NEW ISSUE
BOOK-ENTRY-ONLY

PRELIMINARY OFFICIAL STATEMENT

$4,325,000*
GIBSON COUNTY, TENNESSEE
General Obligation Refunding Bonds, Series 2017

OFFERED FOR SALE NOT SOONER THAN

Wednesday, September 27, 2017 at 10:15 A.M. E.D.T. / 9:15 A.M. CDT
Through the Facilities of ***PARITY***®
and at the offices of
Cumberland Securities Company, Inc.
Knoxville, Tennessee

SINCE 1931

CUMBERLAND SECURITIES
INDEPENDENT FINANCIAL ADVISOR

September 20, 2017

*Preliminary, subject to change.

PRELIMINARY OFFICIAL STATEMENT DATED SEPTEMBER 20, 2017

NEW ISSUE
BOOK-ENTRY-ONLY

Rating: S&P – "AA-"
(See "MISCELLANEOUS-Rating" herein)

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

$4,325,000*

GIBSON COUNTY, TENNESSEE

General Obligation Refunding Bonds, Series 2017

Dated: Date of delivery (Assume October 18, 2017).

Due: June 1, as shown below.

The $4,325,000* General Obligation Refunding Bonds, Series 2017 (the "Bonds") are issuable in fully registered form in denominations of $5,000 and authorized integral multiples thereof. The Bonds will be issued in book-entry-only form and registered in the name of Cede & Co., as nominee of The Depository Trust Company, New York, New York ("DTC"). DTC will act as securities depository of the Bonds. So long as Cede & Co. is the registered owner of the Bonds, as the nominee for DTC, principal and interest with respect to the Bonds shall be payable to Cede & Co., as nominee for DTC, which will, in turn, remit such principal and interest to the DTC participants for subsequent disbursements to the beneficial owners of the Bonds. Individual purchases of the Bonds will be made in book-entry-only form, in denominations of $5,000 or integral multiples thereof and will bear interest at the annual rates as shown below. Interest on the Bonds is payable semi-annually from the date thereof commencing on December 1, 2017 and thereafter on each June 1 and December 1 by check or draft mailed to the owners thereof as shown on the books and records of Regions Bank, Nashville, Tennessee, the registration and paying agent (the "Registration Agent"). In the event of discontinuation of the book-entry-only system, principal of and interest on the Bonds are payable at the designated corporate trust office of the Registration Agent.

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

The Bonds maturing June 1, 2025 and thereafter are subject to optional redemption prior to maturity on or after June 1, 2024.

Due (June 1)	Amount*	Interest Rate	Yield	CUSIP**	Due (June 1)	Amount*	Interest Rate	Yield	CUSIP**
2018	$ 50,000				2026	$ 50,000			
2019	25,000				2027	25,000			
2020	50,000				2028	25,000			
2021	50,000				2029	500,000			
2022	75,000				2030	750,000			
2023	25,000				2031	850,000			
2024	50,000				2032	850,000			
2025	75,000				2033	875,000			

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

The Bonds are offered when, as and if issued, subject to the approval of the legality thereof by Bass, Berry & Sims PLC, Knoxville, Tennessee, Bond Counsel, whose opinion will be delivered with the Bonds. Certain legal matters will be passed upon for the County by Flippin, Atkins & Crider, PC, County Attorney. It is expected that the Bonds will be available for delivery through the facilities of Depository Trust Company in New York, New York, on or about October ___, 2017.

Cumberland Securities Company, Inc.
Financial Advisor

September __, 2017

*Preliminary, subject to change.

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

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

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

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

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

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

** These CUSIP numbers have been assigned by S&P CUSIP Service Bureau, a division of the McCraw-Hill Companies, Inc., and are included solely for the convenience of the Bond holders. 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 Bonds or as indicated herein.

GIBSON COUNTY, TENNESSEE

OFFICIALS

Thomas Witherspoon	*County Mayor*
Greg Pillow	*Budget Director*
Joyce Brown	*County Clerk*
Floyd Flippin	*County Attorney*

BOARD OF COUNTY COMMISSIONERS

Lenford Carr	Rickey Locke
Cody Childress	Michael Longmire
Bobby Cotham	Don McEwen
Nelson Cunningham	Kevin Morgan
Eric Egbert	Sandra K. Moss
Mark Flake	Lynn Nance
Stephen Hughes	Tony Pillow
Larry Kimery	Marvin Sikes
Travis Landrum	Keith Steele
Todd Lawson	Robin Summers
Nathan Lewis	Jason Tubbs
Todd Littleton	Dennis Wall

REGISTRATION AND PAYING AGENT

Regions Bank
Nashville, Tennessee

BOND COUNSEL

Bass, Berry & Sims PLC
Knoxville, Tennessee

FINANCIAL ADVISOR

Cumberland Securities Company, Inc.
Knoxville, Tennessee

TABLE OF CONTENTS

SUMMARY STATEMENT

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

The Issuer ..... Gibson County, Tennessee (the "County" or "Issuer"). See APPENDIX B contained herein.

Securities Offered ..... $4,325,000* General Obligation Refunding Bonds, Series 2017 (the "Bonds") of the County, dated the date of issuance (assume October 18, 2017). The Bonds mature each June 1 beginning June 1, 2018 through June 1, 2033, inclusive. See the section entitled "SECURITIES OFFERED" herein for additional information.

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

Purpose ..... The Bonds are being issued for the purpose of (i) refunding, in whole or in part, certain Outstanding Bonds (as defined herein) of the County, as described herein; and (ii) payment of the costs related to the issuance and sale of the Bonds. See the section entitled "SECURITIES OFFERED - Authority and Purpose" contained herein.

Optional Redemption ..... The Bonds maturing June 1, 2025 and thereafter are subject to optional redemption prior to maturity on or after June 1, 2024. See the section entitled "SECURITIES OFFERED – Optional Redemption".

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

Bank Qualification ..... The Bonds will be treated as "qualified tax-exempt obligations" within the meaning of Section 265 of the Internal Revenue Code of 1986, as amended. See the section entitled "LEGAL MATTERS - Tax Matters" for additional information.

Rating ..... S&P: "AA-". See the section entitled "MISCELLANEOUS - Rating" for more information.

Financial Advisor ..... Cumberland Securities Company, Inc., Knoxville, Tennessee. See the section entitled "MISCELLANEOUS-Financial Advisor; Related parties; Other" herein.

Underwriter ..... _____.

Bond Counsel ..... Bass, Berry & Sims PLC, Knoxville, Tennessee.

*Preliminary, subject to change.

Book-Entry Only ..... The Bonds will be issued under the Book-Entry-Only System except as otherwise described herein. For additional information, see the section entitled "BASIC DOCUMENTATION - Book-Entry-Only System"

Registration Agent..... Regions Bank, Nashville, Tennessee.

General..... The Bonds are being issued in full compliance with applicable provisions of Title 9, Chapter 21, *Tennessee Code Annotated*, as supplemented and revised. See "SECURITIES OFFERED" herein. The Bonds will be issued with CUSIP numbers and delivered through the facilities of The Depository Trust Company, New York, New York.

Disclosure ..... In accordance with Rule 15c2-12 promulgated under the Securities Exchange Act of 1934 as amended, the County will provide the Municipal Securities Rulemaking Board (the "MSRB") through the operation of the Electronic Municipal Market Access system ("EMMA") and the State Information Depository ("SID"), if any, annual financial statements and other pertinent credit or event information, including Comprehensive Annual Financial Reports, see the section entitled "MISCELLANEOUS-Continuing Disclosure."

Other Information..... The information in this *Preliminary Official Statement* is deemed "final" within the meaning of Rule 15c2-12 promulgated under the Securities Exchange Act of 1934 as of the date which appears on the cover hereof except for the omissions of certain pricing information allowed to be omitted pursuant to such Rule 15c2-12. For more information concerning the County or this *Preliminary Official Statement,* contact Thomas Witherspoon, County Mayor, One Court Square, Courthouse, Suite 200, Trenton, TN 38382, (731) 855-7613; or the County's Financial Advisor, Cumberland Securities Company, Inc., Telephone: (865) 988-2663. Additional information regarding BiDCOMP™/PARITY® may be obtained from PARITY®, 1359 Broadway - 2nd Floor, New York, NY 10018, Telephone: 800-850-7422.

GENERAL FUND BALANCES
For the Fiscal Year Ended June 30

	2012	2013	2014	2015	2016
Beginning Fund Balance	$3,473,299	$3,728,634	$5,442,531	$5,957,051	$6,512,171
Revenues	14,337,840	15,418,424	15,189,212	15,854,688	16,795,847
Expenditures	14,124,544	15,217,799	14,709,177	15,211,961	15,097,338
Other Financing Sources:					
Transfers In	-	-	-	-	-
Transfers Out	(22,493)	(23,152)	(26,125)	(94,146)	(338,691)
Notes Proceeds	-	1,527,971	-		-
Insurance Recovery	64,532	8,453	60,610	6,539	49,739
Net Change in Fund Balances	255,335	1,713,897	514,520	555,120	1,409,557
Ending Fund Balance	**$3,728,634**	**$5,442,531**	**$5,957,051**	**$6,512,171**	**$8,030,157**

Source: Comprehensive Annual Financial Reports of Gibson County, Tennessee.

SUMMARY NOTICE OF SALE

$4,325,000*

GIBSON COUNTY, TENNESSEE
General Obligation Refunding Bonds, Series 2017

NOTICE IS HEREBY GIVEN that the County Mayor of Gibson County, Tennessee (the "County") will receive electronic or written bids until **10:15 a.m. E.D.T. / 9:15 a.m. C.D.T.** on **Wednesday, September 27, 2017** for the purchase of all, but not less than all, of the County's $4,325,000* General Obligation Refunding Bonds, Series 2017 (the "Bonds"). Electronic bids must be submitted through ***PARITY®*** as described in the "Detailed Notice of Sale". In case of written bids, bids will be received by the County's Financial Advisor, Cumberland Securities Company, Inc., via facsimile at 865-988-1863. Prior to accepting bids, the County reserves the right to adjust the principal amount and maturity amounts of the Bonds being offered as set forth in the Detailed Notice of Sale, to postpone the sale to a later date, or to cancel the sale based upon market conditions via Bloomberg News Service and/or the ***PARITY®*** System not later than 9:30 a.m., Eastern Daylight Time, on the day of the bid opening. Such notice will specify the revised principal amounts, if any, and any later date selected for the sale, which may be postponed or cancelled in the same manner. If the sale is postponed, a later public sale may be held at the hour and place and on such date as communicated upon at least forty-eight hours' notice via Bloomberg News Service and/or the ***PARITY®*** System.

Electronic bids must be submitted through ***PARITY®*** via the BiDComp Competitive Bidding Service as described in the Detailed Notice of Sale, and no other provider of electronic bidding services will be accepted. For the purposes of the bidding process, both written and electronic, the time maintained by ***PARITY®*** shall constitute the official time with respect to all bids. To the extent any instructions or directions set forth in ***PARITY®*** conflict with the terms of the Detailed Notice of Sale and this Summary Notice of Sale, the Detailed Notice of Sale and this Summary Notice of Sale shall prevail.

The Bonds will be issued in book-entry-only form (except as otherwise described in the Detailed Notice of Sale) and dated the date of issuance (assume October 18, 2017). The Bonds will mature on June 1 in the years 2018 through 2033, inclusive, with term bonds optional, with interest payable on June 1 and December 1 of each year, commencing December 1, 2017, and will be subject to optional redemption prior to maturity on or after June 1, 2024 at par plus accrued interest. Bidders must bid not less than ninety-eight and three-quarters percent (98.75%) of par or more than one hundred and twenty-five percent (125%) of par for the Bonds. The approving opinion for the Bonds will be furnished at the expense of the County by Bass, Berry & Sims PLC, Bond Counsel, Knoxville, Tennessee. No rate or rates bid for the Bonds shall exceed five percent (5.00%) per annum. Unless bids are rejected, the Bonds will be awarded by the Mayor of the County on the sale date to the bidder whose bid results in the lowest true interest rate on the Bonds.

In the event that the competitive sale requirements of applicable Treasury Regulations are not met, the Issuer will not require bidders to comply with the "hold-the-offering-price rule" for purposes of determining the issue price of the Bonds. In the event that the competitive sale requirements are not satisfied, the issuer will reject all bids and cancel the sale.

Additional information, including the PRELIMINARY OFFICIAL STATEMENT in near final form and the Detailed Notice of Sale, may be obtained through www.prospectushub.com or from the County's Financial Advisor, Cumberland Securities Company, Inc., Knoxville, Tennessee (865) 988-2663. Further information regarding ***PARITY®*** may be obtained from i-Deal LLC, 1359 Broadway, 2nd Floor, New York, New York 10018, Telephone: 212-849-5000.

/s/ Thomas Witherspoon
County Mayor

*Preliminary, subject to change.

DETAILED NOTICE OF SALE

$4,325,000*

GIBSON COUNTY, TENNESSEE
General Obligation Refunding Bonds, Series 2017

NOTICE IS HEREBY GIVEN that the County Mayor of Gibson County, Tennessee (the "County") will receive electronic or written bids until **10:15 a.m. E.D.T. / 9:15 a.m. C.D.T.** on **Wednesday, September 27, 2017** for the purchase of all, but not less than all, of the County's $4,325,000* General Obligation Refunding Bonds, Series 2017 (the "Bonds"). Electronic bids must be submitted through *PARITY*® as described in the "Detailed Notice of Sale." In case of written bids, bids will be received by the County's Financial Advisor, Cumberland Securities Company, Inc., via facsimile at 865-988-1863. Prior to accepting bids, the County reserves the right to adjust the principal amount and maturity amounts of the Bonds being offered as set forth herein, to postpone the sale to a later date, or to cancel the sale based upon market conditions via Bloomberg News Service and/or the ***PARITY***® System not later than 9:30 a.m., Eastern Daylight Time, on the day of the bid opening. Such notice will specify the revised principal amounts, if any, and any later date selected for the sale, which may be postponed or cancelled in the same manner. If the sale is postponed, a later public sale may be held at the hour and place and on such date as communicated upon at least forty-eight hours' notice via Bloomberg News Service and/or the ***PARITY***® System.

Description of the Bonds. The Bonds will be issued in fully registered book-entry-only form (except as otherwise described herein) without coupons, be dated the date of issuance (assume October 18, 2017), bear interest payable each June 1 and December 1, commencing December 1, 2017, be issued, or reissued upon transfer, in $5,000 denominations or multiples thereof, as shall be requested by the purchaser or registered owner thereof, as applicable, and will mature and be payable as follows:

YEAR (June 1)	AMOUNT*	YEAR (June 1)	AMOUNT*
2018	$ 50,000	2026	$ 50,000
2019	25,000	2027	25,000
2020	50,000	2028	25,000
2021	50,000	2029	500,000
2022	75,000	2030	750,000
2023	25,000	2031	850,000
2024	50,000	2032	850,000
2025	75,000	2033	875,000

Bank Qualification. The Bonds are "qualified tax-exempt obligations" within the meaning of Section 265 of the Internal Revenue Code of 1986, as amended.

Registration and Depository Participation. The Bonds, when issued, will be registered in the name of Cede & Co., DTC's partnership nominee. When the Bonds are issued, ownership interests will be available to purchasers only through a book-entry-only system maintained by DTC (the "Book-Entry-Only System"). One fully-registered bond certificate will be issued for each maturity, in the entire aggregate principal amount of the Bonds and will be deposited with DTC. The Book-Entry-Only system will evidence beneficial ownership interests of the Bonds in the principal amount of $5,000 for the Bonds and any integral multiple of $5,000, with transfers of beneficial ownership interest effected on the records of DTC participants and, if necessary, in turn by DTC pursuant to rules and procedures established by DTC and its participants. The successful bidder, as a condition to delivery of the Bonds, shall be required to deposit the bond certificates with DTC, registered in the name of Cede & Co., nominee of DTC. The Bonds will be payable, at maturity

*Preliminary, subject to change.

or upon earlier redemption to DTC or its nominee as registered owner of the Bonds. Transfer of principal and interest payments to participants of DTC will be the responsibility of DTC, and transfer of principal and interest payments (as applicable) to beneficial owners of the Bonds by Participants of DTC, will be the responsibility of such participants and of the nominees of beneficial owners. The County will not be responsible or liable for such transfer of payments or for maintaining, supervising or reviewing the records maintained by DTC, its participants or persons acting through such participants. Notwithstanding the foregoing, if the winning bidder certifies that it intends to hold the Bonds for its own account and has no present intent to re-offer the Bonds, the use the Book-Entry-Only system is not required.

In the event that the Book-Entry-Only system for the Bonds is discontinued and a successor securities depository is not appointed by the County, Bond Certificates in fully registered form will be delivered to, and registered in the names of, the DTC Participants or such other persons as such DTC participants may specify (which may be the indirect participants or beneficial owners), in authorized denominations of $5,000 for the Bonds or integral multiples thereof. The ownership of Bonds so delivered shall be registered in registration books to be kept by the Registration Agent (named herein) at its principal corporate trust office, and the County and the Registration Agent shall be entitled to treat the registered owners of the Bonds, as their names appear in such registration books as of the appropriate dates, as the owners thereof for all purposes described herein and in the Resolution authorizing the Bonds.

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

Municipal Bond Insurance. The County has provided information to prospective bond insurance companies in order to qualify the Bonds under their respective optional bidding programs. If the successful bidder or bidders for the Bonds desires to purchase a municipal bond insurance policy insuring payment of all or a portion of the debt service payable on the Bonds, the successful bidder or bidders does so at its own risk and expense and the obligation of the successful bidder to pay for such series Bonds shall not be conditioned on the issuance of a municipal bond insurance policy. The County will cooperate with the successful bidder(s) in obtaining such insurance, but the County will not enter into any additional agreements with a bond insurer. Without limiting the generality of the foregoing, the successful bidder(s) will be responsible for all costs, expenses and charges associated with the issuance of such insurance, including but not limited to the premium for the insurance policy, and excluding only the fees of Moody's that will be paid by the County.

Purpose. The Bonds are being issued for the purpose of (i) refunding, in whole or in part, certain Outstanding Bonds of the County, as described herein; and (ii) payment of the costs related to the issuance and sale of the Bonds.

Optional Redemption. The Bonds maturing on June 1, 2025 and thereafter are subject to optional redemption prior to maturity at the option of the County on or after June 1, 2024 at any time at the redemption price of par plus accrued interest as provided herein.

Term Bond Option; Mandatory Redemption. Bidders shall have the option to designate certain consecutive serial maturities of the Bonds as one or more term bonds ("Term Bonds") bearing a single interest rate. If the successful bidder for the Bonds designates certain consecutive serial maturities of such Bonds to be combined as one or more Term Bonds as allowed herein, then each Term Bond shall be subject to mandatory sinking fund redemption by the County at a redemption price equal to one hundred percent (100%) of the principal amount thereof, together with accrued interest to the date fixed for redemption at the rate stated in the Term Bonds to be redeemed. Each such mandatory sinking fund redemption shall be made on the date on which a consecutive maturity included as part of a Term Bond is payable in accordance with the proposal of

the successful bidder for the Bonds and in the amount of the maturing principal installment for the Bonds listed herein for such principal payment date. Term Bonds to be redeemed within a single maturity shall be selected in the manner provided above for optional redemption of Bonds within a single maturity.

Bidding Instructions. The County will receive electronic or written bids for the purchase of all, but not less than all, of the Bonds. Bidders for the Bonds are requested to name the interest rate or rates the Bonds are to bear in multiples of one-eighth of one percent and/or one-hundredth of one percent (.01%) or one (1) basis point, but no rate specified shall be in excess of five percent (5.00%) per annum. There will be no limitation on the number of rates of interest that may be specified in a single bid for the Bonds but a single rate shall apply to each single maturity of the Bonds. Bidders must bid not less than ninety-eight and three-quarters percent (98.75%) of par or no more than one hundred and twenty-five percent (125%) of par.

Electronic bids must be submitted through ***PARITY***® via BiDCOMP Competitive Bidding System and no other provider of electronic bidding services will be accepted. Subscription to the i-Deal LLC Dalcomp Division's BiDCOMP Competitive Bidding System is required in order to submit an electronic bid. The County will not confirm any subscription nor be responsible for the failure of any prospective bidder to subscribe. For the purposes of the bidding process, the time as maintained by ***PARITY***® shall constitute the official time with respect to all bids whether in electronic or written form. To the extent any instructions or directions set forth in ***PARITY***® conflict with the terms of the Detailed Notice of Sale, this Notice shall prevail. An electronic bid made through the facilities of ***PARITY***® shall be deemed an offer to purchase in response to the Detailed Notice of Sale and shall be binding upon the bidder as if made by a signed, written bid delivered to the County. The County shall not be responsible for any malfunction or mistake made by or as a result of the use of the electronic bidding facilities provided and maintained by ***PARITY***®. The use of ***PARITY***® facilities are at the sole risk of the prospective bidders.

For further information regarding ***PARITY***®, potential bidders may contact i-Deal LLC at 1359 Broadway, 2nd Floor, New York, NY 10018, Telephone: 212-849-5000.

In the event of a system malfunction in the electronic bidding process only, bidders may submit bids prior to the established date and time by FACSIMILE transmission sent to the County's Financial Advisor, Cumberland Securities Company, Inc. at 865-988-1863. Any facsimile submission is made at the sole risk of the prospective bidder. The County and the Financial Advisor shall not be responsible for confirming receipt of any facsimile bid or for any malfunction relating to the transmission and receipt of such bids.

Separate written bids should be submitted by facsimile to the County's Financial Advisor at 865-988-1863. Written bids must be submitted on the Bid Forms included with the PRELIMINARY OFFICIAL STATEMENT.

The County reserves the right to reject all bids for the Bonds and to waive any informalities in the bids accepted. Acceptance or rejection of "Bids for Bonds" for the Bonds will not obligate the County to accept or reject "Bids for Bonds".

Unless all bids for the Bonds are rejected, the Bonds will be awarded by the County Mayor to the bidder whose bid complies with this notice and results in the lowest true interest rate on the Bonds to be calculated as that rate that, when used in computing the present worth of all payments of principal and interest on the Bonds (compounded semi-annually from the date of the Bonds), produces an amount equal to the purchase price of the Bonds exclusive of accrued interest. For purposes of calculating the true interest cost, the principal amount of Term Bonds scheduled for mandatory sinking fund redemption as part of the Term Bond shall be treated as a serial maturity in such year. In the event that two or more bidders offer to purchase the Bonds at the same lowest true interest rate, the County Mayor shall determine in his sole discretion which of the bidders shall be awarded the Bonds.

After receipt of the bids, the County reserves the right to make adjustments and/or revisions to the Bonds, as described below.

Adjustment and/or Revision. While it is the County's intention to sell and issue the approximate par amounts of the Bonds as offered herein, there is no guarantee that adjustment and/or revision may not be necessary in order to properly size the Bonds or if the refundings fail to save the County the funds necessary to complete the refundings. Accordingly, the County Mayor reserves the right, in his sole discretion, to adjust down the original par amount of the Bonds by up to $1,075,000. The principal factor to be considered in making any adjustments is the amount of premium bid for particular maturities. Among other factors the County Mayor may (but shall be under no obligation to) consider in sizing the par amounts and individual maturities of the Bonds is the size of individual maturities or sinking fund installments and/or other preferences of the County. Additionally, the County Mayor reserves the right to change the dated date of the Bonds. The maximum adjustment will only occur if the bidder bids the maximum price.

In the event of any such adjustment and/or revision with respect to the Bonds, no rebidding will be permitted, and the portion of such premium or discount (as may have been bid for the Bonds) shall be adjusted in the same proportion as the amount of such revision in par amount of the Bonds bears to the original par amount of such Bonds offered for sale.

The successful bidder for the Bonds will be tentatively notified by not later than 5:00 p.m. (Eastern Daylight Time), on the sale date of the exact revisions and/or adjustments required, if any.

Good Faith Deposit. No good faith check will be required to accompany any bid submitted. The successful bidder shall be required to deliver to the County's Financial Advisor (wire transfer or certified check) the amount of up to two percent (2%) of the aggregate principal amount of the Bonds offered for sale which will secure the faithful performance of the terms of the bid. A certified check or wire transfer must be received by the County's Financial Advisor no later than the close of business on the day following the competitive sale. A wire transfer may be sent to First Tennessee Bank, ABA Number: 084-000-026 First Tenn Mem, FAO Cumberland Securities Company, Inc., Account No. 183302631, for further credit to Good Faith Trust Account.

The good faith deposit shall be applied (without interest) to the purchase price of the Bonds. If the successful bidder should fail to accept or pay for the Bonds when tendered for delivery and payment, the good faith deposit will be retained by the County as liquidated damages.

In the event of the failure of the County to deliver the Bonds to the purchaser in accordance with the terms of this Notice within forty-five (45) days after the date of the sale, the good-faith deposit will be promptly returned to the purchaser unless the purchaser directs otherwise.

Establishment of Issue Price

General. The winning bidder shall assist the County in establishing the issue price of the Bonds as more fully described herein. All actions to be taken by the County under this Notice of Sale to establish the issue price of the Bonds may be taken on behalf of the County by the County's financial advisor identified herein and any notice or report to be provided to the County may be provided to the County's financial advisor.

Anticipated Compliance with Competitive Sale Requirements. The County anticipates that the provisions of Treasury Regulation Section 1.148-1(f)(3)(i) (defining "competitive sale" for purposes of establishing the issue price of the Bonds) will apply to the initial sale of the Bonds (the "competitive sale requirements") because:

- the County shall disseminate this Notice of Sale to potential underwriters in a manner that is reasonably designed to reach potential underwriters;
- all bidders shall have an equal opportunity to bid;
- the County expects to receive bids from at least three underwriters of municipal bonds who have established industry reputations for underwriting new issuances of municipal bonds; and
- the County anticipates awarding the sale of the Bonds to the bidder who submits a firm offer to purchase the Bonds at the highest price (or lowest interest cost), as set forth in this Notice of Sale.
-

Any bid submitted pursuant to this Notice of Sale shall be considered a firm offer for the purchase of the Bonds, as specified in the bid.

In the event that the competitive sale requirements are not satisfied, the County will reject all bids and cancel the sale.

Issue Price Certificate. The winning bidder will be required to provide the County, at closing, with an issue price certificate consistent with the foregoing. A form of the issue price certificate is attached to this Detailed Notice of Sale as Exhibit A.

Reoffering Prices; Other Information. The successful bidder must furnish the following information to the County to complete the *Official Statement* in final form within two (2) hours after receipt and award of the bid for the Bonds:

1. The offering prices or yields for the Bonds (expressed as a price or yield per maturity, exclusive of any accrued interest, if applicable);

2. Selling compensation (aggregate total anticipated compensation to the underwriters expressed in dollars, based on the expectation that all Bonds are sold at the prices or yields as provided above);

3. The identity of the underwriters if the successful bidder is part of a group or syndicate; and

4. Any other material information necessary to complete the *Official Statement* in final form but not known to the County.

As a condition to the delivery of the Bonds, the successful bidder will be required to deliver a certificate to the County as is described above relating to reoffering price.

Legal Opinion. The approving opinion of Bass, Berry & Sims PLC, Knoxville, Tennessee, Bond Counsel along with other certificates including, but not limited to, a tax certificate and a continuing disclosure certificate dated as of the date of delivery of the Bonds will be furnished to the purchaser at the expense of the County. As set forth in the *Preliminary Official Statement*, Bond Counsel's opinion with respect to the Bonds will state that interest on the Bonds will be excluded from gross income for federal income tax purposes; is not an item of tax preference for purposes of the federal law alternative minimum tax imposed on individuals and corporations; and is taken into account in determining adjusted current earnings of certain corporations for purposes of the alternative minimum tax on corporations. As set forth in the *Preliminary Official Statement*, the owners of the Bonds, however, may be subject to certain additional taxes or tax consequences arising with respect to ownership of the Bonds. Reference is hereby made to the *Preliminary Official Statement* and the form of the opinion contained in Appendix A.

Continuing Disclosure. At the time the Bonds are delivered, the County will execute a Continuing Disclosure Certificate in which it will covenant for the benefit of holders and beneficial owners of the Bonds to provide certain financial information relating to the County by not later than twelve months after each of

the County's fiscal years (the "Annual Report"), and to provide notice of the occurrence of certain enumerated events. The Annual Report (and audited financial statements, if filed separately) will be filed with the Municipal Securities Rulemaking Board (the "MSRB") through the operation of the Electronic Municipal Market Access system (the "EMMA") and any State Information Depository established in the State of Tennessee (the "SID"). If the County is unable to provide the Annual Report to the MSRB and the SID by the date required, notice of each failure will be sent to the MSRB and the SID on or before such date. The notices of material events will be filed by the County either with the MSRB and the SID. The specific nature of the information to be contained in the Annual Report or the notices of events will be summarized in the County's *Official Statement* to be prepared and distributed in connection with the sale of the Bonds.

Delivery of Bonds. Delivery of the Bonds is expected within forty-five (45) days. At least five (5) days notice will be given to the successful bidder. Delivery will be made in book-entry-only form through the facilities of The Depository Trust Company, New York, New York. Payment for the Bonds must be made in *Federal Funds* or other immediately available funds.

CUSIP Numbers. CUSIP numbers will be assigned to the Bonds at the expense of the County. The County will assume no obligation for assignment of such numbers or the correctness of such numbers and neither failure to record such numbers on Bonds nor any error with respect thereto shall constitute cause for failure or refusal by the purchaser thereof to accept delivery of and make payment for the Bonds.

Official Statements; Other. The County has deemed the PRELIMINARY OFFICIAL STATEMENT to be final as of its date within the meaning of Rule 15c2-12 of the U.S. Securities and Exchange Commission (the "SEC") except for the omission of certain pricing and other information. The County will furnish the successful bidder at the expense of the County a reasonable number of copies of the *Official Statement* in final form, containing the pricing and other information to be supplied by the successful bidder and to be dated the date of the sale, to be delivered by the successful bidder to the persons to whom such bidder and members of its bidding group initially sell the Bonds within seven (7) business days. Acceptance of the bid will constitute a contract between the County and the successful bidder for the provision of such copies within seven business days of the sale date.

Further Information. Additional information, including the *Preliminary Official Statement*, the Detailed Notice of Sale and the Official Bid Form, may be obtained from the County's Financial Advisor, Cumberland Securities Company, Inc., Telephone: 865-988-2663. Further information regarding ***PARITY***® may be obtained from i-Deal LLC, 1359 Broadway, 2nd Floor, New York, New York 10018, Telephone: 212-849-5000.

/s/ Thomas Witherspoon, County Mayor

(The remainder of this page left blank intentionally.)

Exhibit A to Detailed Notice of Sale

GIBSON COUNTY, TENNESSEE
$_____ GENERAL OBLICATION REFUNDING BONDS, SERIES 2017
ISSUE PRICE CERTIFICATE

The undersigned, on behalf of [NAME OF UNDERWRITER] (the "Underwriter"), hereby certifies as set forth below with respect to the sale of the above-captioned obligations (the "Bonds").

1. ***Reasonably Expected Initial Offering Price***.

(a) As of the Sale Date, the reasonably expected initial offering prices of the Bonds to the Public by the Underwriter are the prices described below (the "Expected Offering Prices"). The Expected Offering Prices are the prices for the Maturities of the Bonds used by the Underwriter in formulating its bid to purchase the Bonds. Attached as Exhibit A is a true and correct copy of the bid provided by the Underwriter to purchase the Bonds and the Expected Offering Prices submitted on the Sale Date.

(b) The Underwriter was not given the opportunity to review other bids prior to submitting its bid.

(c) The bid submitted by the Underwriter constituted a firm offer to purchase the Bonds.

2. ***Defined Terms***.

(a) *Maturity* means Bonds with the same credit and payment terms. Bonds with different maturity dates, or Bonds with the same maturity date but different stated interest rates, are treated as separate Maturities.

(b) *Issuer* means Gibson County, Tennessee.

(c) *Public* means any person (including an individual, trust, estate, partnership, association, company, or corporation) other than an Underwriter or a related party to an Underwriter. The term "related party" for purposes of this Certificate generally means any two or more persons who have greater than 50 percent common ownership, directly or indirectly.

(d) *Sale Date* means the first day on which there is a binding contract in writing for the sale or exchange the Bonds. The Sale Date of the Bonds is ____ __, 2017.

(e) *Underwriter* means (i) any person that agrees pursuant to a written contract with the Issuer (or with the lead underwriter to form an underwriting syndicate) to participate in the initial sale of the Bonds to the Public, and (ii) any person that agrees pursuant to a written contract directly or indirectly with a person described in clause (i) of this paragraph to participate in the initial sale of the Bonds to the Public (including a member of a selling group or a party to a retail distribution agreement participating in the initial sale of the Bonds to the Public).

The representations set forth in this certificate are limited to factual matters only. Nothing in this certificate represents the Underwriter's interpretation of any laws, including specifically Sections 103 and 148 of the Internal Revenue Code of 1986, as amended, and the Treasury Regulations thereunder. The undersigned understands that the foregoing information will be relied upon by the Issuer with respect to certain of the representations set forth in the Tax Certificate and with respect to compliance with the federal income tax rules affecting the Bonds, and by Bass, Berry & Sims PLC in connection with rendering its opinion that the interest on the Bonds is excluded from gross income for federal income tax purposes, the preparation of

the Internal Revenue Service Form 8038-G, and other federal income tax advice that it may give to the Issuer from time to time relating to the Bonds.

Dated: [Issue Date]

[UNDERWRITER], as Underwriter

By:_____

Name:_____

BID FORM

Honorable Thomas Witherspoon, County Mayor
One Court Square, Courthouse, Suite 200
Trenton, TN 38382

September 27, 2017

Dear Mr. Witherspoon:

For your legally issued, properly executed $4,325,000* General Obligation Refunding Bonds, Series 2017 (the "Bonds") of Gibson County, Tennessee, in all respects as more fully outlined in your Notice of Sale, which by reference are made a part hereof, we will pay you a sum of _____ _____ ($_____).

The Bonds shall be dated the date of issuance (assume October 18, 2017) and shall be callable in accordance with the Detailed Notice of Sale. The Bonds shall mature on June 1 and bear interest at the following rates:

Maturity (June 1)	Amount*	Rate	Maturity (June 1)	Amount*	Rate
2018	$ 50,000	___	2026	$ 50,000	___
2019	25,000	___	2027	25,000	___
2020	50,000	___	2028	25,000	___
2021	50,000	___	2029	500,000	___
2022	75,000	___	2030	750,000	___
2023	25,000	___	2031	850,000	___
2024	50,000	___	2032	850,000	___
2025	75,000	___	2033	875,000	___

We have elected the option to designate two or more consecutive serial maturities as term bond maturities as indicated:
Term Bond 1: Maturities from June 1, 20_____ through June 1, 20_____ @ _____%.
Term Bond 2: Maturities from June 1, 20_____ through June 1, 20_____ @ _____%.
Term Bond 3: Maturities from June 1, 20_____ through June 1, 20_____ @ _____%.
Term Bond 4: Maturities from June 1, 20_____ through June 1, 20_____ @ _____%.
Term Bond 5: Maturities from June 1, 20_____ through June 1, 20_____ @ _____%.
Term Bond 6: Maturities from June 1, 20_____ through June 1, 20_____ @ _____%.

It is our understanding that the Bonds are offered for sale as "qualified tax exempt obligations" subject to the final approving opinion of Bass, Berry & Sims PLC, Bond Counsel, Knoxville, Tennessee, whose opinion together with the executed Bonds, will be furnished by the County without cost to us.

If our bid is accepted, we agree to provide a good faith deposit for 2% of the Bonds on which we have bid by the close of business on the date following the competitive public sale as outlined in the *Detailed Notice of Sale*. Should for any reason we fail to comply with the terms of this bid, this good faith deposit shall be forfeited by us as full liquidated damages. Otherwise, this good faith deposit shall be applied to the purchase price of the Bonds on which we have bid.

This bid is a firm offer for the purchase of the Bonds identified in the Notice of Sale, on the terms set forth in this bid form and the Notice of Sale, and is not subject to any conditions, except as permitted by the Notice of Sale. By submitting this bid, we confirm that we have an established industry reputation for underwriting new issuances of municipal bonds. [If the bidder cannot confirm an established industry reputation for underwriting new issuances of municipal bonds, the preceding sentence should be crossed out.]

Accepted for and on behalf of the
Gibson County, Tennessee, this
27th day of September, 2017.

_____
Thomas Witherspoon, County Mayor

Respectfully submitted,

_____

Total interest cost from
October 18, 2017 to final maturity $_____
Less: Premium /plus discount, if any $ _____
Net Interest Cost $_____
True Interest Rate ..... _____%

The computations of net interest cost and true interest rate are for comparison purposes only and are not to be considered as part of this proposal.

*Preliminary, subject to change.

$4,325,000*
GIBSON COUNTY, TENNESSEE

General Obligation Refunding Bonds, Series 2017

SECURITIES OFFERED

AUTHORITY AND PURPOSE

This PRELIMINARY OFFICIAL STATEMENT which includes the Summary Statement hereof and appendices hereto, is furnished in connection with the offering by Gibson County, Tennessee (the "County") of $4,325,000* General Obligation Refunding Bonds, Series 2017 (the "Bonds").

The Bonds are authorized to be issued pursuant to the provisions of Sections 9-21-101 et. seq., *Tennessee Code Annotated,* and other applicable provisions of law and pursuant to a resolution duly adopted by the Board of Commissioners of the County on September 11, 2017 (the "Resolutions").

The Bonds are being issued for the purpose of (i) refunding, in whole or in part, certain Outstanding Bonds, as described in the "Refunding Plan" below; and (ii) payment of the costs related to the issuance and sale of the Bonds.

REFUNDING PLAN

The County is proposing to advance refund the County's outstanding General Obligation Bonds, Series 2009, dated October 1, 2009, maturing June 1, 2029 and thereafter to the June 1, 2019 call date at a redemption price of par plus accrued interest (the "Outstanding Bonds").

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

The Bonds are being issued to refund all or a portion of the Outstanding Bonds.

VERIFICATION OF MATHEMATICAL COMPUTATIONS

W. Edward Souther, CPA, Knoxville, Tennessee, a firm of independent arbitrage consultants, will deliver to the Issuer, on or before the settlement date of the Bonds, its attestation report indicating that it has examined, in accordance with standards established by the American Institute of Certified Public Accountants, the information and assertions provided by the County and its representatives. Included in the scope of its examination will be a verification of the mathematical accuracy of (a) the mathematical computations of the adequacy of the cash and the maturing principal of and interest on the Escrow Investments to pay, when due, the principal of and interest on the Outstanding Bonds and (b) the mathematical computations supporting the conclusion of Bond

*Preliminary, subject to change.

Counsel that the Bonds are not "arbitrage bonds" under the Code and the regulations promulgated thereunder. The examinations performed by W. Edward Souther, CPA, will be solely based upon data, information and documents provided to it by the County and its representatives. W. Edward Souther, CPA report of its examination will state that it has no obligation to update the report because of events occurring, or data or information coming to its attention, subsequent to the date of the report.

DESCRIPTION OF THE BONDS

The Bonds will be dated and bear interest from their date of issuance and delivery (assume October 18, 2017). Interest on the Bonds will be payable semi-annually on June 1 and December 1, commencing December 1, 2017. The Bonds are issuable in book-entry-only form in $5,000 denominations or integral multiples thereof as shall be requested by each respective registered owner.

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

SECURITY

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

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

The Bonds are not obligations of the State of Tennessee (the "State") or any political subdivision thereof other than the County.

QUALIFIED TAX-EXEMPT OBLIGATIONS

Under the Internal Revenue Code of 1986, as amended (the "Code"), in the case of certain financial institutions, no deduction from income under the federal tax law will be allowed for that portion of such institution's interest expense which is allocable to tax-exempt interest received on account of tax-exempt obligations acquired after August 7, 1986. The Code, however, provides that certain "qualified tax-exempt obligations," as defined in the Code, will be treated as if acquired on August 7, 1986. Based on an examination of the Code and the factual representations and covenants of the County as to the Bonds, Bond Counsel has determined that the Bonds upon issuance will be "qualified tax-exempt obligations" within the meaning of the Code.

OPTIONAL REDEMPTION OF THE BONDS

The Bonds maturing June 1, 2025 and thereafter are subject to optional redemption prior to maturity on or after June 1, 2024 at a redemption price of par plus accrued interest.

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, 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.

MANDATORY REDEMPTION

The bidders have the option of creating term bonds pursuant to the Detailed Notice of Sale. If term bonds are created, then the following provisions will apply. Subject to the credit hereinafter provided, the County shall redeem Bonds maturing June 1, 20__, and June 1, 20__ on the redemption dates set forth below opposite the maturity date, 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. The Bonds to be so redeemed within a maturity shall be selected in the manner described above relating to optional redemption.

The dates of redemption and principal amount of Bonds to be redeemed on said dates are as follows:

Maturity	Redemption Date	Principal Amount of Bonds Redeemed

*Final Maturity

At its option, to be exercised on or before the forty-fifth (45) day next preceding any such redemption date, the County may (i) deliver to the Registration Agent for cancellation Bonds of the maturity to be redeemed, in any aggregate principal amount desired, and/or (ii) receive a credit in respect of its redemption obligation 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 section) and canceled by the Registration Agent and not theretofore applied as a credit against any redemption obligation. 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 shall be accordingly reduced.

The County shall on or before the forty-fifth (45) 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) described above 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 REDEMPTION

Notice of call for redemption, whether optional or mandatory, shall be given by the Registration Agent on behalf of the County not less than twenty (20) nor more than sixty (60) days prior to the date fixed for redemption by sending an appropriate notice to the registered owners of the Bonds to be redeemed by first-class mail, postage prepaid, at the addresses shown on the Bond registration records of the Registration Agent as of the date of the notice; but neither failure to mail such notice nor any defect in any such notice so mailed shall affect the sufficiency of the proceedings for redemption of any of the Bonds for which proper notice was given. The notice may state that it is conditioned upon the deposit of moneys in an amount equal to the amount necessary to affect the redemption with the Registration Agent no later than the redemption date ("Conditional Redemption"). As long as DTC, or a successor Depository, is the registered owner of the Bonds, all redemption notices shall be mailed by the Registration Agent to DTC, or such successor Depository, as the registered owner of the Bonds, as and when above provided, and neither the County nor the Registration Agent shall be responsible for mailing notices of redemption to DTC Participants or Beneficial Owners. Failure of DTC, or any successor Depository, to provide notice to any DTC Participant or Beneficial Owner will not affect the validity of such redemption. The Registration Agent shall mail said notices as and when directed by the County pursuant to written instructions from an authorized representative of the County (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. In the case of a Conditional Redemption, the failure of the County to make funds available in part or in whole on or before the redemption date shall not constitute an event of default, and the Registration Agent shall give immediate notice to the Depository or the affected Bondholders that the redemption did not occur and that the Bonds called for redemption and not so paid remain outstanding.

PAYMENT OF BONDS

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

BASIC DOCUMENTATION

REGISTRATION AGENT

The Registration Agent, Regions Bank, Nashville, Tennessee, its successor or the County will make all interest payments with respect to the Bonds on each interest payment date directly to Cede & Co., as nominee of DTC, the registered owner as shown on the Bond registration records maintained by the Registration Agent, except as follows. However, if the winning bidder certifies to the County that it intends to hold the Bonds for its own account and has no present intent to reoffer the Bonds, then the use of the Book-Entry-Only System is not required.

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

BOOK-ENTRY-ONLY SYSTEM

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

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

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

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

deposited securities, through electronic computerized book-entry-only transfers and pledges between Direct Participants' accounts. This eliminates the need for physical movement of securities certificates. Direct Participants include both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, clearing corporations, and certain other organizations. DTC is a wholly-owned subsidiary of The Depository Trust & Clearing Corporation ("DTCC"). DTCC is the holding company for DTC, National Securities Clearing Corporation and Fixed Income Clearing Corporation, all of which are registered clearing agencies. DTCC is owned by the users of its regulated subsidiaries. Access to the DTC system is also available to others such as both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, and clearing corporations that clear through or maintain a custodial relationship with a Direct Participant, either directly or indirectly ("Indirect Participants"). DTC has a S&P Global Ratings of AA+. The DTC Rules applicable to its Participants are on file with the Securities and Exchange Commission. More information about DTC can be found at www.dtcc.com.

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

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

Notices. Conveyance of notices and other communications by DTC to Direct Participants, by Direct Participants to Indirect Participants, and by Direct Participants and Indirect Participants to Beneficial Owners will be governed by arrangements among them, subject to any statutory or regulatory requirements as may be in effect from time to time. Beneficial Owners of Bonds may wish to take certain steps to augment the transmission to them of notices of significant events with respect to the Bonds, such as redemptions, tenders, defaults, and proposed amendments to the Security documents. For example, Beneficial Owners of Bonds may wish to ascertain that the nominee holding the Bonds f or their benefit has agreed to obtain and transmit notices to Beneficial

Owners. In the alternative, Beneficial Owners may wish to provide their names and addresses to the registrar and request that copies of notices be provided directly to them.

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

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

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

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

DISCONTINUANCE OF BOOK-ENTRY-ONLY SYSTEM

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

No Assurance Regarding DTC Practices. The foregoing information in this section concerning DTC and DTC's book-entry-only system has been obtained from sources that the County believes to be reliable, but the County, the Bond Counsel, the Registration Agent and the Financial Advisor do not take any responsibility for the accuracy thereof. So long as Cede & Co. is the registered owner of the Bonds as nominee of DTC, references herein to the holders or registered owners of the Bonds will mean Cede & Co. and will not mean the Beneficial Owners of the Bonds. None of the County, the Bond Counsel, the Registration Agent or the Financial Advisor will have any responsibility or obligation to the Participants, DTC or the persons for

whom they act with respect to (i) the accuracy of any records maintained by DTC or by any Direct or Indirect Participant of DTC, (ii) payments or the providing of notice to Direct Participants, the Indirect Participants or the Beneficial Owners or (iii) any other action taken by DTC or its partnership nominee as owner of the Bonds.

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

DISPOSITION OF BOND PROCEEDS

The proceeds of the sale of the Bonds shall be applied by the County as follows:

(a) an amount, which together with investment earnings thereon and other legally available funds of the County, if any, will be sufficient to pay principal of, premium, if any, and interest on the Outstanding 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 or with respect to the Outstanding Bonds to be held to the earliest optional redemption date; and

(b) the remainder of the proceeds of the sale of the Bonds, if any, shall be used to pay the costs of issuance the Bonds, and all 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 necessary miscellaneous expenses incurred in connection with the issuance and sale of the Bonds.

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:

1. 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;

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

3. By delivering such Bonds to the Registration Agent, for cancellation by it;

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

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

Except as otherwise provided in this Section, neither Defeasance Obligations nor moneys deposited with the Registration Agent pursuant to this Section nor principal or interest payments on any such Defeasance Obligations shall be withdrawn or used for any purpose other than, and shall be held in trust for, the payment of the principal and interest on said Bonds; provided that any cash received from such principal or interest payments on such Defeasance Obligations deposited with the Registration Agent, (A) to the extent such cash will not be required at any time for such purpose, shall be paid over to the County as received by the Registration Agent and (B) to the extent such cash will be required for such purpose at a later date, shall, to the extent practicable, be reinvested in Defeasance Obligations maturing at times and in amounts sufficient to pay when due the principal and interest to become due on said Bonds on or prior to such redemption date or maturity date thereof, as the case may be, and interest earned from such reinvestments shall be paid over to the County, as received by the Registration Agent. For the purposes of this Section, Defeasance Obligations shall 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.

REMEDIES OF BONDHOLDERS

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

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

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

(The remainder of this page left blank intentionally.)

LEGAL MATTERS

LITIGATION

There are no suits threatened or pending challenging the legality or validity of the Bonds or the right of the County to sell or issue the Bonds.

TAX MATTERS

Federal

General. Bass, Berry & Sims PLC, Knoxville, 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, as amended (the "Code"),
- is not a preference item for a bondholder under the federal alternative minimum tax, and
- is included in the adjusted current earnings of a corporation under the federal corporate alternative minimum tax.

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

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

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

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

Bond Counsel is not responsible for updating its opinion in the future. It is possible that future events or changes in applicable law could change the tax treatment of the interest on the Bonds or affect the market price of the Bonds. See also section "CHANGES IN FEDERAL AND STATE TAX LAW" below.

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

Qualified Tax-Exempt Obligations. Under the Code, in the case of certain financial institutions, no deduction from income under the federal tax law will be allowed for that portion of such institution's interest expense which is allocable to tax-exempt interest received on account of tax-exempt obligations acquired after August 7, 1986. The Code, however, provides that certain "qualified tax-exempt obligations", as defined in the Code, will be treated as if acquired on August 7, 1986. Based on an examination of the Code and the factual representations and covenants of the County as to the Bonds, Bond Counsel has determined that the Bonds, upon issuance, will be "qualified tax-exempt obligations" within the meaning of the Code.

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

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

owner's Federal income tax once the required information is furnished to the Internal Revenue Service.

State Taxes

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

CHANGES IN FEDERAL AND STATE TAX LAW

From time to time, there are Presidential proposals, proposals of various federal committees, and legislative proposals in the Congress and in the states that, if enacted, could alter or amend the federal and state tax matters referred to herein or adversely affect the marketability or market value of the Bonds or otherwise prevent holders of the Bonds from realizing the full benefit of the tax exemption of interest on the Bonds. Further, such proposals may impact the marketability or market value of the Bonds simply by being proposed. It cannot be predicted whether or in what form any such proposal might be enacted or whether if enacted it would apply to bonds issued prior to enactment. In addition, regulatory actions are from time to time announced or proposed and litigation is threatened or commenced which, if implemented or concluded in a particular manner, could adversely affect the market value, marketability or tax status of the Bonds. It cannot be predicted whether any such regulatory action will be implemented, how any particular litigation or judicial action will be resolved, or whether the Bonds would be impacted thereby. Purchasers of the Bonds should consult their tax advisors regarding any pending or proposed legislation, regulatory initiatives or litigation. The opinions expressed by Bond Counsel are based upon existing legislation and regulations as interpreted by relevant judicial and regulatory authorities as of the date of issuance and delivery of the Bonds, and Bond Counsel has expressed no opinion as of any date subsequent thereto or with respect to any proposed or pending legislation, regulatory initiatives or litigation.

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

CLOSING CERTIFICATES

Upon delivery of the Bonds, the County will execute in a form satisfactory to Bond Counsel, certain closing certificates including the following: (i) a certificate as to the *Official Statement*, in final form, signed by the County Mayor acting in his official capacity to the effect that to the best of his knowledge and belief, and after reasonable investigation, (a) neither the *Official Statement*, in final form, nor any amendment or supplement thereto, contains any untrue statements of material fact or omits to state any material fact necessary to make statements therein, in light of the circumstances in which they are made, misleading, (b) since the date of the *Official Statement*, in final form, no event has occurred which should have been set forth in such a memo or supplement, (c) there has been no material adverse change in the operation or the affairs of the County since the

date of the *Official Statement,* in final form, and having attached thereto a copy of the *Official Statement*, in final form, and (d) there is no litigation of any nature pending or threatened seeking to restrain the issuance, sale, execution and delivery of the Bonds, or contesting the validity of the Bonds or any proceeding taken pursuant to which the Bonds were authorized; (ii) certificates as to the delivery and payment, signed by the County Mayor acting in his official capacity, evidencing delivery of and payment for the Bonds; (iii) a signature identification and incumbency certificate, signed by the County Mayor and County Clerk acting in their official capacities certifying as to the due execution of the Bonds; and, (iv) a Continuing Disclosure Certificate regarding certain covenants of the County concerning the preparation and distribution of certain annual financial information and notification of certain material events, if any.

APPROVAL OF LEGAL PROCEEDINGS

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

(The remainder of this page left blank intentionally.)

MISCELLANEOUS

RATING

S&P Global Ratings ("S&P") has given the Bonds the rating of "AA-".

There is no assurance that such rating will continue for any given period of time or that the rating may not be suspended, lowered or withdrawn entirely by S&P, if circumstances so warrant. Due to the ongoing uncertainty regarding the economy and debt of the United States of America, including, without limitation, the general economic conditions in the country, and other political and economic developments that may affect the financial condition of the United States government, the United States debt limit, and the bond ratings of the United States and its instrumentalities, obligations issued by state and local governments, such as the Bonds, could be subject to a rating downgrade. Additionally, if a significant default or other financial crisis should occur in the affairs of the United States or of any of its agencies or political subdivisions, then such event could also adversely affect the market for, and ratings, liquidity, and market value of outstanding debt obligations, including the Bonds. Any such downward change in or withdrawal of the rating may have an adverse effect on the secondary market price of the Bonds.

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

COMPETITIVE PUBLIC SALE

The Bonds were offered for sale at competitive public bidding on September 27, 2017. Details concerning the public sale were provided to potential bidders and others in the *Preliminary Official Statement* that was dated September 20, 2017.

The successful bidder for the Bonds was an account led by _____, _____, _____ (the "Underwriters") who contracted with the County, subject to the conditions set forth in the Official Notice of Sale and Bid Form to purchase the Bonds at a purchase price of $_____ (consisting of the par amount of the Bonds, less an underwriter's discount of $_____ and less an original issue discount of $_____) or ____% of par.

FINANCIAL ADVISOR; RELATED PARTIES; OTHER

Financial Advisor. Cumberland Securities Company, Inc., Knoxville, Tennessee, has served as financial advisor (the "Financial Advisor") to the County for purposes of assisting with the development and implementation of a bond structure in connection with the issuance of the Bonds. The Financial Advisor has not been engaged by the County to compile, create, or interpret any information in the PRELIMINARY OFFICIAL STATEMENT and OFFICIAL STATEMENT relating to the County, including without limitation any of the County's financial and operating data, whether historical or projected. Any information contained in the PRELIMINARY OFFICIAL STATEMENT and OFFICIAL STATEMENT concerning the County, any of its affiliates or contractors and any outside parties has not been independently verified by the Financial Advisor, and inclusion of such information is not, and should not be construed as, a representation

by the Financial Advisor as to its accuracy or completeness or otherwise. The Financial Advisor is not a public accounting firm and has not been engaged by the County to review or audit any information in the PRELIMINARY OFFICIAL STATEMENT and OFFICIAL STATEMENT in accordance with accounting standards.

Regions Bank. Regions Bank (the "Bank") is a wholly-owned subsidiary of Regions Financial Corporation. The Bank provides, among other services, commercial banking, investments and corporate trust services to private parties and to State and local jurisdictions, including serving as registration, paying agent or filing agent related to debt offerings. The Bank will receive compensation for its role in serving as Registration and Paying Agent for the Bonds. In instances where the Bank serves the County in other normal commercial banking capacities, it will be compensated separately for such services.

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

Cumberland Securities Company, Inc. distributed the PRELIMINARY OFFICIAL STATEMENT, in final form, and the OFFICIAL STATEMENT, in final form on behalf of the County and will be compensated and/or reimbursed for such distribution and other such services.

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

Other. Among other services, Cumberland Securities Company, Inc. and the Bank may also assist local jurisdictions in the investment of idle funds and may serve in various other capacities, including Cumberland Securities Company's role as serving as the County's Dissemination Agent. If the County chooses to use one or more of these other services provided by Cumberland Securities Company, Inc. including Dissemination Agent and/or the Bank, then Cumberland Securities Company, Inc. and/or the Bank may be entitled to separate compensation for the performance of such services.

ADDITIONAL DEBT

The County has not authorized any additional debt. However, the County has ongoing capital needs that may or may not require the issuance of additional debt. The County may also authorize the issuance of additional refundings of outstanding debt as savings opportunities arise.

DEBT LIMITATIONS

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

DEBT RECORD

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

CONTINUING DISCLOSURE

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

Five-Year History of Filing. While it is believed that all appropriate filings were made with respect to the ratings of the County's outstanding bond issues, some of which were insured by the various municipal bond insurance companies, no absolute assurance can be made that all such rating changes of the bonds or various insurance companies which insured some transaction were made or made in a timely manner as required by Rule 15c2-12. The County does not deem any of the forgoing omissions to be material, and therefore, in the judgment of the County, for the past five years, the County has complied in all material respects with its existing continuing disclosure agreements in accordance with Rule 15c2-12.

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

The Annual Report shall also include in a similar format the following information included in APPENDIX B entitled "SUPPLEMENTAL INFORMATION STATEMENT."

1. Summary of Long-term indebtedness as of the end of such fiscal year as shown on page B-7;

2. The indebtedness and debt ratios as of the end of such fiscal year, together with information about the property tax base as shown on pages B-8 through B-9;

3. Information about the Bonded Debt Service Requirements – General Obligation Debt Service Fund as of the end of such fiscal year as shown on page B-10;

4. The fund balances and retained earnings for the fiscal year as shown on page B-11;

5. Summary of Revenues, Expenditures and Changes in Fund Balances - General Fund for the fiscal year as shown on page B-12;

6. The estimated assessed value of property in the County for the tax year ending in such fiscal year and the total estimated actual value of all taxable property for such year as shown on page B-18;

7. Property tax rates and tax collections of the County for the tax year ending in such fiscal year as well as the uncollected balance for such fiscal year as shown on page B-18; and

8. The ten largest taxpayers as shown on page B-19.

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 U.S. 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 material events with the MSRB and the SID, if any, as follows:

1. Upon the occurrence of a Listed Event (as defined in (3) below), the County shall in a timely manner, but in no event more than ten (10) business days after the occurrence of such event, file a notice of such occurrence with the MSRB and SID, if any.

2. For Listed Events where notice is only required upon a determination that such event would be material under applicable Federal securities laws, the County shall determine the materiality of such event as soon as possible after learning of its occurrence.

3. The following are the Listed Events:

   a. Principal and interest payment delinquencies;

   b. Non-payment related defaults, if material;

   c. Unscheduled draws on debt service reserves reflecting financial difficulties;

   d. Unscheduled draws on credit enhancements reflecting financial difficulties;

   e. Substitution of credit or liquidity providers, or their failure to perform;

   f. Adverse tax opinions, the issuance by the Internal Revenue Service of proposed or final determinations of taxability, Notices of Proposed Issue (IRS Form 5701-TEB) or other material notices or determinations with respect to the tax status of the Bonds or other material events affecting the tax status of the Bonds;

   g. Modifications to rights of Bondholders, if material;

   h. Bond calls, if material, and tender offers;

   i. Defeasances;

   j. Release, substitution, or sale of property securing repayment of the securities, if material;

   k. Rating changes;

   l. Bankruptcy, insolvency, receivership or similar event of the obligated person;

   m. The consummation of a merger, consolidation or acquisition involving an obligated person or the sale of all or substantially all of the assets of the obligated person, other than in the ordinary course of business, the entry into a definitive agreement to undertake such an action or the termination of a definitive agreement relating to any such actions, other than pursuant to its terms, if material; and

   n. Appointment of a successor or additional trustee or the change of name of a trustee, if material.

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

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

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

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

(c) The amendment or waiver either (i) is approved by the Holders of the Bonds, or (ii) does not, in the opinion of nationally recognized bond counsel, materially impair the interests of the Holders or Beneficial Owners of the Bonds.

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

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

ADDITIONAL INFORMATION

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

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

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

The PRELIMINARY OFFICIAL STATEMENT and OFFICIAL STATEMENT, in final form, and any advertisement of the Bonds, is not to be construed as a contract or agreement between the County and the purchasers of any of the Bonds. Any statements or information printed in this PRELIMINARY OFFICIAL STATEMENT or the OFFICIAL STATEMENT, in final form, involving matters of opinions or of estimates, whether or not expressly so identified, is intended merely as such and not as representation of fact.

The County has deemed this PRELIMINARY OFFICIAL STATEMENT as "final" as of its date within the meaning of Rule 15c2-12 except for the omission of certain pricing information allowed to be omitted pursuant to Rule 15c2-12.

(The remainder of this page left blank intentionally.)

CERTIFICATION OF THE COUNTY

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

/s/ _____
County Mayor

ATTEST:

/s/ _____
County Clerk

APPENDIX A

LEGAL OPINION

LAW OFFICES OF
BASS, BERRY & SIMS PLC
900 SOUTH GAY STREET, SUITE 1700
KNOXVILLE, TENNESSEE 37902

Ladies and Gentlemen:

We have acted as bond counsel in connection with the issuance by Gibson County, Tennessee (the "Issuer") of the $_____ General Obligation Refunding Bonds, Series 2017 (the "Bonds") dated _____, 2017. 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 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 to 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 territorial limits of the Issuer.

4. Interest on the Bonds is excluded from gross income for federal income tax purposes and is not an item of tax preference for purposes of the federal alternative minimum tax imposed on individuals and corporations; however, for purposes of computing the alternative minimum tax imposed on certain corporations, such interest is taken into account in determining adjusted current earnings. 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 and Paragraph 6 below, we express no opinion regarding the federal tax consequences arising with respect to the Bonds.

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

business in the State of Tennessee, and (b) Tennessee franchise taxes by reason of the inclusion of the book value of the Bonds in the Tennessee franchise tax base of any organization or entity, other than a sole proprietorship or general partnership doing business in the State of Tennessee.

6. The Bonds are "qualified tax-exempt obligations" within the meaning of Section 265 of the Code.

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

SUPPLEMENTAL INFORMATION STATEMENT

GENERAL INFORMATION

LOCATION

Gibson County (the "County") is located in the northwest portion of the State of Tennessee surrounded by Obion and Weakley Counties to the north, Carroll County to the east, Crockett and Madison Counties to the south, and Dyer County to the west. The City of Trenton, the county seat of Gibson County is approximately 95 miles northeast of Memphis, Tennessee. The City of Humboldt is also in the County. According to the 2010 Census, the population of Gibson County is 49,683.

GENERAL

The County has 603 square miles. It is one of the leading agricultural counties of the state whose primary crops are soybeans, cotton, corn, strawberries, cabbage and tomatoes and is regarded as one of the top 100 counties in the United States in nine agricultural categories. In addition to its agricultural products the area is rich in timber.

TRANSPORTATION

The County is only 27 miles to Interstate 40 in Jackson, with US Highways 45, 70 and 79 and State Highways 54, 77, 104, 105 and 152 within the County lines. The County is serviced by CSX Transportation and the West Tennessee Railroad. The nearest port is in Hickman, KY on the Mississippi River over 45 miles away. Gibson County Airport has a runway that is 4,800 feet in length. The nearest commercial airport is the McKellar-Sipes Regional Airport, over 20 miles away at Jackson, Tennessee.

EDUCATION

Gibson County has a unique system of education within the State of Tennessee. While most counties within the State of Tennessee incorporate a county-wide school system, Gibson County is divided into five school districts. Each district consists of one or more towns and the surrounding geographical area. The schools are well equipped and they rank high in the Tennessee system, as well as in the Southern Association of Secondary Schools and Colleges. Adult classes are offered in the public school system at Trenton.

Bradford Special School District is the smallest of the Districts. It has only two schools in the Town of Bradford with a fall 2015 enrollment of about 543 students with 41 teachers. *Gibson County Special School District* is the largest District with nine schools. This District had a fall 2015 enrollment of 4,089 students with 248 teachers. It serves the cities of Dyer, Gibson, Kenton, Medina, Rutherford, Yorkville and the unincorporated areas around the County.

Humboldt City School System has three schools in the City with a fall 2015 enrollment of 1,132 students with 63 teachers. *Milan Special School District* has three schools in the City with a fall 2015 enrollment of 2,064 students with 137 teachers. *Trenton Special School District* has three schools in the City with a fall 2015 enrollment of 1,398 students and 87 teachers.

Source: Gibson County Chamber of Commerce and Tennessee Department of Education.

Dyersburg State Community College Trenton Campus. Dyersburg State Community College is an accredited public comprehensive community college that operates within the governance of the Tennessee Board of Regents. Founded in 1967, Dyersburg State is located on a 100-acre campus in Dyer County, Tennessee and serves the educational needs of a seven-county area of Northwest Tennessee: Lake, Obion, Dyer, Gibson, Lauderdale, Crockett and Tipton Counties. The fall of 2015 semester had an enrollment of 2,873 students. Dyersburg State also offers increased access to education via technology-assisted instruction, distance learning and course offerings at convenient locations in three other campuses in Obion, Gibson and Tipton Counties.

Source: Dyersburg State Community College and Tennessee Higher Education Commission.

Jackson State Community College is located in Madison County and was founded in 1967. Jackson State offers associate degrees, certificates, and enrichment courses as preparation for further higher education and for career entry or advancement. The fall 2015 enrollment was 4,837 students. There are also three satellite campuses: Savannah (Hardin County), Lexington (Henderson County) and Humboldt (Gibson County).

Source: Jackson State Community College and Tennessee Higher Education Commission.

The Tennessee Technology Center at Jackson Humboldt Centers. The Tennessee Technology Center at Jackson is part of a statewide system of 26 vocational-technical schools. The Tennessee Technology Center meets a Tennessee mandate that no resident is more than 50 miles from a vocational-technical shop. The institution's primary purpose is to meet the occupational and technical training needs of the citizens including employees of existing and prospective businesses and industries in the region. The Technology Center at Jackson serves the southwest region of the state including Madison, Gibson, Henderson, Crocket and Chester Counties. The Technology Center at Jackson began operations in 1963, and the main campus is located in Madison County. Fall 2014 enrollment was 1,477 students. There are four satellite centers: the McWherter Instructional Service Center in Jackson, the Lexington Extension Campus, Humboldt High School and the Humboldt Instructional Service Center.

Source: Tennessee Technology Center at Jackson and Tennessee Higher Education Commission.

HEALTHCARE

Gibson County has 3 hospitals all owned by West Tennessee Healthcare (the "WTH"). Modern Healthcare Magazine listed WTH as one of the top ten largest public, not-for-profit healthcare systems in the U.S. With locations throughout 18 counties in West Tennessee, WTH is a family of healthcare services that provides a full compendium of care from six hospitals, home healthcare agency, medical laboratory services, medical products and infusion services, outpatient rehab facilities, early child development intervention services, community support and education, and more. WTH employs approximately 5,000 people and is one of the region's top employers.

Milan General Hospital has been operating a 73-bed acute care facility since 1941 when the hospital became a wholly-owned affiliate of WTH in 1998. *Humboldt General Hospital* is a 62-bed acute care hospital with fifteen physicians on staff that became an affiliate of WTH in 1998. *Gibson General Hospital*, located in Trenton, opened as an acute care hospital in 1962 and became an affiliate of WTH in 1994. The Gibson General Hospital has 42 beds and about 17 doctors employed.

Jackson-Madison County General Hospital, located about 27 miles away to the south, is the flagship of West Tennessee Healthcare. With 612 licensed beds, Jackson-Madison County General offers comprehensive healthcare. The only tertiary care hospital between Memphis and Nashville, the hospital serves a 17-county area of rural West Tennessee. Approximately 400,000 persons reside within the service area.

Source: West Tennessee Healthcare.

MANUFACTURING AND COMMERCE

Bradford Industrial Parks. Bradford has two industrial sites. Bradford Industrial Park has 78 acres sitting on TN 54 and US 45-E with water, sewage, electricity and gas on site. The second site is Wingo Property with 30 acres in town near Business 45-E. Rail service is on site.

Dyer Industrial Park. The City of Dyer has an industrial park (with one available building and 60 acres of green space). The park has electricity, gas, water and sewage on site; rail is adjacent to the site and the park sits on Business 45-W and is 1/2 mile from 45-W.

Milan Industrial Park. The largest industrial site in the area is the Milan Army Ammunition Plant (the "MLAAP"), a 35 square mile acre facility owned by the U. S. Government but operated by the Lockheed Martin Ordinance System. It is located in mainly in Milan, Gibson County with some acreage also in Carroll County. The MLAAP mission is to load, assemble, pack, store, and ship/receive containerized conventional ammunition. MLAAP is housed on 22,357 acres with 1,450 buildings and 873 igloos and a storage capacity of 2,270,000 square feet. The site employs military, civilian and contractor personnel. Milan Ordnance Depot and Wolf Creek Ordnance Plant were established in 1941. In 1943, they merged, becoming Milan Ordnance Center and later Milan Arsenal in 1945. In the 1960s, it became MLAAP.

The Graball Site, owned by the U.S. Army, is available for long-term lease and is "inside the fence" of the Milan Industrial Complex. Over 100 acres in size, this Certified Site offers a buildable site of approximately 60 acres just a few hundred feet inside the facility's Graball Gate, which has direct access to U.S. Highway 45, a direct, four-lane divided truck route, accessible to Interstate 40.

Trenton Industrial Parks. There are two major industrial parks in Trenton; the largest being Industrial Park Drive, containing 115 acres and Manufacturer's Row, containing 15 acres. These two sites feature rail line support and ready access (.5 miles) to the local divided state highway (45) which joins the interstate highway system in Jackson 27 miles from the industrial parks. The city has a large industrial park that is home to Trenton's largest industries. The park features the still-available 63,000 square foot Trenton Spec Building. The building site features electricity, gas, water and sewage.

Source: Gibson County Chamber of Commerce.

[balance of page left blank]

Major Employers in Gibson County, Tennessee

Company	Product	Location	Employees
Ceco Door Products	Metal Doors	Milan	494
Gibson Co. Special School District*	Education	Dyer	273
Wal-Mart	Retail	Humboldt	220
Humboldt Special School District	Education	Humboldt	203
MacLean Power Systems	Products for Utilities	Trenton	200
Dana Corporation	Automotive Parts	Humboldt	200
Kongsberg Automotive	Automotive Parts	Milan	194
Milan Special School District*	Education	Milan	151
Delta Contracting	Road Construction	Humboldt	137
Rock Tenn	Corrugated Containers	Humboldt	131
Sav-A-Lot	Grocery Distribution	Humboldt	124
Pratt Industries	Corrugated Containers	Humboldt	120
Jones Fiber Products	Fire Resistant Material	Humboldt	105
Reinhausen Manufacturing, Inc.	Load Tap Changer	Humboldt	100
DURA Automotive System	Automotive Parts	Milan	100
City of Humboldt	Government	Humboldt	100
Trenton Special School District*	Education	Trenton	95
Jones Companies Ltd.	Industrial Yarn	Humboldt	81
Parragon Inc.	Book Packaging	Milan	75
Con-Agra Foods	Distribution	Humboldt	75
American Ordnance, LLC	Ordnance & Accessories	Milan	72
American Woodmark	Cabinets	Humboldt	65
Chicago Metallic Products	Commercial Bakeware	Humboldt	65
Big Ben Galvanizing	Hot Dip Galvanizing	Trenton	62
Schwarz Supply Source	Distribution	Milan	62
Gibson County Farmers Co-Op	Retail	Trenton	60

*Employment is only for Teachers and Administrators.

Source: The West Tennessee Industrial Association, the Comprehensive Annual Financial Report of the City of Humboldt, and Gibson County Works - 2016.

[balance of page left blank]

EMPLOYMENT INFORMATION

For the month of May 2017, the unemployment rate for the Gibson County stood at 3.7% with 20,330 persons employed out of a labor force of 21,100.

Unemployment

	Annual Average **2012**	Annual Average **2013**	Annual Average **2014**	Annual Average **2015**	Annual Average **2016**
National	8.1%	7.4%	6.2%	5.3%	4.9%
Tennessee	8.0%	8.2%	6.7%	5.8%	4.8%
Gibson County	**11.6%**	**12.8%**	**9.0%**	**7.6%**	**6.0%**
Index vs. National	143	173	145	143	122
Index vs. State	145	156	134	131	125

Source: Tennessee Department of Employment Security, CPS Labor Force Estimates Summary.

ECONOMIC DATA

Per Capita Personal Income

	2011	**2012**	**2013**	**2014**	**2015**
National	$42,453	$44,267	$44,462	$46,414	$48,112
Tennessee	$37,452	$38,771	$38,806	$40,233	$42,094
Gibson County	**$32,577**	**$33,776**	**$35,014**	**$34,844**	**$36,002**
Index vs. National	77	76	79	75	75
Index vs. State	87	87	90	87	86

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

[balance of page left blank]

Social and Economic Characteristics

	National	Tennessee	Gibson County	Humboldt
Median Value Owner Occupied Housing	$178,600	$142,100	$89,000	$72,800
% High School Graduates or Higher Persons 25 Years Old and Older	86.70%	85.50%	83.8%	81.1%
% Persons with Income Below Poverty Level	13.50%	16.70%	15.7%	22.9%
Median Household Income	$53,889	$45,219	$38,457	$31,664

Source: U.S. Census Bureau State & County QuickFacts - 2015.

TOURISM

Trenton Historic District. The town itself was placed on the National Register of Historic Places in 1982 as the Trenton Historic District with 96 buildings and 520 acres - this collection of homes includes antebellum mansions, quaint cottages, and three tree lined streets. The three red and blond brick court house built in 1899 features a clock tower and a hanging bell. Most of the homes are privately owned, but the restored Freed House is owned and operated by the city. It is open for tours and special events.

West Tennessee Strawberry Festival. Humboldt is the home of the West Tennessee Strawberry Festival, held the first full week in May. The Festival was established in 1934 and attracts over 100,000 people every year. It is a nationally recognized event and has led to the establishment of the Strawberry Festival Historical Museum.

Source: Humboldt Chamber of Commerce.

RECENT DEVELOPMENTS

Bongards' Creameries. Bongards' Creameries, located in Humboldt, started a $35 million expansion to the existing facility to add 80,000 square feet in order to increase production, packaging and processing. The expansion is expected to be completed in late 2018 and will add about 95 jobs. Bongards', based in Minnesota, is a farmer-owned cooperative that produces natural and processed cheese.

Milan Army Ammunition Plant or the Milan Arsenal. Milan Army Ammunition Plant (MLAAP) maintains a capability to Load, Assemble, and Pack reliable medium-to-large caliber ammunition. However, MLAAP is no longer actively producing ammunition and continues with its transition to a commercial distribution site. In 2012 the facility at Milan Arsenal eliminated 500 lost jobs which resulted in an estimated $30 million loss to the local economy in Milan. The Arsenal is located on over 22,350 acres with 1,450 building and 873 igloos. It was established in 1941. The Arsenal function is to serve the United Stated Army with conventional ammunition produced and stored.

Source: The Jackson Sun.

GIBSON COUNTY, TENNESSEE

Summary of Bonded Indebtedness

AMOUNT ISSUED	PURPOSE	DUE DATE	INTEREST RATE(S)	(1) As of June 30, 2017 OUTSTANDING
$ 4,450,000	General Obligation Refunding Bonds, Series 2009	June 2033	Fixed	$ 3,950,000
9,860,000	General Obligation Refunding Bonds, Series 2012	June 2029	Fixed	7,965,000
2,250,000	General Obligation Bonds, Series 2012B	June 2026	Fixed	955,000
3,025,000	General Obligation Bonds, Series 2015	June 2030	Fixed	2,405,000
189,459	General Obligation Capital Outlay Notes, Series 2016	June 2019	Fixed	94,981
$ 19,774,459	**TOTAL BONDED DEBT**			**$ 15,369,981**
$ 4,325,000	General Obligation Refunding Bonds, Series 2017	June 2033	Fixed	$ 4,325,000
(4,450,000)	Less: Bonds being refinanced or prepaid (Series 2009)			(3,950,000)
$ 19,649,459	**NET TOTAL DEBT**			**$ 15,744,981**

Notes:

(1) The above figures do not include short-term notes outstanding, if any. For more information, see the notes to the Financial Statements in the GENERAL PURPOSE FINANCIAL STATEMENTS included herein.

GIBSON COUNTY, TENNESSEE

Indebtedness and Debt Ratios

INTRODUCTION

The information set forth in the following is based upon information derived in part from the GENERAL PURPOSE FINANCIAL STATEMENTS, attached herein and the table should be read in conjunction with those statements. The table does not include future funding plans whether disclosed or not in this document.

	For Fiscal Year Ended June 30				Unaudited	After Issuance
INDEBTEDNESS	**2013**	**2014**	**2015**	**2016**	**2017**	**2017**
TAX SUPPORTED						
General Obligation Bonds & Notes	$ 16,250,000	$ 15,275,000	$ 17,395,000	$ 16,481,299	$ 15,369,981	$ 15,744,981
TOTAL TAX SUPPORTED	$ 16,250,000	$ 15,275,000	$ 17,395,000	$ 16,481,299	$ 15,369,981	$ 15,744,981
Hospital	$ -	$ -	$ -	$ -	$ -	$ -
TOTAL DEBT	$ 16,250,000	$ 15,275,000	$ 17,395,000	$ 16,481,299	$ 15,369,981	$ 15,744,981
Less: Revenue Supported Debt	$ -	$ -	$ -	$ -	$ -	$ -
Less: Debt Service Funds	$ (3,947,091)	$ (4,258,081)	$ (3,869,506)	$ (3,019,028)	$ (3,019,028)	$ (3,019,028)
NET DIRECT DEBT	$ 12,302,909	$ 11,016,919	$ 13,525,494	$ 13,462,271	$ 12,350,953	$ 12,725,953

PROPERTY TAX BASE						
Estimated Actual Value	$ 2,608,912,855	$ 2,639,658,864	$ 2,711,966,595	$ 2,744,802,866	$ 2,826,566,433	$ 2,826,566,433
Appraised Value	2,596,129,182	2,626,724,536	2,711,966,595	2,744,802,866	2,774,274,954	2,774,274,954
Assessed Value	733,210,021	745,792,946	767,343,035	777,364,461	785,936,965	785,936,965

	For Fiscal Year Ended June 30				Unaudited	After Issuance
DEBT RATIOS	**2013**	**2014**	**2015**	**2016**	**2017**	**2017**
TOTAL DEBT to Estimated Actual Value	0.62%	0.58%	0.64%	0.60%	0.54%	0.56%
TOTAL DEBT to Appraised Value	0.63%	0.58%	0.64%	0.60%	0.55%	0.57%
TOTAL DEBT to Assessed Value	2.22%	2.05%	2.27%	2.12%	1.96%	2.00%
NET DIRECT DEBT to Estimated Actual Value	0.47%	0.42%	0.50%	0.49%	0.44%	0.45%
NET DIRECT DEBT to Appraised Value	0.47%	0.42%	0.50%	0.49%	0.45%	0.46%
NET DIRECT DEBT to Assessed Value	1.68%	1.48%	1.76%	1.73%	1.57%	1.62%
PER CAPITA RATIOS						
POPULATION (1)	49,434	49,472	49,399	49,399	49,399	49,399
PER CAPITA PERSONAL INCOME (2)	$34,913	$34,595	$34,595	$34,595	$34,595	$34,595
Estimated Actual Value to POPULATION	$52,776	$53,357	$54,899	$55,564	$57,219	$57,219
Assessed Value to POPULATION	$14,832	$15,075	$15,534	$15,736	$15,910	$15,910
Total Debt to POPULATION	$329	$309	$352	$334	$311	$319
Net Direct Debt to POPULATION	$249	$223	$274	$273	$250	$258
Total Debt Per Capita as a percent of PER CAPITA PERSONAL INCOME	0.94%	0.89%	1.02%	0.96%	0.90%	0.92%
Net Direct Debt Per Capita as a percent of PER CAPITA PERSONAL INCOME	0.71%	0.64%	0.79%	0.79%	0.72%	0.74%

(1) Per Capita computations are based upon POPULATION data according to the U.S. Census.

(2) PER CAPITA PERSONAL INCOME is based upon the most current data available from the U. S. Department of Commerce.

GIBSON COUNTY, TENNESSEE

BONDED DEBT SERVICE REQUIREMENTS - General Obligation

F.Y. Ended 6/30	Estimated Existing Debt As of June 30, 2017 (1)			Less: Bonds Being Refunded			General Obligation Refunding Bonds, Series 2017			% 2017 Principal Repaid	Total Bonded Debt Service Requirements			% All Principal Repaid
	Principal	Interest	TOTAL	Principal	Interest	TOTAL	Principal	Interest (2)	TOTAL		Principal	Interest	TOTAL	
2018	$ 1,137,095	$ 400,872	$ 1,537,967	$ -	$ (165,206)	$ (165,206)	$ 50,000	$ 88,332	$ 138,332	1.16%	$ 1,187,095	$ 323,998	$ 1,511,093	7.54%
2019	1,157,886	383,951	1,541,837	-	(165,206)	(165,206)	25,000	110,563	135,563		1,182,886	329,307	1,512,193	
2020	965,000	364,846	1,329,846	-	(165,206)	(165,206)	50,000	110,225	160,225		1,015,000	309,865	1,324,865	
2021	980,000	347,134	1,327,134	-	(165,206)	(165,206)	50,000	109,475	159,475		1,030,000	291,403	1,321,403	
2022	940,000	327,109	1,267,109	-	(165,206)	(165,206)	75,000	108,675	183,675	5.78%	1,015,000	270,578	1,285,578	34.49%
2023	975,000	307,871	1,282,871	-	(165,206)	(165,206)	25,000	107,363	132,363		1,000,000	250,028	1,250,028	
2024	920,000	287,471	1,207,471	-	(165,206)	(165,206)	50,000	106,888	156,888		970,000	229,153	1,199,153	
2025	885,000	267,471	1,152,471	-	(165,206)	(165,206)	75,000	105,838	180,838		960,000	208,103	1,168,103	
2026	920,000	247,676	1,167,676	-	(165,206)	(165,206)	50,000	104,188	154,188		970,000	186,658	1,156,658	
2027	965,000	226,356	1,191,356	-	(165,206)	(165,206)	25,000	103,038	128,038	10.98%	990,000	164,188	1,154,188	65.54%
2028	970,000	203,461	1,173,461	-	(165,206)	(165,206)	25,000	102,450	127,450		995,000	140,705	1,135,705	
2029	870,000	199,794	1,069,794	(420,000)	(165,206)	(585,206)	500,000	101,850	601,850		950,000	136,438	1,086,438	
2030	970,000	152,281	1,122,281	(815,000)	(148,406)	(963,406)	750,000	89,600	839,600		905,000	93,475	998,475	
2031	860,000	114,788	974,788	(860,000)	(114,788)	(974,788)	850,000	70,850	920,850		850,000	70,850	920,850	
2032	905,000	79,313	984,313	(905,000)	(79,313)	(984,313)	850,000	48,750	898,750	79.77%	850,000	48,750	898,750	94.44%
2033	950,000	40,850	990,850	(950,000)	(40,850)	(990,850)	875,000	25,375	900,375	100.00%	875,000	25,375	900,375	100.00%
	$ 15,369,981	$ 3,951,244	$ 19,321,225	$ (3,950,000)	$ (2,365,831)	$ (6,315,831)	$ 4,325,000	$ 1,493,457	$ 5,818,457		$ 15,744,981	$ 3,078,870	$ 18,823,851	

Notes:

(1) The above figures do not include short-term notes outstanding, if any. For more information, see the notes to the Financial Statements in the GENERAL PURPOSE FINANCIAL STATEMENTS included herein.

(2) Estimated Interest Rates. Estimated Average Coupon 2.65%.

FINANCIAL OPERATIONS

BASIS OF ACCOUNTING AND PRESENTATION

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

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

FUND BALANCES AND RETAINED EARNINGS

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

	The Fiscal Year Ended June 30,				
	2012	**2013**	**2014**	**2015**	**2016**
Governmental Funds:					
General	$3,728,634	$ 5,442,531	$ 5,957,051	$ 6,512,171	$ 8,030,157
Highway/Public Works	1,002,767	1,451,710	1,532,492	1,863,625	1,792,288
Debt Service	3,678,385	3,947,091	4,258,081	3,869,506	3,019,028
Other Capital Projects	-	-	-	2,990,698	410,966
Other Governmental	222,336	167,733	216,283	810,629	793,780
Total	**$8,632,122**	**$11,009,065**	**$11,963,907**	**$16,046,629**	**$14,046,219**

Source: Comprehensive Annual Financial Report, Gibson County, Tennessee.

[balance of page left blank]

GIBSON COUNTY, TENNESSEE

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

	2012	2013	2014	2015	2016
REVENUES:					
Local Taxes	$ 6,570,514	$ 6,795,672	$ 6,876,022	$ 7,236,894	$ 7,546,239
Licenses & Permits	100,138	96,085	94,453	115,309	123,936
Fines, forfeitures & penalties	269,257	318,842	306,718	291,788	317,115
Charges for current services	2,684,048	2,942,891	2,867,583	2,962,430	3,089,072
Other local revenue	263,956	207,379	174,542	265,456	351,887
Fees received from County Officials	1,739,491	1,664,479	1,641,189	1,808,732	1,898,242
State of Tennessee	1,817,984	2,334,826	2,231,444	2,529,859	3,080,929
Federal Government	794,492	941,264	893,671	554,527	301,829
Other Governments & Citizens Groups	97,960	116,986	103,590	89,693	86,598
Total Revenues	$ 14,337,840	$ 15,418,424	$ 15,189,212	$ 15,854,688	$ 16,795,847
EXPENDITURES & OTHER USES:					
General government	$ 1,040,568	$ 1,596,224	$ 1,316,272	$ 1,272,084	$ 1,248,887
Finance	1,138,581	1,190,056	1,356,832	1,457,758	1,473,707
Administration of Justice	1,466,845	1,538,558	1,755,623	1,740,987	1,728,884
Public Safety	4,211,797	4,960,505	5,093,493	5,619,777	5,718,597
Public Health & Welfare	2,966,537	2,891,495	3,439,211	3,524,733	3,476,706
Social, Cultural & Recreational	521,649	484,778	501,180	506,294	484,591
Agricultural & Natural Resources	231,189	244,672	248,191	272,423	307,452
Other Operations	2,488,628	2,138,500	996,392	817,905	658,514
Highways	-	-	-	-	-
Debt Service	-	45,110	-	-	-
Capital Projects	58,750	127,901	1,983	-	-
Total Expenditures	$ 14,124,544	$ 15,217,799	$ 14,709,177	$ 15,211,961	$ 15,097,338
Excess (Deficiency) of Revenues Over Expenditures	$ 213,296	$ 200,625	$ 480,035	$ 642,727	$ 1,698,509
OTHER SOURCES & USES:					
Note / Bonds Proceeds	$ -	$ 1,500,000	$ -	$ -	$ -
Premiums on Bonds Sales	-	27,971	-	-	-
Operating Transfers - In	-	-	-	-	-
Operating Transfers - Out	(22,493)	(23,152)	(26,125)	(94,146)	(338,691)
Insurance Recovery	64,532	8,453	60,610	6,539	49,739
Payments to Refunded Bond Escrow Agent	-	-	-	-	-
Total Other Sources & Uses	$ 42,039	$ 1,513,272	$ 34,485	$ (87,607)	$ (288,952)
Net Change in Fund Balances	$ 255,335	$ 1,713,897	$ 514,520	$ 555,120	$ 1,409,557
Fund Balance July 1	3,473,299	3,728,634	5,442,531	5,957,051	6,512,171
Prior Period Adjustments	-	-	-	-	108,429
Fund Balance June 30	**$ 3,728,634**	**$ 5,442,531**	**$ 5,957,051**	**$ 6,512,171**	**$ 8,030,157**

Source: Comprehensive Annual Financial Report for Gibson County, Tennessee.

INVESTMENT AND CASH MANAGEMENT PRACTICES

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

REAL PROPERTY ASSESSMENT, TAX LEVY AND COLLECTION PROCEDURES

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

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

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

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

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

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

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

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

County Taxation of Property

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

All property is required to be taxed according to its value 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 I 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 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.

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.

[balance of page left blank]

Assessed Valuations. According to the Tax Aggregate Report, property in the County reflected a ratio of appraised value to true market value of 0.9815. The following table shows pertinent data for tax year 2016[1].

Class	Estimated Assessed Valuation	Assessment Rate	Estimated Actual Valuation
Public Utilities	$ 47,672,572	55%	$ 109,215,514
Commercial and Industrial	161,970,060	40%	412,667,674
Personal Tangible Property	61,204,293	30%	207,287,521
Residential and Farm	515,090,040	25%	2,097,395,724
TOTAL	**$785,936,965**		**$2,826,566,433**

Source: The 2016 Tax Aggregate Report for Tennessee and the County.

The estimated assessed value of property in the County for the fiscal year ending June 30, 2017 (tax year 2016) is $785,936,965 compared to $777,364,461 for the fiscal year ending June 30, 2016 (tax year 2015). The estimated actual value of all taxable property for tax year 2016 is $2,826,566,433 compared to $2,744,802,866 for tax year 2015.

Property Tax Rates and Collections. The following table shows the property tax rates and collections of the County for tax years 2012 through 2016 as well as the aggregate uncollected balances for each fiscal year ending June 30.

PROPERTY TAX RATES AND COLLECTIONS				Fiscal Yr Collections		Aggregate Uncollected Balance	
Tax Year[1]	Assessed Valuation	Tax Rates	Taxes Levied	Amount	Pct	As of June 30, 2016 Amount	Pct
2012	$734,649,025	$ 0.94	$6,524,532	$6,145,150	94.2%	N/A	
2013	745,792,946	0.94	6,610,628	6,260,439	94.7%	N/A	
2014	767,343,035	0.9334	6,735,644	6,410,247	95.2%	N/A	
2015	777,364,461	0.9684	7,065,363	6,727,235	95.2%	$342,206	4.8%
2016	785,936,965	0.9684	7,160,883	IN PROGRESS			

[1] The tax year coincides with the calendar year; therefore, tax year 2016 is actually fiscal year 2016-2017.

[balance of page left blank]

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

	Taxpayer	Business Type	Taxes Levied
1.	Gibson Electric Corp.	Power	$126,046
2.	Assa Abloy Door Group LLC	Doors/Personal Property	58,585
3.	Bellsouth	Telecommunication	53,338
4.	Walmart	Retail	41,491
5.	Norfork Southern	Railway	35,545
6.	Maclean Power TN, LLC	Industry	28,072
7.	Lowe's Home Center	Retail	26,566
8.	CSX Transportation Inc.	Transportation	26,319
9.	Whirlpool Realty Corp	Distribution & Warehousing	25,510
10.	Assa Abloy Door Group, LLC	Door/Real Property	24,210
	TOTAL		**$445,682**

Source: The County.

PENSION PLANS

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

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

APPENDIX C

GENERAL PURPOSE FINANCIAL STATEMENTS

OF

GIBSON COUNTY, TENNESSEE

FOR THE FISCAL YEAR ENDED

JUNE 30, 2016

The General Purpose Financial Statements are extracted from the Financial Statements with Report of Certified Public Accountants of the Gibson County for the fiscal year ended June 30, 2016 which is available upon request from the County.

ANNUAL FINANCIAL REPORT

GIBSON COUNTY, TENNESSEE

FOR THE YEAR ENDED JUNE 30, 2016

TENNESSEE
COMPTROLLER
OF THE TREASURY

DIVISION OF LOCAL GOVERNMENT AUDIT

ANNUAL FINANCIAL REPORT

GIBSON COUNTY, TENNESSEE

FOR THE YEAR ENDED JUNE 30, 2016

COMPTROLLER OF THE TREASURY
JUSTIN P. WILSON

DIVISION OF LOCAL GOVERNMENT AUDIT
JAMES R. ARNETTE
Director

LEE ANN WEST, CPA, CGFM
Audit Manager

B. KEITH RICE, CGFM
Auditor 4

MELISSA DARBY, CPA, CFE
PATRICIA AVERY
ELISHA CROWELL, CISA, CFE
State Auditors

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

GIBSON COUNTY, TENNESSEE
TABLE OF CONTENTS

Summary of Audit Finding

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

Scope

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

Results

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

Our audit resulted in one finding and recommendation, which we have reviewed with Gibson County management. The detailed finding, recommendation, and management's response are included in the Finding and Recommendation section of this report.

Finding

The following are summaries of the audit finding:

OFFICE OF COUNTY MAYOR

- The office had deficiencies in budget operations.

Introductory Section

Gibson County Officials
June 30, 2016

Officials

Tom Witherspoon, County Mayor
Carl Stoppenhagen, Road Supervisor
Dana Davidson, Trustee
Gary Paschall, Assessor of Property
Joyce Brown, County Clerk
Cynthia Flowers, Circuit and General Sessions Courts Clerk
Shonna Smith, Clerk and Master - Trenton
Amanda Brown, Clerk and Master - Humboldt
Hilda Patterson, Register of Deeds
Paul Thomas, Sheriff

Board of County Commissioners

Tom Witherspoon, County Mayor, Chairman
Donna Bivens
Lenford Carr
Cody Childress
Bobby Cotham
Nelson Cunningham
Eric Egbert
Mark Flake
Stephen Hughes
Larry Kimery
Todd Lawson
Todd Littleton
Rickey Locke
Michael Longmire
Don McEwen
Nelson McLin
Kevin Morgan
Sandra Moss
Lynn Nance
Tony Pillow
Marvin Sikes
Keith Steele
Robin Summers
Jason Tubbs
Dennis Wall
Coy Yergin

Highway Commission

Tom Witherspoon, County Mayor, Chairman
Lee Asbridge
Gerald Davis
Roger Hanks
Faye Hudson
Mark McGill

Audit Committee

Ashley Comstock
Bill Joyner
Michael Longmire

FINANCIAL SECTION

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

Independent Auditor's Report

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

To the County Mayor and Board of County Commissioners:

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of Gibson County, Tennessee, as of and for the year ended June 30, 2016, and the related notes to the financial statements, which collectively comprise the county's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We did not audit the financial statements of the Gibson County Emergency Communications District, which represent 100 percent of the assets, net position, and revenues of the aggregate discretely presented component unit. Those statements were audited by other auditors whose report has been furnished to us, and our opinion, insofar as it relates to the amounts included for the Gibson County Emergency Communications District, is based solely on the report of the other auditors. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable

to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

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

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

Opinions

In our opinion, based on our audit and the report of other auditors, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of Gibson County, Tennessee, as of June 30, 2016, and the respective changes in financial position and the respective budgetary comparisons for the General and Highway/Public Works funds for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Change in Accounting Principle

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

Emphasis of Matter

We draw attention to Note I.D.8. to the financial statements, which describes prior-period adjustments increasing the beginning fund balances of the General and Drug Control funds by $108,429 and $1,000, respectively. These adjustments were necessary due to the discovery of a cash shortage at the Sheriff's Department. Our opinion is not modified with respect to this matter.

Other Matters

Required Supplementary Information

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

Accounting principles generally accepted in the United States of America require that the schedule of changes in the county's net pension liability and related ratios and the schedule of county contributions on pages 69-71 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Supplementary and Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise Gibson 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, 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, and miscellaneous schedules are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining and individual nonmajor fund financial statements, budgetary comparison schedules of nonmajor

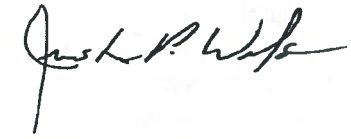
governmental funds and the General Debt Service Fund, and miscellaneous schedules are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

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

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated September 27, 2016, on our consideration of Gibson County's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Gibson County's internal control over financial reporting and compliance.

Very truly yours,



Justin P. Wilson
Comptroller of the Treasury
Nashville, Tennessee

September 27, 2016

JPW/yu

Basic Financial Statements

Exhibit A

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

	Primary Government Governmental Activities	Component Unit Emergency Communications District
ASSETS		
Cash	$ 1,519	$ 886,569
Equity in Pooled Cash and Investments	12,941,329	0
Accounts Receivable	1,178,018	6,515
Allowance for Uncollectibles	(492,466)	0
Due from Other Governments	1,263,168	0
Property Taxes Receivable	7,903,392	0
Allowance for Uncollectible Property Taxes	(300,908)	0
Prepaid Items	0	5,641
Accrued Interest Receivable	0	890
Cash Shortage	109,429	0
Net Pension Asset	905,660	150,220
Capital Assets:		
Assets Not Depreciated:		
Land	5,313,966	66,400
Construction in Progress	1,810,954	0
Assets Net of Accumulated Depreciation:		
Buildings and Improvements	11,444,664	337,567
Infrastructure	13,966,847	0
Other Capital Assets	4,526,374	329,102
Total Assets	$ 60,571,946	$ 1,782,904
DEFERRED OUTFLOWS OF RESOURCES		
Pension Changes in Experience	$ 0	$ 12,569
Pension Changes in Investment Earnings	838,466	35,105
Pension Contributions After Measurement Date	547,607	34,140
Total Deferred Outflows of Resources	$ 1,386,073	$ 81,814
LIABILITIES		
Accounts Payable	$ 297,232	$ 9,354
Payroll Deductions Payable	16,924	0
Accrued Leave	0	11,982
Accrued Interest Payable	35,042	0
Unearned Revenue	0	275,333
Noncurrent Liabilities:		
Due Within One Year	1,113,346	0
Due in More Than One Year	15,488,097	0
Total Liabilities	$ 16,950,641	$ 296,669
DEFERRED INFLOWS OF RESOURCES		
Deferred Current Property Taxes	$ 7,376,639	$ 0
Pension Changes in Experience	872,902	30,627
Pension Changes in Investment Earnings	1,132,978	45,159
Total Deferred Inflows of Resources	$ 9,382,519	$ 75,786

(Continued)

Exhibit A

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

	Primary Government Governmental Activities	Component Unit Emergency Communications District
NET POSITION		
Net Investment in Capital Assets	$ 20,501,945	$ 733,069
Restricted for:		
General Government	279,425	0
Administration of Justice	58,584	0
Public Safety	173,022	0
Public Health and Welfare	21,331	0
Social, Cultural, and Recreational Services	211,837	0
Highways/Public Works	173,836	0
Other Purposes	905,660	150,220
Unrestricted	13,299,219	608,974
Total Net Position	$ 35,624,859	$ 1,492,263

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

Exhibit B

Gibson County, Tennessee
Statement of Activities
For the Year Ended June 30, 2016

Functions/Programs	Expenses	Program Revenues: Charges for Services	Program Revenues: Operating Grants and Contributions	Program Revenues: Capital Grants and Contributions	Net (Expense) Revenue and Changes in Net Position: Primary Government: Total Governmental Activities	Net (Expense) Revenue and Changes in Net Position: Component Unit: Emergency Communications District
Primary Government:						
Governmental Activities:						
General Government	$ 1,794,821	$ 416,826	$ 95,205	$ 9,760	$ (1,273,030)	$ 0
Finance	1,399,392	1,109,025	0	0	(290,367)	0
Administration of Justice	1,732,966	915,557	49,629	0	(767,780)	0
Public Safety	6,281,908	2,310,603	292,046	0	(3,679,259)	0
Public Health and Welfare	3,643,007	639,806	469,850	0	(2,533,351)	0
Social, Cultural, and Recreational Services	501,963	58,715	147,140	0	(296,108)	0
Agriculture and Natural Resources	320,950	0	70,551	0	(250,399)	0
Highways	5,638,814	22,667	2,193,640	889,408	(2,533,099)	0
Interest on Long-term Debt	427,544	0	6,537	0	(421,007)	0
Total Primary Government	$ 21,741,365	$ 5,473,199	$ 3,324,598	$ 899,168	$ (12,044,400)	$ 0
Component Unit:						
Emergency Communications District	$ 1,043,475	$ 879,873	$ 0	$ 0	$ 0	$ (163,602)
Total Component Unit	$ 1,043,475	$ 879,873	$ 0	$ 0	$ 0	$ (163,602)

(Continued)

Exhibit B

Gibson County, Tennessee
Statement of Activities (Cont.)

Functions/Programs	Expenses	Program Revenues: Charges for Services	Program Revenues: Operating Grants and Contributions	Program Revenues: Capital Grants and Contributions	Net (Expense) Revenue and Changes: Primary Government: Total Governmental Activities	Net (Expense) Revenue and Changes: Component Unit: Emergency Communications District
General Revenues:						
Taxes:						
Property Taxes Levied for General Purposes					$ 7,337,897	$ 0
Property Taxes Levied for Debt Service					154,923	0
Local Option Sales Taxes					388,948	0
Wheel Tax					1,467,552	0
Litigation Tax					152,042	0
Business Tax					412,178	0
Other Local Taxes					138,070	0
Grants and Contributions Not Restricted for Specific Programs					1,299,803	0
Unrestricted Investment Income					176,297	5,762
Miscellaneous					3,815	30,078
Total General Revenues					$ 11,531,525	$ 35,840
Change in Net Position					$ (512,875)	$ (127,762)
Net Position, July 1, 2015					36,028,305	1,620,025
Prior-period Adjustment (see Note I.D.8)					109,429	0
Net Position, June 30, 2016					$ 35,624,859	$ 1,492,263

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

Exhibit C-1

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

	Major Funds				Nonmajor Funds	
	General	Highway / Public Works	General Debt Service	Other Capital Projects	Other Govern-mental Funds	Total Governmental Funds
ASSETS						
Cash	$ 0	$ 0	$ 0	$ 0	$ 1,519	$ 1,519
Equity in Pooled Cash and Investments	7,033,403	1,751,819	2,977,665	410,966	767,476	12,941,329
Accounts Receivable	1,174,305	283	172	0	3,258	1,178,018
Allowance for Uncollectibles	(492,466)	0	0	0	0	(492,466)
Due from Other Governments	715,881	480,629	40,881	0	25,777	1,263,168
Due from Other Funds	1,519	0	0	0	0	1,519
Property Taxes Receivable	7,102,811	419,719	380,862	0	0	7,903,392
Allowance for Uncollectible Property Taxes	(262,767)	(27,577)	(10,564)	0	0	(300,908)
Cash Shortage	108,429	0	0	0	1,000	109,429
Total Assets	$ 15,381,115	$ 2,624,873	$ 3,389,016	$ 410,966	$ 799,030	$ 22,605,000
LIABILITIES						
Accounts Payable	$ 79,080	$ 214,421	$ 0	$ 0	$ 3,731	$ 297,232
Payroll Deductions Payable	6,441	10,483	0	0	0	16,924
Due to Other Funds	0	0	0	0	1,519	1,519
Total Liabilities	$ 85,521	$ 224,904	$ 0	$ 0	$ 5,250	$ 315,675
DEFERRED INFLOWS OF RESOURCES						
Deferred Current Property Taxes	$ 6,649,182	$ 361,824	$ 365,633	$ 0	$ 0	$ 7,376,639
Deferred Delinquent Property Taxes	178,195	28,306	4,355	0	0	210,856
Other Deferred/Unavailable Revenue	438,060	217,551	0	0	0	655,611
Total Deferred Inflows of Resources	$ 7,265,437	$ 607,681	$ 369,988	$ 0	$ 0	$ 8,243,106

(Continued)

Exhibit C-1

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

	Major Funds				Nonmajor Funds	
	General	Highway / Public Works	General Debt Service	Other Capital Projects	Other Govern-mental Funds	Total Governmental Funds
FUND BALANCES						
Restricted:						
Restricted for General Government	$ 87,877	$ 0	$ 0	$ 191,548	$ 0	$ 279,425
Restricted for Administration of Justice	58,584	0	0	0	0	58,584
Restricted for Public Safety	131,965	0	0	0	41,057	173,022
Restricted for Public Health and Welfare	13,750	0	0	7,581	0	21,331
Restricted for Social, Cultural, and Recreational Services	0	0	0	211,837	0	211,837
Committed:						
Committed for General Government	184,000	0	0	0	0	184,000
Committed for Public Health and Welfare	0	0	0	0	104,508	104,508
Committed for Other Operations	54,990	0	0	0	0	54,990
Committed for Highways/Public Works	0	1,792,288	0	0	0	1,792,288
Committed for Debt Service	0	0	3,019,028	0	0	3,019,028
Committed for Capital Projects	0	0	0	0	648,215	648,215
Unassigned	7,498,991	0	0	0	0	7,498,991
Total Fund Balances	$ 8,030,157	$ 1,792,288	$ 3,019,028	$ 410,966	$ 793,780	$ 14,046,219
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	$ 15,381,115	$ 2,624,873	$ 3,389,016	$ 410,966	$ 799,030	$ 22,605,000

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

Exhibit C-2

Gibson County, Tennessee
Reconciliation of the Balance Sheet of Governmental Funds
to the Statement of Net Position
June 30, 2016

Amounts reported for governmental activities in the statement of net position (Exhibit A) are different because:		
Total fund balances - balance sheet - governmental funds (Exhibit C-1)		$ 14,046,219
(1) Capital assets used in governmental activities are not financial resources and therefore are not reported in the governmental funds.		
Add: land	$ 5,313,966	
Add: construction in progress	1,810,954	
Add: buildings and improvements net of accumulated depreciation	11,444,664	
Add: infrastructure net of accumulated depreciation	13,966,847	
Add: other capital assets net of accumulated depreciation	4,526,374	37,062,805
(2) Long-term liabilities are not due and payable in the current period and therefore are not reported in the governmental funds.		
Less: note payable	$ (141,299)	
Less: bonds payable	(16,340,000)	
Less: compensated absences payable	(40,583)	
Less: accrued interest on note and bonds	(35,042)	
Less: other deferred revenue - premium on debt	(79,561)	(16,636,485)
(3) Amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be amortized and recognized as components of pension expense in future years:		
Add: deferred outflows of resources related to pensions	$ 1,386,073	
Less: deferred inflows of resources related to pensions	(2,005,880)	(619,807)
(4) Net pension assets are not current financial resources and therefore are not reported in the governmental funds.		905,660
(5) Other long-term assets are not available to pay for current-period expenditures and therefore are deferred in the governmental funds.		866,467
Net position of governmental activities (Exhibit A)		$ 35,624,859

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

Exhibit C-3

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

	Major Funds				Nonmajor Funds	
	General	Highway / Public Works	General Debt Service	Other Capital Projects	Other Govern-mental Funds	Total Governmental Funds
Revenues						
Local Taxes	$ 7,546,239	$ 2,270,997	$ 430,298	$ 0	$ 0	$ 10,247,534
Licenses and Permits	123,936	0	0	0	0	123,936
Fines, Forfeitures, and Penalties	317,115	0	0	0	45,558	362,673
Charges for Current Services	3,089,072	3,007	0	0	61,090	3,153,169
Other Local Revenues	351,887	20,495	165,808	10,489	119	548,798
Fees Received From County Officials	1,898,242	0	0	0	0	1,898,242
State of Tennessee	3,080,929	2,974,448	40,881	0	570,724	6,666,982
Federal Government	301,829	0	0	0	148,995	450,824
Other Governments and Citizens Groups	86,598	44,135	0	0	25,777	156,510
Total Revenues	$ 16,795,847	$ 5,313,082	$ 636,987	$ 10,489	$ 852,263	$ 23,608,668
Expenditures						
Current:						
General Government	$ 1,248,887	$ 0	$ 0	$ 1,563,450	$ 0	$ 2,812,337
Finance	1,473,707	0	0	0	0	1,473,707
Administration of Justice	1,728,884	0	0	0	1,014	1,729,898
Public Safety	5,718,597	0	0	911,165	181,812	6,811,574
Public Health and Welfare	3,476,706	0	0	301,986	617,237	4,395,929
Social, Cultural, and Recreational Services	484,591	0	0	0	0	484,591
Agriculture and Natural Resources	307,452	0	0	0	0	307,452
Other Operations	658,514	0	0	79	139,306	797,899
Highways	0	5,388,513	0	0	96,601	5,485,114
Debt Service:						
Principal on Debt	0	0	1,103,160	0	0	1,103,160
Interest on Debt	0	0	422,491	0	0	422,491
Other Debt Service	0	0	10,505	3,000	0	13,505

(Continued)

Exhibit C-3

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

	Major Funds				Nonmajor Funds	
	General	Highway / Public Works	General Debt Service	Other Capital Projects	Other Govern-mental Funds	Total Governmental Funds
Expenditures (Cont.)						
Capital Projects	$ 0	$ 0	$ 0	$ 0	$ 213,785	$ 213,785
Total Expenditures	$ 15,097,338	$ 5,388,513	$ 1,536,156	$ 2,779,680	$ 1,249,755	$ 26,051,442
Excess (Deficiency) of Revenues Over Expenditures	$ 1,698,509	$ (75,431)	$ (899,169)	$ (2,769,191)	$ (397,492)	$ (2,442,774)
Other Financing Sources (Uses)						
Notes Issued	$ 0	$ 0	$ 0	$ 189,459	$ 0	$ 189,459
Insurance Recovery	49,739	4,094	0	0	89,643	143,476
Transfers In	0	0	48,691	0	290,000	338,691
Transfers Out	(338,691)	0	0	0	0	(338,691)
Total Other Financing Sources (Uses)	$ (288,952)	$ 4,094	$ 48,691	$ 189,459	$ 379,643	$ 332,935
Net Change in Fund Balances	$ 1,409,557	$ (71,337)	$ (850,478)	$ (2,579,732)	$ (17,849)	$ (2,109,839)
Prior-period Adjustment	108,429	0	0	0	1,000	109,429
Fund Balance, July 1, 2015	6,512,171	1,863,625	3,869,506	2,990,698	810,629	16,046,629
Fund Balance, June 30, 2016	$ 8,030,157	$ 1,792,288	$ 3,019,028	$ 410,966	$ 793,780	$ 14,046,219

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

Exhibit C-4

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

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

Net change in fund balances - total governmental funds (Exhibit C-3)		$ (2,109,839)
(1) Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of these assets is allocated over their useful lives and reported as depreciation expense. The difference between capital outlays and depreciation is itemized as follows:		
Add: capital assets purchased in the current period	$ 4,838,761	
Less: current-year depreciation expense	(2,391,913)	2,446,848
(2) The net effect of various miscellaneous transactions involving capital assets (sales, trade-ins, and donations) is to decrease net position.		
Less: book value of capital assets disposed		(155,877)
(3) Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.		
Add: deferred delinquent property taxes and other deferred June 30, 2016	$ 866,467	
Less: deferred delinquent property taxes and other deferred June 30, 2015	(3,253,182)	(2,386,715)
(4) The issuance of long-term debt (e.g., notes and bonds) provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net position. Also, governmental funds report the effect of premiums, discounts, and similar items when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities. This amount is the effect of these differences in the treatment of long-term debt and related items.		
Less: note proceeds	$ (189,459)	
Add: principal payments on note	48,160	
Add: principal payments on bonds	1,055,000	
Add: change in premium on debt issuances	6,537	920,238
(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 net pension asset	$ (410,043)	
Change in deferred outflows related to pensions	881,241	
Change in deferred inflows related to pensions	308,959	
Change in accrued interest payable	(5,053)	
Change in compensated absences payable	(2,634)	772,470
Change in net position of governmental activities (Exhibit B)		$ (512,875)

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

Exhibit C-5

Gibson County, Tennessee
Statement of Revenues, Expenditures, and Changes in Fund Balance - Actual and Budget
General Fund
For the Year Ended June 30, 2016

	Actual	Budgeted Amounts Original	Budgeted Amounts Final	Variance with Final Budget - Positive (Negative)
Revenues				
Local Taxes	$ 7,546,239	$ 7,462,660	$ 7,462,660	$ 83,579
Licenses and Permits	123,936	99,300	99,300	24,636
Fines, Forfeitures, and Penalties	317,115	289,150	289,150	27,965
Charges for Current Services	3,089,072	3,099,300	3,167,425	(78,353)
Other Local Revenues	351,887	488,000	421,711	(69,824)
Fees Received From County Officials	1,898,242	1,509,000	1,509,000	389,242
State of Tennessee	3,080,929	2,926,219	2,932,765	148,164
Federal Government	301,829	192,948	423,766	(121,937)
Other Governments and Citizens Groups	86,598	35,000	35,000	51,598
Total Revenues	$ 16,795,847	$ 16,101,577	$ 16,340,777	$ 455,070
Expenditures				
General Government				
County Commission	$ 55,909	$ 54,539	$ 58,240	$ 2,331
Board of Equalization	2,500	2,691	2,691	191
County Mayor/Executive	219,029	222,572	227,251	8,222
County Attorney	33,128	35,100	35,100	1,972
Election Commission	193,400	204,080	200,936	7,536
Register of Deeds	231,146	265,278	263,136	31,990
Development	67,311	68,952	73,239	5,928
County Buildings	446,292	556,057	544,006	97,714
Preservation of Records	172	985	985	813
Finance				
Accounting and Budgeting	94,005	96,798	97,049	3,044
Property Assessor's Office	345,436	350,606	364,254	18,818
Reappraisal Program	52,892	54,927	62,127	9,235
County Trustee's Office	296,874	305,247	306,311	9,437
County Clerk's Office	684,500	719,356	739,028	54,528
Administration of Justice				
Circuit Court	406,980	442,961	443,811	36,831
General Sessions Court	236,453	236,795	238,809	2,356
Drug Court	41,624	44,137	44,137	2,513
Chancery Court	300,573	301,845	302,266	1,693
Juvenile Court	328,067	337,319	361,277	33,210
Other Administration of Justice	367,957	393,668	396,617	28,660
Victim Assistance Programs	47,230	50,000	50,000	2,770
Public Safety				
Sheriff's Department	2,416,125	2,578,659	2,488,144	72,019
Jail	2,710,537	2,734,407	2,799,112	88,575
Fire Prevention and Control	238,521	259,880	257,022	18,501
Rural Fire Protection	44,176	61,332	61,332	17,156
Civil Defense	151,905	200,078	181,573	29,668
Other Emergency Management	18,920	0	18,920	0
County Coroner/Medical Examiner	34,573	37,550	37,550	2,977
Public Safety Grants Program	103,840	0	141,347	37,507
Public Health and Welfare				
Local Health Center	123,716	121,387	121,561	(2,155)
Rabies and Animal Control	60,619	72,202	72,248	11,629

(Continued)

Exhibit C-5

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

	Actual	Budgeted Amounts Original	Budgeted Amounts Final	Variance with Final Budget - Positive (Negative)
Expenditures (Cont.)				
Public Health and Welfare (Cont.)				
Ambulance/Emergency Medical Services	$ 2,925,848	$ 2,939,243	$ 3,016,191	$ 90,343
Alcohol and Drug Programs	49,628	49,999	49,999	371
Other Local Health Services	33,645	28,298	58,073	24,428
Other Local Welfare Services	0	1,000	1,000	1,000
Sanitation Education/Information	62,674	62,634	69,834	7,160
Other Public Health and Welfare	220,576	385,650	360,350	139,774
Social, Cultural, and Recreational Services				
Senior Citizens Assistance	266,071	334,796	343,297	77,226
Libraries	188,995	187,502	190,292	1,297
Parks and Fair Boards	29,525	20,400	29,525	0
Other Social, Cultural, and Recreational	0	1,000	1,000	1,000
Agriculture and Natural Resources				
Agricultural Extension Service	140,454	140,921	141,325	871
Soil Conservation	106,998	105,824	110,453	3,455
Flood Control	60,000	60,000	60,000	0
Other Operations				
Tourism	2,398	11,200	3,207	809
Other Economic and Community Development	9,760	10,000	10,000	240
Airport	165,875	223,641	223,519	57,644
Veterans' Services	52,282	55,798	56,348	4,066
Other Charges	190,001	178,141	185,713	(4,288)
Contributions to Other Agencies	135,803	145,820	145,820	10,017
Employee Benefits	102,395	107,800	111,638	9,243
Capital Projects				
Other General Government Projects	0	2,500	2,500	2,500
Total Expenditures	$ 15,097,338	$ 15,861,575	$ 16,160,163	$ 1,062,825
Excess (Deficiency) of Revenues Over Expenditures	$ 1,698,509	$ 240,002	$ 180,614	$ 1,517,895
Other Financing Sources (Uses)				
Insurance Recovery	$ 49,739	$ 0	$ 6,424	$ 43,315
Transfers Out	(338,691)	0	(338,691)	0
Total Other Financing Sources	$ (288,952)	$ 0	$ (332,267)	$ 43,315
Net Change in Fund Balance	$ 1,409,557	$ 240,002	$ (151,653)	$ 1,561,210
Prior-period Adjustment	108,429	0	0	108,429
Fund Balance, July 1, 2015	6,512,171	5,501,851	5,501,851	1,010,320
Fund Balance, June 30, 2016	$ 8,030,157	$ 5,741,853	$ 5,350,198	$ 2,679,959

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

Exhibit C-6

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

	Actual (GAAP Basis)	Less: Encumbrances 7/1/2015	Actual Revenues/ Expenditures (Budgetary Basis)	Budgeted Amounts Original	Budgeted Amounts Final	Variance with Final Budget - Positive (Negative)
Revenues						
Local Taxes	$ 2,270,997	$ 0	$ 2,270,997	$ 2,234,015	$ 2,234,015	$ 36,982
Charges for Current Services	3,007	0	3,007	3,000	3,000	7
Other Local Revenues	20,495	0	20,495	40,500	40,500	(20,005)
State of Tennessee	2,974,448	0	2,974,448	2,718,755	2,718,755	255,693
Federal Government	0	0	0	20,600	20,600	(20,600)
Other Governments and Citizens Groups	44,135	0	44,135	0	0	44,135
Total Revenues	$ 5,313,082	$ 0	$ 5,313,082	$ 5,016,870	$ 5,016,870	$ 296,212
Expenditures						
Highways						
Administration	$ 183,845	$ 0	$ 183,845	$ 193,303	$ 195,543	$ 11,698
Highway and Bridge Maintenance	2,367,225	0	2,367,225	2,502,615	2,530,615	163,390
Operation and Maintenance of Equipment	589,303	0	589,303	801,740	773,740	184,437
Other Charges	165,436	0	165,436	270,500	270,500	105,064
Employee Benefits	354,451	0	354,451	426,790	426,790	72,339
Capital Outlay	1,728,253	(778,784)	949,469	1,626,000	1,626,000	676,531
Total Expenditures	$ 5,388,513	$ (778,784)	$ 4,609,729	$ 5,820,948	$ 5,823,188	$ 1,213,459
Excess (Deficiency) of Revenues Over Expenditures	$ (75,431)	$ 778,784	$ 703,353	$ (804,078)	$ (806,318)	$ 1,509,671
Other Financing Sources (Uses)						
Insurance Recovery	$ 4,094	$ 0	$ 4,094	$ 500	$ 500	$ 3,594
Total Other Financing Sources	$ 4,094	$ 0	$ 4,094	$ 500	$ 500	$ 3,594
Net Change in Fund Balance	$ (71,337)	$ 778,784	$ 707,447	$ (803,578)	$ (805,818)	$ 1,513,265
Fund Balance, July 1, 2015	1,863,625	(778,784)	1,084,841	1,293,053	1,293,053	(208,212)
Fund Balance, June 30, 2016	$ 1,792,288	$ 0	$ 1,792,288	$ 489,475	$ 487,235	$ 1,305,053

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

Exhibit D

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

	Agency Funds
ASSETS	
Cash	$ 1,923,847
Equity in Pooled Cash and Investments	137,538
Due from Other Governments	1,960,291
Property Taxes Receivable	13,735,182
Allowance for Uncollectible Property Taxes	(506,025)
Total Assets	$ 17,250,833
LIABILITIES	
Due to Other Taxing Units	$ 15,233,946
Due to Litigants, Heirs, and Others	2,016,887
Total Liabilities	$ 17,250,833

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

GIBSON COUNTY, TENNESSEE
Index of Notes to the Financial Statements

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Gibson 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 Gibson County:

A. Reporting Entity

Gibson County is a public municipal corporation governed by an elected 25-member board. As required by GAAP, these financial statements present Gibson County (the primary government) and its component unit. The component unit discussed below is included in the county's reporting entity because of the significance of its operational or financial relationship with the county.

Discretely Presented Component Unit – The following entity meets the criteria for a discretely presented component unit of the county. It is reported in a separate column in the government-wide financial statements to emphasize that it is legally separate from the county.

The Gibson County Emergency Communications District provides a simplified means of securing emergency services through a uniform emergency number for the residents of Gibson County, and the Gibson County Commission appoints 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 Gibson County Emergency Communications District issues separate financial statements from those of the county and is published as a separate report. Complete financial statements of the Gibson County Emergency Communications District can be obtained from its administrative office at the following address:

Administrative Office:

Gibson County Emergency
Communications District
P.O. Box 146
Dyer, TN 38330

Related Organization – The Industrial Development Board of Gibson County is a related organization of Gibson County. The mayors of Gibson

County and the cities of Bradford, Dyer, Gibson, Humboldt, Kenton, Medina, Milan, Rutherford, Trenton, and Yorkville designate one person to serve on the 11-member board. The Gibson County Commission confirms the board members, but the county's accountability for the organization does not extend beyond making the appointments.

B. Government-wide and Fund Financial Statements

The government-wide financial statements (i.e., the Statement of Net Position and the Statement of Activities) report information on all of the nonfiduciary activities of the primary government and its component unit. 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 Gibson County does not have any business-type activities to report. Likewise, the primary government is reported separately from the legally separate component unit for which the primary government is financially accountable.

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.

Separate financial statements are provided for governmental funds and fiduciary funds. 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 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 Gibson County are organized into funds, each of which is considered to be a separate accounting entity. Each fund is accounted for by providing a separate set of self-balancing accounts that constitute its assets, deferred outflow of resources, liabilities, deferred inflow of resources, fund equity, revenues, and expenditures. Funds are organized into three major categories: governmental, proprietary, and fiduciary. However, Gibson County has no proprietary funds to report. An emphasis is placed on major funds within the governmental category.

Separate financial statements are provided for governmental 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. Fiduciary funds in total are reported in a single column.

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. Gibson 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.

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.

Gibson 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.

Highway/Public Works Fund – This special revenue fund accounts for transactions of the county's Highway Department. Local and state gasoline/fuel taxes are the foundational revenues of this fund.

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

Other Capital Projects Fund – This fund accounts for debt issued for various capital improvement projects of the county.

Additionally, Gibson County reports the following fund type:

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 Gibson County, special school districts' share of educational revenues, and restricted revenues held for the benefit of the Office of District Attorney General. 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.

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.

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

1. Deposits and Investments

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 Gibson County funds. Each fund's portion of this pool is

displayed on the balance sheets or statements of net position as Equity in Pooled Cash and Investments. Most income from these pooled investments is assigned to the General Debt Service Fund. Gibson County has adopted a policy of reporting U.S. Treasury obligations, U.S. agency obligations, and repurchase agreements with maturities of one year or less when purchased on the balance sheet at amortized cost. Certificates of deposit are reported at cost. Investments in the State Treasurer's Investment Pool are reported at fair value. 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. Accordingly, the pool qualifies as a 2a7-like pool and is reported at the net asset value per share (which approximates fair value) even though it is calculated using the amortized cost method. State statutes require the state treasurer to administer the pool under the same terms and conditions, including collateral requirements, as prescribed for other funds invested by the state treasurer. All other investments are reported at fair value. No investments required to be reported at fair value were held at the balance sheet date.

2. **Receivables and Payables**

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

All ambulance and property taxes receivables 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 two percent of total taxes levied.

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

Property taxes receivable are also reported as of June 30 for the taxes that are levied, collected, and reported as revenue during the current fiscal year. These property taxes receivable are presented on the balance sheet as a deferred inflow of resources to reflect amounts not available as of June 30. Property taxes collected within 30 days of year-end are considered available and accrued. The allowance for uncollectible taxes represents the estimated amount of the receivable that will be filed in court for collection. Delinquent taxes filed in court

for collection are not included in taxes receivable since they are neither measurable nor available.

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

3. **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 $15,000 or more and an estimated useful life of more than five years. 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 Gibson County are depreciated using the straight-line method over the following estimated useful lives:

Assets	Years
Building and Improvements	50
Other Capital Assets	5 - 10
Infrastructure:	
Roads	20
Bridges	15 - 30

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

In addition to assets, the Statement of Net Position will sometimes report a separate section for deferred outflows of resources. Deferred outflows of resources represent a consumption of net position that

applies to a future period(s) and so will not be recognized as an outflow of resources (expense/expenditure) until then. The government has items that qualify for reporting in this category. Accordingly, the items are reported in the government-wide Statement of Net Position. These items are for the pension changes in investment earnings and employer contributions made to the pension plan after the measurement date.

In addition to liabilities, the Statement of Net Position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. The government has items that qualify for reporting in this category. Accordingly, the items are reported in the government-wide Statement of Net Position and the governmental funds balance sheet. These items are from the following sources: current and delinquent property taxes, pension changes in experience and investment earnings, and various receivables for revenues, which do not meet the availability criteria for governmental funds. These amounts are deferred and recognized as an inflow of resources in the period that the amounts become available.

5. **Compensated Absences**

It is the general policy of Gibson County, with the exception of the Highway Department, not to allow an employee's unused vacation benefits to be carried over from year to year without the written permission of the employee's supervisor or department head.

It is the county Highway Department's policy to permit full-time employees to accumulate a limited amount of earned but unused vacation benefits, which will be paid to employees upon separation from service. Vacation benefits for the Highway Department are accrued when incurred in the government-wide financial statements for the county.

A liability for vacation benefits is reported in governmental funds only if they 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 Statement of Net Position. Debt premiums and discounts are deferred and amortized over the life of the new debt using the straight-line method. Debt issuance costs are expensed in the period incurred. In refunding transactions, the difference between the reacquisition price and the net carrying amount of the old debt is reported as a deferred outflow of resources or

a deferred inflow of resources and recognized as a component of interest expense in a systematic and rational manner over the remaining life of the refunded debt or the life of the new debt issued, whichever is shorter.

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

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

7. **Net Position and Fund Balance**

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

a. Net Investment in capital assets – Consists of capital assets, including restricted capital assets, net of accumulated depreciation and reduced by the outstanding balances of any bonds, mortgages, notes, or other borrowings that are attributable to the acquisition, construction, or improvement of those assets.

c. Restricted net position – Consists of net position with constraints placed on the use either by (1) external groups such as creditors, grantors, contributors, or laws or regulations of other governments or (2) law through constitutional provisions or enabling legislation.

d. Unrestricted net position – All other net position that does not meet the definition of restricted or net investment in capital assets.

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

In the fund financial statements, governmental funds report fund balance in classifications that comprise a hierarchy based primarily on the extent to which the government is bound to honor constraints on the specific purposes for which amounts in these funds can be spent. These classifications may consist of the following:

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

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

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

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

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

8. **Prior-period Adjustments**

The beginning fund balances of the General and Drug Control funds were restated and increased by $108,429 and $1,000, respectively. These adjustments were necessary due to the discovery of a cash shortage during an investigation of the Sheriff's Department as discussed in Note III.B.

E. Pension Plan

For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of Gibson County's participation in the Public Employee Retirement Plan of the Tennessee

Consolidated Retirement System (TCRS), and additions to/deductions from Gibson County's fiduciary net position have been determined on the same basis as they are reported by the TCRS for the Public Employee Retirement Plan. For this purpose, benefits (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms of the Public Employee Retirement Plan of TCRS. Investments are reported at fair value.

II. RECONCILIATION OF GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS

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

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

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

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

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, County Mayor/Executive, County Attorney, etc.).

Management may make revisions within major categories, but only the County Commission may transfer appropriations between major categories. During the year, several supplementary appropriations were necessary.

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

B. Cash Shortage

On December 1, 2015, an investigative report by the Comptroller's Division of Investigations, Financial and Compliance Investigations Unit revealed that for the period July 1, 2013, through October 16, 2014, the Sheriff's Department had a cash shortage of at least $109,429 as a result of numerous irregularities. On November 30, 2015, the Gibson County Grand Jury returned indictments on former Sheriff Chuck Arnold and several of his former employees on numerous charges including official misconduct, theft, and forgery. Three employees subsequently pled guilty to various charges and have been ordered to pay restitution totaling $6,859. The remaining employees, as well as the former sheriff, are scheduled for trials beginning in November 2016. As of June 30, 2016, the cash shortage totaled $109,429, which included the General ($108,429) and Drug Control ($1,000) funds.

C. Expenditures Exceeded Appropriations

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

Major Appropriation Category		Amount Overspent
Local Health Center	$	2,155
Other Charges		4,288

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

IV. DETAILED NOTES ON ALL FUNDS

A. Deposits and Investments

Gibson County participates in an internal cash and investment pool through the Office of Trustee. The county trustee is the treasurer of the county and in this capacity is responsible for receiving, disbursing, and investing most county funds. Each fund's portion of this pool is displayed on the balance sheets or statements of net position as Equity in Pooled Cash and Investments. Cash

reflected on the balance sheets or statements of net position represents nonpooled amounts held separately by individual funds.

Deposits

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

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

Investments

Legal Provisions. Counties are authorized to make direct investments in bonds, notes, or treasury bills of the U.S. government and obligations guaranteed by the U.S. government or any of its agencies; deposits at state and federal chartered banks and savings and loan associations; bonds of any state or political subdivision rated A or higher by any nationally recognized rating service; nonconvertible debt securities of certain federal government sponsored enterprises; and the county's own legally issued bonds or notes. These investments may not have a maturity greater than two years. The county may make investments with longer maturities if various restrictions set out in state law are followed. Counties are also authorized to make investments in the State Treasurer's Investment Pool and in repurchase agreements. Repurchase agreements must be approved by the state Comptroller's Office and executed in accordance with procedures established by the State Funding Board. Securities purchased under a repurchase agreement must be obligations of the U.S. government or obligations guaranteed by the U.S. government or any of its agencies. When repurchase agreements are executed, the purchase of the securities must be priced at least two percent below the fair value of the securities on the day of purchase. The county had no pooled and nonpooled investments as of June 30, 2016.

B. Capital Assets

Capital assets activity for the year ended June 30, 2016, was as follows:

Governmental Activities:

	Balance 7-1-15	Increases	Decreases	Balance 6-30-16
Capital Assets Not Depreciated:				
Land	$ 5,313,966	$ 0	$ 0	$ 5,313,966
Construction in Progress	67,472	1,743,482	0	1,810,954
Total Capital Assets Not Depreciated	$ 5,381,438	$ 1,743,482	$ 0	$ 7,124,920
Capital Assets Depreciated:				
Buildings and Improvements	$ 14,812,542	$ 325,008	$ 0	$ 15,137,550
Roads and Bridges	33,860,623	685,248	0	34,545,871
Other Capital Assets	11,122,550	2,085,023	(1,107,892)	12,099,681
Total Capital Assets Depreciated	$ 59,795,715	$ 3,095,279	$ (1,107,892)	$ 61,783,102
Less Accumulated Depreciation For:				
Buildings and Improvements	$ 3,408,227	$ 284,659	$ 0	$ 3,692,886
Roads and Bridges	19,340,449	1,238,575	0	20,579,024
Other Capital Assets	7,656,643	868,679	(952,015)	7,573,307
Total Accumulated Depreciation	$ 30,405,319	$ 2,391,913	$ (952,015)	$ 31,845,217
Total Capital Assets Depreciated, Net	$ 29,390,396	$ 703,366	$ (155,877)	$ 29,937,885
Governmental Activities Capital Assets, Net	$ 34,771,834	$ 2,446,848	$ (155,877)	$ 37,062,805

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

Governmental Activities:

General Government	$ 125,583
Finance	1,448
Administration of Justice	50,593
Public Safety	565,451
Public Health and Welfare	216,929
Social, Cultural, and Recreational Services	11,343
Agriculture and Natural Resources	3,484
Highway/Public Works	1,417,082
Total Depreciation Expense - Governmental Activities	$ 2,391,913

C. Construction Commitments

At June 30, 2016, the Other Capital Projects Fund had uncompleted contracts of approximately $136,549 for courthouse renovations. Funding has been received for these future expenditures.

D. Interfund Receivables, Payables, and Transfers

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

Due to/from Other Funds:

Receivable Fund	Payable Fund	Amount
General	Nonmajor governmental	$ 1,519

This balance 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.

Interfund Transfers:

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

	Transfers In	
Transfers Out	General Debt Service Fund	Nonmajor Governmental Fund
General Fund	$ 49,691	$ 290,000
Total	$ 49,691	$ 290,000

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

E. Long-term Obligations

General Obligation Bonds and Notes

Gibson County issues general obligation bonds 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 and capital outlay notes are direct obligations and pledge the full faith and credit of the government. General obligation bonds and the capital outlay note were issued for original terms of up to 24 years for bonds, and up to three years for the note. Repayment terms are generally structured with increasing amounts of principal maturing as interest requirements decrease over the term of the debt. All bonds and the note included in long-term debt as of June 30, 2016, will be retired from the General Debt Service Fund.

General obligation bonds and the capital outlay note outstanding as of June 30, 2016, for governmental activities are as follows:

Type	Interest Rate	Final Maturity	Original Amount of Issue	Balance 6-30-16
General Obligation Bonds	1 to 2.5 %	6-1-30	$ 5,275,000	$ 3,815,000
General Obligation Bonds - Refunding	.5 to 4.3	6-1-33	14,310,000	12,525,000
Capital Outlay Note	1.68	4-1-19	189,459	141,299

The annual requirements to amortize all general obligation bonds and the note outstanding as of June 30, 2016, including interest payments, are presented in the following tables:

Year Ending June 30	Bonds Principal	Bonds Interest	Bonds Total
2017	$ 1,065,000	$ 413,389	$ 1,478,389
2018	1,090,000	399,276	1,489,276
2019	1,110,000	383,146	1,493,146
2020	965,000	364,846	1,329,846
2021	980,000	347,134	1,327,134
2022-2026	4,640,000	1,437,598	6,077,598
2027-2031	4,635,000	876,917	5,511,917
2032-2033	1,855,000	120,161	1,975,161
Total	$ 16,340,000	$ 4,342,467	$ 20,682,467

Year Ending June 30	Note Principal	Note Interest	Note Total
2017	$ 46,317	$ 2,374	$ 48,691
2018	47,095	1,596	48,691
2019	47,887	805	48,692
Total	$ 141,299	$ 4,775	$ 146,074

There is $3,019,028 available in the General Debt Service Fund to service long-term debt. Debt per capita, including bonds and the note, totaled $332, based on the 2010 federal census.

Changes in Long-term Obligations

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

Governmental Activities:

	Bonds	Note	Compensated Absences
Balance, July 1, 2015	$ 17,395,000	$ 0	$ 37,949
Additions	0	189,459	44,725
Reductions	(1,055,000)	(48,160)	(42,091)
Balance, June 30, 2016	$ 16,340,000	$ 141,299	$ 40,583
Balance Due Within One Year	$ 1,065,000	$ 46,317	$ 2,029

Analysis of Noncurrent Liabilities Presented on Exhibit A:

Total Noncurrent Liabilities, June 30, 2016	$ 16,521,882
Less: Balance Due Within One Year	(1,113,346)
Add: Unamortized Premium on Debt	79,561
Noncurrent Liabilities - Due in More Than One Year - Exhibit A	$ 15,488,097

Compensated absences will be paid from the Highway/Public Works Fund.

F. On-Behalf Payments

The State of Tennessee pays health insurance premiums for retired employees on-behalf of Gibson County. These payments are made by the state to the Medicare Supplement Plan. This plan is administered by the State of Tennessee and reported in the state's Comprehensive Annual Financial Report. Payments by the state to the Medicare Supplement Plan for the year ended June 30, 2016, were $938. The county has recognized these on-behalf payments as revenues and expenditures in the General Fund.

V. OTHER INFORMATION

A. Risk Management

Employee Health Insurance

Gibson County has chosen to become self-insured for risks associated with the employees' health insurance plan. This activity is currently being accounted for in the General and Highway/Public Works funds. The county retains the risk of loss to a limit of $50,000 per specific loss and approximately $1,300,000 overall. The county obtained an excess risk insurance policy to cover claims beyond any amounts exceeding these limits. The premiums for the excess risk insurance and administration fees are paid directly to the administrator of the

county's employee insurance plan by the General and Highway/Public Works funds.

All full-time employees of Gibson County are eligible to participate. In November 2011, the county adopted a resolution providing that retirees are not allowed to remain in the employee health insurance program. The premium charges are based on the rates paid for coverage under the previous health insurance plan. Liabilities are reported when it is probable that a loss has occurred and the amount of the loss can be reasonably estimated. Claims liabilities are established based on estimates of the ultimate cost of claims that have been reported but not settled and of claims that have been incurred but not reported. Claims liabilities include incremental claim adjustment expenditures/expenses, if any. In addition, estimated recoveries, if any, on settled claims have been deducted from the liability for unpaid claims. The process used to compute claims liabilities does not necessarily result in an exact amount. Changes in the balance of claims liabilities during the past two fiscal years are as follows:

	Beginning of Fiscal Year Liability	Current Year Claims and Estimates	Payments	Balance at Fiscal Year-End
2014-15	$ 0	$ 1,250,413	$ 1,250,413	$ 0
2015-16	0	1,215,623	1,215,623	0

Workers' Compensation Insurance

Gibson County participates in the Local Government Workers' Compensation Fund (LGWCF), a public entity risk pool established under provisions of Section 29-20-401, *Tennessee Code Annotated,* by the Tennessee County Services Association to provide a program of workers' compensation coverage to employees of local governments. The county pays an annual premium to the LGWCF for its workers' compensation insurance coverage. The LGWCF is to be self-sustaining through member premiums. The LGWCF reinsures through commercial insurance companies for claims exceeding $300,000.

Liability, Property, and Casualty

The county is exposed to various risks related to general liability, property, and casualty losses. The county participates in 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. The county pays an annual premium 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 for claims exceeding $100,000 for each insured event.

B. Accounting Changes

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

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

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

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

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

C. Contingent Liabilities

The county attorney and management were not aware of any potential claims that were pending, which would materially affect the county's financial statements.

D. Change in Administration

On December 31, 2015, Janice Jones left the Office of Circuit and General Sessions Courts Clerk and was succeeded by Cynthia Flowers.

E. Joint Venture

The Twenty-eight Judicial District Drug Task Force (DTF) is participating in a joint venture formed by an interlocal agreement between the district attorney generals of the Twenty-eighth Judicial District, the Twenty-ninth Judicial District, the Thirtieth Judicial District, the Gibson County Sheriff's Department, and the West Tennessee Judicial Violent Crime and Drug Task Force (WTJDTF). The purpose of the entity is to provide multi-jurisdictional law enforcement to promote the investigation and prosecution of drug-related activities and highway criminal interdiction. Funds for the operations of the entity come primarily from federal grants, fines, and the forfeiture of assets to the entity. Gibson County made no contributions to the WTJDTF for the year ended June 30, 2016.

Gibson County does not have an equity interest in the above-noted joint venture. Complete financial statements for the DTF can be obtained from its administrative office at the following addresses:

Administrative Office:

Office of District Attorney General
Twenty-eighth Judicial District
P.O. Box 145
Trenton, TN 38382

F. Jointly Governed Organizations

The Gibson County Railroad Authority (GCRA) was created by the county, in conjunction with Madison County and the cities of Trenton, Humboldt, Dyer, Rutherford, and Kenton. The GCRA's board includes the mayors of Gibson and Madison counties; the city mayors of Trenton, Humboldt, Dyer, Rutherford, and Kenton; and one at-large member from each of these areas. However, the counties and cities do not have any ongoing financial interest or responsibility for the entity.

The West Tennessee Railroad Authority (WTRA) was created by Gibson County in conjunction with the counties of Chester, Madison, McNairy, Obion, and Weakley. The WTRA's board includes the mayors of Chester, Gibson, Madison, McNairy, Obion, and Weakley counties, and one at-large member from each of these areas. However, the counties do not have any ongoing financial interest or responsibility for the entity.

G. Retirement Commitments

Tennessee Consolidated Retirement System (TCRS)

General Information About the Pension Plan

Plan Description. Employees of Gibson County are provided a defined benefit pension plan through the Public Employee Retirement Plan, an agent multiple-employer pension plan administered by the TCRS. The TCRS was created by state statute under *Tennessee Code Annotated (TCA)*, Title 8, Chapters 34-37. The TCRS Board of Trustees is responsible for the proper operation and administration of the TCRS. The Tennessee Treasury Department, an agency in the legislative branch of state government, administers the plans of the TCRS. The TCRS issues a publicly available financial report that can be obtained at www.treasury.tn.gov/tcrs.

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

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

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

Inactive Employees or Beneficiaries Currently Receiving Benefits	115
Inactive Employees Entitled to But Not Yet Receiving Benefits	169
Active Employees	213
Total	497

Contributions. Contributions for employees are established in the statutes governing the TCRS and may only be changed by the Tennessee General Assembly. Employees contribute five percent of salary. Gibson County makes employer contributions at the rate set by the Board of Trustees as determined by an actuarial valuation. For the year ended June 30, 2015, the Actuarial Determined Contribution (ADC) for Gibson County was $503,674 based on a rate of 6.24 percent of covered payroll. By law, employer contributions are required to be paid. The TCRS may intercept Gibson County's state shared taxes if required employer contributions are not remitted. The employer's ADC and member contributions are expected to finance the costs of benefits earned by members during the year, the cost of administration, as well as an amortized portion of any unfunded liability.

Net Pension Liability (Asset)

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

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

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

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

The actuarial assumptions used in the June 30, 2015, actuarial valuation were based on the results of an actuarial experience study performed for the period

July 1, 2008, through June 30, 2012. The demographic assumptions were adjusted to more closely reflect actual and expected future experience.

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

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

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

Discount Rate. The discount rate used to measure the total pension liability was 7.5 percent. The projection of cash flows used to determine the discount rate assumes that employee contributions will be made at the current rate and that contributions from Gibson County will be made at the actuarially determined contribution rate pursuant to an actuarial valuation in accordance

with the funding policy of the TCRS Board of Trustees and as required to be paid by state statute. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make projected future benefit payments of current active and inactive members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

Changes in the Net Pension Liability (Asset)

	Increase (Decrease)		
	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability (a)-(b)
Balance, July 1, 2014	$ 22,698,582	$ 24,014,285	$ (1,315,703)
Changes for the year:			
Service Cost	$ 619,501	$ 0	$ 619,501
Interest	1,695,891	0	1,695,891
Differences Between Expected and Actual Experience	(275,449)	0	(275,449)
Contributions-Employer	0	503,674	(503,674)
Contributions-Employees	0	403,585	(403,585)
Net Investment Income	0	733,633	(733,633)
Benefit Payments, Including Refunds of Employee Contributions	(1,412,416)	(1,412,416)	0
Administrative Expense	0	(10,992)	10,992
Net Changes	$ 627,527	$ 217,484	$ 410,043
Balance, June 30, 2015	$ 23,326,109	$ 24,231,769	$ (905,660)

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

Gibson County	1% Decrease 6.5%	Current Discount Rate 7.5%	1% Increase 8.5%
Net Pension Liability	$ 1,996,122	$ (905,660)	$ (3,333,867)

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

Negative Pension Expense. For the year ended June 30, 2016, Gibson County recognized negative pension expense of $233,708.

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

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences Between Expected and Actual Experience	$ 0	$ 872,902
Net Difference Between Projected and Actual Earnings on Pension Plan Investments	838,466	1,132,978
Contributions Subsequent to the Measurement Date of June 30, 2015 (1)	547,607	N/A
Total	$ 1,386,073	$ 2,005,880

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

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

Year Ended June 30	Amount
2017	$ (374,791)
2018	(374,791)
2019	(374,791)
2020	2,868
2021	(45,909)
Thereafter	0

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

H. Purchasing Laws

Office of County Mayor

The County Purchasing Law of 1983, Sections 5-14-201 through 5-14-206, *Tennessee Code Annotated (TCA)*, govern purchasing for the general county government. This act provides for all purchases exceeding $10,000 (excluding emergency purchases) to be made based on competitive bids solicited through newspaper advertisement.

Office of Road Supervisor

Chapter 55, Private Acts of 1951, as amended, and Section 54-7-113, *TCA*, (Uniform Road Law), govern purchasing procedures for the Highway Department. These statutes require all purchases exceeding $10,000 to be made on the basis of publicly advertised competitive bids.

VI. OTHER NOTES – DISCRETELY PRESENTED GIBSON COUNTY EMERGENCY COMMUNICATIONS DISTRICT

A. Significant Accounting Policies

1. Organization and Reporting Entity

The Gibson County Emergency Communications District (a discretely presented component unit of Gibson County, Tennessee) was established by voter referendum in May 1987, and the assessment of service fees began October 1, 1987. The local emergency telephone service to residents of Gibson County began July 1, 1989.

The purpose of the district is to provide a simplified means of securing emergency services by telephone to those persons living in Gibson County, Tennessee.

The district is considered a component unit of the county because the Board of Directors of the district is appointed by the County Commission. The County Commission must approve any debt issued by the district.

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

The district is accounted for as a single enterprise fund as prescribed by the state. Enterprise funds are a type of proprietary fund, and as such, are reported in accordance with generally accepted accounting principles for proprietary funds as defined by the Governmental Audit Standards Board. Proprietary fund types are reported using the economic resources measurement focus and the accrual basis of accounting. The aim of this measurement focus is to report all inflows, outflows, and balances affecting or reflecting the entities net position. The accrual basis of accounting recognizes income as it is earned and expenses as they are incurred, whether or not cash is received or paid out at that time.

Operating revenues in proprietary funds are those revenues generated from the primary operations of the fund. All other revenues are reported as nonoperating revenues. The state has defined grants and reimbursements from the Tennessee Emergency Communications Board to be nonoperating revenues. Operating expenses are those expenses that are essential to the primary operations of the fund. All other expenses are reported as nonoperating expenses.

3. **Assets, Liabilities, and Net Position**

a. **Deposits and Investments**

Cash and cash equivalents are considered to be all demand deposits and other deposits with original maturities of three months or less and are included in the caption cash and cash equivalents.

State statutes allow investments in obligations of the U.S. Treasury, agencies, instrumentalities and obligations guaranteed as to principal and interest of the United States or any of its agencies, repurchase agreements, the Tennessee Local Government Investment Pool, and certificates of deposit.

b. **Accounts Receivable and Credit Risk**

Accounts receivable represent amounts due from telephone companies for user fees, and amounts due from local customers for dispatch services.

c. **Prepaid Items**

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

d. **Capital Assets and Depreciation**

Capital assets are stated at original cost. Maintenance repairs and minor renewals are expensed as incurred. The original cost is deducted when items are retired. Depreciation has been provided over the estimated useful lives of the property and equipment by the straight-line method. Capitalization thresholds and estimated useful lives are as follows:

Assets	Years	Threshold
Equipment	5 - 20	$ 2,500
Office Equipment	3 - 10	1,000
Building	30	10,000

e. **Compensated Absences**

Employees who have completed one year of service shall receive one week of vacation time. Employees who have completed two years of service shall receive two weeks of vacation time. Employees who have completed ten years of service shall receive three weeks of vacation time. Employees who have completed 20 years of service shall receive four weeks of vacation time.

The employee is limited to accumulating up to two weeks of leave per year to be taken in pay and cannot carry any unused vacation leave at December 31 over to the next calendar year. At June 30, 2016, the liability for accrued leave was $11,982.

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

In addition to assets, the Statement of Net Position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position that applies to a future period and so will not be recognized as an outflow of resources (expense/expenditure) until then. As of June 30, 2016, the district has three items that are reported as deferred outflows of resources: pension contributions subsequent to the measurement date, difference between actual and expected experience, and net difference between projected and actual earnings of pension plan investments.

In addition to liabilities, the Statement of Net Position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents acquisition of net position that applies to a future period and so will not be recognized as an inflow of resources (revenue) until that time. As of June 30, 2016, the district has two items that are reported as deferred inflows of resources: pensions – difference between expected and actual experience and pension difference between expected and actual earnings of pension plan investments.

g. **Net Position Flow Assumption**

Sometimes the district will fund outlays for a particular purpose from both restricted (e.g. restricted bond or grant proceeds) and unrestricted resources. In order to calculate the amounts to report as restricted – net position and unrestricted – net position in the financial statements, a flow assumption must be made about the order in which the resources are considered to be applied. It is the district's policy to consider restricted – net position to have been depleted before unrestricted – net position is applied.

h. **Net Position**

Equity is reported as net position, which is classified into the following components as applicable:

- Net investment in capital assets – consists of capital assets, net of accumulated depreciation and reduced by the outstanding balances of any payables that are attributable to the acquisition, construction, or improvement of those assets. When no payables are associated, it is referred to as investment in capital assets.

- Restricted – net position when constraints are placed on their use by external third parties or imposed by law.

- Unrestricted – all other net position that does not meet the definition of the other categories.

i. **Revenues**

The district receives remittances from the State of Tennessee representing fees that have been collected on behalf of the district for 911 services. These fees are remitted to the district

on a monthly or bi-monthly schedule. Fees collected for 911 services are considered operating revenues.

j. **Pensions**

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

B. Stewardship, Compliance, and Accountability

Budgetary Compliance

The district adopts a budget in accordance with the requirements of the Tennessee Emergency Communications Board and *Tennessee Code Annotated,* Section 7-86-120. This budget is adopted on another comprehensive basis of accounting, which is not in accordance with generally accepted accounting principles. The budgetary basis of accounting used is the cash basis for all revenues and expenses except depreciation and amortization.

Expenditures are required to be within budgetary limits at the line-item level of control. For the year ended 2016, there were five line-items that exceeded the budgeted amounts: director's salary by $1; custodial supplies by $162; repair and maintenance – office buildings by $69; trash collections and disposal by $75; and miscellaneous expense by $12.

C. Detailed Notes on Accounts

1. Deposits and Investments

The district's policies limit deposits and investments to those instruments allowed by applicable state laws and are described below. State statute requires that all deposits with financial institutions must be collateralized by securities whose market value is equal to 105 percent of the value of uninsured deposits. The deposits must be collateralized by federal depository insurance or the Tennessee Bank

Collateral Pool, by collateral held by the district's agent in the district's name, or by the Federal Reserve Banks acting as third-party agents. State statutes also authorize the district to invest in bonds, notes, or treasury bills of the United States or any of its agencies, certificates of deposit at Tennessee state chartered banks and savings and loan associations and federally chartered banks and savings and loan associations, repurchase agreements utilizing obligations of the United States or its agencies as the underlying securities, and the state pooled investment fund. Statutes also require that securities underlying repurchase agreements must have a market value of at least equal to the amount of funds invested in the repurchase transaction. As of June 30, 2016, all bank deposits were fully collateralized or insured.

2. **Unearned Revenue**

The district received $700,000 from Gibson County in May 2001, which represented advance payments of dispatch fees for the period May 2001 through April 2026. Revenue of $2,333 will be recognized each month during the life of the contract.

3. **Capital Assets**

A summary of capital assets activity for the year is as follows:

	Balance 7-1-15	Increases	Balance 6-30-16
Capital Assets Not Depreciated:			
Land	$ 66,400	$ 0	$ 66,400
Capital Assets Depreciated:			
Buildings and Improvements	$ 736,365	$ 0	$ 736,365
Office Equipment	195,927	0	195,927
Communications Equipment	1,034,267	83,600	1,117,867
Vehicles	20,941	0	20,941
Total Capital Assets Depreciated:	$ 1,987,500	$ 83,600	$ 2,071,100
Less: Accumulated Depreciation For:			
Buildings and Improvements	$ 371,757	$ 27,041	$ 398,798
Office Equipment	127,421	22,814	150,235
Communications Equipment	687,697	150,160	837,857
Vehicles	13,856	3,685	17,541
Total Accumulated Deprecation	$ 1,200,731	$ 203,700	$ 1,404,431
Capital Assets, Net	$ 853,169	$ (120,100)	$ 733,069

D. Other Information

1. Funding Sources

Funding for the district's operations is provided by monthly fees from service users in Gibson County, which are collected by the Tennessee Emergency Communications Board and remitted to the district at a set percentage.

2. Retirement Plan

Plan Description

Employees of the Gibson County Emergency Communications District are provided a defined benefit pension plan through the Public Employee Retirement Plan, an agent multiple-employer pension plan administered by the Tennessee Consolidated Retirement System (TCRS). The TCRS was created by state statute under *Tennessee Code*

Annotated (TCA), Title 8, Chapters 34-37. The TCRS Board of Trustees is responsible for the proper operation and administration of the TCRS. The Tennessee Treasury Department, an agency in the legislative branch of state government, administers the plans of the TCRS. The TCRS issues a publicly available financial report that can be obtained at www.treasury.tn.gov/tcrs.

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

Member and beneficiary annuitants are entitled to an automatic cost-of-living adjustment (COLA) after retirement. A COLA is granted each July for annuitants retired prior to the 2nd of July of the previous year. The COLA is based on the change in the consumer price index (CPI) during the prior calendar year, capped at three percent, and applied to the current benefit. No COLA is granted if the change in the CPI is less than one-half percent. A one percent COLA is granted if the CPI change is between one-half percent and one percent. A member who leaves employment may withdraw their employee contributions, plus any accumulated interest.

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

Inactive Employees or Beneficiaries Currently Receiving Benefits	1
Inactive Employees Entitled to But Not Yet Receiving Benefits	7
Active Employees	10
Total	18

Contributions. Contributions for employees are established in the statutes governing the TCRS and may only be changed by the Tennessee General Assembly. Employees of the district do not contribute any percentage of their salary. The district makes employer contributions at the rate set by the Board of Trustees as determined by an actuarial valuation. For the year ended June 30, 2016, employer contributions for Gibson County Emergency Communications District were $34,140 based on a rate of 8.34 percent of covered payroll. By law, employer contributions are required to be paid. The TCRS may intercept Gibson County Emergency Communications District's state shared taxes if required employer contributions are not remitted. The employer's actuarially determined contribution and member contributions are expected to finance the costs of benefits earned by members during the year, the cost of administration, as well as an amortized portion of any unfunded liability.

Net Pension Liability (Asset)

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

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

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

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

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

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

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

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

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

Changes in the Net Pension Liability (Asset)

	Increase (Decrease)		
	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability (a)-(b)
Balance, July 1, 2014	$ 782,211	$ 980,648	$ (198,437)
Changes for the year:			
Service Cost	$ 35,122	$ 0	$ 35,122
Interest	61,102	0	61,102
Differences Between Expected and Actual Experience	14,140	0	14,140
Contributions-Employer	0	32,044	(32,044)
Contributions-Employees	0	0	0
Net Investment Income	0	30,651	(30,651)
Benefit Payments, Including Refunds of Employee Contributions	(5,269)	(5,269)	0
Administrative Expense	0	(548)	548
Net Changes	$ 105,095	$ 56,878	$ 48,217
Balance, June 30, 2015	$ 887,306	$ 1,037,526	$ (150,220)

Sensitivity of the net pension liability (asset) to changes in the discount rate. The following presents the net pension liability (asset) of the district calculated using the discount rate of 7.5 percent, as well as what the net pension liability (asset) would be if it was calculated using a discount rate that is one percentage point lower (6.5 percent) or one percentage point higher (8.5 percent) than the current rate:

Gibson County Emergency Communications District	1% Decrease 6.5%	Current Discount Rate 7.5%	1% Increase 8.5%
Net Pension Liability (Asset)	$ (13,939)	$ (150,220)	$ (264,024)

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

Pension expense. For the year ended June 30, 2016, the district recognized pension expense of $12,429.

Deferred outflows of resources and deferred inflows of resources. For the year ended June 30, 2016, the district reported deferred outflows of

resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences Between Expected and Actual Experience	$ 12,569	$ 30,627
Net Difference Between Projected and Actual Earnings on Pension Plan Investments	35,105	45,159
Contributions Subsequent to the Measurement Date of June 30, 2015 (1)	34,140	N/A
Total	$ 81,814	$ 75,786

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

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

Year Ending June 30	Amount
2017	$ (9,811)
2018	(9,811)
2019	(9,811)
2020	5,242
2021	(3,534)
Thereafter	(387)

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

3. Risk Management

The district is exposed to various risks of loss related to tort, theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The district decided it was more economically feasible to join a public entity risk pool as opposed to purchasing commercial insurance for general liability, auto liability,

errors and omissions, workers compensation and automobile physical damage coverage. The district joined the Tennessee Municipal League Risk Pool, which is a public entity risk pool established in 1979 by the Tennessee Municipal League.

The district pays annual premiums to the pool for its general liability, auto liability, real and personal property damage, workman's compensation, and errors and omissions policies. The pool provides the specified coverage and pays all claims from its member premiums charged or through its reinsurance policies. The district premiums are calculated based on its prior claims history.

It is the policy of the district to purchase commercial insurance for the risks of employee dishonesty and excess liability. Settled claims have not exceeded this commercial coverage in any of the past four years and there has been no significant reduction in coverage.

Copies of the complete financial statements of the County for the current Fiscal Year are available at http://www.comptroller.tn.gov/la/CountySelect.asp.