<b>\$ 164,216,034</b>	<b>\$ 3,705,169</b>	<b>\$ (983,171)</b>	<b>\$ 166,938,032</b>
Less Accumulated Depreciation For:				
Buildings and Improvements	\$ 17,453,366	\$ 2,366,643	\$ (167,220)	\$ 19,652,789
Infrastructure	19,097,850	438,304	0	19,536,154
Intangibles	945,149	44,513	0	989,662
Other Capital Assets	9,813,106	1,293,902	(693,079)	10,413,929
<b>Total Accumulated Depreciation</b>	<b>\$ 47,309,471</b>	<b>\$ 4,143,362</b>	<b>\$ (860,299)</b>	<b>\$ 50,592,534</b>
<b>Total Capital Assets Depreciated, Net</b>	<b>\$ 116,906,563</b>	<b>\$ (438,193)</b>	<b>\$ (122,872)</b>	<b>\$ 116,345,498</b>
Governmental Activities Capital Assets, Net	\$ 141,312,610	\$ 4,792,010	\$ (695,760)	\$ 145,408,860

Capital assets were restated from the prior year due to reclassification of intangible assets.

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

**Governmental Activities:**

General Government	\$ 480,787
Finance	280,272
Administration of Justice	549,628
Public Safety	1,547,155
Public Health and Welfare	440,731
Social, Cultural, and Recreational Services	132,610
Agriculture and Natural Resources	34,982
Highway/Public Works	<u>677,197</u>
<b>Total Depreciation Expense - Governmental Activities</b>	<b><u>\$ 4,143,362</u></b>

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

	Balance 7-1-09	Increases	Decreases	Balance 6-30-10
Capital Assets Not Depreciated:				
Land	\$ 12,556,577	\$ 0	\$ 0	\$ 12,556,577
Construction in Progress	46,839,052	1,745,639	(46,752,428)	<u>1,832,263</u>
Total Capital Assets Not Depreciated	<u>\$ 59,395,629</u>	<u>\$ 1,745,639</u>	<u>\$ (46,752,428)</u>	<u>\$ 14,388,840</u>
Capital Assets Depreciated:				
Buildings and Improvements	\$ 258,752,435	\$ 50,225,788	\$ 0	\$ 308,978,223
Other Capital Assets	26,787,281	2,055,103	(649,835)	<u>28,192,549</u>
Total Capital Assets Depreciated	<u>\$ 285,539,716</u>	<u>\$ 52,280,891</u>	<u>\$ (649,835)</u>	<u>\$ 337,170,772</u>
Less Accumulated Depreciation For:				
Buildings and Improvements	\$ 64,379,899	\$ 6,522,273	\$ 0	\$ 70,902,172
Other Capital Assets	13,080,215	1,717,049	(573,809)	<u>14,223,455</u>
Total Accumulated Depreciation	<u>\$ 77,460,114</u>	<u>\$ 8,239,322</u>	<u>\$ (573,809)</u>	<u>\$ 85,125,627</u>
Total Capital Assets Depreciated, Net	<u>\$ 208,079,602</u>	<u>\$ 44,041,569</u>	<u>\$ (76,026)</u>	<u>\$ 252,045,145</u>
Governmental Activities Capital Assets, Net	<u>\$ 267,475,231</u>	<u>\$ 45,787,208</u>	<u>\$ (46,828,454)</u>	<u>\$ 266,433,985</u>

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

**Governmental Activities:**

Instruction	\$ 20,564
Support Services	8,118,540
Operation of Non-Instructional Services	<u>100,218</u>
Total Depreciation Expense - Governmental Activities	<u>\$ 8,239,322</u>

**C. Construction Commitments**

At June 30, 2010, the General Capital Projects Fund had uncompleted construction contracts of approximately \$640,506 for various construction projects. Funding for these future expenditures has been received.

At June 30, 2010, the discretely presented School Department's Education Capital Projects Fund had uncompleted construction contracts of approximately \$20,005,261 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, 2010, was as follows:

**Due to/from Other Funds:**

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>
<b>Primary Government:</b>		
General Debt Service	General	\$ 280,658
Internal Service	General	51,950
Internal Service	Nonmajor governmental	893
<b>School Department Component Unit:</b>		
General Purpose School	Nonmajor governmental	773,599
Nonmajor governmental	General Purpose School	39,170
Nonmajor governmental	Nonmajor governmental	208

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

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

Receivable Fund	Payable Fund	Amount
Primary Government:	Component Unit:	
Self-Insurance (Internal Service)	School Department:	
Self-Insurance (Internal Service)	General Purpose School	\$ 9,441
	Nonmajor governmental	6,350
Component Unit:	Primary Government:	
School Department:	Self-Insurance (Internal Service)	40,666
General Purpose School		

**Interfund Transfers:**

Interfund transfers for the year ended June 30, 2010, consisted of the following amounts:

**Primary Government**

Transfers Out	Transfers In		
	General Debt Service Fund	General Capital Projects Fund	Nonmajor Governmental Fund
General Fund	\$ 30,951	\$ 95,000	\$ 0
General Capital Projects Fund	0	0	768,500
<b>Total</b>	<b>\$ 30,951</b>	<b>\$ 95,000</b>	<b>\$ 768,500</b>

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

Transfers Out	Transfers In	
	General Purpose School Fund	Nonmajor Governmental Funds
General Purpose School Fund	\$ 0	\$ 750,000
Nonmajor governmental funds	788,798	1,288,146
<b>Total</b>	<b>\$ 788,798</b>	<b>\$ 2,038,146</b>

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



**E. Long-term Debt**

**Primary Government**

**General Obligation Bonds, Notes, and Other Loans**

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

General obligation bonds, capital outlay notes, and other loans are direct obligations and pledge the full faith and credit of the government. General obligation bonds, capital outlay notes, and other loans outstanding were issued for original terms of up to 21 years for bonds, up to seven years for notes, and up to 18 years for other loans. Repayment terms are generally structured with increasing amounts of principal maturing as interest requirements decrease over the term of the debt. All bonds, notes, and other loans included in long-term debt as of June 30, 2010, will be retired from the General Debt Service Fund.

General obligation bonds, other loans, and capital outlay notes outstanding as of June 30, 2010, for governmental activities are as follows:

Type	Interest Rate	Original Amount of Issue	Balance 6-30-10
General Obligation Bonds	2 to 5.625%	\$ 128,850,000	\$ 72,025,000
General Obligation Bonds - Refunding	2 to 5.12095	331,705,000	208,155,000
Capital Outlay Notes	2.65 to 5	10,335,000	5,450,000
Other Loans	variable	42,381,437	39,231,202

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

In prior years, Montgomery County entered into a loan agreement with the City of Clarksville Public Building Authority. This loan agreement provided for the authority to make \$20,140,987 available for loan to Montgomery County on an as-needed basis for various renovation and construction projects. As of June 30, 2010, Montgomery County had borrowed \$16,146,719 of the available \$20,140,987. This loan is repayable at an interest rate that is

a tax-exempt variable rate determined by the remarketing agent daily or weekly, depending on the particular program. In addition, the county pays various other fees (trustee, letter of credit, and debt remarketing) in connection with this loan. At June 30, 2010, the variable interest rate was .44 percent and other fees totaled approximately .15 percent (letter of credit), .1 percent (remarketing) of the outstanding loan principal, and \$85 per month trustee fee.

Qualified School Construction Bonds were issued through the State of Tennessee and the proceeds 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 to the Tennessee Division of State and Local Finance. The county and the other borrowers of the bond proceeds are required to comply with federal regulations established for the Qualified School Construction Bond program. Failure to comply with those requirements may result in the loss of the tax credit status on the bonds. This would result in further charges to the borrowers including the requirement to pay the tax-credit rate (5.86 percent) in addition to the 1.515 percent for a total rate of 7.375 percent.

The annual requirements to amortize all general obligation bonds, notes, and other loans outstanding as of June 30, 2010, including interest payments and other loan fees, are presented in the following tables:

Year Ending June 30	Bonds		
	Principal	Interest	Total
2011	\$ 13,430,000	\$ 13,009,364	\$ 26,439,364
2012	15,265,000	12,363,313	27,628,313
2013	17,050,000	11,659,011	28,709,011
2014	18,085,000	10,874,562	28,959,562
2015	19,055,000	10,101,261	29,156,261
2016-2020	106,120,000	37,137,099	143,257,099
2021-2025	77,220,000	13,243,482	90,463,482
2026-2030	13,955,000	1,190,225	15,145,225
<b>Total</b>	<b>\$ 280,180,000</b>	<b>\$ 109,578,317</b>	<b>\$ 389,758,317</b>

Year Ending June 30	Notes		
	Principal	Interest	Total
2011	\$ 1,746,157	\$ 176,000	\$ 1,922,157
2012	3,548,003	100,902	3,648,905
2013	49,923	6,234	56,157
2014	51,920	4,237	56,157
2015	53,997	2,160	56,157
<b>Total</b>	<b>\$ 5,450,000</b>	<b>\$ 289,533</b>	<b>\$ 5,739,533</b>

Year Ending June 30	Other Loans			
	Principal	Interest	Other Fees	Total
2011	\$ 2,213,055	\$ 370,966	\$ 75,169	\$ 2,659,190
2012	2,447,050	367,723	79,988	2,894,761
2013	2,474,050	364,366	69,743	2,908,159
2014	2,501,049	360,890	56,095	2,918,034
2015	2,530,049	357,295	54,047	2,941,391
2016-2020	12,410,324	1,727,959	233,509	14,371,792
2021-2025	11,949,431	1,617,140	164,540	13,731,111
2026-2027	2,706,194	333,606	29,072	3,068,872
<b>Total</b>	<b>\$ 39,231,202</b>	<b>\$ 5,499,945</b>	<b>\$ 762,163</b>	<b>\$ 45,493,310</b>

There is \$26,194,495 available in the General Debt Service Fund to service long-term debt. Bonded debt per capita totaled \$2,079, based on the 2000 federal census. Debt per capita, including bonds, notes, and other loans, totaled \$2,410, based on the 2000 federal census.

#### Changes in Long-term liabilities

Long-term liability activity for the year ended June 30, 2010, was as follows:

#### **Primary Government**

Governmental Activities:	Bonds	Notes	Other Loans
	Balance, July 1, 2009	\$ 288,540,000	\$ 6,850,000
Additions	79,555,000	250,000	20,088,899
Deductions	(87,915,000)	(1,650,000)	(1,136,068)
<b>Balance, June 30, 2010</b>	<b>\$ 280,180,000</b>	<b>\$ 5,450,000</b>	<b>\$ 39,231,202</b>
<b>Balance Due Within One Year</b>	<b>\$ 13,430,000</b>	<b>\$ 1,746,157</b>	<b>\$ 2,213,055</b>

	Compensated Absences	Other Postemployment Benefits	Claims and Judgments
Balance, July 1, 2009	\$ 1,993,000	\$ 309,188	\$ 2,891,190
Additions	2,601,702	410,808	36,957,538
Deductions	(2,561,454)	(32,238)	(36,437,595)
Balance, June 30, 2010	<u>\$ 2,033,248</u>	<u>\$ 687,758</u>	<u>\$ 3,411,133</u>
Balance Due Within One Year	<u>\$ 2,033,248</u>	<u>\$ 0</u>	<u>\$ 1,746,267</u>

Analysis of Noncurrent Liabilities Presented on Exhibit A:

Total Noncurrent Liabilities, June 30, 2010	\$ 330,993,341
Less: Due Within One Year	(21,168,727)
Add: Unamortized Premium on Debt	14,668,874
Less: Deferred Amount on Refunding	<u>(12,790,525)</u>
Noncurrent Liabilities - Due in More Than One Year - Exhibit A	<u>\$ 311,702,963</u>

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

Advance Refunding

On April 1, 2010, Montgomery County advance refunded several general obligation bond issues with a separate general obligation bond issue. The county issued \$74,155,000 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 14 years will be reduced by \$3,193,564, and an economic gain (difference between the present value of the debt service payments of the refunded and refunding bonds) of \$2,453,702 was obtained.

Defeasance of Prior Debt

In prior years, Montgomery County defeased certain outstanding general obligation bonds by placing the proceeds of new bonds into an irrevocable trust to provide for all future debt service payments on the old bonds. The trustee is empowered and required to pay all principal and interest on the defeased bonds as originally scheduled. Accordingly, the trust accounts and

the defeased bonds are not included in the county's financial statements. At June 30, 2010, the following outstanding bond is considered defeased:

2001 General Obligation Series \$42,345,000

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

**Changes in Long-term Liabilities**

Long-term liability activity for the discretely presented Clarksville-Montgomery County Department for the year ended June 30, 2010, was as follows:

	Other Postemployment Benefits	Compensated Absences	Claims and Judgments
Balance, July 1, 2009	\$ 796,831	\$ 1,051,742	\$ 903,877
Additions	1,332,892	1,159,465	87,207
Deductions	(505,057)	(1,109,597)	(227,056)
Balance, June 30, 2010	<u>\$ 1,624,666</u>	<u>\$ 1,101,610</u>	<u>\$ 764,028</u>
Balance Due Within One Year	<u>\$ 0</u>	<u>\$ 1,068,562</u>	<u>\$ 422,350</u>

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

Total Noncurrent Liabilities, June 30, 2010	\$ 3,490,304
Less: Due Within One Year	<u>(1,490,912)</u>
Noncurrent Liabilities - Due in More Than One Year - Exhibit A	<u>\$ 1,999,392</u>

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

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

The State of Tennessee pays health insurance premiums for retired teachers on-behalf of the Clarksville-Montgomery County School Department. These payments are made by the state to the Medicare Supplement Plan. This plan is administered by the State of Tennessee and reported in the state's Comprehensive Annual Financial Report. Payments by the state to the

Medicare Supplement Plan for the year ended June 30, 2010, were \$71,707. The School Department has recognized these on-behalf payments as revenues and expenditures in the General Purpose School Fund.

**G. Short-term Debt**

Montgomery County issued tax anticipation notes in advance of property tax collections and deposited the proceeds in the Highway/Public Works Fund. These notes were necessary because funds were not available to meet obligations coming due before current tax collections. Short-term debt activity for the year ended June 30, 2010, was as follows:

	7-1-09	Issued	Paid	6-30-10
Tax Anticipation Notes	\$ 0	\$ 700,000	\$ (700,000)	\$ 0

**V. OTHER INFORMATION**

**A. Risk Management**

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

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

	Beginning of Fiscal Year Liability	Current-year Claims and Estimates	Payments	Balance at Fiscal Year-end
2008-09	\$ 2,119,447	\$ 28,015,601	\$ (27,767,522)	\$ 2,367,526
2009-10	2,367,526	36,848,360	(36,203,153)	3,012,733

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 \$350,000 per specific loss. Montgomery County has obtained a stop/loss commercial insurance policy to cover claims beyond this liability.

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

	Beginning of Fiscal Year Liability	Current-year Claims and Estimates	Payments	Balance at Fiscal Year-end
2008-09	\$ 463,000	\$ 0	\$ (6,836)	\$ 456,164
2009-10	456,164	0	(139,164)	317,000

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

	Beginning of Fiscal Year Liability	Current-year Claims and Estimates	Payments	Balance at Fiscal Year-end
2008-09	\$ 67,500	\$ 204,474	\$ (204,474)	\$ 67,500
2009-10	67,500	13,900	0	81,400

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

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

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

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



	Beginning of Fiscal Year Liability	Current-year Claims and Estimates	Payments	Balance at Fiscal Year-end
2008-09	\$ 1,070,391	\$ 0	\$ (252,768)	\$ 817,623
2009-10	817,623	0	(134,267)	683,356

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

	Beginning of Fiscal Year Liability	Current-year Claims and Estimates	Payments	Balance at Fiscal Year-end
2008-09	\$ 31,939	\$ 166,265	\$ (111,950)	\$ 86,254
2009-10	86,254	87,207	(92,789)	80,672

## B. Accounting Changes

Provisions of Governmental Accounting Standards Board (GASB) Statement No. 51, Accounting and Financial Reporting for Intangible Assets; and Statement No. 53, Accounting and Financial Reporting for Derivative Instruments became effective for the year ended June 30, 2010.

GASB Statement No. 51 establishes accounting and financial reporting requirements for intangible assets. Intangible assets have three characteristics: lack of physical substance; nonfinancial in nature; and a useful life that extends beyond a single reporting period. Assets that have these characteristics and are identifiable to the government should be recorded as capital assets and amortized over their useful lives. Easements, water rights, patents, and computer software are examples of intangible assets that should be recognized under GASB Statement No. 51. Note B., Capital Assets, describes intangible asset transactions of Montgomery County for the year ended June 30, 2010. The Clarksville-Montgomery County School Department had no assets that met the definition of intangible assets at June 30, 2010. However, it is reasonably expected that the School Department may acquire intangible assets in subsequent years.

GASB Statement No. 53 addresses the recognition, measurement, and disclosure of information regarding derivative instruments entered into by county governments. Derivative instruments are financial arrangements used by governments as investments; hedges against identified financial risks; or to lower the costs of borrowings. Interest rate swaps and locks, options, swaptions, forward contracts, and futures contracts are among the commonly used types of derivatives mentioned in GASB Statement No. 53. Derivative instruments associated with fluctuating financial and commodity prices result in changing cash flows and fair values that can be used as effective risk management or investment tools. For the same reasons, derivative instruments can expose governments to significant risks and liabilities. The requirements of GASB Statement No. 53 are intended to help users of financial information evaluate the effectiveness and associated risks involved with Montgomery County's derivative transactions. GASB Statement No. 53 requires most derivatives to be reported at fair value in the Statement of Net Assets. Changes in fair value for derivative instruments that are intended for investment purposes or that are reported like investment derivative instruments because of ineffectiveness are reported as investment revenues in the Statement of Activities. Alternatively, the changes in fair value of derivative instruments that are classified as hedging (i.e., effective) derivative instruments are reported in the Statement of Net Assets as deferrals. Montgomery County had not participated in derivative transactions as of June 30, 2010. However, it is reasonably expected that Montgomery County may enter into derivative transactions in subsequent years.

**C. Subsequent Event**

As of December 22, 2010, Montgomery County requested draws of \$1,757,208 from the City of Clarksville Public Building Authority on the \$20,140,987 loan.

**D. Contingent Liabilities**

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

**E. 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 \$161,832 to the operations of the airport during the year ended June 30, 2010.

The Economic and Community Development Board is a joint venture between Montgomery County and the City of Clarksville. The board comprises the county mayor, city mayor, and several additional members. The purpose of the board is to foster communications relative to economic and community development between and among governmental entities, industry, and private citizens. The county and city will provide the majority of funding for the board based on the percentage of their population compared to the total census of the county when financial activity begins. Montgomery County did not appropriate any funds to the Economic and Community Development Board during the 2009-10 year.

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

The Nineteenth Judicial District Drug Task Force (DTF) is a joint venture formed by an interlocal agreement between the district attorney general of the Nineteenth Judicial District and Montgomery County. The purpose of the DTF is to provide multi-jurisdictional law enforcement to promote the investigation and prosecution of drug-related activities. Funds for the operations of the DTF come primarily from federal grants, drug fines, and the forfeiture of drug-related assets to the DTF. The DTF is overseen by the district attorney general and is governed by a board of directors including the district attorney general and the Montgomery County Sheriff. Montgomery County did not appropriate any funds to the DTF during the 2009-10 year.

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

Administrative Offices:

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

Clarksville Montgomery County Airport  
200 Airport Road  
Clarksville, TN 37042

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

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

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

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

**G. Jointly Governed Organizations**

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

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

## **H. Retirement Commitments**

### **Employees**

#### **Plan Description**

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

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

#### **Funding Policy**

Montgomery County has adopted a noncontributory retirement plan for its employees by assuming employee contributions up to five percent of annual covered payroll. The county is required to contribute at an actuarially determined rate; the rate for the fiscal year ended June 30, 2010, was 14.18 percent of annual covered payroll. The contribution requirement of plan members is set by state statute. The contribution requirement for Montgomery County is established and may be amended by the TCRS Board of Trustees.

#### **Annual Pension Cost**

For the year ended June 30, 2010, Montgomery County's annual pension cost of \$8,448,199 to TCRS was equal to the county's required and actual

contributions. The required contribution was determined as part of the July 1, 2007, actuarial valuation using the frozen entry age actuarial cost method. Significant actuarial assumptions used in the valuation include (a) rate of return on investment of present and future assets of 7.5 percent a year compounded annually, (b) projected salary increases of 4.75 percent (graded) annual rate (no explicit assumption is made regarding the portion attributable to the effects of inflation on salaries), (c) projected 3.5 percent annual increase in the Social Security wage base, and (d) projected postretirement increases of three percent annually. The actuarial value of assets was determined using techniques that smooth the effect of short-term volatility in the market value of total investments over a five-year period. Montgomery County's unfunded actuarial accrued liability is being amortized as a level dollar amount on a closed basis. The remaining amortization period at July 1, 2007, was eight years. An actuarial valuation was performed as of July 1, 2009, which established contribution rates effective July 1, 2010.

#### **Trend Information**

Fiscal Year Ended	Annual Pension Cost (APC)	Percentage of APC Contributed	Net Pension Obligation
6-30-10	\$8,448,199	100%	\$0
6-30-09	8,182,159	100	0
6-30-08	7,731,682	100	0

#### **Funded Status and Funding Progress**

As of July 1, 2009, the most recent actuarial valuation date, the plan was 83.59 percent funded. The actuarial accrued liability for benefits was \$145.44 million, and the actuarial value of assets was \$121.57 million, resulting in an unfunded actuarial accrued liability (UAAL) of \$23.86 million. The covered payroll (annual payroll of active employees covered by the plan) was \$56.48 million, and the ratio of the UAAL to the covered payroll was 42.25 percent.

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

The TCRS uses the frozen entry age cost method to calculate the annual required contribution. Effective July 1, 2009, the TCRS reestablished the unfunded accrued liabilities for all groups.

## **School Teachers**

### **Plan Description**

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

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

### **Funding Policy**

Most teachers are required by state statute to contribute five percent of their salaries to the plan. The employer contribution rate for the School Department is established at an actuarially determined rate. The employer rate for the fiscal year ended June 30, 2010, was 6.42 percent of annual covered payroll. The employer contribution requirement for the School Department is established and may be amended by the TCRS Board of Trustees. The employer's contributions to TCRS for the years ended June 30, 2010, 2009, and 2008, were \$6,735,354, \$6,367,471, and \$5,948,996, respectively, equal to the required contributions for each year.

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

**Funding Policy**

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

Employees who retire from Montgomery County become eligible for retiree health coverage if they have 20 years of service and were enrolled in the health insurance program for at least two years. Montgomery County pays a portion of the premium for retirees and their spouses. Once the retirees or their dependent(s) become eligible for Medicare, the county coverage will become the secondary insurance provider.

The School Department 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 Department 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 Department. The insurance coverage will remain in effect until the retiree attains the age of 65 or ten years of service, whichever comes first.

The School Department also provides postemployment life insurance benefits to certified employees with 20 years of service. The School Department pays 100 percent of life insurance premiums (\$7,000 policy) until death.



Annual OPEB Cost and Net OPEB Obligation

	Primary Government	School Department	Total
ARC	\$ 409,787	\$ 1,331,692	\$ 1,741,479
Interest on the NPO	13,913	16,334	30,247
Adjustment to the ARC	(12,892)	(15,134)	(28,026)
Annual OPEB cost	\$ 410,808	\$ 1,332,892	\$ 1,743,700
Amount of contribution	(32,238)	(505,057)	(537,295)
Increase/decrease in NPO	\$ 378,570	\$ 827,835	\$ 1,206,405
Net OPEB obligation, 7-1-09	309,188	796,831	1,106,019
Net OPEB obligation, 6-30-10	\$ 687,758	\$ 1,624,666	\$ 2,312,424

Fiscal Year Ended*	Plans	Annual OPEB Cost	Percentage of Annual OPEB Cost Contributed	Net OPEB Obligation at Year End
6-30-10	Primary Government	\$ 410,808	7.85 %	\$ 687,758
6-30-10	School Department	1,332,892	37.89	1,624,666

\* Data only available for one year.

Funded Status and Funding Progress

The funded status of the plan as of June 30, 2009, was as follows:

	Primary Government	School Department
Actuarial valuation date	1-1-10	7-1-08
Actuarial accrued liability (AAL)	\$ 3,650,542	\$ 14,187,709
Actuarial value of plan assets	\$ 0	\$ 0
Unfunded actuarial accrued liability (UAAL)	\$ 3,650,542	\$ 14,187,709
Actuarial value of assets as a % of the AAL	0%	0%
Covered payroll (active plan members)	\$ 26,550,578	\$ 129,481,856
UAAL as a % of covered payroll	14%	11%

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, 2008, actuarial valuation, 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 five percent for 2010, with the assumption that annual medical costs will increase five percent per year. The unfunded actuarial accrued liability is being amortized as a level dollar amount on a closed basis over a 30-year period beginning with June 30, 2008.

In the January 1, 2010, actuarial valuation, the projected unit credit actuarial cost method was used. The actuarial assumptions included a 4.5 percent investment rate of return (net of administrative expenses) and an annual healthcare cost trend rate of eight percent for 2010, grading down to five percent for 2016 and beyond. The unfunded actuarial accrued liability is being amortized as a level dollar amount on a closed basis over a 30-year period beginning with June 30, 2008.

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

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

#### **K. Purchasing Laws**

##### Office of Central Purchasing

Purchasing procedures for the County Mayor's Office and the Highway Department are governed by the County Purchasing Law of 1957, Section 5-14-101 et seq., Tennessee Code Annotated (TCA). Purchases for the Highway Department are also governed by the Uniform Road Law, Section 54-7-113, TCA. Section 5-14-101 et seq., TCA, provides for a purchasing agent,

appointed by the county mayor and approved by the Montgomery County Commission, to make all purchases. This statute also provides for a County Purchasing Commission to assist the purchasing agent in the determination of overall purchasing policies. These statutes require all purchases exceeding \$10,000 to be made on the basis of publicly advertised competitive bids.

#### Office of Director of Schools

Purchasing procedures for the School Department are governed by purchasing laws applicable to schools as set forth in Section 49-2-203, TCA, which provides for the county Board of Education, through its executive committee (director of schools and chairman of the Board of Education), to make all purchases. This statute also provides for the School Department, which has a purchasing division, to use a comprehensive vendor list to solicit competitive bids on all purchases exceeding \$10,000 provided 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.

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**REQUIRED SUPPLEMENTARY  
INFORMATION**

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Exhibit F-1

Montgomery County, Tennessee  
Schedule of Revenues, Expenditures, and Changes  
in Fund Balance - Actual (Budgetary Basis) and Budget  
General Fund  
For the Year Ended June 30, 2010

	Actual (GAAP Basis)	Less: Encumbrances 7/1/2009	Add: Encumbrances 6/30/2010	Actual Revenues/ Expenditures (Budgetary Basis)		Budgeted Amounts		Variance with Final Budget - Positive (Negative)
						Original	Final	
<u>Revenues</u>								
Local Taxes	\$ 33,106,521	\$ 0	\$ 0	\$ 33,106,521	\$ 32,762,759	\$ 33,537,666	\$ (431,145)	
Licenses and Permits	1,661,972	0	0	1,661,972	692,140	1,125,146	536,826	
Fines, Forfeitures, and Penalties	1,363,614	0	0	1,363,614	1,337,955	1,358,455	5,159	
Charges for Current Services	3,764,116	0	0	3,764,116	4,604,816	4,604,816	(840,700)	
Other Local Revenues	2,930,627	0	0	2,930,627	2,993,952	3,337,980	(407,353)	
Fees Received from County Officials	7,750,178	0	0	7,750,178	7,684,830	7,852,889	(102,711)	
State of Tennessee	5,534,055	0	0	5,534,055	5,696,688	5,989,471	(455,416)	
Federal Government	1,194,831	0	0	1,194,831	1,080,707	2,638,525	(1,443,694)	
Other Governments and Citizens Groups	270,227	0	0	270,227	136,450	257,135	13,092	
<b>Total Revenues</b>	<b>\$ 57,576,141</b>	<b>\$ 0</b>	<b>\$ 0</b>	<b>\$ 57,576,141</b>	<b>\$ 56,990,297</b>	<b>\$ 60,702,083</b>	<b>\$ (3,125,942)</b>	
<u>Expenditures</u>								
<u>General Government</u>								
County Commission	\$ 194,261	\$ 0	\$ 0	\$ 194,261	\$ 200,980	\$ 204,908	\$ 10,647	
Board of Equalization	1,917	0	0	1,917	4,171	4,171	2,254	
Bear Board	806	0	0	806	3,075	3,075	2,269	
Other Boards and Committees	2,153	0	0	2,153	3,314	3,314	1,161	
County Mayor/Executive	392,373	0	0	392,373	411,348	416,287	23,914	
Personnel Office	298,342	0	0	298,342	315,276	318,595	20,253	
County Attorney	50,141	0	0	50,141	24,000	54,000	3,859	
Election Commission	330,694	0	0	330,694	445,298	383,112	52,418	
Register of Deeds	404,227	0	0	404,227	433,111	440,919	36,692	
Planning	334,526	0	0	334,526	334,526	334,526	0	
Building	127,036	0	0	127,036	158,311	158,311	31,275	
Codes Compliance	500,525	0	9,900	510,425	546,685	556,551	46,126	

(Continued)

Exhibit F-1

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

	Actual (GAAP Basis)	Less: Encumbrances 7/1/2009	Add: Encumbrances 6/30/2010	Actual Revenues/ Expenditures (Budgetary Basis)	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
					Original	Final	
<b>Expenditures (Cont.)</b>							
<b>General Government (Cont.)</b>							
Geographical Information Systems	\$ 90,730	\$ 0	\$ 0	\$ 90,730	\$ 114,896	\$ 114,896	\$ 24,166
County Buildings	1,297,550	(2,429)	0	1,295,121	1,341,880	1,350,875	55,754
Other Facilities	1,103,826	0	0	1,103,826	1,265,762	1,281,635	177,809
Other General Administration	542,486	0	0	542,486	542,047	558,839	11,353
Preservation of Records	100,367	0	0	100,367	114,968	115,731	15,364
<b>Finance</b>							
Accounting and Budgeting	621,255	0	0	621,255	673,882	685,657	64,402
Purchasing	260,371	0	0	260,371	266,326	271,579	11,208
Property Assessor's Office	890,097	0	0	890,097	863,802	908,126	18,029
Reappraisal Program	82,299	0	0	82,299	107,200	109,755	27,456
County Trustee's Office	468,336	0	0	468,336	445,664	473,867	7,031
County Clerk's Office	1,567,242	(150)	0	1,567,092	1,591,761	1,641,027	73,935
Data Processing	1,200,934	0	799	1,201,733	1,452,811	1,462,737	261,004
Other Finance	44,837	0	0	44,837	47,550	50,550	5,713
<b>Administration of Justice</b>							
Circuit Court	1,823,210	0	0	1,823,210	1,904,725	1,961,030	137,820
General Sessions Court	1,596,096	0	0	1,596,096	1,821,125	1,553,223	58,127
Drug Court	47,995	0	0	47,995	100,000	50,000	2,005
Chancery Court	451,528	0	0	451,528	480,865	489,559	38,031
District Attorney General	88,123	0	0	88,123	55,400	185,860	97,737
Judicial Commissioners	219,247	0	0	219,247	217,099	232,849	13,602
Other Administration of Justice	550,457	0	0	550,457	515,588	557,356	6,899
Probation Services	719,870	0	0	719,870	820,009	830,668	110,798

(Continued)

Exhibit F-1

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

	Actual (GAAP Basis)	Less: Encumbrances 7/1/2009	Add: Encumbrances 6/30/2010	Actual Revenues/ Expenditures (Budgetary Basis)	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
					Original	Final	
<u>Expenditures (Cont.)</u>							
<u>Public Safety</u>							
Sheriff's Department	\$ 6,636,177	\$ 0	2,536	\$ 6,638,713	\$ 6,977,419	\$ 7,059,694	\$ 420,981
Special Patrols	1,568,679	0	0	1,568,679	1,660,954	1,688,989	120,310
Traffic Control	25,297	0	0	25,297	7,504	27,428	2,131
Administration of the Sexual Offender Registry	11,071	0	0	11,071	13,979	13,979	2,908
Jail	11,020,902	0	0	11,020,902	10,914,976	11,603,695	582,793
Workhouse	1,435,295	0	0	1,435,295	1,554,469	1,567,092	131,797
Correctional Incentive Program Improvements	429,086	0	0	429,086	468,789	468,789	39,703
Juvenile Services	226,628	0	0	226,628	228,670	230,930	4,302
Fire Prevention and Control	126,688	0	31,300	157,988	204,579	248,079	90,091
Civil Defense	380,050	0	0	380,050	388,797	392,554	12,504
Other Emergency Management	614,802	(104,393)	0	510,409	1,016,707	1,730,366	1,219,957
County Coroner/Medical Examiner	210,608	0	0	210,608	171,120	231,120	20,512
<u>Public Health and Welfare</u>							
Local Health Center	238,531	0	0	238,531	273,208	275,000	36,469
Rabies and Animal Control	424,793	0	0	424,793	449,133	467,797	43,004
Ambulance/Emergency Medical Services	6,741,368	0	0	6,741,368	6,507,785	6,965,930	224,562
Other Local Health Services	1,720,919	0	0	1,720,919	1,910,200	2,307,400	586,481
Regional Mental Health Center	10,000	0	0	10,000	10,000	10,000	0
Appropriation to State	198,776	0	0	198,776	198,776	198,776	0
Other Local Welfare Services	102,525	0	0	102,525	96,825	103,325	800
Other Public Health and Welfare	30,000	0	0	30,000	30,000	30,000	0
<u>Social, Cultural, and Recreational Services</u>							
Libraries	1,604,251	0	0	1,604,251	1,604,251	1,604,251	0
Parks and Fair Boards	41,282	0	0	41,282	43,705	43,705	2,423

(Continued)

Exhibit F-1

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

	Actual (GAAP Basis)	Less: Encumbrances 7/1/2009	Add: Encumbrances 6/30/2010	Actual Revenues/ Expenditures (Budgetary Basis)	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
					Original	Final	
<b>Expenditures (Cont.)</b>							
<b>Social, Cultural, and Recreational Services (Cont.)</b>							
Other Social, Cultural, and Recreational	\$ 7,678	\$ 0	\$ 0	7,678	8,582	8,582	904
<b>Agriculture and Natural Resources</b>							
Agriculture Extension Service	340,678	0	399	341,077	351,933	376,489	35,412
Forest Service	2,000	0	0	2,000	2,000	2,000	0
Soil Conservation	50,670	0	0	50,670	50,515	51,279	609
<b>Other Operations</b>							
Tourism	1,172,169	0	0	1,172,169	1,039,000	1,148,000	(24,169)
Industrial Development	624,616	0	0	624,616	624,616	624,616	0
Airport	161,832	0	0	161,832	161,832	161,832	0
Veterans' Services	314,303	0	0	314,303	345,590	351,607	37,304
Other Charges	1,604,146	0	0	1,604,146	1,696,178	1,656,178	52,032
Contributions to Other Agencies	114,346	0	0	114,346	168,858	168,858	54,512
Employee Benefits	315,400	0	0	315,400	318,300	318,300	2,900
ARRA Grant # 2	49,846	0	0	49,846	0	50,000	154
ARRA Grant # 3	94,238	0	0	94,238	0	219,141	124,903
ARRA Grant # 4	939	0	0	939	0	939	0
Miscellaneous	8,987	0	0	8,987	22,025	22,025	13,038
<b>Highways</b>							
Litter and Trash Collection	117,730	0	0	117,730	126,485	130,798	13,068
<b>Total Expenditures</b>	<b>\$ 55,178,163</b>	<b>\$ (106,972)</b>	<b>\$ 44,934</b>	<b>\$ 55,116,125</b>	<b>\$ 57,071,205</b>	<b>\$ 60,417,631</b>	<b>\$ 5,301,506</b>
<b>Excess (Deficiency) of Revenues Over Expenditures</b>	<b>\$ 2,397,978</b>	<b>\$ 106,972</b>	<b>\$ (44,934)</b>	<b>\$ 2,460,016</b>	<b>\$ (80,908)</b>	<b>\$ 284,452</b>	<b>\$ 2,175,564</b>

(Continued)



Exhibit F-1

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

	Actual (GAAP Basis)	Less: Encumbrances 7/1/2009	Add: Encumbrances 6/30/2010	Actual Revenues/ Expenditures (Budgetary Basis)	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
					Original	Final	
<u>Other Financing Sources (Uses)</u>							
Insurance Recovery	\$ 16,028	\$ 0	\$ 0	\$ 16,028	\$ 0	\$ 429	\$ 15,599
Transfers In	0	0	0	0	101,600	101,600	(101,600)
Transfers Out	(125,951)	0	0	(125,951)	0	(125,951)	0
Total Other Financing Sources (Uses)	\$ (109,923)	\$ 0	\$ 0	\$ (109,923)	\$ 101,600	\$ (23,922)	\$ (86,001)
Net Change in Fund Balance Fund Balance, July 1, 2009	\$ 2,288,055	\$ 106,972	\$ (44,934)	\$ 2,350,093	\$ 20,692	\$ 260,530	\$ 2,089,563
	19,861,355	(106,972)	0	19,754,383	18,793,875	18,793,875	960,508
Fund Balance, June 30, 2010	\$ 22,149,410	\$ 0	\$ (44,934)	\$ 22,104,476	\$ 18,814,567	\$ 19,054,405	\$ 3,050,071

Exhibit F-2

Montgomery County, Tennessee  
Schedule of Funding Progress – Pension Plan  
Primary Government and Discretely Presented Clarksville-Montgomery  
County School Department  
June 30, 2010

(Dollar amounts in thousands)

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

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

Exhibit F-3

Montgomery County, Tennessee  
Schedule of Funding Progress – Other Postemployment Benefits Plans  
Primary Government and Discretely Presented Clarksville-Montgomery County School Department  
June 30, 2010

(Dollar amounts in thousands)

Plans	Actuarial Valuation Date *	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) (b)	Unfunded AAL (UAAL) (b)-(a)	Funded Ratio (a/b)	Covered Payroll (c)	UAAL as a
							Percentage of Covered Payroll ((b-a)/c)
Primary Government	7-1-08	\$ 0	\$ 3,753	\$ 3,753	0%	\$ 25,359	15%
"	1-1-10	0	3,651	3,651	0	26,550	14
School Department	7-1-08	0	14,188	14,188	0	129,482	11

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

**MONTGOMERY COUNTY, TENNESSEE**  
**NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION**  
**For the Year Ended June 30, 2010**

**A. BUDGETARY INFORMATION**

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

The budgetary level of control is at the major category level established by the 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.

**B. EXPENDITURES EXCEEDED APPROPRIATIONS**

Expenditures exceeded appropriations approved by the County Commission in the Tourism major appropriation category (the legal level of control) of the General Fund by \$24,169. Such overexpenditures are a violation of state statutes. This overexpenditure was funded by available fund balance.

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

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# Nonmajor Governmental Funds

## Special Revenue Funds

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

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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, 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, 2010

	<u>Special Revenue Funds</u>			Total Nonmajor Governmental Funds
	<u>Drug Control</u>	<u>Constitu - tional Officers - Fees</u>	<u>Highway / Public Works</u>	
<b><u>ASSETS</u></b>				
Cash	\$ 0	\$ 810	\$ 50	\$ 860
Equity in Pooled Cash and Investments	85,191	0	1,934,447	2,019,638
Accounts Receivable	988	3,141	29,984	34,113
Due from Other Governments	0	0	594,440	594,440
Property Taxes Receivable	0	0	4,180,867	4,180,867
Allowance for Uncollectible Property Taxes	0	0	(72,620)	(72,620)
<b>Total Assets</b>	<b>\$ 86,179</b>	<b>\$ 3,951</b>	<b>\$ 6,667,168</b>	<b>\$ 6,757,298</b>
<b><u>LIABILITIES AND FUND BALANCES</u></b>				
<b><u>Liabilities</u></b>				
Accounts Payable	\$ 0	\$ 0	\$ 154,930	\$ 154,930
Accrued Payroll	0	0	96,231	96,231
Payroll Deductions Payable	0	0	27,224	27,224
Due to Other Funds	0	0	893	893
Due to Litigants, Heirs, and Others	0	3,951	0	3,951
Deferred Revenue - Current Property Taxes	0	0	3,976,509	3,976,509
Deferred Revenue - Delinquent Property Taxes	0	0	118,747	118,747
Other Deferred Revenues	0	0	359,861	359,861
<b>Total Liabilities</b>	<b>\$ 0</b>	<b>\$ 3,951</b>	<b>\$ 4,734,395</b>	<b>\$ 4,738,346</b>
<b><u>Fund Balances</u></b>				
Reserved for Encumbrances	\$ 10,500	\$ 0	\$ 165,683	\$ 176,183
Unreserved	75,679	0	1,767,090	1,842,769
<b>Total Fund Balances</b>	<b>\$ 86,179</b>	<b>\$ 0</b>	<b>\$ 1,932,773</b>	<b>\$ 2,018,952</b>
<b>Total Liabilities and Fund Balances</b>	<b>\$ 86,179</b>	<b>\$ 3,951</b>	<b>\$ 6,667,168</b>	<b>\$ 6,757,298</b>

Exhibit G-2

Montgomery County, Tennessee  
Combining Statement of Revenues, Expenditures,  
and Changes in Fund Balances  
Nonmajor Governmental Funds  
For the Year Ended June 30, 2010

	Special Revenue Funds			Total Nonmajor Governmental Funds
	Drug Control	Constitu - tional Officers - Fees	Highway / Public Works	
<b>Revenues</b>				
Local Taxes	\$ 0	\$ 0	\$ 4,015,389	\$ 4,015,389
Fines, Forfeitures, and Penalties	6,647	0	0	6,647
Charges for Current Services	0	1,550	162	1,712
Other Local Revenues	0	0	73,853	73,853
State of Tennessee	0	0	2,726,473	2,726,473
Federal Government	0	0	110,930	110,930
Other Governments and Citizens Groups	0	0	237,281	237,281
<b>Total Revenues</b>	<b>\$ 6,647</b>	<b>\$ 1,550</b>	<b>\$ 7,164,088</b>	<b>\$ 7,172,285</b>
<b>Expenditures</b>				
Current:				
Administration of Justice	\$ 0	\$ 1,550	\$ 0	\$ 1,550
Public Safety	13,310	0	0	13,310
Highways	0	0	7,043,174	7,043,174
Debt Service:				
Interest on Debt	0	0	5,354	5,354
<b>Total Expenditures</b>	<b>\$ 13,310</b>	<b>\$ 1,550</b>	<b>\$ 7,048,528</b>	<b>\$ 7,063,388</b>
<b>Excess (Deficiency) of Revenues Over Expenditures</b>	<b>\$ (6,663)</b>	<b>\$ 0</b>	<b>\$ 115,560</b>	<b>\$ 108,897</b>
<b>Other Financing Sources (Uses)</b>				
Insurance Recovery	\$ 0	\$ 0	\$ 4,581	\$ 4,581
Transfers In	0	0	768,500	768,500
<b>Total Other Financing Sources (Uses)</b>	<b>\$ 0</b>	<b>\$ 0</b>	<b>\$ 773,081</b>	<b>\$ 773,081</b>
<b>Net Change in Fund Balances</b>	<b>\$ (6,663)</b>	<b>\$ 0</b>	<b>\$ 888,641</b>	<b>\$ 881,978</b>
<b>Fund Balance, July 1, 2009</b>	<b>92,842</b>	<b>0</b>	<b>1,044,132</b>	<b>1,136,974</b>
<b>Fund Balance, June 30, 2010</b>	<b>\$ 86,179</b>	<b>\$ 0</b>	<b>\$ 1,932,773</b>	<b>\$ 2,018,952</b>



Exhibit G-3

Montgomery County, Tennessee  
Schedule of Revenues, Expenditures, and Changes  
in Fund Balance - Actual (Budgetary Basis) and Budget  
Drug Control Fund  
For the Year Ended June 30, 2010

	Actual (GAAP Basis)	Add: Encumbrances 6/30/2010	Actual Revenues/ Expenditures (Budgetary Basis)	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
				Original	Final	
<u>Revenues</u>						
Fines, Forfeitures, and Penalties	\$ 6,647 \$	0 \$	6,647 \$	12,500 \$	12,500 \$	(5,853)
Total Revenues	\$ 6,647 \$	0 \$	6,647 \$	12,500 \$	12,500 \$	(5,853)
<u>Expenditures</u>						
<u>Public Safety</u>						
Sheriff's Department	\$ 13,310 \$	10,500 \$	23,810 \$	28,770 \$	65,727 \$	41,917
Total Expenditures	\$ 13,310 \$	10,500 \$	23,810 \$	28,770 \$	65,727 \$	41,917
Excess (Deficiency) of Revenues Over Expenditures	\$ (6,663) \$	(10,500) \$	(17,163) \$	(16,270) \$	(53,227) \$	36,064
Net Change in Fund Balance Fund Balance, July 1, 2009	\$ (6,663) \$	(10,500) \$	(17,163) \$	(16,270) \$	(53,227) \$	36,064
	92,842	0	92,842	21,034	21,034	71,808
Fund Balance, June 30, 2010	\$ 86,179 \$	(10,500) \$	75,679 \$	4,764 \$	(32,193) \$	107,872

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, 2010

	Actual (GAAP Basis)	Less: Encumbrances 7/1/2009	Add: Encumbrances 6/30/2010	Actual Revenues/ Expenditures (Budgetary Basis)	Budgeted Amounts		Variance with Final Budget - Positive Negative
					Original	Final	
<b>Revenues</b>							
Local-Taxes	\$ 4,015,389	\$ 0	\$ 0	\$ 4,015,389	\$ 3,942,647	\$ 3,942,647	\$ 72,742
Charges for Current Services	162	0	0	162	100	100	62
Other Local Revenues	73,853	0	0	73,853	166,000	166,000	(92,147)
State of Tennessee	2,726,473	0	0	2,726,473	3,331,579	3,331,579	(605,106)
Federal Government	110,930	0	0	110,930	0	0	110,930
Other Governments and Citizens Groups	237,281	0	0	237,281	0	0	237,281
<b>Total Revenues</b>	<b>\$ 7,164,088</b>	<b>\$ 0</b>	<b>\$ 0</b>	<b>\$ 7,164,088</b>	<b>\$ 7,440,326</b>	<b>\$ 7,440,326</b>	<b>\$ (276,238)</b>
<b>Expenditures</b>							
Highways							
Administration	\$ 365,249	\$ 0	\$ 0	\$ 365,249	\$ 359,769	\$ 372,707	\$ 7,458
Highway and Bridge Maintenance	4,401,298	0	1,800	4,403,098	4,082,829	4,488,114	85,016
Operation and Maintenance of Equipment	1,071,576	0	0	1,071,576	1,266,985	1,276,964	205,388
Traffic Control	301,922	0	2,497	304,419	442,632	446,979	142,560
Other Charges	542,366	0	0	542,366	568,850	568,850	26,484
Employee Benefits	26,878	0	0	26,878	12,402	31,502	4,624
Capital Outlay	333,885	(134,233)	161,386	361,038	1,562,942	1,697,475	1,336,437
Interest on Debt							
Highways and Streets	5,354	0	0	5,354	0	5,354	0
<b>Total Expenditures</b>	<b>\$ 7,048,528</b>	<b>\$ (134,233)</b>	<b>\$ 165,683</b>	<b>\$ 7,079,978</b>	<b>\$ 8,296,399</b>	<b>\$ 8,887,945</b>	<b>\$ 1,807,967</b>
<b>Excess (Deficiency) of Revenues Over Expenditures</b>	<b>\$ 115,560</b>	<b>\$ 134,233</b>	<b>\$ (165,683)</b>	<b>\$ 84,110</b>	<b>\$ (356,073)</b>	<b>\$ (1,447,619)</b>	<b>\$ 1,531,729</b>
<b>Other Financing Sources (Uses)</b>							
Bonds Issued	\$ 0	\$ 0	\$ 0	\$ 0	\$ 768,500	\$ 0	\$ 0
Insurance Recovery	4,581	0	0	4,581	0	0	4,581
Transfers In	768,500	0	0	768,500	0	768,500	0
<b>Total Other Financing Sources (Uses)</b>	<b>\$ 773,081</b>	<b>\$ 0</b>	<b>\$ 0</b>	<b>\$ 773,081</b>	<b>\$ 768,500</b>	<b>\$ 768,500</b>	<b>\$ 4,581</b>
<b>Net Change in Fund Balance Fund Balance, July 1, 2009</b>	<b>\$ 888,641</b>	<b>\$ 134,233</b>	<b>\$ (165,683)</b>	<b>\$ 857,191</b>	<b>\$ (87,573)</b>	<b>\$ (679,119)</b>	<b>\$ 1,536,310</b>
<b>Fund Balance, June 30, 2010</b>	<b>\$ 1,044,132</b>	<b>\$ (134,233)</b>	<b>\$ 0</b>	<b>\$ 909,899</b>	<b>\$ 1,355,693</b>	<b>\$ 1,355,693</b>	<b>\$ (445,794)</b>
<b>Fund Balance, June 30, 2010</b>	<b>\$ 1,932,773</b>	<b>\$ 0</b>	<b>\$ (165,683)</b>	<b>\$ 1,767,090</b>	<b>\$ 1,268,120</b>	<b>\$ 676,574</b>	<b>\$ 1,090,516</b>

# **Major Governmental Fund**

## **General Debt Service Fund**

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

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Exhibit H

Montgomery County, Tennessee  
Schedule of Revenues, Expenditures, and Changes  
in Fund Balance - Actual and Budget  
General Debt Service Fund  
For the Year Ended June 30, 2010

	Actual	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
		Original	Final	
<b>Revenues</b>				
Local Taxes	\$ 30,739,359	\$ 29,112,520	\$ 29,897,520	\$ 841,839
Other Local Revenues	424,945	1,545,000	333,420	91,525
Other Governments and Citizens Groups	510,435	0	510,000	435
<b>Total Revenues</b>	<b>\$ 31,674,739</b>	<b>\$ 30,657,520</b>	<b>\$ 30,740,940</b>	<b>\$ 933,799</b>
<b>Expenditures</b>				
<u>Principal on Debt</u>				
General Government	\$ 4,393,307	\$ 5,593,294	\$ 4,893,307	\$ 500,000
Education	10,917,761	10,159,107	10,940,421	22,660
<u>Interest on Debt</u>				
General Government	4,867,408	4,867,409	4,867,409	1
Education	9,168,332	9,814,956	9,708,181	539,849
<u>Other Debt Service</u>				
General Government	677,212	170,725	689,819	12,607
Education	420,723	360,000	452,094	31,371
<b>Total Expenditures</b>	<b>\$ 30,444,743</b>	<b>\$ 30,965,491</b>	<b>\$ 31,551,231</b>	<b>\$ 1,106,488</b>
<b>Excess (Deficiency) of Revenues Over Expenditures</b>	<b>\$ 1,229,996</b>	<b>\$ (307,971)</b>	<b>\$ (810,291)</b>	<b>\$ 2,040,287</b>
<b>Other Financing Sources (Uses)</b>				
Refunding Debt Issued	\$ 74,155,000	\$ 0	\$ 74,155,000	\$ 0
Premiums on Debt Issued	9,271,813	0	9,271,913	(100)
Transfers In	30,951	0	0	30,951
Payments to Refunded Debt Escrow Agent	(82,922,779)	0	(82,922,779)	0
<b>Total Other Financing Sources (Uses)</b>	<b>\$ 534,985</b>	<b>\$ 0</b>	<b>\$ 504,134</b>	<b>\$ 30,851</b>
<b>Net Change in Fund Balance</b>	<b>\$ 1,764,981</b>	<b>\$ (307,971)</b>	<b>\$ (306,157)</b>	<b>\$ 2,071,138</b>
<b>Fund Balance, July 1, 2009</b>	<b>26,689,680</b>	<b>24,441,959</b>	<b>24,441,959</b>	<b>2,247,721</b>
<b>Fund Balance, June 30, 2010</b>	<b>\$ 28,454,661</b>	<b>\$ 24,133,988</b>	<b>\$ 24,135,802</b>	<b>\$ 4,318,859</b>

# Proprietary Funds

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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.

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

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

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

Exhibit I-1

Montgomery County, Tennessee  
Combining Statement of Net Assets  
Proprietary Funds  
June 30, 2010

	Internal Service Funds			Total
	Self-Insurance	Workers' Compensation	Unemployment Compensation	
<b><u>ASSETS</u></b>				
Current Assets:				
Equity in Pooled Cash and Investments	\$ 1,331,522	\$ 2,374,819	\$ 249,761	\$ 3,956,102
Accounts Receivable	26,351	200	111	26,662
Due from Other Funds	2,048	2,375	48,420	52,843
Due from Component Units	15,791	0	0	15,791
<b>Total Current Assets</b>	<b>\$ 1,375,712</b>	<b>\$ 2,377,394</b>	<b>\$ 298,292</b>	<b>\$ 4,051,398</b>
Noncurrent Assets:				
Capital Assets:				
Buildings and Improvements	\$ 24,803	\$ 0	\$ 0	\$ 24,803
Accumulated Depreciation - Buildings and Improvements	(3,578)	0	0	(3,578)
<b>Total Noncurrent Assets</b>	<b>\$ 21,225</b>	<b>\$ 0</b>	<b>\$ 0</b>	<b>\$ 21,225</b>
<b>Total Assets</b>	<b>\$ 1,396,937</b>	<b>\$ 2,377,394</b>	<b>\$ 298,292</b>	<b>\$ 4,072,623</b>
<b><u>LIABILITIES</u></b>				
Current Liabilities:				
Accounts Payable	\$ 1,489	\$ 5,156	\$ 5,129	\$ 11,774
Accrued Payroll	0	5,125	0	5,125
Payroll Deductions Payable	0	1,139	0	1,139
Due to Component Units	40,666	0	0	40,666
Claims and Judgments Payable	1,506,367	239,900	0	1,746,267
<b>Total Current Liabilities</b>	<b>\$ 1,548,522</b>	<b>\$ 251,320</b>	<b>\$ 5,129</b>	<b>\$ 1,804,971</b>
Noncurrent Liabilities:				
Claims and Judgments Payable	\$ 1,506,366	\$ 158,500	\$ 0	\$ 1,664,866
<b>Total Noncurrent Liabilities</b>	<b>\$ 1,506,366</b>	<b>\$ 158,500</b>	<b>\$ 0</b>	<b>\$ 1,664,866</b>
<b>Total Liabilities</b>	<b>\$ 3,054,888</b>	<b>\$ 409,820</b>	<b>\$ 5,129</b>	<b>\$ 3,469,837</b>
<b><u>NET ASSETS</u></b>				
Unrestricted	\$ (1,657,951)	\$ 1,967,574	\$ 293,163	\$ 602,786
<b>Total Net Assets</b>	<b>\$ (1,657,951)</b>	<b>\$ 1,967,574</b>	<b>\$ 293,163</b>	<b>\$ 602,786</b>

Exhibit I-2

Montgomery County, Tennessee  
Combining Statement of Revenues, Expenses, and  
Changes in Net Assets  
Proprietary Funds  
For the Year Ended June 30, 2010

	Internal Service Funds			Total
	Self-Insurance	Workers' Compensation	Unemployment Compensation	
<b>Operating Revenues</b>				
Charges for Current Services	\$ 38,165,887	\$ 789,279	\$ 0	\$ 38,955,166
Total Operating Revenues	\$ 38,165,887	\$ 789,279	\$ 0	\$ 38,955,166
<b>Operating Expenses</b>				
Personnel Office	\$ 0	\$ 135	\$ 0	\$ 135
Election Commission	0	1,343	0	1,343
Codes Compliance	0	320	0	320
County Buildings	0	0	270	270
Other Facilities	0	1,784	0	1,784
Risk Management	0	112,425	0	112,425
Other Risk Management	0	333	0	333
Reappraisal Program	0	0	967	967
County Clerk's Office	0	2,382	0	2,382
Data Processing	0	85	0	85
Circuit Court	0	1,010	0	1,010
General Sessions Court	0	0	270	270
Probation Services	0	0	270	270
Sheriff's Department	0	12,856	0	12,856
Jail	0	29,522	270	29,792
Fire Prevention and Control	0	1,230	0	1,230
Rabies and Animal Control	0	838	270	1,108
Ambulance/Emergency Medical Services	0	22,385	270	22,655
Other Local Health Services	0	0	3,960	3,960
Landfill Operation and Maintenance	0	9,218	442	9,660
Veteran's Services	0	0	4,619	4,619
Depreciation	991	0	0	991
Other Charges	1,083,471	0	0	1,083,471
Employee Benefits	39,638,241	0	0	39,638,241
Highway and Bridge Maintenance	0	38,576	0	38,576
Litter and Trash Collection	0	0	180	180
Other	0	0	152,455	152,455
Total Operating Expenses	\$ 40,722,703	\$ 234,442	\$ 164,243	\$ 41,121,388
Operating Income (Loss)	\$ (2,556,816)	\$ 554,837	\$ (164,243)	\$ (2,166,222)
<b>Nonoperating Revenues (Expenses)</b>				
Investment Income	\$ 6,754	\$ 2,234	\$ 1,619	\$ 10,607
Miscellaneous Refunds	772,553	8,247	0	780,800
Total Nonoperating Revenues (Expenses)	\$ 779,307	\$ 10,481	\$ 1,619	\$ 791,407
Changes in Net Assets	\$ (1,777,509)	\$ 565,318	\$ (162,624)	\$ (1,374,815)
Prior-period Adjustment	0	125,264	0	125,264
Net Assets, July 1, 2009	119,558	1,276,992	455,787	1,852,337
Nets Assets (Deficit), June 30, 2010	\$ (1,657,951)	\$ 1,967,574	\$ 293,163	\$ 602,786

Exhibit I-3

Montgomery County, Tennessee  
 Combining Statement of Cash Flows  
 Proprietary Funds  
 For the Year Ended June 30, 2010

	Internal Service Funds				Total
	Self-Insurance	Workers' Compensation	Unemployment Compensation		
\$ 38,143,591	\$ 1,577,357	\$ 0	\$ 39,720,948		
(40,087,048)	(354,992)	(215,508)	(40,657,548)		
772,553	0	0	772,553		
\$ (1,170,904)	\$ 1,222,365	\$ (215,508)	\$ (164,047)		
\$ 6,754	\$ 2,234	\$ 1,619	\$ 10,607		
\$ 6,754	\$ 2,234	\$ 1,619	\$ 10,607		
\$ (1,164,150)	\$ 1,224,599	\$ (213,889)	\$ (153,440)		
0	125,264	0	125,264		
2,495,672	1,024,956	463,650	3,984,278		
\$ 1,331,522	\$ 2,374,819	\$ 249,761	\$ 3,956,102		

Cash Flows from Operating Activities  
 Receipts from Interfund Services Provided  
 Other Self-Insured Claims  
 Other Receipts (Payments)  
 Net Cash Provided By (Used In) Operating Activities

Cash Flows from Investing Activities  
 Investment Income  
 Net Cash Provided By (Used In) Investing Activities

Net Increase (Decrease) in Cash  
 Prior-period Adjustment  
 Cash, July 1, 2009

Cash, June 30, 2010

(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	
\$ (2,556,816) \$	554,837 \$	(164,243) \$	(2,166,222)	
772,553	8,247	0	780,800	
991	0	0	991	
(24,524)	153,181	114	128,771	
(2,048)	626,650	(48,420)	576,182	
4,276	0	0	4,276	
(13,459)	2,300	(2,959)	(14,118)	
0	2,594	0	2,594	
0	(180)	0	(180)	
2,916	0	0	2,916	
645,207	(125,264)	0	519,943	
\$ (1,170,904) \$	1,222,365 \$	(215,508) \$	(164,047)	

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.

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

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

Exhibit J-1

Montgomery County, Tennessee  
Combining Statement of Fiduciary Assets and Liabilities  
Fiduciary Funds  
June 30, 2010

	Agency Funds			
	Cities - Sales Tax	Constitu- tional Officers - Agency	Judicial District Drug	Total
<b><u>ASSETS</u></b>				
Cash	\$ 0	\$ 6,747,183	\$ 13,786	\$ 6,760,969
Equity in Pooled Cash and Investments	0	0	248,764	248,764
Accounts Receivable	0	2,784	358	3,142
Due from Other Governments	2,011,097	0	8,520	2,019,617
<b>Total Assets</b>	<b>\$ 2,011,097</b>	<b>\$ 6,749,967</b>	<b>\$ 271,428</b>	<b>\$ 9,032,492</b>
<b><u>LIABILITIES</u></b>				
Accounts Payable	\$ 0	\$ 0	\$ 6,942	\$ 6,942
Accrued Payroll	0	0	7,994	7,994
Other Current Liabilities	0	0	62,036	62,036
Due to Other Taxing Units	2,011,097	0	0	2,011,097
Due to Litigants, Heirs, and Others	0	6,749,967	0	6,749,967
Due to Joint Ventures	0	0	194,456	194,456
<b>Total Liabilities</b>	<b>\$ 2,011,097</b>	<b>\$ 6,749,967</b>	<b>\$ 271,428</b>	<b>\$ 9,032,492</b>

Exhibit J-2

Montgomery County, Tennessee  
Combining Statement of Changes in Assets and  
Liabilities - All Agency Funds  
For the Year Ended June 30, 2010

	Beginning Balance	Additions	Deductions	Ending Balance
<b>Cities - Sales Tax Fund</b>				
<u>Assets</u>				
Equity in Pooled Cash and Investments	\$ 0	\$ 11,762,261	\$ 11,762,261	\$ 0
Due from Other Governments	1,957,735	2,011,097	1,957,735	2,011,097
<b>Total Assets</b>	<b>\$ 1,957,735</b>	<b>\$ 13,773,358</b>	<b>\$ 13,719,996</b>	<b>\$ 2,011,097</b>
<u>Liabilities</u>				
Due to Other Taxing Units	\$ 1,957,735	\$ 13,773,358	\$ 13,719,996	\$ 2,011,097
<b>Total Liabilities</b>	<b>\$ 1,957,735</b>	<b>\$ 13,773,358</b>	<b>\$ 13,719,996</b>	<b>\$ 2,011,097</b>
<b>Constitutional Officers - Agency Fund</b>				
<u>Assets</u>				
Cash	\$ 7,937,167	\$ 34,597,442	\$ 35,787,426	\$ 6,747,183
Accounts Receivable	59,063	2,784	59,063	2,784
<b>Total Assets</b>	<b>\$ 7,996,230</b>	<b>\$ 34,600,226</b>	<b>\$ 35,846,489</b>	<b>\$ 6,749,967</b>
<u>Liabilities</u>				
Due to Litigants, Heirs, and Others	\$ 7,996,230	\$ 34,600,226	\$ 35,846,489	\$ 6,749,967
<b>Total Liabilities</b>	<b>\$ 7,996,230</b>	<b>\$ 34,600,226</b>	<b>\$ 35,846,489</b>	<b>\$ 6,749,967</b>
<b>Judicial District Drug Fund</b>				
<u>Assets</u>				
Cash	\$ 5,577	\$ 13,786	\$ 5,577	\$ 13,786
Equity in Pooled Cash and Investments	370,330	383,222	504,788	248,764
Accounts Receivable	6,566	358	6,566	358
Due from Other Governments	5,043	8,520	5,043	8,520
<b>Total Assets</b>	<b>\$ 387,516</b>	<b>\$ 405,886</b>	<b>\$ 521,974</b>	<b>\$ 271,428</b>
<u>Liabilities</u>				
Accounts Payable	\$ 57,132	\$ 6,942	\$ 57,132	\$ 6,942
Accrued Payroll	1,194	7,994	1,194	7,994
Other Current Liabilities	0	62,036	0	62,036
Due to Other Funds	180	0	180	0
Due to Joint Ventures	329,010	328,914	463,468	194,456
<b>Total Liabilities</b>	<b>\$ 387,516</b>	<b>\$ 405,886</b>	<b>\$ 521,974</b>	<b>\$ 271,428</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>Totals - All Agency Funds</b>				
<u>Assets</u>				
Cash	\$ 7,942,744	\$ 34,611,228	\$ 35,793,003	\$ 6,760,969
Equity in Pooled Cash and Investments	370,330	12,145,483	12,267,049	248,764
Accounts Receivable	65,629	3,142	65,629	3,142
Due from Other Governments	1,962,778	2,019,617	1,962,778	2,019,617
<b>Total Assets</b>	<b>\$ 10,341,481</b>	<b>\$ 48,779,470</b>	<b>\$ 50,088,459</b>	<b>\$ 9,032,492</b>
<u>Liabilities</u>				
Accounts Payable	\$ 57,132	\$ 6,942	\$ 57,132	\$ 6,942
Accrued Payroll	1,194	7,994	1,194	7,994
Other Current Liabilities	0	62,036	0	62,036
Due to Other Funds	180	0	180	0
Due to Other Taxing Units	1,957,735	13,773,358	13,719,996	2,011,097
Due to Litigants, Heirs, and Others	7,996,230	34,600,226	35,846,489	6,749,967
Due to Joint Ventures	329,010	328,914	463,468	194,456
<b>Total Liabilities</b>	<b>\$ 10,341,481</b>	<b>\$ 48,779,470</b>	<b>\$ 50,088,459</b>	<b>\$ 9,032,492</b>

# Clarksville-Montgomery County School Department

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This section presents combining and individual fund financial statements for the Clarksville-Montgomery County School Department, a discretely presented component unit. The School Department 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 Department.

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

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

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

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

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

Exhibit K-1

Montgomery County, Tennessee  
Statement of Activities  
Discretely Presented Clarksville-Montgomery County School Department  
For the Year Ended June 30, 2010

Functions/Programs	Program Revenues			Expenses	Net (Expense) Revenue and Changes in Net Assets	
	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions		Total	Governmental Activities
<b>Governmental Activities:</b>						
Instruction	\$ 126,783,758	\$ 179,772	\$ 9,806,187	\$ 0	\$ (116,797,799)	
Support Services	92,792,052	62,452	2,917,036	24,136,203	(65,676,361)	
Operation of Non-Instructional Services	12,846,960	4,946,860	8,893,017	0	992,917	
Other Debt Service	510,435	0	0	0	(510,435)	
<b>Total Governmental Activities</b>	<b>\$ 232,933,205</b>	<b>\$ 5,189,084</b>	<b>\$ 21,616,240</b>	<b>\$ 24,136,203</b>	<b>\$ (181,991,678)</b>	
<b>General Revenues:</b>						
Taxes:						
Property Taxes Levied for General Purposes					\$ 27,518,189	
Local Option Sales Tax					33,570,915	
Wheel Tax					3,379,672	
Business Tax					564,615	
Interstate Telecommunications Tax					11,696	
Grants and Contributions Not Restricted to Specific Programs					125,940,534	
Unrestricted Investment Earnings					32,289	
Miscellaneous					227,813	
<b>Total General Revenues</b>					<b>\$ 191,245,723</b>	
<b>Change in Net Assets</b>					<b>\$ 9,254,045</b>	
<b>Net Assets, July 1, 2009</b>					<b>302,556,745</b>	
<b>Net Assets, June 30, 2010</b>					<b>\$ 311,810,790</b>	

Exhibit K-2

Montgomery County, Tennessee  
Balance Sheet - Governmental Funds  
Discretely Presented Clarksville-Montgomery County School Department  
June 30, 2010

	<u>Major Funds</u>		<u>Nonmajor Funds</u>	<u>Total Governmental Funds</u>
	<u>General Purpose School</u>	<u>Education Capital Projects</u>	<u>Other Governmental Funds</u>	
<b><u>ASSETS</u></b>				
Cash	\$ 450	\$ 18,585,038	\$ 261,206	\$ 18,846,694
Equity in Pooled Cash and Investments	21,254,967	2,880,299	6,371,917	30,507,183
Inventories	269,403	0	225,946	495,349
Accounts Receivable	60,213	0	83,375	143,588
Due from Other Governments	6,782,727	515,281	1,089,813	8,387,821
Due from Other Funds	773,599	0	39,378	812,977
Due from Primary Government	40,666	0	0	40,666
Property Taxes Receivable	26,846,471	0	1,791,691	28,638,162
Allowance for Uncollectible Property Taxes	(512,675)	0	(34,197)	(546,872)
Prepaid Items	525,379	0	106,316	631,695
<b>Total Assets</b>	<b>\$ 56,041,200</b>	<b>\$ 21,980,618</b>	<b>\$ 9,935,445</b>	<b>\$ 87,957,263</b>
<b><u>LIABILITIES AND FUND BALANCES</u></b>				
<b><u>Liabilities</u></b>				
Accounts Payable	\$ 757,564	\$ 728,463	\$ 338,028	\$ 1,824,055
Accrued Payroll	5,350,363	0	389,951	5,740,314
Payroll Deductions Payable	3,043,856	0	240,346	3,284,202
Deferred Compensation Payable	319,182	0	0	319,182
Due to Other Funds	39,170	0	773,807	812,977
Due to Primary Government	9,441	0	6,350	15,791
Current Liabilities Payable from Restricted Assets:				
Customer Deposits Payable	0	0	104,891	104,891
Deferred Revenue - Current Property Taxes	25,300,157	0	1,688,585	26,988,742
Deferred Revenue - Delinquent Property Taxes	937,922	0	62,520	1,000,442
Other Deferred Revenues	3,345,010	0	0	3,345,010
<b>Total Liabilities</b>	<b>\$ 39,102,665</b>	<b>\$ 728,463</b>	<b>\$ 3,604,478</b>	<b>\$ 43,435,606</b>
<b><u>Fund Balances</u></b>				
Reserved for Encumbrances	\$ 840,789	\$ 20,005,261	\$ 162,419	\$ 21,008,469
Reserved for Career Ladder - Extended Contract	116,538	0	0	116,538
Reserved for Career Ladder Program	27,135	0	0	27,135
Unreserved, Reported In:				
General Fund	15,954,073	0	0	15,954,073
Special Revenue Funds	0	0	6,168,548	6,168,548
Capital Projects Funds	0	1,246,894	0	1,246,894
<b>Total Fund Balances</b>	<b>\$ 16,938,535</b>	<b>\$ 21,252,155</b>	<b>\$ 6,330,967</b>	<b>\$ 44,521,657</b>
<b>Total Liabilities and Fund Balances</b>	<b>\$ 56,041,200</b>	<b>\$ 21,980,618</b>	<b>\$ 9,935,445</b>	<b>\$ 87,957,263</b>



Exhibit K-3

Montgomery County, Tennessee  
Reconciliation of the Balance Sheet of Governmental Funds to the Statement of Net Assets  
Discretely Presented Clarksville-Montgomery County School Department  
June 30, 2010

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

Total fund balances - balance sheet - governmental funds (Exhibit K-2)		\$	44,521,657
(1) Capital assets used in governmental activities are not financial resources and therefore are not reported in the governmental funds.			
Add: land	\$	12,556,577	
Add: construction in progress		1,832,263	
Add: buildings and improvements net of accumulated depreciation		238,076,051	
Add: other capital assets net of accumulated depreciation		<u>13,969,094</u>	266,433,985
(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	\$	(764,028)	
Less: other postemployment benefits liability		(1,624,666)	
Less: compensated absences payable		<u>(1,101,610)</u>	(3,490,304)
(3) Other long-term assets are not available to pay for current-period expenditures and therefore are deferred in the governmental funds.			<u>4,345,452</u>
Net assets of governmental activities (Exhibit A)		\$	<u>311,810,790</u>

Exhibit K-4

Montgomery County, Tennessee  
Statement of Revenues, Expenditures,  
and Changes in Fund Balances -  
Governmental Funds  
Discretely Presented Clarksville-Montgomery County School Department  
For the Year Ended June 30, 2010

	<u>Major Funds</u>		<u>Nonmajor</u>	<u>Total</u>
	<u>General</u>	<u>Education</u>	<u>Funds</u>	
			<u>Other</u>	
	<u>Purpose</u>	<u>Capital</u>	<u>Govern-</u>	<u>Governmental</u>
	<u>School</u>	<u>Projects</u>	<u>mental</u>	<u>Funds</u>
<b>Revenues</b>				
Local Taxes	\$ 63,752,766	\$ 0	\$ 1,761,361	\$ 65,514,127
Charges for Current Services	47,700	0	4,907,017	4,954,717
Other Local Revenues	320,056	25,376	188,583	534,015
State of Tennessee	109,808,926	0	8,714,507	118,523,433
Federal Government	4,240,633	0	23,955,711	28,196,344
Other Governments and Citizens Groups	25,884	24,136,203	0	24,162,087
<b>Total Revenues</b>	<b>\$ 178,195,965</b>	<b>\$ 24,161,579</b>	<b>\$ 39,527,179</b>	<b>\$ 241,884,723</b>
<b>Expenditures</b>				
<b>Current:</b>				
Instruction	\$ 115,235,954	\$ 0	\$ 10,754,272	\$ 125,990,226
Support Services	66,532,695	0	15,572,057	82,104,752
Operation of Non-Instructional Services	1,805,480	0	11,732,897	13,538,377
<b>Debt Service:</b>				
Other Debt Service	510,435	0	0	510,435
Capital Projects	0	9,035,277	0	9,035,277
<b>Total Expenditures</b>	<b>\$ 184,084,564</b>	<b>\$ 9,035,277</b>	<b>\$ 38,059,226</b>	<b>\$ 231,179,067</b>
<b>Excess (Deficiency) of Revenues</b>				
<b>Over Expenditures</b>	<b>\$ (5,888,599)</b>	<b>\$ 15,126,302</b>	<b>\$ 1,467,953</b>	<b>\$ 10,705,656</b>
<b>Other Financing Sources (Uses)</b>				
Insurance Recovery	\$ 9,470	\$ 0	\$ 0	\$ 9,470
Transfers In	788,798	0	2,038,146	2,826,944
Transfers Out	(750,000)	0	(2,076,944)	(2,826,944)
<b>Total Other Financing Sources (Uses)</b>	<b>\$ 48,268</b>	<b>\$ 0</b>	<b>\$ (38,798)</b>	<b>\$ 9,470</b>
<b>Net Change in Fund Balances</b>	<b>\$ (5,840,331)</b>	<b>\$ 15,126,302</b>	<b>\$ 1,429,155</b>	<b>\$ 10,715,126</b>
<b>Fund Balance, July 1, 2009</b>	<b>22,778,866</b>	<b>6,125,853</b>	<b>4,901,812</b>	<b>33,806,531</b>
<b>Fund Balance, June 30, 2010</b>	<b>\$ 16,938,535</b>	<b>\$ 21,252,155</b>	<b>\$ 6,330,967</b>	<b>\$ 44,521,657</b>

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 Department  
For the Year Ended June 30, 2010

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)		\$ 10,715,126
(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	\$ 7,274,102	
Less: current year depreciation expense	<u>(8,239,322)</u>	(965,220)
(2) The net effect of various miscellaneous transactions involving capital assets (sales, trade-ins, and donations) is to decrease net assets.		
Less: revenue from the sale of capital assets	\$ (41,078)	
Less: loss on disposal of capital assets	<u>(34,948)</u>	(76,026)
(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, 2009	\$ (4,027,433)	
Add: deferred delinquent property taxes and other deferred June 30, 2010	<u>4,345,452</u>	318,019
(4) Some expenses reported in the statement of activities do not require the use of current financial resources and therefore are not reported as expenditures in the governmental funds.		
Change in claims and judgments payable	\$ 139,849	
Change in other postemployment benefits liability	(827,835)	
Change in compensated absences payable	<u>(49,868)</u>	<u>(737,854)</u>
Change in net assets of governmental activities (Exhibit B)		<u>\$ 9,254,045</u>

Montgomery County, Tennessee  
 Combining Balance Sheet - Nonmajor Governmental Funds  
 Discretely Presented, Clarksville-Montgomery County School Department  
 June 30, 2010

	Special Revenue Funds				Total Nonmajor Governmental Funds
	School Federal Projects	Central Cafeteria	School Transpor- tation	Extended School Program	
\$	0	261,206	0	0	\$ 261,206
Equity in Pooled Cash and Investments	1,286,192	3,525,364	1,499,077	61,284	6,371,917
Inventories	0	225,946	0	0	225,946
Accounts Receivable	1,766	52,600	29,009	0	83,375
Due from Other Governments	1,089,813	0	0	0	1,089,813
Due from Other Funds	25	27,489	11,864	0	39,378
Property Taxes Receivable	0	0	1,791,691	0	1,791,691
Allowance for Uncollectible Property Taxes	0	0	(34,197)	0	(34,197)
Prepaid Items	16,884	26,746	57,543	5,143	106,316
<b>Total Assets</b>	<b>\$ 2,394,680</b>	<b>\$ 4,119,351</b>	<b>\$ 3,354,987</b>	<b>\$ 66,427</b>	<b>\$ 9,935,445</b>

**ASSETS**

Cash	0
Equity in Pooled Cash and Investments	1,286,192
Inventories	0
Accounts Receivable	1,766
Due from Other Governments	1,089,813
Due from Other Funds	25
Property Taxes Receivable	0
Allowance for Uncollectible Property Taxes	0
Prepaid Items	16,884
<b>Total Assets</b>	<b>\$ 2,394,680</b>

**LIABILITIES AND FUND BALANCES**

<b>Liabilities</b>	
Accounts Payable	244,565
Accrued Payroll	389,951
Payroll Deductions Payable	240,078
Due to Other Funds	773,361
Due to Primary Government	0
Current Liabilities Payable from Restricted Assets:	
Customer Deposits Payable	0
Deferred Revenue - Current Property Taxes	0
Deferred Revenue - Delinquent Property Taxes	0
<b>Total Liabilities</b>	<b>\$ 1,647,955</b>
<b>Fund Balances</b>	
Reserved for Encumbrances	36,351
Unreserved	710,374
<b>Total Fund Balances</b>	<b>\$ 746,725</b>
<b>Total Liabilities and Fund Balances</b>	<b>\$ 2,394,680</b>

\$	244,565	23,987	67,902	1,574	\$ 338,028
389,951	0	0	0	0	389,951
240,078	119	149	0	0	240,346
773,361	277	125	44	0	773,807
0	14	6,336	0	0	6,350
0	104,891	0	0	0	104,891
0	0	1,688,585	0	0	1,688,585
0	0	62,520	0	0	62,520
<b>\$ 1,647,955</b>	<b>\$ 129,288</b>	<b>\$ 1,825,617</b>	<b>\$ 1,618</b>	<b>\$ 3,604,478</b>	
\$	36,351	70,139	55,929	0	\$ 162,419
710,374	3,919,924	1,473,441	64,809	0	6,168,548
<b>\$ 746,725</b>	<b>\$ 3,990,063</b>	<b>\$ 1,529,370</b>	<b>\$ 64,809</b>	<b>\$ 6,330,967</b>	
<b>\$ 2,394,680</b>	<b>\$ 4,119,351</b>	<b>\$ 3,354,987</b>	<b>\$ 66,427</b>	<b>\$ 9,935,445</b>	

Montgomery County, Tennessee  
 Combining Statement of Revenues, Expenditures,  
 and Changes in Fund Balances -  
 Nonmajor Governmental Funds  
 Discretely Presented Clarksville-Montgomery County School Department  
 For the Year Ended June 30, 2010

	Special Revenue Funds				Total Nonmajor Governmental Funds
	School Federal Projects	Central Cafeteria	School Transportation	Extended School Program	
<u>Revenues</u>					
Local Taxes	\$ 0	\$ 0	\$ 1,761,361	\$ 0	\$ 1,761,361
Charges for Current Services	0	4,744,427	0	162,590	4,907,017
Other Local Revenues	0	146,311	42,272	0	188,583
State of Tennessee	517,203	119,305	8,077,999	0	8,714,507
Federal Government	16,852,909	6,990,480	112,322	0	23,955,711
Total Revenues	\$ 17,370,112	\$ 12,000,523	\$ 9,993,954	\$ 162,590	\$ 39,527,179
<u>Expenditures</u>					
Current:					
Instruction	\$ 10,608,908	\$ 0	\$ 0	\$ 145,364	\$ 10,754,272
Support Services	5,032,149	0	10,513,191	26,717	15,572,057
Operation of Non-Instructional Services	0	11,732,897	0	0	11,732,897
Total Expenditures	\$ 15,641,057	\$ 11,732,897	\$ 10,513,191	\$ 172,081	\$ 38,059,226
Excess (Deficiency) of Revenues Over Expenditures	\$ 1,729,055	\$ 267,626	\$ (519,237)	\$ (9,491)	\$ 1,467,953
<u>Other Financing Sources (Uses)</u>					
Transfers In	\$ 750,000	\$ 0	\$ 1,288,146	\$ 0	\$ 2,038,146
Transfers Out	(2,076,944)	0	0	0	(2,076,944)
Total Other Financing Sources (Uses)	\$ (1,326,944)	\$ 0	\$ 1,288,146	\$ 0	\$ (38,798)
Net Change in Fund Balances Fund Balance, July 1, 2009	\$ 402,111	\$ 267,626	\$ 768,909	\$ (9,491)	\$ 1,429,155
	344,614	3,722,437	760,461	74,300	4,901,812
Fund Balance, June 30, 2010	\$ 746,725	\$ 3,990,063	\$ 1,529,370	\$ 64,809	\$ 6,330,967

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 Department  
 General Purpose School Fund  
 For the Year Ended June 30, 2010

	Actual (GAAP Basis)	Less: Encumbrances 7/1/2009	Add: Encumbrances 6/30/2010	Actual Revenues/ Expenditures (Budgetary Basis)	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
					Original	Final	
					Original	Final	
<b>Revenues</b>							
Local Taxes	\$ 63,752,766	\$ 0	\$ 0	\$ 63,752,766	\$ 63,916,854	\$ (164,088)	
Charges for Current Services	47,700	0	0	47,700	43,900	4,400	
Other Local Revenues	320,056	0	0	320,056	351,572	(31,516)	
State of Tennessee	109,808,926	0	0	109,808,926	109,525,266	283,670	
Federal Government	4,240,533	0	0	4,240,533	4,555,000	60,633	
Other Governments and Citizens Groups	25,884	0	0	25,884	29,535	884	
<b>Total Revenues</b>	<b>\$ 178,195,965</b>	<b>\$ 0</b>	<b>\$ 0</b>	<b>\$ 178,195,965</b>	<b>\$ 179,274,091</b>	<b>\$ 153,963</b>	
<b>Expenditures</b>							
<b>Instruction</b>							
Regular Instruction Program	\$ 93,549,284	\$ (2,379,184)	\$ 621,956	\$ 91,792,056	\$ 93,626,753	\$ 2,722,078	
Alternative Instruction Program	784,839	0	0	784,839	789,052	24,438	
Special Education Program	16,336,519	(129,885)	24,100	16,230,634	16,378,537	614,601	
Vocational Education Program	4,565,212	(16,072)	0	4,549,140	4,874,287	449,167	
<b>Support Services</b>							
Attendance	672,591	(22)	0	672,569	650,466	32,233	
Health Services	1,027,124	(7,351)	0	1,019,773	1,078,724	68,876	
Other Student Support	6,925,152	0	554	6,925,706	7,630,728	812,775	
Regular Instruction Program	7,759,405	(85,172)	0	7,724,233	7,413,387	332,973	
Alternative Instruction Program	33,533	0	0	33,533	32,381	759	
Special Education Program	1,354,170	(12)	160	1,354,318	1,296,493	88,318	
Vocational Education Program	96,558	0	0	96,558	164,145	67,587	
Adult Programs	69,546	0	0	69,546	73,946	4,907	
Other Programs	71,707	0	0	71,707	71,707	0	

(Continued)

Exhibit K-8

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

	Actual (GAAP Basis)	Less: Encumbrances 7/1/2009	Add: Encumbrances 6/30/2010	Actual Revenues/ Expenditures (Budgetary Basis)	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
					Original	Final	
<b>Expenditures (Cont.)</b>							
<b>Support Services (Cont.)</b>							
Board of Education	\$ 197,630	\$ 0	\$ 0	\$ 197,630	\$ 263,965	\$ 259,302	\$ 61,672
Director of Schools	914,727	(20,492)	0	894,235	963,026	987,889	93,654
Office of the Principal	13,337,876	0	0	13,337,876	13,651,952	13,978,168	640,292
Fiscal Services	3,586,745	(17,860)	0	3,568,885	3,412,440	3,771,639	202,754
Human Services/Personnel	2,337,845	(87,807)	136	2,250,174	2,623,234	2,682,748	432,574
Operation of Plant	14,332,000	(190,574)	61,910	14,203,336	15,910,793	15,276,538	1,073,202
Maintenance of Plant	4,761,938	(145,968)	84,699	4,700,669	5,029,029	5,048,413	347,744
Central and Other	9,054,148	(205,080)	28,097	8,877,165	8,504,793	9,408,736	531,571
<b>Operation of Non-Instructional Services</b>							
Early Childhood Education	1,805,480	(2,174)	19,177	1,822,483	1,772,695	1,898,543	76,060
Other Debt Service	510,435	0	0	510,435	0	510,435	0
<b>Total Expenditures</b>	\$ 184,084,564	\$ (3,237,753)	\$ 840,789	\$ 181,687,600	\$ 186,090,312	\$ 190,380,735	\$ 8,693,135
<b>Excess (Deficiency) of Revenues Over Expenditures</b>	\$ (5,888,599)	\$ 3,237,753	\$ (840,789)	\$ (3,491,635)	\$ (6,816,221)	\$ (12,338,753)	\$ 8,847,118
<b>Other Financing Sources (Uses)</b>							
Insurance Recovery	\$ 9,470	\$ 0	\$ 0	\$ 9,470	\$ 50,000	\$ 25,000	\$ (15,530)
Transfers In	788,798	0	0	788,798	917,000	917,000	(128,202)
Transfers Out	(750,000)	0	0	(750,000)	(510,435)	(750,000)	0
<b>Total Other Financing Sources (Uses)</b>	\$ 48,268	\$ 0	\$ 0	\$ 48,268	\$ 456,565	\$ 192,000	\$ (143,732)
<b>Net Change in Fund Balance Fund Balance, July 1, 2009</b>	\$ (5,840,331)	\$ 3,237,753	\$ (840,789)	\$ (3,443,367)	\$ (6,359,656)	\$ (12,146,753)	\$ 8,703,386
<b>Fund Balance, June 30, 2010</b>	\$ 16,938,535	\$ 0	\$ (840,789)	\$ 16,097,746	\$ 9,027,610	\$ 3,240,513	\$ 12,857,233

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 Department  
 School Federal Projects Fund  
 For the Year Ended June 30, 2010

	Actual (GAAP Basis)	Less: Encumbrances 7/1/2009	Add: Encumbrances 6/30/2010	Actual Revenues/ Expenditures (Budgetary Basis)	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
					Original	Final	
<b>Revenues</b>							
State of Tennessee	\$ 517,203	\$ 0	\$ 0	\$ 517,203	\$ 564,543	\$ 509,870	\$ 7,333
Federal Government	16,852,909	0	0	16,852,909	23,703,243	24,772,205	(7,919,296)
<b>Total Revenues</b>	<b>\$ 17,370,112</b>	<b>\$ 0</b>	<b>\$ 0</b>	<b>\$ 17,370,112</b>	<b>\$ 24,267,786</b>	<b>\$ 25,282,075</b>	<b>\$ (7,911,963)</b>
<b>Expenditures</b>							
<b>Instruction</b>							
Regular Instruction Program	\$ 6,276,603	(1,235)	6,275	6,281,643	7,096,261	7,186,924	905,281
Special Education Program	3,995,907	0	0	3,995,907	4,451,774	4,731,745	735,838
Vocational Education Program	256,246	(29,682)	0	226,564	314,088	226,564	0
Adult Education Program	80,152	0	0	80,152	125,573	97,738	17,586
<b>Support Services</b>							
Other Student Support	429,517	(2,355)	0	427,162	281,670	475,927	48,765
Regular Instruction Program	2,477,228	(170,292)	26,807	2,333,743	3,679,694	4,549,481	2,215,738
Special Education Program	1,506,946	0	3,269	1,510,215	5,435,478	5,420,372	3,910,157
Vocational Education Program	5,306	0	0	5,306	5,935	5,306	0
Adult Programs	128,408	0	0	128,408	138,600	133,230	4,822
Operation of Plant	135,001	(5,500)	0	129,501	159,511	135,011	5,510
Transportation	349,743	0	0	349,743	369,364	431,450	81,707
<b>Total Expenditures</b>	<b>\$ 15,641,057</b>	<b>(209,064)</b>	<b>\$ 36,351</b>	<b>\$ 15,468,344</b>	<b>\$ 22,057,948</b>	<b>\$ 23,393,748</b>	<b>\$ 7,925,404</b>
<b>Excess (Deficiency) of Revenues Over Expenditures</b>	<b>\$ 1,729,055</b>	<b>\$ 209,064</b>	<b>(36,351)</b>	<b>\$ 1,901,768</b>	<b>\$ 2,209,838</b>	<b>\$ 1,888,327</b>	<b>\$ 13,441</b>
<b>Other Financing Sources (Uses)</b>							
Transfers In	\$ 750,000	\$ 0	\$ 0	\$ 750,000	\$ 0	\$ 750,000	\$ 0
Transfers Out	(2,076,944)	0	0	(2,076,944)	(2,200,338)	(2,202,194)	125,250
<b>Total Other Financing Sources (Uses)</b>	<b>\$ (1,326,944)</b>	<b>\$ 0</b>	<b>\$ 0</b>	<b>\$ (1,326,944)</b>	<b>\$ (2,200,338)</b>	<b>\$ (1,452,194)</b>	<b>\$ 125,250</b>
<b>Net Change in Fund Balance Fund Balance, July 1, 2009</b>	<b>\$ 402,111</b>	<b>\$ 209,064</b>	<b>(36,351)</b>	<b>\$ 574,824</b>	<b>\$ 9,500</b>	<b>\$ 436,133</b>	<b>\$ 138,691</b>
	344,614	(209,064)	0	135,550	1,023	1,023	134,527
<b>Fund Balance, June 30, 2010</b>	<b>\$ 746,725</b>	<b>\$ 0</b>	<b>(36,351)</b>	<b>\$ 710,374</b>	<b>\$ 10,523</b>	<b>\$ 437,156</b>	<b>\$ 273,218</b>



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 Department  
Central Cafeteria Fund  
For the Year Ended June 30, 2010

	Actual (GAAP Basis)	Less: Encumbrances 7/1/2009	Add: Encumbrances 6/30/2010	Actual Revenues/ Expenditures (Budgetary Basis)	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
					Original	Final	
<u>Revenues</u>							
Charges for Current Services	\$ 4,744,427	\$ 0	\$ 0	\$ 4,744,427	\$ 4,892,339	\$ 4,892,339	\$ (147,912)
Other Local Revenues	146,311	0	0	146,311	203,492	203,492	(57,181)
State of Tennessee	119,305	0	0	119,305	129,173	129,173	(9,868)
Federal Government	6,990,480	0	0	6,990,480	5,828,721	6,669,204	321,276
<u>Total Revenues</u>	<u>\$ 12,000,523</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 12,000,523</u>	<u>\$ 11,053,725</u>	<u>\$ 11,894,208</u>	<u>\$ 106,315</u>
<u>Expenditures</u>							
<u>Support Services</u>							
Fiscal Services	\$ 0	\$ 0	\$ 0	\$ 0	\$ 2,810	\$ 0	\$ 0
<u>Operation of Non-Instructional Services</u>							
Food Service	11,732,897	(116,784)	70,139	11,686,252	11,382,847	13,216,838	1,530,586
<u>Total Expenditures</u>	<u>\$ 11,732,897</u>	<u>\$ (116,784)</u>	<u>\$ 70,139</u>	<u>\$ 11,686,252</u>	<u>\$ 11,385,657</u>	<u>\$ 13,216,838</u>	<u>\$ 1,530,586</u>
<u>Excess (Deficiency) of Revenues</u> <u>Over Expenditures</u>	<u>\$ 267,626</u>	<u>\$ 116,784</u>	<u>\$ (70,139)</u>	<u>\$ 314,271</u>	<u>\$ (331,932)</u>	<u>\$ (1,322,630)</u>	<u>\$ 1,636,901</u>
<u>Net Change in Fund Balance</u> <u>Fund Balance, July 1, 2009</u>	<u>\$ 267,626</u>	<u>\$ 116,784</u>	<u>\$ (70,139)</u>	<u>\$ 314,271</u>	<u>\$ (331,932)</u>	<u>\$ (1,322,630)</u>	<u>\$ 1,636,901</u>
	3,722,437	(116,784)	0	3,605,653	3,243,704	3,243,704	361,949
<u>Fund Balance, June 30, 2010</u>	<u>\$ 3,990,063</u>	<u>\$ 0</u>	<u>\$ (70,139)</u>	<u>\$ 3,919,924</u>	<u>\$ 2,911,772</u>	<u>\$ 1,921,074</u>	<u>\$ 1,998,850</u>

Exhibit K-11

Montgomery County, Tennessee  
 Schedule of Revenues, Expenditures, and Changes  
 in Fund Balance - Actual (Budgetary Basis) and Budget  
 Discretely Presented Clarksville-Montgomery County School Department  
 School Transportation Fund  
 For the Year Ended June 30, 2010

	Actual (GAAP Basis)	Less: Encumbrances 7/1/2009	Add: Encumbrances 6/30/2010	Actual Revenues/ Expenditures (Budgetary Basis)	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
					Original	Final	
<b>Revenues</b>							
Local Taxes	\$ 1,761,361	\$ 0	\$ 0	\$ 1,761,361	\$ 1,754,206	\$ 1,771,669	\$ (10,308)
Other Local Revenues	42,272	0	0	42,272	53,200	53,200	(10,928)
State of Tennessee	8,077,999	0	0	8,077,999	8,078,000	8,078,000	(1)
Federal Government	112,322	0	0	112,322	0	109,200	3,122
<b>Total Revenues</b>	<b>\$ 9,993,954</b>	<b>\$ 0</b>	<b>\$ 0</b>	<b>\$ 9,993,954</b>	<b>\$ 9,885,406</b>	<b>\$ 10,012,069</b>	<b>\$ (18,115)</b>
<b>Expenditures</b>							
<u>Support Services</u>							
Fiscal Services	\$ 38,868	\$ 0	\$ 0	\$ 38,868	\$ 75,095	\$ 40,000	\$ 1,132
Transportation	10,474,323	(2,675)	55,929	10,527,577	11,197,412	11,220,241	692,664
<b>Total Expenditures</b>	<b>\$ 10,513,191</b>	<b>\$ (2,675)</b>	<b>\$ 55,929</b>	<b>\$ 10,566,445</b>	<b>\$ 11,272,507</b>	<b>\$ 11,260,241</b>	<b>\$ 693,796</b>
<b>Excess (Deficiency) of Revenues Over Expenditures</b>	<b>\$ (519,237)</b>	<b>\$ 2,675</b>	<b>\$ (55,929)</b>	<b>\$ (572,491)</b>	<b>\$ (1,387,101)</b>	<b>\$ (1,248,172)</b>	<b>\$ 675,681</b>
<b>Other Financing Sources (Uses)</b>							
Transfers In	\$ 1,288,146	\$ 0	\$ 0	\$ 1,288,146	\$ 1,282,915	\$ 1,282,915	\$ 5,231
<b>Total Other Financing Sources (Uses)</b>	<b>\$ 1,288,146</b>	<b>\$ 0</b>	<b>\$ 0</b>	<b>\$ 1,288,146</b>	<b>\$ 1,282,915</b>	<b>\$ 1,282,915</b>	<b>\$ 5,231</b>
<b>Net Change in Fund Balance Fund Balance, July 1, 2009</b>	<b>\$ 768,909</b>	<b>\$ 2,675</b>	<b>\$ (55,929)</b>	<b>\$ 715,655</b>	<b>\$ (104,186)</b>	<b>\$ 34,743</b>	<b>\$ 680,912</b>
	760,461	(2,675)	0	757,786	458,671	458,671	299,115
<b>Fund Balance, June 30, 2010</b>	<b>\$ 1,529,370</b>	<b>\$ 0</b>	<b>\$ (55,929)</b>	<b>\$ 1,473,441</b>	<b>\$ 354,485</b>	<b>\$ 493,414</b>	<b>\$ 980,027</b>

Exhibit K-12

Montgomery County, Tennessee  
Schedule of Revenues, Expenditures, and Changes  
in Fund Balance - Actual (Budgetary Basis) and Budget  
Discretely Presented Clarksville-Montgomery County School Department  
Extended School Program Fund  
For the Year Ended June 30, 2010

	Actual (GAAP Basis)	Less: Encumbrances 7/1/2009	Actual Revenues/ Expenditures (Budgetary Basis)	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
				Original	Final	
<u>Revenues</u>						
Charges for Current Services	\$ 162,590	\$ 0	\$ 162,590	\$ 205,000	\$ 165,000	\$ (2,410)
Total Revenues	\$ 162,590	\$ 0	\$ 162,590	\$ 205,000	\$ 165,000	\$ (2,410)
<u>Expenditures</u>						
<u>Instruction</u>						
Regular Instruction Program	\$ 145,364	\$ (56)	\$ 145,308	\$ 155,631	\$ 152,276	\$ 6,968
<u>Support Services</u>						
Office of the Principal	19,506	0	19,506	29,659	27,377	7,871
Fiscal Services	674	0	674	2,050	1,500	826
Operation of Plant	6,537	0	6,537	9,747	9,747	3,210
Total Expenditures	\$ 172,081	\$ (56)	\$ 172,025	\$ 197,087	\$ 190,900	\$ 18,875
Excess (Deficiency) of Revenues Over Expenditures	\$ (9,491)	\$ 56	\$ (9,435)	\$ 7,913	\$ (25,900)	\$ 16,465
Net Change in Fund Balance Fund Balance, July 1, 2009	\$ (9,491)	\$ 56	\$ (9,435)	\$ 7,913	\$ (25,900)	\$ 16,465
	74,300	(56)	74,244	46,110	46,110	28,134
Fund Balance, June 30, 2010	\$ 64,809	\$ 0	\$ 64,809	\$ 54,023	\$ 20,210	\$ 44,599

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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, 2010

Description of Indebtedness	Original Amount of Issue	Interest Rate	Date of Issue	Last Maturity Date	Outstanding 7-1-09	Issued During Period	Paid and/or Matured During Period	Debt Refunded	Outstanding 6-30-10
<b>NOTES PAYABLE</b>									
Payable through General Debt Service Fund									
Refunding Capital Outlay Notes - Courts Center	\$ 5,585,000	4 to 5 %	3-15-04	5-1-11	\$ 2,350,000	0 \$	1,150,000 \$	0 \$	1,200,000
Various Capital Projects	4,500,000	2.65	3-6-09	4-1-12	4,500,000	0	500,000	0	4,000,000
Promissory Note - Land for Park	250,000	4	3-31-10	7-1-14	0	250,000	0	0	250,000
<b>Total Notes Payable</b>					<b>\$ 6,850,000</b>	<b>\$ 250,000</b>	<b>\$ 1,650,000</b>	<b>\$ 0</b>	<b>\$ 5,450,000</b>
<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	\$ 1,235,364	0 \$	176,481 \$	0 \$	1,058,863
Qualified Zone Academy Bonds	(1)	0	5-22-06	12-1-20	2,896,288	88,899	259,400	0	2,725,587
School Projects	(2)	variable	6-6-08	5-5-26	16,146,719	0	699,987	0	15,446,732
Qualified School Construction Bonds	20,000,000	1.515	12-1-09	7-1-26	0	20,000,000	0	0	20,000,000
<b>Total Other Loans Payable</b>					<b>\$ 20,278,371</b>	<b>\$ 20,088,899</b>	<b>\$ 1,136,068</b>	<b>\$ 0</b>	<b>\$ 39,231,202</b>
<b>BONDS PAYABLE</b>									
Payable through General Debt Service Fund									
General Obligation Public Improvement and General Obligation Refunding	68,725,000	5.12095	12-1-01	5-1-21	\$ 17,905,000	0 \$	1,700,000 \$	6,940,000 \$	9,265,000
Various County Capital Projects	25,000,000	2 to 5	6-17-03	5-1-23	23,000,000	0	1,000,000	5,000,000	17,000,000
General Obligation Refunding	81,640,000	3 to 4.75	6-17-03	5-1-13	46,640,000	0	6,800,000	17,300,000	22,540,000
General Obligation Refunding	43,240,000	2 to 5	3-15-04	3-15-20	42,850,000	0	100,000	0	42,750,000
General Obligation Public Improvement	22,000,000	2.1 to 5	11-1-04	4-1-25	21,600,000	0	100,000	18,300,000	3,200,000
General Obligation Public Improvement	40,000,000	4 to 5	12-1-05	4-1-26	39,700,000	0	150,000	27,850,000	11,700,000
General Obligation Refunding	63,945,000	4 to 5	8-11-06	6-30-26	60,995,000	0	1,550,000	0	59,445,000
General Obligation Public Improvement and Schools	18,000,000	4 to 5	8-30-07	5-1-28	17,400,000	0	625,000	0	16,775,000
General Obligation Industrial Park	18,450,000	5 to 5.625	8-28-08	5-1-24	18,450,000	0	500,000	0	17,950,000
General Obligation Schools - Build America Bonds	5,400,000	4.55 to 5.6	2-4-10	4-1-30	0	5,400,000	0	0	5,400,000
General Obligation Refunding	74,155,000	2 to 5	4-1-10	4-1-24	0	74,155,000	0	0	74,155,000
<b>Total Bonds Payable</b>					<b>\$ 288,540,000</b>	<b>\$ 79,555,000</b>	<b>\$ 12,625,000</b>	<b>\$ 75,390,000</b>	<b>\$ 280,180,000</b>

(1) Total amount available for draws is \$130,013 of an authorized \$3,894,000.

(2) Total amount available for draws is \$3,994,268 of an authorized \$20,140,987.

Exhibit L-2

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

Year Ending June 30	Notes		
	Principal	Interest	Total
2011	\$ 1,746,157	\$ 176,000	\$ 1,922,157
2012	3,548,003	100,902	3,648,905
2013	49,923	6,234	56,157
2014	51,920	4,237	56,157
2015	53,997	2,160	56,157
<b>Total</b>	<b>\$ 5,450,000</b>	<b>\$ 289,533</b>	<b>\$ 5,739,533</b>

Year Ending June 30	Other Loans			
	Principal	Interest	Other Fees	Total
2011	\$ 2,213,055	\$ 370,966	\$ 75,169	\$ 2,659,190
2012	2,447,050	367,723	79,988	2,894,761
2013	2,474,050	364,366	69,743	2,908,159
2014	2,501,049	360,890	56,095	2,918,034
2015	2,530,049	357,295	54,047	2,941,391
2016	2,560,049	353,572	51,926	2,965,547
2017	2,413,569	349,718	48,883	2,812,170
2018	2,445,569	345,732	46,612	2,837,913
2019	2,478,569	341,604	44,261	2,864,434
2020	2,512,568	337,333	41,827	2,891,728
2021	2,417,556	332,910	39,307	2,789,773
2022	2,324,969	328,334	35,454	2,688,757
2023	2,362,969	323,595	32,754	2,719,318
2024	2,401,969	318,689	29,959	2,750,617
2025	2,441,968	313,612	27,066	2,782,646
2026	2,588,548	308,357	24,072	2,920,977
2027	117,646	25,249	5,000	147,895
<b>Total</b>	<b>\$ 39,231,202</b>	<b>\$ 5,499,945</b>	<b>\$ 762,163</b>	<b>\$ 45,493,310</b>

(Continued)

Exhibit L-2

Montgomery County, Tennessee  
Schedule of Long-term Debt Requirements by Year (Cont.)

Year Ending June 30	Bonds		
	Principal	Interest	Total
2011	\$ 13,430,000	\$ 13,009,364	\$ 26,439,364
2012	15,265,000	12,363,313	27,628,313
2013	17,050,000	11,659,011	28,709,011
2014	18,085,000	10,874,562	28,959,562
2015	19,055,000	10,101,261	29,156,261
2016	19,190,000	9,299,263	28,489,263
2017	20,445,000	8,422,537	28,867,537
2018	21,340,000	7,469,501	28,809,501
2019	22,500,000	6,480,242	28,980,242
2020	22,645,000	5,465,556	28,110,556
2021	22,955,000	4,369,769	27,324,769
2022	14,435,000	3,262,888	17,697,888
2023	14,475,000	2,565,875	17,040,875
2024	13,600,000	1,859,775	15,459,775
2025	11,755,000	1,185,175	12,940,175
2026	9,080,000	660,500	9,740,500
2027	1,725,000	247,700	1,972,700
2028	1,750,000	163,700	1,913,700
2029	675,000	77,725	752,725
2030	725,000	40,600	765,600
<b>Total</b>	<b>\$ 280,180,000</b>	<b>\$ 109,578,317</b>	<b>\$ 389,758,317</b>

Exhibit L-3

Montgomery County, Tennessee  
Schedule of Transfers  
Primary Government and Discretely Presented Clarksville-Montgomery County School Department  
For the Year Ended June 30, 2010

<u>From Fund</u>	<u>To Fund</u>	<u>Purpose</u>	<u>Amount</u>
<u>PRIMARY GOVERNMENT</u>			
General	General Debt Service	Commission on sales tax	\$ 30,951
General	General Capital Projects	Civitan Park	75,000
General	General Capital Projects	Woodlawn Park	20,000
General Capital Projects	Highway/Public Works	Purchase equipment	768,500
Total Transfers Primary Government			<u>\$ 894,451</u>
<u>DISCRETELY PRESENTED MONTGOMERY</u> <u>COUNTY SCHOOL DEPARTMENT</u>			
General Purpose School	School Federal Projects	Operations	\$ 750,000
School Federal Projects	General Purpose School	Indirect costs	788,798
School Federal Projects	School Transportation	Salaries	1,288,146
Total Transfers Discretely Presented Montgomery County School Department			<u>\$ 2,826,944</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 Department  
For the Year Ended June 30, 2010

Official	Authorization for Salary	Salary Paid During Period	Bond	Surety
County Mayor	Section 8-24-102, TCA	\$ 121,632	\$ 50,000	RLI Insurance Company
Highway Supervisor	Section 8-24-102, TCA	89,423	100,000	Auto-Owners Mutual Insurance Company
Director of Schools	State Board of Education and Local Board of Education	161,875 (1)		
Trustee	Section 8-24-102, TCA	82,084	4,995,000	Ohio Casualty Insurance Company
Assessor of Property	Section 8-24-102, TCA	82,084	10,000	RLI Insurance Company
Director of Accounts	Section 8-24-102, TCA	83,530	115,700	"
Purchasing Agent	County Commission	62,691	25,000	Ohio Casualty Insurance Company
County Clerk	Section 8-24-102, TCA	82,084	50,000	RLI Insurance Company
Circuit and General Sessions Courts Clerk	Section 8-24-102, TCA	82,084	50,000	"
Clerk and Master	Section 8-24-102, TCA, and Chancery Judge	82,084 (2)	50,000	Auto-Owners Mutual Insurance Company
Register	Section 8-24-102, TCA	82,084	50,000	RLI Insurance Company
Sheriff	Section 8-24-102, TCA, and County Commission	105,474 (3)	25,000	"
County Employees:				
Public Employees Blanket Bond			150,000	Local Government Insurance Pool
School Employees:				
Public School System			250,000	Travelers Insurance

(1) Includes \$4,800 transportation supplement, \$400 CEO supplement and \$5,633 payment for unused vacation days.

(2) Does not include special commissioner fees totaling \$1,550.

(3) Includes \$7,500 as workhouse superintendent and \$600 for a law enforcement training supplement.

Montgomery County, Tennessee  
 Schedule of Detailed Revenues -  
 All Governmental Fund Types  
 For the Year Ended June 30, 2010

	Special Revenue Funds					Debt Service Fund	Capital Projects Fund	Total
	General	Drug Control	Constitutional Officers Fees	Highway / Public Works	General Debt Service			
<b>Local Taxes</b>								
<b>County Property Taxes</b>								
Current Property Tax	\$ 26,573,322	\$ 0	\$ 0	\$ 3,415,822	\$ 23,910,758	\$ 1,337,864	\$ 55,237,766	
Trustee's Collections - Prior Year	826,269	0	0	128,086	885,106	53,783	1,893,244	
Interest and Penalty	225,802	0	0	30,014	207,740	12,497	476,053	
Payments in-Lieu-of Taxes - T.V.A.	2,487	0	0	0	0	0	2,487	
Payments in-Lieu-of Taxes - Local Utilities	843,020	0	0	0	0	0	843,020	
Payments in-Lieu-of Taxes - Other	1,144,452	0	0	0	785,714	0	1,930,166	
<b>County Local Option Taxes</b>								
Local Option Sales Tax	0	0	0	0	3,095,126	0	3,095,126	
Hotel/Motel Tax	1,480,011	0	0	0	0	0	1,480,011	
Litigation Tax - General	461,081	0	0	0	397,128	0	858,209	
Litigation Tax - Special Purpose	86,705	0	0	0	0	0	86,705	
Litigation Tax - Jail, Workhouse, or Courthouse	0	0	0	0	430,363	0	430,363	
Business Tax	985,203	0	0	84,920	84,920	0	1,155,043	
Mineral Severance Tax	0	0	0	345,806	0	0	345,806	
Adequate Facilities/Development Tax	0	0	0	0	867,315	0	867,315	
<b>Statutory Local Taxes</b>								
Bank Excise Tax	83,245	0	0	10,741	75,189	4,476	173,651	
Wholesale Beer Tax	392,206	0	0	0	0	0	392,206	
Interstate Telecommunications Tax	2,718	0	0	0	0	0	2,718	
<b>Total Local Taxes</b>	<b>\$ 33,106,521</b>	<b>\$ 0</b>	<b>\$ 0</b>	<b>\$ 4,015,389</b>	<b>\$ 30,739,359</b>	<b>\$ 1,408,620</b>	<b>\$ 69,269,889</b>	
<b>Licenses and Permits</b>								
<b>Licenses</b>								
Animal Registration	\$ 30,545	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 30,545	
Animal Vaccination	4,307	0	0	0	0	0	4,307	
Cable TV Franchise	196,151	0	0	0	0	0	196,151	
<b>Permits</b>								
Building Permits	1,178,779	0	0	0	0	0	1,178,779	
Plumbing Permits	5,760	0	0	0	0	0	5,760	
Other Permits	246,430	0	0	0	0	0	246,430	
<b>Total Licenses and Permits</b>	<b>\$ 1,661,972</b>	<b>\$ 0</b>	<b>\$ 0</b>	<b>\$ 0</b>	<b>\$ 0</b>	<b>\$ 0</b>	<b>\$ 1,661,972</b>	

(Continued)

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

	General	Special Revenue Funds				Debt Service		Capital Projects		Total
		Drug Control	Constitutional Officers Fees	Highway / Public Works	Fund		Fund			
					General	Debt Service	General	Capital Projects		
<b>Fines, Forfeitures, and Penalties</b>										
<u>Circuit Court</u>										
Fines	\$ 13,442	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	13,442	
Officers Costs	24,977	0	0	0	0	0	0	0	24,977	
Drug Court Fees	3,710	0	0	0	0	0	0	0	3,710	
Jail Fees	41,914	0	0	0	0	0	0	0	41,914	
Data Entry Fee - Circuit Court	5,251	0	0	0	0	0	0	0	5,251	
Courtroom Security Fee	5,928	0	0	0	0	0	0	0	5,928	
Victims Assistance Assessments	27,456	0	0	0	0	0	0	0	27,456	
<u>General Sessions Court</u>										
Fines	376,098	0	0	0	0	0	0	0	376,098	
Fines for Littering	142	0	0	0	0	0	0	0	142	
Officers Costs	238,887	0	0	0	0	0	0	0	238,887	
Game and Fish Fines	658	0	0	0	0	0	0	0	658	
Drug Court Fees	12,956	0	0	0	0	0	0	0	12,956	
Jail Fees	271,789	0	0	0	0	0	0	0	271,789	
DUI Treatment Fines	32,115	0	0	0	0	0	0	0	32,115	
Data Entry Fee - General Sessions Court	29,309	0	0	0	0	0	0	0	29,309	
Victims Assistance Assessments	61,793	0	0	0	0	0	0	0	61,793	
<u>Juvenile Court</u>										
Fines	1,357	0	0	0	0	0	0	0	1,357	
Jail Fees	109,205	0	0	0	0	0	0	0	109,205	
Data Entry Fee - Juvenile Court	5,405	0	0	0	0	0	0	0	5,405	
<u>Chancery Court</u>										
Officers Costs	30,142	0	0	0	0	0	0	0	30,142	
Data Entry Fee - Chancery Court	2,170	0	0	0	0	0	0	0	2,170	
<u>Other Courts - In-county</u>										
Fines	1,640	0	0	0	0	0	0	0	1,640	
Drug Control Fines	0	6,647	0	0	0	0	0	0	6,647	
Drug Court Fees	26,033	0	0	0	0	0	0	0	26,033	
District Attorney General Fees	21,121	0	0	0	0	0	0	0	21,121	

(Continued)

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

	Special Revenue Funds				Debt Service		Capital Projects		Total
	General	Drug Control	Constitutional Officers Fees	Highway / Public Works	General Debt Service	General Debt Service	General Capital Projects	General Capital Projects	
<b>Fines, Forfeitures, and Penalties (Cont.)</b>									
Other Fines, Forfeitures, and Penalties	\$ 20,116	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 20,116
Other Fines, Forfeitures, and Penalties	\$ 1,363,614	\$ 6,647	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 1,370,261
<b>Total Fines, Forfeitures, and Penalties</b>									
	\$ 3,388,564	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 3,388,564
	2,900	0	0	0	0	0	0	0	2,900
	40,833	0	0	0	0	0	0	0	40,833
<b>Charges for Current Services</b>									
General Service Charges									
Patient Charges	4,638	0	0	0	0	0	0	0	4,638
Copy Fees	9,369	0	0	0	0	0	0	0	9,369
Greenbelt Late Application Fee	50	0	0	0	0	0	0	0	50
Telephone Commissions	120,584	0	0	0	0	0	0	0	120,584
Vending Machine Collections	52,827	0	0	162	0	0	0	0	52,989
Special Commissioner Fees/Special Master Fees	0	0	1,550	0	0	0	0	0	1,550
Data Processing Fee - Register	70,660	0	0	0	0	0	0	0	70,660
Probation Fees	11,343	0	0	0	0	0	0	0	11,343
Data Processing Fee - Sheriff	38,436	0	0	0	0	0	0	0	38,436
Sexual Offender Registration Fees - Sheriff	10,497	0	0	0	0	0	0	0	10,497
Data Processing Fee - County Clerk	12,630	0	0	0	0	0	0	0	12,630
Other Charges for Services	785	0	0	0	0	0	0	0	785
Total Charges for Current Services	\$ 3,764,116	\$ 0	\$ 1,550	\$ 162	\$ 0	\$ 0	\$ 0	\$ 0	\$ 3,765,828
<b>Other Local Revenues</b>									
Recurring Items									
Investment Income	1,428,481	0	0	0	0	175,238	6,689	0	1,610,408
Lease/Rentals	580,709	0	0	0	0	0	0	0	580,709
Sale of Gasoline	0	0	0	43,191	0	0	0	0	43,191
Sale of Maps	1,676	0	0	0	0	0	0	0	1,676

(Continued)

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

	Special Revenue Funds							Total
	General	Drug Control	Constitutional Officers Fees	Highway / Public Works	Debt Service Fund		Capital Projects Fund	
					General	Debt Service		
<b>Other Local Revenues (Cont.)</b>								
Recurring Items (Cont.)								
Miscellaneous Refunds	\$ 82,211	\$ 0	\$ 0	\$ 30,662	\$ 0	\$ 0	\$ 0	\$ 122,873
Nonrecurring Items								
Sale of Equipment	4,370	0	0	0	0	0	43,524	47,894
Sale of Property	0	0	0	0	249,707	0	0	249,707
Damages Recovered from Individuals	2,264	0	0	0	0	0	0	2,264
Contributions and Gifts	22,816	0	0	0	0	0	0	22,816
<b>Other Local Revenues</b>								
Other Local Revenues	788,101	0	0	0	0	0	0	788,101
<b>Total Other Local Revenues</b>	<b>\$ 2,930,627</b>	<b>\$ 0</b>	<b>\$ 0</b>	<b>\$ 73,853</b>	<b>\$ 424,945</b>	<b>\$ 0</b>	<b>\$ 50,213</b>	<b>\$ 3,479,638</b>
<b>Fees Received from County Officials</b>								
Fees in-Kind of Salary								
County Clerk	\$ 1,388,723	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 1,388,723
Circuit Court Clerk	718,323	0	0	0	0	0	0	718,323
General Sessions Court Clerk	1,425,112	0	0	0	0	0	0	1,425,112
Clerk and Master	336,407	0	0	0	0	0	0	336,407
Register	1,007,661	0	0	0	0	0	0	1,007,661
Sheriff	23,234	0	0	0	0	0	0	23,234
Trustees	2,850,718	0	0	0	0	0	0	2,850,718
<b>Total Fees Received from County Officials</b>	<b>\$ 7,750,178</b>	<b>\$ 0</b>	<b>\$ 0</b>	<b>\$ 0</b>	<b>\$ 0</b>	<b>\$ 0</b>	<b>\$ 0</b>	<b>\$ 7,750,178</b>
<b>State of Tennessee</b>								
General Government Grants	\$ 680,787	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 680,787
Juvenile Services Program	31,650	0	0	0	0	0	0	31,650
State Reappraisal Grant								
Public Safety Grants	46,200	0	0	0	0	0	0	46,200
Law Enforcement Training Programs								
Health and Welfare Grants	13,472	0	0	0	0	0	0	13,472
Other Health and Welfare Grants								

(Continued)

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

	Special Revenue Funds					Debt Service Fund	Capital Projects Fund	Total
	General	Drug Control	Constitutional Officers Fees	Highway / Public Works				
				General	Debt Service			
<b>State of Tennessee (Cont.)</b>								
<u>Public Works Grants</u>								
Liter Program	\$ 59,308	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 59,308	
<u>Other State Revenues</u>								
Flood Control								
Beer Tax	328	0	0	0	0	0	328	
Alcoholic Beverage Tax	17,778	0	0	0	0	0	17,778	
State Revenue Sharing - T.V.A.	159,524	0	0	0	0	0	159,524	
Board of Jurors	1,380,003	0	0	0	0	0	1,380,003	
Prisoner Transportation	4,060	0	0	0	0	0	4,000	
Contracted Prisoner Boarding	11,560	0	0	0	0	0	11,560	
Gasoline and Motor Fuel Tax	894,610	0	0	0	0	0	894,610	
Petroleum Special Tax	0	0	0	2,616,240	0	0	2,616,240	
Registrar's Salary Supplement	0	0	0	108,238	0	0	108,238	
Other State Grants	16,380	0	0	0	0	0	16,380	
Other State Revenues	2,147,075	0	0	0	0	0	2,147,075	
Total State of Tennessee	171,379	0	0	0	0	0	171,379	
	\$ 5,534,055	\$ 0	\$ 0	\$ 2,728,473	\$ 0	\$ 440,000	\$ 8,700,528	
<u>Federal Government</u>								
<u>Federal Through State</u>								
Disaster Relief	\$ 0	\$ 0	\$ 0	\$ 110,930	\$ 0	\$ 0	\$ 110,930	
Homeland Security Grants	808,962	0	0	0	0	0	808,962	
ARRA Grant # 2	49,846	0	0	0	0	0	49,846	
ARRA Grant # 3	57,332	0	0	0	0	0	57,332	
ARRA Grant # 4	939	0	0	0	0	0	939	
Other Federal through State	210,234	0	0	0	0	17,458	227,692	
<u>Direct Federal Revenue</u>								
Other Direct Federal Revenue	67,488	0	0	0	0	0	67,488	
Total Federal Government	\$ 1,194,831	\$ 0	\$ 0	\$ 110,980	\$ 0	\$ 17,458	\$ 1,323,219	

(Continued)

Exhibit L-5

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

	Special Revenue Funds							Debt Service Fund	Capital Projects Fund	Total
	General	Drug Control	Constitutional Officers Fees	Highway / Public Works	Debt Service Fund		Capital Projects Fund			
					General	Debt Service				
<b>Other Governments and Citizens Groups</b>										
<b>Other Governments</b>										
Prisoner Board	\$ 29,799	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 29,799	
Paving and Maintenance	0	0	0	237,281	0	0	0	0	237,281	
Contributions	198,169	0	0	0	510,435	10,000	0	0	718,604	
<b>Citizens Groups</b>										
Donations	42,109	0	0	0	0	150	0	0	42,259	
Other	150	0	0	0	0	0	0	0	150	
<b>Total Other Governments and Citizens Groups</b>	<b>\$ 270,227</b>	<b>\$ 0</b>	<b>\$ 0</b>	<b>\$ 237,281</b>	<b>\$ 510,435</b>	<b>\$ 10,150</b>	<b>\$ 0</b>	<b>\$ 0</b>	<b>\$ 1,028,093</b>	
<b>Total</b>	<b>\$ 57,576,141</b>	<b>\$ 6,647</b>	<b>\$ 1,550</b>	<b>\$ 7,164,088</b>	<b>\$ 31,674,739</b>	<b>\$ 1,926,441</b>	<b>\$ 0</b>	<b>\$ 0</b>	<b>\$ 98,349,606</b>	

Exhibit L-6

Montgomery County, Tennessee  
 Schedule of Detailed Revenues -  
 All Governmental Fund Types  
 Discretely Presented Clarksville-Montgomery County School Department  
 For the Year Ended June 30, 2010

	General Purpose School	School Federal Projects	Central Cafeteria	School Transportation	Extended School Program	Education Capital Projects	Total
<b>Local Taxes</b>							
<b>County Property Taxes</b>							
Current Property Tax	\$ 24,605,997	\$ 0	\$ 0	\$ 1,643,126	\$ 0	\$ 0	\$ 26,249,123
Trustee's Collections - Prior Year	903,056	0	0	60,204	0	0	963,259
Interest and Penalty	239,787	0	0	15,322	0	0	245,109
Payments in-Lieu-of Taxes - Local Utilities	652,946	0	0	42,709	0	0	695,655
<b>County Local Option Taxes</b>							
Local Option Sales Tax	33,320,858	0	0	0	0	0	33,320,858
Wheel Tax	3,379,672	0	0	0	0	0	3,379,672
Business Tax	564,615	0	0	0	0	0	564,615
<b>Statutory Local Taxes</b>							
Bank Excise Tax	84,140	0	0	0	0	0	84,140
Interstate Telecommunications Tax	11,696	0	0	0	0	0	11,696
<b>Total Local Taxes</b>	<b>\$ 63,752,766</b>	<b>\$ 0</b>	<b>\$ 0</b>	<b>\$ 1,761,361</b>	<b>\$ 0</b>	<b>\$ 0</b>	<b>\$ 65,514,127</b>
<b>Charges for Current Services</b>							
<b>Education Charges</b>							
Tuition - Regular Day Students	\$ 16,787	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 16,787
Tuition - Summer School	0	0	0	0	162,590	0	162,590
Tuition - Out-of-State Systems	395	0	0	0	0	0	395
Lunch Payments - Children	0	0	2,621,481	0	0	0	2,621,481
Lunch Payments - Adults	0	0	170,878	0	0	0	170,878
Income from Breakfast	0	0	271,866	0	0	0	271,866
A la carte Sales	0	0	1,610,173	0	0	0	1,610,173
TBI Criminal Background Fees	24,312	0	0	0	0	0	24,312
<b>Other Charges for Services</b>							
Other Charges for Services	6,206	0	70,029	0	0	0	76,235
<b>Total Charges for Current Services</b>	<b>\$ 47,700</b>	<b>\$ 0</b>	<b>\$ 4,744,427</b>	<b>\$ 0</b>	<b>\$ 162,590</b>	<b>\$ 0</b>	<b>\$ 4,954,717</b>
<b>Other Local Revenues</b>							
<b>Recurring Items</b>							
Investment Income	\$ 368	\$ 0	\$ 6,545	\$ 0	\$ 0	\$ 25,376	\$ 32,289
Lease/Rentals	115,595	0	0	0	0	0	115,595
Sale of Materials and Supplies	599	0	86,888	97	0	0	87,534
Sale of Recycled Materials	191	0	0	1,167	0	0	1,358

(Continued)



Exhibit L-6

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

	General Purpose School	School Federal Projects	Central Cafeteria	School Transportation	Extended School Program	Education Capital Projects	Total
<u>Other Local Revenues (Cont.)</u>							
<u>Recurring Items (Cont.)</u>							
Refund of Telecommunication & Internet Fees (E-Rate)	\$ 10,202	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 10,202
Miscellaneous Refunds	32,053	0	52,758	19,559	0	0	104,370
<u>Nonrecurring Items</u>							
Sale of Equipment	109,968	0	170	19,618	0	0	129,756
Damages Recovered from Individuals	1,142	0	0	1,831	0	0	2,973
Contributions and Gifts	49,938	0	0	0	0	0	49,938
<b>Total Other Local Revenues</b>	<b>\$ 320,056</b>	<b>\$ 0</b>	<b>\$ 146,311</b>	<b>\$ 42,272</b>	<b>\$ 0</b>	<b>\$ 25,376</b>	<b>\$ 534,015</b>
<u>State of Tennessee</u>							
<u>General Government Grants</u>							
On-Behalf Contributions for OPEB	\$ 71,707	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 71,707
<u>Health and Welfare Grants</u>							
Other Health and Welfare Grants	37,875	0	0	0	0	0	37,875
<u>State Education Funds</u>							
Basic Education Program	101,384,601	0	0	8,077,999	0	0	109,462,600
Basic Education Program - ARRA	5,075,400	0	0	0	0	0	5,075,400
Early Childhood Education	1,783,195	0	0	0	0	0	1,783,195
School Food Service	0	0	119,305	0	0	0	119,305
Other State Education Funds	36,155	336,003	0	0	0	0	372,158
Coordinated School Health - ARRA	0	105,000	0	0	0	0	105,000
Internet Connectivity - ARRA	45,423	0	0	0	0	0	45,423
Career Ladder Program	859,083	0	0	0	0	0	859,083
<u>Other State Revenues</u>							
Income Tax	179,624	0	0	0	0	0	179,624
Mixed Drink Tax	335,863	0	0	0	0	0	335,863
Safe Schools - ARRA	0	76,200	0	0	0	0	76,200
<b>Total State of Tennessee</b>	<b>\$ 109,808,926</b>	<b>\$ 517,203</b>	<b>\$ 119,305</b>	<b>\$ 8,077,999</b>	<b>\$ 0</b>	<b>\$ 0</b>	<b>\$ 118,523,433</b>
<u>Federal Government</u>							
<u>Federal Through State</u>							
USDA School Lunch Program	\$ 0	\$ 0	\$ 4,759,772	\$ 0	\$ 0	\$ 0	\$ 4,759,772
USDA - Commodities	0	0	840,483	0	0	0	840,483
Breakfast	0	0	1,390,225	0	0	0	1,390,225

(Continued)

Exhibit L-6

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

	General Purpose School	School Federal Projects	Central Cafeteria	School Transportation	Extended School Program	Education Capital Projects	Total
<b>Federal Government (Cont.)</b>							
<b>Federal Through State (Cont.)</b>							
Adult Education State Grant Program	\$ 0	\$ 143,484	\$ 0	\$ 0	\$ 0	\$ 0	\$ 143,484
Vocational Education - Basic Grants to States	0	394,165	0	0	0	0	394,165
Title I Grants to Local Education Agencies	0	6,199,189	0	0	0	0	6,199,189
Special Education - Grants to States	0	7,247,594	0	0	0	0	7,247,594
Special Education Preschool Grants	0	100,881	0	0	0	0	100,881
English Language Acquisition Grants	0	103,394	0	0	0	0	103,394
Safe and Drug-Free Schools - State Grants	0	897,623	0	0	0	0	897,623
Education for Homeless Children and Youth	0	278	0	0	0	0	278
Eisenhower Professional Development State Grants	0	915,402	0	0	0	0	915,402
Other Federal through State	0	140,836	0	112,322	0	0	253,158
<b>Direct Federal Revenue</b>							
Public Law 874 - Maintenance and Operation	3,779,154	0	0	0	0	0	3,779,154
ROTC Reimbursement	461,479	0	0	0	0	0	461,479
Other Direct Federal Revenue	0	710,063	0	0	0	0	710,063
<b>Total Federal Government</b>	<b>\$ 4,240,633</b>	<b>\$ 16,852,909</b>	<b>\$ 6,990,480</b>	<b>\$ 112,322</b>	<b>\$ 0</b>	<b>\$ 0</b>	<b>\$ 28,196,344</b>
<b>Other Governments and Citizens Groups</b>							
<b>Other Governments</b>							
Contributions	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 24,136,203	\$ 24,136,203
Contracted Services	25,884	0	0	0	0	0	25,884
<b>Total Other Governments and Citizens Groups</b>	<b>\$ 25,884</b>	<b>\$ 0</b>	<b>\$ 0</b>	<b>\$ 0</b>	<b>\$ 0</b>	<b>\$ 24,136,203</b>	<b>\$ 24,162,087</b>
<b>Total</b>	<b>\$ 178,195,965</b>	<b>\$ 17,370,112</b>	<b>\$ 12,000,523</b>	<b>\$ 9,993,954</b>	<b>\$ 162,590</b>	<b>\$ 24,161,579</b>	<b>\$ 241,884,723</b>

Exhibit L-7

Montgomery County, Tennessee  
Schedule of Detailed Expenditures -  
All Governmental Fund Types  
For the Year Ended June 30, 2010

General Fund

General Government

County Commission

Secretary(ies)	\$	29,838	
Board and Committee Members Fees		80,550	
Social Security		6,705	
State Retirement		4,358	
Life Insurance		38	
Medical Insurance		7,952	
Employer Medicare		1,568	
Advertising		352	
Audit Services		40,430	
Dues and Memberships		2,250	
Legal Notices, Recording, and Court Costs		3,418	
Postal Charges		105	
Printing, Stationery, and Forms		372	
Travel		4,284	
Tuition		705	
Other Contracted Services		10,699	
Duplicating Supplies		515	
Other Supplies and Materials		122	
<b>Total County Commission</b>			<b>\$ 194,261</b>

Board of Equalization

Board and Committee Members Fees	\$	1,500	
Social Security		338	
Employer Medicare		79	
<b>Total Board of Equalization</b>			<b>1,917</b>

Beer Board

Board and Committee Members Fees	\$	750	
Social Security		45	
Employer Medicare		11	
<b>Total Beer Board</b>			<b>806</b>

Other Boards and Committees

Board and Committee Members Fees	\$	2,000	
Social Security		124	
Employer Medicare		29	
<b>Total Other Boards and Committees</b>			<b>2,153</b>

County Mayor/Executive

County Official/Administrative Officer	\$	121,632	
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(Continued)

Exhibit L-7

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

General Fund (Cont.)

General Government (Cont.)

County Mayor/Executive (Cont.)

Supervisor/Director	\$	81,494	
Secretary(ies)		58,232	
Clerical Personnel		21,882	
Social Security		16,455	
State Retirement		38,750	
Life Insurance		154	
Medical Insurance		27,712	
Employer Medicare		4,202	
Communication		2,938	
Data Processing Services		156	
Dues and Memberships		378	
Licenses		15	
Maintenance and Repair Services - Vehicles		581	
Postal Charges		1,503	
Printing, Stationery, and Forms		494	
Rentals		2,496	
Travel		1,456	
Tuition		1,590	
Other Contracted Services		5,625	
Custodial Supplies		63	
Food Supplies		114	
Gasoline		2,224	
Library Books/Media		236	
Office Supplies		1,639	
Periodicals		173	
Other Supplies and Materials		31	
Premiums on Corporate Surety Bonds		148	
Total County Mayor/Executive			\$ 392,373

Personnel Office

Supervisor/Director	\$	79,936
Accountants/Bookkeepers		38,914
Clerical Personnel		65,085
Overtime Pay		509
Social Security		11,066
State Retirement		27,183
Life Insurance		154
Medical Insurance		20,884
Employer Medicare		2,588
Communication		1,257

(Continued)

Exhibit L-7

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

General Fund (Cont.)

General Government (Cont.)

Personnel Office (Cont.)

Dues and Memberships	\$	657	
Evaluation and Testing		10,043	
Legal Services		262	
Postal Charges		1,013	
Rentals		2,796	
Travel		547	
Tuition		1,419	
Other Contracted Services		31,076	
Data Processing Supplies		397	
Duplicating Supplies		339	
Riprap		502	
Office Supplies		549	
Periodicals		115	
Furniture and Fixtures		1,051	
Total Personnel Office			\$ 298,342

County Attorney

Legal Services	\$	50,141	
Total County Attorney			50,141

Election Commission

Supervisor/Director	\$	74,728	
Clerical Personnel		108,857	
Temporary Personnel		6,901	
Overtime Pay		245	
Election Commission		6,244	
Social Security		12,076	
State Retirement		27,087	
Life Insurance		192	
Medical Insurance		36,775	
Employer Medicare		2,824	
Communication		2,535	
Legal Notices, Recording, and Court Costs		2,622	
Maintenance and Repair Services - Office Equipment		12,918	
Postal Charges		12,500	
Printing, Stationery, and Forms		5,643	
Rentals		5,080	
Travel		3,822	
Tuition		1,725	
Other Contracted Services		614	

(Continued)

Exhibit L-7

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

General Fund (Cont.)

General Government (Cont.)

Election Commission (Cont.)

Data Processing Supplies	\$	373	
Office Supplies		2,582	
Other Supplies and Materials		3,434	
Data Processing Equipment		917	
Total Election Commission			\$ 330,694

Register of Deeds

County Official/Administrative Officer	\$	82,084	
Deputy(ies)		159,988	
Social Security		15,027	
State Retirement		35,824	
Life Insurance -		230	
Medical Insurance		48,481	
Employer Medicare		3,514	
Communication		1,101	
Data Processing Services		47,168	
Maintenance and Repair Services - Office Equipment		1,948	
Postal Charges		27	
Rentals		3,896	
Other Contracted Services		1,234	
Data Processing Supplies		1,388	
Duplicating Supplies		1,541	
Other Supplies and Materials		678	
Premiums on Corporate Surety Bonds		98	
Total Register of Deeds			404,227

Planning

Contributions	\$	334,526	
Total Planning			334,526

Building

Supervisor/Director	\$	60,231	
Other Salaries and Wages		31,661	
Social Security		5,748	
State Retirement		13,503	
Life Insurance		64	
Medical Insurance		7,120	
Employer Medicare		1,344	
Communication		888	
Postal Charges		15	

(Continued)

Exhibit L-7

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

General Fund (Cont.)

General Government (Cont.)

Building (Cont.)

Other Contracted Services	\$	1,100	
Gasoline		635	
Office Supplies		1,321	
Furniture and Fixtures		3,406	
Total Building			\$ 127,036

Codes Compliance

Assistant(s)	\$	199,651	
Supervisor/Director		61,037	
Secretary(ies)		5,908	
Clerical Personnel		55,718	
Social Security		20,120	
State Retirement		46,384	
Life Insurance		330	
Medical Insurance		55,932	
Employer Medicare		4,705	
Advertising		2,000	
Communication		7,771	
Contracts with Private Agencies		577	
Dues and Memberships		1,380	
Legal Services		3,762	
Legal Notices, Recording, and Court Costs		1,914	
Maintenance and Repair Services - Office Equipment		1,106	
Maintenance and Repair Services - Vehicles		3,354	
Postal Charges		887	
Rentals		5,367	
Travel		410	
Tuition		1,947	
Permits		3,460	
Other Contracted Services		919	
Data Processing Supplies		1,442	
Gasoline		11,595	
Library Books/Media		725	
Office Supplies		696	
Uniforms		248	
Other Supplies and Materials		1,180	
Total Codes Compliance			500,525

Geographical Information Systems

Contracts with Government Agencies	\$	51,990	
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(Continued)

Exhibit L-7

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

General Fund (Cont.)

General Government (Cont.)

Geographical Information Systems (Cont.)

Data Processing Equipment	\$ 38,740		
Total Geographical Information Systems		\$	90,730

County Buildings

Supervisor/Director	\$ 94,165
Secretary(ies)	31,897
Custodial Personnel	90,851
Maintenance Personnel	298,455
Temporary Personnel	11,283
Overtime Pay	8,932
Social Security	33,052
State Retirement	76,036
Life Insurance	639
Medical Insurance	107,693
Unemployment Compensation	1,165
Employer Medicare	7,730
Communication	24,989
Data Processing Services	60
Evaluation and Testing	59
Maintenance and Repair Services - Buildings	6,505
Maintenance and Repair Services - Equipment	59,782
Maintenance and Repair Services - Vehicles	5,017
Pest Control	2,810
Postal Charges	87
Rentals	1,800
Travel	945
Tuition	3,309
Disposal Fees	2,880
Other Contracted Services	15,324
Custodial Supplies	28,837
Data Processing Supplies	1,645
Diesel Fuel	2,772
Drugs and Medical Supplies	19
Duplicating Supplies	27
Electricity	235,728
Equipment Parts - Light	1,071
Gasoline	13,364
General Construction Materials	2,122
Library Books/Media	253
Natural Gas	36,970

(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	\$	673	
Periodicals		118	
Uniforms		1,293	
Water and Sewer		11,259	
Other Supplies and Materials		34,093	
Boiler Insurance		1,055	
Furniture and Fixtures		1,665	
Heating and Air Conditioning Equipment		5,843	
Maintenance Equipment		21,170	
Other Equipment		630	
Other Capital Outlay		11,478	
<b>Total County Buildings</b>			\$ 1,297,550

Other Facilities

Supervisor/Director	\$	27,415	
Secretary(ies)		34,085	
Clerical Personnel		20,079	
Custodial Personnel		129,610	
Maintenance Personnel		164,278	
Overtime Pay		5,211	
Social Security		22,381	
State Retirement		53,025	
Life Insurance		495	
Medical Insurance		99,822	
Employer Medicare		5,273	
Communication		7,863	
Licenses		2,000	
Maintenance and Repair Services - Equipment		102,175	
Pest Control		1,220	
Rentals		2,235	
Disposal Fees		1,715	
Other Contracted Services		5,229	
Custodial Supplies		21,291	
Electricity		264,135	
Food Supplies		925	
Natural Gas		53,398	
Water and Sewer		35,148	
Other Supplies and Materials		42,104	
Building and Contents Insurance		2,714	
<b>Total Other Facilities</b>			1,103,826

(Continued)

Exhibit L-7

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

General Fund (Cont.)

General Government (Cont.)

Other General Administration

County Official/Administrative Officer	\$	43,009	
Social Security		2,577	
State Retirement		6,339	
Life Insurance		38	
Medical Insurance		11,277	
Employer Medicare		603	
Communication		1,073	
Contracts with Other Public Agencies		438,039	
Legal Notices, Recording, and Court Costs		34,001	
Travel		498	
Other Contracted Services		4,462	
Other Supplies and Materials		570	
<b>Total Other General Administration</b>			<b>\$ 542,486</b>

Preservation of Records

Supervisor/Director	\$	39,660	
Clerical Personnel		21,882	
Part-time Personnel		10,457	
Board and Committee Members Fees		150	
Social Security		4,519	
State Retirement		9,072	
Life Insurance		96	
Medical Insurance		4,803	
Employer Medicare		1,057	
Communication		1,665	
Dues and Memberships		50	
Maintenance and Repair Services - Office Equipment		2,546	
Rentals		1,235	
Travel		714	
Other Contracted Services		624	
Duplicating Supplies		311	
Library Books/Media		531	
Office Supplies		976	
Other Supplies and Materials		19	
<b>Total Preservation of Records</b>			<b>100,367</b>

Finance

Accounting and Budgeting

County Official/Administrative Officer	\$	83,530
Accountants/Bookkeepers		290,957

(Continued)

Exhibit L-7

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

General Fund (Cont.)

Finance (Cont.)

Accounting and Budgeting (Cont.)

Clerical Personnel	\$	16,566	
Educational Incentive - Other County Employees		1,500	
Overtime Pay		9,049	
Social Security		23,672	
State Retirement		55,739	
Life Insurance		373	
Medical Insurance		73,046	
Employer Medicare		5,536	
Communication		2,377	
Data Processing Services		4,805	
Dues and Memberships		1,195	
Postal Charges		4,392	
Printing, Stationery, and Forms		858	
Rentals		2,165	
Travel		8,717	
Tuition		3,368	
Other Contracted Services		19,854	
Data Processing Supplies		5,133	
Duplicating Supplies		163	
Food Supplies		211	
Library Books/Media		473	
Office Supplies		1,150	
Periodicals		144	
Other Supplies and Materials		1,944	
Premiums on Corporate Surety Bonds		469	
Other Charges		2,970	
Other Capital Outlay		899	
Total Accounting and Budgeting			\$ 621,255

Purchasing

County Official/Administrative Officer	\$	62,691
Purchasing Personnel		36,525
Clerical Personnel		33,391
Other Salaries and Wages		26,994
Social Security		9,876
State Retirement		23,634
Life Insurance		154
Medical Insurance		33,057
Employer Medicare		2,310
Maintenance and Repair Services - Equipment		11,822

(Continued)

Exhibit L-7

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

General Fund (Cont.)

Finance (Cont.)

Purchasing (Cont.)

Maintenance and Repair Services - Vehicles	\$	40	
Postal Charges		1,512	
Rentals		5,652	
Other Contracted Services		4,966	
Duplicating Supplies		3,043	
Gasoline		2,151	
Other Supplies and Materials		2,453	
Premiums on Corporate Surety Bonds		100	
<b>Total Purchasing</b>			\$ 260,371

Property Assessor's Office

County Official/Administrative Officer	\$	82,084
Deputy(ies)		409,177
Temporary Personnel		3,086
Overtime Pay		2,821
Social Security		29,060
State Retirement		69,897
Life Insurance		489
Medical Insurance		119,459
Employer Medicare		6,796
Audit Services		49,995
Communication		6,435
Data Processing Services		45,668
Dues and Memberships		4,122
Operating Lease Payments		60
Licenses		6,768
Maintenance and Repair Services - Office Equipment		32
Maintenance and Repair Services - Vehicles		6,570
Medical and Dental Services		170
Postal Charges		6,833
Printing, Stationery, and Forms		20
Rentals		1,015
Travel		4,617
Tuition		1,954
Other Contracted Services		756
Data Processing Supplies		3,407
Duplicating Supplies		1,246
Food Supplies		231
Gasoline		12,481
Library Books/Media		239

(Continued)

Exhibit L-7

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

General Fund (Cont.)

Finance (Cont.)

Property Assessor's Office (Cont.)

Office Supplies	\$	2,366	
Other Supplies and Materials		343	
Data Processing Equipment		11,900	
Total Property Assessor's Office			\$ 890,097

Reappraisal Program

Clerical Personnel	\$	17,955	
Other Salaries and Wages		19,432	
Social Security		3,519	
State Retirement		8,473	
Life Insurance		58	
Medical Insurance		11,885	
Unemployment Compensation		1,863	
Employer Medicare		823	
Data Processing Services		12,461	
Dues and Memberships		350	
Postal Charges		1,614	
Other Contracted Services		365	
Gasoline		249	
Office Supplies		147	
Other Supplies and Materials		105	
Workers' Compensation Insurance		3,000	
Total Reappraisal Program			82,299

County Trustee's Office

County Official/Administrative Officer	\$	82,084	
Supervisor/Director		40,670	
Deputy(ies)		77,427	
Accountants/Bookkeepers		42,579	
Part-time Personnel		35,644	
Overtime Pay		306	
Board and Committee Members Fees		150	
Social Security		18,032	
State Retirement		35,135	
Life Insurance		211	
Medical Insurance		46,514	
Employer Medicare		4,217	
Bank Charges		60	
Communication		3,903	
Data Processing Services		22,187	

(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.)

Dues and Memberships	\$	952	
Legal Notices, Recording, and Court Costs		1,526	
Postal Charges		26,991	
Printing, Stationery, and Forms		4,849	
Rentals		6,986	
Travel		2,042	
Tuition		275	
Other Contracted Services		153	
Food Supplies		173	
Office Supplies		5,409	
Periodicals		657	
Premiums on Corporate Surety Bonds		7,204	
Total County Trustee's Office			\$ 466,336

County Clerk's Office

County Official/Administrative Officer	\$	82,084
Supervisor/Director		46,519
Deputy(ies)		796,750
Accountants/Bookkeepers		40,139
Part-time Personnel		45,144
Overtime Pay		3,451
Social Security		59,790
State Retirement		138,973
Life Insurance		1,216
Medical Insurance		244,389
Employer Medicare		13,980
Communication		4,875
Maintenance and Repair Services - Equipment		14,782
Maintenance and Repair Services - Vehicles		300
Postal Charges		39,718
Printing, Stationery, and Forms		7,000
Rentals		7,500
Travel		1,038
Other Contracted Services		1,838
Data Processing Supplies		1,806
Duplicating Supplies		585
Food Supplies		158
Gasoline		514
Office Supplies		6,486
Other Supplies and Materials		1,549

(Continued)

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

General Fund (Cont.)Finance (Cont.)County Clerk's Office (Cont.)

Premiums on Corporate Surety Bonds	\$	98	
Data Processing Equipment		5,420	
Furniture and Fixtures		1,140	
Total County Clerk's Office			\$ 1,567,242

Data Processing

Supervisor/Director	\$	83,031	
Computer Programmer(s)		293,974	
Data Processing Personnel		148,003	
Secretary(ies)		31,169	
Temporary Personnel		3,628	
Social Security		34,924	
State Retirement		76,044	
Life Insurance		397	
Medical Insurance		65,656	
Employer Medicare		8,168	
Communication		44,225	
Data Processing Services		295,587	
Dues and Memberships		195	
Freight Expenses		9	
Licenses		30,440	
Maintenance and Repair Services - Equipment		620	
Maintenance and Repair Services - Vehicles		41	
Postal Charges		74	
Rentals		1,540	
Travel		7,465	
Tuition		6,044	
Custodial Supplies		86	
Data Processing Supplies		65,721	
Food Supplies		173	
Gasoline		869	
Instructional Supplies and Materials		640	
Office Supplies		203	
Uniforms		429	
Other Supplies and Materials		24	
Data Processing Equipment		119	
Furniture and Fixtures		1,436	
Total Data Processing			1,200,934

(Continued)

Exhibit L-7

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

General Fund (Cont.)

Finance (Cont.)

Other Finance

Legal Notices, Recording, and Court Costs	\$	34,587	
Postal Charges		<u>10,250</u>	
Total Other Finance			\$ 44,837

Administration of Justice

Circuit Court

County Official/Administrative Officer	\$	82,084
Assistant(s)		83,950
Supervisor/Director		131,581
Deputy(ies)		699,851
Accountants/Bookkeepers		72,647
Part-time Personnel		68,987
Overtime Pay		12,244
Jury and Witness Expense		43,878
Social Security		69,781
State Retirement		160,788
Life Insurance		1,427
Medical Insurance		270,786
Employer Medicare		16,320
Communication		6,988
Data Processing Services		7,637
Dues and Memberships		756
Legal Notices, Recording, and Court Costs		1,520
Maintenance and Repair Services - Office Equipment		96
Postal Charges		13,067
Printing, Stationery, and Forms		5,010
Rentals		9,699
Travel		1,362
Tuition		225
Other Contracted Services		9,005
Custodial Supplies		285
Data Processing Supplies		2,736
Duplicating Supplies		3,671
Food Supplies		842
Library Books/Media		1,178
Office Supplies		6,998
Other Supplies and Materials		20
Premiums on Corporate Surety Bonds		260
Building Improvements		1,696
Data Processing Equipment		30,387

(Continued)



Exhibit L-7

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

General Fund (Cont.)

Administration of Justice (Cont.)

Circuit Court (Cont.)

Furniture and Fixtures	\$	5,175	
Office Equipment		273	
Total Circuit Court			\$ 1,823,210

General Sessions Court

Judge(s)	\$	437,862	
Supervisor/Director		67,076	
Probation Officer(s)		46,021	
Youth Service Officer(s)		164,901	
Secretary(ies)		38,848	
Clerical Personnel		133,984	
Part-time Personnel		15,456	
Overtime Pay		9,603	
Social Security		53,542	
State Retirement		136,420	
Life Insurance		627	
Medical Insurance		142,667	
Unemployment Compensation		4,204	
Employer Medicare		13,719	
Communication		7,762	
Operating Lease Payments		1,727	
Legal Services		280	
Maintenance and Repair Services - Office Equipment		142	
Postal Charges		2,630	
Travel		10,841	
Other Contracted Services		292,475	
Library Books/Media		4,169	
Office Supplies		8,320	
Uniforms		408	
Furniture and Fixtures		1,412	
Total General Sessions Court			1,595,096

Drug Court

Communication	\$	1,061	
Dues and Memberships		200	
Evaluation and Testing		10,020	
Travel		2,853	
Other Contracted Services		24,836	
Office Supplies		6,388	
Data Processing Equipment		2,637	
Total Drug Court			47,995

(Continued)

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

General Fund (Cont.)

Administration of Justice (Cont.)

Chancery Court

County Official/Administrative Officer	\$	82,084	
Deputy(ies)		233,313	
Social Security		18,908	
State Retirement		46,125	
Life Insurance		346	
Medical Insurance		57,031	
Employer Medicare		4,422	
Communication		356	
Dues and Memberships		741	
Maintenance and Repair Services - Office Equipment		867	
Postal Charges		3,187	
Rentals		480	
Travel		873	
Duplicating Supplies		41	
Library Books/Media		903	
Office Supplies		1,851	
Total Chancery Court	\$		451,528

District Attorney General

Other Salaries and Wages	\$	23,877	
Social Security		1,480	
State Retirement		3,397	
Medical Insurance		5,869	
Employer Medicare		346	
Communication		2,104	
Dues and Memberships		745	
Janitorial Services		3,000	
Postal Charges		1,443	
Travel		30,145	
Tuition		2,798	
Other Contracted Services		3,078	
Custodial Supplies		725	
Duplicating Supplies		420	
Food Supplies		573	
Library Books/Media		1,964	
Office Supplies		1,097	
Other Supplies and Materials		1,063	
Premiums on Corporate Surety Bonds		64	
Data Processing Equipment		1,993	
Furniture and Fixtures		1,942	
Total District Attorney General			88,123

(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

Part-time Personnel	\$	51,123	
Other Salaries and Wages		96,910	
Social Security		8,564	
State Retirement		15,929	
Life Insurance		192	
Medical Insurance		36,936	
Employer Medicare		2,003	
Communication		2,738	
Rentals		2,100	
Travel		1,268	
Tuition		605	
Other Contracted Services		606	
Duplicating Supplies		151	
Office Supplies		122	
Total Judicial Commissioners			\$ 219,247

Other Administration of Justice

Supervisor/Director	\$	59,480	
Social Security		3,661	
State Retirement		8,768	
Life Insurance		38	
Medical Insurance		11,277	
Employer Medicare		856	
Communication		813	
Contracts with Private Agencies		462,058	
Dues and Memberships		665	
Evaluation and Testing		40	
Postal Charges		261	
Travel		906	
Duplicating Supplies		15	
Instructional Supplies and Materials		1,565	
Office Supplies		54	
Total Other Administration of Justice			550,457

Probation Services

Assistant(s)	\$	26,003
Supervisor/Director		57,586
Probation Officer(s)		184,409
Part-time Personnel		22,408
Overtime Pay		1,039

(Continued)

Exhibit L-7

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

General Fund (Cont.)

Administration of Justice (Cont.)

Probation Services (Cont.)

Other Salaries and Wages	\$	167,109	
Social Security		27,982	
State Retirement		67,895	
Life Insurance		500	
Medical Insurance		66,552	
Unemployment Compensation		6,699	
Employer Medicare		6,616	
Communication		565	
Dues and Memberships		499	
Evaluation and Testing		45,549	
Legal Services		64	
Legal Notices, Recording, and Court Costs		588	
Licenses		810	
Postal Charges		379	
Printing, Stationery, and Forms		999	
Rentals		1,512	
Travel		2,535	
Tuition		2,133	
Other Contracted Services		14,174	
Data Processing Supplies		1,844	
Duplicating Supplies		299	
Instructional Supplies and Materials		9,116	
Office Supplies		2,418	
Other Supplies and Materials		1,188	
Furniture and Fixtures		400	
Total Probation Services			\$ 719,870

Public Safety

Sheriff's Department

County Official/Administrative Officer	\$	97,374
Assistant(s)		80,882
Supervisor/Director		51,106
Deputy(ies)		2,289,118
Investigator(s)		385,826
Captain(s)		199,423
Lieutenant(s)		193,185
Sergeant(s)		478,378
Secretary(ies)		25,680
Clerical Personnel		285,240
Part-time Personnel		40,168

(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.)

Overtime Pay	\$	209,184
In-Service Training		46,200
Social Security		270,546
State Retirement		626,586
Life Insurance		3,769
Medical Insurance		729,932
Employer Medicare		63,273
Advertising		570
Communication		22,245
Contracts with Government Agencies		120
Contributions		10,000
Evaluation and Testing		1,837
Freight Expenses		17
Operating Lease Payments		571
Legal Services		7,441
Licenses		1,048
Maintenance and Repair Services - Buildings		576
Maintenance and Repair Services - Equipment		44,844
Maintenance and Repair Services - Vehicles		47,792
Medical and Dental Services		125
Pest Control		353
Postal Charges		6,161
Printing, Stationery, and Forms		2,477
Rentals		14,223
Transportation - Other than Students		15,574
Travel		3,243
Tuition		2,530
Veterinary Services		1,425
Other Contracted Services		23,200
Animal Food and Supplies		1,156
Custodial Supplies		237
Data Processing Supplies		1,500
Diesel Fuel		52
Drugs and Medical Supplies		711
Duplicating Supplies		299
Electricity		2,704
Food Supplies		349
Gasoline		179,866
Law Enforcement Supplies		29,005
Natural Gas		1,142

(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.)

Office Supplies	\$	5,180	
Periodicals		901	
Tires and Tubes		11,672	
Uniforms		18,760	
Vehicle Parts		2,196	
Water and Sewer		432	
Other Supplies and Materials		3,273	
Premiums on Corporate Surety Bonds		1,431	
Communication Equipment		42,500	
Data Processing Equipment		425	
Other Capital Outlay		50,144	
Total Sheriff's Department			\$ 6,636,177

Special Patrols

Supervisor/Director	\$	96,338
Deputy(ies)		716,386
Investigator(s)		181,004
Sergeant(s)		45,697
Clerical Personnel		23,930
Overtime Pay		13,806
Social Security		66,765
State Retirement		159,892
Life Insurance		1,012
Medical Insurance		176,392
Employer Medicare		15,614
Communication		6,457
Dues and Memberships		120
Evaluation and Testing		20
Licenses		18
Maintenance and Repair Services - Equipment		1,424
Maintenance and Repair Services - Vehicles		3,981
Postal Charges		200
Rentals		504
Travel		1,302
Tuition		6,539
Other Contracted Services		2,983
Data Processing Supplies		220
Diesel Fuel		254
Gasoline		27,247
Law Enforcement Supplies		4,502

(Continued)

Exhibit L-7

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

General Fund (Cont.)

Public Safety (Cont.)

Special Patrols (Cont.)

Office Supplies	\$	186	
Tires and Tubes		2,888	
Uniforms		8,205	
Other Supplies and Materials		2,692	
Law Enforcement Equipment		2,101	
Total Special Patrols			\$ 1,568,679

Traffic Control

Engineering Services	\$	15,500	
Maintenance and Repair Services - Equipment		6,126	
Electricity		3,671	
Total Traffic Control			25,297

Administration of the Sexual Offender Registry

Overtime Pay	\$	6,033	
Communication		2,730	
Law Enforcement Supplies		778	
Office Supplies		4	
Other Supplies and Materials		60	
Other Capital Outlay		1,466	
Total Administration of the Sexual Offender Registry			11,071

Jail

Supervisor/Director	\$	66,474	
Deputy(ies)		3,956,573	
Lieutenant(s)		63,443	
Sergeant(s)		456,901	
Clerical Personnel		558,241	
Maintenance Personnel		160,738	
Temporary Personnel		19,517	
Overtime Pay		91,857	
Board and Committee Members Fees		1,650	
Social Security		332,835	
State Retirement		725,231	
Life Insurance		5,840	
Medical Insurance		987,907	
Unemployment Compensation		27,424	
Employer Medicare		77,841	
Communication		7,917	
Evaluation and Testing		8,390	

(Continued)

Exhibit L-7

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

General Fund (Cont.)

Public Safety (Cont.)

Jail (Cont.)

Laundry Service	\$	5,124
Operating Lease Payments		600
Legal Services		9,718
Licenses		1,115
Maintenance and Repair Services - Buildings		8,547
Maintenance and Repair Services - Equipment		81,597
Maintenance and Repair Services - Vehicles		2,032
Medical and Dental Services		1,713,932
Pest Control		4,440
Postal Charges		240
Printing, Stationery, and Forms		2,518
Rentals		10,031
Travel		1,048
Tuition		670
Disposal Fees		24,020
Other Contracted Services		560,641
Custodial Supplies		45,526
Data Processing Supplies		4,908
Duplicating Supplies		3,937
Electricity		327,964
Equipment and Machinery Parts		5,548
Food Preparation Supplies		536
Gasoline		6,996
Instructional Supplies and Materials		14
Law Enforcement Supplies		22,718
Library Books/Media		252
Natural Gas		72,316
Office Supplies		1,583
Prisoners Clothing		7,360
Tires and Tubes		1,494
Uniforms		26,768
Water and Sewer		123,069
Other Supplies and Materials		55,616
Boiler Insurance		703
Building and Contents Insurance		151,005
Liability Insurance		145,394
Building Improvements		4,789
Communication Equipment		5,614
Data Processing Equipment		955
Food Service Equipment		1,419

(Continued)



Exhibit L-7

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

General Fund (Cont.)

Public Safety (Cont.)

Jail (Cont.)

Maintenance Equipment	\$ 3,790	
Other Equipment	25,576	
Total Jail		\$ 11,020,902

Workhouse

County Official/Administrative Officer	\$ 7,500	
Deputy(ies)	642,265	
Sergeant(s)	52,481	
Overtime Pay	11,841	
Social Security	43,642	
State Retirement	99,290	
Life Insurance	725	
Medical Insurance	85,160	
Employer Medicare	10,207	
Communication	2,825	
Evaluation and Testing	150	
Laundry Service	2,511	
Maintenance and Repair Services - Buildings	450	
Maintenance and Repair Services - Equipment	3,541	
Maintenance and Repair Services - Vehicles	2,290	
Medical and Dental Services	254,000	
Pest Control	360	
Rentals	1,371	
Disposal Fees	220	
Other Contracted Services	104,136	
Custodial Supplies	10,784	
Diesel Fuel	3,963	
Electricity	25,098	
Equipment and Machinery Parts	99	
Gasoline	2,244	
Law Enforcement Supplies	2,636	
Natural Gas	6,437	
Prisoners Clothing	566	
Tires and Tubes	1,004	
Uniforms	2,265	
Water and Sewer	20,277	
Other Supplies and Materials	6,804	
Building and Contents Insurance	14,521	
Liability Insurance	11,015	
Other Equipment	2,617	
Total Workhouse		1,435,295

(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	\$	53,664	
Probation Officer(s)		193,188	
Secretary(ies)		19,427	
Social Security		15,695	
State Retirement		35,857	
Life Insurance		330	
Medical Insurance		28,443	
Employer Medicare		3,670	
Communication		8,520	
Evaluation and Testing		806	
Maintenance and Repair Services - Vehicles		117	
Postal Charges		149	
Printing, Stationery, and Forms		65	
Rentals		31,692	
Travel		3,852	
Tuition		1,534	
Other Contracted Services		12,625	
Custodial Supplies		388	
Data Processing Supplies		53	
Duplicating Supplies		359	
Electricity		1,084	
Food Supplies		136	
Gasoline		1,980	
Natural Gas		457	
Office Supplies		2,028	
Periodicals		123	
Tires and Tubes		388	
Water and Sewer		276	
Other Supplies and Materials		3,563	
Building and Contents Insurance		469	
Liability Insurance		1,303	
Vehicle and Equipment Insurance		1,629	
Workers' Compensation Insurance		4,296	
Furniture and Fixtures		920	
<b>Total Correctional Incentive Program Improvements</b>			\$ 429,086

Juvenile Services

Supervisor/Director	\$	43,111
Probation Officer(s)		24,000
Medical Personnel		36,568

(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.)

Clerical Personnel	\$	21,726	
Social Security		6,046	
State Retirement		14,346	
Life Insurance		103	
Medical Insurance		27,853	
Employer Medicare		1,414	
Communication		2,905	
Dues and Memberships		620	
Operating Lease Payments		2,251	
Postal Charges		328	
Rentals		30,000	
Travel		1,949	
Other Contracted Services		2,000	
Custodial Supplies		73	
Electricity		2,122	
Natural Gas		617	
Office Supplies		5,840	
Water and Sewer		585	
Building and Contents Insurance		750	
Liability Insurance		1,421	
<b>Total Juvenile Services</b>			\$ 226,628

Fire Prevention and Control

Board and Committee Members Fees	\$	2,200
Social Security		136
Employer Medicare		32
Communication		1,716
Contributions		2,050
Licenses		35
Maintenance and Repair Services - Equipment		5,926
Maintenance and Repair Services - Vehicles		18,955
Postal Charges		6
Other Contracted Services		3,895
Diesel Fuel		8,187
Drugs and Medical Supplies		42
Equipment and Machinery Parts		156
Food Supplies		146
Gasoline		9,871
Instructional Supplies and Materials		437
Uniforms		16,569

(Continued)

Exhibit L-7

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

General Fund (Cont.)

Public Safety (Cont.)

Fire Prevention and Control (Cont.)

Utilities	\$	21,926	
Other Supplies and Materials		13,703	
Liability Insurance		6,997	
Workers' Compensation Insurance		10,149	
Communication Equipment		3,554	
<b>Total Fire Prevention and Control</b>			\$ 126,688

Civil Defense

Assistant(s)	\$	39,808	
Supervisor/Director		74,376	
Secretary(ies)		36,610	
Other Salaries and Wages		32,434	
Social Security		11,414	
State Retirement		27,010	
Life Insurance		154	
Medical Insurance		23,639	
Employer Medicare		2,669	
Communication		5,193	
Contracts with Private Agencies		960	
Maintenance and Repair Services - Vehicles		378	
Rentals		80,047	
Other Contracted Services		3,190	
Gasoline		2,523	
Utilities		37,379	
Other Supplies and Materials		2,266	
<b>Total Civil Defense</b>			380,050

Other Emergency Management

Travel	\$	1,915	
Tuition		3,000	
Other Supplies and Materials		3,082	
Communication Equipment		359,318	
Other Equipment		247,487	
<b>Total Other Emergency Management</b>			614,802

County Coroner/Medical Examiner

Medical and Dental Services	\$	210,169	
Liability Insurance		439	
<b>Total County Coroner/Medical Examiner</b>			210,608

(Continued)

Exhibit L-7

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

General Fund (Cont.)

Public Health and Welfare

Local Health Center

Medical Personnel	\$	38,533	
Custodial Personnel		48,245	
Social Security		5,571	
State Retirement		12,844	
Life Insurance		99	
Medical Insurance		11,277	
Employer Medicare		1,303	
Communication		21,639	
Dues and Memberships		200	
Laundry Service		346	
Licenses		150	
Maintenance Agreements		3,009	
Maintenance and Repair Services - Buildings		10,345	
Maintenance and Repair Services - Equipment		1,257	
Pest Control		300	
Rentals		1,064	
Travel		74	
Disposal Fees		2,819	
Other Contracted Services		1,243	
Custodial Supplies		5,037	
Drugs and Medical Supplies		715	
Duplicating Supplies		223	
Electricity		48,221	
Instructional Supplies and Materials		115	
Natural Gas		9,276	
Office Supplies		636	
Periodicals		97	
Water and Sewer		2,468	
Other Supplies and Materials		1,971	
Boiler Insurance		234	
Premiums on Corporate Surety Bonds		64	
Maintenance Equipment		9,156	
Total Local Health Center			\$ 238,531

Rabies and Animal Control

Supervisor/Director	\$	47,761
Clerical Personnel		26,363
Overtime Pay		7,928
Other Salaries and Wages		140,461
Board and Committee Members Fees		650

(Continued)

Exhibit L-7

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

General Fund (Cont.)

Public Health and Welfare (Cont.)

Rabies and Animal Control (Cont.)

Social Security	\$	13,240	
State Retirement		27,148	
Life Insurance		256	
Medical Insurance		60,589	
Unemployment Compensation		3,750	
Employer Medicare		3,150	
Communication		4,707	
Legal Services		158	
Maintenance and Repair Services - Buildings		35	
Maintenance and Repair Services - Equipment		57	
Maintenance and Repair Services - Vehicles		5,916	
Printing, Stationery, and Forms		1,430	
Rentals		977	
Other Contracted Services		7,438	
Animal Food and Supplies		3,185	
Custodial Supplies		7,269	
Drugs and Medical Supplies		8,211	
Electricity		20,581	
Gasoline		12,343	
Natural Gas		4,647	
Office Supplies		323	
Tires and Tubes		739	
Uniforms		2,934	
Water and Sewer		2,894	
Other Supplies and Materials		8,933	
Other Capital Outlay		720	
Total Rabies and Animal Control			\$ 424,793

Ambulance/Emergency Medical Services

Assistant(s)	\$	63,935
Supervisor/Director		73,952
Captain(s)		218,802
Lieutenant(s)		194,529
Accountants/Bookkeepers		47,493
Medical Personnel		1,974,119
Part-time Personnel		164,642
Overtime Pay		1,418,255
Board and Committee Members Fees		3,000
Social Security		252,254
State Retirement		575,591

(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.)

Life Insurance	\$	3,669
Medical Insurance		733,842
Unemployment Compensation		2,221
Employer Medicare		58,995
Communication		29,901
Data Processing Services		23,964
Debt Collection Services		31,972
Dues and Memberships		655
Freight Expenses		945
Janitorial Services		7,311
Laundry Service		8,338
Legal Services		788
Licenses		6,638
Maintenance and Repair Services - Buildings		11,633
Maintenance and Repair Services - Equipment		78,706
Maintenance and Repair Services - Vehicles		100,733
Medical and Dental Services		3,591
Pest Control		2,212
Postal Charges		10,330
Printing, Stationery, and Forms		2,066
Rentals		3,566
Travel		1,799
Tuition		33,068
Disposal Fees		4,017
Other Contracted Services		19,951
Custodial Supplies		5,023
Data Processing Supplies		764
Diesel Fuel		136,171
Drugs and Medical Supplies		198,637
Duplicating Supplies		727
Electricity		46,642
Food Supplies		1,068
Gasoline		12,640
Instructional Supplies and Materials		3,852
Natural Gas		12,429
Office Supplies		3,094
Propane Gas		10,806
Tires and Tubes		20,081
Uniforms		30,738
Vehicle Parts		46

(Continued)

Exhibit L-7

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

General Fund (Cont.)

Public Health and Welfare (Cont.)

Ambulance/Emergency Medical Services (Cont.)

Water and Sewer	\$	5,828	
Other Supplies and Materials		17,997	
Indirect Cost		24,761	
Premiums on Corporate Surety Bonds		344	
Building Improvements		15,462	
Communication Equipment		2,485	
Furniture and Fixtures		6,836	
Heating and Air Conditioning Equipment		1,734	
Other Equipment		15,720	
Total Ambulance/Emergency Medical Services			\$ 6,741,368

Other Local Health Services

Social Workers	\$	158,812	
Medical Personnel		607,707	
Clerical Personnel		365,067	
Educational Assistants		23,572	
Part-time Personnel		33,599	
Overtime Pay		4,020	
Social Security		72,546	
State Retirement		152,519	
Life Insurance		1,190	
Medical Insurance		227,188	
Employer Medicare		17,114	
Licenses		1,200	
Pest Control		150	
Rentals		3,060	
Travel		6,112	
Disposal Fees		270	
Other Contracted Services		4,464	
Office Supplies		816	
Uniforms		46	
Other Supplies and Materials		3,388	
Liability Insurance		38,079	
Total Other Local Health Services			1,720,919

Regional Mental Health Center

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

(Continued)



Exhibit L-7

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

General Fund (Cont.)

Public Health and Welfare (Cont.)

Appropriation to State

Contributions	\$ 198,776	
Total Appropriation to State		\$ 198,776

Other Local Welfare Services

Contributions	\$ 85,000	
Pauper Burials	17,425	
Other Contracted Services	100	
Total Other Local Welfare Services		102,525

Other Public Health and Welfare

Contributions	\$ 30,000	
Total Other Public Health and Welfare		30,000

Social, Cultural, and Recreational Services

Libraries

Contributions	\$ 1,604,251	
Total Libraries		1,604,251

Parks and Fair Boards

Communication	\$ 2,966	
Dues and Memberships	70	
Legal Services	438	
Postal Charges	33	
Travel	397	
Tuition	450	
Disposal Fees	911	
Other Contracted Services	7,992	
Custodial Supplies	1,025	
Electricity	17,504	
Gasoline	829	
Office Supplies	122	
Periodicals	9	
Water and Sewer	2,738	
Other Supplies and Materials	5,798	
Total Parks and Fair Boards		41,282

Other Social, Cultural, and Recreational

Postal Charges	\$ 220	
Gasoline	5,568	
Office Supplies	261	

(Continued)

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

General Fund (Cont.)

Social, Cultural, and Recreational Services (Cont.)

Other Social, Cultural, and Recreational (Cont.)

Vehicle and Equipment Insurance	\$ 1,629	
Total Other Social, Cultural, and Recreational		\$ 7,678

Agriculture and Natural Resources

Agriculture Extension Service

Assistant(s)	\$ 61,773	
Salary Supplements	174,827	
Part-time Personnel	10,358	
Board and Committee Members Fees	1,050	
Social Security	9,859	
State Retirement	24,755	
Life Insurance	96	
Medical Insurance	26,609	
Employer Medicare	2,269	
Communication	3,474	
Rentals	2,754	
Office Supplies	1,181	
Workers' Compensation Insurance	73	
Other Capital Outlay	21,600	
Total Agriculture Extension Service		340,678

Forest Service

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

Soil Conservation

Secretary(ies)	\$ 36,525	
Social Security	2,289	
State Retirement	5,384	
Life Insurance	38	
Medical Insurance	4,803	
Employer Medicare	535	
Other Contracted Services	331	
Other Supplies and Materials	765	
Total Soil Conservation		50,670

Other Operations

Tourism

Contracts with Government Agencies	\$ 293,042	
Contracts with Other Public Agencies	879,127	
Total Tourism		1,172,169

(Continued)

Exhibit L-7

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

General Fund (Cont.)

Other Operations (Cont.)

Industrial Development

Contributions	\$ 624,616	
Total Industrial Development		\$ 624,616

Airport

Contributions	\$ 161,832	
Total Airport		161,832

Veterans' Services

Assistant(s)	\$ 108,137	
Supervisor/Director	49,192	
Secretary(ies)	48,687	
Board and Committee Members Fees	1,100	
Social Security	12,858	
State Retirement	27,926	
Life Insurance	253	
Medical Insurance	36,589	
Unemployment Compensation	1,093	
Employer Medicare	3,007	
Communication	1,741	
Postal Charges	2,317	
Rentals	2,535	
Travel	5,038	
Other Contracted Services	1,041	
Custodial Supplies	32	
Electricity	3,760	
Food Supplies	359	
Water and Sewer	1,100	
Other Supplies and Materials	6,906	
Workers' Compensation Insurance	632	
Total Veterans' Services		314,303

Other Charges

Boiler Insurance	\$ 10,358	
Building and Contents Insurance	338,822	
Premiums on Corporate Surety Bonds	1,560	
Trustee's Commission	803,406	
Workers' Compensation Insurance	450,000	
Total Other Charges		1,604,146

(Continued)

Exhibit L-7

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

General Fund (Cont.)

Other Operations (Cont.)

Contributions to Other Agencies

Contributions	\$	101,436	
Dues and Memberships		12,910	
Total Contributions to Other Agencies			\$ 114,346

Employee Benefits

Handling Charges and Administrative Costs	\$	2,048	
Medical Insurance		89,012	
Disability Insurance		204,014	
Other Fringe Benefits		20,326	
Total Employee Benefits			315,400

ARRA Grant # 2

Probation Officer(s)	\$	35,167	
Social Security		2,133	
State Retirement		5,100	
Life Insurance		38	
Medical Insurance		605	
Employer Medicare		499	
Travel		2,340	
Tuition		550	
Office Supplies		1,440	
Data Processing Equipment		1,974	
Total ARRA Grant # 2			49,846

ARRA Grant # 3

Communication	\$	43,696	
Other Contracted Services		21,488	
Data Processing Equipment		29,054	
Total ARRA Grant # 3			94,238

ARRA Grant # 4

Law Enforcement Supplies	\$	939	
Total ARRA Grant # 4			939

Miscellaneous

Advertising	\$	995	
Dues and Memberships		885	
Other Contracted Services		6,980	
Food Supplies		127	
Total Miscellaneous			8,987

(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)	\$	83,822	
Social Security		5,394	
State Retirement		12,357	
Life Insurance		76	
Employer Medicare		1,262	
Printing, Stationery, and Forms		5,000	
Other Contracted Services		5,669	
Other Supplies and Materials		4,150	
Total Litter and Trash Collection			\$ 117,730

Total General Fund \$ 55,178,163

Drug Control Fund

Public Safety

Sheriff's Department

Legal Services	\$	12,834	
Animal Food and Supplies		419	
Trustee's Commission		57	
Total Sheriff's Department			\$ 13,310

Total Drug Control Fund 13,310

Constitutional Officers - Fees Fund

Administration of Justice

Chancery Court

Special Commissioner Fees/Special Master Fees	\$	1,550	
Total Chancery Court			\$ 1,550

Total Constitutional Officers - Fees Fund 1,550

Highway/Public Works Fund

Highways

Administration

County Official/Administrative Officer	\$	89,423	
Assistant(s)		56,717	
Accountants/Bookkeepers		37,139	
Secretary(ies)		31,601	
Clerical Personnel		31,601	
Overtime Pay		1,683	
Board and Committee Members Fees		3,600	

(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.)

Social Security	\$	15,550	
State Retirement		36,392	
Life Insurance		192	
Medical Insurance		34,916	
Employer Medicare		3,637	
Dues and Memberships		4,106	
Legal Services		3,600	
Printing, Stationery, and Forms		267	
Rentals		2,779	
Travel		411	
Other Contracted Services		4,706	
Drugs and Medical Supplies		2,881	
Office Supplies		1,314	
Other Supplies and Materials		2,734	
Total Administration			\$ 365,249

Highway and Bridge Maintenance

Foremen	\$	370,073
Mechanic(s)		111,044
Equipment Operators - Heavy		466,493
Equipment Operators - Light		172,458
Truck Drivers		468,895
Laborers		95,699
Temporary Personnel		18,931
Overtime Pay		86,336
Social Security		108,410
State Retirement		249,863
Life Insurance		1,862
Medical Insurance		395,666
Employer Medicare		25,330
Rentals		8,312
Other Contracted Services		2,530
Asphalt - Hot Mix		1,366,316
Asphalt - Liquid		52,755
Concrete		5,364
Crushed Stone		206,479
Fertilizer, Lime, and Seed		3,050
Pipe - Metal		14,768
Salt		160,482
Sand		92

(Continued)

Exhibit L-7

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

Highway/Public Works Fund (Cont.)

Highways (Cont.)

Highway and Bridge Maintenance (Cont.)

Structural Steel	\$	5,026	
Other Supplies and Materials		5,064	
Total Highway and Bridge Maintenance			\$ 4,401,298

Operation and Maintenance of Equipment

Foremen	\$	46,022	
Mechanic(s)		183,985	
Truck Drivers		28,069	
Clerical Personnel		31,684	
Overtime Pay		11,319	
Social Security		18,500	
State Retirement		43,921	
Life Insurance		288	
Medical Insurance		49,138	
Employer Medicare		4,327	
Operating Lease Payments		880	
Maintenance and Repair Services - Equipment		28,073	
Maintenance and Repair Services - Vehicles		15,577	
Other Contracted Services		2,722	
Diesel Fuel		159,504	
Equipment and Machinery Parts		183,212	
Garage Supplies		3,997	
Gasoline		118,386	
Ice		1,106	
Lubricants		21,814	
Small Tools		9,617	
Tires and Tubes		27,918	
Vehicle Parts		58,435	
Other Supplies and Materials		23,082	
Total Operation and Maintenance of Equipment			1,071,576

Traffic Control

Foremen	\$	46,022
Equipment Operators - Heavy		67,235
Laborers		52,104
Overtime Pay		10,565
Social Security		10,884
State Retirement		25,672
Life Insurance		173
Medical Insurance		27,049

(Continued)

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

Highway/Public Works Fund (Cont.)

Highways (Cont.)

Traffic Control (Cont.)

Employer Medicare	\$	2,545	
Operating Lease Payments		390	
Other Contracted Services		3,360	
Electricity		3,994	
Road Signs		47,071	
Small Tools		153	
Uniforms		850	
Other Supplies and Materials		3,855	
Total Traffic Control			\$ 301,922

Other Charges

Communication	\$	6,838	
Licenses		625	
Electricity		22,585	
Natural Gas		8,987	
Water and Sewer		2,735	
Building and Contents Insurance		218,972	
Indirect Cost		8,515	
Trustee's Commission		103,109	
Workers' Compensation Insurance		170,000	
Total Other Charges			542,366

Employee Benefits

Medical Insurance	\$	26,878	
Total Employee Benefits			26,878

Capital Outlay

Engineering Services	\$	78,692	
Building Construction		18,216	
Building Improvements		2,337	
Data Processing Equipment		395	
Furniture and Fixtures		360	
Highway Equipment		56,611	
Motor Vehicles		162,705	
Office Equipment		210	
State Aid Projects		2,532	
Other Equipment		11,827	
Total Capital Outlay			333,885

(Continued)



Exhibit L-7

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

Highway/Public Works Fund (Cont.)

Interest on Debt

Highways and Streets

Interest on Notes	\$ 5,354	
Total Highways and Streets		\$ 5,354

Total Highway/Public Works Fund \$ 7,048,528

General Debt Service Fund

Principal on Debt

General Government

Principal on Bonds	\$ 3,433,552	
Principal on Notes	959,755	
Total General Government		\$ 4,393,307

Education

Principal on Bonds	\$ 9,091,448	
Principal on Notes	690,245	
Principal on Other Loans	1,136,068	
Total Education		10,917,761

Interest on Debt

General Government

Interest on Bonds	\$ 4,705,897	
Interest on Notes	161,511	
Total General Government		4,867,408

Education

Interest on Bonds	\$ 8,825,091	
Interest on Notes	83,521	
Interest on Other Loans	259,720	
Total Education		9,168,332

Other Debt Service

General Government

Trustee's Commission	\$ 173,395	
Underwriter's Discount	396,729	
Other Debt Issuance Charges	105,590	
Other Debt Service	1,498	
Total General Government		677,212

Education

Trustee's Commission	\$ 375,323	
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(Continued)

Exhibit L-7

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

General Debt Service Fund (Cont.)

Other Debt Service (Cont.)

Education (Cont.)

Other Debt Issuance Charges	\$ 41,555	
Other Debt Service	3,845	
Total Education	<u>45,400</u>	\$ 420,723

Total General Debt Service Fund

\$ 30,444,743

General Capital Projects Fund

Capital Projects

General Administration Projects

Trustee's Commission	\$ 28,077	
Underwriter's Discount	16,524	
Other Debt Issuance Charges	21,613	
Building Construction	45,319	
Building Improvements	32,559	
Data Processing Equipment	529,361	
Furniture and Fixtures	3,782	
Heating and Air Conditioning Equipment	27,123	
Highway Construction	48,544	
Motor Vehicles	21,941	
Other Capital Outlay	<u>24,997</u>	
Total General Administration Projects		\$ 799,840

Public Safety Projects

Communication Equipment	\$ 35,000	
Motor Vehicles	331,060	
Other Equipment	<u>15,796</u>	
Total Public Safety Projects		381,856

Public Health and Welfare Projects

Motor Vehicles	\$ 250,291	
Health Equipment	<u>116,680</u>	
Total Public Health and Welfare Projects		366,971

Social, Cultural, and Recreation Projects

Architects	\$ 137,296	
Engineering Services	21,051	
Printing, Stationery, and Forms	19,380	
Building Construction	4,053,460	
Land	402,543	
Site Development	81,875	

(Continued)

Exhibit L-7

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

General Capital Projects Fund (Cont.)

Capital Projects (Cont.)

Social, Cultural, and Recreation Projects (Cont.)

Other Capital Outlay	<u>\$ 35,690</u>	
Total Social, Cultural, and Recreation Projects		\$ 4,751,295

Other General Government Projects

Building Improvements	\$ 257,231	
Heating and Air Conditioning Equipment	19,141	
Other Capital Outlay	<u>513,765</u>	
Total Other General Government Projects		790,137

Education Capital Projects

Contributions	\$ 24,136,203	
Underwriter's Discount	24,786	
Other Debt Issuance Charges	<u>253,944</u>	
Total Education Capital Projects		<u>24,414,933</u>

Total General Capital Projects Fund		<u>\$ 31,505,032</u>
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Total Governmental Funds - Primary Government		<u>\$ 124,191,326</u>
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Exhibit L-8

Montgomery County, Tennessee  
Schedule of Detailed Expenditures -  
All Governmental Fund Types  
Discretely Presented Clarksville-Montgomery County School Department  
For the Year Ended June 30, 2010

General Purpose School Fund

Instruction

Regular Instruction Program

Teachers	\$ 65,597,691	
Career Ladder Program	470,963	
Career Ladder Extended Contracts	179,782	
Homebound Teachers	180,387	
Educational Assistants	1,046,941	
Social Security	4,030,635	
State Retirement	4,688,005	
Life Insurance	93,248	
Medical Insurance	10,520,889	
Employer Medicare	942,832	
Transportation - Other than Students	8,400	
Travel	16,149	
Tuition	198,698	
Contracts for Substitute Teachers - Certified	883,928	
Contracts for Substitute Teachers - Non-certified	707,610	
Other Contracted Services	36,498	
Basic Skills Materials	33,313	
Instructional Supplies and Materials	1,156,120	
Textbooks	2,354,784	
Other Supplies and Materials	187	
Fee Waivers	375,120	
Regular Instruction Equipment	27,104	
<b>Total Regular Instruction Program</b>		<b>\$ 93,549,284</b>

Alternative Instruction Program

Teachers	\$ 611,814	
Career Ladder Program	3,000	
Social Security	37,338	
State Retirement	41,789	
Life Insurance	778	
Medical Insurance	63,071	
Employer Medicare	8,732	
Rentals	384	
Contracts for Substitute Teachers - Certified	8,890	
Contracts for Substitute Teachers - Non-certified	6,143	
Instructional Supplies and Materials	3,000	
<b>Total Alternative Instruction Program</b>		<b>784,939</b>

(Continued)

Exhibit L-8

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

General Purpose School Fund (Cont.)

Instruction (Cont.)

Special Education Program

Teachers	\$ 8,579,296	
Career Ladder Program	87,069	
Career Ladder Extended Contracts	23,205	
Educational Assistants	1,689,820	
Speech Pathologist	1,022,523	
Social Security	674,942	
State Retirement	892,492	
Life Insurance	16,459	
Medical Insurance	1,942,839	
Employer Medicare	157,848	
Contracts with Private Agencies	847,812	
Contracts for Substitute Teachers - Certified	122,067	
Contracts for Substitute Teachers - Non-certified	144,733	
Other Contracted Services	24,552	
Instructional Supplies and Materials	107,121	
Special Education Equipment	3,741	
<b>Total Special Education Program</b>		<b>\$ 16,336,519</b>

Vocational Education Program

Teachers	\$ 3,147,037	
Career Ladder Program	15,999	
Salary Supplements	31,841	
Social Security	190,641	
Life Insurance	4,334	
Medical Insurance	545,443	
Employer Medicare	44,511	
Maintenance and Repair Services - Equipment	1,004	
Travel	409	
Contracts for Substitute Teachers - Certified	19,569	
Contracts for Substitute Teachers - Non-certified	34,602	
Other Contracted Services	15,000	
Instructional Supplies and Materials	363,148	
T&I Construction Materials	120,000	
Vocational Instruction Equipment	31,674	
<b>Total Vocational Education Program</b>		<b>4,565,212</b>

Support Services

Attendance

Supervisor/Director	\$ 89,375	
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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 Department (Cont.)

General Purpose School Fund (Cont.)

Support Services (Cont.)

Attendance (Cont.)

Career Ladder Program	\$	6,000	
Career Ladder Extended Contracts		600	
Pupil Personnel		357,544	
Secretary(ies)		58,778	
Social Security		30,827	
State Retirement		38,855	
Life Insurance		550	
Medical Insurance		66,329	
Employer Medicare		7,209	
Dues and Memberships		65	
Travel		5,330	
Office Supplies		3,552	
In Service/Staff Development		7,577	
Total Attendance			\$ 672,591

Health Services

Medical Personnel	\$	703,205	
Temporary Personnel		2,646	
Overtime Pay		68	
Social Security		40,904	
State Retirement		89,836	
Life Insurance		1,111	
Medical Insurance		149,053	
Employer Medicare		9,566	
Other Contracted Services		7,351	
Other Supplies and Materials		15,693	
Health Equipment		7,691	
Total Health Services			1,027,124

Other Student Support

Career Ladder Program	\$	30,416	
Guidance Personnel		3,151,058	
Career Ladder Extended Contracts		4,200	
Social Workers		83,006	
Salary Supplements		1,672,312	
Clerical Personnel		263,558	
Educational Assistants		128,323	
Other Salaries and Wages		31,264	
Social Security		321,286	

(Continued)

Exhibit L-8

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

General Purpose School Fund (Cont.)

Support Services (Cont.)

Other Student Support (Cont.)

State Retirement	\$	382,009	
Life Insurance		5,087	
Medical Insurance		628,179	
Employer Medicare		75,171	
Evaluation and Testing		138,734	
Other Contracted Services		10,549	
Total Other Student Support			\$ 6,925,152

Regular Instruction Program

Supervisor/Director	\$	1,064,463	
Career Ladder Program		71,332	
Career Ladder Extended Contracts		9,480	
Librarians		2,095,766	
Education Media Personnel		31,277	
Salary Supplements		198,175	
Secretary(ies)		62,320	
Clerical Personnel		29,348	
Educational Assistants		620,979	
Overtime Pay		33	
Other Salaries and Wages		976,418	
Social Security		308,456	
State Retirement		404,208	
Life Insurance		5,724	
Medical Insurance		710,988	
Employer Medicare		72,333	
Dues and Memberships		18,619	
Travel		10,523	
Other Contracted Services		9,331	
Library Books/Media		285,863	
Office Supplies		8,711	
Periodicals		35,525	
Other Supplies and Materials		407,744	
In Service/Staff Development		290,101	
Other Charges		31,688	
Total Regular Instruction Program			7,759,405

Alternative Instruction Program

Clerical Personnel	\$	18,263	
Social Security		954	

(Continued)

Exhibit L-8

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

General Purpose School Fund (Cont.)

Support Services (Cont.)

Alternative Instruction Program (Cont.)

State Retirement	\$	2,590	
Life Insurance		34	
Medical Insurance		11,469	
Employer Medicare		223	
<b>Total Alternative Instruction Program</b>			\$ 33,533

Special Education Program

Supervisor/Director	\$	91,260	
Career Ladder Program		12,000	
Psychological Personnel		604,118	
Career Ladder Extended Contracts		6,360	
Secretary(ies)		44,014	
Other Salaries and Wages		256,073	
Social Security		60,774	
State Retirement		72,400	
Life Insurance		960	
Medical Insurance		124,648	
Employer Medicare		14,213	
Dues and Memberships		1,161	
Travel		12,546	
Office Supplies		5,522	
Periodicals		160	
Other Supplies and Materials		37,230	
In Service/Staff Development		10,731	
<b>Total Special Education Program</b>			1,354,170

Vocational Education Program

Supervisor/Director	\$	60,448	
Secretary(ies)		14,404	
Social Security		4,581	
State Retirement		6,024	
Life Insurance		76	
Medical Insurance		7,328	
Employer Medicare		1,072	
Dues and Memberships		135	
Travel		805	
Office Supplies		1,358	
In Service/Staff Development		327	
<b>Total Vocational Education Program</b>			96,558

(Continued)



Exhibit L-8

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

General Purpose School Fund (Cont.)

Support Services (Cont.)

Adult Programs

Supervisor/Director	\$	34,983	
Guidance Personnel		24,044	
Social Security		4,686	
State Retirement		2,389	
Life Insurance		139	
Medical Insurance		2,443	
Employer Medicare		862	
Total Adult Programs			\$ 69,546

Other Programs

On-Behalf Payments to OPEB	\$	71,707	
Total Other Programs			71,707

Board of Education

Secretary to Board	\$	25,290	
Board and Committee Members Fees		25,650	
Social Security		3,095	
State Retirement		3,586	
Life Insurance		31	
Medical Insurance		4,789	
Employer Medicare		724	
Dues and Memberships		31,007	
Legal Services		81,743	
In Service/Staff Development		17,212	
Other Charges		4,503	
Total Board of Education			197,630

Director of Schools

County Official/Administrative Officer	\$	161,875	
Education Media Personnel		72,774	
Secretary(ies)		25,208	
Clerical Personnel		99,174	
Temporary Personnel		6,322	
Overtime Pay		579	
Other Salaries and Wages		185,054	
Social Security		29,999	
State Retirement		73,702	
Life Insurance		503	
Medical Insurance		62,986	

(Continued)

Exhibit L-8

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

General Purpose School Fund (Cont.)

Support Services (Cont.)

Director of Schools (Cont.)

Employer Medicare	\$	7,747	
Postal Charges		58,762	
Travel		795	
Other Contracted Services		54,025	
Duplicating Supplies		34,974	
Food Supplies		180	
Office Supplies		10,993	
Periodicals		363	
Other Supplies and Materials		2,355	
In Service/Staff Development		16,445	
Other Equipment		9,912	
Total Director of Schools			\$ 914,727

Office of the Principal

Principals	\$	2,967,364	
Career Ladder Program		60,416	
Accountants/Bookkeepers		1,220,270	
Career Ladder Extended Contracts		76,110	
Assistant Principals		3,785,338	
Clerical Personnel		1,872,546	
Temporary Personnel		5,811	
Overtime Pay		1,180	
Social Security		596,290	
State Retirement		889,547	
Life Insurance		10,439	
Medical Insurance		1,640,221	
Employer Medicare		139,455	
Dues and Memberships		15,750	
Other Contracted Services		22,139	
In Service/Staff Development		35,000	
Total Office of the Principal			13,337,876

Fiscal Services

Supervisor/Director	\$	205,572	
Accountants/Bookkeepers		649,054	
Purchasing Personnel		62,011	
Secretary(ies)		40,477	
Temporary Personnel		17,598	
Overtime Pay		11,939	

(Continued)

Exhibit L-8

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

General Purpose School Fund (Cont.)

Support Services (Cont.)

Fiscal Services (Cont.)

Other Salaries and Wages	\$	376,322	
Social Security		81,111	
State Retirement		193,308	
Life Insurance		1,247	
Medical Insurance		200,180	
Employer Medicare		18,975	
Audit Services		54,125	
Bank Charges		11,826	
Dues and Memberships		1,285	
Laundry Service		3,775	
Maintenance and Repair Services - Equipment		3,105	
Travel		1,064	
Other Contracted Services		42,962	
Office Supplies		26,070	
Other Supplies and Materials		6,000	
Premiums on Corporate Surety Bonds		1,233	
Trustee's Commission		1,103,473	
Liability Claims		85,741	
Other Self-Insured Claims		111,842	
In Service/Staff Development		17,385	
Other Charges		259,065	
Total Fiscal Services			\$ 3,586,745

Human Services/Personnel

Supervisor/Director	\$	423,410
Salary Supplements		975
Secretary(ies)		385,264
Temporary Personnel		4,665
Overtime Pay		4,928
Other Salaries and Wages		29,599
Other Per Diem and Fees		12,000
Social Security		51,591
State Retirement		119,747
Life Insurance		740
Medical Insurance		102,776
Disability Insurance		402,258
Employer Medicare		12,066
Other Fringe Benefits		376,020
Advertising		2,375

(Continued)

Exhibit L-8

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

General Purpose School Fund (Cont.)

Support Services (Cont.)

Human Services/Personnel (Cont.)

Dues and Memberships	\$	1,245	
Travel		6,543	
Other Contracted Services		32,311	
Office Supplies		9,940	
Other Supplies and Materials		35,898	
Workers' Compensation Insurance		207,155	
In Service/Staff Development		64,030	
Criminal Investigation of Applicants - TBI		52,167	
Administration Equipment		142	
<b>Total Human Services/Personnel</b>			<b>\$ 2,337,845</b>

Operation of Plant

Supervisor/Director	\$	193,860	
Salary Supplements		30,202	
Foremen		47,179	
Secretary(ies)		31,180	
Custodial Personnel		4,110,433	
Overtime Pay		7,150	
Social Security		260,158	
State Retirement		578,382	
Life Insurance		6,850	
Medical Insurance		1,216,923	
Employer Medicare		60,669	
Evaluation and Testing		7,400	
Laundry Service		64,165	
Licenses		13,244	
Travel		1,449	
Other Contracted Services		377,669	
Custodial Supplies		327,058	
Electricity		4,940,599	
Fuel Oil		26,791	
Natural Gas		398,247	
Office Supplies		3,609	
Water and Sewer		662,139	
Gravel and Chert		7,333	
Other Supplies and Materials		28,340	
Building and Contents Insurance		731,098	
Furniture and Fixtures		132,395	
Plant Operation Equipment		67,478	
<b>Total Operation of Plant</b>			<b>14,332,000</b>

(Continued)

Exhibit L-8

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

General Purpose School Fund (Cont.)

Support Services (Cont.)

Maintenance of Plant

Supervisor/Director	\$	69,966	
Foremen		51,880	
Secretary(ies)		58,278	
Maintenance Personnel		2,059,255	
Overtime Pay		2,326	
Social Security		133,680	
State Retirement		314,447	
Life Insurance		2,462	
Medical Insurance		452,947	
Employer Medicare		31,264	
Dues and Memberships		125	
Laundry Service		10,648	
Maintenance and Repair Services - Equipment		286,199	
Maintenance and Repair Services - Vehicles		5,172	
Rentals		385	
Other Contracted Services		177,999	
Gasoline		142,627	
Lubricants		3,412	
Office Supplies		2,856	
Tires and Tubes		11,368	
Vehicle Parts		30,492	
Chemicals		38,234	
Other Supplies and Materials		722,571	
Vehicle and Equipment Insurance		14,776	
In Service/Staff Development		1,986	
Maintenance Equipment		136,583	
Total Maintenance of Plant			\$ 4,761,938

Central and Other

Supervisor/Director	\$	214,811
Computer Programmer(s)		263,261
Instructional Computer Personnel		917,195
Salary Supplements		16,773
Secretary(ies)		28,891
Other Salaries and Wages		563,512
Social Security		119,711
State Retirement		245,487
Life Insurance		1,798
Medical Insurance		265,283

(Continued)

Exhibit L-8

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

General Purpose School Fund (Cont.)

Support Services (Cont.)

Central and Other (Cont.)

Employer Medicare	\$ 27,997	
Communication	788,356	
Dues and Memberships	1,092	
Travel	31,637	
Other Contracted Services	1,611,552	
Data Processing Supplies	915,494	
Office Supplies	1,172	
Other Supplies and Materials	48,945	
Data Processing Equipment	160,203	
Other Equipment	2,830,978	
Total Central and Other		\$ 9,054,148

Operation of Non-Instructional Services

Early Childhood Education

Teachers	\$ 874,230	
Educational Assistants	291,014	
Overtime Pay	362	
Other Salaries and Wages	78,734	
Social Security	73,451	
State Retirement	105,759	
Life Insurance	1,972	
Medical Insurance	251,691	
Employer Medicare	17,178	
Travel	645	
Contracts for Substitute Teachers - Certified	6,720	
Contracts for Substitute Teachers - Non-certified	24,003	
Other Contracted Services	17,788	
Instructional Supplies and Materials	45,824	
Other Equipment	16,109	
Total Early Childhood Education		1,805,480

Other Debt Service

Education

Debt Service Contribution to Primary Government	\$ 510,435	
Total Education		510,435

Total General Purpose School Fund \$ 184,084,564

(Continued)

Exhibit L-8

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

School Federal Projects Fund

Instruction

Regular Instruction Program

Teachers	\$ 2,977,552	
Salary Supplements	676,029	
Educational Assistants	424,286	
Overtime Pay	143	
Other Salaries and Wages	58,519	
Social Security	248,295	
State Retirement	317,717	
Life Insurance	4,864	
Medical Insurance	576,655	
Employer Medicare	58,069	
Travel	186	
Contracts for Substitute Teachers - Certified	70,679	
Contracts for Substitute Teachers - Non-certified	72,763	
Other Contracted Services	144,494	
Instructional Supplies and Materials	598,022	
Regular Instruction Equipment	48,330	
Total Regular Instruction Program		\$ 6,276,603

Special Education Program

Teachers	\$ 1,032,288	
Educational Assistants	1,707,300	
Overtime Pay	3	
Other Salaries and Wages	4,592	
Social Security	161,133	
State Retirement	301,578	
Life Insurance	4,776	
Medical Insurance	537,589	
Employer Medicare	37,684	
Instructional Supplies and Materials	105,633	
Other Supplies and Materials	18,825	
Special Education Equipment	84,506	
Total Special Education Program		3,995,907

Vocational Education Program

Educational Assistants	\$ 69	
Social Security	4	
State Retirement	4	
Employer Medicare	1	
Instructional Supplies and Materials	52,290	

(Continued)

Exhibit L-8

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

School Federal Projects Fund (Cont.)

Instruction (Cont.)

Vocational Education Program (Cont.)

Other Supplies and Materials	\$	8,896	
Other Charges		16,592	
Vocational Instruction Equipment		178,390	
Total Vocational Education Program			\$ 256,246

Adult Education Program

Teachers	\$	64,073	
Social Security		3,321	
State Retirement		517	
Employer Medicare		932	
Instructional Supplies and Materials		11,309	
Total Adult Education Program			80,152

Support Services

Other Student Support

Guidance Personnel	\$	41,054	
Social Workers		41,600	
Other Salaries and Wages		127,294	
Social Security		9,176	
State Retirement		11,320	
Life Insurance		333	
Medical Insurance		24,042	
Employer Medicare		2,953	
Travel		56,058	
Other Contracted Services		5,459	
Other Supplies and Materials		29,079	
In Service/Staff Development		51,281	
Other Charges		27,242	
Other Equipment		2,626	
Total Other Student Support			429,517

Regular Instruction Program

Supervisor/Director	\$	74,225	
Salary Supplements		3,000	
Secretary(ies)		14,404	
Clerical Personnel		19,188	
Other Salaries and Wages		1,072,254	
In-Service Training		280	
Social Security		71,480	

(Continued)



Exhibit L-8

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

School Federal Projects Fund (Cont.)

Support Services (Cont.)

Regular Instruction Program (Cont.)

State Retirement	\$	82,931	
Life Insurance		1,151	
Medical Insurance		140,889	
Employer Medicare		16,717	
Communication		720	
Consultants		9,675	
Dues and Memberships		2,078	
Travel		10,825	
Other Contracted Services		260,588	
Library Books/Media		55,212	
Other Supplies and Materials		23,885	
In Service/Staff Development		498,783	
Other Charges		28,430	
Other Equipment		90,513	
Total Regular Instruction Program			\$ 2,477,228

Special Education Program

Psychological Personnel	\$	244,976	
Assessment Personnel		171,052	
Secretary(ies)		33,052	
Clerical Personnel		52,736	
Other Salaries and Wages		501,251	
Social Security		60,198	
State Retirement		75,322	
Life Insurance		1,149	
Medical Insurance		140,151	
Employer Medicare		14,078	
Travel		9,692	
Other Supplies and Materials		157,311	
In Service/Staff Development		40,049	
Other Equipment		5,929	
Total Special Education Program			1,506,946

Vocational Education Program

Travel	\$	1,241	
In Service/Staff Development		3,748	
Other Charges		317	
Total Vocational Education Program			5,306

(Continued)

Exhibit L-8

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

School Federal Projects Fund (Cont.)

Support Services (Cont.)

Adult Programs

Supervisor/Director	\$	34,983	
Clerical Personnel		25,033	
Other Salaries and Wages		29,961	
Social Security		5,279	
State Retirement		10,121	
Medical Insurance		16,907	
Employer Medicare		1,235	
Office Supplies		2,016	
In Service/Staff Development		2,873	
Total Adult Programs			\$ 128,408

Operation of Plant

Communication	\$	14,000	
Plant Operation Equipment		35,374	
Other Equipment		85,627	
Total Operation of Plant			135,001

Transportation

Bus Drivers	\$	42,994	
State Retirement		8,512	
Employer Medicare		617	
Contracts with Parents		1,865	
Travel		12,111	
Gasoline		208	
Transportation Equipment		283,436	
Total Transportation			349,743

Total School Federal Projects Fund \$ 15,641,057

Central Cafeteria Fund

Operation of Non-Instructional Services

Food Service

Supervisor/Director	\$	174,002
Salary Supplements		14,620
Truck Drivers		57,769
Secretary(ies)		111,376
Cafeteria Personnel		2,945,660
Custodial Personnel		181,652
Temporary Personnel		68

(Continued)

Exhibit L-8

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

Central Cafeteria Fund (Cont.)

Operation of Non-Instructional Services (Cont.)

Food Service (Cont.)

Overtime Pay	\$	31,286	
Other Salaries and Wages		241,061	
Social Security		219,580	
State Retirement		506,760	
Life Insurance		6,961	
Medical Insurance		983,566	
Employer Medicare		51,331	
Bank Charges		6,151	
Dues and Memberships		9,004	
Laundry Service		82,252	
Licenses		2,822	
Printing, Stationery, and Forms		3,330	
Travel		6,951	
Other Contracted Services		297,336	
Equipment and Machinery Parts		59,086	
Food Supplies		3,841,964	
Gasoline		7,078	
Lubricants		18	
Office Supplies		43,102	
Tires and Tubes		240	
Uniforms		5,320	
Utilities		244,500	
Vehicle Parts		883	
USDA - Commodities		840,483	
Other Supplies and Materials		448,045	
Workers' Compensation Insurance		3,384	
In Service/Staff Development		5,687	
Food Service Equipment		299,569	
Total Food Service			\$ 11,732,897
Total Central Cafeteria Fund			\$ 11,732,897

School Transportation Fund

Support Services

Fiscal Services

Trustee's Commission	\$	38,868	
Total Fiscal Services			\$ 38,868

(Continued)

Exhibit L-8

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

School Transportation Fund (Cont.)

Support Services (Cont.)

Transportation

Supervisor/Director	\$	179,784	
Salary Supplements		17,050	
Mechanic(s)		502,474	
Bus Drivers		3,705,281	
Dispatchers/Radio Operators		160,516	
Secretary(ies)		115,730	
Temporary Personnel		252,102	
Overtime Pay		13,281	
Other Salaries and Wages		810,245	
Social Security		342,773	
State Retirement		738,092	
Life Insurance		11,369	
Medical Insurance		1,356,362	
Employer Medicare		80,213	
Laundry Service		6,070	
Licenses		4,095	
Maintenance and Repair Services - Equipment		9,797	
Maintenance and Repair Services - Vehicles		124,970	
Medical and Dental Services		35,984	
Transportation - Other than Students		156,200	
Other Contracted Services		67,059	
Garage Supplies		6,514	
Gasoline		785,144	
Lubricants		19,238	
Office Supplies		12,400	
Tires and Tubes		52,870	
Vehicle Parts		244,884	
Other Supplies and Materials		5,765	
Vehicle and Equipment Insurance		54,817	
In Service/Staff Development		19,919	
Communication Equipment		1,987	
Transportation Equipment		581,338	
Total Transportation			\$ 10,474,323

Total School Transportation Fund

\$ 10,513,191

(Continued)

Exhibit L-8

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

Extended School Program Fund

Instruction

Regular Instruction Program

Teachers	\$	105,100	
Educational Assistants		7,698	
Social Security		6,994	
State Retirement		8,037	
Employer Medicare		1,636	
Other Contracted Services		14,848	
Instructional Supplies and Materials		1,051	
Total Regular Instruction Program			\$ 145,364

Support Services

Office of the Principal

Assistant Principals	\$	17,100	
Social Security		1,060	
State Retirement		1,098	
Employer Medicare		248	
Total Office of the Principal			19,506

Fiscal Services

Trustee's Commission	\$	674	
Total Fiscal Services			674

Operation of Plant

Custodial Personnel	\$	5,356	
Social Security		332	
State Retirement		760	
Life Insurance		11	
Employer Medicare		78	
Total Operation of Plant			6,537

Total Extended School Program Fund \$ 172,081

Education Capital Projects Fund

Capital Projects

Education Capital Projects

Architects	\$	1,014,347
Engineering Services		4,886
Other Contracted Services		19,074
Diesel Fuel		38,138
Building Construction		3,199,493

(Continued)

Exhibit L-8

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

Education Capital Projects Fund (Cont.)

Capital Projects (Cont.)

Education Capital Projects (Cont.)

Building Improvements	\$ 1,082,159	
Data Processing Equipment	1,099,623	
Plant Operation Equipment	2,198,958	
Site Development	378,599	
Total Education Capital Projects		\$ 9,035,277

Total Education Capital Projects Fund \$ 9,035,277

Total Governmental Funds - Montgomery County School Department \$ 231,179,067

Exhibit L-9

Montgomery County, Tennessee  
Schedule of Detailed Revenues and Expenses  
All Proprietary Funds  
For the Year Ended June 30, 2010

	<u>Internal Service Funds</u>		
	<u>Self- Insurance</u>	<u>Workers' Compensation</u>	<u>Unemployment Compensation</u>
<u>Revenues</u>			
<u>Operating Revenues</u>			
<u>Charges for Current Services</u>			
Self-Insurance Premiums/Contributions	\$ 34,880,528	\$ 789,279	\$ 0
Other Employee Benefit Charges	1,930,517	0	0
Other Charges for Services	48,536	0	0
Retirees' Insurance Payments	1,306,306	0	0
<b>Total Operating Revenues</b>	<b>\$ 38,165,887</b>	<b>\$ 789,279</b>	<b>\$ 0</b>
<u>Nonoperating Revenues</u>			
Investment Income	\$ 6,754	\$ 2,234	\$ 1,619
Miscellaneous Refunds	772,553	8,247	0
<b>Total Nonoperating Revenues</b>	<b>\$ 779,307</b>	<b>\$ 10,481</b>	<b>\$ 1,619</b>
<b>Total Revenues</b>	<b>\$ 38,945,194</b>	<b>\$ 799,760</b>	<b>\$ 1,619</b>
<u>Expenses</u>			
<u>Operating Expenses</u>			
<u>Personnel Office</u>			
Medical and Dental Services	\$ 0	\$ 99	\$ 0
Drugs and Medical Supplies	0	36	0
<b>Total Personnel Office</b>	<b>\$ 0</b>	<b>\$ 135</b>	<b>\$ 0</b>
<u>Election Commission</u>			
Medical and Dental Services	\$ 0	\$ 1,210	\$ 0
Drugs and Medical Supplies	0	133	0
<b>Total Election Commission</b>	<b>\$ 0</b>	<b>\$ 1,343</b>	<b>\$ 0</b>
<u>Codes Compliance</u>			
Medical and Dental Services	\$ 0	\$ 320	\$ 0
<b>Total Codes Compliance</b>	<b>\$ 0</b>	<b>\$ 320</b>	<b>\$ 0</b>
<u>County Buildings</u>			
Unemployment Compensation	\$ 0	\$ 0	\$ 270
<b>Total County Buildings</b>	<b>\$ 0</b>	<b>\$ 0</b>	<b>\$ 270</b>

(Continued)

Exhibit L-9

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

	Internal Service Funds		
	Self- Insurance	Workers' Compensation	Unemployment Compensation
<u>Expenses (Cont.)</u>			
<u>Other Facilities</u>			
Medical and Dental Services	\$ 0	\$ 1,672	\$ 0
Drugs and Medical Supplies	0	112	0
Total Other Facilities	\$ 0	\$ 1,784	\$ 0
<u>Risk Management</u>			
Supervisor/Director	\$ 0	\$ 38,195	\$ 0
Clerical Personnel	0	25,419	0
Social Security	0	3,796	0
State Retirement	0	9,068	0
Life Insurance	0	70	0
Medical Insurance	0	11,277	0
Employer Medicare	0	888	0
Communication	0	353	0
Consultants	0	8,402	0
Contracts with Private Agencies	0	11,983	0
Dues and Memberships	0	350	0
Legal Services	0	1,812	0
Postal Charges	0	98	0
Travel	0	599	0
Tuition	0	115	0
Total Risk Management	\$ 0	\$ 112,425	\$ 0
<u>Other Risk Management</u>			
Drugs and Medical Supplies	\$ 0	\$ 333	\$ 0
Total Other Risk Management	\$ 0	\$ 333	\$ 0
<u>Reappraisal Program</u>			
Unemployment Compensation	\$ 0	\$ 0	\$ 967
Total Reappraisal Program	\$ 0	\$ 0	\$ 967
<u>County Clerk's Office</u>			
Medical and Dental Services	\$ 0	\$ 2,326	\$ 0
Drugs and Medical Supplies	0	56	0
Total County Clerk's Office	\$ 0	\$ 2,382	\$ 0

(Continued)



Exhibit L-9

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

	Internal Service Funds		
	Self- Insurance	Workers' Compensation	Unemployment Compensation
<u>Expenses (Cont.)</u>			
<u>Data Processing</u>			
Medical and Dental Services	\$ 0	\$ 85	\$ 0
Total Data Processing	\$ 0	\$ 85	\$ 0
<u>Circuit Court</u>			
Medical and Dental Services	\$ 0	\$ 88	\$ 0
Drugs and Medical Supplies	0	922	0
Total Circuit Court	\$ 0	\$ 1,010	\$ 0
<u>General Sessions Court</u>			
Unemployment Compensation	\$ 0	\$ 0	\$ 270
Total General Sessions Court	\$ 0	\$ 0	\$ 270
<u>Probation Services</u>			
Unemployment Compensation	\$ 0	\$ 0	\$ 270
Total Probation Services	\$ 0	\$ 0	\$ 270
<u>Sheriff's Department</u>			
Medical and Dental Services	\$ 0	\$ 10,763	\$ 0
Drugs and Medical Supplies	0	2,093	0
Total Sheriff's Department	\$ 0	\$ 12,856	\$ 0
<u>Jail</u>			
Unemployment Compensation	\$ 0	\$ 0	\$ 270
Medical and Dental Services	0	28,316	0
Drugs and Medical Supplies	0	1,206	0
Total Jail	\$ 0	\$ 29,522	\$ 270
<u>Fire Prevention and Control</u>			
Medical and Dental Services	\$ 0	\$ 1,228	\$ 0
Drugs and Medical Supplies	0	2	0
Total Fire Prevention and Control	\$ 0	\$ 1,230	\$ 0
<u>Rabies and Animal Control</u>			
Unemployment Compensation	\$ 0	\$ 0	\$ 270
Medical and Dental Services	0	681	0
Drugs and Medical Supplies	0	157	0
Total Rabies and Animal Control	\$ 0	\$ 838	\$ 270

(Continued)

Exhibit L-9

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

	Internal Service Funds		
	Self- Insurance	Workers' Compensation	Unemployment Compensation
<u>Expenses (Cont.)</u>			
<u>Ambulance/Emergency Medical Services</u>			
Unemployment Compensation	\$ 0	\$ 0	\$ 270
Medical and Dental Services	0	21,494	0
Drugs and Medical Supplies	0	891	0
<b>Total Ambulance/Emergency Medical Services</b>	<b>\$ 0</b>	<b>\$ 22,385</b>	<b>\$ 270</b>
<u>Other Local Health Services</u>			
Unemployment Compensation	\$ 0	\$ 0	\$ 3,960
<b>Total Other Local Health Services</b>	<b>\$ 0</b>	<b>\$ 0</b>	<b>\$ 3,960</b>
<u>Landfill Operation and Maintenance</u>			
Unemployment Compensation	\$ 0	\$ 0	\$ 442
Legal Services	0	2,407	0
Medical and Dental Services	0	5,935	0
Drugs and Medical Supplies	0	876	0
<b>Total Landfill Operation and Maintenance</b>	<b>\$ 0</b>	<b>\$ 9,218</b>	<b>\$ 442</b>
<u>Veterans' Services</u>			
Unemployment Compensation	\$ 0	\$ 0	\$ 4,619
<b>Total Veterans' Services</b>	<b>\$ 0</b>	<b>\$ 0</b>	<b>\$ 4,619</b>
<u>Other Charges</u>			
Other Contracted Services	\$ 896,221	\$ 0	\$ 0
Other Supplies and Materials	187,250	0	0
Depreciation	991	0	0
<b>Total Other Charges</b>	<b>\$ 1,084,462</b>	<b>\$ 0</b>	<b>\$ 0</b>
<u>Employee Benefits</u>			
Life Insurance	\$ 229,942	\$ 0	\$ 0
Medical and Dental Services	163,638	0	0
Excess Risk Insurance	795,839	0	0
Medical Claims	33,913,200	0	0
Contracts with Private Agencies	1,608,733	0	0
Other Contracted Services	498,166	0	0
Other Charges	302,408	0	0
Other Self-Insured Claims	2,126,315	0	0
<b>Total Employee Benefits</b>	<b>\$ 39,638,241</b>	<b>\$ 0</b>	<b>\$ 0</b>

(Continued)

Exhibit L-9

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

	<u>Internal Service Funds</u>		
	<u>Self- Insurance</u>	<u>Workers' Compensation</u>	<u>Unemployment Compensation</u>
<u>Expenses (Cont.)</u>			
<u>Highway and Bridge Maintenance</u>			
Medical and Dental Services	\$ 0	\$ 37,694	\$ 0
Drugs and Medical Supplies	0	882	0
Total Highway and Bridge Maintenance	<u>\$ 0</u>	<u>\$ 38,576</u>	<u>\$ 0</u>
<u>Litter and Trash Collection</u>			
Unemployment Compensation	\$ 0	\$ 0	\$ 180
Total Litter and Trash Collection	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 180</u>
<u>Other</u>			
Unemployment Compensation	\$ 0	\$ 0	\$ 152,455
Total Other	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 152,455</u>
Total Expenses	<u>\$ 40,722,703</u>	<u>\$ 234,442</u>	<u>\$ 164,243</u>

Exhibit L-10

Montgomery County, Tennessee  
Schedule of Detailed Receipts, Disbursements,  
and Changes in Cash Balance - City Agency Fund  
For the Year Ended June 30, 2010

	Cities - Sales Tax Fund
<hr/>	
<u>Cash Receipts</u>	
Local Option Sales Tax	<u>\$ 11,762,261</u>
Total Cash Receipts	<u>\$ 11,762,261</u>
 <u>Cash Disbursements</u>	
Remittance of Revenues Collected	\$ 11,644,638
Trustee's Commission	<u>117,623</u>
Total Cash Disbursements	<u>\$ 11,762,261</u>
 Excess of Cash Receipts Over (Under) Cash Disbursements	 \$ 0
Cash Balance, July 1, 2009	<u>0</u>
 Cash Balance, June 30, 2010	 <u><u>\$ 0</u></u>

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**SINGLE AUDIT SECTION**

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

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

December 29, 2010

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

To the County Mayor and Board of County Commissioners:

We have audited the financial statements of the governmental activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of Montgomery County, Tennessee, as of and for the year ended June 30, 2010, which collectively comprise Montgomery County's basic financial statements and have issued our report thereon dated December 29, 2010. Our report on the aggregate discretely presented component units was qualified due to not including the financial statements of the Emergency Communications District of Montgomery County, the Bi-County Solid Waste Management System, the Clarksville-Montgomery County Industrial Development Board, and the Clarksville-Montgomery County Public Library, which were not available from other auditors as of the date of this report. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the auditing standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

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

an opinion on the effectiveness of Montgomery County's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of Montgomery County's internal control over financial reporting.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A material weakness is a deficiency, or combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over financial reporting that might be deficiencies, significant deficiencies, or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined above. However, we identified certain deficiencies in internal control over financial reporting, described in the accompanying Schedule of Findings and Questioned Costs that we consider to be significant deficiencies in internal control over financial reporting: 10.01 and 10.03(A). A significant deficiency is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

#### Compliance and Other Matters

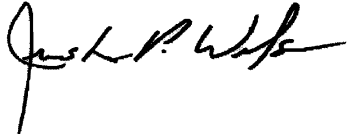
As part of obtaining reasonable assurance about whether Montgomery County's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed instances of noncompliance or other matters that are required to be reported under Government Auditing Standards and are described in the accompanying Schedule of Findings and Questioned Costs as items 10.02, 10.03(B), 10.04, and 10.05.

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

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

This report is intended solely for the information and use of management, the county mayor, director of schools, highway supervisor, County Commission, Board of Education, Audit Committee, others within Montgomery County, federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

Very truly yours,

A handwritten signature in black ink, appearing to read "Justin P. Wilson". The signature is written in a cursive style with a prominent vertical stroke on the left side.

Justin P. Wilson  
Comptroller of the Treasury

JPW/yu





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

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

December 29, 2010

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

To the County Mayor and Board of County Commissioners:

Compliance

We have audited the compliance of Montgomery County with the types of compliance requirements described in the U.S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement that are applicable to each of its major federal programs for the year ended June 30, 2010. Montgomery County's major federal programs are identified in the summary of auditor's results section of the accompanying Schedule of Findings and Questioned Costs. Compliance with the requirements of laws, regulations, contracts, and grants applicable to each of its major federal programs is the responsibility of Montgomery County's management. Our responsibility is to express an opinion on Montgomery County's compliance based on our audit.

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

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

In our opinion, Montgomery County complied, in all material respects, with the requirements referred to above that are applicable to each of its major federal programs for the year ended June 30, 2010.

#### Internal Control Over Compliance

The management of Montgomery County is responsible for establishing and maintaining effective internal control over compliance with the requirements of laws, regulations, contracts, and grants applicable to federal programs. In planning and performing our audit, we considered Montgomery County's internal control over compliance with the requirements that could have a direct and material effect on a major federal program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance and to test and report on internal control over compliance in accordance with OMB Circular A-133, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of Montgomery County's internal control over compliance.

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. A material weakness in internal control over compliance is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis.

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

#### Schedule of Expenditures of Federal Awards

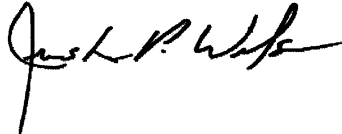
We have audited the financial statements of the governmental activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of Montgomery County as of and for the year ended June 30, 2010, and have issued our report thereon dated December 29, 2010. Our report on the aggregate discretely presented component units was qualified due to not including the financial statements of the Emergency Communications District of Montgomery County, the Bi-County Solid Waste Management System, the Clarksville-Montgomery County Industrial Development Board, and the Clarksville-Montgomery County Public Library, which were not available from other auditors as of the date of this report. Our audit was performed for the purpose of forming our opinions on the financial statements that collectively comprise Montgomery County's basic financial statements. The accompanying Schedule of Expenditures of

Federal Awards is presented for purposes of additional analysis as required by OMB Circular A-133 and is not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated, in all material respects, in relation to the basic financial statements taken as a whole.

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

This report is intended solely for the information and use of management, the county mayor, director of schools, highway supervisor, County Commission, Board of Education, Audit Committee, others within Montgomery County, federal awarding agencies, and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

Yours very truly,

A handwritten signature in black ink, appearing to read "Justin P. Wilson". The signature is fluid and cursive, with a long vertical stroke extending downwards from the end.

Justin P. Wilson  
Comptroller of the Treasury

JPW/yu

Montgomery County, Tennessee  
Schedule of Expenditures of Federal Awards and State Grants (1)  
For the Year Ended June 30, 2010

Federal/Pass-through Agency/State Grantor Program Title	Federal CFDA Number	Pass-through Entity Identifying Number	Expenditures
U.S. Department of Agriculture:			
Passed-through State Department of Agriculture:			
National School Lunch Program (Commodities - Noncash Assistance)	10.555	(2)	\$ 840,483 (3)
Passed-through State Department of Education:			
Child Nutrition Cluster:			
School Breakfast Program	10.553	(2)	1,390,225
National School Lunch Program	10.555	(2)	4,759,772 (3)
Total U.S. Department of Agriculture			<u>\$ 6,990,480</u>
U.S. Department of Defense:			
Direct Program:			
Competitive Grants: Promoting K-12 Student Achievement at Military-Connected Schools	12.556	N/A	\$ 546,171
Total U.S. Department of Defense			<u>\$ 546,171</u>
U.S. Department of Justice:			
Direct Program:			
State Criminal Alien Assistance Program	16.606	N/A	\$ 61,322
Bulletproof Vest Partnership Program	16.607	N/A	4,376
Passed-through State Office of Criminal Justice Programs:			
Project Safe Neighborhoods	16.609	(2)	34,836
Passed-through State Commission on Children and Youth:			
Juvenile Justice and Delinquency Prevention - Allocation to States	16.540	(2)	12,000
Drug Court Discretionary Grant Program	16.585	(2)	48,035
Passed-through the City of Clarksville:			
Edward Byrne Memorial Justice Assistance Grant Program	16.738	(2)	43,720
Passed-through State Administrative Office of the Courts:			
Recovery Act - Edward Byrne Memorial Justice Assistance Grant (JAG) Program/ Grants to States and Territories	16.803	(2)	50,785
Recovery Act - Edward Byrne Memorial Justice Assistance Grant (JAG) Program/ Grants to Units of Local Government	16.804	(2)	57,332
Total U.S. Department of Justice			<u>\$ 312,406</u>
U.S. Department of Transportation:			
Passed-through State Department of Environment and Conservation:			
Recreational Trails Program	20.219	GG-09-27135-00	\$ 17,458
Passed-through State Department of Transportation:			
Alcohol Open Container Requirements	20.607	(4)	71,644
Total U.S. Department of Transportation			<u>\$ 89,102</u>
U.S. Environmental Protection Agency:			
Passed-through State Department of Environment and Conservation:			
Clean School Bus USA	66.036	(2)	\$ 112,322
Total U.S. Environmental Protection Agency			<u>\$ 112,322</u>
U.S. Department of Education:			
Direct Program:			
Impact Aid	84.041	N/A	\$ 3,779,154
Safe and Drug-free Schools and Communities - National Programs	84.184	N/A	23,826
Fund for the Improvement of Education	84.215	N/A	140,067
Passed-through State Department of Education:			
Adult Education - Basic Grants to States	84.002	(2)	143,484
Title I Cluster:			
Title I Grants to Local Educational Agencies	84.010	N/A	5,049,332
Title I Grants to Local Educational Agencies, Recovery Act	84.389	N/A	1,212,053
Special Education Cluster:			
Special Education - Grants to States	84.027	N/A	4,925,463
Special Education - Preschool Grants	84.173	N/A	16,967
Special Education - Grants to States, Recovery Act	84.391	N/A	2,469,852
Special Education - Preschool Grants, Recovery Act	84.392	N/A	83,914

(Continued)

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

Federal/Pass-through Agency/State Grantor Program Title	Federal CFDA Number	Pass-through Entity Identifying Number	Expenditures
<b>U.S. Department of Education (Cont):</b>			
Career and Technical Education - Basic Grants to States	84.048	N/A	\$ 394,165
Safe and Drug-free Schools and Communities - State Grants	84.186	(2)	130,805
Twenty-first Century Community Learning Centers	84.287	(2)	782,852
State Grants for Innovative Programs	84.298	N/A	6,153
<b>Education Technology State Grants Cluster:</b>			
Education Technology State Grants	84.318	(2)	39,932
Education Technology State Grants, Recovery Act	84.386	N/A	101,664
English Language Acquisition Grants	84.365	N/A	115,069
Improving Teacher Quality State Grants	84.367	N/A	985,112
Education for Homeless Children and Youth, Recovery Act	84.387	N/A	278
<b>State Fiscal Stabilization Funds Cluster:</b>			
State Fiscal Stabilization Funds - Education State Grants, Recovery Act	84.394	N/A	5,075,400
State Fiscal Stabilization Funds - Government Services, Recovery Act	84.397	N/A	226,623
<b>Total U.S. Department of Education</b>			<u>\$ 25,702,165</u>
<b>U.S. Department of Homeland Security:</b>			
<b>Passed-through Department of Military:</b>			
Disaster Grants - Public Assistance (Presidentially Declared Disasters)	97.036	(2)	\$ 110,930
Emergency Management Performance Grant	97.042	(2)	76,200
Homeland Security Grant Program	97.067	(2)	732,782
<b>Total U.S. Department of Homeland Security</b>			<u>\$ 919,912</u>
<b>Total Federal Awards</b>			<u>\$ 34,672,558</u>

<u>State Grants</u>		<u>Contract Number</u>	
Early Childhood Education - State Department of Education	N/A	(2)	\$ 1,783,195
Local Parks and Recreation Fund Grant for Civitan Park Baseball Complex - State Department of Environment and Conservation	N/A	GG-09-26705-00	440,000
Lottery for Education: Afterschool Program - State Department of Education	N/A	(2)	247,500
State Reappraisal Program - Comptroller of the Treasury	N/A	(2)	31,650
Juvenile Justice and Delinquency Prevention - State Commission on Children and Youth	N/A	(2)	9,000
Safe Schools Act - State Department of Education	N/A	(2)	23,428
Adult Education - State Department of Education	N/A	(2)	65,075
Child Advocacy Center - State Department of Children's Services	N/A	(2)	91,356
Juvenile Court Prevention - State Department of Children's Services	N/A	GG-10-28470	67,349
Litter Program - State Department of Transportation	N/A	(2)	59,309
Forestry Grant - State Department of Agriculture	N/A	(2)	2,886
Rural Local Health Services - State Department of Health	N/A	Z-10-22127	1,707,446
Rural Local Health Services - State Department of Health (H1N1)	N/A	Z-10-22127	13,472
Community Correction Grant - State Department of Correction	N/A	(2)	427,743
School to Work Transition Grant - State Department of Human Services	N/A	GG-10-29257	37,875
Teen Learning Center - State Department of Children's Services	N/A	GG-10-28897	422,082
<b>Total State Grants</b>			<u>\$ 5,429,366</u>

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

- (1) Presented in conformity with generally accepted accounting principles using the modified accrual basis of accounting.
- (2) Information not available.
- (3) Total for CFDA No. 10.555 is \$5,600,255.
- (4) Z-09-214639: \$23,057; DG-10-28726: \$48,587.

Montgomery County, Tennessee  
Schedule of Audit Findings Not Corrected  
June 30, 2010

Government Auditing Standards require auditors to report the status of uncorrected findings from prior audits. Presented below are findings from the Annual Financial Report for Montgomery County, Tennessee, for the year ended June 30, 2009, which have not been corrected.

**OFFICE OF SHERIFF**

<b>Finding Number</b>	<b>Page Number</b>	<b>Subject</b>
09.04	244	The sheriff did not obtain a letter of agreement or court decree to authorize deputy hires

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**MONTGOMERY COUNTY, TENNESSEE**

**SCHEDULE OF FINDINGS AND QUESTIONED COSTS**

**For the Year Ended June 30, 2010**

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**PART I, SUMMARY OF AUDITOR'S RESULTS**

1. Our report on the aggregate discretely presented component units is qualified. Our report on the governmental activities, each major fund, and the aggregate remaining fund information is unqualified.
2. The audit of the financial statements of Montgomery County disclosed significant deficiencies in internal control. None of these deficiencies were considered to be a material weakness.
3. The audit disclosed no instances of noncompliance that were considered material to the financial statements of Montgomery County.
4. The audit disclosed no significant deficiencies in internal control over major programs.
5. An unqualified opinion was issued on compliance for major programs.
6. The audit revealed no findings that are required to be reported under Section 510(a) of OMB Circular A-133.
7. The Special Education Cluster: Special Education – Grants to States, Special Education - Preschool Grants, Special Education – Grants to States, Recovery Act, and Special Education – Preschool Grants, Recovery Act (CFDA Nos. 84.027, 84.173, 84.391, and 84.392); the Title I Cluster: Title I Grants to Local Educational Agencies and Title I Grants to Local Educational Agencies, Recovery Act (CFDA Nos. 84.010 and 84.389); the Education Technology State Grants Cluster: Education Technology State Grants and Education Technology State Grants, Recovery Act (CFDA Nos. 84.318 and 84.386); and the State Fiscal Stabilization Fund Cluster: State Fiscal Stabilization Fund – Education State Grants, Recovery Act and State Fiscal Stabilization Fund – Government Services, Recovery Act (CFDA Nos. 84.394 and 84.397) were determined to be major programs.
8. A \$1,040,177 threshold was used to distinguish between Type A and Type B federal programs.
9. Montgomery County did not qualify as a low-risk auditee.

## **PART II, FINDINGS RELATING TO THE FINANCIAL STATEMENTS**

Findings and recommendations, as a result of our examination, are presented below. We reviewed these findings and recommendations with management to provide an opportunity for their response. The director of accounts and budgets and the director of schools provided written responses on certain findings, which are paraphrased in this report.

### **MONTGOMERY COUNTY AND THE CLARKSVILLE-MONTGOMERY COUNTY SCHOOL DEPARTMENT**

**FINDING 10.01      THE SELF-INSURANCE FUND HAD A DEFICIT IN UNRESTRICTED NET ASSETS**  
(Internal Control – Significant Deficiency Under Government Auditing Standards)

The Self-Insurance Fund had a deficit of \$1,657,951 in unrestricted net assets at June 30, 2010. This deficit resulted from the recognition of liabilities in the financial statements for claims and judgments totaling \$3,012,733 at year-end. This net assets deficit resulted from estimated/actual claims exceeding available resources.

#### **RECOMMENDATION**

County officials should develop a plan to address the deficit in unrestricted net assets, and should closely review and monitor this fund.

#### **MANAGEMENT'S RESPONSE – DIRECTOR OF SCHOOLS**

Management concurs. A plan was already in place to avoid such a deficit (premiums were increased by a total of 35 percent during the year ended June 30, 2010); however, an unusual increase in claims during April 2010 left insufficient time to generate additional funds. As in the past, premium increases are based on actuarial recommendations. Premiums were increased by 11.89 percent for the current fiscal year, and adjustments to the health plan were implemented, which appear to have adequately addressed the problem at this time. This fund has been and continues to be closely reviewed and monitored. The members of the Insurance Trust and the School Board support the plan to implement incremental annual increases in premiums based on historical trends to regain sufficient fund balance that can accommodate the volatility of health claims.

---

### **OFFICES OF COUNTY MAYOR AND DIRECTOR OF ACCOUNTS AND BUDGETS**

**FINDING 10.02      A PROMISSORY NOTE WAS NOT ISSUED IN ACCORDANCE WITH STATE STATUTES**  
(Noncompliance Under Government Auditing Standards)

County officials issued a \$250,000 promissory note with an individual to purchase land. However, this promissory note was not approved by the state Comptroller's Office as required by Section 9-21-601, Tennessee Code Annotated (TCA). Also, county officials did



not file a Report on Debt Obligation with the state Comptroller's Office for the promissory note within 45 days of its issuance as required by Section 9-21-151, TCA. This deficiency exists because management stated that they were not aware the state statute applied to promissory notes.

### RECOMMENDATION

Promissory notes should be approved by the state Comptroller's Office. Also, county officials should file a Report on Debt Obligation with the state Comptroller's Office within 45 days following the debt issuance.

### MANAGEMENT'S RESPONSE – DIRECTOR OF ACCOUNTS AND BUDGETS

We concur. Since this error has been brought to our attention, we have forwarded to the state Comptroller's Office a letter stating our actions, a resolution that was previously passed by the County Commission approving the purchase, the related amortization schedule, and the Report on Debt Obligation.

---

### FINDING 10.03      **THE OFFICE HAD DEFICIENCIES IN BUDGET OPERATIONS** (A. Internal Control – Significant Deficiency Under Government Auditing Standards; B. – Noncompliance Under Government Auditing Standards)

Our examination revealed the following deficiencies in budget operations:

- A. The budget and subsequent amendments submitted to and approved by the County Commission for the Drug Control Fund resulted in appropriations exceeding estimated available funding by \$32,193. Sound budgetary principles dictate that appropriations be held within estimated available funding. This deficiency exists due to a lack of management oversight.
- B. Expenditures exceeded total appropriations approved by the County Commission in the Tourism major appropriation category (the legal level of control) of the General Fund by \$24,169. This deficiency exists because management failed to hold spending to the limits authorized by the County Commission, which resulted in unauthorized expenditures.

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

**RECOMMENDATION**

Appropriations that exceed estimated available funds should not be submitted to the County Commission, and the County Commission should not approve such appropriations. Expenditures should be held within appropriations approved by the County Commission.

**MANAGEMENT'S RESPONSE – DIRECTOR OF ACCOUNTS AND BUDGETS**

- A. The deficiency in the Drug Control Fund was in estimated available funding. At no time was there a cash shortage or a budget shortage. To prevent this from occurring in the future, we will no longer allow the Sheriff's Office to budget the entire available fund balance in the Drug Control Fund during the budget appropriation process.
- B. The Tourism major appropriation category is strictly revenue-driven by hotel/motel taxes collected locally. In June 2010, in an effort to keep all major categories within budgeted appropriation levels, the Office of Accounts and Budgets reviewed this major category and increased the budget by \$49,000 through a budget resolution. Hotel/motel taxes were received at an unprecedented rate; therefore, this major category resulted in an over-budget situation.

---

**FINDING 10.04 THE AMBULANCE SERVICE DID NOT ISSUE PRENUMBERED RECEIPTS (Noncompliance Under Government Auditing Standards)**

Instead of using prenumbered receipt stock, the Ambulance Service computer generated receipts on plain paper. Because the billing software did not assign a receipt number to collections, this procedure is a violation of Section 9-2-104, Tennessee Code Annotated, which provides for receipts to be prenumbered consecutively. In-lieu-of prenumbered receipts, computer-generated receipts may be printed on plain paper only if the receipt number generated by the software cannot be manipulated. Sound business practices dictate that proper application controls be implemented. Since the software did not have the proper controls, inappropriate system activity could occur if prenumbered receipt stock was not used. After this was discussed with management, they began issuing manual, prenumbered receipts in September 2010.

**MANAGEMENT'S RESPONSE – DIRECTOR OF ACCOUNTS AND BUDGETS**

Management concurs. Over a period of approximately 18 months, the Office of Accounts and Budgets worked with the software vendor to assign receipt numbers that cannot be updated or changed to billing receipts in the system. After several reports were created to implement mitigating controls that were ultimately not acceptable to County Audit, the decision was made to begin the process of issuing manual prenumbered receipts. That process was finalized in September 2010 and continues currently.

## **OFFICE OF SHERIFF**

### **FINDING 10.05      **THE SHERIFF DID NOT OBTAIN A LETTER OF AGREEMENT OR COURT DECREE TO AUTHORIZE DEPUTY HIRES** (Noncompliance Under Government Auditing Standards)**

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

### **RECOMMENDATION**

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

**PART III, FINDINGS AND QUESTIONED  
COSTS FOR FEDERAL AWARDS**

There were no findings and questioned costs for federal awards.

**MONTGOMERY COUNTY, TENNESSEE  
AUDITEE REPORTING RESPONSIBILITIES  
For the Year Ended June 30, 2010**

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

# Exhibit C

## Estimated Cost of Issuance

Preliminary

**MONTGOMERY COUNTY, TENNESSEE**

\$19,760,000 GO Refunding Bonds, Series 2012, Dated: April 1, 2012

Interest Rates as of 2/22/2012

**Detail Costs Of Issuance**

Dated 04/01/2012 | Delivered 04/01/2012

**COSTS OF ISSUANCE DETAIL**

Bond Counsel	\$6,000.00
Bond Counsel Size Factor	\$18,179.20
Disclosure Preparation	\$2,000.00
Escrow Agent/Trustee's Fees	\$1,000.00
S & P Credit Rating Fee	\$15,000.00
CUSIP Charges	\$875.00
Underwriter's Expenses	\$3,000.00
Printing, Official Statements, and Notices	\$7,439.00
Verification Agent	\$3,000.00
Miscellaneous Costs	\$1,269.00
<b>TOTAL</b>	<b>\$57,762.20</b>

**Exhibit D**  
**Distribution List**



\$ \_\_\_\_\_  
MONTGOMERY COUNTY, TENNESSEE  
General Obligation Refunding, Series 2012

Distribution List

Engagement Number 362

**ISSUER**

Montgomery County, Tennessee  
Carolyn P. Bowers  
County Mayor  
Debbie Gentry, Assistant  
[mayorbowers@montgomerycountyttn.org](mailto:mayorbowers@montgomerycountyttn.org)  
[dlegentry@montgomerycountyttn.org](mailto:dlegentry@montgomerycountyttn.org)  
Emily  
Phone: (931) 648-5787  
Fax: (931) 553-5177  
Erinne J. Hester  
Director of Accounts & Budgets  
Phone: (931) 648-5705  
[ehester@montgomerycountyttn.org](mailto:ehester@montgomerycountyttn.org)  
Shannon Holt  
[sholt@montgomerycountyttn.org](mailto:sholt@montgomerycountyttn.org)  
Gloria James  
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Phone: (931) 648-5705  
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TBD

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**RATING AGENCY**

TBD

**VERIFICATION AGENT**

TBD

# Exhibit F1

## Anticipated Financial Analysis

# F1 ANTICIPATED REFINANCING FINANCIAL ANALYSIS

MONTGOMERY COUNTY, TENNESSEE

\$19,760,000 GO Refunding Bonds, Series 2012, Dated: April 1, 2012

Interest Rates as of 2/22/2012

**Series 2005 Callable April 1, 2016 at 100% NOT INCLUDED**

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# F1 ANTICIPATED REFINANCING FINANCIAL ANALYSIS

Preliminary

MONTGOMERY COUNTY, TENNESSEE

\$19,760,000 GO Refunding Bonds, Series 2012, Dated: April 1, 2012

Interest Rates as of 2/22/2012

## Debt Service Comparison

Date	AFTER REFUNDING Total P+I	NOT REFUNDED CURRENT Existing D/S	TOTAL AFTER REFUNDING Net New D/S	TOTAL BEFORE REFUNDING Old Net D/S	PROJECTED Savings
06/30/2012	-	4,423,250.00	4,421,279.52	4,484,983.86	63,704.34
06/30/2013	963,700.00	1,144,500.00	2,108,200.00	2,306,806.26	198,606.26
06/30/2014	1,981,300.00	108,000.00	2,089,300.00	2,288,806.26	199,506.26
06/30/2015	1,968,400.00	104,000.00	2,072,400.00	2,268,881.26	196,481.26
06/30/2016	3,450,200.00	-	3,450,200.00	3,650,781.26	200,581.26
06/30/2017	3,376,800.00	-	3,376,800.00	3,572,606.26	195,806.26
06/30/2018	3,298,700.00	-	3,298,700.00	3,494,381.26	195,681.26
06/30/2019	708,300.00	-	708,300.00	908,275.00	199,975.00
06/30/2020	706,000.00	-	706,000.00	901,625.00	195,625.00
06/30/2021	3,197,600.00	-	3,197,600.00	3,393,950.00	196,350.00
06/30/2022	1,005,000.00	-	1,005,000.00	1,205,250.00	200,250.00
06/30/2023	967,400.00	-	967,400.00	1,164,000.00	196,600.00
06/30/2024	125,000.00	-	125,000.00	121,500.00	(3,500.00)
06/30/2025	2,625,000.00	-	2,625,000.00	2,821,500.00	196,500.00
<b>Total</b>	<b>\$24,373,400.00</b>	<b>\$5,779,750.00</b>	<b>\$30,151,179.52</b>	<b>\$32,583,346.42</b>	<b>\$2,432,166.90</b>

### PV Analysis Summary (Net to Net)

Gross PV Debt Service Savings	2,432,421.38
Net PV Cashflow Savings @ 1.961%(AIC)	2,432,421.38
Transfers from Prior Issue Debt Service Fund	(308,669.27)
Contingency or Rounding Amount	1,970.48
<b>Net Present Value Benefit</b>	<b>\$2,125,722.59</b>

Net PV Benefit / \$6,000,049.01 PV Refunded Interest	35.428%
Net PV Benefit / \$24,431,388.81 PV Refunded Debt Service	8.701%
Net PV Benefit / \$20,665,000 Refunded Principal...	10.287%
Net PV Benefit / \$19,760,000 Refunding Principal..	10.758%

### Refunding Bond Information

Refunding Dated Date	4/01/2012
Refunding Delivery Date	4/01/2012

Preliminary

**MONTGOMERY COUNTY, TENNESSEE**

\$7,265,000 GO UnRefunded Bonds, Series 2001, Dated: 12/1/2001

Callable 5/1/2012 at Par

**Prior Original Debt Service**

Date	Principal	Coupon	Interest	Total P+I
06/30/2012	3,300,000.00	-	195,840.63	3,495,840.63
06/30/2013	300,000.00	-	210,181.26	510,181.26
06/30/2014	335,000.00	-	193,681.26	528,681.26
06/30/2015	370,000.00	-	175,256.26	545,256.26
06/30/2016	410,000.00	-	154,906.26	564,906.26
06/30/2017	445,000.00	-	132,356.26	577,356.26
06/30/2018	485,000.00	-	107,881.26	592,881.26
06/30/2019	520,000.00	-	83,025.00	603,025.00
06/30/2020	540,000.00	-	56,375.00	596,375.00
06/30/2021	560,000.00	-	28,700.00	588,700.00
<b>Total</b>	<b>57,265,000.00</b>	<b>-</b>	<b>51,338,203.19</b>	<b>58,603,203.19</b>

**Yield Statistics**

Base date for Avg. Life & Avg. Coupon Calculation	4/01/2012
Average Life	3.092 Years
Average Coupon	5.2314375%
Weighted Average Maturity (Par Basis)	3.092 Years

**Refunding Bond Information**

Refunding Dated Date	4/01/2012
Refunding Delivery Date	4/01/2012

Preliminary

## MONTGOMERY COUNTY, TENNESSEE

\$25,000,000 GO Public Improvement Bonds, Series 2003, Dated: 6/1/2003

Callable 5/1/2012 at Par

### Prior Original Debt Service

Date	Principal	Coupon	Interest	Total P+I
06/30/2012	1,000,000.00	-	297,812.50	1,297,812.50
06/30/2013	1,000,000.00	-	563,125.00	1,563,125.00
06/30/2014	1,000,000.00	-	530,625.00	1,530,625.00
06/30/2015	1,000,000.00	-	498,125.00	1,498,125.00
06/30/2016	2,500,000.00	-	464,375.00	2,964,375.00
06/30/2017	2,500,000.00	-	373,750.00	2,873,750.00
06/30/2018	2,500,000.00	-	280,000.00	2,780,000.00
06/30/2019	-	-	183,750.00	183,750.00
06/30/2020	-	-	183,750.00	183,750.00
06/30/2021	2,500,000.00	-	183,750.00	2,683,750.00
06/30/2022	1,000,000.00	-	83,750.00	1,083,750.00
06/30/2023	1,000,000.00	-	42,500.00	1,042,500.00
<b>Total</b>	<b>\$16,000,000.00</b>	<b>-</b>	<b>\$3,685,312.50</b>	<b>\$19,685,312.50</b>

### Yield Statistics

Base date for Avg Life & Avg. Coupon Calculation	4/01/2012
Average Life	5.521 Years
Average Coupon	3.8910967%
Weighted Average Maturity (Par Basis)	5.521 Years

### Refunding Bond Information

Refunding Dated Date	4/01/2012
Refunding Delivery Date	4/01/2012

Preliminary

**MONTGOMERY COUNTY, TENNESSEE**

\$22,000,000 GO School & Pub Imp Bonds, Series 2004, Dated 11/1/2004

Callable 4/1/2015 at Par

**Prior Original Debt Service**

Date	Principal	Coupon	Interest	Total P+I
06/30/2012	-	-	-	-
06/30/2013	100,000.00	-	133,500.00	233,500.00
06/30/2014	100,000.00	-	129,500.00	229,500.00
06/30/2015	100,000.00	-	125,500.00	225,500.00
06/30/2016	-	-	121,500.00	121,500.00
06/30/2017	-	-	121,500.00	121,500.00
06/30/2018	-	-	121,500.00	121,500.00
06/30/2019	-	-	121,500.00	121,500.00
06/30/2020	-	-	121,500.00	121,500.00
06/30/2021	-	-	121,500.00	121,500.00
06/30/2022	-	-	121,500.00	121,500.00
06/30/2023	-	-	121,500.00	121,500.00
06/30/2024	-	-	121,500.00	121,500.00
06/30/2025	2,700,000.00	-	121,500.00	2,821,500.00
<b>Total</b>	<b>\$3,000,000.00</b>	<b>-</b>	<b>\$1,603,500.00</b>	<b>\$4,603,500.00</b>

**Yield Statistics**

Base date for Avg. Life & Avg. Coupon Calculation	4/01/2012
Average Life	11.900 Years
Average Coupon	4.4915966%
Weighted Average Maturity (Par Basis)	11.900 Years

**Refunding Bond Information**

Refunding Dated Date	4/01/2012
Refunding Delivery Date	4/01/2012

Preliminary

**MONTGOMERY COUNTY, TENNESSEE**

\$19,760,000 GO Refunding Bonds, Series 2012, Dated: April 1, 2012

Interest Rates as of 2/22/2012

**AGGREGATE TOTAL OF BONDS P & I BEING REFINANCED**  
**Total Refunded Debt Service**

DATE	2001 UnRefd Bds dd 12012001	2003 Pub Imp Bds dd 06012003	2004 Sch & Pub Imp Bds dd 11012004	TOTAL P+I
06/30/2012	105,090.63	265,312.50	-	370,403.13
06/30/2013	510,181.26	530,625.00	121,500.00	1,162,306.26
06/30/2014	528,681.26	1,530,625.00	121,500.00	2,180,806.26
06/30/2015	545,256.26	1,498,125.00	121,500.00	2,164,881.26
06/30/2016	564,906.26	2,964,375.00	121,500.00	3,650,781.26
06/30/2017	577,356.26	2,873,750.00	121,500.00	3,572,606.26
06/30/2018	592,881.26	2,780,000.00	121,500.00	3,494,381.26
06/30/2019	603,025.00	183,750.00	121,500.00	908,275.00
06/30/2020	596,375.00	183,750.00	121,500.00	901,625.00
06/30/2021	588,700.00	2,683,750.00	121,500.00	3,393,950.00
06/30/2022	-	1,083,750.00	121,500.00	1,205,250.00
06/30/2023	-	1,042,500.00	121,500.00	1,164,000.00
06/30/2024	-	-	121,500.00	121,500.00
06/30/2025	-	-	2,821,500.00	2,821,500.00
<b>Total</b>	<b>\$5,212,453.19</b>	<b>\$17,620,312.50</b>	<b>\$4,279,500.00</b>	<b>\$27,112,265.69</b>

**Yield Statistics**

Base date for Avg. Life & Avg. Coupon Calculation	4/01/2012
Average Life	6.990 Years
Average Coupon	4.2495728%
Weighted Average Maturity (Par Basis)	6.990 Years

**Refunding Bond Information**

Refunding Dated Date	4/01/2012
Refunding Delivery Date	4/01/2012



Preliminary

**MONTGOMERY COUNTY, TENNESSEE**

\$7,265,000 GO UnRefunded Bonds, Series 2001, Dated: 12/1/2001

Callable 5/1/2012 at Par

**TO BE REFINANCE (REFUNDED)**

**Total Refunded Debt Service**

Date	Principal	Coupon	Interest	Total P+I
06/30/2012	-	5.500%	105,090.63	105,090.63
06/30/2013	300,000.00	5.500%	210,181.26	510,181.26
06/30/2014	335,000.00	5.500%	193,681.26	528,681.26
06/30/2015	370,000.00	5.500%	175,256.26	545,256.26
06/30/2016	410,000.00	5.500%	154,906.26	564,906.26
06/30/2017	445,000.00	5.500%	132,356.26	577,356.26
06/30/2018	485,000.00	5.125%	107,881.26	592,881.26
06/30/2019	520,000.00	5.125%	83,025.00	603,025.00
06/30/2020	540,000.00	5.125%	56,375.00	596,375.00
06/30/2021	560,000.00	5.125%	28,700.00	588,700.00
<b>Total</b>	<b>\$3,965,000.00</b>	<b>-</b>	<b>\$1,247,453.19</b>	<b>\$5,212,453.19</b>

**Yield Statistics**

Base date for Avg. Life & Avg. Coupon Calculation	4/01/2012
Average Life	5.595 Years
Average Coupon	5.2281085%
Weighted Average Maturity (Par Basis)	5.595 Years

**Refunding Bond Information**

Refunding Dated Date	4/01/2012
Refunding Delivery Date	4/01/2012

Preliminary

**MONTGOMERY COUNTY, TENNESSEE**

\$25,000,000 GO Public Improvement Bonds, Series 2003, Dated: 6/1/2003

Callable 5/1/2012 at Par

**TO BE REFINANCE (REFUNDED)**

**Total Refunded Debt Service**

Date	Principal	Coupon	Interest	Total P+I
06/30/2012	-	3.250%	265,312.50	265,312.50
06/30/2013	-	3.250%	530,625.00	530,625.00
06/30/2014	1,000,000.00	3.250%	530,625.00	1,530,625.00
06/30/2015	1,000,000.00	3.375%	498,125.00	1,498,125.00
06/30/2016	2,500,000.00	3.625%	464,375.00	2,964,375.00
06/30/2017	2,500,000.00	3.750%	373,750.00	2,873,750.00
06/30/2018	2,500,000.00	3.850%	280,000.00	2,780,000.00
06/30/2019	-	-	183,750.00	183,750.00
06/30/2020	-	-	183,750.00	183,750.00
06/30/2021	2,500,000.00	4.000%	183,750.00	2,683,750.00
06/30/2022	1,000,000.00	4.125%	83,750.00	1,083,750.00
06/30/2023	1,000,000.00	4.250%	42,500.00	1,042,500.00
<b>Total</b>	<b>\$14,000,000.00</b>	<b>-</b>	<b>\$3,620,312.50</b>	<b>\$17,620,312.50</b>

**Yield Statistics**

Base date for Avg. Life & Avg. Coupon Calculation	4/01/2012
Average Life	6.226 Years
Average Coupon	3.8996773%
Weighted Average Maturity (Par Basis)	6.226 Years

**Refunding Bond Information**

Refunding Dated Date	4/01/2012
Refunding Delivery Date	4/01/2012

Preliminary

**MONTGOMERY COUNTY, TENNESSEE**

\$22,000,000 GO School & Pub Imp Bonds, Series 2004, Dated 11/1/2004

Callable 4/1/2015 at Par

**TO BE REFINANCE (REFUNDED)  
Total Refunded Debt Service**

Date	Principal	Coupon	Interest	Total P+I
06/30/2013	-	4.000%	121,500.00	121,500.00
06/30/2014	-	4.000%	121,500.00	121,500.00
06/30/2015	-	4.000%	121,500.00	121,500.00
06/30/2016	-	-	121,500.00	121,500.00
06/30/2017	-	-	121,500.00	121,500.00
06/30/2018	-	-	121,500.00	121,500.00
06/30/2019	-	-	121,500.00	121,500.00
06/30/2020	-	-	121,500.00	121,500.00
06/30/2021	-	-	121,500.00	121,500.00
06/30/2022	-	-	121,500.00	121,500.00
06/30/2023	-	-	121,500.00	121,500.00
06/30/2024	-	-	121,500.00	121,500.00
06/30/2025	2,700,000.00	4.500%	121,500.00	2,821,500.00
Total	\$2,700,000.00	-	\$1,579,500.00	\$4,279,500.00

**Yield Statistics**

Base date for Avg. Life & Avg. Coupon Calculation	4/01/2012
Average Life	13.000 Years
Average Coupon	4.5000000%
Weighted Average Maturity (Par Basis)	13.000 Years

**Refunding Bond Information**

Refunding Dated Date	4/01/2012
Refunding Delivery Date	4/01/2012

Preliminary

## MONTGOMERY COUNTY, TENNESSEE

\$19,760,000 GO Refunding Bonds, Series 2012, Dated: April 1, 2012

Interest Rates as of 2/22/2012

### TO BE REFINANCE (REFUNDED)

#### Summary Of Bonds Refunded

Issue	Maturity	Type	of Bond	Coupon	Maturity Value	Call Date	Call Price
<b>Dated 5/01/2011   Delivered 5/01/2011</b>							
2001 UnRefd Bds dd 12012001	05/01/2013	Serial	Coupon	5.500%	300,000	05/03/2012	100.000%
2001 UnRefd Bds dd 12012001	05/01/2014	Serial	Coupon	5.500%	335,000	05/03/2012	100.000%
2001 UnRefd Bds dd 12012001	05/01/2015	Serial	Coupon	5.500%	370,000	05/03/2012	100.000%
2001 UnRefd Bds dd 12012001	05/01/2016	Serial	Coupon	5.500%	410,000	05/03/2012	100.000%
2001 UnRefd Bds dd 12012001	05/01/2017	Serial	Coupon	5.500%	445,000	05/03/2012	100.000%
2001 UnRefd Bds dd 12012001	05/01/2018	Serial	Coupon	5.125%	485,000	05/03/2012	100.000%
2001 UnRefd Bds dd 12012001	05/01/2019	Serial	Coupon	5.125%	520,000	05/03/2012	100.000%
2001 UnRefd Bds dd 12012001	05/01/2020	Serial	Coupon	5.125%	540,000	05/03/2012	100.000%
2001 UnRefd Bds dd 12012001	05/01/2021	Serial	Coupon	5.125%	560,000	05/03/2012	100.000%
<b>Subtotal</b>	-	-	-	-	<b>\$3,965,000</b>	-	-
<b>Dated 5/01/2011   Delivered 5/01/2011</b>							
2003 Pub Imp Bds dd 06012003	05/01/2014	Serial	Coupon	3.250%	1,000,000	05/01/2013	100.000%
2003 Pub Imp Bds dd 06012003	05/01/2015	Serial	Coupon	3.375%	1,000,000	05/01/2013	100.000%
2003 Pub Imp Bds dd 06012003	05/01/2016	Serial	Coupon	3.625%	2,500,000	05/01/2013	100.000%
2003 Pub Imp Bds dd 06012003	05/01/2017	Serial	Coupon	3.750%	2,500,000	05/01/2013	100.000%
2003 Pub Imp Bds dd 06012003	05/01/2018	Serial	Coupon	3.850%	2,500,000	05/01/2013	100.000%
2003 Pub Imp Bds dd 06012003	05/01/2021	Serial	Coupon	4.000%	2,500,000	05/01/2013	100.000%
2003 Pub Imp Bds dd 06012003	05/01/2022	Serial	Coupon	4.125%	1,000,000	05/01/2013	100.000%
2003 Pub Imp Bds dd 06012003	05/01/2023	Serial	Coupon	4.250%	1,000,000	05/01/2013	100.000%
<b>Subtotal</b>	-	-	-	-	<b>\$14,000,000</b>	-	-
<b>Dated 4/01/2011   Delivered 4/01/2011</b>							
2004 Sch & Pub Imp Bds dd 11012004	04/01/2025	Serial	Coupon	4.500%	2,700,000	04/01/2015	100.000%
<b>Subtotal</b>	-	-	-	-	<b>\$2,700,000</b>	-	-
<b>Total</b>	-	-	-	-	<b>\$20,665,000</b>	-	-

Preliminary

**MONTGOMERY COUNTY, TENNESSEE**

\$19,760,000 GO Refunding Bonds, Series 2012, Dated: April 1, 2012

Interest Rates as of 2/22/2012

**Debt Service To Maturity And To Call**

Part 1 of 2

Date	Refunded Bonds	Interest to Call	D/S To Call	Principal	Interest	Refunded D/S
05/01/2012	-	370,403.13	370,403.13	-	370,403.13	370,403.13
05/03/2012	3,965,000.00	1,167.67	3,966,167.67	-	-	-
10/01/2012	-	60,750.00	60,750.00	-	60,750.00	60,750.00
11/01/2012	-	265,312.50	265,312.50	-	370,403.13	370,403.13
04/01/2013	-	60,750.00	60,750.00	-	60,750.00	60,750.00
05/01/2013	14,000,000.00	265,312.50	14,265,312.50	300,000.00	370,403.13	670,403.13
10/01/2013	-	60,750.00	60,750.00	-	60,750.00	60,750.00
11/01/2013	-	-	-	-	362,153.13	362,153.13
04/01/2014	-	60,750.00	60,750.00	-	60,750.00	60,750.00
05/01/2014	-	-	-	1,335,000.00	362,153.13	1,697,153.13
10/01/2014	-	60,750.00	60,750.00	-	60,750.00	60,750.00
11/01/2014	-	-	-	-	336,690.63	336,690.63
04/01/2015	2,700,000.00	60,750.00	2,760,750.00	-	60,750.00	60,750.00
05/01/2015	-	-	-	1,370,000.00	336,690.63	1,706,690.63
10/01/2015	-	-	-	-	60,750.00	60,750.00
11/01/2015	-	-	-	-	309,640.63	309,640.63
04/01/2016	-	-	-	-	60,750.00	60,750.00
05/01/2016	-	-	-	2,910,000.00	309,640.63	3,219,640.63
10/01/2016	-	-	-	-	60,750.00	60,750.00
11/01/2016	-	-	-	-	253,053.13	253,053.13
04/01/2017	-	-	-	-	60,750.00	60,750.00
05/01/2017	-	-	-	2,945,000.00	253,053.13	3,198,053.13
10/01/2017	-	-	-	-	60,750.00	60,750.00
11/01/2017	-	-	-	-	193,940.63	193,940.63
04/01/2018	-	-	-	-	60,750.00	60,750.00
05/01/2018	-	-	-	2,985,000.00	193,940.63	3,178,940.63
10/01/2018	-	-	-	-	60,750.00	60,750.00
11/01/2018	-	-	-	-	133,387.50	133,387.50
04/01/2019	-	-	-	-	60,750.00	60,750.00
05/01/2019	-	-	-	520,000.00	133,387.50	653,387.50
10/01/2019	-	-	-	-	60,750.00	60,750.00
11/01/2019	-	-	-	-	120,062.50	120,062.50
04/01/2020	-	-	-	-	60,750.00	60,750.00
05/01/2020	-	-	-	540,000.00	120,062.50	660,062.50
10/01/2020	-	-	-	-	60,750.00	60,750.00
11/01/2020	-	-	-	-	106,225.00	106,225.00
04/01/2021	-	-	-	-	60,750.00	60,750.00
05/01/2021	-	-	-	3,060,000.00	106,225.00	3,166,225.00
10/01/2021	-	-	-	-	60,750.00	60,750.00
11/01/2021	-	-	-	-	41,875.00	41,875.00
04/01/2022	-	-	-	-	60,750.00	60,750.00
05/01/2022	-	-	-	1,000,000.00	41,875.00	1,041,875.00
10/01/2022	-	-	-	-	60,750.00	60,750.00

Preliminary

**MONTGOMERY COUNTY, TENNESSEE**

\$19,760,000 GO Refunding Bonds, Series 2012, Dated: April 1, 2012

Interest Rates as of 2/22/2012

**Debt Service To Maturity And To Call**

Part 2 of 2

Date	Refunded Bonds	Interest to Call	D/S To Call	Principal	Interest	Refunded D/S
11/01/2022	-	-	-	-	21,250.00	21,250.00
04/01/2023	-	-	-	-	60,750.00	60,750.00
05/01/2023	-	-	-	1,000,000.00	21,250.00	1,021,250.00
10/01/2023	-	-	-	-	60,750.00	60,750.00
04/01/2024	-	-	-	-	60,750.00	60,750.00
10/01/2024	-	-	-	-	60,750.00	60,750.00
04/01/2025	-	-	-	2,700,000.00	60,750.00	2,760,750.00
<b>Total</b>	<b>\$20,665,000.00</b>	<b>\$1,266,695.80</b>	<b>\$21,931,695.80</b>	<b>\$20,665,000.00</b>	<b>\$6,447,265.69</b>	<b>\$27,112,265.69</b>

**Yield Statistics**

Base date for Avg Life & Avg Coupon Calculation	4/01/2012
Average Life	6.990 Years
Average Coupon	4.4632556%
Weighted Average Maturity (Par Basis)	6.990 Years

**Refunding Bond Information**

Refunding Dated Date	4/01/2012
Refunding Delivery Date	4/01/2012

Preliminary

**MONTGOMERY COUNTY, TENNESSEE**

\$7,265,000 GO UnRefunded Bonds, Series 2001, Dated: 12/1/2001

Callable 5/1/2012 at Par

**Debt Service To Maturity And To Call**

Date	Refunded Bonds	Refunded Interest	D/S To Call	Prncipal	Coupon	Interest	Refunded D/S
05/01/2012	-	105,090.63	105,090.63	-	5.500%	105,090.63	105,090.63
05/03/2012	3,965,000.00	1,167.67	3,966,167.67	-	-	-	-
11/01/2012	-	-	-	-	-	105,090.63	105,090.63
05/01/2013	-	-	-	300,000.00	5.500%	105,090.63	405,090.63
11/01/2013	-	-	-	-	-	96,840.63	96,840.63
05/01/2014	-	-	-	335,000.00	5.500%	96,840.63	431,840.63
11/01/2014	-	-	-	-	-	87,628.13	87,628.13
05/01/2015	-	-	-	370,000.00	5.500%	87,628.13	457,628.13
11/01/2015	-	-	-	-	-	77,453.13	77,453.13
05/01/2016	-	-	-	410,000.00	5.500%	77,453.13	487,453.13
11/01/2016	-	-	-	-	-	66,178.13	66,178.13
05/01/2017	-	-	-	445,000.00	5.500%	66,178.13	511,178.13
11/01/2017	-	-	-	-	-	53,940.63	53,940.63
05/01/2018	-	-	-	485,000.00	5.125%	53,940.63	538,940.63
11/01/2018	-	-	-	-	-	41,512.50	41,512.50
05/01/2019	-	-	-	520,000.00	5.125%	41,512.50	561,512.50
11/01/2019	-	-	-	-	-	28,187.50	28,187.50
05/01/2020	-	-	-	540,000.00	5.125%	28,187.50	568,187.50
11/01/2020	-	-	-	-	-	14,350.00	14,350.00
05/01/2021	-	-	-	560,000.00	5.125%	14,350.00	574,350.00
<b>Total</b>	<b>\$3,965,000.00</b>	<b>\$106,258.30</b>	<b>\$4,071,258.30</b>	<b>\$3,965,000.00</b>	<b>-</b>	<b>\$1,247,453.19</b>	<b>\$5,212,453.19</b>

**Yield Statistics**

Base date for Avg. Life & Avg. Coupon Calculation	4/01/2012
Average Life	5.595 Years
Average Coupon	5.2281085%
Weighted Average Maturity (Par Basis)	5.595 Years

**Refunding Bond Information**

Refunding Dated Date	4/01/2012
Refunding Delivery Date	4/01/2012

Preliminary

**MONTGOMERY COUNTY, TENNESSEE**

\$25,000,000 GO Public Improvement Bonds, Series 2003, Dated: 6/1/2003

Callable 5/1/2012 at Par

**Debt Service To Maturity And To Call**

Date	Refunded Bonds	Refunded Interest	D/S To Call	Principal	Coupon	Interest	Refunded D/S
05/01/2012	-	265,312.50	265,312.50	-	3.250%	265,312.50	265,312.50
11/01/2012	-	265,312.50	265,312.50	-	-	265,312.50	265,312.50
05/01/2013	14,000,000.00	265,312.50	14,265,312.50	-	3.250%	265,312.50	265,312.50
11/01/2013	-	-	-	-	-	265,312.50	265,312.50
05/01/2014	-	-	-	1,000,000.00	3.250%	265,312.50	1,265,312.50
11/01/2014	-	-	-	-	-	249,062.50	249,062.50
05/01/2015	-	-	-	1,000,000.00	3.375%	249,062.50	1,249,062.50
11/01/2015	-	-	-	-	-	232,187.50	232,187.50
05/01/2016	-	-	-	2,500,000.00	3.625%	232,187.50	2,732,187.50
11/01/2016	-	-	-	-	-	186,875.00	186,875.00
05/01/2017	-	-	-	2,500,000.00	3.750%	186,875.00	2,686,875.00
11/01/2017	-	-	-	-	-	140,000.00	140,000.00
05/01/2018	-	-	-	2,500,000.00	3.850%	140,000.00	2,640,000.00
11/01/2018	-	-	-	-	-	91,875.00	91,875.00
05/01/2019	-	-	-	-	-	91,875.00	91,875.00
11/01/2019	-	-	-	-	-	91,875.00	91,875.00
05/01/2020	-	-	-	-	-	91,875.00	91,875.00
11/01/2020	-	-	-	-	-	91,875.00	91,875.00
05/01/2021	-	-	-	2,500,000.00	4.000%	91,875.00	2,591,875.00
11/01/2021	-	-	-	-	-	41,875.00	41,875.00
05/01/2022	-	-	-	1,000,000.00	4.125%	41,875.00	1,041,875.00
11/01/2022	-	-	-	-	-	21,250.00	21,250.00
05/01/2023	-	-	-	1,000,000.00	4.250%	21,250.00	1,021,250.00
<b>Total</b>	<b>\$14,000,000.00</b>	<b>\$795,937.50</b>	<b>\$14,795,937.50</b>	<b>\$14,000,000.00</b>	<b>-</b>	<b>\$3,620,312.50</b>	<b>\$17,620,312.50</b>

**Yield Statistics**

Base date for Avg. Life & Avg. Coupon Calculation	4/01/2012
Average Life	6.226 Years
Average Coupon	3.8996773%
Weighted Average Maturity (Par Basis)	6.226 Years

**Refunding Bond Information**

Refunding Dated Date	4/01/2012
Refunding Delivery Date	4/01/2012



Preliminary

**MONTGOMERY COUNTY, TENNESSEE**

\$22,000,000 GO School & Pub Imp Bonds, Series 2004, Dated 11/1/2004

Callable 4/1/2015 at Par

**Debt Service To Maturity And To Call**

Date	Refunded Bonds	Refunded Interest	D/S To Call	Principal	Coupon	Interest	Refunded D/S
10/01/2012	-	60,750.00	60,750.00	-	-	60,750.00	60,750.00
04/01/2013	-	60,750.00	60,750.00	-	4.000%	60,750.00	60,750.00
10/01/2013	-	60,750.00	60,750.00	-	-	60,750.00	60,750.00
04/01/2014	-	60,750.00	60,750.00	-	4.000%	60,750.00	60,750.00
10/01/2014	-	60,750.00	60,750.00	-	-	60,750.00	60,750.00
04/01/2015	2,700,000.00	60,750.00	2,760,750.00	-	4.000%	60,750.00	60,750.00
10/01/2015	-	-	-	-	-	60,750.00	60,750.00
04/01/2016	-	-	-	-	-	60,750.00	60,750.00
10/01/2016	-	-	-	-	-	60,750.00	60,750.00
04/01/2017	-	-	-	-	-	60,750.00	60,750.00
10/01/2017	-	-	-	-	-	60,750.00	60,750.00
04/01/2018	-	-	-	-	-	60,750.00	60,750.00
10/01/2018	-	-	-	-	-	60,750.00	60,750.00
04/01/2019	-	-	-	-	-	60,750.00	60,750.00
10/01/2019	-	-	-	-	-	60,750.00	60,750.00
04/01/2020	-	-	-	-	-	60,750.00	60,750.00
10/01/2020	-	-	-	-	-	60,750.00	60,750.00
04/01/2021	-	-	-	-	-	60,750.00	60,750.00
10/01/2021	-	-	-	-	-	60,750.00	60,750.00
04/01/2022	-	-	-	-	-	60,750.00	60,750.00
10/01/2022	-	-	-	-	-	60,750.00	60,750.00
04/01/2023	-	-	-	-	-	60,750.00	60,750.00
10/01/2023	-	-	-	-	-	60,750.00	60,750.00
04/01/2024	-	-	-	-	-	60,750.00	60,750.00
10/01/2024	-	-	-	-	-	60,750.00	60,750.00
04/01/2025	-	-	-	2,700,000.00	4.500%	60,750.00	2,760,750.00
<b>Total</b>	<b>\$2,700,000.00</b>	<b>\$364,500.00</b>	<b>\$3,064,500.00</b>	<b>\$2,700,000.00</b>	<b>-</b>	<b>\$1,579,500.00</b>	<b>\$4,279,500.00</b>

**Yield Statistics**

Base date for Avg. Life & Avg. Coupon Calculation	4/01/2012
Average Life	13.000 Years
Average Coupon	4.5000000%
Weighted Average Maturity (Par Basis)	13.000 Years

**Refunding Bond Information**

Refunding Dated Date	4/01/2012
Refunding Delivery Date	4/01/2012

Preliminary

**MONTGOMERY COUNTY, TENNESSEE**

\$19,760,000 GO Refunding Bonds, Series 2012, Dated: April 1, 2012

Interest Rates as of 2/22/2012

**Escrow Fund Cashflow**

Date	Principal	Rate	Interest	+Transfers	Receipts	Disbursements	Cash Balance
04/01/2012	-	-	-	0.27	1.19	-	1.19
05/01/2012	59,845.00	0.030%	1,881.10	308,676.61	370,402.71	370,403.13	0.77
05/03/2012	3,966,063.00	0.030%	104.31	-	3,966,167.31	3,966,167.67	0.41
10/01/2012	54,551.00	0.120%	6,198.94	-	60,749.94	60,750.00	0.35
11/01/2012	253,716.00	0.130%	11,596.50	-	265,312.50	265,312.50	0.35
04/01/2013	54,497.00	0.160%	6,253.31	-	60,750.31	60,750.00	0.66
05/01/2013	14,253,909.00	0.160%	11,403.12	-	14,265,312.12	14,265,312.50	0.28
10/01/2013	54,584.00	0.230%	6,166.12	-	60,750.12	60,750.00	0.40
04/01/2014	54,647.00	0.300%	6,103.35	-	60,750.35	60,750.00	0.75
10/01/2014	54,728.00	0.360%	6,021.38	-	60,749.38	60,750.00	0.13
04/01/2015	2,754,827.00	0.430%	5,922.87	-	2,760,749.87	2,760,750.00	-
<b>Total</b>	<b>\$21,561,367.00</b>	<b>-</b>	<b>\$61,651.00</b>	<b>\$308,676.88</b>	<b>\$21,931,695.80</b>	<b>\$21,931,695.80</b>	<b>-</b>

**Investment Parameters**

Investment Model [PV, GIC, or Securities]	Securities
Default investment yield target	Bond Yield
Cost of Investments Purchased with Fund Transfers	308,669.27
Cash Deposit	0.92
Cost of Investments Purchased with Bond Proceeds	21,561,367.00
Total Cost of Investments	\$21,870,037.19
Target Cost of Investments at bond yield	\$21,218,947.61
Actual positive or (negative) arbitrage	(342,420.31)
Yield to Receipt	0.2502486%
Yield for Arbitrage Purposes	1.6659367%
State and Local Government Series (SLGS) rates for	2/22/2012

Preliminary

**MONTGOMERY COUNTY, TENNESSEE**

\$19,760,000 GO Refunding Bonds, Series 2012, Dated: April 1, 2012

Interest Rates as of 2/22/2012

**Unrestricted Money Cash Flow**

Date	Principal	Rate	Interest	-Transfers	Cash Balance
04/01/2012	-	-	-	(0.27)	-
05/01/2012	308,669.00	0.030%	7.61	(308,676.61)	-
Total	\$308,669.00	-	\$7.61	(308,676.88)	-

**Composition Of Initial Deposit**

Cash Deposit	0.27
Cost of Investments Purchased with Fund Transfers	308,669.00
Total Cost of Investments	\$308,669.27

Preliminary

**MONTGOMERY COUNTY, TENNESSEE**

\$19,760,000 GO Refunding Bonds, Series 2012, Dated: April 1, 2012

Interest Rates as of 2/22/2012

**Escrow Summary Cost**

Maturity	Type	Coupon	Yield	\$ Price	Par Amount	Principal Cost	+Accrued Interest	= Total Cost
<b>Bond Proceeds Account</b>								
05/01/2012	SLGS-CI	0.030%	0.030%	100.0000000%	59,845	59,845.00	-	59,845.00
05/03/2012	SLGS-CI	0.030%	0.030%	100.0000000%	3,966,063	3,966,063.00	-	3,966,063.00
10/01/2012	SLGS-CI	0.120%	0.120%	100.0000000%	54,551	54,551.00	-	54,551.00
11/01/2012	SLGS-CI	0.130%	0.130%	100.0000000%	253,716	253,716.00	-	253,716.00
04/01/2013	SLGS-CI	0.160%	0.160%	100.0000000%	54,497	54,497.00	-	54,497.00
05/01/2013	SLGS-NT	0.160%	0.160%	100.0000000%	14,253,909	14,253,909.00	-	14,253,909.00
10/01/2013	SLGS-NT	0.230%	0.230%	100.0000000%	54,584	54,584.00	-	54,584.00
04/01/2014	SLGS-NT	0.300%	0.300%	100.0000000%	54,647	54,647.00	-	54,647.00
10/01/2014	SLGS-NT	0.360%	0.360%	100.0000000%	54,728	54,728.00	-	54,728.00
04/01/2015	SLGS-NT	0.430%	0.430%	100.0000000%	2,754,827	2,754,827.00	-	2,754,827.00
<b>Subtotal</b>					<b>\$21,561,367</b>	<b>\$21,561,367.00</b>		<b>\$21,561,367.00</b>
<b>Unrestricted Money Account</b>								
05/01/2012	SLGS-CI	0.030%	0.030%	100.0000000%	308,669	308,669.00	-	308,669.00
<b>Subtotal</b>					<b>\$308,669</b>	<b>\$308,669.00</b>		<b>\$308,669.00</b>
<b>Total</b>					<b>\$21,870,036</b>	<b>\$21,870,036.00</b>		<b>\$21,870,036.00</b>

**Bond Proceeds Account**

Cash Deposit	0.92
Cost of Investments Purchased with Bond Proceeds	21,561,367.00
<b>Total Cost of Investments</b>	<b>\$21,561,367.92</b>

**Unrestricted Money Account**

Cash Deposit	0.27
Cost of Investments	308,669.00
<b>Total Cost of Investments</b>	<b>\$308,669.27</b>

Cash Deposit	1.19
Cost of Investments	21,870,036.00
<b>Total Deposit</b>	<b>\$21,870,037.19</b>

Delivery Date 4/01/2012

Preliminary

**MONTGOMERY COUNTY, TENNESSEE**

\$19,760,000 GO Refunding Bonds, Series 2012, Dated: April 1, 2012

Interest Rates as of 2/22/2012

**Primary Purpose Fund Proof Of Yield @ 0.2502486%**

Date	Cashflow	PV Factor	Present Value	Cumulative PV
04/01/2012	-	1.0000000x	-	-
05/01/2012	61,726.10	0.9997916x	61,713.24	61,713.24
05/03/2012	3,966,167.31	0.9997777x	3,965,285.71	4,026,998.95
10/01/2012	60,749.94	0.9987503x	60,674.02	4,087,672.97
11/01/2012	265,312.50	0.9985422x	264,925.73	4,352,598.70
04/01/2013	60,750.31	0.9975022x	60,598.57	4,413,197.27
05/01/2013	14,265,312.12	0.9972943x	14,226,714.97	18,639,912.24
10/01/2013	60,750.12	0.9962556x	60,522.65	18,700,434.89
04/01/2014	60,750.35	0.9950106x	60,447.24	18,760,882.13
10/01/2014	60,749.38	0.9937672x	60,370.74	18,821,252.87
04/01/2015	2,760,749.87	0.9925253x	2,740,114.13	21,561,367.00
<b>Total</b>	<b>\$21,623,018.00</b>	-	<b>\$21,561,367.00</b>	-

**Composition Of Initial Deposit**

Cost of Investments Purchased with Bond Proceeds	21,561,367.00
Adjusted Cost of Investments	21,561,367.00

Preliminary

**MONTGOMERY COUNTY, TENNESSEE**

\$19,760,000 GO Refunding Bonds, Series 2012, Dated: April 1, 2012

Interest Rates as of 2/22/2012

**Proof Of UMF Yield @ 0.0295869%**

<b>Date</b>	<b>Cashflow</b>	<b>PV Factor</b>	<b>Present Value</b>	<b>Cumulative PV</b>
04/01/2012	-	1.0000000x	-	-
05/01/2012	308,676.61	0.9999753x	308,669.00	308,669.00
<b>Total</b>	<b>\$308,676.61</b>	-	<b>\$308,669.00</b>	-
Cost of Investments Purchased with Fund Transfers				308,669.00
Adjusted Cost of Investments				308,669.00

Preliminary

## **MONTGOMERY COUNTY, TENNESSEE**

\$19,760,000 GO Refunding Bonds, Series 2012, Dated: April 1, 2012

Interest Rates as of 2/22/2012

### **Refunding Summary**

Part 1 of 2

Dated 04/01/2012 | Delivered 04/01/2012

#### **Sources Of Funds**

Par Amount of Bonds	\$19,760,000.00
Reoffering Premium	1,974,720.60
Transfers from Prior Issue Debt Service Funds	308,669.27
<b>Total Sources</b>	<b>\$22,043,389.87</b>

#### **Uses Of Funds**

Deposit to Net Cash Escrow Fund	21,870,037.19
Total Underwriter's Discount (0.575%)	113,620.00
Costs of Issuance	57,762.20
Rounding Amount	1,970.48
<b>Total Uses</b>	<b>\$22,043,389.87</b>

#### **Flow of Funds Detail**

State and Local Government Series (SLGS) rates for 2/22/2012  
Date of OMP Candidates

Net Cash Escrow Fund Solution Method	Net Funded
Total Cost of Investments	\$21,870,037.19
Interest Earnings @ 0.250%	61,651.00
Transfers from Unrestricted Money Fund	308,676.61
<b>Total Draws</b>	<b>\$21,931,695.80</b>

Unrestricted Money Fund Solution Method	Transfer All
Total Cost of Investments	\$308,669.27
Interest Earnings @ 0.030%	7.61
Transfers to Net Cash Escrow Fund	(308,676.61)

#### **Issues Refunded And Call Dates**

2001 UnRefd Bds dd 12012001	5/03/2012
2003 Pub Imp Bds dd 06012003	5/01/2013
2004 Sch & Pub Imp Bds dd 11012004	4/01/2015

Preliminary

**MONTGOMERY COUNTY, TENNESSEE**

\$19,760,000 GO Refunding Bonds, Series 2012, Dated: April 1, 2012

Interest Rates as of 2/22/2012

**Refunding Summary**

Part 2 of 2

Dated 04/01/2012 | Delivered 04/01/2012

**PV Analysis Summary (Net to Net)**

Net PV Cashflow Savings @ 1.961%(AIC)	2,432,421.38
Transfers from Prior Issue Debt Service Fund	(308,669.27)
Contingency or Rounding Amount	1,970.48
Net Present Value Benefit	\$2,125,722.59
Net PV Benefit / \$20,665,000 Refunded Principal	10.287%
Net PV Benefit / \$19,760,000 Refunding Principal	10.758%

**Bond Statistics**

Average Life	6.730 Years
Average Coupon	3.4693739%
Net Interest Cost (NIC)	2.0697871%
Bond Yield for Arbitrage Purposes	1.6659367%
True Interest Cost (TIC)	1.9170466%
All Inclusive Cost (AIC)	1.9608613%



Preliminary

**MONTGOMERY COUNTY, TENNESSEE**

\$19,760,000 GO Refunding Bonds, Series 2012, Dated: April 1, 2012

Interest Rates as of 2/22/2012

**Debt Service Schedule**

Part 1 of 2

Date	Principal	Coupon	Interest	Total P+I	Fiscal Total
04/01/2012	-	-	-	-	-
10/01/2012	-	-	296,850.00	296,850.00	-
04/01/2013	370,000.00	2.000%	296,850.00	666,850.00	-
06/30/2013	-	-	-	-	963,700.00
10/01/2013	-	-	293,150.00	293,150.00	-
04/01/2014	1,395,000.00	2.000%	293,150.00	1,688,150.00	-
06/30/2014	-	-	-	-	1,981,300.00
10/01/2014	-	-	279,200.00	279,200.00	-
04/01/2015	1,410,000.00	2.000%	279,200.00	1,689,200.00	-
06/30/2015	-	-	-	-	1,968,400.00
10/01/2015	-	-	265,100.00	265,100.00	-
04/01/2016	2,920,000.00	2.000%	265,100.00	3,185,100.00	-
06/30/2016	-	-	-	-	3,450,200.00
10/01/2016	-	-	235,900.00	235,900.00	-
04/01/2017	2,905,000.00	2.000%	235,900.00	3,140,900.00	-
06/30/2017	-	-	-	-	3,376,800.00
10/01/2017	-	-	206,850.00	206,850.00	-
04/01/2018	2,885,000.00	4.000%	206,850.00	3,091,850.00	-
06/30/2018	-	-	-	-	3,298,700.00
10/01/2018	-	-	149,150.00	149,150.00	-
04/01/2019	410,000.00	3.000%	149,150.00	559,150.00	-
06/30/2019	-	-	-	-	708,300.00
10/01/2019	-	-	143,000.00	143,000.00	-
04/01/2020	420,000.00	2.000%	143,000.00	563,000.00	-
06/30/2020	-	-	-	-	706,000.00
10/01/2020	-	-	138,800.00	138,800.00	-
04/01/2021	2,920,000.00	3.000%	138,800.00	3,058,800.00	-
06/30/2021	-	-	-	-	3,197,600.00
10/01/2021	-	-	95,000.00	95,000.00	-
04/01/2022	815,000.00	4.000%	95,000.00	910,000.00	-
06/30/2022	-	-	-	-	1,005,000.00
10/01/2022	-	-	78,700.00	78,700.00	-
04/01/2023	810,000.00	4.000%	78,700.00	888,700.00	-
06/30/2023	-	-	-	-	967,400.00
10/01/2023	-	-	62,500.00	62,500.00	-
04/01/2024	-	-	62,500.00	62,500.00	-
06/30/2024	-	-	-	-	125,000.00
10/01/2024	-	-	62,500.00	62,500.00	-
04/01/2025	2,500,000.00	5.000%	62,500.00	2,562,500.00	-
06/30/2025	-	-	-	-	2,625,000.00
<b>Total</b>	<b>\$19,760,000.00</b>	<b>-</b>	<b>\$4,613,400.00</b>	<b>\$24,373,400.00</b>	<b>-</b>

Preliminary

**MONTGOMERY COUNTY, TENNESSEE**

\$19,760,000 GO Refunding Bonds, Series 2012, Dated: April 1, 2012

Interest Rates as of 2/22/2012

**Debt Service Schedule**

Part 2 of 2

**Yield Statistics**

Bond Year Dollars	\$132,975 00
Average Life	6.730 Years
Average Coupon	3.4693739%
Net Interest Cost (NIC)	2.0697871%
True Interest Cost (TIC)	1.9170466%
Bond Yield for Arbitrage Purposes	1.6659367%
All Inclusive Cost (AIC)	1.9608613%

**IRS Form 8038**

Net Interest Cost	1.7616727%
Weighted Average Maturity	6.891 Years

Preliminary

## MONTGOMERY COUNTY, TENNESSEE

\$19,760,000 GO Refunding Bonds, Series 2012, Dated: April 1, 2012

Interest Rates as of 2/22/2012

### Debt Service Schedule

Date	Principal	Coupon	Interest	Total P+I
06/30/2012	-	-	-	-
06/30/2013	370,000.00	2.000%	593,700.00	963,700.00
06/30/2014	1,395,000.00	2.000%	586,300.00	1,981,300.00
06/30/2015	1,410,000.00	2.000%	558,400.00	1,968,400.00
06/30/2016	2,920,000.00	2.000%	530,200.00	3,450,200.00
06/30/2017	2,905,000.00	2.000%	471,800.00	3,376,800.00
06/30/2018	2,885,000.00	4.000%	413,700.00	3,298,700.00
06/30/2019	410,000.00	3.000%	298,300.00	708,300.00
06/30/2020	420,000.00	2.000%	286,000.00	706,000.00
06/30/2021	2,920,000.00	3.000%	277,600.00	3,197,600.00
06/30/2022	815,000.00	4.000%	190,000.00	1,005,000.00
06/30/2023	810,000.00	4.000%	157,400.00	967,400.00
06/30/2024	-	-	125,000.00	125,000.00
06/30/2025	2,500,000.00	5.000%	125,000.00	2,625,000.00
<b>Total</b>	<b>\$19,760,000.00</b>	<b>-</b>	<b>\$4,613,400.00</b>	<b>\$24,373,400.00</b>

### Yield Statistics

Bond Year Dollars	\$132,975.00
Average Life	6.730 Years
Average Coupon	3.4693739%
Net Interest Cost (NIC)	2.0697871%
True Interest Cost (TIC)	1.9170466%
Bond Yield for Arbitrage Purposes	1.6659367%
All Inclusive Cost (AIC)	1.9608613%

### IRS Form 8038

Net Interest Cost	1.7616727%
Weighted Average Maturity	6.891 Years

Preliminary

**MONTGOMERY COUNTY, TENNESSEE**

\$7,265,000 GO UnRefunded Bonds, Series 2001, Dated: 12/1/2001

Callable 5/1/2012 at Par

**Current Outstanding Debt Service**

Date	Principal	Coupon	Interest	Total P+I
05/01/2012	3,300,000.00	5.500%	90,750.00	3,390,750.00
Total	\$3,300,000.00	-	\$90,750.00	\$3,390,750.00

**Yield Statistics**

Base date for Avg. Life & Avg. Coupon Calculation	4/01/2012
Average Life	0.083 Years
Average Coupon	5.5000000%
Weighted Average Maturity (Par Basis)	0.083 Years

**Refunding Bond Information**

Refunding Dated Date	4/01/2012
Refunding Delivery Date	4/01/2012

Preliminary

**MONTGOMERY COUNTY, TENNESSEE**

\$25,000,000 GO Public Improvement Bonds, Series 2003, Dated: 6/1/2003

Callable 5/1/2012 at Par

**Current Outstanding Debt Service**

Date	Principal	Coupon	Interest	Total P+I
05/01/2012	1,000,000.00	3.250%	32,500.00	1,032,500.00
11/01/2012	-	-	16,250.00	16,250.00
05/01/2013	1,000,000.00	3.250%	16,250.00	1,016,250.00
Total	\$2,000,000.00	-	\$65,000.00	\$2,065,000.00

**Yield Statistics**

Base date for Avg. Life & Avg. Coupon Calculation	4/01/2012
Average Life	0.583 Years
Average Coupon	3.2500000%
Weighted Average Maturity (Par Basis)	0.583 Years

**Refunding Bond Information**

Refunding Dated Date	4/01/2012
Refunding Delivery Date	4/01/2012

Preliminary

**MONTGOMERY COUNTY, TENNESSEE**

\$22,000,000 GO School & Pub Imp Bonds, Series 2004, Dated 11/1/2004

Callable 4/1/2015 at Par

**Current Outstanding Debt Service**

Date	Principal	Coupon	Interest	Total P+I
10/01/2012	-	-	6,000.00	6,000.00
04/01/2013	100,000.00	4.000%	6,000.00	106,000.00
10/01/2013	-	-	4,000.00	4,000.00
04/01/2014	100,000.00	4.000%	4,000.00	104,000.00
10/01/2014	-	-	2,000.00	2,000.00
04/01/2015	100,000.00	4.000%	2,000.00	102,000.00
<b>Total</b>	<b>\$300,000.00</b>	<b>-</b>	<b>\$24,000.00</b>	<b>\$324,000.00</b>

**Yield Statistics**

Base date for Avg. Life & Avg. Coupon Calculation	4/01/2012
Average Life	2.000 Years
Average Coupon	4.0000000%
Weighted Average Maturity (Par Basis)	2.000 Years

**Refunding Bond Information**

Refunding Dated Date	4/01/2012
Refunding Delivery Date	4/01/2012

Preliminary

## MONTGOMERY COUNTY, TENNESSEE

\$19,760,000 GO Refunding Bonds, Series 2012, Dated: April 1, 2012

Interest Rates as of 2/22/2012

### Pricing Summary

Maturity	Type of Bond	Coupon	Yield	Maturity Value	Price	Dollar Price
04/01/2013	Serial Coupon	2.000%	0.420%	370,000.00	101.575%	375,827.50
04/01/2014	Serial Coupon	2.000%	0.480%	1,395,000.00	103.021%	1,437,142.95
04/01/2015	Serial Coupon	2.000%	0.670%	1,410,000.00	103.943%	1,465,596.30
04/01/2016	Serial Coupon	2.000%	0.770%	2,920,000.00	104.835%	3,061,182.00
04/01/2017	Serial Coupon	2.000%	0.900%	2,905,000.00	105.366%	3,060,882.30
04/01/2018	Serial Coupon	4.000%	1.200%	2,885,000.00	116.162%	3,351,273.70
04/01/2019	Serial Coupon	3.000%	1.460%	410,000.00	110.212%	451,869.20
04/01/2020	Serial Coupon	2.000%	1.720%	420,000.00	102.084%	428,752.80
04/01/2021	Serial Coupon	3.000%	1.940%	2,920,000.00	108.714%	3,174,448.80
04/01/2022	Serial Coupon	4.000%	2.090%	815,000.00	117.155%	954,813.25
04/01/2023	Serial Coupon	4.000%	2.200%	810,000.00	116.078%	940,231.80
04/01/2025	Serial Coupon	5.000%	2.570%	2,500,000.00	121.308%	3,032,700.00
Total				\$19,760,000.00		\$21,734,720.60

### Bid Information

Par Amount of Bonds	\$19,760,000.00
Reoffering Premium or (Discount)	1,974,720.60
Gross Production	\$21,734,720.60
Total Underwriter's Discount (0.575%)	\$(113,620.00)
Bid (109.419%)	21,621,100.60
Total Purchase Price	\$21,621,100.60
Bond Year Dollars	\$132,975.00
Average Life	6.730 Years
Average Coupon	3.4693739%
Net Interest Cost (NIC)	2.0697871%
True Interest Cost (TIC)	1.9170466%

Preliminary

**MONTGOMERY COUNTY, TENNESSEE**

\$19,760,000 GO Refunding Bonds, Series 2012, Dated: April 1, 2012

Interest Rates as of 2/22/2012

**Proof of Premium Bond Selection of Call Dates/Prices**

<b>Maturity</b>	<b>Call Date</b>	<b>Call Price</b>	<b>PV at Bond Yield</b>	<b>Lowest?</b>
04/01/2023	-	-	999,305.06	No
04/01/2023	04/01/2022	100.000%	983,487.25	Yes
04/01/2025	-	-	3,470,650.51	No
04/01/2025	04/01/2022	100.000%	3,264,863.18	Yes



Preliminary

**MONTGOMERY COUNTY, TENNESSEE**

\$19,760,000 GO Refunding Bonds, Series 2012, Dated: April 1, 2012

Interest Rates as of 2/22/2012

**Proof of D/S for Arbitrage Purposes**

<b>Date</b>	<b>Principal</b>	<b>Interest</b>	<b>Total</b>
04/01/2012	-	-	-
10/01/2012	-	296,850 00	296,850 00
04/01/2013	370,000 00	296,850 00	666,850 00
10/01/2013	-	293,150 00	293,150 00
04/01/2014	1,395,000 00	293,150 00	1,688,150 00
10/01/2014	-	279,200 00	279,200 00
04/01/2015	1,410,000 00	279,200 00	1,689,200 00
10/01/2015	-	265,100 00	265,100 00
04/01/2016	2,920,000 00	265,100 00	3,185,100 00
10/01/2016	-	235,900 00	235,900 00
04/01/2017	2,905,000 00	235,900 00	3,140,900 00
10/01/2017	-	206,850 00	206,850 00
04/01/2018	2,885,000 00	206,850 00	3,091,850 00
10/01/2018	-	149,150 00	149,150 00
04/01/2019	410,000 00	149,150 00	559,150 00
10/01/2019	-	143,000 00	143,000 00
04/01/2020	420,000 00	143,000 00	563,000 00
10/01/2020	-	138,800 00	138,800 00
04/01/2021	2,920,000 00	138,800 00	3,058,800 00
10/01/2021	-	95,000 00	95,000 00
04/01/2022	4,125,000 00	95,000 00	4,220,000 00
<b>Total</b>	<b>\$19,760,000.00</b>	<b>\$4,206,000.00</b>	<b>\$23,966,000.00</b>

Preliminary

**MONTGOMERY COUNTY, TENNESSEE**

\$19,760,000 GO Refunding Bonds, Series 2012, Dated: April 1, 2012

Interest Rates as of 2/22/2012

**Proof Of Bond Yield @ 1.6659367%**

Date	Cashflow	PV Factor	Present Value	Cumulative PV
04/01/2012	-	1.000000x	-	-
10/01/2012	296,850.00	0.9917391x	294,397.76	294,397.76
04/01/2013	666,850.00	0.9835465x	655,877.98	950,275.74
10/01/2013	293,150.00	0.9754215x	285,944.83	1,236,220.57
04/01/2014	1,688,150.00	0.9673637x	1,633,055.05	2,869,275.61
10/01/2014	279,200.00	0.9593724x	267,856.79	3,137,132.40
04/01/2015	1,689,200.00	0.9514472x	1,607,184.59	4,744,316.98
10/01/2015	265,100.00	0.9435874x	250,145.02	4,994,462.00
04/01/2016	3,185,100.00	0.9357925x	2,980,592.84	7,975,054.84
10/01/2016	235,900.00	0.9280621x	218,929.85	8,193,984.69
04/01/2017	3,140,900.00	0.9203955x	2,890,870.16	11,084,854.85
10/01/2017	206,850.00	0.9127922x	188,811.07	11,273,665.92
04/01/2018	3,091,850.00	0.9052517x	2,798,902.62	14,072,568.54
10/01/2018	149,150.00	0.8977736x	133,902.93	14,206,471.47
04/01/2019	559,150.00	0.8903572x	497,843.22	14,704,314.69
10/01/2019	143,000.00	0.8830021x	126,269.29	14,830,583.98
04/01/2020	563,000.00	0.8757077x	493,023.43	15,323,607.41
10/01/2020	138,800.00	0.8684736x	120,544.13	15,444,151.54
04/01/2021	3,058,800.00	0.8612992x	2,634,542.08	18,078,693.63
10/01/2021	95,000.00	0.8541841x	81,147.49	18,159,841.12
04/01/2022	4,220,000.00	0.8471278x	3,574,879.48	21,734,720.60
Total	\$23,966,000.00	-	\$21,734,720.60	-

**Derivation Of Target Amount**

Par Amount of Bonds	\$19,760,000.00
Reoffering Premium or (Discount)	1,974,720.60
Original Issue Proceeds	\$21,734,720.60

Preliminary

**MONTGOMERY COUNTY, TENNESSEE**

\$19,760,000 GO Refunding Bonds, Series 2012. Dated: April 1, 2012

Interest Rates as of 2/22/2012

**Proof Of True Interest Cost (TIC) @ 1.9170466%**

Date	Cashflow	PV Factor	Present Value	Cumulative PV
04/01/2012	-	1.0000000x	-	-
10/01/2012	296,850.00	0.9905058x	294,031.64	294,031.64
04/01/2013	666,850.00	0.9811017x	654,247.66	948,279.30
10/01/2013	293,150.00	0.9717869x	284,879.32	1,233,158.62
04/01/2014	1,688,150.00	0.9625605x	1,624,946.53	2,858,105.15
10/01/2014	279,200.00	0.9534217x	266,195.35	3,124,300.50
04/01/2015	1,689,200.00	0.9443697x	1,595,229.36	4,719,529.86
10/01/2015	265,100.00	0.9354037x	247,975.51	4,967,505.37
04/01/2016	3,185,100.00	0.9265227x	2,951,067.58	7,918,572.95
10/01/2016	235,900.00	0.9177261x	216,491.59	8,135,064.54
04/01/2017	3,140,900.00	0.9090130x	2,855,118.99	10,990,183.53
10/01/2017	206,850.00	0.9003826x	186,244.15	11,176,427.68
04/01/2018	3,091,850.00	0.8918342x	2,757,417.58	13,933,845.26
10/01/2018	149,150.00	0.8833669x	131,754.18	14,065,599.43
04/01/2019	559,150.00	0.8749800x	489,245.09	14,554,844.52
10/01/2019	143,000.00	0.8666728x	123,934.21	14,678,778.73
04/01/2020	563,000.00	0.8584444x	483,304.19	15,162,082.92
10/01/2020	138,800.00	0.8502941x	118,020.82	15,280,103.74
04/01/2021	3,058,800.00	0.8422212x	2,576,186.30	17,856,290.04
10/01/2021	95,000.00	0.8342250x	79,251.37	17,935,541.42
04/01/2022	910,000.00	0.8263047x	751,937.25	18,687,478.66
10/01/2022	78,700.00	0.8184595x	64,412.77	18,751,891.43
04/01/2023	888,700.00	0.8106889x	720,459.23	19,472,350.65
10/01/2023	62,500.00	0.8029920x	50,187.00	19,522,537.66
04/01/2024	62,500.00	0.7953682x	49,710.52	19,572,248.17
10/01/2024	62,500.00	0.7878168x	49,238.55	19,621,486.72
04/01/2025	2,562,500.00	0.7803371x	1,999,613.88	21,621,100.60
<b>Total</b>	<b>\$24,373,400.00</b>		<b>\$21,621,100.60</b>	

**Derivation Of Target Amount**

Par Amount of Bonds	\$19,760,000.00
Reoffering Premium or (Discount)	1,974,720.60
Total Underwriter's Discount (0.575%)	\$(113,620.00)
<b>Total Purchase Price</b>	<b>\$21,621,100.60</b>

Preliminary

**MONTGOMERY COUNTY, TENNESSEE**

\$19,760,000 GO Refunding Bonds, Series 2012, Dated: April 1, 2012

Interest Rates as of 2/22/2012

**Derivation Of Form 8038 Yield Statistics**

Maturity	Issuance Value	Price	Issuance Price	Exponent	Bond Years
04/01/2012	-	-	-	-	-
04/01/2013	370,000.00	101.575%	375,827.50	1.0000000x	375,827.50
04/01/2014	1,395,000.00	103.021%	1,437,142.95	2.0000000x	2,874,285.90
04/01/2015	1,410,000.00	103.943%	1,465,596.30	3.0000000x	4,396,788.90
04/01/2016	2,920,000.00	104.835%	3,061,182.00	4.0000000x	12,244,728.00
04/01/2017	2,905,000.00	105.366%	3,060,882.30	5.0000000x	15,304,411.50
04/01/2018	2,885,000.00	116.162%	3,351,273.70	6.0000000x	20,107,642.20
04/01/2019	410,000.00	110.212%	451,869.20	7.0000000x	3,163,084.40
04/01/2020	420,000.00	102.084%	428,752.80	8.0000000x	3,430,022.40
04/01/2021	2,920,000.00	108.714%	3,174,448.80	9.0000000x	28,570,039.20
04/01/2022	815,000.00	117.155%	954,813.25	10.0000000x	9,548,132.50
04/01/2023	810,000.00	116.078%	940,231.80	11.0000000x	10,342,549.80
04/01/2024	-	113.388%	-	12.0000000x	-
04/01/2025	2,500,000.00	121.308%	3,032,700.00	13.0000000x	39,425,100.00
04/01/2026	-	120.233%	-	14.0000000x	-
<b>Total</b>	<b>\$19,760,000.00</b>	<b>-</b>	<b>\$21,734,720.60</b>	<b>-</b>	<b>\$149,782,612.30</b>

**IRS Form 8038**

Weighted Average Maturity - Bond Years/Issue Price	6.891 Years
Total Interest from Debt Service	4,613,400.00
Reoffering (Premium) or Discount	(1,974,720.60)
Total Interest	2,638,679.40
NIC = Interest / (Issue Price * Average Maturity)	1.7616727%
Bond Yield for Arbitrage Purposes	1.6659367%

Preliminary

**MONTGOMERY COUNTY, TENNESSEE**

\$19,760,000 GO Refunding Bonds, Series 2012, Dated: April 1, 2012

Interest Rates as of 2/22/2012

**Proof of Premium Bond Yield Rule**

Maturity Date 4/01/2023  
Bond Type Coupon

**PRICE SUMMARY**

Price to Maturity 117.5010000%  
Price to Call (4/01/2022) 116.0780000%  
Lowest Price 116.0780000%

**CRITERIA 1**

First Available Call Date 4/01/2022  
Delivery Date 4/01/2012  
Years to First Call 10.000 Years  
Yield to Maturity 2.3342270%  
Yield to Call 2.2000000%  
Callable in 5 years and (YTM-YTC) gt/eq 0.125% No

**CRITERIA 2**

Original Issue Premium 16.0780000%  
Integer Years to First Call 10.000 Years  
25% \* Years to Call 2.500 Years  
OJP > 25% \* Years to Call? Yes

**CRITERIA 3**

Stepped Coupon? No  
Price to Call Less than Price to Maturity? Yes  
Yield to Call Adjustment Necessary? Yes

Preliminary

**MONTGOMERY COUNTY, TENNESSEE**

\$19,760,000 GO Refunding Bonds, Series 2012, Dated: April 1, 2012

Interest Rates as of 2/22/2012

**Proof of Premium Bond Yield Rule**

Maturity Date 4/01/2024  
Bond Type Coupon

**PRICE SUMMARY**

Price to Maturity 115.6920000%  
Price to Call (4/01/2022) 113.3880000%  
Lowest Price 113.3880000%

**CRITERIA 1**

First Available Call Date 4/01/2022  
Delivery Date 4/01/2012  
Years to First Call 10.000 Years  
Yield to Maturity 2.6873737%  
Yield to Call 2.4800000%  
Callable in 5 years and (YTM-YIC) gt/cq 0.125% No

**CRITERIA 2**

Original Issue Premium 13.3880000%  
Integer Years to First Call 10.000 Years  
25% \* Years to Call 2.500 Years  
OIP > 25% \* Years to Call? Yes

**CRITERIA 3**

Stepped Coupon? No  
Price to Call Less than Price to Maturity? Yes  
Yield to Call Adjustment Necessary? Yes

Preliminary

**MONTGOMERY COUNTY, TENNESSEE**

\$19,760,000 GO Refunding Bonds, Series 2012, Dated: April 1, 2012

Interest Rates as of 2/22/2012

**Proof of Premium Bond Yield Rule**

Maturity Date 4/01/2025  
Bond Type Coupon

**PRICE SUMMARY**

Price to Maturity 126.7100000%  
Price to Call (4/01/2022) 121.3080000%  
Lowest Price 121.3080000%

**CRITERIA 1**

First Available Call Date 4/01/2022  
Delivery Date 4/01/2012  
Years to First Call 10.000 Years  
Yield to Maturity 3.0075345%  
Yield to Call 2.5700000%  
Callable in 5 years and (YTM-YTC) gt/cq 0.125% No

**CRITERIA 2**

Original Issue Premium 21.3080000%  
Integer Years to First Call 10.000 Years  
25% \* Years to Call 2.500 Years  
OIP > 25% \* Years to Call? Yes

**CRITERIA 3**

Stepped Coupon? No  
Price to Call Less than Price to Maturity? Yes  
Yield to Call Adjustment Necessary? Yes

Preliminary

**MONTGOMERY COUNTY, TENNESSEE**

\$19,760,000 GO Refunding Bonds, Series 2012, Dated: April 1, 2012

Interest Rates as of 2/22/2012

**Proof of Premium Bond Yield Rule**

Maturity Date 4/01/2026  
Bond Type Coupon

**PRICE SUMMARY**

Price to Maturity 126.9330000%  
Price to Call (4/01/2022) 120.2330000%  
Lowest Price 120.2330000%

**CRITERIA 1**

First Available Call Date 4/01/2022  
Delivery Date 4/01/2012  
Years to First Call 10.000 Years  
Yield to Maturity 3.1960921%  
Yield to Call 2.6800000%  
Callable in 5 years and (YTM-YTC) gt/eq 0.125% No

**CRITERIA 2**

Original Issue Premium 20.2330000%  
Integer Years to First Call 10.000 Years  
25% \* Years to Call 2.500 Years  
OIP > 25% \* Years to Call? Yes

**CRITERIA 3**

Stepped Coupon? No  
Price to Call Less than Price to Maturity? Yes  
Yield to Call Adjustment Necessary? Yes



Preliminary

**MONTGOMERY COUNTY, TENNESSEE**

\$19,760,000 GO Refunding Bonds, Series 2012, Dated: April 1, 2012

Interest Rates as of 2/22/2012

**AVERAGE LIFE BY MATURITY**

<b>Maturity</b>	<b>Type</b>	<b>BOND YEARS (000)</b>	<b>/ ISSUANCE VALUE</b>	<b>= AVERAGE LIFE</b>
04/01/2013	Serial	370.00	370,000.00	1.000 Years
04/01/2014	Serial	2,790.00	1,395,000.00	2.000 Years
04/01/2015	Serial	4,230.00	1,410,000.00	3.000 Years
04/01/2016	Serial	11,680.00	2,920,000.00	4.000 Years
04/01/2017	Serial	14,525.00	2,905,000.00	5.000 Years
04/01/2018	Serial	17,310.00	2,885,000.00	6.000 Years
04/01/2019	Serial	2,870.00	410,000.00	7.000 Years
04/01/2020	Serial	3,360.00	420,000.00	8.000 Years
04/01/2021	Serial	26,280.00	2,920,000.00	9.000 Years
04/01/2022	Serial	8,150.00	815,000.00	10.000 Years
04/01/2023	Serial	8,910.00	810,000.00	11.000 Years
04/01/2025	Serial	32,500.00	2,500,000.00	13.000 Years
<b>Total</b>	-	<b>\$132,975.00</b>	<b>\$19,760,000.00</b>	-

**Bid Information**

Bond Year Dollars	\$132,975.00
Average Life	6.730 Years

Preliminary

**MONTGOMERY COUNTY, TENNESSEE**

\$19,760,000 GO Refunding Bonds, Series 2012, Dated: April 1, 2012

Interest Rates as of 2/22/2012

**Sources & Uses**

Dated 04/01/2012 | Delivered 04/01/2012

**Sources Of Funds**

Par Amount of Bonds	\$19,760,000.00
Reoffering Premium	1,974,720.60
Transfers from Prior Issue Debt Service Funds	308,669.27
<b>Total Sources</b>	<b>\$22,043,389.87</b>

**Uses Of Funds**

Deposit to Net Cash Escrow Fund	21,870,037.19
Total Underwriter's Discount (0.575%)	113,620.00
Costs of Issuance	57,762.20
Rounding Amount	1,970.48
<b>Total Uses</b>	<b>\$22,043,389.87</b>

Preliminary

**MONTGOMERY COUNTY, TENNESSEE**

\$19,760,000 GO Refunding Bonds, Series 2012, Dated: April 1, 2012

Interest Rates as of 2/22/2012

**Detail Costs Of Issuance**

Dated 04/01/2012 | Delivered 04/01/2012

**COSTS OF ISSUANCE DETAIL**

Bond Counsel	\$6,000.00
Bond Counsel Size Factor	\$18,179.20
Disclosure Preparation	\$2,000.00
Escrow Agent/Trustee's Fees	\$1,000.00
S & P Credit Rating Fee	\$15,000.00
CUSIP Charges	\$875.00
Underwriter's Expenses	\$3,000.00
Printing, Official Statements, and Notices	\$7,439.00
Verification Agent	\$3,000.00
Miscellaneous Costs	\$1,269.00
<b>TOTAL</b>	<b>\$57,762.20</b>

**Exhibit F2**

**Projected Maximum  
Refunding Analysis**

# F2 PROJECTED MAXIMUM REFINANCING ANALYSIS

## MONTGOMERY COUNTY, TENNESSEE

\$33,000,000 GO Refunding Bonds, Series 2012, Dated: April 1, 2012

Interest Rates as of 2/22/2012

**Includes Series 2005 Refinancing Callable 4/1/2016 in this Analysis**

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# F2 PROJECTED MAXIMUM REFINANCING ANALYSIS

Preliminary F2 Maximum Estimate

## MONTGOMERY COUNTY, TENNESSEE

\$33,000,000 GO Refunding Bonds, Series 2012, Dated: April 1, 2012

Interest Rates as of 2/22/2012

**Includes Series 2005 Refinancing Callable 4/1/2016 in this Analysis**  
**Debt Service Comparison**

Date	AFTER REFUNDING Total P+I	NOT REFUNDED CURRENT Existing D/S	TOTAL AFTER REFUNDING Net New D/S	TOTAL BEFORE REFUNDING Old Net D/S	PROJECTED Savings
06/30/2012	-	4,423,250.00	4,419,927.85	4,484,983.86	65,056.01
06/30/2013	1,415,025.00	1,440,500.00	2,855,525.00	3,050,993.76	195,468.76
06/30/2014	2,432,775.00	394,000.00	2,826,775.00	3,022,993.76	196,218.76
06/30/2015	2,415,275.00	380,000.00	2,795,275.00	2,993,068.76	197,793.76
06/30/2016	3,902,775.00	416,000.00	4,318,775.00	4,514,968.76	196,193.76
06/30/2017	3,825,225.00	-	3,825,225.00	4,020,793.76	195,568.76
06/30/2018	3,748,125.00	-	3,748,125.00	3,942,568.76	194,443.76
06/30/2019	1,159,825.00	-	1,159,825.00	1,356,462.50	196,637.50
06/30/2020	1,152,025.00	-	1,152,025.00	1,349,812.50	197,787.50
06/30/2021	3,644,125.00	-	3,644,125.00	3,842,137.50	198,012.50
06/30/2022	1,456,125.00	-	1,456,125.00	1,653,437.50	197,312.50
06/30/2023	1,415,500.00	-	1,415,500.00	1,612,187.50	196,687.50
06/30/2024	380,250.00	-	380,250.00	569,687.50	189,437.50
06/30/2025	8,125,250.00	-	8,125,250.00	8,319,687.50	194,437.50
06/30/2026	5,077,900.00	-	5,077,900.00	5,277,250.00	199,350.00
<b>Total</b>	<b>\$40,150,200.00</b>	<b>\$7,053,750.00</b>	<b>\$47,200,627.85</b>	<b>\$50,011,033.92</b>	<b>\$2,810,406.07</b>

### PV Analysis Summary (Net to Net)

Gross PV Debt Service Savings.....	2,664,300.92
Net PV Cashflow Savings @ 2.393%(AIC).....	2,664,300.92
Transfers from Prior Issue Debt Service Fund.....	(308,669.27)
Contingency or Rounding Amount.....	3,322.15
Net Present Value Benefit	\$2,358,953.80
Net PV Benefit / \$11,025,264.05 PV Refunded Interest	21.396%
Net PV Benefit / \$36,125,047.14 PV Refunded Debt Service	6.530%
Net PV Benefit / \$30,765,000 Refunded Principal...	7.668%
Net PV Benefit / \$33,000,000 Refunding Principal..	7.148%

### Refunding Bond Information

Refunding Dated Date	4/01/2012
Refunding Delivery Date	4/01/2012

Preliminary F2 Maximum Estimate

**MONTGOMERY COUNTY, TENNESSEE**

\$7,265,000 GO UnRefunded Bonds, Series 2001, Dated: 12/1/2001

Callable 5/1/2012 at Par

**Prior Original Debt Service**

Date	Principal	Coupon	Interest	Total P+I
06/30/2012	3,300,000.00	-	195,840.63	3,495,840.63
06/30/2013	300,000.00	-	210,181.26	510,181.26
06/30/2014	335,000.00	-	193,681.26	528,681.26
06/30/2015	370,000.00	-	175,256.26	545,256.26
06/30/2016	410,000.00	-	154,906.26	564,906.26
06/30/2017	445,000.00	-	132,356.26	577,356.26
06/30/2018	485,000.00	-	107,881.26	592,881.26
06/30/2019	520,000.00	-	83,025.00	603,025.00
06/30/2020	540,000.00	-	56,375.00	596,375.00
06/30/2021	560,000.00	-	28,700.00	588,700.00
<b>Total</b>	<b>\$7,265,000.00</b>	<b>-</b>	<b>\$1,338,203.19</b>	<b>\$8,603,203.19</b>

**Yield Statistics**

Base date for Avg. Life & Avg. Coupon Calculation	4/01/2012
Average Life	3.092 Years
Average Coupon	5.2314375%
Weighted Average Maturity (Par Basis)	3.092 Years

**Refunding Bond Information**

Refunding Dated Date	4/01/2012
Refunding Delivery Date	4/01/2012

Preliminary F2 Maximum Estimate

**MONTGOMERY COUNTY, TENNESSEE**

\$25,000,000 GO Public Improvement Bonds, Series 2003, Dated: 6/1/2003

Callable 5/1/2012 at Par

**Prior Original Debt Service**

<b>Date</b>	<b>Principal</b>	<b>Coupon</b>	<b>Interest</b>	<b>Total P+I</b>
06/30/2012	1,000,000.00	-	297,812.50	1,297,812.50
06/30/2013	1,000,000.00	-	563,125.00	1,563,125.00
06/30/2014	1,000,000.00	-	530,625.00	1,530,625.00
06/30/2015	1,000,000.00	-	498,125.00	1,498,125.00
06/30/2016	2,500,000.00	-	464,375.00	2,964,375.00
06/30/2017	2,500,000.00	-	373,750.00	2,873,750.00
06/30/2018	2,500,000.00	-	280,000.00	2,780,000.00
06/30/2019	-	-	183,750.00	183,750.00
06/30/2020	-	-	183,750.00	183,750.00
06/30/2021	2,500,000.00	-	183,750.00	2,683,750.00
06/30/2022	1,000,000.00	-	83,750.00	1,083,750.00
06/30/2023	1,000,000.00	-	42,500.00	1,042,500.00
<b>Total</b>	<b>\$16,000,000.00</b>	<b>-</b>	<b>\$3,685,312.50</b>	<b>\$19,685,312.50</b>

**Yield Statistics**

Base date for Avg. Life & Avg. Coupon Calculation	4/01/2012
Average Life	5.521 Years
Average Coupon	3.8910967%
Weighted Average Maturity (Par Basis)	5.521 Years

**Refunding Bond Information**

Refunding Dated Date	4/01/2012
Refunding Delivery Date	4/01/2012



Preliminary F2 Maximum Estimate

**MONTGOMERY COUNTY, TENNESSEE**

\$22,000,000 GO School & Pub Imp Bonds, Series 2004, Dated 11/1/2004

Callable 4/1/2015 at Par

**Prior Original Debt Service**

Date	Principal	Coupon	Interest	Total P+I
06/30/2012	-	-	-	-
06/30/2013	100,000.00	-	133,500.00	233,500.00
06/30/2014	100,000.00	-	129,500.00	229,500.00
06/30/2015	100,000.00	-	125,500.00	225,500.00
06/30/2016	-	-	121,500.00	121,500.00
06/30/2017	-	-	121,500.00	121,500.00
06/30/2018	-	-	121,500.00	121,500.00
06/30/2019	-	-	121,500.00	121,500.00
06/30/2020	-	-	121,500.00	121,500.00
06/30/2021	-	-	121,500.00	121,500.00
06/30/2022	-	-	121,500.00	121,500.00
06/30/2023	-	-	121,500.00	121,500.00
06/30/2024	-	-	121,500.00	121,500.00
06/30/2025	2,700,000.00	-	121,500.00	2,821,500.00
<b>Total</b>	<b>\$3,000,000.00</b>	-	<b>\$1,603,500.00</b>	<b>\$4,603,500.00</b>

**Yield Statistics**

Base date for Avg. Life & Avg. Coupon Calculation	4/01/2012
Average Life	11.900 Years
Average Coupon	4.4915966%
Weighted Average Maturity (Par Basis)	11.900 Years

**Refunding Bond Information**

Refunding Dated Date	4/01/2012
Refunding Delivery Date	4/01/2012

Preliminary F2 Maximum Estimate

**MONTGOMERY COUNTY, TENNESSEE**

\$40,000,000 GO School & Pub Imp Bonds, Series 2005, Dated 12/1/2005

Callable 4/1/2016 at Par

**Prior Original Debt Service**

Date	Principal	Coupon	Interest	Total P+I
06/30/2012	-	-	-	-
06/30/2013	250,000.00	-	494,187.50	744,187.50
06/30/2014	250,000.00	-	484,187.50	734,187.50
06/30/2015	250,000.00	-	474,187.50	724,187.50
06/30/2016	400,000.00	-	464,187.50	864,187.50
06/30/2017	-	-	448,187.50	448,187.50
06/30/2018	-	-	448,187.50	448,187.50
06/30/2019	-	-	448,187.50	448,187.50
06/30/2020	-	-	448,187.50	448,187.50
06/30/2021	-	-	448,187.50	448,187.50
06/30/2022	-	-	448,187.50	448,187.50
06/30/2023	-	-	448,187.50	448,187.50
06/30/2024	-	-	448,187.50	448,187.50
06/30/2025	5,050,000.00	-	448,187.50	5,498,187.50
06/30/2026	5,050,000.00	-	227,250.00	5,277,250.00
<b>Total</b>	<b>\$11,250,000.00</b>	<b>-</b>	<b>\$6,177,687.50</b>	<b>\$17,427,687.50</b>

**Yield Statistics**

Base date for Avg. Life & Avg. Coupon Calculation	4/01/2012
Average Life	12.396 Years
Average Coupon	4.4300376%
Weighted Average Maturity (Par Basis)	12.396 Years

**Refunding Bond Information**

Refunding Dated Date	4/01/2012
Refunding Delivery Date	4/01/2012

Preliminary F2 Maximum Estimate

**MONTGOMERY COUNTY, TENNESSEE**

\$33,000,000 GO Refunding Bonds, Series 2012, Dated: April 1, 2012

Interest Rates as of 2/22/2012

**Total Aggregate P & I for Bonds Refinanced**

**Total Refunded Debt Service**

<b>DATE</b>	<b>2001 UnRefd Bds dd 12012001</b>	<b>2003 Pub Imp Bds dd 06012003</b>	<b>2004 Sch &amp; Pub Imp Bds dd 11012004</b>	<b>2005 Sch &amp; Pub Imp dd 12012005</b>	<b>TOTAL P+I</b>
06/30/2012	105,090.63	265,312.50	-	-	370,403.13
06/30/2013	510,181.26	530,625.00	121,500.00	448,187.50	1,610,493.76
06/30/2014	528,681.26	1,530,625.00	121,500.00	448,187.50	2,628,993.76
06/30/2015	545,256.26	1,498,125.00	121,500.00	448,187.50	2,613,068.76
06/30/2016	564,906.26	2,964,375.00	121,500.00	448,187.50	4,098,968.76
06/30/2017	577,356.26	2,873,750.00	121,500.00	448,187.50	4,020,793.76
06/30/2018	592,881.26	2,780,000.00	121,500.00	448,187.50	3,942,568.76
06/30/2019	603,025.00	183,750.00	121,500.00	448,187.50	1,356,462.50
06/30/2020	596,375.00	183,750.00	121,500.00	448,187.50	1,349,812.50
06/30/2021	588,700.00	2,683,750.00	121,500.00	448,187.50	3,842,137.50
06/30/2022	-	1,083,750.00	121,500.00	448,187.50	1,653,437.50
06/30/2023	-	1,042,500.00	121,500.00	448,187.50	1,612,187.50
06/30/2024	-	-	121,500.00	448,187.50	569,687.50
06/30/2025	-	-	2,821,500.00	5,498,187.50	8,319,687.50
06/30/2026	-	-	-	5,277,250.00	5,277,250.00
<b>Total</b>	<b>\$5,212,453.19</b>	<b>\$17,620,312.50</b>	<b>\$4,279,500.00</b>	<b>\$16,153,687.50</b>	<b>\$43,265,953.19</b>

**Yield Statistics**

Base date for Avg. Life & Avg. Coupon Calculation	4/01/2012
Average Life	9.127 Years
Average Coupon	4.3419492%
Weighted Average Maturity (Par Basis)	9.127 Years

**Refunding Bond Information**

Refunding Dated Date	4/01/2012
Refunding Delivery Date	4/01/2012

Preliminary F2 Maximum Estimate

**MONTGOMERY COUNTY, TENNESSEE**

\$7,265,000 GO UnRefunded Bonds, Series 2001, Dated: 12/1/2001

Callable 5/1/2012 at Par

**Total Refunded Debt Service**

<b>Date</b>	<b>Principal</b>	<b>Coupon</b>	<b>Interest</b>	<b>Total P+I</b>
06/30/2012	-	5.500%	105,090.63	105,090.63
06/30/2013	300,000.00	5.500%	210,181.26	510,181.26
06/30/2014	335,000.00	5.500%	193,681.26	528,681.26
06/30/2015	370,000.00	5.500%	175,256.26	545,256.26
06/30/2016	410,000.00	5.500%	154,906.26	564,906.26
06/30/2017	445,000.00	5.500%	132,356.26	577,356.26
06/30/2018	485,000.00	5.125%	107,881.26	592,881.26
06/30/2019	520,000.00	5.125%	83,025.00	603,025.00
06/30/2020	540,000.00	5.125%	56,375.00	596,375.00
06/30/2021	560,000.00	5.125%	28,700.00	588,700.00
<b>Total</b>	<b>\$3,965,000.00</b>	<b>-</b>	<b>\$1,247,453.19</b>	<b>\$5,212,453.19</b>

**Yield Statistics**

Base date for Avg. Life & Avg. Coupon Calculation	4/01/2012
Average Life	5.595 Years
Average Coupon	5.2281085%
Weighted Average Maturity (Par Basis)	5.595 Years

**Refunding Bond Information**

Refunding Dated Date	4/01/2012
Refunding Delivery Date	4/01/2012

Preliminary F2 Maximum Estimate

**MONTGOMERY COUNTY, TENNESSEE**

\$25,000,000 GO Public Improvement Bonds, Series 2003, Dated: 6/1/2003

Callable 5/1/2012 at Par

**Total Refunded Debt Service**

Date	Principal	Coupon	Interest	Total P+I
06/30/2012	-	3.250%	265,312.50	265,312.50
06/30/2013	-	3.250%	530,625.00	530,625.00
06/30/2014	1,000,000.00	3.250%	530,625.00	1,530,625.00
06/30/2015	1,000,000.00	3.375%	498,125.00	1,498,125.00
06/30/2016	2,500,000.00	3.625%	464,375.00	2,964,375.00
06/30/2017	2,500,000.00	3.750%	373,750.00	2,873,750.00
06/30/2018	2,500,000.00	3.850%	280,000.00	2,780,000.00
06/30/2019	-	-	183,750.00	183,750.00
06/30/2020	-	-	183,750.00	183,750.00
06/30/2021	2,500,000.00	4.000%	183,750.00	2,683,750.00
06/30/2022	1,000,000.00	4.125%	83,750.00	1,083,750.00
06/30/2023	1,000,000.00	4.250%	42,500.00	1,042,500.00
<b>Total</b>	<b>\$14,000,000.00</b>	<b>-</b>	<b>\$3,620,312.50</b>	<b>\$17,620,312.50</b>

**Yield Statistics**

Base date for Avg. Life & Avg. Coupon Calculation	4/01/2012
Average Life	6.226 Years
Average Coupon	3.8996773%
Weighted Average Maturity (Par Basis)	6.226 Years

**Refunding Bond Information**

Refunding Dated Date	4/01/2012
Refunding Delivery Date	4/01/2012

Preliminary F2 Maximum Estimate

**MONTGOMERY COUNTY, TENNESSEE**

\$22,000,000 GO School & Pub Imp Bonds, Series 2004, Dated 11/1/2004

Callable 4/1/2015 at Par

**Total Refunded Debt Service**

Date	Principal	Coupon	Interest	Total P+I
06/30/2013	-	4.000%	121,500.00	121,500.00
06/30/2014	-	4.000%	121,500.00	121,500.00
06/30/2015	-	4.000%	121,500.00	121,500.00
06/30/2016	-	-	121,500.00	121,500.00
06/30/2017	-	-	121,500.00	121,500.00
06/30/2018	-	-	121,500.00	121,500.00
06/30/2019	-	-	121,500.00	121,500.00
06/30/2020	-	-	121,500.00	121,500.00
06/30/2021	-	-	121,500.00	121,500.00
06/30/2022	-	-	121,500.00	121,500.00
06/30/2023	-	-	121,500.00	121,500.00
06/30/2024	-	-	121,500.00	121,500.00
06/30/2025	2,700,000.00	4.500%	121,500.00	2,821,500.00
<b>Total</b>	<b>\$2,700,000.00</b>	<b>-</b>	<b>\$1,579,500.00</b>	<b>\$4,279,500.00</b>

**Yield Statistics**

Base date for Avg. Life & Avg. Coupon Calculation	4/01/2012
Average Life	13.000 Years
Average Coupon	4.5000000%
Weighted Average Maturity (Par Basis)	13.000 Years

**Refunding Bond Information**

Refunding Dated Date	4/01/2012
Refunding Delivery Date	4/01/2012

Preliminary F2 Maximum Estimate

**MONTGOMERY COUNTY, TENNESSEE**

\$40,000,000 GO School & Pub Imp Bonds, Series 2005, Dated 12/1/2005

Callable 4/1/2016 at Par

**Total Refunded Debt Service**

Date	Principal	Coupon	Interest	Total P+I
06/30/2013	-	4.000%	448,187.50	448,187.50
06/30/2014	-	4.000%	448,187.50	448,187.50
06/30/2015	-	4.000%	448,187.50	448,187.50
06/30/2016	-	4.000%	448,187.50	448,187.50
06/30/2017	-	-	448,187.50	448,187.50
06/30/2018	-	-	448,187.50	448,187.50
06/30/2019	-	-	448,187.50	448,187.50
06/30/2020	-	-	448,187.50	448,187.50
06/30/2021	-	-	448,187.50	448,187.50
06/30/2022	-	-	448,187.50	448,187.50
06/30/2023	-	-	448,187.50	448,187.50
06/30/2024	-	-	448,187.50	448,187.50
06/30/2025	5,050,000.00	4.375%	448,187.50	5,498,187.50
06/30/2026	5,050,000.00	4.500%	227,250.00	5,277,250.00
<b>Total</b>	<b>\$10,100,000.00</b>	-	<b>\$6,053,687.50</b>	<b>\$16,153,687.50</b>

**Yield Statistics**

Base date for Avg. Life & Avg. Coupon Calculation	4/01/2012
Average Life	13.500 Years
Average Coupon	4.4398148%
Weighted Average Maturity (Par Basis)	13.500 Years

**Refunding Bond Information**

Refunding Dated Date	4/01/2012
Refunding Delivery Date	4/01/2012

Preliminary F2 Maximum Estimate

**MONTGOMERY COUNTY, TENNESSEE**

\$33,000,000 GO Refunding Bonds, Series 2012, Dated: April 1, 2012

Interest Rates as of 2/22/2012

**Summary Of Bonds Refunded**

	Issue	Maturity	Type	of Bond	Coupon	Maturity Value	Call Date	Call Price
<b>Dated 5/01/2011   Delivered 5/01/2011</b>								
2001 UnRefd Bds dd 12012001		05/01/2013	Serial	Coupon	5.500%	300,000	05/03/2012	100.000%
2001 UnRefd Bds dd 12012001		05/01/2014	Serial	Coupon	5.500%	335,000	05/03/2012	100.000%
2001 UnRefd Bds dd 12012001		05/01/2015	Serial	Coupon	5.500%	370,000	05/03/2012	100.000%
2001 UnRefd Bds dd 12012001		05/01/2016	Serial	Coupon	5.500%	410,000	05/03/2012	100.000%
2001 UnRefd Bds dd 12012001		05/01/2017	Serial	Coupon	5.500%	445,000	05/03/2012	100.000%
2001 UnRefd Bds dd 12012001		05/01/2018	Serial	Coupon	5.125%	485,000	05/03/2012	100.000%
2001 UnRefd Bds dd 12012001		05/01/2019	Serial	Coupon	5.125%	520,000	05/03/2012	100.000%
2001 UnRefd Bds dd 12012001		05/01/2020	Serial	Coupon	5.125%	540,000	05/03/2012	100.000%
2001 UnRefd Bds dd 12012001		05/01/2021	Serial	Coupon	5.125%	560,000	05/03/2012	100.000%
	<b>Subtotal</b>	-	-	-	-	<b>\$3,965,000</b>	-	-
<b>Dated 5/01/2011   Delivered 5/01/2011</b>								
2003 Pub Imp Bds dd 06012003		05/01/2014	Serial	Coupon	3.250%	1,000,000	05/01/2013	100.000%
2003 Pub Imp Bds dd 06012003		05/01/2015	Serial	Coupon	3.375%	1,000,000	05/01/2013	100.000%
2003 Pub Imp Bds dd 06012003		05/01/2016	Serial	Coupon	3.625%	2,500,000	05/01/2013	100.000%
2003 Pub Imp Bds dd 06012003		05/01/2017	Serial	Coupon	3.750%	2,500,000	05/01/2013	100.000%
2003 Pub Imp Bds dd 06012003		05/01/2018	Serial	Coupon	3.850%	2,500,000	05/01/2013	100.000%
2003 Pub Imp Bds dd 06012003		05/01/2021	Serial	Coupon	4.000%	2,500,000	05/01/2013	100.000%
2003 Pub Imp Bds dd 06012003		05/01/2022	Serial	Coupon	4.125%	1,000,000	05/01/2013	100.000%
2003 Pub Imp Bds dd 06012003		05/01/2023	Serial	Coupon	4.250%	1,000,000	05/01/2013	100.000%
	<b>Subtotal</b>	-	-	-	-	<b>\$14,000,000</b>	-	-
<b>Dated 4/01/2011   Delivered 4/01/2011</b>								
2004 Sch & Pub Imp Bds dd 11012004		04/01/2025	Serial	Coupon	4.500%	2,700,000	04/01/2015	100.000%
	<b>Subtotal</b>	-	-	-	-	<b>\$2,700,000</b>	-	-
<b>Dated 4/01/2011   Delivered 4/01/2011</b>								
2005 Sch & Pub Imp dd 12012005		04/01/2025	Serial	Coupon	4.375%	5,050,000	04/01/2016	100.000%
2005 Sch & Pub Imp dd 12012005		04/01/2026	Serial	Coupon	4.500%	5,050,000	04/01/2016	100.000%
	<b>Subtotal</b>	-	-	-	-	<b>\$10,100,000</b>	-	-
	<b>Total</b>	-	-	-	-	<b>\$30,765,000</b>	-	-



**MONTGOMERY COUNTY, TENNESSEE**

\$33,000,000 GO Refunding Bonds, Series 2012, Dated: April 1, 2012

Interest Rates as of 2/22/2012

**Debt Service To Maturity And To Call**

Part 1 of 2

Date	Refunded Bonds	Interest to Call	D/S To Call	Principal	Interest	Refunded D/S
05/01/2012	-	370,403.13	370,403.13	-	370,403.13	370,403.13
05/03/2012	3,965,000.00	1,167.67	3,966,167.67	-	-	-
10/01/2012	-	284,843.75	284,843.75	-	284,843.75	284,843.75
11/01/2012	-	265,312.50	265,312.50	-	370,403.13	370,403.13
04/01/2013	-	284,843.75	284,843.75	-	284,843.75	284,843.75
05/01/2013	14,000,000.00	265,312.50	14,265,312.50	300,000.00	370,403.13	670,403.13
10/01/2013	-	284,843.75	284,843.75	-	284,843.75	284,843.75
11/01/2013	-	-	-	-	362,153.13	362,153.13
04/01/2014	-	284,843.75	284,843.75	-	284,843.75	284,843.75
05/01/2014	-	-	-	1,335,000.00	362,153.13	1,697,153.13
10/01/2014	-	284,843.75	284,843.75	-	284,843.75	284,843.75
11/01/2014	-	-	-	-	336,690.63	336,690.63
04/01/2015	2,700,000.00	284,843.75	2,984,843.75	-	284,843.75	284,843.75
05/01/2015	-	-	-	1,370,000.00	336,690.63	1,706,690.63
10/01/2015	-	224,093.75	224,093.75	-	284,843.75	284,843.75
11/01/2015	-	-	-	-	309,640.63	309,640.63
04/01/2016	10,100,000.00	224,093.75	10,324,093.75	-	284,843.75	284,843.75
05/01/2016	-	-	-	2,910,000.00	309,640.63	3,219,640.63
10/01/2016	-	-	-	-	284,843.75	284,843.75
11/01/2016	-	-	-	-	253,053.13	253,053.13
04/01/2017	-	-	-	-	284,843.75	284,843.75
05/01/2017	-	-	-	2,945,000.00	253,053.13	3,198,053.13
10/01/2017	-	-	-	-	284,843.75	284,843.75
11/01/2017	-	-	-	-	193,940.63	193,940.63
04/01/2018	-	-	-	-	284,843.75	284,843.75
05/01/2018	-	-	-	2,985,000.00	193,940.63	3,178,940.63
10/01/2018	-	-	-	-	284,843.75	284,843.75
11/01/2018	-	-	-	-	133,387.50	133,387.50
04/01/2019	-	-	-	-	284,843.75	284,843.75
05/01/2019	-	-	-	520,000.00	133,387.50	653,387.50
10/01/2019	-	-	-	-	284,843.75	284,843.75
11/01/2019	-	-	-	-	120,062.50	120,062.50
04/01/2020	-	-	-	-	284,843.75	284,843.75
05/01/2020	-	-	-	540,000.00	120,062.50	660,062.50
10/01/2020	-	-	-	-	284,843.75	284,843.75
11/01/2020	-	-	-	-	106,225.00	106,225.00
04/01/2021	-	-	-	-	284,843.75	284,843.75
05/01/2021	-	-	-	3,060,000.00	106,225.00	3,166,225.00
10/01/2021	-	-	-	-	284,843.75	284,843.75
11/01/2021	-	-	-	-	41,875.00	41,875.00
04/01/2022	-	-	-	-	284,843.75	284,843.75
05/01/2022	-	-	-	1,000,000.00	41,875.00	1,041,875.00
10/01/2022	-	-	-	-	284,843.75	284,843.75

Preliminary F2 Maximum Estimate

**MONTGOMERY COUNTY, TENNESSEE**

\$33,000,000 GO Refunding Bonds, Series 2012, Dated: April 1, 2012

Interest Rates as of 2/22/2012

**Debt Service To Maturity And To Call**

Part 2 of 2

Date	Refunded Bonds	Interest to Call	D/S To Call	Principal	Interest	Refunded D/S
11/01/2022	-	-	-	-	21,250.00	21,250.00
04/01/2023	-	-	-	-	284,843.75	284,843.75
05/01/2023	-	-	-	1,000,000.00	21,250.00	1,021,250.00
10/01/2023	-	-	-	-	284,843.75	284,843.75
04/01/2024	-	-	-	-	284,843.75	284,843.75
10/01/2024	-	-	-	-	284,843.75	284,843.75
04/01/2025	-	-	-	7,750,000.00	284,843.75	8,034,843.75
10/01/2025	-	-	-	-	113,625.00	113,625.00
04/01/2026	-	-	-	5,050,000.00	113,625.00	5,163,625.00
<b>Total</b>	<b>\$30,765,000.00</b>	<b>\$3,059,445.80</b>	<b>\$33,824,445.80</b>	<b>\$30,765,000.00</b>	<b>\$12,500,953.19</b>	<b>\$43,265,953.19</b>

**Yield Statistics**

Base date for Avg. Life & Avg. Coupon Calculation	4/01/2012
Average Life	9.127 Years
Average Coupon	4.4518734%
Weighted Average Maturity (Par Basis)	9.127 Years

**Refunding Bond Information**

Refunding Dated Date	4/01/2012
Refunding Delivery Date	4/01/2012

Preliminary F2 Maximum Estimate

**MONTGOMERY COUNTY, TENNESSEE**

\$7,265,000 GO UnRefunded Bonds, Series 2001, Dated: 12/1/2001

Callable 5/1/2012 at Par

**Debt Service To Maturity And To Call**

Date	Refunded Bonds	Refunded Interest	D/S To Call	Principal	Coupon	Interest	Refunded D/S
05/01/2012	-	105,090.63	105,090.63	-	5.500%	105,090.63	105,090.63
05/03/2012	3,965,000.00	1,167.67	3,966,167.67	-	-	-	-
11/01/2012	-	-	-	-	-	105,090.63	105,090.63
05/01/2013	-	-	-	300,000.00	5.500%	105,090.63	405,090.63
11/01/2013	-	-	-	-	-	96,840.63	96,840.63
05/01/2014	-	-	-	335,000.00	5.500%	96,840.63	431,840.63
11/01/2014	-	-	-	-	-	87,628.13	87,628.13
05/01/2015	-	-	-	370,000.00	5.500%	87,628.13	457,628.13
11/01/2015	-	-	-	-	-	77,453.13	77,453.13
05/01/2016	-	-	-	410,000.00	5.500%	77,453.13	487,453.13
11/01/2016	-	-	-	-	-	66,178.13	66,178.13
05/01/2017	-	-	-	445,000.00	5.500%	66,178.13	511,178.13
11/01/2017	-	-	-	-	-	53,940.63	53,940.63
05/01/2018	-	-	-	485,000.00	5.125%	53,940.63	538,940.63
11/01/2018	-	-	-	-	-	41,512.50	41,512.50
05/01/2019	-	-	-	520,000.00	5.125%	41,512.50	561,512.50
11/01/2019	-	-	-	-	-	28,187.50	28,187.50
05/01/2020	-	-	-	540,000.00	5.125%	28,187.50	568,187.50
11/01/2020	-	-	-	-	-	14,350.00	14,350.00
05/01/2021	-	-	-	560,000.00	5.125%	14,350.00	574,350.00
<b>Total</b>	<b>\$3,965,000.00</b>	<b>\$106,258.30</b>	<b>\$4,071,258.30</b>	<b>\$3,965,000.00</b>	<b>-</b>	<b>\$1,247,453.19</b>	<b>\$5,212,453.19</b>

**Yield Statistics**

Base date for Avg. Life & Avg. Coupon Calculation	4/01/2012
Average Life	5.595 Years
Average Coupon	5.2281085%
Weighted Average Maturity (Par Basis)	5.595 Years

**Refunding Bond Information**

Refunding Dated Date	4/01/2012
Refunding Delivery Date	4/01/2012

**MONTGOMERY COUNTY, TENNESSEE**

\$25,000,000 GO Public Improvement Bonds, Series 2003, Dated: 6/1/2003

Callable 5/1/2012 at Par

**Debt Service To Maturity And To Call**

Date	Refunded Bonds	Refunded Interest	D/S To Call	Principal	Coupon	Interest	Refunded D/S
05/01/2012	-	265,312.50	265,312.50	-	3.250%	265,312.50	265,312.50
11/01/2012	-	265,312.50	265,312.50	-	-	265,312.50	265,312.50
05/01/2013	14,000,000.00	265,312.50	14,265,312.50	-	3.250%	265,312.50	265,312.50
11/01/2013	-	-	-	-	-	265,312.50	265,312.50
05/01/2014	-	-	-	1,000,000.00	3.250%	265,312.50	1,265,312.50
11/01/2014	-	-	-	-	-	249,062.50	249,062.50
05/01/2015	-	-	-	1,000,000.00	3.375%	249,062.50	1,249,062.50
11/01/2015	-	-	-	-	-	232,187.50	232,187.50
05/01/2016	-	-	-	2,500,000.00	3.625%	232,187.50	2,732,187.50
11/01/2016	-	-	-	-	-	186,875.00	186,875.00
05/01/2017	-	-	-	2,500,000.00	3.750%	186,875.00	2,686,875.00
11/01/2017	-	-	-	-	-	140,000.00	140,000.00
05/01/2018	-	-	-	2,500,000.00	3.850%	140,000.00	2,640,000.00
11/01/2018	-	-	-	-	-	91,875.00	91,875.00
05/01/2019	-	-	-	-	-	91,875.00	91,875.00
11/01/2019	-	-	-	-	-	91,875.00	91,875.00
05/01/2020	-	-	-	-	-	91,875.00	91,875.00
11/01/2020	-	-	-	-	-	91,875.00	91,875.00
05/01/2021	-	-	-	2,500,000.00	4.000%	91,875.00	2,591,875.00
11/01/2021	-	-	-	-	-	41,875.00	41,875.00
05/01/2022	-	-	-	1,000,000.00	4.125%	41,875.00	1,041,875.00
11/01/2022	-	-	-	-	-	21,250.00	21,250.00
05/01/2023	-	-	-	1,000,000.00	4.250%	21,250.00	1,021,250.00
<b>Total</b>	<b>\$14,000,000.00</b>	<b>\$795,937.50</b>	<b>\$14,795,937.50</b>	<b>\$14,000,000.00</b>	<b>-</b>	<b>\$3,620,312.50</b>	<b>\$17,620,312.50</b>

**Yield Statistics**

Base date for Avg. Life & Avg. Coupon Calculation	4/01/2012
Average Life	6.226 Years
Average Coupon	3.8996773%
Weighted Average Maturity (Par Basis)	6.226 Years

**Refunding Bond Information**

Refunding Dated Date	4/01/2012
Refunding Delivery Date	4/01/2012

Preliminary F2 Maximum Estimate

**MONTGOMERY COUNTY, TENNESSEE**

\$22,000,000 GO School & Pub Imp Bonds, Series 2004, Dated 11/1/2004

Callable 4/1/2015 at Par

**Debt Service To Maturity And To Call**

Date	Refunded Bonds	Refunded Interest	D/S To Call	Principal	Coupon	Interest	Refunded D/S
10/01/2012	-	60,750.00	60,750.00	-	-	60,750.00	60,750.00
04/01/2013	-	60,750.00	60,750.00	-	4.000%	60,750.00	60,750.00
10/01/2013	-	60,750.00	60,750.00	-	-	60,750.00	60,750.00
04/01/2014	-	60,750.00	60,750.00	-	4.000%	60,750.00	60,750.00
10/01/2014	-	60,750.00	60,750.00	-	-	60,750.00	60,750.00
04/01/2015	2,700,000.00	60,750.00	2,760,750.00	-	4.000%	60,750.00	60,750.00
10/01/2015	-	-	-	-	-	60,750.00	60,750.00
04/01/2016	-	-	-	-	-	60,750.00	60,750.00
10/01/2016	-	-	-	-	-	60,750.00	60,750.00
04/01/2017	-	-	-	-	-	60,750.00	60,750.00
10/01/2017	-	-	-	-	-	60,750.00	60,750.00
04/01/2018	-	-	-	-	-	60,750.00	60,750.00
10/01/2018	-	-	-	-	-	60,750.00	60,750.00
04/01/2019	-	-	-	-	-	60,750.00	60,750.00
10/01/2019	-	-	-	-	-	60,750.00	60,750.00
04/01/2020	-	-	-	-	-	60,750.00	60,750.00
10/01/2020	-	-	-	-	-	60,750.00	60,750.00
04/01/2021	-	-	-	-	-	60,750.00	60,750.00
10/01/2021	-	-	-	-	-	60,750.00	60,750.00
04/01/2022	-	-	-	-	-	60,750.00	60,750.00
10/01/2022	-	-	-	-	-	60,750.00	60,750.00
04/01/2023	-	-	-	-	-	60,750.00	60,750.00
10/01/2023	-	-	-	-	-	60,750.00	60,750.00
04/01/2024	-	-	-	-	-	60,750.00	60,750.00
10/01/2024	-	-	-	-	-	60,750.00	60,750.00
04/01/2025	-	-	-	2,700,000.00	4.500%	60,750.00	2,760,750.00
<b>Total</b>	<b>\$2,700,000.00</b>	<b>\$364,500.00</b>	<b>\$3,064,500.00</b>	<b>\$2,700,000.00</b>	<b>-</b>	<b>\$1,579,500.00</b>	<b>\$4,279,500.00</b>

**Yield Statistics**

Base date for Avg. Life & Avg. Coupon Calculation	4/01/2012
Average Life	13.000 Years
Average Coupon	4.5000000%
Weighted Average Maturity (Par Basis)	13.000 Years

**Refunding Bond Information**

Refunding Dated Date	4/01/2012
Refunding Delivery Date	4/01/2012

Preliminary F2 Maximum Estimate

**MONTGOMERY COUNTY, TENNESSEE**

\$40,000,000 GO School & Pub Imp Bonds, Series 2005, Dated 12/1/2005

Callable 4/1/2016 at Par

**Debt Service To Maturity And To Call**

Date	Refunded Bonds	Refunded Interest	D/S To Call	Principal	Coupon	Interest	Refunded D/S
10/01/2012	-	224,093.75	224,093.75	-	-	224,093.75	224,093.75
04/01/2013	-	224,093.75	224,093.75	-	4.000%	224,093.75	224,093.75
10/01/2013	-	224,093.75	224,093.75	-	-	224,093.75	224,093.75
04/01/2014	-	224,093.75	224,093.75	-	4.000%	224,093.75	224,093.75
10/01/2014	-	224,093.75	224,093.75	-	-	224,093.75	224,093.75
04/01/2015	-	224,093.75	224,093.75	-	4.000%	224,093.75	224,093.75
10/01/2015	-	224,093.75	224,093.75	-	-	224,093.75	224,093.75
04/01/2016	10,100,000.00	224,093.75	10,324,093.75	-	4.000%	224,093.75	224,093.75
10/01/2016	-	-	-	-	-	224,093.75	224,093.75
04/01/2017	-	-	-	-	-	224,093.75	224,093.75
10/01/2017	-	-	-	-	-	224,093.75	224,093.75
04/01/2018	-	-	-	-	-	224,093.75	224,093.75
10/01/2018	-	-	-	-	-	224,093.75	224,093.75
04/01/2019	-	-	-	-	-	224,093.75	224,093.75
10/01/2019	-	-	-	-	-	224,093.75	224,093.75
04/01/2020	-	-	-	-	-	224,093.75	224,093.75
10/01/2020	-	-	-	-	-	224,093.75	224,093.75
04/01/2021	-	-	-	-	-	224,093.75	224,093.75
10/01/2021	-	-	-	-	-	224,093.75	224,093.75
04/01/2022	-	-	-	-	-	224,093.75	224,093.75
10/01/2022	-	-	-	-	-	224,093.75	224,093.75
04/01/2023	-	-	-	-	-	224,093.75	224,093.75
10/01/2023	-	-	-	-	-	224,093.75	224,093.75
04/01/2024	-	-	-	-	-	224,093.75	224,093.75
10/01/2024	-	-	-	-	-	224,093.75	224,093.75
04/01/2025	-	-	-	5,050,000.00	4.375%	224,093.75	5,274,093.75
10/01/2025	-	-	-	-	-	113,625.00	113,625.00
04/01/2026	-	-	-	5,050,000.00	4.500%	113,625.00	5,163,625.00
<b>Total</b>	<b>\$10,100,000.00</b>	<b>\$1,792,750.00</b>	<b>\$11,892,750.00</b>	<b>\$10,100,000.00</b>	<b>-</b>	<b>\$6,053,687.50</b>	<b>\$16,153,687.50</b>

**Yield Statistics**

Base date for Avg. Life & Avg. Coupon Calculation	4/01/2012
Average Life	13.500 Years
Average Coupon	4.4398148%
Weighted Average Maturity (Par Basis)	13.500 Years

**Refunding Bond Information**

Refunding Dated Date	4/01/2012
Refunding Delivery Date	4/01/2012

Preliminary F2 Maximum Estimate

## MONTGOMERY COUNTY, TENNESSEE

\$33,000,000 GO Refunding Bonds, Series 2012, Dated: April 1, 2012

Interest Rates as of 2/22/2012

### Escrow Fund Cashflow

Date	Principal	Rate	Interest	+Transfers	Receipts	Disbursements	Cash Balance
04/01/2012	-	-	-	0.27	0.92	-	0.92
05/01/2012	59,845.00	0.030%	1,881.10	308,676.61	370,402.71	370,403.13	0.50
05/03/2012	3,966,064.00	0.030%	104.31	-	3,966,168.31	3,966,167.67	1.14
10/01/2012	243,840.00	0.120%	41,002.87	-	284,842.87	284,843.75	0.26
11/01/2012	253,716.00	0.130%	11,596.50	-	265,312.50	265,312.50	0.26
04/01/2013	243,598.00	0.160%	41,245.92	-	284,843.92	284,843.75	0.43
05/01/2013	14,253,910.00	0.160%	11,403.12	-	14,265,313.12	14,265,312.50	1.05
10/01/2013	243,987.00	0.230%	40,856.17	-	284,843.17	284,843.75	0.47
04/01/2014	244,268.00	0.300%	40,575.59	-	284,843.59	284,843.75	0.31
10/01/2014	244,635.00	0.360%	40,209.19	-	284,844.19	284,843.75	0.75
04/01/2015	2,945,075.00	0.430%	39,768.85	-	2,984,843.85	2,984,843.75	0.85
10/01/2015	190,656.00	0.530%	33,436.94	-	224,092.94	224,093.75	0.04
04/01/2016	10,291,162.00	0.640%	32,931.71	-	10,324,093.71	10,324,093.75	-
<b>Total</b>	<b>\$33,180,756.00</b>	<b>-</b>	<b>\$335,012.27</b>	<b>\$308,676.88</b>	<b>\$33,824,445.80</b>	<b>\$33,824,445.80</b>	<b>-</b>

### Investment Parameters

Investment Model [PV, GIC, or Securities]	Securities
Default investment yield target	Bond Yield
Cost of Investments Purchased with Fund Transfers	308,669.27
Cash Deposit	0.65
Cost of Investments Purchased with Bond Proceeds	33,180,756.00
Total Cost of Investments	\$33,489,425.92
Target Cost of Investments at bond yield	\$31,994,568.54
Actual positive or (negative) arbitrage	(1,186,188.11)
Yield to Receipt	0.4888464%
Yield for Arbitrage Purposes	2.2920740%
State and Local Government Series (SLGS) rates for	2/22/2012

Preliminary F2 Maximum Estimate

**MONTGOMERY COUNTY, TENNESSEE**

\$33,000,000 GO Refunding Bonds, Series 2012, Dated: April 1, 2012

Interest Rates as of 2/22/2012

**Unrestricted Money Cash Flow**

<b>Date</b>	<b>Principal</b>	<b>Rate</b>	<b>Interest</b>	<b>-Transfers</b>	<b>Cash Balance</b>
04/01/2012	-	-	-	(0.27)	-
05/01/2012	308,669.00	0.030%	7.61	(308,676.61)	-
<b>Total</b>	<b>\$308,669.00</b>	-	<b>\$7.61</b>	<b>(308,676.88)</b>	-

**Composition Of Initial Deposit**

Cash Deposit	0.27
Cost of Investments Purchased with Fund Transfers	308,669.00
<b>Total Cost of Investments</b>	<b>\$308,669.27</b>



Preliminary F2 Maximum Estimate

**MONTGOMERY COUNTY, TENNESSEE**

\$33,000,000 GO Refunding Bonds, Series 2012, Dated: April 1, 2012

Interest Rates as of 2/22/2012

**Escrow Summary Cost**

Maturity	Type	Coupon	Yield	\$ Price	Par Amount	Principal Cost	+Accrued Interest	= Total Cost
<b>Bond Proceeds Account</b>								
05/01/2012	SLGS-CI	0.030%	0.030%	100.0000000%	59,845	59,845.00	-	59,845.00
05/03/2012	SLGS-CI	0.030%	0.030%	100.0000000%	3,966,064	3,966,064.00	-	3,966,064.00
10/01/2012	SLGS-CI	0.120%	0.120%	100.0000000%	243,840	243,840.00	-	243,840.00
11/01/2012	SLGS-CI	0.130%	0.130%	100.0000000%	253,716	253,716.00	-	253,716.00
04/01/2013	SLGS-CI	0.160%	0.160%	100.0000000%	243,598	243,598.00	-	243,598.00
05/01/2013	SLGS-NT	0.160%	0.160%	100.0000000%	14,253,910	14,253,910.00	-	14,253,910.00
10/01/2013	SLGS-NT	0.230%	0.230%	100.0000000%	243,987	243,987.00	-	243,987.00
04/01/2014	SLGS-NT	0.300%	0.300%	100.0000000%	244,268	244,268.00	-	244,268.00
10/01/2014	SLGS-NT	0.360%	0.360%	100.0000000%	244,635	244,635.00	-	244,635.00
04/01/2015	SLGS-NT	0.430%	0.430%	100.0000000%	2,945,075	2,945,075.00	-	2,945,075.00
10/01/2015	SLGS-NT	0.530%	0.530%	100.0000000%	190,656	190,656.00	-	190,656.00
04/01/2016	SLGS-NT	0.640%	0.640%	100.0000000%	10,291,162	10,291,162.00	-	10,291,162.00
<b>Subtotal</b>		-	-	-	<b>\$33,180,756</b>	<b>\$33,180,756.00</b>	-	<b>\$33,180,756.00</b>
<b>Unrestricted Money Account</b>								
05/01/2012	SLGS-CI	0.030%	0.030%	100.0000000%	308,669	308,669.00	-	308,669.00
<b>Subtotal</b>		-	-	-	<b>\$308,669</b>	<b>\$308,669.00</b>	-	<b>\$308,669.00</b>
<b>Total</b>		-	-	-	<b>\$33,489,425</b>	<b>\$33,489,425.00</b>	-	<b>\$33,489,425.00</b>

**Bond Proceeds Account**

Cash Deposit	0.65
Cost of Investments Purchased with Bond Proceeds	33,180,756.00
<b>Total Cost of Investments</b>	<b>\$33,180,756.65</b>

**Unrestricted Money Account**

Cash Deposit	0.27
Cost of Investments	308,669.00
<b>Total Cost of Investments</b>	<b>\$308,669.27</b>

Cash Deposit	0.92
Cost of Investments	33,489,425.00
<b>Total Deposit</b>	<b>\$33,489,425.92</b>

Delivery Date 4/01/2012

Preliminary F2 Maximum Estimate

**MONTGOMERY COUNTY, TENNESSEE**

\$33,000,000 GO Refunding Bonds, Series 2012, Dated: April 1, 2012

Interest Rates as of 2/22/2012

**Primary Purpose Fund Proof Of Yield @ 0.4888464%**

<b>Date</b>	<b>Cashflow</b>	<b>PV Factor</b>	<b>Present Value</b>	<b>Cumulative PV</b>
04/01/2012	-	1.0000000x	-	-
05/01/2012	61,726.10	0.9995932x	61,700.99	61,700.99
05/03/2012	3,966,168.31	0.9995661x	3,964,447.37	4,026,148.36
10/01/2012	284,842.87	0.9975617x	284,148.35	4,310,296.70
11/01/2012	265,312.50	0.9971559x	264,557.93	4,574,854.63
04/01/2013	284,843.92	0.9951294x	283,456.56	4,858,311.19
05/01/2013	14,265,313.12	0.9947246x	14,190,057.74	19,048,368.93
10/01/2013	284,843.17	0.9927030x	282,764.67	19,331,133.60
04/01/2014	284,843.59	0.9902825x	282,075.63	19,613,209.23
10/01/2014	284,844.19	0.9878679x	281,388.44	19,894,597.67
04/01/2015	2,984,843.85	0.9854593x	2,941,441.99	22,836,039.67
10/01/2015	224,092.94	0.9830564x	220,296.01	23,056,335.67
04/01/2016	10,324,093.71	0.9806595x	10,124,420.33	33,180,756.00
<b>Total</b>	<b>\$33,515,768.27</b>	<b>-</b>	<b>\$33,180,756.00</b>	<b>-</b>

**Composition Of Initial Deposit**

Cost of Investments Purchased with Bond Proceeds	33,180,756.00
Adjusted Cost of Investments	33,180,756.00

Preliminary F2 Maximum Estimate

**MONTGOMERY COUNTY, TENNESSEE**

\$33,000,000 GO Refunding Bonds, Series 2012, Dated: April 1, 2012

Interest Rates as of 2/22/2012

**Proof Of UMF Yield @ 0.0295869%**

<b>Date</b>	<b>Cashflow</b>	<b>PV Factor</b>	<b>Present Value</b>	<b>Cumulative PV</b>
04/01/2012	-	1.0000000x	-	-
05/01/2012	308,676.61	0.9999753x	308,669.00	308,669.00
<b>Total</b>	<b>\$308,676.61</b>	-	<b>\$308,669.00</b>	-
Cost of Investments Purchased with Fund Transfers				308,669.00
Adjusted Cost of Investments				308,669.00

Preliminary F2 Maximum Estimate

## MONTGOMERY COUNTY, TENNESSEE

\$33,000,000 GO Refunding Bonds, Series 2012, Dated: April 1, 2012

Interest Rates as of 2/22/2012

### Refunding Summary

Part 1 of 2

Dated 04/01/2012 | Delivered 04/01/2012

#### Sources Of Funds

Par Amount of Bonds	\$33,000,000.00
Reoffering Premium	443,771.80
Transfers from Prior Issue Debt Service Funds	308,669.27
<b>Total Sources</b>	<b>\$33,752,441.07</b>

#### Uses Of Funds

Deposit to Net Cash Escrow Fund	33,489,425.92
Total Underwriter's Discount (0.575%)	189,750.00
Costs of Issuance	69,943.00
Rounding Amount	3,322.15
<b>Total Uses</b>	<b>\$33,752,441.07</b>

#### Flow of Funds Detail

State and Local Government Series (SLGS) rates for Date of OMP Candidates	2/22/2012
Net Cash Escrow Fund Solution Method	Net Funded
Total Cost of Investments	\$33,489,425.92
Interest Earnings @ 0.489%	335,012.27
Transfers from Unrestricted Money Fund	308,676.61
Total Draws	\$33,824,445.80
Unrestricted Money Fund Solution Method	Transfer All
Total Cost of Investments	\$308,669.27
Interest Earnings @ 0.030%	7.61
Transfers to Net Cash Escrow Fund	(308,676.61)

#### Issues Refunded And Call Dates

2001 UnRefd Bds dd 12012001	5/03/2012
2003 Pub Imp Bds dd 06012003	5/01/2013
2004 Sch & Pub Imp Bds dd 11012004	4/01/2015
2005 Sch & Pub Imp dd 12012005	4/01/2016

Preliminary F2 Maximum Estimate

**MONTGOMERY COUNTY, TENNESSEE**

\$33,000,000 GO Refunding Bonds, Series 2012, Dated: April 1, 2012

Interest Rates as of 2/22/2012

**Refunding Summary**

Part 2 of 2

Dated 04/01/2012 | Delivered 04/01/2012

**PV Analysis Summary (Net to Net)**

Net PV Cashflow Savings @ 2.393%(AIC)	2,664,300.92
Transfers from Prior Issue Debt Service Fund	(308,669.27)
Contingency or Rounding Amount	3,322.15
Net Present Value Benefit	\$2,358,953.80
Net PV Benefit / \$30,765,000 Refunded Principal	7.668%
Net PV Benefit / \$33,000,000 Refunding Principal	7.148%

**Bond Statistics**

Average Life	8.685 Years
Average Coupon	2.4949231%
Net Interest Cost (NIC)	2.4062871%
Bond Yield for Arbitrage Purposes	2.2920740%
True Interest Cost (TIC)	2.3658695%
All Inclusive Cost (AIC)	2.3932166%

**MONTGOMERY COUNTY, TENNESSEE**

\$33,000,000 GO Refunding Bonds, Series 2012, Dated: April 1, 2012

Interest Rates as of 2/22/2012

**Debt Service Schedule**

Part 1 of 2

<b>Date</b>	<b>Principal</b>	<b>Coupon</b>	<b>Interest</b>	<b>Total P+I</b>	<b>Fiscal Total</b>
04/01/2012	-	-	-	-	-
10/01/2012	-	-	345,012.50	345,012.50	-
04/01/2013	725,000.00	1.000%	345,012.50	1,070,012.50	-
06/30/2013	-	-	-	-	1,415,025.00
10/01/2013	-	-	341,387.50	341,387.50	-
04/01/2014	1,750,000.00	1.000%	341,387.50	2,091,387.50	-
06/30/2014	-	-	-	-	2,432,775.00
10/01/2014	-	-	332,637.50	332,637.50	-
04/01/2015	1,750,000.00	1.000%	332,637.50	2,082,637.50	-
06/30/2015	-	-	-	-	2,415,275.00
10/01/2015	-	-	323,887.50	323,887.50	-
04/01/2016	3,255,000.00	1.000%	323,887.50	3,578,887.50	-
06/30/2016	-	-	-	-	3,902,775.00
10/01/2016	-	-	307,612.50	307,612.50	-
04/01/2017	3,210,000.00	1.000%	307,612.50	3,517,612.50	-
06/30/2017	-	-	-	-	3,825,225.00
10/01/2017	-	-	291,562.50	291,562.50	-
04/01/2018	3,165,000.00	2.000%	291,562.50	3,456,562.50	-
06/30/2018	-	-	-	-	3,748,125.00
10/01/2018	-	-	259,912.50	259,912.50	-
04/01/2019	640,000.00	2.000%	259,912.50	899,912.50	-
06/30/2019	-	-	-	-	1,159,825.00
10/01/2019	-	-	253,512.50	253,512.50	-
04/01/2020	645,000.00	2.000%	253,512.50	898,512.50	-
06/30/2020	-	-	-	-	1,152,025.00
10/01/2020	-	-	247,062.50	247,062.50	-
04/01/2021	3,150,000.00	2.000%	247,062.50	3,397,062.50	-
06/30/2021	-	-	-	-	3,644,125.00
10/01/2021	-	-	215,562.50	215,562.50	-
04/01/2022	1,025,000.00	2.500%	215,562.50	1,240,562.50	-
06/30/2022	-	-	-	-	1,456,125.00
10/01/2022	-	-	202,750.00	202,750.00	-
04/01/2023	1,010,000.00	2.500%	202,750.00	1,212,750.00	-
06/30/2023	-	-	-	-	1,415,500.00
10/01/2023	-	-	190,125.00	190,125.00	-
04/01/2024	-	-	190,125.00	190,125.00	-
06/30/2024	-	-	-	-	380,250.00
10/01/2024	-	-	190,125.00	190,125.00	-
04/01/2025	7,745,000.00	3.000%	190,125.00	7,935,125.00	-
06/30/2025	-	-	-	-	8,125,250.00
10/01/2025	-	-	73,950.00	73,950.00	-
04/01/2026	4,930,000.00	3.000%	73,950.00	5,003,950.00	-
06/30/2026	-	-	-	-	5,077,900.00
<b>Total</b>	<b>\$33,000,000.00</b>	<b>-</b>	<b>\$7,150,200.00</b>	<b>\$40,150,200.00</b>	<b>-</b>

Preliminary F2 Maximum Estimate

**MONTGOMERY COUNTY, TENNESSEE**

\$33,000,000 GO Refunding Bonds, Series 2012, Dated: April 1, 2012

Interest Rates as of 2/22/2012

**Debt Service Schedule**

Part 2 of 2

**Yield Statistics**

Bond Year Dollars	\$286,590.00
Average Life	8.685 Years
Average Coupon	2.4949231%
Net Interest Cost (NIC)	2.4062871%
True Interest Cost (TIC)	2.3658695%
Bond Yield for Arbitrage Purposes	2.2920740%
All Inclusive Cost (AIC)	2.3932166%

**IRS Form 8038**

Net Interest Cost	2.3032838%
Weighted Average Maturity	8.706 Years

Preliminary F2 Maximum Estimate

## MONTGOMERY COUNTY, TENNESSEE

\$33,000,000 GO Refunding Bonds, Series 2012, Dated: April 1, 2012

Interest Rates as of 2/22/2012

### Debt Service Schedule

Date	Principal	Coupon	Interest	Total P+I
06/30/2012	-	-	-	-
06/30/2013	725,000.00	1.000%	690,025.00	1,415,025.00
06/30/2014	1,750,000.00	1.000%	682,775.00	2,432,775.00
06/30/2015	1,750,000.00	1.000%	665,275.00	2,415,275.00
06/30/2016	3,255,000.00	1.000%	647,775.00	3,902,775.00
06/30/2017	3,210,000.00	1.000%	615,225.00	3,825,225.00
06/30/2018	3,165,000.00	2.000%	583,125.00	3,748,125.00
06/30/2019	640,000.00	2.000%	519,825.00	1,159,825.00
06/30/2020	645,000.00	2.000%	507,025.00	1,152,025.00
06/30/2021	3,150,000.00	2.000%	494,125.00	3,644,125.00
06/30/2022	1,025,000.00	2.500%	431,125.00	1,456,125.00
06/30/2023	1,010,000.00	2.500%	405,500.00	1,415,500.00
06/30/2024	-	-	380,250.00	380,250.00
06/30/2025	7,745,000.00	3.000%	380,250.00	8,125,250.00
06/30/2026	4,930,000.00	3.000%	147,900.00	5,077,900.00
<b>Total</b>	<b>\$33,000,000.00</b>	<b>-</b>	<b>\$7,150,200.00</b>	<b>\$40,150,200.00</b>

#### Yield Statistics

Bond Year Dollars	\$286,590.00
Average Life	8.685 Years
Average Coupon	2.4949231%
Net Interest Cost (NIC)	2.4062871%
True Interest Cost (TIC)	2.3658695%
Bond Yield for Arbitrage Purposes	2.2920740%
All Inclusive Cost (AIC)	2.3932166%

#### IRS Form 8038

Net Interest Cost	2.3032838%
Weighted Average Maturity	8.706 Years



Preliminary F2 Maximum Estimate

**MONTGOMERY COUNTY, TENNESSEE**

\$7,265,000 GO UnRefunded Bonds, Series 2001, Dated: 12/1/2001

Callable 5/1/2012 at Par

**Current Outstanding Debt Service**

<b>Date</b>	<b>Principal</b>	<b>Coupon</b>	<b>Interest</b>	<b>Total P+I</b>
05/01/2012	3,300,000.00	5.500%	90,750.00	3,390,750.00
<b>Total</b>	<b>\$3,300,000.00</b>	<b>-</b>	<b>\$90,750.00</b>	<b>\$3,390,750.00</b>

**Yield Statistics**

Base date for Avg. Life & Avg. Coupon Calculation	4/01/2012
Average Life	0.083 Years
Average Coupon	5.5000000%
Weighted Average Maturity (Par Basis)	0.083 Years

**Refunding Bond Information**

Refunding Dated Date	4/01/2012
Refunding Delivery Date	4/01/2012

Preliminary F2 Maximum Estimate

**MONTGOMERY COUNTY, TENNESSEE**

\$25,000,000 GO Public Improvement Bonds, Series 2003, Dated: 6/1/2003

Callable 5/1/2012 at Par

**Current Outstanding Debt Service**

<b>Date</b>	<b>Principal</b>	<b>Coupon</b>	<b>Interest</b>	<b>Total P+I</b>
05/01/2012	1,000,000.00	3.250%	32,500.00	1,032,500.00
11/01/2012	-	-	16,250.00	16,250.00
05/01/2013	1,000,000.00	3.250%	16,250.00	1,016,250.00
<b>Total</b>	<b>\$2,000,000.00</b>	<b>-</b>	<b>\$65,000.00</b>	<b>\$2,065,000.00</b>

**Yield Statistics**

Base date for Avg. Life & Avg. Coupon Calculation	4/01/2012
Average Life	0.583 Years
Average Coupon	3.2500000%
Weighted Average Maturity (Par Basis)	0.583 Years

**Refunding Bond Information**

Refunding Dated Date	4/01/2012
Refunding Delivery Date	4/01/2012

Preliminary F2 Maximum Estimate

**MONTGOMERY COUNTY, TENNESSEE**

\$22,000,000 GO School & Pub Imp Bonds, Series 2004, Dated 11/1/2004

Callable 4/1/2015 at Par

**Current Outstanding Debt Service**

<b>Date</b>	<b>Principal</b>	<b>Coupon</b>	<b>Interest</b>	<b>Total P+I</b>
10/01/2012	-	-	6,000.00	6,000.00
04/01/2013	100,000.00	4.000%	6,000.00	106,000.00
10/01/2013	-	-	4,000.00	4,000.00
04/01/2014	100,000.00	4.000%	4,000.00	104,000.00
10/01/2014	-	-	2,000.00	2,000.00
04/01/2015	100,000.00	4.000%	2,000.00	102,000.00
<b>Total</b>	<b>\$300,000.00</b>	<b>-</b>	<b>\$24,000.00</b>	<b>\$324,000.00</b>

**Yield Statistics**

Base date for Avg. Life & Avg. Coupon Calculation	4/01/2012
Average Life	2.000 Years
Average Coupon	4.0000000%
Weighted Average Maturity (Par Basis)	2.000 Years

**Refunding Bond Information**

Refunding Dated Date	4/01/2012
Refunding Delivery Date	4/01/2012

Preliminary F2 Maximum Estimate

**MONTGOMERY COUNTY, TENNESSEE**

\$40,000,000 GO School & Pub Imp Bonds, Series 2005, Dated 12/1/2005

Callable 4/1/2016 at Par

**Current Outstanding Debt Service**

<b>Date</b>	<b>Principal</b>	<b>Coupon</b>	<b>Interest</b>	<b>Total P+I</b>
10/01/2012	-	-	23,000.00	23,000.00
04/01/2013	250,000.00	4.000%	23,000.00	273,000.00
10/01/2013	-	-	18,000.00	18,000.00
04/01/2014	250,000.00	4.000%	18,000.00	268,000.00
10/01/2014	-	-	13,000.00	13,000.00
04/01/2015	250,000.00	4.000%	13,000.00	263,000.00
10/01/2015	-	-	8,000.00	8,000.00
04/01/2016	400,000.00	4.000%	8,000.00	408,000.00
<b>Total</b>	<b>\$1,150,000.00</b>	<b>-</b>	<b>\$124,000.00</b>	<b>\$1,274,000.00</b>

**Yield Statistics**

Base date for Avg. Life & Avg. Coupon Calculation	4/01/2012
Average Life	2.696 Years
Average Coupon	4.0000000%
Weighted Average Maturity (Par Basis)	2.696 Years

**Refunding Bond Information**

Refunding Dated Date	4/01/2012
Refunding Delivery Date	4/01/2012

Preliminary F2 Maximum Estimate

## **MONTGOMERY COUNTY, TENNESSEE**

\$33,000,000 GO Refunding Bonds, Series 2012, Dated: April 1, 2012

Interest Rates as of 2/22/2012

### **Pricing Summary**

<b>Maturity</b>	<b>Type of Bond</b>	<b>Coupon</b>	<b>Yield</b>	<b>Maturity Value</b>	<b>Price</b>	<b>Dollar Price</b>
04/01/2013	Serial Coupon	1.000%	0.570%	725,000.00	100.428%	728,103.00
04/01/2014	Serial Coupon	1.000%	0.630%	1,750,000.00	100.734%	1,762,845.00
04/01/2015	Serial Coupon	1.000%	0.820%	1,750,000.00	100.532%	1,759,310.00
04/01/2016	Serial Coupon	1.000%	0.920%	3,255,000.00	100.313%	3,265,188.15
04/01/2017	Serial Coupon	1.000%	1.050%	3,210,000.00	99.757%	3,202,199.70
04/01/2018	Serial Coupon	2.000%	1.350%	3,165,000.00	103.734%	3,283,181.10
04/01/2019	Serial Coupon	2.000%	1.610%	640,000.00	102.572%	656,460.80
04/01/2020	Serial Coupon	2.000%	1.870%	645,000.00	100.961%	651,198.45
04/01/2021	Serial Coupon	2.000%	2.090%	3,150,000.00	99.265%	3,126,847.50
04/01/2022	Serial Coupon	2.500%	2.240%	1,025,000.00	102.317%	1,048,749.25
04/01/2023	Serial Coupon	2.500%	2.350%	1,010,000.00	101.329% c	1,023,422.90
04/01/2025	Serial Coupon	3.000%	2.720%	7,745,000.00	102.437% c	7,933,745.65
04/01/2026	Serial Coupon	3.000%	2.830%	4,930,000.00	101.471% c	5,002,520.30
<b>Total</b>	-	-	-	<b>\$33,000,000.00</b>	-	<b>\$33,443,771.80</b>

### **Bid Information**

Par Amount of Bonds	\$33,000,000.00
Reoffering Premium or (Discount)	443,771.80
Gross Production	\$33,443,771.80
Total Underwriter's Discount (0.575%)	\$(189,750.00)
Bid (100.770%)	33,254,021.80
<b>Total Purchase Price</b>	<b>\$33,254,021.80</b>
Bond Year Dollars	\$286,590.00
Average Life	8.685 Years
Average Coupon	2.4949231%
Net Interest Cost (NIC)	2.4062871%
True Interest Cost (TIC)	2.3658695%

Preliminary F2 Maximum Estimate

**MONTGOMERY COUNTY, TENNESSEE**

\$33,000,000 GO Refunding Bonds, Series 2012, Dated: April 1, 2012

Interest Rates as of 2/22/2012

**Proof Of Bond Yield @ 2.2920740%**

Date	Cashflow	PV Factor	Present Value	Cumulative PV
04/01/2012	-	1.0000000x	-	-
10/01/2012	345,012.50	0.9886695x	341,103.33	341,103.33
04/01/2013	1,070,012.50	0.9774673x	1,045,902.28	1,387,005.61
10/01/2013	341,387.50	0.9663921x	329,914.19	1,716,919.80
04/01/2014	2,091,387.50	0.9554424x	1,998,200.31	3,715,120.11
10/01/2014	332,637.50	0.9446168x	314,214.95	4,029,335.07
04/01/2015	2,082,637.50	0.9339138x	1,945,003.81	5,974,338.88
10/01/2015	323,887.50	0.9233320x	299,055.70	6,273,394.58
04/01/2016	3,578,887.50	0.9128702x	3,267,059.74	9,540,454.32
10/01/2016	307,612.50	0.9025269x	277,628.56	9,818,082.88
04/01/2017	3,517,612.50	0.8923008x	3,138,768.48	12,956,851.35
10/01/2017	291,562.50	0.8821906x	257,213.69	13,214,065.04
04/01/2018	3,456,562.50	0.8721949x	3,014,796.19	16,228,861.23
10/01/2018	259,912.50	0.8623125x	224,125.79	16,452,987.03
04/01/2019	899,912.50	0.8525420x	767,213.23	17,220,200.26
10/01/2019	253,512.50	0.8428823x	213,681.20	17,433,881.46
04/01/2020	898,512.50	0.8333320x	748,759.22	18,182,640.67
10/01/2020	247,062.50	0.8238899x	203,552.30	18,386,192.97
04/01/2021	3,397,062.50	0.8145548x	2,767,093.62	21,153,286.59
10/01/2021	215,562.50	0.8053255x	173,597.98	21,326,884.57
04/01/2022	1,240,562.50	0.7962007x	987,736.77	22,314,621.34
10/01/2022	202,750.00	0.7871794x	159,600.62	22,474,221.95
04/01/2023	1,212,750.00	0.7782602x	943,835.08	23,418,057.03
10/01/2023	190,125.00	0.7694421x	146,290.18	23,564,347.21
04/01/2024	190,125.00	0.7607239x	144,632.64	23,708,979.86
10/01/2024	190,125.00	0.7521045x	142,993.88	23,851,973.73
04/01/2025	7,935,125.00	0.7435828x	5,900,422.59	29,752,396.32
10/01/2025	73,950.00	0.7351576x	54,364.91	29,806,761.23
04/01/2026	5,003,950.00	0.7268279x	3,637,010.57	33,443,771.80
<b>Total</b>	<b>\$40,150,200.00</b>	<b>-</b>	<b>\$33,443,771.80</b>	<b>-</b>

**Derivation Of Target Amount**

Par Amount of Bonds	\$33,000,000.00
Reoffering Premium or (Discount)	443,771.80
Original Issue Proceeds	\$33,443,771.80

Preliminary F2 Maximum Estimate

**MONTGOMERY COUNTY, TENNESSEE**

\$33,000,000 GO Refunding Bonds, Series 2012, Dated: April 1, 2012

Interest Rates as of 2/22/2012

**Proof Of True Interest Cost (TIC) @ 2.3658695%**

Date	Cashflow	PV Factor	Present Value	Cumulative PV
04/01/2012	-	1.0000000x	-	-
10/01/2012	345,012.50	0.9883090x	340,978.94	340,978.94
04/01/2013	1,070,012.50	0.9767546x	1,045,139.61	1,386,118.55
10/01/2013	341,387.50	0.9653353x	329,553.40	1,715,671.96
04/01/2014	2,091,387.50	0.9540495x	1,995,287.22	3,710,959.18
10/01/2014	332,637.50	0.9428957x	313,642.46	4,024,601.64
04/01/2015	2,082,637.50	0.9318722x	1,940,752.05	5,965,353.69
10/01/2015	323,887.50	0.9209777x	298,293.15	6,263,646.84
04/01/2016	3,578,887.50	0.9102105x	3,257,540.87	9,521,187.71
10/01/2016	307,612.50	0.8995692x	276,718.72	9,797,906.43
04/01/2017	3,517,612.50	0.8890522x	3,127,341.29	12,925,247.72
10/01/2017	291,562.50	0.8786583x	256,183.81	13,181,431.53
04/01/2018	3,456,562.50	0.8683859x	3,001,629.98	16,183,061.51
10/01/2018	259,912.50	0.8582335x	223,065.62	16,406,127.12
04/01/2019	899,912.50	0.8481999x	763,305.66	17,169,432.78
10/01/2019	253,512.50	0.8382835x	212,515.35	17,381,948.13
04/01/2020	898,512.50	0.8284831x	744,402.42	18,126,350.55
10/01/2020	247,062.50	0.8187973x	202,294.10	18,328,644.65
04/01/2021	3,397,062.50	0.8092247x	2,748,986.75	21,077,631.40
10/01/2021	215,562.50	0.7997640x	172,399.12	21,250,030.52
04/01/2022	1,240,562.50	0.7904139x	980,557.84	22,230,588.36
10/01/2022	202,750.00	0.7811731x	158,382.85	22,388,971.21
04/01/2023	1,212,750.00	0.7720404x	936,291.99	23,325,263.20
10/01/2023	190,125.00	0.7630144x	145,068.12	23,470,331.32
04/01/2024	190,125.00	0.7540940x	143,372.12	23,613,703.44
10/01/2024	190,125.00	0.7452778x	141,695.95	23,755,399.39
04/01/2025	7,935,125.00	0.7365648x	5,844,733.44	29,600,132.82
10/01/2025	73,950.00	0.7279535x	53,832.16	29,653,964.99
04/01/2026	5,003,950.00	0.7194430x	3,600,056.81	33,254,021.80
<b>Total</b>	<b>\$40,150,200.00</b>	-	<b>\$33,254,021.80</b>	-

**Derivation Of Target Amount**

Par Amount of Bonds	\$33,000,000.00
Reoffering Premium or (Discount)	443,771.80
Total Underwriter's Discount (0.575%)	\$(189,750.00)
<b>Total Purchase Price</b>	<b>\$33,254,021.80</b>

Preliminary F2 Maximum Estimate

## MONTGOMERY COUNTY, TENNESSEE

\$33,000,000 GO Refunding Bonds, Series 2012, Dated: April 1, 2012

Interest Rates as of 2/22/2012

### Derivation Of Form 8038 Yield Statistics

<b>Maturity</b>	<b>Issuance Value</b>	<b>Price</b>	<b>Issuance Price</b>	<b>Exponent</b>	<b>Bond Years</b>
04/01/2012	-	-	-	-	-
04/01/2013	725,000.00	100.428%	728,103.00	1.0000000x	728,103.00
04/01/2014	1,750,000.00	100.734%	1,762,845.00	2.0000000x	3,525,690.00
04/01/2015	1,750,000.00	100.532%	1,759,310.00	3.0000000x	5,277,930.00
04/01/2016	3,255,000.00	100.313%	3,265,188.15	4.0000000x	13,060,752.60
04/01/2017	3,210,000.00	99.757%	3,202,199.70	5.0000000x	16,010,998.50
04/01/2018	3,165,000.00	103.734%	3,283,181.10	6.0000000x	19,699,086.60
04/01/2019	640,000.00	102.572%	656,460.80	7.0000000x	4,595,225.60
04/01/2020	645,000.00	100.961%	651,198.45	8.0000000x	5,209,587.60
04/01/2021	3,150,000.00	99.265%	3,126,847.50	9.0000000x	28,141,627.50
04/01/2022	1,025,000.00	102.317%	1,048,749.25	10.0000000x	10,487,492.50
04/01/2023	1,010,000.00	101.329%	1,023,422.90	11.0000000x	11,257,651.90
04/01/2024	-	98.669%	-	12.0000000x	-
04/01/2025	7,745,000.00	102.437%	7,933,745.65	13.0000000x	103,138,693.45
04/01/2026	4,930,000.00	101.471%	5,002,520.30	14.0000000x	70,035,284.20
<b>Total</b>	<b>\$33,000,000.00</b>	<b>-</b>	<b>\$33,443,771.80</b>	<b>-</b>	<b>\$291,168,123.45</b>

#### IRS Form 8038

Weighted Average Maturity = Bond Years/Issue Price	8.706 Years
Total Interest from Debt Service	7,150,200.00
Reoffering (Premium) or Discount	(443,771.80)
Total Interest	6,706,428.20
NIC = Interest / (Issue Price * Average Maturity)	2.3032838%
Bond Yield for Arbitrage Purposes	2.2920740%



Preliminary F2 Maximum Estimate

## **MONTGOMERY COUNTY, TENNESSEE**

\$33,000,000 GO Refunding Bonds, Series 2012, Dated: April 1, 2012

Interest Rates as of 2/22/2012

### **Proof of Premium Bond Yield Rule**

Maturity Date	4/01/2023
Bond Type	Coupon

#### **PRICE SUMMARY**

Price to Maturity	101.4460000%
Price to Call (4/01/2022)	101.3290000%
Lowest Price	101.3290000%

#### **CRITERIA 1**

First Available Call Date	4/01/2022
Delivery Date	4/01/2012
Years to First Call	10.000 Years
Yield to Maturity	2.3620986%
Yield to Call	2.3500000%
Callable in 5 years and (YTM-YTC) gt/eq 0.125%	No

#### **CRITERIA 2**

Original Issue Premium	1.3290000%
Integer Years to First Call	10.000 Years
25% * Years to Call	2.500 Years
OIP > 25% * Years to Call?	No

#### **CRITERIA 3**

Stepped Coupon?	No
Price to Call Less than Price to Maturity?	Yes
Yield to Call Adjustment Necessary?	No

Preliminary F2 Maximum Estimate

**MONTGOMERY COUNTY, TENNESSEE**

\$33,000,000 GO Refunding Bonds, Series 2012, Dated: April 1, 2012

Interest Rates as of 2/22/2012

**Proof of Premium Bond Yield Rule**

Maturity Date	4/01/2025
Bond Type	Coupon

**PRICE SUMMARY**

Price to Maturity	103.0480000%
Price to Call (4/01/2022)	102.4370000%
Lowest Price	102.4370000%

**CRITERIA 1**

First Available Call Date	4/01/2022
Delivery Date	4/01/2012
Years to First Call	10.000 Years
Yield to Maturity	2.7754071%
Yield to Call	2.7200000%
Callable in 5 years and (YTM-YTC) gt/eq 0.125%	No

**CRITERIA 2**

Original Issue Premium	2.4370000%
Integer Years to First Call	10.000 Years
25% * Years to Call	2.500 Years
OIP > 25% * Years to Call?	No

**CRITERIA 3**

Stepped Coupon?	No
Price to Call Less than Price to Maturity?	Yes
Yield to Call Adjustment Necessary?	No

Preliminary F2 Maximum Estimate

**MONTGOMERY COUNTY, TENNESSEE**

\$33,000,000 GO Refunding Bonds, Series 2012, Dated: April 1, 2012

Interest Rates as of 2/22/2012

**Proof of Premium Bond Yield Rule**

Maturity Date	4/01/2026
Bond Type	Coupon

**PRICE SUMMARY**

Price to Maturity	101.9530000%
Price to Call (4/01/2022)	101.4710000%
Lowest Price	101.4710000%

**CRITERIA 1**

First Available Call Date	4/01/2022
Delivery Date	4/01/2012
Years to First Call	10.000 Years
Yield to Maturity	2.8716536%
Yield to Call	2.8300000%
Callable in 5 years and (YTM-YTC) gt/eq 0.125%	No

**CRITERIA 2**

Original Issue Premium	1.4710000%
Integer Years to First Call	10.000 Years
25% * Years to Call	2.500 Years
OIP > 25% * Years to Call?	No

**CRITERIA 3**

Stepped Coupon?	No
Price to Call Less than Price to Maturity?	Yes
Yield to Call Adjustment Necessary?	No

Preliminary F2 Maximum Estimate

**MONTGOMERY COUNTY, TENNESSEE**

\$33,000,000 GO Refunding Bonds, Series 2012, Dated: April 1, 2012

Interest Rates as of 2/22/2012

**AVERAGE LIFE BY MATURITY**

<b>Maturity</b>	<b>Type</b>	<b>BOND YEARS (000)</b>	<b>/ ISSUANCE VALUE</b>	<b>= AVERAGE LIFE</b>
04/01/2013	Serial	725.00	725,000.00	1.000 Years
04/01/2014	Serial	3,500.00	1,750,000.00	2.000 Years
04/01/2015	Serial	5,250.00	1,750,000.00	3.000 Years
04/01/2016	Serial	13,020.00	3,255,000.00	4.000 Years
04/01/2017	Serial	16,050.00	3,210,000.00	5.000 Years
04/01/2018	Serial	18,990.00	3,165,000.00	6.000 Years
04/01/2019	Serial	4,480.00	640,000.00	7.000 Years
04/01/2020	Serial	5,160.00	645,000.00	8.000 Years
04/01/2021	Serial	28,350.00	3,150,000.00	9.000 Years
04/01/2022	Serial	10,250.00	1,025,000.00	10.000 Years
04/01/2023	Serial	11,110.00	1,010,000.00	11.000 Years
04/01/2025	Serial	100,685.00	7,745,000.00	13.000 Years
04/01/2026	Serial	69,020.00	4,930,000.00	14.000 Years
<b>Total</b>	-	<b>\$286,590.00</b>	<b>\$33,000,000.00</b>	-

**Bid Information**

Bond Year Dollars	\$286,590.00
Average Life	8.685 Years

Preliminary F2 Maximum Estimate

## **MONTGOMERY COUNTY, TENNESSEE**

\$33,000,000 GO Refunding Bonds, Series 2012, Dated: April 1, 2012

Interest Rates as of 2/22/2012

### **Sources & Uses**

**Dated 04/01/2012 | Delivered 04/01/2012**

#### **Sources Of Funds**

Par Amount of Bonds	\$33,000,000.00
Reoffering Premium	443,771.80
Transfers from Prior Issue Debt Service Funds	308,669.27

**Total Sources** **\$33,752,441.07**

#### **Uses Of Funds**

Deposit to Net Cash Escrow Fund	33,489,425.92
Total Underwriter's Discount (0.575%)	189,750.00
Costs of Issuance	69,943.00
Rounding Amount	3,322.15

**Total Uses** **\$33,752,441.07**

Preliminary F2 Maximum Estimate

**MONTGOMERY COUNTY, TENNESSEE**

\$33,000,000 GO Refunding Bonds, Series 2012, Dated: April 1, 2012

Interest Rates as of 2/22/2012

**Detail Costs Of Issuance**

Dated 04/01/2012 | Delivered 04/01/2012

**COSTS OF ISSUANCE DETAIL**

Bond Counsel	\$6,000.00
Bond Counsel Size Factor	\$30,360.00
Disclosure Preparation	\$2,000.00
Escrow Agent/Trustee's Fees	\$1,000.00
S & P Credit Rating Fee	\$15,000.00
CUSIP Charges	\$875.00
Underwriter's Expenses	\$3,000.00
Printing, Official Statements, and Notices	\$7,439.00
Verification Agent	\$3,000.00
Miscellaneous Costs	\$1,269.00
<b>TOTAL</b>	<b>\$69,943.00</b>

# **Exhibit G**

## **Debt Management Policy**



## **Debt Management Policy**

Montgomery County Government  
Clarksville-Montgomery County Schools  
Bi County Solid Waste  
Montgomery County E911  
Montgomery County Rail Authority  
Clarksville/Montgomery County Airport Authority  
Montgomery County Port Authority

**As Adopted by the Montgomery County Commission on November 14, 2011**



## Exhibit A

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# **Debt Management Policy**

## **Introduction**

Debt management policies provide written guidance about the amount and type of debt issued by a state or local government, the issuance process, and the management of the debt portfolio. A debt management policy tailored to the needs of the Board of County Commissioners (the "Governing Body") of Montgomery County, Tennessee (the "County") can improve the quality of decisions, identify and disclose parameters relating to the structure and issuance of debt, identify policy goals, and provide a foundation for long-term financial planning, all of which are in the public interest of the County. Adherence to a debt management policy may signal to rating agencies and the capital markets that a government is well-managed and should meet its obligations in a timely manner.

Debt levels and their related annual costs are important long-term obligations that must be managed within available resources. An effective debt management policy provides guidelines for a government to manage its debt program in line with those resources.

The debt program for the County includes (1) general obligation debt issued by the County for general county purposes and for which the County has pledged its full faith and credit for the payment of both principal and interest; (2) school bonds issued by the County for County school purposes grades K-12 and for which the County has pledged its full faith and credit for the payment of both principal and interest; and

This Debt Management Policy is intended to comply with the debt management policy requirements promulgated by the Tennessee State Funding Board in December 2010.

This policy is supported by certain technical terms that are included with definitions in Exhibit A located at the end of the debt management policy.

This policy includes the following entities:

- The Montgomery County Government.
- The Clarksville Montgomery County School System – a component unit of the county government.
- The Bi County Solid Waste System – a component unit of the county government. Bi County has a board of director that is appointed by the County Mayor and confirmed by the County Commission.
- The Montgomery County Emergency Communication District – The District has its own board of directors and the recordkeeping responsibilities reside with the Director of Accounts and Budgets.
- The Montgomery County Rail Service Authority – the Authority has a board of directors that are jointly appointed by the City of Clarksville and Montgomery

County. The recordkeeping responsibility resides with the Accounts and Budgets Department.

- The Clarksville Montgomery County Airport Authority – the Authority has a board of directors that are jointly appointed by the City of Clarksville and Montgomery County. The recordkeeping responsibility resides with the Accounts and Budgets Department.
- The Montgomery County Port Authority.

## **Goals and Objectives**

The Governing Body is establishing a debt policy as a tool to ensure that financings undertaken by the Governing Body satisfy certain clear objective standards designed to protect the County's financial resources and to meet its long-term capital needs.

### **A. The goals and objectives of this policy are:**

1. To document responsibility for the oversight and management of debt related transactions;
2. To establish criteria and promote prudent financial management for the issuance of debt obligations and the evaluation of debt issuance options;
3. To identify legal and administrative limitations on the issuance of debt and ensure the legal use of the Governing Body's debt issuance authority;
4. To define the types and appropriate use of debt approved for use within the constraints established by Tennessee law;
5. To provide guidance for evaluating refunding candidates or alternative debt structures;
6. To provide support for the maintenance of a strong credit rating;
7. To enhance risk management practices; and
8. To increase transparency, reduce conflicts, and promote cooperation in the debt management process.

## **Debt Management Strategies**

To achieve the goals and objectives above, the Governing Body adopts the following debt management strategies and procedures.

### **A. Funding Strategies**

Debt is to be issued pursuant to the authority of and in full compliance with provisions, restrictions and limitations of the Constitution and laws of the State of Tennessee (the "State") (including Title 9, Chapter 21, Tennessee Code Annotated (the "General Bond Act") and Title 49, Chapter 3, Part 10, Tennessee Code Annotated for the issuance of county school bonds (the "School Bond Act") and various bond authorizations enacted by the General Assembly of the State), and pursuant to resolutions adopted by the Governing Body.

1. Debt may only be used to finance or refinance:
  - a. the capital costs of "public works projects" (as defined in and permitted by the General Bond Act) and such other costs related thereto as may be permitted by the General Bond Act (including without limitation issuance costs, capitalized interest and the funding of debt service reserves), all of which must be authorized by the Governing Body; and
  - b. the capital costs of County school projects (as permitted by the School Bond Act) and such other costs related thereto as may be permitted by the School Bond Act (including without limitation issuance costs, capitalized interest and the funding of debt service reserves), all of which must be authorized by the Governing Body.
2. Prior to the issuance of bonds, bond anticipation notes or capital outlay notes may be issued for the payment of capital costs of projects as authorized by a resolution of the Governing Body. The bond anticipation notes or capital outlay notes may be paid from the proceeds of bonds to be issued in the future.
3. Debt shall be secured by and payable from the following sources of funds:
  - a. In the case of debt issued to finance public works projects under the authority of the General Bond Act, the full faith and credit of the County; provided that in cases where debt is issued to finance capital improvements to a revenue-generating public works project, the debt may be additionally payable from and secured by a pledge of the revenues of such public works project;
  - b. In the case of debt issued to finance County school projects for grades K-12 under the authority of the School Bond Act, the full faith and credit of the County; and
4. Prior to the adoption of a resolution authorizing debt, the Director of Accounts and Budgets (the "Director") shall estimate the impact of the contemplated financing and identify the projected source of repayment.
5. Prior to the issuance of debt, the Director of Accounts and Budget shall estimate the effect of additional debt on the percent of annual requirements for debt service versus fund balance in the debt service fund. The County's objective is to maintain the ratio of approximately fifty percent (50%) of fund balance to the annual debt service requirements.

**B. Federal Tax Status**

1. **Tax-Exempt Debt** — Based on the assumptions that tax-exempt interest rates are lower than taxable rates and that the interest savings outweigh the administrative costs, restrictions on use of financed projects, and investment constraints; the County shall use its best efforts to maximize the amount debt sold under this policy as tax-exempt. Tax exempt from federal income tax and from State of Tennessee Hall Income Tax if it is an obligation of some public entity in Tennessee.
2. **Taxable Debt** — The County shall sell taxable debt when necessary to finance projects with a private use or uncontrolled purpose. The Governing Body encourages the financing team to blend the financing of taxable projects with the financing of tax-exempt projects whenever possible and economically advantageous.

**C. Legal Limitations on the Use of Debt**

1. No debt obligation, except for tax anticipation notes, shall be issued to fund the current operation of the County or any department thereof. Tax anticipation notes shall not be issued except upon approval of the Governing Body and strict compliance with the applicable provisions of the General Bond Act, including without limitation the provisions requiring that such notes mature no later than the end of the fiscal year in which they are issued.
2. The proceeds of any debt obligation shall be expended only for the purpose for which it was authorized by the Governing Body.
3. In accordance with State law, bonds may be issued under the General Bond Act to finance public works projects if:
  - the Governing Body has adopted and published an initial resolution authorizing the financing;
  - the initial resolution is published with a notice giving voters a 20-day right to protest the financing; and
  - if a protest is filed by 10% of voters, a referendum is held and the financing is approved by the voters; or
  - if the Governing Body decides to change the amount, purpose of the issue, or other changes or action in accordance with state law.

In accordance with State Law, Bonds issued under the School Bond Act, and Notes issued under the General Bond Act are not subject to such requirements.

4. The County shall not issue any notes under the General Bond Act without first seeking the approval of the Comptroller of the State, or his or her designee.

## **Types of Debt**

Pursuant to the General Bond Act and the School Bond Act, the County is authorized from time to time to issue its negotiable bonds and notes. Each issuance of debt is authorized by a Resolution adopted by the Governing Body.

### **A. Long Term Bonds**

The County may issue long term bonds under the General Bond Act or the School Bond Act to finance capital projects or refinance outstanding debt. These bonds may be structured as:

1. **Fixed Rate Bonds** — Bonds that have an interest rate that remains constant throughout the life of the bond.
  - Serial Bonds
  - Term Bonds
  - Capital Appreciation Bonds
2. **Variable Rate Demand Obligation (VRDO)**— VRDOs are issued through a public building authority or an industrial development board bear a variable (adjustable) interest rate through the term thereof. Provision as to the calculation or change of variable interest rates shall be included in the authorizing resolution. Variable rate demand obligations debt shall be subject to the following limitations:
  - a. The County shall limit its exposure to long-term variable rate debt to the lesser of the following:
    - i. 25% of the total principal amount of its outstanding long term debt; or
    - ii. 75% of the County's a three year average cash balance of all cash funds in the County, excluding capital projects funds or accounts funded with bond proceeds or grants, measured as of the end of the fiscal year preceding the issuance of the variable rate debt; and
  - b. The County shall annually include in its budget an interest rate assumption for any outstanding variable rate debt that takes market fluctuations affecting the rate of interest into consideration.
  - c. The Director of Accounts and Budgets shall be responsible for monitoring the performance of the remarketing agent, if any, the name and

ratings of any letter-of-credit banks or liquidity facility providers, the expiration date of any letter-of-credit or liquidity facility, and the amount of any on-going fees associated with the variable rate debt.

**B. Short Term Debt**

The County may issue short term debt by resolution of the Governing Body. Debt issued in a short-term mode shall be of one of the following types:

1. **Bond Anticipation Notes (BANs)** — BANs are short term obligations authorized to be issued under the General Bond Act and the School Bond Act that shall be repaid by proceeds of a subsequent long-term bond issue. BANs shall not be issued unless and until all steps prerequisite to the issuance of the anticipated long term bonds have been taken.
2. **Capital Outlay Notes (CONs)** - CONs are short term notes either Three-Year Notes with two, 3 year renewals or Twelve-Year Notes with maturities of at least 4 years to a maximum of 12 years, authorized by the General Bond Act, secured by a pledge of the County's full faith and credit. CONs may be issued when the County wishes to finance capital projects over a relatively short period or a short period of time to be taken out by a longer term bond issue.
3. **Grant Anticipation Notes (GANs)** - GANs are short term notes, authorized by the General Bond Act, secured as to interest by a pledge of the County's full faith and credit and as to principal by a pledge of the proceeds of an anticipated grant from a state or federal agency. GANs may be issued when the County wishes to finance capital projects in anticipation of a grant from a state or federal agency. The principal amount of the GANs shall not exceed the amount of the anticipated grant.
4. **Tax Anticipation Notes (TANs)** - TANs are short term notes, authorized by the General Bond Act, secured by a pledge of taxes and other general fund revenues in the then current fiscal year of the County. TANs, if issued, shall constitute direct obligations of the County backed by the full faith and credit of the County. All TANs shall be paid in the same fiscal year in which they are issued but not later than June 30<sup>th</sup> of the current fiscal year..
5. **Capital Leases** – Capital leases are fixed term, usually non-cancellable, contractual arrangements for the use of an asset on an installment basis. Capital leases typically are a more expensive means of financing since the financing does not represent a direct purchase by the County. However, if the Governing Body chooses to enter into a capital lease, then the cost of the assets and the true cost of the lease, as well as, the impact of using the asset through the end of its useful life should be fully evaluated.

6. **Interfund Borrowings.** -- The County may undertake interfund borrowings, in which amounts on deposit in one County fund are lent to another fund, in the form of any of the notes listed above. All such interfund borrowings shall be approved by the Governing Body and shall be preceded by receipt of the approval of the State Comptroller, as required for the issuance of notes under the General Bond Act.

Short-term debt may be structured as fixed rate or variable rate instruments. Unless the County expects that the interest on the short-term debt is to be paid from long-term bond proceeds (e.g. bond anticipation notes), the County shall annually include in its budget an interest rate assumption for any outstanding variable rate debt that takes market fluctuations affecting the rate of interest into consideration. Given its short-term nature, there is no limitation on the amount of short-term debt that may be issued at variable rates.

### **C. Loans from Public Building Authorities**

The County shall not enter into loan agreements with public building authorities in lieu of issuing its own debt, unless the Governing Body determines that the County cannot reasonably accomplish its financing objectives through the direct issuance of its own debt. If the County determines that it is not able to issue its debt directly, the County may enter into loan agreements with one or more public building authorities, pursuant to Sections 12-10-101 et seq., Tennessee Code Annotated, in lieu of issuing bonds or notes under the General Bond Act or the School Bond Act. The policies set forth herein for bonds issued under the General Bond Act or the School Bond Act shall be equally applicable to loan agreements entered into with a public building authority except that all loan agreements may be entered into pursuant to a negotiated sale. All one-time and ongoing fees, compensation, charges, costs, rebate from interest charges, retainer fees, consultant or referral fees, or any payments to a third party associated with a transaction issued through a public building authority shall be disclosed, in written form, to the County's Governing Body, for public review, prior to the approval and signing of any documents or contracts.

Any structured products, also referred to as swap agreements or derivatives, issued through a public building authority shall not be considered unless (1) a policy defining the use and costs of such products is approved by the County before the transaction is considered, and (2) such policy and such agreements are adopted and entered into in accordance with the restrictions and limitations set forth in applicable law.



## **Debt Management Practices**

### **A. Structure**

The Governing Body shall establish by resolution all terms and conditions relating to the issuance of debt.

#### **1. Term**

Any debt (including refunding debt) shall have a weighted average maturity not greater than the weighted average expected life of the assets financed by such debt. In addition, the final maturity of any bond debt should not be longer than the expected life of the longest lived asset financed thereby, and in no event more than 30 years from issuance.

#### **2. Principal Amortization**

Each bond issue shall be structured so that either (a) 20% of the principal of such issue shall be amortized by the end of the tenth fiscal year following the fiscal year in which the bonds were issued, or (b) following the issuance of such bonds, 40% of the principal of all outstanding County bonds shall be amortized by the end of the tenth fiscal year following the fiscal year in which the bonds were issued.

#### **3. Capitalized Interest**

Interest on a debt issue may be financed (capitalized) through a period permitted by federal law and the authorizing resolution of the Governing Body if it is determined that doing so is consistent with the financial objectives of the County.

#### **4. Debt Service Structure**

Debt issuance shall be planned to achieve, in conjunction with other outstanding County debt service, a debt service schedule that – over the long term – is approximately level or declining.

#### **5. Call Provisions**

The County shall strive to issue all of its debt with a call feature occurring no later than the end of the tenth fiscal year after delivery of the bonds. In any event, call features should be structured to provide the maximum flexibility relative to cost. The County shall avoid the sale of long-term

non-callable bonds absent careful evaluation by the Governing Body with respect to the value of the call option.

## **B. Refinancing Outstanding Debt**

### **1. Purposes**

Bonds shall be considered for refunding when the refunding generates results in aggregate net present value savings to the County. In determining whether a refunding is advisable, the Governing Body shall take into account, among other factors, the level of savings, the call date and final maturity date of the refunded bonds, and projected interest rates relative to historical interest rate levels. The County Mayor and the Director of Accounts and Budget in conjunction with the County's financial advisor shall have the responsibility to periodically analyze outstanding bond issues to determine whether bonds can be refunded for debt service savings.

The County may also consider refunding bonds if necessary due to a change in private/public use of a project that would cause a need to change the tax status of the bonds.

The County may also consider refunding bonds to restructure outstanding debt service; provided that the costs of such restructuring shall be presented to the Governing Body and the Governing Body must expressly determine by resolution that the restructuring is in the County's best interest.

The County should also consider compliance with applicable IRS code before the commencement of a refunding debt issue. The IRS code section 149 details rules and regulations related to debt refunding.

### **2. Term of Refunding Issues**

The Governing Body shall refund bonds within the term of the originally issued debt, unless otherwise expressly approved by resolution of the Governing Body and does not exceed the original life of the capital assets being funded.

### **3. Escrow Structuring**

The County shall utilize the least costly securities available in structuring refunding escrows; provided that the County may purchase U.S. Treasuries – State and Local Government Series if it is determined that the costs and risks attendant to the solicitation of open market securities outweigh any attendant benefits. With respect to purchases of open market

securities, the County shall take competitive bids on a selected portfolio of securities and shall award to the lowest cost provider. The provider must guarantee the delivery of securities. Under no circumstances shall an underwriter, agent or financial advisor sell escrow securities to the County from its own account.

**C. Methods of Sale**

It shall be the policy of the County to sell all bonds issued for the purpose of financing public works projects or school construction projects through a competitive bid process. In accordance with General Bond Act and the County School Bond Act, notes and refunding bonds may be sold through either a competitive bid process or through a negotiated sale.

1. **Competitive** — In a competitive sale, the County's bonds shall be awarded to the bidder providing the lowest true interest cost as long as the bid adheres in all material respects to the requirements set forth in the official notice of sale.
2. **Negotiated** —Although the Governing Body prefers the use of a competitive process, the Governing Body recognizes some bonds are best sold through negotiation. In a negotiated sale, the underwriter(s) shall be chosen prior to the sale and the interest rate and underwriter's fees shall be negotiated prior to the sale. The factors to be considered for a negotiated sale include the following:
  - Volatility of market conditions
  - Size and complexity of the bond sale
  - Credit strength
  - In the case of a refunding, timing and interest rate sensitivity
  - Whether the bonds are structured in a manner that is not conducive to competitive sale (eg. variable rate bonds)

**D. Private Placement**

From time to time the Governing Body may elect to privately place its debt. Such placement shall only be considered if this method is demonstrated to result in a cost savings to the County relative to other methods of debt issuance.

**E. Underwriter Selection (Negotiated Transaction)**

1. **Selection Criteria** — The County shall select, or provide for the selection of, the underwriter(s) for a proposed negotiated sale. The selection criteria shall include but not be limited to the following:
  - Ability and experience in managing similar transactions;
  - Prior knowledge and experience with the County;
  - Capital adequacy;
  - Quality and experience of personnel assigned to the County's engagement;
  - Financing ideas presented; and
  - Underwriting fees.
2. **Underwriter's Discount** — the County shall evaluate the proposed underwriter's discount (usually a maximum of 2%) in comparison to other issues in the market. All fees shall be determined prior to the sale date; a cap on expenses and underwriter's counsel, if any, shall be established and communicated to all parties by the County.
3. **Evaluation of Underwriter Performance** — The Director of Accounts and Budgets shall evaluate each bond sale after completion to assess the following: costs of issuance including the underwriter's compensation, and the pricing of the bonds in terms of the overall interest cost and on a maturity-by-maturity basis.

**F. Credit Quality**

The County's debt management activities shall be conducted to maintain the highest credit ratings possible, consistent with County's financing and public policy objectives. The County Mayor and Director of Accounts and Budgets shall be responsible for maintaining relationships and communicating with the rating agencies that assign ratings to the County's debt. Full disclosure of operations and open lines of communication shall be maintained with the rating agencies. The County Mayor and the Director of Accounts and Budgets shall prepare and make presentations to the rating agencies, as needed, to assist credit analysts in making an informed decision.

**G. Credit Enhancements**

The County shall consider the use of credit enhancements on a case-by-case basis, evaluating economic benefit versus the cost. Only when clearly demonstrable savings can be shown shall an enhancement be utilized. The County may

consider each of the following enhancements as alternatives by evaluating the cost and benefit of such enhancements:

1. **Bond Insurance**

The County may purchase bond insurance when such purchase is deemed prudent and advantageous. The predominant determination shall be based on such insurance being less costly than the present value of the difference in the interest on insured bonds versus uninsured bonds. For competitive sales, the County may either purchase bond insurance or make the issue eligible for bond insurance and allow the purchaser of the bonds to determine whether bond insurance shall be used, and to pay for such bond insurance.

2. **Letters of Credit**

The County may enter into a letter-of-credit (LOC) agreement when such an agreement is deemed prudent and advantageous. The County shall prepare and distribute a request for qualifications to qualified banks or other qualified financial institutions which includes terms and conditions that are acceptable to the County.

3. **Liquidity**

For variable rate debt requiring liquidity facilities to protect against remarketing risk, the County shall evaluate:

- Alternative forms of liquidity, including direct pay letters of credit, standby letters of credit, and line of credit, in order to balance the protection offered against the economic costs associated with each alternative;
- Diversification among liquidity providers, thereby limiting exposure to any individual liquidity provider;
- All cost components attendant to the liquidity facility, including commitment fees, standby fees, draw fees, and interest rates charged against liquidity draws; and
- A comparative analysis and evaluation of the cost of external liquidity providers compared to the requirements for self liquidity.

## H. Use of Structured Products

No interest rate agreements or forward purchase agreements, also referred to as swaps and derivatives shall be considered unless (1) a policy defining the use of such products is approved by the Governing Body before the transaction is considered, and (2) such policy and such agreements are adopted and entered into in accordance with the restrictions and limitations set forth in applicable law.

Contracts, documents, forms, or certificates related to structured products shall be delivered to the County prior to any approval or authorization by the County officials or Governing Body. Any costs, rebates, consultant fees, referral fees, or other charges for the structured products shall be disclosed before any approval of the transaction.

Any evaluation of structured products does not mitigate the ongoing business, financial, market or operating risks nor does it mitigate in any way the County's responsibility to seek an independent review of the transaction and regular monitoring to fully understand the risks associated with the transaction.

## I. Risk Assessment

The County shall evaluate each transaction to assess the types and amounts of risk associated with that transaction, considering all available means to mitigate those risks. The County shall evaluate all proposed transactions for consistency with the objectives and constraints defined in this Policy. Considering the following list of risks, but not limited to this list, shall be fully described, not just a list, by the financial products provider and reviewed by bond counsel and financial advisor before any action is taken by the Governing Body. The following risks should be assessed before issuing debt:

1. **Change in Public/Private Use** — The change in the public/private use of a project that is funded by tax-exempt funds could potentially cause a bond issue to become taxable.
2. **Default Risk** — The risk that debt service payments cannot be made by the due date.
3. **Liquidity Risk** — The risk of having to pay a higher rate to the liquidity provider in the event of a failed remarketing.
4. **Interest Rate Risk** — The risk that interest rates shall rise, on a sustained basis, above levels that would have been set if the issued had been fixed.
5. **Rollover Risk** — The risk of the inability to obtain a suitable liquidity facility at an acceptable price to replace a facility upon termination or expiration of a contract period.

6. **Credit Risk** — The risk that an issuer of debt securities or a borrower may default on his obligations by failing to repay principal and interest in a timely manner.
7. **Fee Risk** — The risk that on-going fees may increase beyond what is initially expected.
8. **Other Risks** --- It being the intention of the County to promote transparency and understanding of any bond transactions, other risks shall be fully described and disclosed.

**J. Continuing Disclosure**

To the extent that any of the County's debt issues are subject to disclosure agreements required by U.S. Securities and Exchange Commission Rule 15c2-12 ("Rule 15c2-12"), the Director of Accounts and Budgets shall ensure that the County remains in compliance with such agreements. Specifically, the Director of Accounts and Budgets shall provide certain financial information and operating data by specified dates, and shall provide notice of certain enumerated events with respect to the bonds, all as described in Rule 15c2-12.

**K. Transparency**

The County shall comply with the Tennessee Open Meetings Act *Tennessee Code Annotated* 8-44-101 *et seq.*, providing adequate public notice of meetings and specifying on the agenda when matters related to debt issuance shall be considered. Additionally, in the interest of transparency, all costs (including interest, issuance, continuing, recurring, ongoing, one-time payments, rebates, retainers, administration fees, and any other costs associated with the transaction) shall be disclosed to the Governing Body prior to any approval or signing of any contracts or documents, and the citizens in a timely manner. In order to comply with the requirements of the preceding sentence, an estimate of the costs described above shall be presented to the Governing Body prior to consideration and approval any resolution authorizing the debt. If the transaction creates monthly or other recurring costs for administrative fees, remarketing fees, liquidity fees, letter of credit fees, trustee fees, rebate from interest charges, retainer fees, consultant fees, referral fees, and any other costs shall be disclosed in writing before any action is taken.

Within four weeks of closing on a debt transaction, the debt service schedule and the State Form CT-0253 shall be available at the office of the Director of Accounts and Budgets for review by members of the Governing Body and the public.

**L. Professional Services**

Contracts for professional services related to debt shall be awarded on the basis of recognized competence and integrity, as required by Section 12-4-106, Tennessee Code Annotated. All professionals engaged to assist in the process of issuing debt shall be required to clearly disclose all compensation and consideration received related to services provided in the debt issuance process by the County. This includes "soft" costs or compensations in lieu of direct payments. If the transaction creates monthly or other recurring costs for administrative fees, remarketing fees, liquidity fees, letter of credit fees, trustee fees, rebate from interest charges, retainer fees, consultant fees, referral fees, and any other costs shall be disclosed in writing before any action is taken.

1. **Counsel** — The County shall enter into an engagement letter agreement with each lawyer or law firm representing the County in a debt transaction. No engagement letter is required for any lawyer who serves as counsel to the County regarding County matters generally.
2. **Bond Counsel** — Bond counsel for each debt transaction is contracted by the County Mayor and serves to assist the County in such debt issue.
3. **Financial Advisor** — If the County chooses to engage a financial advisor for a debt transaction, the County shall enter into a written contract with the financial advisor on terms and conditions approved by the County Mayor. The financial advisor shall not be permitted to bid on or underwrite an issue for which they are or have been providing advisory services.
4. **Underwriter** – If there is an underwriter for a debt issue, the underwriter must clearly identify itself to the County in writing (e.g., in a response to a request for proposals or in promotional materials provided to the County) as an underwriter and not as a financial advisor from the earliest stages of its relationship with the County with respect to that issue. The underwriter must clarify its primary role as a purchaser of securities in an arm's-length commercial transaction and that it has financial and other interests that differ from those of the County. The underwriter in a publicly offered, negotiated sale shall be required to provide pricing information both as to interest rates and to takedown per maturity to the County Mayor and the Director of Accounts and Budgets in advance of the pricing of the debt.

**M. Potential Conflicts of Interest**

Professionals involved in a debt transaction hired or compensated by the County shall be required to disclose existing client and business relationships between



and among the professionals to a transaction (including but not limited to financial advisor, swap advisor, bond counsel, swap counsel, trustee, paying agent, underwriter, counterparty, and remarketing agent), as well as conduit issuers, sponsoring organizations and program administrators. This disclosure shall include that information reasonably sufficient to allow the County to appreciate the significance of the relationships.

Professionals who become involved in the debt transaction as a result of a bid submitted in a widely and publicly advertised competitive sale conducted using an industry standard, electronic bidding platform are not subject to this disclosure. No disclosure is required that would violate any rule or regulation of professional conduct.

## **Debt Administration**

### **A. Planning for Sale**

1. Prior to submitting a bond resolution for approval by the Governing Body, it shall first be considered by the Budget Committee of the Governing Body. The County Mayor shall present to the members of the Budget Committee and the members of the Governing Body the purpose of the financing, the proposed structure of the financing, the proposed method of sale for the financing, members of the proposed financing team, and an estimate of all the costs associated with the financing, and
2. In the case of a proposed refunding, proposed use of credit enhancement, or proposed use of variable rate debt, the Director of Accounts and Budgets shall present the rationale for using the proposed debt structure, an estimate of the expected savings associated with the transaction (if applicable) and a discussion of the potential risks associated with the proposed structure, and the identified method of repayment.
3. If required by Rule 15c2-12, the Director of Accounts and Budgets, the bond counsel, financial advisor, if any, along with other members of the financing team shall prepare a Preliminary Official Statement describing the transaction and the security for the debt that is fully compliant with all legal requirements.

### **B. Post Sale**

1. The Director of Accounts and Budgets shall maintain for review by members of the Governing Body and the public a report, such as State Form CT-0253, describing the transaction and setting forth all the estimated costs associated with the transaction.

2. The Director of Accounts and Budgets shall obtain a closing memorandum with written instructions on transfer and flow of funds.
3. The Director of Accounts and Budgets shall establish guidelines and procedures for tracking the flow of all bond proceeds, as defined by the Internal Revenue Code, over the life of bonds reporting to the IRS all arbitrage earnings associated with the financing and any tax liability that may be owed.
4. The County Mayor, the Director of Accounts and Budgets, the bond counsel, financial advisor, if any, along with other members of the financing team shall prepare an Official Statement describing the transaction and the security for the debt that is fully compliant with all legal requirements.
5. After the sale of the bonds but before the closing documents are signed there should be a draft copy of the state form CT-0253 prepared. Also a complete listing of the fees associated with the sale should be disclosed to the County Mayor and the Director of Accounts and Budgets before the closing document is signed.

**C. Arbitrage**

Compliance with arbitrage requirements on invested tax-exempt bond funds shall be maintained. Proceeds that are to be used to finance construction expenditures are exempted from the filing requirements, provided that the proceeds are spent in accordance with requirements established by IRS Code section 148. The County shall comply with all of its tax certificates for tax-exempt financings by monitoring the arbitrage earning on bond proceeds on an interim basis and by rebating all positive arbitrage when due, pursuant to Internal Revenue Code Section 148. The County currently contracts with an arbitrage consultant to prepare these calculations, when needed. The County shall also retain all records relating to debt transactions for as long as the debt is outstanding, plus three years after the final redemption date of the transaction.

**D. Private Activity**

Compliance with private activity requirements with respect to tax exempt debt-financed facilities shall be maintained. The Director of Accounts and Budgets shall maintain a record of the allocation of debt proceeds to expenditures, and monitor the use of tax exempt debt-financed facilities to ensure that no impermissible private use occurs. This policy allows that approximately 5% of debt issues may be used for private activity.

**E. Investment of Proceeds**

Any proceeds or other funds available for investment by the County must be invested pursuant to applicable State law.

**Review of the Policy**

The debt policy guidelines outlined herein are only intended to provide general direction regarding the future use and execution of debt. A violation of the Governing Body's debt policy shall in no way be interpreted as a violation of law and shall have no bearing on the validity of debt issued by the Governing Body. The Governing Body maintains the right to modify these guidelines (except to the extent these guidelines are mandated by applicable state law or regulation) and may make exceptions to any of them at any time to the extent that the execution of such debt achieves the Governing Body's goals. Any exceptions to these policies shall be expressly acknowledged in the resolution authorizing the pertinent debt issue. In the event of a conflict between the terms of a debt resolution and this policy, the terms of the debt resolution shall control.

This policy shall be periodically reviewed by the Budget Committee. The Director of Accounts and Budgets may at any time present recommendations for any amendments, deletions, additions, improvements or clarifications.

**Adoption of the Policy**

The Governing Body adopted this Policy on \_\_\_\_\_, effective \_\_\_\_\_.

10046041.1

## Exhibit A

### Glossary of Municipal Debt Terminology

**Accrued interest.** Coupon interest accumulated on a bond or note since the last interest payment or, for a new issue, from the dated date to the date of delivery. Since interest on municipal bonds is payable semi-annually, every six months, when you buy a bond in mid-term you are only entitled to the interest the bond earns after you buy it. The interest earned previously, the accrued interest, belongs to the seller. Some first-time bond buyers think this payment is a hidden charge or fee, not realizing that they will get it back in full at the next interest payment date as tax-free interest.

**Ad Valorem Tax.** (It actually means "according to its value.") A state or local government tax based on the value of real property as determined by the public entity's tax assessor.

**Advanced Refunded Bonds.** A municipality may sell a second bond issue at a lower interest rate cost, placing the proceeds of the issue in an escrow account from which the first issue's principal and interest will be repaid when due.

**Amortization of Debt.** The annual reduction of principal through the use of serial bonds or term bonds with a sinking fund.

**Arbitrage.** The interest rate differential that exists when proceeds from a municipal bond - which is tax-free and carries a lower yield - are invested in taxable securities with a yield that is higher. The 1986 Tax Reform Act made this practice by municipalities illegal solely as a borrowing tactic, except under certain safe-harbor conditions..

**Assessed Valuation.** A municipality's worth in dollars based on real estate and/or other property for the purpose of taxation, sometimes expressed as a percent of the full market value of the community.

**Authority or Agency.** A state or local unit of government created to perform a single activity or a limited group of functions and authorized by the state legislature to issue bonded debt.

**Authorizing Resolution.** A resolution that when enacted allows the unit of government to sell a specific bond issue or finance a specific project.

**Average life.** The average length of time an issue of serial bonds and/or term bonds with mandatory sinking funds and/or estimated prepayments is expected to be outstanding. It also can be the average maturity of a bond portfolio.

**Balloon Maturity.** An inordinately large amount of bond principal maturing in any single year. Also called a Term Bond.

**B.A.N. (Bond Anticipation Note).** A short-term security, one year or less, used for interim financing to be repaid from the proceeds of a planned long-term bond issue.

**Basis Point.** One one-hundredth of one percent ( 1/100 % or 0.01 percent). Thus 25 basis points equal one-quarter of one percent, 100 basis points equal one percent. This is typical in-group, professional bond talk.

**Bld.** An offer to buy at a fixed price or yield. As opposed to Ask, which is an offering to sell.

## Exhibit A

**Bond or note.** A security whereby an issuer borrows money from an investor and agrees and promises, by written contract, to pay a fixed principal sum on a specified date ( maturity date) and at a specified rate of interest.

**Bond Counsel or Bond Approving Attorney.** A lawyer who writes an opinion on the bond or note as to its tax exempt status and the authenticity of its issuance.

**Bond Insurance.** Insurance issued by a private insurance company for either an entire issue or specific maturities that guarantees to pay principal and interest when due. This may result in a lower borrowing cost for the issuer.

**Bond Premium.** The amount at which a bond or note is bought or sold above its par value or face value without including accrued interest.

**Bonded debt.** The portion of an issuer's debt structure represented by outstanding bonds.

**Book Entry.** A system of security ownership in which the ownership is held as a computer entry on the records of a central company for its owner. The bond owner gets a computer printout as proof of ownership.

**Broker.** Technically a broker is a bond trader in the secondary market buying from and selling to bond dealers. Its most common usage is as a description of a bond salesperson.

**Callable bond.** A bond or note that is subject to redemption at the option of the issuer prior to its stated maturity. The call date and call premium, if any, is stated in the offering statement.

**Conduit Bonds.** Bonds whose repayment is the responsibility of the business or developer who benefits from the financing, rather than the issuer who only collects the taxes, fees or revenues and passes them on to the bondholder.

**Coupon.** The detachable part of a bond that evidences the rate of interest due and the interest payment date. In the days of bearer bonds, coupons were detached from the bonds and presented to the paying agent for payment just as one might cash a government check.

**Coupon rate.** The specified annual interest rate payable to the bond or note holder as printed on the bond.

**Covenant.** A legally binding commitment by the issuer of municipal bonds to the bondholder. An impairment of a covenant can lead to a Technical Default.

**Coverage.** This is the margin of safety for payment of debt service on a revenue bond that reflects the number of times the actual and/or estimated project earnings or income for a 12-month period of time exceeds debt service that is payable.

**Current Yield.** The ratio of the coupon rate on a bond to the dollar purchase price expressed as a percentage. Thus if you pay par or 100 cents on the dollar for your bond and the coupon rate is 6%, the current yield is 6%; however, if you paid 97 for your 6% discount bond the current yield is 6.186%. (.06 divided by 97). If you paid 102 for a 6% bond the current yield is 5.88% (.06 divided by 102).

**Cushion Bonds.** Bonds selling at a premium are called "cushion" bonds because they cushion the price volatility in an up and down market. By definition, a premium bond has a higher-than-market coupon

## Exhibit A

interest rate. The dollar price movement of a high interest rate bond is less than that of a lower interest rate bond of the same maturity when general interest rates move up or down a few basis points.

**Dated Date. (dtd.)** The date carried on the face of a bond or note from which interest normally begins to accrue.

**Dealer.** A corporation or partnership that buys and sells and maintains an ongoing position in bonds and/or notes. They are also authorized to underwrite new issues. Some large commercial banks are licensed to act as bond dealers.

**Debt Limited.** The maximum statutory or constitutional amount of debt that the general obligation bond issuer can either issue or have outstanding at any time.

**Debt Ratio.** The ratio of the issuer's general obligation debt to a measure of value, such as real property valuations, personal income, general fund resources, or population.

**Debt Service.** Required payments for principal and interest.

**Debt Service Reserve Fund.** A bank trustee account established by the trust indenture and used as a backup security for an issuer's bonds. It usually amounts to one year's debt service, and can be drawn on by the Trustee in the event of an impairment of the Trust indenture.

**Default.** Failure to pay in a timely manner principal and/or interest when due, or a Technical Default, the occurrence of an event as stipulated in the Indenture of Trust resulting in an abrogation of that agreement.

**Defeased bonds.** Refunded bonds for which the payment of principal and interest has been assured through the structuring of a portfolio of government securities, the principal and interest on which will be sufficient to pay debt service on the refunded, outstanding bonds. When a bond issue is defeased, the claim on the revenues of the issuer is usually eliminated.

**Delinquent Taxes.** Property taxes that have been levied but remain unpaid on and after the due date. In California, December 10 and April 10. Special taxes and assessments are often due on these dates as well. When tax delinquencies exceed 5% the Bond Advisor places the issue on its internal Bond Watch.

**Delivery.** For new issues, the time when payment is made to, and the executed bonds and notes are received from, the issuer.

**Denomination.** The face or par amount - nominally \$1000 or \$5000 but can be \$100,000 or more in the case of a note - that the issuer promises to pay at a specific bond or note maturity.

**Direct debt.** In general obligation bond analysis, the amount of debt that a particular local unit of government has incurred in its own name or assumed through annexation.

**Discount.** The amount of dollars by which market value of a bond is less than par value or face value.

**Discount Bonds.** Bonds which sell at a dollar price below par in which case the yield would exceed the coupon rate. The difference between the discount price and the maturity price is subject to federal capital gains tax except in the case of Original Issue Discount Bonds, which see.

**Discount note.** Non-interest-bearing note sold at a discount and maturing at par. A U.S. Treasury Bill is a discount note.

## Exhibit A

**Double-barreled Bond.** A bond with two distinct pledged sources of revenue, such as earmarked monies from a specific enterprise or aid payment, as well as the general obligation taxing powers of the issuer.

**Escrow Fund.** A fund that contains monies that only can be used to pay debt service.

**Escrowed to Maturity.** An Advanced Refunded bond. When interest rates fall, an issuer may choose to sell a new issue called a refunding issue and use the proceeds of the second issue to pay off the original issue, much the same as a home owner refinancing a mortgage in an effort to save interest costs. The proceeds of the refunding issue are used to structure a portfolio of U.S. government securities, the principal and interest payments of which exactly match the principal and interest payments of the refunded bonds. The portfolio is placed in escrow at the paying agent and the bond issue is said to be fully defeased and escrowed to maturity. In actual practice the bonds are usually called on the first call date. Because of the U.S. Treasury backing, ETM bonds are considered the safest municipal bonds available and trade on the market with a rating that matches the United States Government.

**Feasibility Study.** A financial study provide by the issuer of a revenue bond that estimates service needs, construction schedules, and most importantly, future project revenues and expenses used to determine the financial feasibility and creditworthiness of the project to be financed.

**Financial Advisor.** A firm that advises the issuer on all financial matters pertaining to a proposed issue and is not part of the underwriting syndicate. Financial advisors are usually licensed by the Municipal Securities Rulemaking Board (MSRB) and the Securities Exchange Commission to serve the Issuer in a fiduciary role.

**Fiscal Year.** A 12-month time horizon by which state and local governments annually budget their respective revenues and expenditures. Usually not the calendar year, January to December, but often July to June.

**Flow of Funds.** The annual legal sequence by which a public entity's revenues are paid out for operating and maintenance costs, debt service, sinking fund payments, and so on.

**Full Faith and Credit.** The pledge of "the full faith and credit and taxing power without limitation as to rate or amount." A phrase used primarily in conjunction with General Obligation bonds to convey the pledge of utilizing all taxing powers and resources, if necessary, to pay the bond holders.

**General Obligation Bond. (G.O.)** A bond secured by a pledge of the issuer's taxing powers (limited or unlimited). More commonly the general obligation bonds of local governments are paid from ad valorem property taxes and other general revenues. Considered the most secure of all municipal debt.

**General Property Tax.** A tax levied on real estate and personal property.

**Gross Debt.** The sum total of a state's or local government's debt obligations.

**Gross Revenues.** Generally, all annual receipts of a revenue bond issuer prior to the payment of all expenses. Normally only Net Revenues are pledged to the repayment of bonds.

**Indenture of Trust.** A legal document describing in specific detail the terms and conditions of a bond offering, the rights of the bondholder, and the obligations of the issuer to the bondholder; such document is alternatively referred to as a bond resolution.

## Exhibit A

**Industrial Development Bonds. (IDBs)** also called Industrial Revenue Bonds (IRBs). Used to finance facilities for private enterprises, water and air pollution control, ports, airports, resource-recovery plants, and housing, among others. The bonds are backed by the credit of the private corporation borrower rather than by the credit of the issuer. Also known as Conduit Bonds.

**Interim Borrowing.** (1) Short-term loans to be repaid from general revenues or tax collections during the current fiscal year (TRANS or RANs); (2) short-term loans in anticipation of bond issuance or grant receipts (BANs).

**Investment Banker.** A firm engaged in raising capital for an issuer. Participates as the middleman in purchasing securities from the issuer and in selling the same securities to investors.

**Issuer.** A state or local unit of government that borrows money through the sale of bonds and/or notes.

**Investment Grade.** Bond issues that the three major bond rating agencies, Moody's, Standard & Poor's, and Fitch rate BBB or Baa or better. Many fiduciaries, trustees, some mutual fund managers can only invest in securities with an investment grade rating.

**Junk Bonds.** Most non-rated bonds and bonds rated below investment grade.

**Legal Opinion.** A written opinion from bond counsel that an issue of bonds was duly authorized and issued. The opinion usually includes the statement, "interest received thereon is exempt from federal taxes and, in certain circumstances, from state and local taxes."

**Letter of Credit.** A form of supplement or, in some cases, direct security for a municipal bond under which a commercial bank or private corporation guarantees payment on the bond under certain specified conditions. Used most often in variable rate transactions.

**Level Debt Service.** Principal and interest payments that, together, represent more or less equal annual payments over the life of the loan. Principal may be serial maturities or sinking fund installments.

**Maximum Annual Debt Service.** The maximum amount of principal and interest due by a revenue bond issuer on its outstanding bonds in any future fiscal year. This is sometimes the amount to be maintained in the Debt Service Reserve Fund.

**Municipal Bond.** Bonds issued by any of the 50 states, the territories and their subdivisions, counties, cities, towns, villages and school districts, agencies, such as authorities and special districts created by the states, and certain federally sponsored agencies such as local housing authorities. Historically, the interest paid on these bonds has been exempt from federal income taxes and is generally exempt from state and local taxes in the state of issuance.

**Municipal Notes.** Short-term municipal obligations, generally maturing in one year or less. The most common types are (1) bond anticipation notes (BANs), (2) revenue anticipation notes (RANs), (3) tax anticipation notes (TANs), (4) grant anticipation notes, (5) project notes, and (6) construction loan notes. Also see TRANS.

**Municipal Securities Rulemaking Board (MSRB).** An independent self-regulatory organization established by Congress in 1975 which is charged with primary rulemaking authority - under the SEC - over dealers, dealer banks, and brokers in municipal securities.



## Exhibit A

**Net Bonded Debt.** Gross general obligation debt less self-supporting general obligation debt, housing bonds, water revenue bonds, etc..

**Net Interest Cost (NIC).** Generally speaking, issuers award competitive bond sales to the underwriter bidding the lowest NIC. It represents the average coupon rate weighted to reflect the time until repayment of principal and adjusted for the premium or discount.

**Official Statement (OS) or Offering Circular (OC).** A document (prospectus) circulated for an issuer prior to a bond sale with salient facts regarding the proposed financing. There are two OSs, the first known as the preliminary, or "red herring" - so named not because it smells but because some of the type on its cover is printed in red - and it is supposed to be available to the investor before the sale. The final OS must be sent to the purchaser before delivery of the bonds.

**Original Issue Discount.** Some maturities of a new bond issue that have an offering price substantially below par; the appreciation from the original price to par over the life of the bonds is treated as tax-exempt income and is not subject to capital gains tax. See also Zero Coupon Bond.

**Overlapping Debt.** The proportionate share of the general obligation bonds of local governments located wholly or in part within the limits of the reporting unit of government that must be borne by property owners within the unit.

**Par Value.** The face value or principal amount of a bond, usually \$5,000 due the holder at maturity. It has no relation to the market value. For pricing purposes it is considered 100.

**Parity Bonds.** Revenue bonds that have an equal lien on the revenues of the issuer.

**Paying Agent.** Also Fiscal Agent. Generally a bank that performs the function of paying interest and principal for the issuing body.

**Premium.** The amount, if any, by which the price exceeds the principal amount (par value) of a bond. Its current yield will be less than its coupon rate.

**Price to Call.** The yield of a bond priced to the first call date rather than maturity.

**Primary Market.** The new issue market

**Principal.** The face value of a bond or note, exclusive of interest.

**Put Bond.** A bond that can be redeemed on a date or dates prior to the stated maturity date by the bondholder. Also known as an option tender bond.

**Qualified Legal Opinion.** Conditional affirmation of the legal basis for the bond or note issue. The average investor should avoid any but the strongest opinion by the most recognized bond approving attorneys.

**RANs.** Revenue anticipation notes.

**Rate Covenant.** A legal commitment by a revenue bond issuer to maintain rates at levels to generate a specified debt-service coverage.

## Exhibit A

**Ratings.** Various alphabetical and numerical designations used by institutional investors, underwriters, and commercial rating companies to give relative indications of bond and note creditworthiness. Standard & Poor's and Fitch Investors Service Inc. use the same system, starting with their highest rating of AAA, AA, A, BBB, BB, B, CCC, CC, C, and D for default. Moody's Investors Services uses Aaa, Aa, A, Baa, Ba, B, Caa, Ca, C, and D. Each of the services use + or - or +1 to indicate half steps in between. The top four grades are considered Investment Grade Ratings.

**Red Herring.** A preliminary offering statement, subject to final change and update upon completion of sale of bonds. The name comes from the red type along the side on the cover.

**Redemption.** Process of retiring existing bonds prior to maturity from excess earnings or proceeds of refunding bonds. It also refers to redeeming shares in a mutual fund by selling the shares back to the sponsor.

**Refunding Bond.** The issuance of a new bond for the purpose of retiring an already outstanding bond issue.

**Registered Bond.** A non-negotiable instrument in the name of the holder either registered as to principal or as to principal and interest.

**Revenue Bond.** A municipal bond whose debt service is payable solely from the revenues derived from operating the facilities acquired or constructed with the proceeds of the bonds.

**Secondary Market.** The trading market for outstanding bonds and notes. This is an O.T.C. market, a free form negotiated method of buying and selling, usually conducted by telephone or computer. Traders buy and sell for their own inventory. As many as \$2 billion of issues trade each day.

**Security.** The legally available revenues and assets that are used to pay the bond holders. The key component that supports debt service.

**Self-Supporting Bonds.** Bonds payable from the earnings of a municipal utility enterprise.

**Serial Bond.** A bond of an issue that features maturities every year, annually or semiannually over a period of years, as opposed to a Term Bond, which is a large block of bonds maturing in a single year.

**Short term.** Bonds or notes sold on an interim basis with tax-exempt securities for a period of from one to five years.

**Sinking Fund.** Money set aside on a periodic basis to retire term bonds at or prior to maturity.

**Sinking Fund Schedule.** A schedule of payments required under the original revenue bond resolutions to be placed each year into a special fund, called the sinking fund, and to be used for retiring a specified portion of a term bond issue prior to maturity.

**Swap.** The exchange of one bond for another. Generally, the act of selling a bond to establish an income tax loss and replacing the bond with a new item of comparable value.

**TAN.** Tax Anticipation Note.

**Tax Base.** The total resource of the community that is legally available for taxation.

## Exhibit A

**Taxable Equivalent Yield.** The yield an investor would have to obtain on a taxable corporate or U.S. government bond to match the same after-tax yield on a municipal bond. This emuni.com site has a taxable equivalent yield table for California residents.

**Tax Allocation Bond.** Bonds issued in conjunction with a redevelopment project. The taxes pledged to their repayment come from the increase of assessed value over and above a pre-established base. The redevelopment creates this added value, known as the tax increment.

**Tax-exempt Bond.** Bonds exempt from federal income, state income, or state tax and local personal property taxes. This tax exemption results from the theory of reciprocal immunity: States do not tax instruments of the federal government and the federal government does not tax interest of securities of state and local governments.

**Technical Default.** Failure by the issuer to meet the requirements of a bond covenant. These defaults do not necessarily result in losses to the bond holder. The default may be cured by simple changes of policy or actions by the issuer.

**Term Bond.** A large block of bonds of long maturity. They may be part of a serial Bond issue; there may be more than one term bond in an issue or a single maturity. Some are subject to a sinking fund redemption.

**TRAN.** Tax and Revenue Anticipation Note.

**Trustee.** A bank designated as the custodian of funds and official representative of bondholders. Trustees are appointed to insure compliance with the trust indenture and represents bondholders to enforce their contract with the issuer.

**Underlying Debt.** The general obligation bonds of smaller units of local government within a given issuer's jurisdiction.

**Underwriter.** An agreement to purchase an issuer's unsold securities at a set price, thereby guaranteeing the issuer proceeds and a fixed borrowing cost.

**Variable Rate Bond.** A bond whose yield is not fixed but is adjusted periodically according to a prescribed formula.

**Yield Curve.** Graph depicting the relationship between yields and current maturity for securities with identical default risk.

**Yield-to-call.** From an investor's perspective, the Return available to call date taking into consideration the current value of the call premium, if any.

**Yield-to-maturity. (YTM)** From an investor's perspective, the Return available taking into account the interest rate, length of time to maturity, and price paid. It is assumed that the coupon reinvestment rate for the life of the bonds will be the same as the yield-to-maturity.

**Zero-coupon Bonds.** A deep discount municipal bond on which no current interest is paid. Instead, at bond maturity, the investor receives compounded interest at a specified rate. The difference between the discount price at purchase and the accreted value at maturity is not taxed as a capital gain but is considered tax-exempt interest.

Exhibit B



## Summary of Debt Requirements by Fiscal Year

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<u>Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2012	21,201,385	14,966,037	36,167,422
2013	20,515,305	14,945,815	35,461,121
2014	21,579,302	14,139,368	35,718,671
2015	22,580,379	13,343,991	35,924,371
2016	22,691,382	12,519,832	35,211,214
2017	23,799,054	11,623,107	35,422,161
2018	25,226,054	10,640,069	35,866,123
2019	26,419,054	9,606,454	36,025,508
2020	27,598,054	8,503,071	36,101,126
2021	28,443,054	7,287,059	35,730,113
2022	23,759,969	5,983,378	29,743,346
2023	23,272,969	5,027,900	28,300,869
2024	23,001,969	4,014,225	27,016,194
2025	20,496,969	3,060,195	23,557,164
2026	18,686,816	2,166,790	20,853,606
2027	9,422,647	1,175,620	10,598,267
2028	9,375,000	693,770	10,068,770
2029	4,546,000	233,170	4,779,170
2030	725,000	40,600	765,600
	<u>373,340,364</u>	<u>139,970,450</u>	<u>513,310,814</u>

**Exhibit H1**

**State Form(s) CT-0253**

FILE

007740

STATE FORM NO. CT-0253

Issuer's No.

063000

(To be filled out by State)

REPORT ON DEBT OBLIGATION

(Pursuant to Chapter 402, Public Acts of 1989)

1. Issuer:

Name Montgomery County, TN

Address 126 Main Street  
Clarksville, TN 37041

2. Debt Obligation:

- a. Bond
- b. CON
- c. BAN
- d. GAN
- e. Lease/Lease Purchase
- f. Loan Agreement

5. Face Amount of Debt Obligation: \$ 68,725,000

6. Type of Sale:

- a. Competitive Public Sale
- b. Negotiated
- c. Loan Program

specify \_\_\_\_\_

3. Security for Debt Obligation:

- a. General Obligation
- b. General Obligation Revenue and Tax
- c. Revenue
- d. Annual Appropriations

7. Tax Status:

a. X Tax Exempt    b. \_\_\_\_\_ Taxable

8. Dated Date: 12/01/2001

4. Purpose of Issue:

Percent of Issue

- |   |           |
|---|-----------|
| <input checked="" type="checkbox"/> a. General Government   | <u>26</u> |
| <input checked="" type="checkbox"/> b. Education            | <u>24</u> |
| <input type="checkbox"/> c. Highways and Streets            | _____     |
| <input checked="" type="checkbox"/> d. Public Safety        | <u>43</u> |
| <input type="checkbox"/> e. Solid Waste Disposal            | _____     |
| <input type="checkbox"/> f. Industrial Park                 | _____     |
| <input type="checkbox"/> g. Manufacturing Facilities        | _____     |
| <input type="checkbox"/> h. Health Facilities               | _____     |
| <input type="checkbox"/> i. Airports                        | _____     |
| j. Utilities  | _____     |
| <input type="checkbox"/> i. Water                           | _____     |
| <input type="checkbox"/> ii. Sewer                          | _____     |
| <input type="checkbox"/> iii. Electric                      | _____     |
| <input type="checkbox"/> iv. Gas                            | _____     |
| <input checked="" type="checkbox"/> k. Refunding or Renewal | <u>7</u>  |
| <input type="checkbox"/> l. Other                           | _____     |
- specify \_\_\_\_\_

9. Issue Date (Closing Date): 12/27/2001

10. Rating:

- a. Moody's "Aaa"
  - b. Standard & Poor's \_\_\_\_\_
  - c. Unrated \_\_\_\_\_
- FGIC Insured

11. Interest Cost:

5.1209 %

- a. TIC
- b. NIC
- c. Variable
- d. Other

12. Recurring Costs:

- a. Remarketing Agent Fees \$ \_\_\_\_\_
- b. Liquidity Fees \$ \_\_\_\_\_
- c. Credit Enhancement Fees \$ \_\_\_\_\_

SEE REVERSE SIDE

LOAN OFFICE

13. Maturity Dates, Amounts and Interest Rates

Year	Amount	Interest Rate
2003	\$ 1,030,000	4.000%
2004	1,050,000	5.000
2005	1,095,000	5.000
2006	1,135,000	5.000
2007	1,315,000	5.000
2008	1,350,000	5.000
2009	1,500,000	5.000
2010	1,700,000	5.000
2011	2,000,000	5.250
2012	3,300,000	5.500
2013	4,000,000	5.500

Year	Amount	Interest Rate
2014	\$ 4,500,000	5.500%
2015	5,000,000	5.500
2016	5,500,000	5.500
2017	6,000,000	5.500
2018	6,500,000	5.125
2019	7,000,000	5.125
2020	7,250,000	5.125
2021	7,500,000	5.125

If additional space is needed, attach additional sheet.

No. of Years \_\_\_\_\_ (to be filled out by State)

14. Itemized Description of the Cost of Issuance  
(Round to Nearest Dollar)

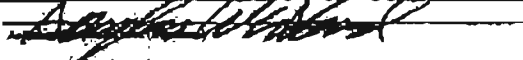
Name of Firm

a. Financial Advisor Fees*	34,855.	Stephens Inc.
b. Legal Fees:		
i. Bond Counsel	35,000.	Bass, Berry & Sims PLC
ii. Issuer's Counsel		
iii. Trustee's Counsel		
Disclosure Counsel	3,000.	Bass, Berry & Sims PLC
c. Paying Agent Fees and Registration Fees	550.	SouthTrust Bank
d. Trustee Fees		
e. Remarketing Agent Fees		
f. Liquidity Fees		
g. Rating Agency Fees	12,000.	Moody's Investors Service
h. Credit Enhancement Fees		
i. Underwriter's Discount:		
i. Take Down		
ii. Management Fee		
iii. Risk Premium		
iv. Underwriter's Counsel		
v. Other Expenses		
j. Printing and Advertising Fees	9,469.	Doc Options/Bond Buyer/The Leaf-Chronicle
k. Issuer Fees		
l. Real Estate Fees		
m. Other Costs	1,966.	Miscellaneous
n. Total Costs	96,840.	

\*If other costs are included, please itemize.

Note: Please enclose a copy of the DISCLOSURE DOCUMENT or OFFICIAL STATEMENT if one was developed.

15.

	Thomas McAnalty
Douglas Welland	Proposer (Please Type or Print Legibly)
County Executive	Senior Vice President
December 27, 2001	Stephens Inc.
	For
	December 27, 2001
	Date



STATE OF TENNESSEE  
COMPTROLLER OF THE TREASURY  
DIVISION OF LOCAL FINANCE  
SUITE 1700 JAMES K. POLK STATE OFFICE BUILDING  
505 DEADERICK STREET  
NASHVILLE, TENNESSEE 37243-0274  
PHONE (615) 401-7976  
FAX (615) 532-5232

October 30, 2001

Honorable Douglas Weiland  
Montgomery County Executive  
PO Box 368  
Clarksville, TN 37041

Dear Mr. Weiland:

This will acknowledge receipt on October 25, 2001 of a letter dated October 22, 2001 from Mr. Thomas D. McAnulty, Stephens Inc., submitting a plan for the proposed issuance of approximately \$5,020,000 General Obligation Refunding Bonds, Series 2001. Enclosed is the report of our review of the plan of refunding required by *Tennessee Code Annotated* Title 9 Chapter 21 Section 903. **The enclosed review does not constitute approval or disapproval by the Division of Local Finance for the proposed plan.**

We are enclosing State Form CT-0253, Report on Debt Obligation. Pursuant to Title 9, Chapter 21, Section 151, this form is to be completed and filed with this office within 45 days after the issuance of this debt.

*Tennessee Code Annotated* Title 9, Chapter 21, Section 910 authorizes any local government to sell general obligation refunding bonds either at a competitive public sale or at a private negotiated sale, as determined by the governing body. However, approval from this office is required if a private negotiated sale is selected. Pursuant to the request from Mr. McAnulty on behalf of Montgomery County, this letter approves the issuance of the refunding bonds at negotiated sale.

Sincerely,

A handwritten signature in cursive script that reads "David H. Bowling".

David H. Bowling  
Director of Local Finance

Cc: Thomas D. McAnulty ✓



# REPORT OF THE REVIEW OF A PLAN OF GENERAL OBLIGATION REFUNDING



## DIVISION OF LOCAL FINANCE COMPTROLLER OF THE TREASURY STATE OF TENNESSEE

### PLAN OF REFUNDING FOR THE PROPOSED ISSUANCE OF APPROXIMATELY \$5,020,000 MONTGOMERY COUNTY GENERAL OBLIGATION REFUNDING BONDS, SERIES 2001

This report is based on a plan of refunding received by the Director of Local Finance on October 25, 2001 from Mr. Thomas D. McAnulty, Stephens Inc. *Tennessee Code Annotated Section 9-21-903* requires a plan of refunding to be submitted to the Director for review prior to the adoption of a resolution by the governing body of a local government authorizing the issuance of general obligation refunding bonds secured, in whole or in part, by the full faith and credit and unlimited taxing power of the local government. This report does not constitute approval or disapproval of this plan of refunding by the Division of Local Finance.

General obligation refunding bonds, secured by the full faith and credit and unlimited taxing power of a local government, may be issued for the following purposes, as described in *Tennessee Code Annotated Section 9-21-901*:

- 1) refunding outstanding obligations which are secured by a pledge of the full faith and credit and unlimited taxing power of the local government;
- 2) refunding outstanding obligations secured by a pledge of revenues in addition to the full faith and credit pledge; or
- 3) refunding outstanding obligations secured solely by the revenues of a public works project.

Refunding of debt is generally performed to achieve at least one of the following objectives:

- 1) provide a net present value cost saving through a decreased cost of interest;
- 2) restructure debt to lower debt service payment throughout the life of the prior debt to allow additional debt to be incurred or to lower revenues required to be dedicated to debt service;
- 3) remove or change restrictive debt covenants; or
- 4) payment or discharge of all or any part of an issue or series of outstanding obligations including any interest in or on the verge of going into default or where insufficient funds exist to extinguish maturing debt obligations.

## ANALYSIS

### General

According to the submitted plan of refunding, Montgomery County proposes to refund \$1,650,000 of the Series 1994 General Obligation Refunding Bonds and \$3,245,000 of the Series 1996 General Obligation Refunding Bonds. Approximately \$5,020,000 General Obligation Refunding Bonds, Series 2001, will be issued to refund the outstanding debt. The indicated purpose for this refunding is to achieve interest cost savings.

**Cost Associated with the Refunding Bonds**

The estimated cost of issuance for the \$5,020,000 General Obligation Refunding Bonds, Series 2001 is \$40,890. This represents \$8.15 per \$1,000 bonds issued. These costs consist of the following: \$18,825 underwriter discount; \$11,065 bond insurance premium; \$5,000 bond counsel; \$5,000 financial advisor; and \$1,000 other related expenses.

**Cost Savings**

According to the refunding analysis submitted by Mr. McNulty, this refunding will provide a cumulative savings of approximately \$58,600. This savings is determined by subtracting the new debt service payment associated with the refunding bonds from the original debt service associated with the refunded bonds during each year of the life of the bonds. The actual savings may be greater or less than that projected, depending upon the interest rate obtained on the day of issuance.

This constitutes the report of this office pursuant to Title 9, Chapter 21, Section 903 *Tennessee Code Annotated*. This report does not constitute approval or disapproval by the Division of Local Finance for the proposed plan of refunding.



David H. Bowling  
Director of Local Finance  
Date: 10/30/01

**Stephens Inc.**  
**Public Finance Department**  
**Facsimile Cover Sheet**

**One American Center**  
**3100 West End Ave., Ste 110**  
**Nashville, TN 37203**  
**Fax No.: 615 - 279 - 4351**

**THIS MESSAGE IS INTENDED ONLY FOR THE USE OF THE INDIVIDUAL OR ENTITY TO WHICH IT IS ADDRESSED AND MAY CONTAIN INFORMATION THAT IS PRIVILEGED, CONFIDENTIAL AND EXEMPT FROM DISCLOSURE UNDER APPLICABLE LAW.** If the reader of this message is not the intended recipient or the employee or agent responsible for delivering the message to the intended recipient, you are hereby notified that any dissemination, distribution, or copying of this communication is strictly prohibited. If you have received this communication in error, please notify us immediately by telephone and return the original message to us at the address below via the U.S. Postal Service. Thank you.

Date/Time: 11/01/2001 2:34 PM

To: **Charlie Wray, Attorney**  
**Bass, Berry & Sims**

Fax No.: 742 - 2738

Phone: 742 - 6238

From: Tom McAnulty  
Senior Vice President  
Direct Line: 615 - 279 - 4333  
Toll Free: 1 - 800 - 732 - 6847  
Fax No.: 615 - 279 - 4351  
Email: [tmcanulty@stephens.com](mailto:tmcanulty@stephens.com)

No. of Pages \_\_\_\_\_

Message:

*Charlie,*

Division of Local Finance Approval Letter for Montgomery County refunding.

*Tom McAnulty*

Issuer's No. \_\_\_\_\_  
(To be filled out by State)

**REPORT ON DEBT OBLIGATION**  
(Pursuant to Chapter 402, Public Acts of 1989)

1. Issuer:

Name Montgomery County, TN

Address One Millennium Plaza  
Montgomery County Historic Courthouse  
Clarksville, TN 37040

2. Debt Obligation:

a. Bond  
 b. CON  
 c. BAN  
 d. GAN  
 e. Lease/Lease Purchase  
 f. Loan Agreement

5. Face Amount of Debt Obligation: \$ 81,640,000

6. Type of Sale:

a. Competitive Public Sale  
 b. Negotiated  
 c. Loan Program \_\_\_\_\_  
 specify

3. Security for Debt Obligation:

a. General Obligation  
 b. General Obligation Revenue and Tax  
 c. Revenue  
 d. Annual Appropriations

7. Tax Status:

a. X Tax Exempt    b. \_\_\_\_\_ Taxable

8. Dated Date: 06/01/2003

4. Purpose of Issue:

	Percent of Issue
<input type="checkbox"/> a. General Government	_____
<input type="checkbox"/> b. Education	_____
<input type="checkbox"/> c. Highways and Streets	_____
<input type="checkbox"/> d. Public Safety	_____
<input type="checkbox"/> e. Solid Waste Disposal	_____
<input type="checkbox"/> f. Industrial Park	_____
<input type="checkbox"/> g. Manufacturing Facilities	_____
<input type="checkbox"/> h. Health Facilities	_____
<input type="checkbox"/> i. Airports	_____
<input type="checkbox"/> j. Utilities	_____
<input type="checkbox"/> i. Water	_____
<input type="checkbox"/> ii. Sewer	_____
<input type="checkbox"/> iii. Electric	_____
<input type="checkbox"/> iv. Gas	_____
<input checked="" type="checkbox"/> k. Refunding or Renewal	100
<input type="checkbox"/> l. Other _____	_____
specify	

9. Issue Date (Closing Date): 06/17/2003

10. Rating:

a. Moody's "Aaa"  
 b. Standard & Poor's \_\_\_\_\_  
 c. Unrated \_\_\_\_\_  
 FSA Insured

11. Interest Cost: 3.0789 %

a. TIC  
 b. NIC  
 c. Variable  
 d. Other

12. Recurring Costs:

a. Remarketing Agent Fees \$ \_\_\_\_\_  
 b. Liquidity Fees \$ \_\_\_\_\_  
 c. Credit Enhancement Fees \$ \_\_\_\_\_

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 LOCAL FINANCIAL

13. Maturity Dates, Amounts and Interest Rates

Year	Amount	Interest Rate
2004	\$ 5,500,000	3.00%
2005	5,400,000	3.00
2006	5,550,000	4.00
2007	5,900,000	4.00
2008	6,150,000	4.00
2009	6,500,000	4.00
2010	6,800,000	4.50
2011	7,140,000	4.50
2012	7,500,000	4.50
2013	7,900,000	4.75
2014	8,400,000	4.75

Year	Amount	Interest Rate
2015	\$ 8,900,000	4.75%

If additional space is needed, attach additional sheet.

No. of Years \_\_\_\_\_ (to be filled out by State.)

14. Itemized Description of the Cost of Issuance  
(Round to Nearest Dollar)

Name of Firm

a. Financial Advisor Fees\*

b. Legal Fees:

i. Bond Counsel

40,000.

Bass, Berry & Sims PLC

ii. Issuer's Counsel

iii. Trustee's Counsel

Disclosure Counsel

3,000.

Bass, Berry & Sims PLC

c. Paying Agent Fees and  
Registration Fees

750.

SouthTrust Bank

d. Trustee Fees

e. Remarketing Agent Fees

f. Liquidity Fees

g. Rating Agency Fees

24,150.

Moody's Investors Service

h. Credit Enhancement Fees

i. Underwriter's Discount

i. Take Down

ii. Management Fee

iii. Risk Premium

iv. Underwriter's Counsel

v. Other Expenses

j. Printing and Advertising Fees

6,792

iGetSmart.com/FedEx

k. Issuer Fees

l. Real Estate Fees

m. Other Costs

14,016.

Miscellaneous

n. Total Costs

\$88,708.

\*If other costs are included, please itemize.

Note: Please enclosed a copy of the DISCLOSURE DOCUMENT or OFFICIAL STATEMENT if one was developed.

15.

Authorized Representative (Signature)

Douglas Weiland

Authorized Representative (Please Type or Print Legibly)

County Executive

Title

June 17, 2003

Date

Thomas McAulity

Preparer (Please Type or Print Legibly)

Senior Vice President

Title

Stephens Inc.

Firm

June 17, 2003

Date

Issuer's No. \_\_\_\_\_  
(To be filled out by State)

**REPORT ON DEBT OBLIGATION**  
(Pursuant to Chapter 402, Public Acts of 1989)

1. Issuer:

Name Montgomery County, TN

Address One Millennium Plaza  
Montgomery County Historic Courthouse  
Clarksville, TN 37040

2. Debt Obligation:

a. Bond  
 b. CON  
 c. BAN  
 d. GAN  
 e. Lease/Lease Purchase  
 f. Loan Agreement

5. Face Amount of Debt Obligation: \$ 22,000,000

6. Type of Sale:

a. Competitive Public Sale  
 b. Negotiated  
 c. Loan Program \_\_\_\_\_  
specify

3. Security for Debt Obligation:

a. General Obligation  
 b. General Obligation Revenue and Tax  
 c. Revenue  
 d. Annual Appropriations

7. Tax Status:

a.  Tax Exempt    b. \_\_\_\_\_ Taxable

8. Dated Date: November 1, 2004

9. Issue Date (Closing Date): November 19, 2004

4. Purpose of Issue:

	Percent of Issue
<input checked="" type="checkbox"/> a. General Government	<u>9</u>
<input checked="" type="checkbox"/> b. Education	<u>73</u>
<input type="checkbox"/> c. Highways and Streets	_____
<input type="checkbox"/> d. Public Safety	_____
<input type="checkbox"/> e. Solid Waste Disposal	_____
<input checked="" type="checkbox"/> f. Industrial Park	<u>18</u>
<input type="checkbox"/> g. Manufacturing Facilities	_____
<input type="checkbox"/> h. Health Facilities	_____
<input type="checkbox"/> i. Airports	_____
j. Utilities	_____
<input type="checkbox"/> i. Water	_____
<input type="checkbox"/> ii. Sewer	_____
<input type="checkbox"/> iii. Electric	_____
<input type="checkbox"/> iv. Gas	_____
<input type="checkbox"/> k. Refunding or Renewal	_____
<input type="checkbox"/> l. Other _____	_____
specify	

10. Rating:

a. Moody's "Aaa"  
b. Standard & Poor's \_\_\_\_\_  
c. Unrated \_\_\_\_\_  
MBIA Insured

11. Interest Cost: 4.5283 %

a. TIC  
 b. NIC  
 c. Variable  
 d. Other

12. Recurring Costs:

a. Remarketing Agent Fees \$ \_\_\_\_\_  
b. Liquidity Fees \$ \_\_\_\_\_  
c. Credit Enhancement Fees \$ \_\_\_\_\_

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LOCAL FINANCE

13. Maturity Dates, Amounts and Interest Rates

Year	Amount	Interest Rate
2006	\$ 100,000	2.100%
2007	100,000	2.125
2008	100,000	2.400
2009	100,000	3.000
2010	100,000	3.250
2011	100,000	3.500
2012	100,000	3.750
2013	100,000	4.000
2014	100,000	4.000
2015	100,000	4.000
2016	1,000,000	5.000

Year	Amount	Interest Rate
2017	\$ 1,300,000	5.000%
2018	1,400,000	5.000
2019	1,500,000	5.000
2020	2,600,000	5.000
2021	2,600,000	5.000
2022	2,600,000	5.000
2023	2,600,000	5.000
2024	2,700,000	5.000
2025	2,700,000	4.500

If additional space is needed, attach additional sheet.

No. of Years \_\_\_\_\_ (to be filled out by State.)

14. Itemized Description of the Cost of Issuance  
(Round to Nearest Dollar)

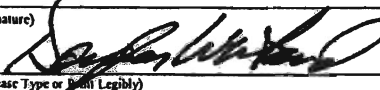
Name of Firm

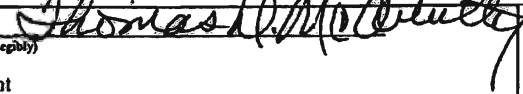
a. Financial Advisor Fees*	17,877.	Stephens Inc.
b. Legal Fees:		
i. Bond Counsel	18,000.	Bass, Berry & Sims PLC
ii. Issuer's Counsel		
iii. Trustee's Counsel		
Disclosure Counsel	3,000.	Bass, Berry & Sims PLC
_____		
_____		
c. Paying Agent Fees and Registration Fees	750.	Deutsche Bank
d. Trustee Fees		
e. Remarketing Agent Fees		
f. Liquidity Fees		
g. Rating Agency Fees	7,500.	Moody's Investors Service
h. Credit Enhancement Fees		
i. Underwriter's Discount	0.	Banc of America Securities LLC (paid for by reoffering premium)
i. Take Down		
ii. Management Fee		
iii. Risk Premium		
iv. Underwriter's Counsel		
v. Other Expenses		
j. Printing and Advertising Fees	11,490.	DocOption/Leaf Chronicle/Bond Buyer/I-Deal
k. Issuer Fees		
l. Real Estate Fees		
m. Other Costs	1,156.	CUSIP/Misc
n. Total Costs	<u>\$59,773.</u>	

\*If other costs are included, please itemize.

Note: Please enclosed a copy of the DISCLOSURE DOCUMENT or OFFICIAL STATEMENT if one was developed.

15.

Authorized Representative (Signature)   
 Douglas Weiland  
 Authorized Representative (Please Type or Print Legibly)  
 County Mayor  
 Title  
 November 19, 2004  
 Date

Thomas McAnulty   
 Preparer (Please Type or Print Legibly)  
 Senior Vice President  
 Title  
 Stephens Inc.  
 Firm  
 November 19, 2004  
 Date

Issuer's No. \_\_\_\_\_  
(To be filled out by State)

**REPORT ON DEBT OBLIGATION**  
(Pursuant to Chapter 402, Public Acts of 1989)

1. Issuer:

Name Montgomery County, TN

Address One Millennium Plaza  
Montgomery County Historic Courthouse  
Clarksville, TN 37040

2. Debt Obligation:

a. Bond  
 b. CON  
 c. BAN  
 d. GAN  
 e. Lease/Lease Purchase  
 f. Loan Agreement

5. Face Amount of Debt Obligation: \$ 40,000,000

6. Type of Sale:

a. Competitive Public Sale  
 b. Negotiated  
 c. Loan Program \_\_\_\_\_  
specify \_\_\_\_\_

3. Security for Debt Obligation:

a. General Obligation  
 b. General Obligation Revenue and Tax  
 c. Revenue  
 d. Annual Appropriations

7. Tax Status:

a. X Tax Exempt      b. \_\_\_\_\_ Taxable

8. Dated Date: December 1, 2005

4. Purpose of Issue:	Percent of Issue
<input checked="" type="checkbox"/> a. General Government	<u>2</u>
<input checked="" type="checkbox"/> b. Education	<u>90</u>
<input type="checkbox"/> c. Highways and Streets	_____
<input type="checkbox"/> d. Public Safety	_____
<input type="checkbox"/> e. Solid Waste Disposal	_____
<input checked="" type="checkbox"/> f. Industrial Park	<u>4</u>
<input type="checkbox"/> g. Manufacturing Facilities	_____
<input checked="" type="checkbox"/> h. Health Facilities	<u>4</u>
<input type="checkbox"/> i. Airports	_____
j. Utilities	_____
<input type="checkbox"/> i. Water	_____
<input type="checkbox"/> ii. Sewer	_____
<input type="checkbox"/> iii. Electric	_____
<input type="checkbox"/> iv. Gas	_____
<input type="checkbox"/> k. Refunding or Renewal	_____
<input type="checkbox"/> l. Other _____	_____
specify _____	_____

9. Issue Date (Closing Date): December 15, 2005

10. Rating:

a. Moody's "Aaa"  
b. Standard & Poor's \_\_\_\_\_  
c. Unrated \_\_\_\_\_  
MBIA Insured

11. Interest Cost: 4.5282 %

a. TIC  
 b. NIC  
 c. Variable  
 d. Other

12. Recurring Costs:

a. Remarketing Agent Fees \$ \_\_\_\_\_  
b. Liquidity Fees \$ \_\_\_\_\_  
c. Credit Enhancement Fees \$ \_\_\_\_\_

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**\*Maturity Dates, Amounts and Interest Rates**

FINAL

**MONTGOMERY COUNTY, TENNESSEE**

\$40,000,000 G O School & Public Imp Bonds, Series 2005, Dated: December 1, 2005

Purchased by Bank of America, Charlotte, NC at a TIC of 4.5282304%

Callable 4/1/16 at Par for 4/1/17 and thereafter

**Debt Service BUDGET Schedule**

Date	Principal	Coupon	Interest	Total P+I
06/30/2006	-	-	624,895.83	624,895.83
06/30/2007	100,000.00	4.000%	1,874,687.50	1,974,687.50
06/30/2008	100,000.00	4.000%	1,870,687.50	1,970,687.50
06/30/2009	100,000.00	4.000%	1,866,687.50	1,966,687.50
06/30/2010	150,000.00	4.000%	1,862,687.50	2,012,687.50
06/30/2011	200,000.00	4.000%	1,856,687.50	2,056,687.50
06/30/2012	250,000.00	4.000%	1,848,687.50	2,098,687.50
06/30/2013	250,000.00	4.000%	1,838,687.50	2,088,687.50
06/30/2014	250,000.00	4.000%	1,828,687.50	2,078,687.50
06/30/2015	250,000.00	4.000%	1,818,687.50	2,068,687.50
06/30/2016	400,000.00	4.000%	1,808,687.50	2,208,687.50
06/30/2017	600,000.00	4.000%	1,792,687.50	2,392,687.50
06/30/2018	1,000,000.00	4.125%	1,768,687.50	2,768,687.50
06/30/2019	1,000,000.00	4.200%	1,727,437.50	2,727,437.50
06/30/2020	5,050,000.00	5.000%	1,685,437.50	6,735,437.50
06/30/2021	5,050,000.00	5.000%	1,432,937.50	6,482,937.50
06/30/2022	5,050,000.00	5.000%	1,180,437.50	6,230,437.50
06/30/2023	5,050,000.00	4.750%	927,937.50	5,977,937.50
06/30/2024	5,050,000.00	4.750%	688,062.50	5,738,062.50
06/30/2025	5,050,000.00	4.375%	448,187.50	5,498,187.50
06/30/2026	5,050,000.00	4.500%	227,250.00	5,277,250.00
<b>Total</b>	<b>\$40,000,000.00</b>	<b>-</b>	<b>\$30,978,833.33</b>	<b>\$70,978,833.33</b>