

PRELIMINARY OFFICIAL STATEMENT

\$4,900,000*

ROANE COUNTY, TENNESSEE **General Obligation Bonds, Series 2020A**

OFFERED FOR SALE NOT SOONER THAN

Wednesday, January 22, 2020 at 10:15 a.m., E.S.T.
Through the Facilities of ***PARITY***[®]

at the

OFFICES OF
Cumberland Securities Company, Inc.
Knoxville, Tennessee

Cumberland Securities Company, Inc.
Municipal Advisor

January 9, 2020

* Preliminary, subject to change.

This Preliminary Official Statement and the information contained herein are subject to completion or amendment. These securities may not be sold nor may offers to buy be accepted prior to the time the Official Statement is delivered in final form. Under no circumstances shall this Preliminary Official Statement constitute an offer to sell or the solicitation of an offer to buy nor shall there be any sale of these securities in any jurisdiction in which such offer, solicitation or sale would be unlawful prior to registration or qualification under the securities laws of such jurisdiction.

PRELIMINARY OFFICIAL STATEMENT DATED JANUARY 9, 2020

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 in calculating the alternative minimum tax. 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.)

\$4,900,000* **ROANE COUNTY, TENNESSEE** **General Obligation Bonds, Series 2020A**

Dated: Date of delivery (Assume February 14, 2020).

Due: May 1 (as shown below)

The \$4,900,000* General Obligation Bonds, Series 2020A (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 May 1, 2020 and thereafter on each May 1 and November 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 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 on or after May 1, 2029 are subject to optional redemption prior to maturity on or after May 1, 2028 as described herein.

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 from the County by Leffew & Leffew, counsel to the County. It is expected that the Bonds will be available for delivery through the facilities of DTC New York, New York, on or about February ___, 2020.

Cumberland Securities Company, Inc.
Municipal Advisor

January ___, 2020

* Preliminary, subject to change.

\$4,900,000*
ROANE COUNTY, TENNESSEE

General Obligation Bonds, Series 2020A

<u>Due</u> <u>(May 1)</u>	<u>Amount*</u>	<u>Interest</u> <u>Rate</u>	<u>Yield</u>	<u>CUSIP**</u>	<u>Due</u> <u>(May 1)</u>	<u>Amount*</u>	<u>Interest</u> <u>Rate</u>	<u>Yield</u>	<u>CUSIP**</u>
2022	\$ 115,000				2036	\$ 175,000			
2023	120,000				2037	175,000			
2024	120,000				2038	185,000			
2025	125,000				2039	190,000			
2026	125,000				2040	195,000			
2027	130,000				2041	200,000			
2028	140,000				2042	205,000			
2029	140,000				2043	215,000			
2030	145,000				2044	220,000			
2031	150,000				2045	225,000			
2032	150,000				2046	230,000			
2033	155,000				2047	240,000			
2034	165,000				2048	245,000			
2035	170,000				2049	250,000			

** These CUSIP numbers have been assigned by Standard & Poor's CUSIP Service Bureau, a division of the McGraw-Hill Companies, Inc., and are included solely for 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.

* 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 Municipal 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 Municipal 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 Municipal 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.

ROANE COUNTY, TENNESSEE

OFFICIALS

Ron Woody	<i>County Executive</i>
Beth Johnson	<i>County Clerk</i>
Connie Cook	<i>Director of Accounts and Budgets</i>
Molly Hartup	<i>Assessor of Property</i>
Greg Leffew	<i>County Attorney</i>

BOARD OF COUNTY COMMISSIONERS

David Bell	Shannon Hester
Ron Berry	Allen Hickman
Charlotte Bowers	Mike Hooks
David Brashears	Darryl Meadows
Benny East	Stanley Moore
Randy Ellis	Jerry White
Ben Gann	Ben Wilson
Junior Hendrickson	

BOND REGISTRATION AND PAYING AGENT

Regions Bank
Nashville, Tennessee

BOND COUNSEL

Bass, Berry & Sims PLC
Knoxville, Tennessee

MUNICIPAL ADVISOR

Cumberland Securities Company, Inc.

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SUMMARY STATEMENT

The information set forth below is provided for convenient reference and does not purport to be complete and is qualified in its entirety by the information and financial statements appearing elsewhere in this *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	Roane County, Tennessee (the “County” or “Issuer”). See the section entitled “Supplemental Information Statement” for more information.
Securities Offered.....	\$4,900,000* General Obligation Bonds, Series 2020A (the “Bonds”) of the County, dated the date of delivery (estimated to be February 14, 2020). The Bonds will mature each May 1 beginning May 1, 2022 through May 1, 2049, inclusive. See the section herein entitled “SECURITIES OFFERED – Authority and Purpose”.
Security.....	The Bonds shall be payable from unlimited <i>ad valorem</i> taxes to be levied on all taxable property within the County. For the prompt payment of principal of, premium, if any, and interest on the Bonds, the full faith and credit of the County are irrevocably pledged.
Purpose	The Bonds are being issued for the purposes of providing funds to finance in whole or in part: (i) the acquisition, construction, improvement and renovation of schools and school facilities; (ii) improvements and extensions to public utilities including sewer improvements; (iii) the acquisition, construction, improvement and renovation of other public buildings and facilities (collectively, the "Project"); (iv) the payment of funds required to be shared with the City of Oak Ridge, Tennessee, to the extent not waived, pursuant to Section 9-21-129 and Section 49-3-1003, Tennessee Code Annotated, as amended; (v) payment of architectural, engineering, legal, fiscal and administrative costs incident to the Project; (vi) reimbursement to the County for funds previously expended for any of the foregoing; (vii) payment of capitalized interest during construction of the Project and for up to six months thereafter; and (viii) payment of the costs related to the issuance and sale of the bonds.
Optional Redemption	The Bonds are subject to optional redemption prior to maturity on or after May 1, 2028, at any time at the redemption price of par plus accrued interest. See 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 in calculating the alternative minimum tax. For an explanation of certain tax consequences under federal law which may result from the ownership of the Bonds, see the discussion under the heading “LEGAL MATTERS – Tax Matters” herein. Under existing law, the Bonds and the income therefrom will be exempt from all state, county and municipal taxation in the State of Tennessee, except Tennessee franchise and excise taxes. (See “LEGAL MATTERS -Tax Matters” herein.)
Rating.....	S&P: “AA”. See the section entitled “MISCELLANEOUS - Rating” for more information.
Underwriter.....	_____ , _____ , _____ .
Municipal Advisor.....	Cumberland Securities Company, Inc., See the section entitled “MISCELLANEOUS- Municipal Advisor; Related Parties; Other”, herein.
Bond Counsel	Bass, Berry & Sims PLC, Knoxville, Tennessee.

* Preliminary, subject to change.

Book-Entry-Only.....The Bonds will be issued under the Book-Entry 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.

GeneralThe 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.

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

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 Ron Woody, County Executive, Roane County Courthouse, P.O. Box 643, Kingston, Tennessee 37763, (865) 376-5578; or the County's Municipal 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
Summary of Changes In Fund Balances
For the Fiscal Year Ended June 30

	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>
Beginning Fund Balance	\$ 4,990,409	\$ 5,793,439	\$7,108,859	\$7,215,606	\$7,603,731
Revenues	15,661,478	17,137,919	16,731,255	17,221,114	17,763,940
Expenditures	15,040,684	16,092,214	15,748,947	16,390,465	16,984,627
Revenues Over Expenditures:					
Insurance Recovery/Other	12,536	3,715	4,056	7,476	25,986
Transfers In	330,000	400,000	-	-	-
Transfers Out	(160,300)	(134,000)	(879,617)	(450,000)	(960,000)
Ending Fund Balance	<u>\$ 5,793,439</u>	<u>\$ 7,108,859</u>	<u>\$7,215,606</u>	<u>\$7,603,731</u>	<u>\$7,449,030</u>

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

SUMMARY NOTICE OF SALE

\$4,900,000[†]

ROANE COUNTY, TENNESSEE

General Obligation Bonds, Series 2020A

NOTICE IS HEREBY GIVEN that the County Executive of Roane County, Tennessee (the “County” or “Issuer”) will receive electronic or written bids for the purchase of all, but not less than all, of the County's \$4,900,000* General Obligation Bonds, Series 2020A (the “Bonds”) by the County’s Municipal Advisor, Cumberland Securities Company Inc., via facsimile at 865-988-1863, until **10:15 a.m. E.S.T. on Wednesday January 22, 2020**. Prior to accepting bids, the County reserves the right to adjust the principal amount 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 9:00 a.m., Eastern Standard 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 their date of issuance and delivery (assume February 14, 2020) and will mature on May 1, 2022 through May 1, 2049, inclusive with term bonds optional, and will be subject to optional redemption prior to maturity on or after May 1, 2028. Bidders must bid not less than ninety-nine percent and one-half (99.50%) of par or no 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 County Executive 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 County will require bidders to comply with the “hold-the-offering-price rule” or the “10% Test” for purposes of determining the issue price of the Bonds.

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 Ron Woody, County Executive, 200 East Race Street, Suite 1, Kingston, TN 37763 (931) 473-2505 or from the County’s Municipal Advisor, Cumberland Securities Company, Inc., P.O. Box 22715, Knoxville, Tennessee 37933, (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/ Ron Woody
County Executive

[†] Preliminary subject to change.

DETAILED NOTICE OF SALE

\$4,900,000[‡]

ROANE COUNTY, TENNESSEE

General Obligation Bonds, Series 2020A

NOTICE IS HEREBY GIVEN that electronic or written bids will be received by the County Executive of Roane County, Tennessee (the “County” or “Issuer”), all or none, until 10:15 a.m. E.S.T. on **Wednesday, January 22, 2020**. (or at such later time and date announced at least forty-eight hours in advance via Bloomberg News Service or the **PARITY**[®] system) for the purchase of \$4,900,000* General Obligation Bonds, Series 2020A (the “Bonds”). Electronic bids must be submitted through **PARITY**[®] as described in this “Detailed Notice of Sale.” In case of written bids, bids will be received by the County’s Municipal 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 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 9:00 a.m., Eastern Standard 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 book-entry-only form without coupons and will 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. Interest on the Bonds will be payable on May 1 and November 1 of each year, commencing May 1, 2020.

The Bonds will mature and be payable on May 1 of each year as outlined below:

<u>Year</u>	<u>Amount*</u>	<u>Year</u>	<u>Amount*</u>
2022	\$ 115,000	2036	\$ 175,000
2023	120,000	2037	175,000
2024	120,000	2038	185,000
2025	125,000	2039	190,000
2026	125,000	2040	195,000
2027	130,000	2041	200,000
2028	140,000	2042	205,000
2029	140,000	2043	215,000
2030	145,000	2044	220,000
2031	150,000	2045	225,000
2032	150,000	2046	230,000
2033	155,000	2047	240,000
2034	165,000	2048	245,000
2035	170,000	2049	250,000

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 or more fully-registered bond certificates will be issued for each maturity, in the entire aggregate principal amount of the Bonds and will be deposited with DTC. The

[‡] Preliminary, subject to change.

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 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 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 County. For the prompt payment of principal of, premium, if any, and interest on the Bonds, the full faith and credit of the County are irrevocably pledged.

Purpose. The Bonds are being issued for the purposes of providing funds to finance in whole or in part: (i) the acquisition, construction, improvement and renovation of schools and school facilities; (ii) improvements and extensions to public utilities including sewer improvements; (iii) the acquisition, construction, improvement and renovation of other public buildings and facilities (collectively, the "Project"); (iv) the payment of funds required to be shared with the City of Oak Ridge, Tennessee, to the extent not waived, pursuant to Section 9-21-129 and Section 49-3-1003, Tennessee Code Annotated, as amended; (v) payment of architectural, engineering, legal, fiscal and administrative costs incident to the Project; (vi) reimbursement to the County for funds previously expended for any of the foregoing; (vii) payment of capitalized interest during construction of the Project and for up to six months thereafter; and (viii) payment of the costs related to the issuance and sale of the Bonds.

Optional Redemption. The Bonds maturing on and after May 1, 2029 will be subject to optional redemption prior to maturity at the option of the County, in whole or in part at any time, on and after May 1, 2028 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 series of 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.

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-nine and one-half percent (99.50%) 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 bid prior to the established date and time by FACSIMILE transmission sent to the County's Municipal 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 Municipal 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 Municipal Advisor, at 865-988-1863. Written bids must be submitted on the Bid Forms included with the PRELIMINARY OFFICIAL STATEMENT.

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 Executive of the County 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 Executive shall determine in his sole discretion which of the bidders shall be awarded the Bonds.

The County reserves the right to reject all bids and to waive informalities in the bids accepted.

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. Accordingly, the County Executive reserves the right, in his sole discretion, to adjust down the original par amount of the Bonds by up to 25% of the par amount of the Bonds offered for sale. The primary factor to be considered in connection with any adjustment is the

amount of premium bid by the winning bidder. Among other factors the County Executive may (but shall be under no obligation to) consider in sizing the par amounts and individual maturities of the Bonds is the amount of premium bid and size of individual maturities or sinking fund installments and/or other preferences of the County. Additionally, the County Executive reserves the right to change the dated date of the Bonds. The maximum adjustment will only be needed if the maximum bid is received.

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 Municipal 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 Municipal Advisor no later than the close of business on the day following the competitive sale. The good faith wire instructions will be sent to the winning bidder after the sale has closed.

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

Undertakings of the Successful Bidder. The successful bidder shall make a bona fide public offering of the Bonds and shall, within 30 minutes after being notified of the award of the Bonds, advise the County in writing (via facsimile transmission or electronic mail) of the initial public offering prices of the Bonds (the "Initial Reoffering Prices"). The successful bidder must, by facsimile transmission or delivery received by the County within 24 hours after award, furnish the following information to the County to complete the Official Statement in final form, as described below:

- A. Selling compensation (aggregate total anticipated compensation to the underwriters expressed in dollars, based on the expectation that all the Bonds are sold at the prices or yields at which the successful bidder advised the County that the Bonds were initially offered to the public).
- B. The identity of the other underwriters if the successful bidder is part of a group or syndicate.
- C. Any other material information that the County determines is necessary to complete the Detailed Statement in final form.

After the award of the Bonds, the County will prepare copies of the final Official Statement and will include therein such additional information concerning the reoffering of the Bonds as the successful bidder may reasonably request; provided, however, that the County will not include in the final Official Statement a "NRO" ("not reoffered") designation with respect to any maturity of the Bonds. The successful bidder will be responsible to the County in all aspects for the accuracy and completeness of information provided by such successful bidder with respect to such reoffering.

The County expects the successful bidder to deliver copies of such Official Statement in final form (the “Final Official Statement”) to persons to whom such bidder initially sells the Bonds and the Municipal Securities Rulemaking Board (“MSRB”) via the MSRB’s Electronic Municipal Market Access System (“EMMA”). The successful bidder will be required to acknowledge receipt of the Final Official Statement, to certify that it has made delivery of the Final Official Statement to the MSRB, to acknowledge that the County expects the successful bidder to deliver copies of such Final Official Statement to persons to whom such bidder initially sells the Bonds and to certify that the Bonds will only be offered pursuant to the Final Official Statement and only in states where the offer is legal.

Issue Price Certificate

- a. The successful bidder shall assist the County in establishing the issue price of the Bonds and shall execute and deliver to the County, on or prior to the date of issuance and delivery of the Bonds (the “Closing Date”), an “issue price” or similar certificate setting forth the reasonably expected initial offering prices to the public or the sales price or prices of the Bonds, together with the supporting pricing wires or equivalent communications, substantially in the form attached hereto as Exhibit A or Exhibit B, with such modifications as may be appropriate or necessary, in the reasonable judgment of the successful bidder, the County and Bass, Berry & Sims PLC (“Bond Counsel”). All actions to be taken by the County under this Detailed Notice of Bond Sale to establish the issue price of the Bonds may be taken on behalf of the County by the Municipal Advisor and any notice or report to be provided to the County may be provided to the Municipal Advisor.
- b. The County intends 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:
 1. the County shall disseminate this Detailed Notice of Bond Sale to potential underwriters in a manner that is reasonably designed to reach potential underwriters;
 2. all bidders shall have an equal opportunity to bid;
 3. the County may receive bids from at least three underwriters of municipal bonds who have established industry reputations for underwriting new issuances of municipal bonds;
 4. 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 Detailed Notice of Bond Sale; and
 5. Any bid submitted pursuant to this Detailed Notice of Bond Sale shall be considered a firm offer for the purchase of the Bonds, as specified in the bid.
- c. In the event that the Competitive Sale Requirements are not satisfied, the County shall so advise the successful bidder. The County may determine to treat (i) the first price at which 10% of a maturity of the Bonds (the “10% Test”) is sold to the public as the issue price of that maturity and/or (ii) the initial offering price to the public as of the sale date of any maturity of the Bonds as the issue price of that maturity (the “Hold-the-Offering-Price Rule”), in each case applied on a maturity-by-maturity basis (and if different interest rates apply within a maturity, to each separate CUSIP number within that maturity). The successful bidder shall advise the County if any maturity of the Bonds satisfies the 10% Test as of the date and time of the award of the Bonds. The County shall promptly advise the successful bidder, at or before the time of award of the Bonds, which maturities (and if different interest rates apply within a maturity, which separate CUSIP number within that maturity) of Bonds shall be subject to the 10% Test or shall be subject to the Hold-the-Offering-Price Rule. Bids will not be subject to cancellation in the event that the County determines to apply the Hold-the-Offering-Price Rule to any maturity of the Bonds. Bidders should prepare their bids on the assumption that some or all of the maturities of the Bonds

will be subject to the Hold-the-Offering-Price Rule in order to establish the issue price of the Bonds.

- d. By submitting a bid, the successful bidder shall (i) confirm that the underwriters have offered or will offer the Bonds to the public on or before the date of award at the offering price or prices (the “Initial Offering Price”), or at the corresponding yield or yields, set forth in the bid submitted by the successful bidder and (ii) agree, on behalf of the underwriters participating in the purchase of the Bonds, that the underwriters will neither offer nor sell unsold Bonds of any maturity to which the Hold-the-Offering-Price Rule shall apply to any person at a price that is higher than the Initial Offering Price to the public during the period starting on the sale date and ending on the earlier of the following:

1. the close of the fifth (5th) business day after the sale date; or
2. the date on which the underwriters have sold at least 10% of that maturity of the Bonds to the public at a price that is no higher than the Initial Offering Price to the public.

The successful bidder shall promptly advise the County when the underwriters have sold 10% of that maturity of the Bonds to the public at a price that is no higher than the Initial Offering Price to the public, if that occurs prior to the close of the fifth (5th) business day after the sale date.

- e. If the Competitive Sale Requirements are not satisfied, then until the 10% Test has been satisfied as to each maturity of the Bonds, the successful bidder agrees to promptly report to the County the prices at which the unsold Bonds of that maturity have been sold to the public. That reporting obligation shall continue, whether or not the Closing Date has occurred, until the 10% Test has been satisfied as to the Bonds of that maturity or until all Bonds of that maturity have been sold.
- f. The County acknowledges that, in making the representation set forth above, the successful bidder will rely on (i) the agreement of each underwriter to comply with the Hold-the-Offering-Price Rule, as set forth in an agreement among underwriters and the related pricing wires, (ii) in the event a selling group has been created in connection with the initial sale of the Bonds to the public, the agreement of each dealer who is a member of the selling group to comply with the Hold-the-Offering-Price Rule, as set forth in a selling group agreement and the related pricing wires, and (iii) in the event that an underwriter is a party to a retail distribution agreement that was employed in connection with the initial sale of the Bonds to the public, the agreement of each broker-dealer that is a party to such agreement to comply with the Hold-the-Offering-Price Rule, as set forth in the retail distribution agreement and the related pricing wires. The County further acknowledges that each underwriter shall be solely liable for its failure to comply with its agreement regarding the Hold-the-Offering-Price Rule and that no underwriter shall be liable for the failure of any other underwriter, or of any dealer who is a member of a selling group, or of any broker-dealer that is a party to a retail distribution agreement to comply with its corresponding agreement regarding the Hold-the-Offering-Price Rule as applicable to the Bonds.
- g. By submitting a bid, each bidder confirms that: (i) any agreement among underwriters, any selling group agreement and each retail distribution agreement (to which the bidder is a party) relating to the initial sale of the Bonds to the public, together with the related pricing wires, contains or will contain language obligating each underwriter, each dealer who is a member of the selling group, and each broker-dealer that is a party to such retail distribution agreement, as applicable, to (A) report the prices at which it sells to the public the unsold Bonds of each maturity allotted to it until it is notified by the successful bidder that either the 10% Test has been satisfied as to the Bonds of that maturity or all Bonds of that maturity have been sold to the public and (B) comply with the Hold-the-Offering-Price Rule, if applicable, in each case if and for so long as directed by the successful bidder and as set forth in the related pricing wires, and (ii) any agreement among underwriters relating to the initial sale of the Bonds to the public, together with the related pricing

wires, contains or will contain language obligating each underwriter that is a party to a retail distribution agreement to be employed in connection with the initial sale of the Bonds to the public to require each broker-dealer that is a party to such retail distribution agreement to (A) report the prices at which it sells to the public the unsold Bonds of each maturity allotted to it until it is notified by the successful bidder or such underwriter that either the 10% Test has been satisfied as to the Bonds of that maturity or all Bonds of that maturity have been sold to the public and (B) comply with the Hold-the-Offering-Price Rule, if applicable, in each case if and for so long as directed by the successful bidder or such underwriter and as set forth in the related pricing wires.

h. Sales of any Bonds to any person that is a related party to an underwriter shall not constitute sales to the public for purposes of this Detailed Notice of Bond Sale. Further, for purposes of this Detailed Notice of Bond Sale:

1. “public” means any person other than an underwriter or a related party;
2. “underwriter” means (A) any person that agrees pursuant to a written contract with the County (or with the lead underwriter to form an underwriting syndicate) to participate in the initial sale of the Bonds to the public and (B) any person that agrees pursuant to a written contract directly or indirectly with a person described in clause (A) 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);
3. a purchaser of any of the Bonds is a “related party” to an underwriter if the underwriter and the purchaser are subject, directly or indirectly, to (i) at least 50% common ownership of the voting power or the total value of their stock, if both entities are corporations (including direct ownership by one corporation of another), (ii) more than 50% common ownership of their capital interests or profits interests, if both entities are partnerships (including direct ownership by one partnership of another), or (iii) more than 50% common ownership of the value of the outstanding stock of the corporation or the capital interests or profit interests of the partnership, as applicable, if one entity is a corporation and the other entity is a partnership (including direct ownership of the applicable stock or interests by one entity of the other); and
4. “sale date” means the date that the Bonds are awarded by the County to the successful bidder.

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 if the Hold-the-Offering-Price Rule does not apply, and a form of the issue price certificate is attached to the Detailed Notice of Sale as Exhibit B if such Rule does apply.

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. 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 and operating data 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 ("MSRB") 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 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 each series of Bonds.

Delivery of Bonds. Delivery of the Bonds is expected within forty-five (45) days. At least five (5) days notice will be given the successful bidder. Delivery will be made in book-entry 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. Delivery is currently expected on or about February 14, 2020.

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(s) to the persons to whom such bidder and members of its bidding group initially sell the Bonds. 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 Municipal 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/ Ron Woody, County Executive

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EXHIBIT A

ROANE COUNTY, TENNESSEE

\$_____ General Obligation Bonds, Series 2020A

ISSUE PRICE CERTIFICATE

(for Competitive Sales, to be modified if Hold the Offering Price Rule applies)

The undersigned, on behalf of [NAME OF UNDERWRITER] (“[SHORT NAME OF UNDERWRITER]”), hereby certifies as set forth below with respect to the sale of the above-captioned obligations (the “Bonds”) of the Roane County, Tennessee (the “Issuer”).

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 [SHORT NAME OF UNDERWRITER] are the prices listed in Schedule A (the “Expected Offering Prices”). The Expected Offering Prices are the prices for the Maturities of the Bonds used by [SHORT NAME OF UNDERWRITER] in formulating its bid to purchase the Bonds. Attached as Schedule B is a true and correct copy of the bid provided by [SHORT NAME OF UNDERWRITER] to purchase the Bonds.
- (b) [SHORT NAME OF UNDERWRITER] was not given the opportunity to review other bids prior to submitting its bid.
- (c) The bid submitted by [SHORT NAME OF 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) *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.
- (c) *Sale Date* means the first day on which there is a binding contract in writing for the sale of a Maturity of the Bonds. The Sale Date of the Bonds is January 22, 2020.
- (d) *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 [SHORT NAME OF 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 with respect to the Bonds 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: _____

[NAME OF UNDERWRITER]

By: _____

Name: _____

Title: _____

EXHIBIT B

ROANE COUNTY, TENNESSEE \$ _____ General Obligation Bonds, Series 2020A

ISSUE PRICE CERTIFICATE (if Hold-the-Offering-Price Rule applies)

The undersigned, on behalf of [NAME OF UNDERWRITER] (“[SHORT NAME OF UNDERWRITER]”) [and the other members of the underwriting syndicate (together, the “Underwriting Group”)], hereby certifies as set forth below with respect to the sale and issuance of the above-captioned obligations (the “Bonds”) of the Roane County, Tennessee (the “Issuer”).

1. ***Initial Offering Price of the Hold-the-Offering-Price Maturities.***

- (a) [SHORT NAME OF UNDERWRITER] [The Underwriting Group] offered the Hold-the-Offering-Price Maturities to the Public for purchase at the respective initial offering prices listed in Schedule A (the “Initial Offering Prices”) on or before the Sale Date. A copy of the pricing wire or equivalent communication for the Bonds is attached to this certificate as Schedule B.
- (b) As set forth in the [Notice of Sale and bid award], [SHORT NAME OF UNDERWRITER][the members of the Underwriting Group] agreed in writing on or prior to the Sale Date that, (i) for each Maturity of the Hold-the-Offering-Price Maturities, [it][they] would neither offer nor sell any of the Bonds of such Maturity to any person at a price that is higher than the Initial Offering Price for such Maturity during the Holding Period for such Maturity (the “hold-the-offering-price rule”), and (ii) any selling group agreement shall contain the agreement of each dealer who is a member of the selling group, and any retail distribution agreement shall contain the agreement of each broker-dealer who is a party to the retail distribution agreement, to comply with the hold-the-offering-price rule. Pursuant to such agreement, no Underwriter (as defined below) offered or sold any Maturity of the Hold-the-Offering-Price Maturities at a price that is higher than the respective Initial Offering Price for that Maturity of the Bonds during the Holding Period.

2. ***Defined Terms.***

- (a) *Hold-the-Offering-Price Maturities* means those Maturities of the Bonds listed in Schedule A hereto as the “Hold-the-Offering-Price Maturities.”
- (b) *Holding Period* means, with respect to a Hold-the-Offering-Price Maturity, the period starting on the Sale Date and ending on the earlier of (i) the close of the fifth business day after the Sale Date, or (ii) the date on which [SHORT NAME OF UNDERWRITER][the Underwriting Group] sold at least 10% of such Hold-the-Offering-Price Maturity to the Public at prices that are no higher than the Initial Offering Price for such Hold-the-Offering-Price Maturity.
- (c) *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.

- (d) *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.
- (e) *Sale Date* means the first day on which there is a binding contract in writing for the sale of a Maturity of the Bonds. The Sale Date of the Bonds is January 22, 2020.
- (f) *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 [SHORT NAME OF 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 with respect to the Bonds and with respect to compliance with the federal income tax rules affecting the Bonds, and by Bass, Berry & Sims PLC 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: _____

[NAME OF UNDERWRITER]

By: _____

Name: _____

Title: _____

(The remainder of this page left blank intentionally.)

BID FORM

Honorable Ron Woody, County Executive
P.O. Box 643
Kingston, Tennessee 37763

January 22, 2020

Dear Mr. Woody:

For your legally issued, properly executed \$4,900,000[§] General Obligation Bonds, Series 2020A (the "Bonds") of Roane County, Tennessee (the "County") in all respects as more fully outlined in your Notices 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 delivery (assume February 14, 2020) and shall be callable in accordance with the Detailed Notice of Sale. The Bonds shall mature on May 1 and bear interest at the following rates:

<u>Year</u>	<u>Amount*</u>	<u>Rate</u>	<u>Year</u>	<u>Amount*</u>	<u>Rate</u>
2022	\$ 115,000	_____ %	2036	\$ 175,000	_____ %
2023	120,000	_____ %	2037	175,000	_____ %
2024	120,000	_____ %	2038	185,000	_____ %
2025	125,000	_____ %	2039	190,000	_____ %
2026	125,000	_____ %	2040	195,000	_____ %
2027	130,000	_____ %	2041	200,000	_____ %
2028	140,000	_____ %	2042	205,000	_____ %
2029	140,000	_____ %	2043	215,000	_____ %
2030	145,000	_____ %	2044	220,000	_____ %
2031	150,000	_____ %	2045	225,000	_____ %
2032	150,000	_____ %	2046	230,000	_____ %
2033	155,000	_____ %	2047	240,000	_____ %
2034	165,000	_____ %	2048	245,000	_____ %
2035	170,000	_____ %	2049	250,000	_____ %

We have the option to designate two or more consecutive serial maturities of the Bonds as term bond maturities as indicated:

Term Bond 1: Maturities from May 1, 20_____ through May 1, 20_____ @ _____ %.
Term Bond 2: Maturities from May 1, 20_____ through May 1, 20_____ @ _____ %.
Term Bond 3: Maturities from May 1, 20_____ through May 1, 20_____ @ _____ %.
Term Bond 4: Maturities from May 1, 20_____ through May 1, 20_____ @ _____ %.
Term Bond 5: Maturities from May 1, 20_____ through May 1, 20_____ @ _____ %.
Term Bond 6: Maturities from May 1, 20_____ through May 1, 20_____ @ _____ %.

It is our understanding that the Bonds are subject to the final approving opinion 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 up to 2% of the Bonds on which we have bid by the close of business on the date of 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
Roane County, Tennessee, this
22nd day of January 2020.

Respectfully submitted,

Ron Woody, County Executive

Total interest cost from
February 14, 2020 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.

\$4,900,000*
ROANE COUNTY, TENNESSEE
General Obligation Bonds, Series 2020A

SECURITIES OFFERED

AUTHORITY AND PURPOSE

This *Preliminary Official Statement*, which includes the Summary Statement and appendices, is furnished in connection with the offering by Roane County, Tennessee (the “County” or “Issuer”) of \$4,900,000* General Obligation Bonds, Series 2020A (the “Bonds”).

The Bonds are authorized to be issued pursuant to the provisions of Title 9, Chapter 21, *Tennessee Code Annotated*, as supplemented and amended, and other applicable provisions of law and pursuant to the bond resolution (the “Resolution”) duly adopted by the County Commission of the County on December 9, 2019.

The Bonds are being issued for the purposes of providing funds to finance in whole or in part: (i) the acquisition, construction, improvement and renovation of schools and school facilities; (ii) improvements and extensions to public utilities including sewer improvements; (iii) the acquisition, construction, improvement and renovation of other public buildings and facilities (collectively, the “Project”); (iv) the payment of funds required to be shared with the City of Oak Ridge, Tennessee, to the extent not waived, pursuant to Section 9-21-129 and Section 49-3-1003, *Tennessee Code Annotated*, as amended; (v) payment of architectural, engineering, legal, fiscal and administrative costs incident to the Project; (vi) reimbursement to the County for funds previously expended for any of the foregoing; (vii) payment of capitalized interest during construction of the Project and for up to six months thereafter; and (viii) payment of the costs related to the issuance and sale of the Bonds.

DESCRIPTION OF THE BONDS

The Bonds will be initially dated and bear interest from their date of issuance and delivery (assume February 14, 2020). Interest on the Bonds will be payable semi-annually on May 1 and November 1, commencing May 1, 2020. 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 Executive 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.

* Preliminary, subject to change.

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.

OPTIONAL REDEMPTION

The Bonds maturing May 1, 2029 and thereafter are subject to optional redemption prior to maturity on or after May 1, 2028 in whole or in part at any time 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 May 1, 20__, and May 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 within a maturity price of par plus accrued interest thereon to the date of redemption. The Bonds to be so

redeemed shall be selected in the same manner as is described above relating to optional redemption.

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

<u>Maturity</u>	<u>Redemption Date</u>	<u>Principal Amount of Bonds Redeemed</u>
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*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 effect the redemption with the Registration Agent no later than the redemption date ("Conditional Redemption"). As long as DTC, or a successor Depository, is the registered owner of the Bonds, all redemption notices shall be mailed by the Registration Agent to DTC, or such successor Depository, as the registered owner of the Bonds, as and when above provided, and neither the County nor the Registration Agent shall be responsible for mailing notices of redemption to DTC Participants or Beneficial Owners. Failure of DTC, or any successor Depository, to provide notice to any DTC Participant or Beneficial Owner will not affect the

validity of such redemption. The Registration Agent shall mail said notices as and when directed by the County pursuant to written instructions from an authorized representative of the Municipality (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 Municipality 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.

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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 Rating of AA+. The DTC Rules applicable to its Participants are on file with the Securities and Exchange Commission. More information about DTC can be found at www.dtcc.com.

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 for their benefit has agreed to obtain and transmit notices to Beneficial Owners. In the alternative, Beneficial Owners may wish to provide their names and addresses to the Registration Agent 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 MUNICIPAL 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 Municipal 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

Municipal 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 Municipal 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) all accrued interest, if any, shall be deposited to the appropriate fund of the County to be used to pay interest on the Bonds on the first interest payment date following delivery of the Bonds; and
- (b) the remainder of the proceeds of the sale of the Bonds shall be deposited with a financial institution regulated by the Federal Deposit Insurance Corporation or similar federal agency in a special fund to be known as the 2020 Construction Fund (the "Construction Fund") to be kept separate and apart from all other funds of the County. The County shall disburse funds in the Construction Fund to pay costs of issuance of the Bonds, including necessary legal, accounting and fiscal expenses, printing, engraving, advertising and similar expenses, administrative and clerical costs, Registration Agent fees and other necessary miscellaneous expenses incurred in connection with the issuance and sale of the Bonds. The remaining funds in the Construction Fund shall be disbursed solely to pay the costs of the Project. Money in the Construction Fund shall be secured in the manner prescribed by applicable statutes relative to the securing of public or trust funds, if any, or, in the absence of such a statute, by a pledge of readily marketable securities having at all times a market value of not less than the amount in said Construction Fund. Money in the Construction Fund shall be expended only for the purposes authorized by the Resolution. Any funds remaining in the Construction Fund after completion of the Project and payment of authorized expenses shall be paid to the County Trustee and shall be used to pay principal of and interest on the Bonds. Moneys in the Construction Fund shall be invested at the direction of the County Trustee in such investments as shall be permitted by applicable law.

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DISCHARGE AND SATISFACTION OF BONDS

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

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

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

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

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

County, as received by the Registration Agent. For the purposes hereof, Defeasance Obligations shall mean direct obligations of, or obligations, the principal of and interest on which are guaranteed by, the United States of America, or any agency thereof, which 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.

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LEGAL MATTERS

LITIGATION

There are no claims against the County, including claims in litigation, which, in the opinion of the County, would materially affect the County's financial position as it relates to its ability to make payments on the Bonds. There are no suits 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"), and
- is not treated as an item of tax preference in calculating the federal 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 the section below "CHANGES IN FEDERAL AND STATE 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 an original issue discount is complex. It accrues on an actuarial basis and as it accrues a bondholder's tax basis in these Bonds will be increased. If a bondholder owns one of these Bonds, it should consult its tax advisor regarding the tax treatment of original issue discount.

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

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

State Taxes

Under existing law, the Bonds and the income therefrom are exempt from all present state, county and municipal taxes in Tennessee except (a) 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 Executive 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 Executive acting in his official capacity, evidencing delivery of and payment for the Bonds; (iii) a signature identification and incumbency certificate, signed by the County Executive 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.”

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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 ratings should be obtained from S&P.

COMPETITIVE PUBLIC SALE

The Bonds will be offered for sale at competitive public bidding on January 22, 2020. Details concerning the public sale were provided to potential bidders and others in the *Preliminary Official Statement* that was dated January 9, 2020.

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 an original issue discount of \$_____) or ____% of par plus accrued interest, if any, to the date of delivery.

MUNICIPAL ADVISOR; RELATED PARTIES; OTHER

Municipal Advisor. Cumberland Securities Company, Inc., Knoxville, Tennessee, has served as municipal advisor (the “Municipal 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 Municipal 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 affiliated or contractors and any outside parties has not been independently

verified by the Municipal Advisor, and inclusion of such information is not, and should not be construed as, a representation by the Municipal Advisor as to its accuracy or completeness or otherwise. The Municipal 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 also 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 Statements. 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 Municipal 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. 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, 2019 (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. The required information for Fiscal Year Ending, June 30, 2015 for the County was filed late on November 7, 2016 due to a change in the utilization of a dissemination agent. However, the Audited Financial Statements were filed on time, February 19, 2016, for Fiscal Year Ending, June 30, 2015. The County has rehired Cumberland Securities Company, Inc. as its dissemination agent and all other filings, prior and after, have been filed on time. In the past five years, the County has filed its Annual Reports at www.emma@msrb.org under the base CUSIP Number 769773 which is the base CUSIP Number for the County; however, the County inadvertently failed to also file such Annual Reports under the CUSIP Number of certain conduit issuers of bonds for which the County was an obligated person. The County has now additionally filed its Annual Reports for all outstanding bonds for which it is an obligated person under the conduit issuer's CUSIP Number.

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 such bonds or various insurance companies which insured some transaction were made or made in a timely manner as required by Rule 15c2-12.

Additionally, the County failed to file within ten (10) business days the loan information on a \$10,000,000 Loan Agreement, dated June 13, 2019 for the continuing disclosure agreement associated with the General Obligation Bonds, Series 2019, dated May 10, 2019. The loan information was filed on August 29, 2019.

The County believes that none of the above referenced omissions were material and therefore, for the past five years, the County has complied in all material respects with its existing continuing disclosure agreements in accordance with Rule 15c2-12.

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

1. Summary of bonded indebtedness as of the end of such fiscal year as shown on page B-19;
2. The indebtedness and debt ratio as of the end of such fiscal year, together with information about the property tax base as shown on pages B-20 through B-23;
3. Information about the bonded debt service requirements for General Debt Service Fund as shown on page B-24;
4. Information about the bonded debt service requirements for Rural School Debt Service as shown on page B-25 through the fiscal year ending June 30, 2022;
5. Information about the bonded debt service requirements for Water & Sewer System as shown on page B-27;
6. The fund balances, net assets and retained earnings for the fiscal year as shown on page B-29;
7. Summary of revenues, expenditures and changes in fund balances - general fund for the fiscal year as shown on page B-30;

8. The estimated assessed value of property in the County for the tax year ending in such fiscal year and the total estimated assessed value of all taxable property for such year as shown on page B-36;
9. 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-36; and
10. The ten largest taxpayers as shown on page B-37.

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;
- n. Appointment of a successor or additional trustee or the change of name of a trustee, if material;
- o. Incurrence of a financial obligation (which includes a debt obligation, a derivative instrument entered into connection with, or pledged as security or as a source of payment for, an existing or planned debt obligation, or a guarantee of debt obligation or derivative instrument) of the County, if material, or agreement as to covenants, events of default, remedies, priority rights, or other similar terms of a financial obligation of the County, any of which affect security holders, if material; and
- p. Default, event of acceleration, termination event, modification of terms, or other similar events under the terms of a financial obligation (as described above) of the County, any of which reflect financial difficulties.

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 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 PRELIMINARY OFFICIAL STATEMENTS 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 PRELIMINARY 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 PRELIMINARY 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(b) of the U.S. Securities and Exchange Commission except for the omission of certain pricing information allowed to be omitted pursuant to Rule 15c2-12.

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CERTIFICATION OF ISSUER

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

/s/
County Executive

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 Roane County, Tennessee (the "Issuer") of the \$4,900,000 General Obligation Bonds, Series 2020 (the "Bonds") dated _____, 2020. 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 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. The opinion set forth in the preceding sentence is subject to the condition that the Issuer comply with all requirements of the Internal Revenue Code of 1986, as amended, that must be satisfied subsequent to the issuance of the Bonds in order that interest thereon be, or continue to be, excluded from gross income for federal income tax purposes. Failure to comply with certain of such requirements could cause interest on the Bonds to be so included in gross income retroactive to the date of issuance of the Bonds. The Issuer has covenanted to comply with all such requirements. Except as set forth in this Paragraph 4, we express no opinion regarding other federal tax consequences arising with respect to the Bonds.
5. Under existing law, the Bonds and the income therefrom are exempt from all present state, county and municipal taxes in Tennessee except (a) Tennessee excise taxes on all

or a portion of the interest on any of the Bonds during the period such Bonds are held or beneficially owned by any organization or entity, other than a sole proprietorship or general partnership, doing business in the State of Tennessee, and (b) Tennessee franchise taxes by reason of the inclusion of the book value of the Bonds in the Tennessee franchise tax base of any organization or entity, other than a sole proprietorship or general partnership doing business in the State of Tennessee.

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

Roane County (the "County") is located in the eastern portion of the State of Tennessee and was established in 1801 from a part of Knox County. The County is bounded by Loudon, Anderson, Morgan, Cumberland, Rhea, Meigs, and McMinn counties. Kingston, the County Seat, is located approximately 36 miles from Knoxville. The County has four other incorporated municipalities: Rockwood, Harriman (the largest city) and Oliver Springs.

A portion of the City of Oak Ridge is also located in Roane County. This portion includes facilities run by the U.S. Department of Energy (the "DOE"): the Oak Ridge National Laboratory (the "ORNL") and the Y-12 National Security Complex (the "Y-12").

GENERAL

The land area of the County encompasses 361 square miles. A variety of crops are produced, with livestock and dairy products contributing materially to farm income.

The County is part of the Knoxville Metropolitan Statistical Area (the "MSA") that had a population of 837,571 according to the 2010 US Census. The MSA includes Knox (Knoxville and Farragut), Anderson (Oak Ridge and Clinton), Blount (Maryville and Alcoa), Campbell (LaFollette), Grainger (Rutledge), Loudon (Loudon), Morgan (Wartburg), Roane (Kingston) and Union (Maynardville) Counties.

The County is also part of the Knoxville-Sevierville-Harriman Combined Statistical Area (the "CSA"). According to the 2010 Census, the CSA had a population of 1,056,442. The CSA includes Roane, Anderson, Blount, Knox, Loudon, Union, Grainger, Hamblen, Jefferson, Campbell, Cocke and Sevier Counties. The City of Knoxville is the largest city in the CSA with a population of 178,874 according to the 2010 Census. The population of Roane County numbered 54,181 persons in 2010 per the U.S. Bureau of the Census. The population of 2010 Census for Harriman was 6,350.

TRANSPORTATION

Rail service is provided by the main lines of the CSX and Louisville and Nashville railroads. Both railroads have extensive switching facilities and freight yards in Rockwood. Highway transportation is provided by U.S. Highways 27 and 70, and Interstate Highway 40. Access to Interstate 75 is within 10 miles of the Roane County border. The community airport is Rockwood Municipal located six miles in Rockwood with a 5,000-foot asphalt runway. A new general aviation airport in the East Tennessee Technology Park in Oak Ridge is in the process of being approved (please see "RECENT DEVELOPMENTS" for more information). The nearest commercial airport is the McGee Tyson Airport located in Knoxville about 50 miles to the east.

Barge service is available on the Tennessee, Emory and Clinch Rivers, with a port facility located in Rockwood. Channelization of the Tennessee River to a 9-foot minimum navigable depth from its junction with the Ohio River at Paducah, Kentucky to Knoxville, Tennessee gives the

County the benefits of year round, low cost water transportation and a port on the nation's 10,000 mile-inland waterway system. This system formed largely by the Mississippi River and its tributaries, effectively links the County with the Great Lakes to the north and the Gulf of Mexico to the south. The River borders Knox, Blount, Roane, Loudon, Meigs, Rhea, Marion, Hamilton, Hardin, Wayne, Decatur, Perry, Benton, Humphreys, Henry, Houston and Stewart Counties in the state.

EDUCATION

The *Roane County School System* operates seventeen facilities for students living in the cities of Harriman, Kingston, Oliver Springs and Rockwood and in the County regions. There are seven elementary schools, four middle schools, five high schools and an Educational Center. The fall 2018 enrollment was 6,337 students with 426 teachers. The *Oak Ridge City School System* operates seven schools covering pre-school through 12. The fall 2018 enrollment was about 4,495 students with 310 teachers.

Source: Tennessee Department of Education.

Roane State Community College (the "RSCC"). RSCC, which began operation in 1971 in Harriman, Tennessee, is a two-year higher education institution which serves a fifteen county area. Fall 2018 enrollment was 5,870 students. Designed for students who plan to transfer to senior institutions, RSCC academic transfer curricula include two years of instruction in the humanities, mathematics, natural sciences, and social sciences.

RSCC's 138-acre main campus is centrally located in Roane County where a wide variety of programs are offered. RSCC has nine locations across East Tennessee – the Roane County flagship campus; an Oak Ridge campus; campuses in Campbell, Cumberland, Fentress, Loudon, Morgan and Scott Counties; and a center for health science education in west Knoxville.

Source: Roane State Community College.

The Tennessee College of Applied Technology at Harriman. The Tennessee College of Applied Technology at Harriman (the "TCAT-H") is part of a statewide system of 26 vocational-technical schools. The TCAT-H meets a Tennessee mandate that no resident is more than 50 miles from a vocational-technical school. 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 TCAT-H serves the eastern region of the state including Anderson, Loudon, Meigs, Morgan, Rhea, and Roane Counties. The TCAT-H began operations in 1970, and the main campus is located in Roane County. Fall 2017 enrollment was 701 students.

Source: Tennessee College of Applied Technology at Harriman.

Oak Ridge Associated Universities (the "ORAU") is a consortium of 100 colleges and universities and a contractor for the DOE located in Oak Ridge, Tennessee. Founded in 1946, ORAU works with its member institutions that include the University of Tennessee and its satellite campuses. The purposes are to help their students and faculty gain access to federal research facilities throughout the country. ORAU has contracted with the U.S. Nuclear Regulatory Commission since 1992 for radiation training and managing the Radiation Emergency Center / Training Site in Oak Ridge and the Technical Training Center in Chattanooga. Through the Oak Ridge Institute for Science and Education, the DOE facility that ORAU operates, undergraduates, graduates, postgraduates, as well as faculty enjoy access to a multitude of opportunities for study and research. A pioneer in

technology transfer, with historic contributions in nuclear medicine and health physics, ORAU today conducts specialized training in nuclear related areas of energy, health and the environment. Appointment and program length range from one month to four years. Many of these programs are especially designed to increase the numbers of underrepresented minority students pursuing degrees in science - and engineering - related disciplines. ORAU currently does about \$100 million in work annually that falls outside the contract for managing the Oak Ridge Institute for Science and Education.

Source: Oak Ridge Associated Universities, University of Tennessee at Chattanooga.

University of Tennessee, Knoxville (the “UT” or “UTK”). UTK is one of the oldest land-grant universities in the nation. There are over 230 buildings on a 600-acre campus. Blount College, UTK's forerunner, was established in Knoxville in 1794, two years before Tennessee became a state. With a fall 2019 enrollment of 29,460 students, UTK is the largest campus in the University of Tennessee System (the “System”). According to the U.S. News and World Report, UTK ranked 52nd among the nation’s best public universities in 2019.

The System is a statewide institution governed by a 26-member Board of Trustees appointed by the governor of Tennessee. Institutions of the System are UTK, UT Health Science Center in Memphis, UT Chattanooga, UT Martin, UT Space Institute in Tullahoma, and UT Institute for Public Service in Knoxville. In addition to the primary campus, the Agricultural Campus houses the UT Institute of Agriculture, a statewide administrative unit that includes the College of Veterinary Medicine, the College of Agricultural Sciences and Natural Resources, the Agricultural Extension Service and the Agricultural Experiment Stations.

UTK is a major research institution, attracting more than \$130 million in externally sponsored programs annually. The Division of Aeromedical Services is one of the country’s most respected and comprehensive aeromedical programs. UTK is a co-manager with UT-Battelle, LLC of the nearby Oak Ridge National Lab (the “ORNL”). UT-Battelle, LLC was established in 2000 as a private not-for-profit company for the sole purpose of managing and operating the ORNL for the U.S. Department of Energy (the “DOE”). Formed as a 50-50 limited liability partnership between the UTK and Battelle Memorial Institute, UT-Battelle, LLC is the legal entity responsible for delivering the DOE’s research mission at ORNL. Faculty and students experience unparalleled research and learning opportunities at the DOE's largest science and energy lab.

UTK conducts externally-funded research totaling more than \$300 million annually, including some \$17 million annually in research sponsored by ORNL. Areas of joint research with ORNL include the Bioenergy Science Center’s work on cellulosic ethanol; the Center for Computational Sciences’ partnership with the National Science Foundation; and the Science Alliance, with divisions in biological, chemical, physical, and mathematical/computer science. UT/ORNL Joint Institutes and Centers include Biological Sciences, Computational Sciences, Neutron Sciences, Heavy Ion Research and the National Transportation Center.

To meet the growing demand for pharmacists, a second UT College of Pharmacy building opened on the Knoxville campus in fall 2007 and enrolled an additional 225 students. The three-story building is adjacent to the Health Science Center’s Graduate School of Medicine. The UT College of Pharmacy will extend its reach across the state by adding Clinical Education Centers in Chattanooga, Jackson, Kingsport and Nashville.

The System and its statewide campuses bring in over \$2 billion in annual income to the State and support more than 50,000 jobs. UTK also generates an estimated \$237.6 million in state and local tax revenue per year. Students and visitors attending athletic events at each campus spent approximately \$348 million, accounting for \$147.3 million in income and 4,879 jobs.

Source: University of Tennessee, UT-Battelle and the News Sentinel.

MEDICAL

Roane County residents have access to two hospitals, Methodist Medical Center and Roane Medical Center, which are both affiliated with Covenant Health. Covenant Health is a comprehensive health system established in 1996 by the consolidation of Fort Sanders Health System, Knoxville, Tennessee, and MMC HealthCare System, parent company of Methodist Medical Center of Oak Ridge, Tennessee. With headquarters located in nearby Knoxville, the system provides comprehensive services throughout East Tennessee. It is also the largest employer in the area.

Methodist Medical Center of Oak Ridge, a 301-bed acute care facility in Oak Ridge, is one of the first hospitals in East Tennessee to offer cutting-edge treatments that benefit people with life-threatening aneurysms; severely damaged knee, hip and shoulder joints; sudden heart failure; and nonhealing wounds. The hospital offers over 30 specialties, from open heart to neurosurgery and boasts one of the highest percentages of board certified physicians in the area. It is a full-service regional medical facility. Methodist Medical Center dates back to 1942 and became part of Covenant Health in 1996.

Source: Covenant Health and Methodist Medical Center.

Roane Medical Center, founded in 1939, is a 105-bed facility located in Harriman. There is a large medical staff of about 140 physicians and nurses. The facility provides a full array of inpatient and outpatient services, including a six-bed critical care unit with intensive/pulmonologist coverage, extensive imaging center including MRI, CT, nuclear imaging, and a Heart Care Center staffed by board certified physicians. The hospital also has a full service ER with 24-hour emergency medicine physician coverage. In 2013 construction was completed of a \$76 million, 145,000-square-foot replacement hospital. In 2008 it joined Covenant Health (based in Knoxville) as the sixth acute care facility in the health system.

Source: Roane Medical Center.

SCIENCE AND ENERGY

History

The City of Oak Ridge has a unique history. This area was selected by the United States government in 1942 as the location for its production plants for uranium 235, a component of the first atomic bomb. The original town site was built during World War II to house and furnish necessary facilities for the employees of the uranium plants. This project (known as the "Manhattan Project") was transferred to the Atomic Energy Commission in 1947, and the community was operated by contractors under the control of the Atomic Energy Commission. In 1955, the Atomic Energy Commission sold the homes and land to the residents. In 1959, the residents voted in favor of incorporation under a modified city manager-council form of government.

Since the 1940's, the nuclear industry has been the largest employer for the City of Oak Ridge and Roane and Anderson Counties when a weapons fabrication division was built by the U.S. Corps of Engineers. As part of the secret World War II "Manhattan Project", the early task of the plant was the separation of fissionable uranium-235 from the more stable uranium-238 by an electromagnetic process to be utilized in the world's first atomic bomb. Some 80,000 workers were hired for emergency construction of the laboratories and offices on the 56,000-acre site. At the peak of production during the war, 23,000 employees kept the separation units working at a cost of \$500 million for the entire project.

Today, the DOE occupies approximately 33,000 acres and almost 1,200 buildings within the Oak Ridge city limits, and employs over 13,000 in engineering, skilled and semi-skilled crafts, technical and administrative support. Since October 1999, DOE has contracted with the University of Tennessee and Battelle to manage the ORNL. UT-Battelle began management of the lab on June 1, 2000. Consolidated Nuclear Security, a Bechtel-led contractor team, took over management of the Y-12 nuclear weapons plant effective July 1, 2014 (BWXT, Inc. was the appointed contractor for the Y-12 Plant). DOE awarded its environmental cleanup contract to Bechtel Jacobs from 1997 to 2011. URS-CH2M Oak Ridge took over the cleanup contract in 2011.

Research

The extensive energy research and development conducted by private and public agencies make Oak Ridge one of the world's great research centers. The presence of the University of Tennessee, the ORNL, Oak Ridge Associated Universities and the Tennessee Valley Authority (the "TVA") makes Oak Ridge a prime location for research facilities, as well as technology-based and conventional manufacturing industries. Science is a worldwide business, and the facilities at DOE in Oak Ridge have attracted a large number of technical people and their families. ORNL campus also houses visiting scientists and researchers that come to work at the world-class facility in an \$8.9 million Guest House (built in 2010) with 47 units.

BioEnergy Sciences Center (the "BESC"). BESC is one of only three sites in the country operated by one of the DOE's new bioenergy research centers. It opened in ORNL in 2007. BESC works to accelerate research in the development of cellulosic ethanol and other biofuels, and make biofuel production cost competitive on a national scale. The new site received \$135 million in federal funding. The University of Tennessee serves as one of the academic partners, providing specialized instrumentation, plant breeding technologies and new microbe discovery. Energy crops like switchgrass, which can be grown on marginal crop land, can produce affordable, domestic renewable fuel without raising food or feed costs. The BESC is dedicated to studying how to economically break down the cellulose in those sources to convert it into usable sugars for ethanol production.

Oak Ridge National Lab. ORNL is a multi-program science and technology laboratory managed for the DOE by UT-Battelle, LLC. Scientists and engineers at ORNL conduct basic and applied research and development to create scientific knowledge and technological solutions that strengthen the nation's leadership in key areas of science; increase the availability of clean, abundant energy; restore and protect the environment; and contribute to national security. ORNL also performs other work for DOE, including isotope production, information management, and technical program management, and provides research and technical assistance to other organizations. The laboratory is a program of DOE's Oak Ridge Field Office.

ORNL also boasts having the Spallation Neutron Source accelerator project (described below) and several supercomputers for scientific purposes. These unique projects bring about 3,000 scientists to visit each year for varying periods of time, and numerous small industries to be spun off from the experiments and findings. Each job created is expected to have an impact on housing, retail banking, automobile and transportation, hotels, restaurants, hospitals, and business services.

The world's most powerful neutron science project is the *Spallation Neutron Source* (the "SNS") at ORNL. The giant research complex, spread across 75 acres on Chestnut Ridge a couple of miles from the main ORNL campus, is the world's top source of neutrons for experiments. The SNS is an accelerator-based neutron source built in Roane County by DOE. The SNS provides the most intense pulsed neutron beams in the world for scientific research and industrial development. At a total cost of \$1.4 billion, construction began in 1999 and was completed in 2006. In 2009, SNS reached full power when it set the world record in producing beam power three times more powerful than the previous world record. More neutrons are produced with a higher beam power.

Neutron-scattering research has a lot to do with everyday lives. For example, things like jets; credit cards; pocket calculators; compact discs, computer disks, and magnetic recording tapes; shatter-proof windshields; adjustable seats; and satellite weather information for forecasts have all been improved by neutron-scattering research. Neutron research also helps researchers improve materials used in high-temperature superconductors, powerful lightweight magnets, aluminum bridge decks, and stronger, lighter plastic products. The medical field will also be impacted with new drugs and medicines expected from experiments at the SNS.

ORNL is also completing a series of upgrades at the *High Flux Isotope Reactor*. This ORNL facility is sometimes referred to as the lab's "other" billion-dollar machine. It is the world's most powerful research reactor, and it is used to perform experiments similar to - but different from - those to be done at the Spallation Neutron Source.

ORNL's *Supercomputers* are housed in a 170,000-square-foot facility that includes 449 staff and 40,000 square feet of space for computer systems and data storage. The facility will house or has housed five supercomputers - the "Summit", currently ranked the fastest supercomputer in the world as of June 2018, the new exascale computer "Frontier" that has yet to be completed, the "Titan", the "Kraken", and the now dismantled "Jaguar". "Summit", built by IBM, is the third computer at Oak Ridge to be ranked number one. The "Titan" was the world's fastest at its November 2012 debut, and the "Jaguar" while in operation held the title twice in November 2009 and June 2010. The machines work on breakthrough discoveries in biology, fusion energy, climate prediction, nanoscience and many other fields that will fundamentally change both science and its impact across society.

The "Summit" supercomputer cost an estimated \$200 million to build and is used for a wide range of scientific applications including combustion science, climate change, energy storage and nuclear power. "Summit" also serves as an artificial intelligence and deep learning computer, capable of analyzing massive amounts of data and automating critical steps of the discovery process.

The "Summit" was operational in 2018 and is eight times faster than the "Titan". "Summit" is able to make over 140 quadrillion calculations per second, measured as 140 petaflops. Due to all

the energy and heat produced by the calculations, “Summit” produces more heat per square centimeter than tiles on the bottom of a spaceship re-entering Earth's atmosphere. Therefore, “Summit” is cooled by water pumped through plates that sit on top of the computer's chips. In all, “Summit” uses up to 15 megawatts, equivalent to the power 9,000 to 18,000 homes would consume, depending on the time of day. At peak, “Titan” uses about 9 megawatts.

The uncompleted “Frontier” exascale computer ORNL hopes to have built by 2021 will be 50 times faster than the “Summit”. This exascale computer will replace the “Titan”.

The National Oceanic and Atmospheric Administration (the “NOAA”) sponsors the “Titan”, funded with Recovery Act money. NOAA awarded Cray and ORNL a \$47 million contract to provide the supercomputer “Titan” to work on climate research. The Cray supercomputer, the “Titan”, was online in late 2012 after several years of development to replace the “Jaguar” supercomputer at ORNL. When the “Titan” was listed as the world’s fastest computer in late 2012 it marked the fourth time a computer from ORNL has achieved that distinction since 1953. The “Titan’s” purpose is to support research in energy, climate change, efficient engines and materials science. “Titan” is capable of a peak performance of about 27-petaflops. That speed is about 10 times the capability of the first “Jaguar”, which at one time was the world's fastest computer. The total cost of the “Titan” was estimated to be about \$100 million, but about \$20 million was saved by reusing much of the “Jaguar” structure.

The DOE and the National Science Foundation (the “NSF”) sponsor the supercomputer “Kraken” which came online in 2009. The NSF awarded the University of Tennessee (the “UT”), ORNL and other institutions a \$65 million grant to build “Kraken” to work on a range of scientific challenges, such as climate change and new medicines. UT’s “Kraken” is housed with the ORNL’s “Titan”.

Through interagency agreements, DOE's Oak Ridge facilities have launched a highly successful "work for others" program. Local firms contract with numerous federal agencies to provide services and products. The value of these contracts have grown from approximately \$50 million in 1983 to \$270 million in recent years.

Tennessee Valley Authority (the “TVA”). TVA provides support, technology, expertise, and financial resources to existing businesses and industries in its service area, including Knox County, to help them grow and be more efficient and profitable. These resources include technical assistance, low-interest loans, and other tools needed by businesses for successful operation.

University of Tennessee. The University of Tennessee's flagship campus in Knoxville is home to a wide array of vigorous programs doing research on issues vital to the community, the state, the nation, and the world. The university has collaborative relationships with public and private agencies including ORNL, Battelle Memorial Institute (forming UT-Battelle), St. Jude Children's Research Hospital, the Memphis Bioworks Foundation, and the Boston-Baskin Cancer group (forming UT Cancer Institute).

National Institute for Mathematical and Biological Synthesis (NIMBioS) is a first-of-its-kind institute dedicated to combining mathematics and biology to solve problems in both scientific fields. The center was funded by a 2008 \$16 million award from the National Science Foundation and is

located at the University of Tennessee. A unique aspect of NIMBioS will be its partnership with the Great Smoky Mountains National Park. The park and its Twin Creeks Science Center play a key role in the institute's work, with the park serving as a testing ground for many of the ideas that come from NIMBioS. Partners in NIMBioS include the US Department of Agriculture and the US Department of Homeland Security, IBM and ESRI, a developer of software and technology related to geographic information systems. It draws over 600 researchers each year to Knoxville.

Source: City of Oak Ridge, ORNL, Y-12 National Security Complex and the Knoxville News Sentinel.

Nuclear

Integrated Facilities Disposition Program. The DOE has approved a massive \$18 billion Oak Ridge cleanup campaign. The cleanup program would demolish more than 400 contaminated building at ORNL and the Y-12 nuclear weapons plant. The program would also focus on mitigating polluted ground water at the sites and other actions to reduce environmental damage. The work began in 2011 and could take up to 45 years to complete.

In 2015, \$424 million was set aside for the environmental cleanup activities in Oak Ridge.

The 2009 stimulus act passed by Congress gave the DOE Oak Ridge's office \$1.9 billion for environmental cleanup projects. The stimulus money sent directly for projects in Oak Ridge, \$1.2 billion, saved or created about 3,863 new jobs through sub-contracting construction-type jobs as well as technical and specialty positions associated with handling radioactive materials and evaluating environmental risks. The clean-up money was divided among four sites: \$239 million to ORNL, \$292 million to Y-12, \$144 million to East Tennessee Technology Park and \$80 million to the Transuranic Waste Processing Center. At Y-12 alone, seven cleanup projects created 2,000 jobs, demolished about 150,000 square feet of old buildings and got rid of about 74,000 cubic meters of waste.

A former gaseous diffusion building was torn down by the DOE as part of its program to convert the former K-25 site for use by private industry. The K-25 Building was part of a series of mammoth buildings to enrich uranium for weapons and fuel for nuclear power plants. The building went into operation in 1951 and was shut down in 1987. The building in size equated to 6 1/2 football fields under one roof. Demolition was completed at the end of 2007. The gigantic K-25 building, a mile-long U-shaped structure that processed the uranium in WWII, was demolished in 2010.

Y-12 National Security Complex. The Y-12 National Security Complex is another large federal plant in Oak Ridge. The ongoing functions of the Y-12 plant are to support the DOE's weapons design labs, recover U-235 from spent nuclear weapons and provide support to other government agencies.

Y-12 has been undergoing a major modernization program. Y-12 is a key facility in the U.S. Nuclear Weapons Complex and is responsible for ensuring the safety, reliability, and security of the nuclear weapons stockpile and serves as the nation's primary repository of highly enriched uranium. Y-12 houses the country's stockpile of bomb-grade uranium, builds uranium bomb parts and dismantles nuclear weapon systems as needed to support a much smaller nuclear arsenal. The National Nuclear Security Administration (the "NNSA") is planning to transform the nuclear weapons complex to be smaller, more efficient and more cost effective. The goal is by 2020 to have only two facilities where there used to be 700 buildings.

Contractors have already demolished dozens of World War II era buildings at Y-12, about a million square feet since 2001, to reduce the surveillance and maintenance costs, and to support the new programs. Some new office buildings already have been built, including the Jack Case Center that holds about a third of the workforce, or around 1,500 employees. This \$58 million, 420,000-square-foot office building was completed in the summer of 2007. A new 137,000-square-foot visitor's center and auditorium, for about \$18 million, was also completed in 2007.

Outfall 200, a water treatment plant designed to capture Y-12 mercury runoff, began site preparation in 2017 and cost \$1.4 million. A four-year construction period for the plant will begin in 2019 with a projected cost of \$92 million. Once operational, the treatment facility will have a treatment capacity of 3,000 gallons of water per minute and have a 2-million-gallon storage capacity.

The \$549 million *Highly Enriched Uranium Materials Facility* at Y-12, a storage complex for weapons-grade uranium, was completed in late 2008. This storage facility replaced multiple aging facilities and allows for storage of its uranium stocks in one central location that represents maximized physical security with minimal vulnerabilities and operating costs. It is designed to protect the large cache of U-235 against any type of terrorist assault. The facility is currently over 85% storage capacity of bomb-grade uranium.

The *Uranium Processing Facility* (the "UPF") Project, cornerstone of Y-12's new modernization strategy, will replace current enriched uranium and other processing operations. It will replace Y-12's main production center and cost \$6.5 billion. In 2018, the last approval from the DOE was given to build the final three buildings that will make up the UPF. The \$6.5 billion project will be the largest construction project the state has ever seen, and the project is expected to create more than 2,000 jobs during peak construction. The design phase began in 2006, construction began in 2009, and the facility should be in operation by 2025. Construction of the UPF will accelerate consolidation of aging facilities, bringing production operations currently housed in multiple buildings together, reducing the size of the plant's highest security area by 90 percent, improving the overall security posture, making the plant more secure and saving millions of dollars in annual operating costs. See "RECENT DEVELOPMENTS" for more information.

Source: City of Oak Ridge, ORNL, Y-12 National Security Complex and the Knoxville News Sentinel.

POWER PRODUCTION

Kingston Fossil Plant. TVA's Kingston Fossil Plant is located on Watts Bar Reservoir on the Tennessee River near Kingston in Roane County. At the time it was finished in 1955, Kingston was the largest coal-burning power plant in the world. Kingston has nine coal-fired generating units. The winter net dependable generating capacity is 1,456 megawatts. The plant consumes some 14,000 tons of coal a day.

Electricity is produced at each of Kingston's nine coal-fired units by the process of heating water in a boiler to produce steam. Under extremely high pressure, the steam flows into a turbine that spins a generator to make electricity. Kingston generates about 10 billion kilowatt-hours of electricity a year, enough to supply more than 700,000 homes. To reduce sulfur dioxide (SO₂) emissions, all nine units use a blend of low-sulfur coal. Scrubbers are being added to the units to further reduce SO₂. This project cost about \$500 million. TVA spent about \$6 billion on emissions

controls at its fossil-fuel plants to ensure that this power supply is generated as cleanly as possible, consistent with efficiency.

Source: Tennessee Valley Authority.

MANUFACTURING AND COMMERCE

Much of Roane County's growth and prosperity during the last thirty years can be attributed to the fact that Roane County is located at the heart of the Tennessee Valley Authority's electric power system. Another TVA project, the Watts Bar Dam and Hydroelectric Plant, is located eight miles southwest of Roane County. These abundant sources of power and water have attracted a diverse group of manufacturers and businesses to the County.

A robust industrial recruitment program is underway to bring high-paying jobs into the County's abundant industrial parks. The County has 4,455 acres already zoned and is being developed for industry. In addition, the County has just adopted an aggressive tax abatement program that will allow attractive tax incentive packages for industries based on economic impact.

Located on the west side of Oak Ridge, *The East Tennessee Technology Park* (the "ETTP") is a compilation of resource-rich industrial facilities which have their beginnings in the Manhattan Project during World War II. The site's original mission was to enrich uranium in the uranium 235 isotope for use in atomic weapons and subsequently for use in the commercial nuclear power industry. The plant was permanently shut down in 1987 and in 1996 reindustrialization went into effect with efforts focusing on restoration of the environment, decontamination and decommissioning of the facilities, and management of legacy wastes. The biggest task includes dismantlement and demolition of the K-25 building – a mile-long, U-shaped structure that was built to process uranium.

The ETTP site also serves as the test location of the next-generation enrichment technology under the U.S. Enrichment Corporation's American Centrifuge Program. This technology will allow the United States to maintain energy security through use of state-of-the-art materials, control systems and manufacturing processes to enrich uranium. Centrifuges are presently tested at the site for eventual use in a full-scale American Centrifuge Plant by the end of the decade.

The goal is to create a brownfields industrial park known as *Heritage Center* under coordination of the Community Reuse Organization of East Tennessee. Also, near the ETTP site is Horizon Center, which includes more than 1,000 acres of pristine greenfield land that is available for private industrial use.

Harriman Industrial Park. This 91-acre park is located on the Tennessee River, adjacent to the 9-foot navigation channel of the waterway system.

The Horizon Center is a greenfield industrial park with more than 1,000 acres ready for immediate development. Horizon Center is designed to provide building sites and amenities desired by high-tech companies while still preserving the area's scenic beauty. There is one corporate headquarters located in the park, Carbon Fiber Technology, which opened in 2013.

Roane County Industrial Park. Located near Rockwood and Harriman less than 3 miles from I-40, this older and established industrial park has rail access on site. It contains 500 acres of which

80 acres are left for development. This park is where some of the county's larger, long-term employers are located.

Roane Regional Business and Technology Park. The County's newest industrial park is Roane Regional Business and Technology Park, with 655 acres located east of Kingston on Interstate 40. Anchored by The H.T. Hackney Company of Knoxville, which in early 2005 has built its new distribution and service center and brought 250 initial jobs to the county, the park is also home to other industries: Protean Scientific Instruments; Pegasus Technologies, Dienamic Tooling Systems (DTS) and EOD Technology Inc. The estimated cost of the park development was about \$13,500,000. This new park has an interchange off Interstate 40, an \$18.3 million state Department of Transportation project opened in 2008.

Major Employers within the County

<u>Company</u>	<u>Product</u>	<u>Employees</u>
Roane County Schools	Education	1,100
Roane County Government	Government	472
Roane State Community College	Education	409
Chase Instruments	Pharmaceutical Glassware	400
TVA Steam Plant	Electricity	318
Energy Solutions	Industrial Waste Disposal	300
Roane Medical Center	Hospital	279
H.T. Hackney Co.	Distribution	250
GTS Duratek	Disposal of hazardous wastes	250
Alba Waldensian	Surgical Hosiery	165
Richards Industries	Rebuilt Nozzles	150
Bayou Steel	Rolled Steel Products	126
TOHO Carbon Fibers, Inc.	Carbon Fibers	120
Harrison Construction	Concrete	100
Roane Transportation	Scrap Metal Processing	90
Clayton Homes	Mobile Homes	93
Thermo Fisher	Pharmaceuticals glassware	74
City of Harriman	Government	73
City of Kingston	Government	73

Source: Department of Economic & Community Development, Knoxville News Sentinel - 2018.

In addition to the above-mentioned employers, many residents of Roane County are employed in Oak Ridge at the various facilities of the DOE. A major portion of the production facilities is physically located in Roane County. Latest available figures reveal that DOE, in its various Oak Ridge operations, had over 12,380 employees.

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EMPLOYMENT INFORMATION

For the month of September 2019, the unemployment rate for the County stood at 3.7% with 23,105 persons employed out of a labor force of 23,982.

The Knoxville MSA's unemployment for September 2019 was at 2.9% with 424,862 persons employed out of a labor force of 437,524. As of September 2019, the unemployment rate in the Knoxville-Sevierville-Harriman CSA stood at 2.9%, representing 545,012 persons employed out of a workforce of 561,418.

	Unemployment				
	Annual Average	Annual Average	Annual Average	Annual Average	Annual Average
	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>
National	6.2%	5.3%	4.9%	4.4%	3.6%
Tennessee	6.6%	5.6%	4.7%	3.8%	3.5%
Roane County	7.6%	6.5%	5.5%	4.4%	4.1%
Index vs. National	123	123	112	100	114
Index vs. State	115	116	117	116	117
Knoxville MSA	6.1%	5.2%	4.4%	3.6%	3.3%
Index vs. National	98	98	90	82	92
Index vs. State	92	93	94	95	94
Knoxville-Sevierville- Harriman CSA	6.4%	5.5%	4.6%	3.7%	3.4%
Index vs. National	103	104	94	84	94
Index vs. State	97	98	98	97	97

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

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ECONOMIC DATA

Per Capita Personal Income

	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>
National	\$44,826	\$47,025	\$48,940	\$49,831	\$51,640
Tennessee	\$39,549	\$40,977	\$42,810	\$43,932	\$45,517
Roane County	\$34,996	\$36,144	\$37,451	\$38,555	\$39,763
Index vs. National	78	77	77	77	77
Index vs. State	88	88	87	88	87
Knoxville MSA	\$38,267	\$39,816	\$41,611	\$42,547	\$43,903
Index vs. National	85	85	85	85	85
Index vs. State	97	97	97	97	96
Knoxville-Sevierville-Harriman CSA	\$36,786	\$38,233	\$39,953	\$40,847	\$42,102
Index vs. National	82	81	82	82	82
Index vs. State	93	93	93	93	92

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

Social and Economic Characteristics

	<u>National</u>	<u>Tennessee</u>	<u>Roane County</u>	<u>Kingston</u>	<u>Harriman</u>	<u>Rockwood</u>
Median Value Owner Occupied Housing	\$193,500	\$151,700	\$135,900	\$148,900	\$85,400	\$75,600
% High School Graduates or Higher Persons 25 Years Old and Older	87.30%	86.50%	86.7%	88.2%	85.5%	81.1%
% Persons with Income Below Poverty Level	12.30%	15.00%	15.2%	11.5%	22.8%	27.3%
Median Household Income	\$57,652	\$48,708	\$45,407	\$48,616	\$29,103	\$30,777

Source: U.S. Census Bureau State & County QuickFacts - 2017.

TOURISM AND RECREATION

American Museum of Science and Energy. Drawing thousands of visitors from across the United States and abroad are the American Museum of Science and Energy and the Oak Ridge Graphite Reactor. More than 225,000 persons visit the Museum annually. The museum opened in 1949 in an old wartime cafeteria of the ORNL. Its guided tours took visitors through the peaceful uses of atomic energy. The present facility, opened in 1975, continues to provide the general public with energy information. The museum includes historical photographs, documents and artifacts explaining the story of Oak Ridge and the Manhattan Project. There is an Exploration Station that offers self-directed activities which explore light and color, sound, problem-solving, static

electricity, robotics, vision and more. It also includes exhibits on Y-12 and National Defense, the Earth's energy resources and nuclear reactors and energy.

The X-10 Graphite Reactor at ORNL, formerly known as the Clinton Pile and X-10 Pile, was the world's second artificial nuclear reactor and was the first reactor designed and built for continuous operation. The Graphite Reactor is open to the public and a National Historic Landmark. Also, an overlook display at the Oak Ridge Gaseous Diffusion Plant and facilities of the TVA is available for visitors.

Source: American Museum of Science and Energy.

Arboretum. The Arboretum is a project of the University of Tennessee Forest Resources Research and Education Center located in Oak Ridge. It generally hosts more than 30,000 visitors annually. This 250-acre research and education facility has over 2,500 native and exotic woody plant specimens that represent 800 species, varieties, and cultivars. The Arboretum serves as an outdoor classroom to university students in a variety of fields. It is also a place that provides a natural laboratory for research in plant uses, genetics and adaptability, insect and disease control, and the management of associated natural resources. The facility is recognized as an official Wildlife Observation Area and part of the National Watchable Wildlife Program by the Tennessee Wildlife Resources Agency. It is also recognized by the Holly Society of America as an official Holly test garden and the trails are part of the Tennessee Recreational Trail System.

Source: Forest Resources Research and Education Center.

Melton Hill Reservoir. TVA's Melton Hill Dam is located in Loudon County on the Clinch River. Melton Hill Reservoir extends almost 57 miles upstream from Melton Hill Dam to Norris Dam along the county lines of Loudon, Roane, Knox and Anderson Counties. Unlike other TVA reservoirs, Melton Hill is not used for flood control. But because it's used for power production, the level of the water in the reservoir fluctuates about four feet throughout the year. Melton Hill Reservoir has a nationally recognized rowing course and is a spring training site for collegiate teams from throughout the eastern United States. The reservoir has hosted a number of national championships. Melton Hill Reservoir extends the reach of barge traffic 38 miles up the Clinch River to Clinton, Tennessee, making the area attractive to industries that rely on this mode of transportation.

Source: Tennessee Valley Authority.

Parks nearby. Within 50 miles of the County are over a dozen lakeside resorts and State parks with cabins for rent, camping facilities, or both. The State parks - Cove Lake and Norris Dam in Campbell County, Big Ridge in Union County and Cumberland Mountain in Cumberland County - all offer cabins, camping and restaurants. Great Smoky Mountains National Park is a scenic seventy-five-minute drive south of the County. Big South Fork National Recreation Area, with its top rated white water rafting, is only a sixty-minute drive north.

Norris Reservoir. Norris Reservoir extends 73 miles up the Clinch River and 56 miles up the Powell from Norris Dam. It covers 5 counties: Anderson, Campbell, Union, Claiborne and Grainger Counties. Norris provides 809 miles of shoreline and 33,840 acres of water surface. It is the largest reservoir on a tributary of the Tennessee River. Norris Reservoir is an important component of the system TVA set up to reduce the risks of these disasters. The area around the Clinch River receives more than 45 inches of rain a year. In the past, floodwaters on the Clinch sometimes inundated areas hundreds of miles downstream. The recreational use of Norris Reservoir exceeds that of any other

tributary reservoir in the TVA river system. Water sports at Norris include boating, water skiing, swimming, and excellent fishing.

Source: Tennessee Valley Authority.

Watts Bar Reservoir. TVA's Watts Bar Dam is located along the Meigs and Rhea County line on the Tennessee River. Watts Bar Reservoir extends 72.4 miles northeast from the Dam to Fort Loudoun Dam through Rhea, Meigs, Roane and Loudon Counties. Watts Bar, located about midway between Knoxville and Chattanooga, is one of nine TVA dams on the Tennessee River. The reservoir attracts millions of recreational visits each year for boating, fishing, swimming, camping, and other outdoor activities. Watts Bar also creates a slack-water channel for navigation more than 20 miles up the Clinch River and 12 miles up its tributary, the Emory. The lock at Watts Bar handles more than a million tons of cargo a year, and the reservoir plays an important role in flood control. In conjunction with other tributary and main-river reservoirs above Chattanooga, it is of special value to that city, which is the point of greatest flood hazard in the Valley.

Source: Tennessee Valley Authority.

RECENT DEVELOPMENTS

CVMR. CVMR is working with the State of Tennessee to establish its global headquarters in Oak Ridge, moving all of its current operations from Toronto, Canada. This can potentially result in 620 new jobs. CVMR has invested \$313 million in the new facility for the production of advanced metal materials for a variety of industries, including aerospace, energy, automotive and medical devices. CVMR plans to quadruple its production capacity at the site over the next three years and finished construction of the additional facility in 2016. Company officials cited the proximity of the Oak Ridge National Laboratory in its decision to move from Canada.

The Oak Ridge facility houses CVMR USA's corporate headquarters, research and development, production of nano materials and metallurgical coating services, customer support, product development and planning for US production facilities. The CVMR Centre of Excellence for Innovation in Powder Metallurgy will collaborate with academic, industrial, government and businesses entities interested in the development of advanced materials and innovative technologies. The Centre will focus on production of new metallurgical products that can benefit the metal industry.

CVMR® Corporation is a privately held multinational, multi-disciplinary organization operating in four continents. The company specializes in project management of large mining operations, mineral processing plant design, construction and commissioning. A large portion of the US plant will be dedicated to the production of metal powders used in 3D Printing (Additive Manufacturing) and producing graphene for advanced products.

General Aviation Airport. The establishment of a new general aviation airport located in the East Tennessee Technology Park in Oak Ridge on the Roane County side is currently under review. The Metropolitan Knoxville Airport Authority (the "MKAA") will own and manage the new facility. MKAA also owns and maintains the regional commercial air service facility, McGhee Tyson Airport in Alcoa, which is about 25 miles from the City. The East Tennessee Technology Park is located at the former K-25 site located at the ORNL. The estimated cost for the project as of January 2018 is between \$40 - \$45 million.

Integrated Facilities Disposition Program. The DOE approved a massive \$14.5 billion Oak Ridge cleanup campaign. The cleanup program would demolish more than 400 contaminated buildings at ORNL and the Y-12 nuclear weapons plant. The program would also focus on mitigating polluted ground water at the sites and other actions to reduce environmental damage. The work began in 2011 and could take up to 25 years to complete.

The 2009 stimulus act passed by Congress gave the DOE Oak Ridge's office \$1.9 billion for environmental cleanup projects. The stimulus money sent directly for projects in Oak Ridge, \$1.2 billion, saved or created about 3,863 new jobs through sub-contracting construction-type jobs as well as technical and specialty positions associated with handling radioactive materials and evaluating environmental risks. The clean-up money was divided among four sites: \$239 million to ORNL, \$292 million to Y-12, \$144 million to East Tennessee Technology Park and \$80 million to the Transuranic Waste Processing Center. At Y-12 alone, seven cleanup projects created 2,000 jobs, demolished about 150,000 square feet of old buildings and got rid of about 74,000 cubic meters of waste.

Oak Ridge Associated Universities (the "ORAU"). In 2015 the ORAU received a five-year \$7.3 million contract for radiation training for the U.S. Nuclear Regulatory Commission (the "NRC"). The new contract with NRC will include training at the contractor's Oak Ridge facilities, as well as development and maintenance of the NRC's Technical Training Center in Chattanooga.

Oak Ridge National Laboratory. ORNL is in the final stages of a \$300 million project to provide a modern campus for the next generation of great science. A unique combination of federal, state and private funds is building 13 new facilities. Included in these new facilities will be the Laboratory for Comparative and Functional Genomics, the Center for Nanophase Materials Sciences, the Advanced Microscopy Laboratory, the Oak Ridge Center for Advanced Studies and the joint institutes for computational sciences, biological sciences, and neutron sciences. ORNL has been selected as the site of the Office of Science's National Leadership Computing Facility for unclassified high-performance computing.

In early 2009 and in 2012 ORNL dedicated two solar arrays, respectively. The first one is a 288-foot span of solar array panels that provides 51.25 kilowatts of power to the lab's grid. The latest array cost \$800,000 and provides 200 kilowatts. These arrays will offset nearly half of the power use in one of ORNL's research facilities and expand a green initiative known as the "sustainable campus" project.

Uranium Processing Facility (the "UPF"). The UPF project is being built through a series of seven sub-projects. Two have already been completed under budget and two are currently under construction. The salvage and accountability building, a process support facility and the UPF's 240,000 square-foot main process building were the last of seven sub-projects to receive DOE approval. The main process building will house the facility's primary stockpile maintenance function: recycling uranium from old nuclear warheads to maintain the current arsenal. The designs reached the 90 percent completion milestone in September 2017. The National Nuclear Security Administration (NNSA) said the Uranium Processing Facility will use a "safer, cleaner and more efficient" process to modernize uranium warheads. President Trump signed a \$1.3 trillion government spending bill in March of 2018 that allocated \$663 million for the facility's construction.

The money allocated will help keep the construction on schedule for 2025 completion and under its \$6.5 billion budget cap.

Source: City of Oak Ridge, the OakRidger, ORNL, Y-12 National Security Complex and the Knoxville News Sentinel.

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ROANE COUNTY, TENNESSEE
SUMMARY OF BONDED INDEBTEDNESS

AMOUNT ISSUED	PURPOSE	DUE DATE	INTEREST RATE(S)	AMOUNT OUTSTANDING
\$ 750,000	(3) Loan Agreement, Series B-20-A	June 2027	Fixed	\$ 750,000
9,770,000	General Obligation Refunding Bonds, Series 2017A	May 2029	Fixed	9,375,000
1,470,000	General Obligation Refunding Bonds, Series 2017B (Federally Taxable)	May 2024	Fixed	1,075,000
8,805,000	General Obligation Refunding Bonds, Series 2018	June 2024	Fixed	7,065,000
944,127	EESI Loans	March 2023	Fixed	298,949
10,000,000	(4) General Obligation Loan Agreement, Series 2019 (Issued May 10, 2019)	May 2024	Fixed	10,000,000
7,100,000	General Obligation Bonds, Series 2019A (Issued May 10, 2019)	May 2049	Fixed	7,100,000
1,600,000	(5) Rural School Refunding Bonds, Series 2008C	June 2020	Fixed	140,000
1,325,000	Rural School Bonds, Series 2009B	June 2020	Fixed	145,000
6,450,000	Rural School Refunding Bonds, Series 2017C	May 2022	Fixed	4,953,000
620,000	(2) Water Revenue and Tax Bonds, Series 2002 (RD)	Apr. 2040	Fixed (2)	466,310
4,387,595	(2) Loan Agreement, Series 2011 (State Loan)	Dec. 2035	Fixed (2)	3,723,507
<u>\$ 53,221,722</u>	TOTAL BONDED DEBT (1)			<u>\$ 45,091,766</u>
\$ 4,900,000	General Obligation Bonds, Series 2020A	May 2049	Fixed	\$ 4,900,000
<u>\$58,121,722</u>	NET BONDED DEBT			<u>\$49,991,766</u>

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 "Comprehensive Annual Financial Report".
- (2) Self supporting debt
- (3) The Series B-20-A Loan Agreement are being issued to fund the County's remaining commitment to the Plateau Partnership Park.
- (4) Assumes full draw-down on the Series 2019 Loan Agreement. As of June 30, 2019 only \$2,060,000 had been drawn. The Series 2019 Loan Agreement proceeds were used for flood damage repair and a portion of the Series 2019 Loan Agreement will be repaid from FEMA funds when they become available.

ROANE COUNTY, TENNESSEE
INDEBTEDNESS AND DEBT RATIOS

INTRODUCTION

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

INDEBTEDNESS	For the Fiscal Year Ended June 30				After Issuance
	2015	2016	2017	2018	2020
TAX SUPPORTED					
G.O. Bonds & Notes - County-Wide	\$ 27,622,213	\$ 25,663,897	\$ 24,020,581	\$ 20,792,265	\$ 35,663,949
G.O. Bonds - Rural Debt Service	10,680,000	9,375,000	8,000,000	6,450,000	4,953,000
G.O. Bonds - Education Debt Service	1,340,000	1,095,000	845,000	565,000	285,000
G.O. Bonds - Sewer System - Includes full SRF Loan	5,152,260	5,017,595	4,407,564	4,395,294	4,189,817
TOTAL TAX SUPPORTED	\$44,794,473	\$41,151,492	\$37,273,145	\$32,202,559	\$45,091,766
TOTAL DEBT					
Less: D.S. Fund - County-Wide	\$44,794,473	\$41,151,492	\$37,273,145	\$32,202,559	\$45,091,766
Less: D.S. Fund - Rural & Education Debt Service	(2,170,405)	(2,074,701)	(1,938,589)	(2,194,871)	(3,047,537)
Less: Revenue Supported Sewer System Debt	(1,892,106)	(1,664,245)	(1,382,327)	(923,362)	(695,005)
	(5,152,260)	(5,017,595)	(4,407,564)	(4,395,294)	(4,189,817)
NET DIRECT DEBT	\$35,579,702	\$32,394,951	\$29,544,665	\$24,689,032	\$37,159,407
PROPERTY TAX BASE					
County-Wide					
Estimated Actual Value	4,711,857,217	4,505,746,911	\$4,609,054,400	4,569,702,257	4,594,840,586
Estimated Appraised Value	4,711,857,217	4,505,746,911	\$4,609,054,400	4,531,316,758	4,556,243,925
Estimated Assessed Value	1,302,085,700	1,252,522,987	\$1,291,660,826	1,255,657,311	1,263,005,540
Rural - (1)					
Estimated Actual Value	3,790,396,933	3,634,826,056	\$3,739,821,743	3,699,302,747	3,725,966,126
Estimated Appraised Value	3,790,396,933	3,634,826,056	\$3,739,821,743	3,668,228,604	3,694,668,011
Estimated Assessed Value	1,016,778,673	980,429,631	\$1,021,188,355	987,942,987	995,216,348
Education - (2)					
Estimated Actual Value	4,152,147,983	3,994,349,596	\$4,102,157,724	4,062,400,078	4,087,056,218
Estimated Appraised Value	4,152,147,983	3,994,349,596	\$4,102,157,724	4,028,275,917	4,052,724,946
Estimated Assessed Value	1,132,269,092	1,095,996,075	\$1,137,756,726	1,102,955,469	1,110,205,527

(1) Includes only property located outside the corporate limits of the Cities of Harriman and Oak Ridge.

(2) Includes only property located outside the corporate limits of the City of Oak Ridge.

* Best available information. Assumes full draw on the Series 2019 Loan Agreement.

DEBT RATIOS - COUNTY-WIDE	For the Fiscal Year Ended June 30				After Issuance	
	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>
TOTAL DEBT to Estimated Actual Value	0.95%	0.91%	0.81%	0.70%	0.98%	1.08%
TOTAL DEBT to Appraised Value	0.95%	0.91%	0.81%	0.71%	0.99%	1.09%
TOTAL DEBT to Assessed Value	3.44%	3.29%	2.89%	2.56%	3.57%	3.95%
NET DIRECT DEBT to Estimated Actual Value	0.76%	0.72%	0.64%	0.54%	0.81%	0.91%
NET DIRECT DEBT to Appraised Value	0.76%	0.72%	0.64%	0.54%	0.82%	0.92%
NET DIRECT DEBT to Assessed Value	2.73%	2.59%	2.29%	1.97%	2.94%	3.32%
<u>PER CAPITA RATIOS - COUNTY-WIDE</u>						
POPULATION (1)	52,753	52,874	53,036	53,036	53,036	53,036
PER CAPITA PERSONAL INCOME (2)	\$37,451	\$38,555	\$39,763	\$39,763	\$39,763	\$39,763
Estimated Actual Value to POPULATION	89,319	85,217	86,904	86,162	86,636	86,636
Assessed Value to POPULATION	24,683	23,689	24,354	23,676	23,814	23,814
TOTAL DEBT to POPULATION	849	778	703	607	850	940
NET DIRECT DEBT to POPULATION	674	613	557	466	701	790
Total Debt Per Capita as a percent of PER CAPITA PERSONAL INCOME	2.27%	2.02%	1.77%	1.53%	2.14%	2.36%
NET DIRECT DEBT Per Capita as a % of PER CAPITA PERSONAL INCOME	1.80%	1.59%	1.40%	1.17%	1.76%	1.99%

(1) Computations are based upon estimates extracted from Tennessee Association of Business publications, the County and Bureau of Census Information.

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

DEBT RATIOS - RURAL	For the Fiscal Year Ended June 30				After Issuance	
	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>
TOTAL DEBT to Estimated Actual Value	0.28%	0.26%	0.21%	0.17%	0.13%	0.13%
TOTAL DEBT to Appraised Value	0.28%	0.26%	0.21%	0.18%	0.13%	0.13%
TOTAL DEBT to Assessed Value	1.05%	0.96%	0.78%	0.65%	0.50%	0.50%
NET DIRECT DEBT to Estimated Actual Value	0.23%	0.21%	0.18%	0.15%	0.11%	0.11%
NET DIRECT DEBT to Appraised Value	0.23%	0.21%	0.18%	0.15%	0.12%	0.12%
NET DIRECT DEBT to Assessed Value	0.86%	0.79%	0.65%	0.56%	0.43%	0.43%
<u>PER CAPITA RATIOS - RURAL</u>						
POPULATION (1)	17,227	17,306	17,782	17,782	17,782	17,782
PER CAPITA PERSONAL INCOME (2)	\$37,451	\$38,555	\$39,763	\$39,763	\$39,763	\$39,763
Estimated Actual Value to POPULATION	220,027	210,033	210,315	208,036	209,536	209,536
Assessed Value to POPULATION	59,022	56,653	57,428	55,559	55,968	55,968
TOTAL DEBT to POPULATION	620	542	450	363	279	279
NET DIRECT DEBT to POPULATION	510	446	372	311	239	239
Total Debt Per Capita as a percent of PER CAPITA PERSONAL INCOME	1.66%	1.41%	1.13%	0.91%	0.70%	0.70%
NET DIRECT DEBT Per Capita as a % of PER CAPITA PERSONAL INCOME	1.36%	1.16%	0.94%	0.78%	0.60%	0.60%

(1) Computations are based upon the U.S. Census population as reported in the Tax Aggregate Report that includes only that portion of the County population residing outside of the Cities of Harriman and Oak Ridge (the Tax Aggregate Report does not report the population for those residents of Oak Ridge living in Roane County.).

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

DEBT RATIOS - EDUCATION DEBT SERVICE	For the Fiscal Year Ended June 30					After Issuance	
	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>	
TOTAL DEBT to Estimated Actual Value	0.03%	0.03%	0.02%	0.01%	0.01%	0.00%	
TOTAL DEBT to Appraised Value	0.03%	0.03%	0.02%	0.01%	0.01%	0.00%	
TOTAL DEBT to Assessed Value	0.12%	0.10%	0.07%	0.05%	0.03%	0.01%	
NET DIRECT DEBT to Estimated Actual Value	0.03%	0.03%	0.02%	0.01%	0.01%	0.00%	
NET DIRECT DEBT to Appraised Value	0.03%	0.03%	0.02%	0.01%	0.01%	0.00%	
NET DIRECT DEBT to Assessed Value	0.12%	0.10%	0.07%	0.05%	0.03%	0.01%	
<u>PER CAPITA RATIOS - RURAL</u>							
POPULATION (1)	23,451	23,524	23,940	23,940	23,940	23,940	
PER CAPITA PERSONAL INCOME (2)	\$37,451	\$38,555	\$39,763	\$39,763	\$39,763	\$39,763	
Estimated Actual Value to POPULATION	177,056	169,799	171,352	169,691	170,721	170,721	
Assessed Value to POPULATION	48,282	46,591	47,525	46,072	46,374	46,374	
TOTAL DEBT to POPULATION	57	47	35	24	12	6	
NET DIRECT DEBT to POPULATION	57	47	35	24	12	6	
Total Debt Per Capita as a percent of PER CAPITA PERSONAL INCOME	0.15%	0.12%	0.09%	0.06%	0.03%	0.02%	
NET DIRECT DEBT Per Capita as a % of PER CAPITA PERSONAL INCOME	0.15%	0.12%	0.09%	0.06%	0.03%	0.02%	

(1) Computations are based upon the U.S. Census population as reported in the Tax Aggregate Report that includes only that portion of the County population residing outside of the City of Oak Ridge (the Tax Aggregate Report does not report the population for those residents of Oak Ridge living in Roane County).

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

ROANE COUNTY, TENNESSEE
BONDED DEBT SERVICE REQUIREMENTS
General Debt Service Fund

F.Y. Ended 6/30	Existing Debt as of June 30, 2019 (1)			General Obligation Bonds, Series 2020A			% 2020A			General Obligation Loan Agreement, Series 2019			% 2019			Total Bonded Debt Service Requirements (1)			% All Principal Repaid
	Principal	Interest	TOTAL	Principal	Interest (2)	TOTAL	Principal Repaid			Principal	Interest (3)	TOTAL	Principal Repaid			Principal	Interest	TOTAL	
2020	2,423,316	852,236	3,275,552	-	37,158	37,158	0.00%			1,883,000	400,000	2,283,000	18.83%			4,306,316	1,289,395	5,595,711	10.62%
2021	2,163,316	754,253	2,917,569	-	147,000	147,000				1,944,000	324,680	2,268,680	38.27%			4,107,316	1,225,933	5,333,249	
2022	2,373,383	664,503	3,037,886	115,000	147,000	262,000				2,000,000	246,920	2,246,920	58.27%			4,488,383	1,058,423	5,546,806	
2023	2,248,934	562,603	2,811,537	120,000	143,550	263,550				2,057,000	166,920	2,223,920	78.84%			4,425,934	873,073	5,299,007	
2024	2,275,000	485,713	2,760,713	120,000	139,950	259,950				2,116,000	84,640	2,200,640	100.00%			4,511,000	710,303	5,221,303	53.84%
2025	1,795,000	406,088	2,201,088	125,000	136,350	261,350				-	-	-	-			1,920,000	542,438	2,462,438	
2026	1,930,000	358,338	2,288,338	125,000	132,600	257,600				-	-	-	-			2,055,000	490,938	2,545,938	
2027	1,965,000	303,088	2,268,088	130,000	128,850	258,850				-	-	-	-			2,095,000	431,938	2,526,938	
2028	1,400,000	248,150	1,648,150	140,000	124,950	264,950				-	-	-	-			1,540,000	373,100	1,913,100	
2029	1,405,000	212,150	1,617,150	140,000	120,750	260,750				-	-	-	-			1,545,000	332,900	1,877,900	76.41%
2030	210,000	176,000	386,000	145,000	116,550	261,550				-	-	-	-			355,000	292,550	647,550	
2031	215,000	169,700	384,700	150,000	112,200	262,200				-	-	-	-			365,000	281,900	646,900	
2032	225,000	163,250	388,250	150,000	107,700	257,700				-	-	-	-			375,000	270,950	645,950	
2033	230,000	156,500	386,500	155,000	103,200	258,200				-	-	-	-			385,000	259,700	644,700	
2034	240,000	149,600	389,600	165,000	98,550	263,550				-	-	-	-			405,000	248,150	653,150	81.05%
2035	245,000	142,400	387,400	170,000	93,600	263,600		36.33%		-	-	-	-			415,000	236,000	651,000	
2036	250,000	135,050	385,050	175,000	88,500	263,500				-	-	-	-			425,000	223,550	648,550	
2037	260,000	127,550	387,550	175,000	83,250	258,250				-	-	-	-			435,000	210,800	645,800	
2038	265,000	119,750	384,750	185,000	78,000	263,000				-	-	-	-			450,000	197,750	647,750	
2039	275,000	111,800	386,800	190,000	72,450	262,450		54.59%		-	-	-	-			465,000	184,250	649,250	86.45%
2040	285,000	103,550	388,550	195,000	66,750	261,750				-	-	-	-			480,000	170,300	650,300	
2041	295,000	94,644	389,644	200,000	60,900	260,900				-	-	-	-			495,000	155,544	650,544	
2042	300,000	85,425	385,425	205,000	54,900	259,900				-	-	-	-			505,000	140,325	645,325	
2043	310,000	76,050	386,050	215,000	48,750	263,750				-	-	-	-			525,000	124,800	649,800	
2044	320,000	66,363	386,363	220,000	42,300	262,300		75.71%		-	-	-	-			540,000	108,663	648,663	92.73%
2045	330,000	56,363	386,363	225,000	35,700	260,700				-	-	-	-			555,000	92,063	647,063	
2046	340,000	46,050	386,050	230,000	28,950	258,950				-	-	-	-			570,000	75,000	645,000	
2047	350,000	35,425	385,425	240,000	22,050	262,050				-	-	-	-			590,000	57,475	647,475	
2048	365,000	24,050	389,050	245,000	14,850	259,850				-	-	-	-			610,000	38,900	648,900	
2049	375,000	12,188	387,188	250,000	7,500	257,500		100.00%		-	-	-	-			625,000	19,688	644,688	100.00%
	\$25,663,949	\$6,898,825	\$32,562,774	\$4,900,000	\$2,594,808	\$7,494,808				\$10,000,000	\$1,223,160	\$11,223,160				\$40,563,949	\$10,716,793	\$51,280,742	

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 "Comprehensive Annual Financial Report". Includes EESI Loans paid by schools.
(2) Estimated Interest Rates. Estimated Average Coupon 3.00%.

ROANE COUNTY, TENNESSEE
BONDED DEBT SERVICE REQUIREMENTS
Rural School Debt Service

F.Y. Ended <u>6/30</u>	Total Bonded Debt Service Requirements (1)			% Principal Repaid
	<u>Principal</u>	<u>Interest</u>	<u>TOTAL</u>	
2020	\$ 1,652,000	\$ 82,715	\$ 1,734,715	33.35%
2021	1,710,000	55,127	1,765,127	67.88%
2022	1,591,000	26,570	1,617,570	100.00%
	<u>\$ 4,953,000</u>	<u>\$ 164,412</u>	<u>\$ 5,117,412</u>	

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 "Comprehensive Annual Financial Report". Debt is backed by the full, faith and credit of Roane County lying outside the Cities of Harriman and Oak Ridge, Tennessee.

ROANE COUNTY, TENNESSEE
BONDED DEBT SERVICE REQUIREMENTS
Education Debt Service
As of June 30, 2019

F.Y. Ended <u>6/30</u>	Total Education Debt Service Requirements			% Principal Repaid
	<u>Principal</u>	<u>Interest</u>	<u>TOTAL</u>	
2020	285,000	12,075	297,075	100.00%
	<u>\$ 285,000</u>	<u>\$ 12,075</u>	<u>\$ 297,075</u>	

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 "Comprehensive Annual Financial Report". Debt is backed by the full, faith and credit of Roane County lying outside the City of Oak Ridge, Tennessee.

ROANE COUNTY, TENNESSEE
BONDED DEBT SERVICE REQUIREMENTS
Water and Sewer System
As of June 30, 2019

F.Y. Ended 6/30	Existing Debt			Estimated Repayment Schedule			Total Water and Sewer			Principal Repaid %
	Water and Sewer Debt Service Only - (1)			State Revolving Loan Fund			Debt Service Requirements (1)			
	Principal	Interest	TOTAL	Principal	Interest (2)	TOTAL	Principal	Interest	TOTAL	
2020	\$ 13,477	\$ 21,863	\$ 35,340	\$ 196,068	\$ 64,320	\$ 260,388	\$ 209,545	\$ 86,183	\$ 295,728	5.00%
2021	14,131	21,209	35,340	199,572	60,816	260,388	213,703	82,025	295,728	
2022	14,817	20,523	35,340	203,124	57,264	260,388	217,941	77,787	295,728	
2023	15,537	19,803	35,340	206,748	53,640	260,388	222,285	73,443	295,728	
2024	16,291	19,049	35,340	210,444	49,944	260,388	226,735	68,993	295,728	26.02%
2025	17,082	18,258	35,340	214,200	46,188	260,388	231,282	64,446	295,728	
2026	17,911	17,429	35,340	218,016	42,372	260,388	235,927	59,801	295,728	
2027	18,781	16,559	35,340	221,904	38,484	260,388	240,685	55,043	295,728	
2028	19,692	15,648	35,340	225,864	34,524	260,388	245,556	50,172	295,728	
2029	20,648	14,692	35,340	229,896	30,492	260,388	250,544	45,184	295,728	54.76%
2030	21,651	13,689	35,340	234,000	26,388	260,388	255,651	40,077	295,728	
2031	22,702	12,638	35,340	238,176	22,212	260,388	260,878	34,850	295,728	
2032	23,804	11,536	35,340	242,424	17,964	260,388	266,228	29,500	295,728	
2033	24,960	10,380	35,340	246,756	13,632	260,388	271,716	24,012	295,728	
2034	26,171	9,169	35,340	251,160	9,228	260,388	277,331	18,397	295,728	86.54%
2035	27,442	7,898	35,340	255,636	4,752	260,388	283,078	12,650	295,728	
2036	28,774	6,566	35,340	129,519	672	130,191	158,293	7,238	165,531	
2037	30,171	5,169	35,340	-	-	-	30,171	5,169	35,340	
2038	31,636	3,704	35,340	-	-	-	31,636	3,704	35,340	
2039	33,172	2,169	35,341	-	-	-	33,172	2,169	35,341	99.34%
2040	27,460	580	28,040	-	-	-	27,460	580	28,040	100.00%
	\$ 466,310	\$ 268,531	\$ 734,841	\$ 3,723,507	\$ 572,892	\$ 4,296,399	\$ 4,189,817	\$ 841,423	\$ 5,031,240	

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 "Comprehensive Annual Financial Report".

FINANCIAL INFORMATION

INTRODUCTION

The financial statements of the County have been prepared in conformity with generally accepted accounting principles (GAAP) as applied to government units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles.

BASIS OF ACCOUNTING AND PRESENTATION

All governmental funds, expendable trust funds and agency funds are accounted for using the modified accrual basis of accounting. Revenues are recognized when they become measurable and available as a net current asset. Expenditures are generally recognized when the related fund liability is incurred. Exceptions to this general ruling include: (1) sick pay which is not accrued and (2) principal and interest on general long-term debt which is recognized when due.

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. The reserve method is used to estimate the allowance for doubtful accounts for ambulance service receivables.

BUDGETARY PROCESS

All operating departments of the County are required to submit line-item budgets to the County Mayor on or before April 1 of each year or on such date as may be prescribed by the County's Budget Committee. The Budget Committee reviews departmental budgets compiled by the County Mayor and submitted by the various departments. Normally, a budget is adopted in June or July for the fiscal year which begins on July 1. The Board of Commissioners has the authority to amend, reduce or add to the budget submitted by County operating departments; however, there is no authority to make transfers among the major funds. The Board of Commissioners may make amendments within funds during the year; however, amendments to the school system operating budget must first be approved by the elected County School Board.

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FUND BALANCES, NET ASSETS AND RETAINED EARNINGS

The County maintains fund balances, net assets or retained earnings in most major operating funds. Additionally, several reserves have been established to address specific needs of the County. The following table depicts fund balances and retained earnings for the last five fiscal years ending June 30.

For the Fiscal Year Ended June 30,

<u>Fund Type</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>
<i>Governmental Funds:</i>					
General	\$ 5,793,439	\$ 7,108,859	\$ 7,215,606	\$ 7,603,731	\$ 7,449,030
Public Works	911,399	1,137,633	1,608,211	2,146,735	1,458,278
General Debt Service	2,170,405	2,074,701	1,938,589	2,194,871	3,047,537
General Capital Projects	2,551,783	1,964,930	2,577,472	2,702,875	9,331,202
Other	<u>4,693,144</u>	<u>4,483,890</u>	<u>4,052,537</u>	<u>3,910,876</u>	<u>6,732,170</u>
Total	<u>\$16,120,170</u>	<u>\$16,770,013</u>	<u>\$17,392,415</u>	<u>\$18,559,088</u>	<u>\$28,018,217</u>
<i>Proprietary Net Assets:</i>					
Public Utility Fund	\$3,800,269	\$3,595,077	\$3,634,606	\$3,494,189	\$3,645,223
Internal Service	<u>728,200</u>	<u>671,065</u>	<u>504,181</u>	<u>899,498</u>	<u>1,430,010</u>
Total	<u>\$4,528,469</u>	<u>\$3,595,077</u>	<u>\$4,138,787</u>	<u>\$4,393,687</u>	<u>\$5,075,233</u>

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

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

	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>
Revenues:					
Local Taxes	\$ 10,015,304	\$ 10,711,165	\$ 10,554,603	\$ 10,836,716	\$ 10,901,931
Licenses and Permits	473,395	500,681	546,924	542,745	580,976
Fines, forfeitures and penalties	181,752	151,341	153,570	157,343	164,664
Charges for current services	462,840	477,077	530,091	614,472	626,361
Other local revenue	306,535	343,087	139,695	186,006	125,422
Fees Recv'd from County Officials	2,115,139	2,495,419	2,608,510	2,533,116	2,591,000
State of Tennessee	2,008,139	2,187,948	1,821,641	1,998,548	2,250,586
Federal Government	87,780	260,681	375,971	352,168	486,493
Other Government & Citizens Groups	10,594	10,520	250	-	36,507
Total Revenues	\$ 15,661,478	\$ 17,137,919	\$ 16,731,255	\$ 17,221,114	\$ 17,763,940
Expenditures:					
General Government	\$ 2,673,926	\$ 3,141,948	\$ 2,594,716	\$ 2,498,796	\$ 2,742,709
Finance	2,097,339	1,988,650	2,000,474	2,097,556	2,187,564
Administration of Justice	1,847,002	2,073,650	2,136,664	2,224,873	2,359,923
Public Safety	6,302,473	6,560,388	6,831,058	7,315,461	7,426,293
Public Health & Welfare	675,018	510,060	501,714	501,420	491,229
Social, Cultural & Recreational Services	316,249	388,081	427,322	456,292	460,519
Agricultural & Natural Resources	110,276	104,703	138,933	140,986	117,608
Other Operations	1,018,401	1,324,734	1,118,066	1,155,081	1,198,782
Highways	-	-	-	-	-
Debt Service	-	-	-	-	-
Capital Projects	-	-	-	-	-
Total Expenditures	\$ 15,040,684	\$ 16,092,214	\$ 15,748,947	\$ 16,390,465	\$ 16,984,627
Excess (Deficiency) of Revenues Over Expenditures	\$ 620,794	\$ 1,045,705	\$ 982,308	\$ 830,649	\$ 779,313
Other Sources and Uses:					
Note / Lease Proceeds	\$ -	\$ -	\$ -	\$ -	\$ -
Bond Issued	-	-	-	-	-
Proceeds from Sale of Capital Assets	-	-	-	213	7,000
Insurance Recovery	12,536	3,715	4,056	7,263	18,986
Operating Transfers - In	330,000	400,000	-	-	-
Operating Transfers - Out	(160,300)	(134,000)	(879,617)	(450,000)	(960,000)
Total Other Sources & Uses	\$ 182,236	\$ 269,715	\$ (875,561)	\$ (442,524)	\$ (934,014)
Net Change in Fund Balances	\$ 803,030	\$ 1,315,420	\$ 106,747	\$ 388,125	\$ (154,701)
Fund Balance July 1	4,990,409	5,793,439	7,108,859	7,215,606	7,603,731
Residual Equity Transfers	-	-	-	-	-
Fund Balance June 30	\$ 5,793,439	\$ 7,108,859	\$ 7,215,606	\$ 7,603,731	\$ 7,449,030

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

INVESTMENT AND CASH MANAGEMENT PRACTICES

Investment of idle County operating funds is controlled by State statute and local policies. 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 the administration of 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 1 for the year for which the assessment is made. All assessment of real and personal property are required to be made annually and as of January 1 for the year to which the assessment applies. Not later than May 20 of each year, the assessor of property in each county is required to (a) make an assessment of all property in the county and (b) note upon the assessor's records the current classification and assessed value of all taxable property within the assessor's jurisdiction.

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

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

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

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

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

Periodic Reappraisal and Equalization

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

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

Valuation for Property Tax Purposes

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

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

Certified Tax Rate

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

municipality may adjust the Certified Tax Rate to reflect extraordinary assessment changes or to recapture excessive adjustments.

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

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

Tax 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.

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Assessed Valuations. According to the Tax Aggregate Report and the County, property in the County reflected a ratio of appraised value to true market value of 0.9916.

<u>Class</u>	<u>Assessed Valuation</u>	<u>Rate</u>	<u>Appraised Value</u>
Public Utilities	\$ 40,711,258	55%	\$ 93,267,487
Commercial and Industrial	257,803,660	40%	649,973,858
Personal Tangible	57,462,292	30%	192,885,053
Residential and Farm	<u>907,028,330</u>	25%	<u>3,658,714,188</u>
Total	<u>\$1,263,005,540</u>		<u>\$4,594,840,586</u>

Source: 2018 Tax Aggregate Report of Tennessee and the County.

The estimated assessed value of property in the County for the fiscal year ending June 30, 2019 (tax year 2018) is \$1,263,005,540 compared to \$1,255,657,311 for the fiscal year ending June 30, 2018 (tax year 2017). The estimated actual value of all taxable property for tax year 2018 is \$4,594,840,586 compared to \$4,569,702,257 for tax year 2016.

Property Tax Rates and Collections - County-Wide. The following table shows the property tax rates and collections of the County for tax years 2015 through 2019 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 (a)	Assessed Valuation	Tax Rates In/Out(b)	Taxes Levied	Amount	Pct	as of June 30, 2019	
						Amount	Pct
2015	\$1,252,522,987	\$2.35 / 2.575	\$31,506,548	\$29,742,965	94.4%	\$146,100	99.6%
2016	1,291,660,826	2.35 / 2.575	31,834,052	31,230,331	98.1%	\$261,680	99.1%
2017	1,255,657,311	2.52 / 2.575	30,559,946	29,183,024	98.1%	\$513,147	98.3%
2018	1,263,005,540	2.54 / 2.575	30,158,445	30,181,516	95.0%	\$1,567,771	95.0%
2019	1,264,660,301*	2.56 / 2.685	33,106,367*	IN PROCESS			

(a) The tax year coincides with the calendar year, so tax year 2019 is actually Fiscal Year 2019-2020.

(b) "In" means inside the City of Oak Ridge. "Out" means outside the City of Oak Ridge's corporate limits or County-wide.

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Ten Largest Taxpayers. For the fiscal year ending June 30, 2019 (tax year 2018), the ten largest taxpayers in the County are as follows:

	<u>Taxpayer</u>	<u>Business Type</u>	<u>Assessment</u>	<u>Taxes Due</u>
1.	UT Battelle	National Security	\$ 45,537,040	\$ 1,023,120
2.	Norfolk	Railroad	9,401,084	293,888
3.	Duratek	Hazardous Waste Disposal	5,725,016	134,538
4.	Bell South	Telecommunications	4,204,114	105,755
5.	AT & T	Telecommunications	3,511,097	86,331
6.	East TN National Gas	Utility	3,392,272	83,422
7.	Wal Mart	Retail	3,289,080	82,720
8.	Horsehead	Recycling	3,278,082	236,437
9.	Volunteer Energy	Utilities	3,179,850	81,881
10.	93 Palladium Way Prop.	Research & Development	2,586,480	82,541
	TOTAL		<u>\$ 84,104,105</u>	<u>\$ 2,210,633</u>

Source: The County.

PENSION PLANS

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

UNFUNDED ACCRUED LIABILITY FOR POST-EMPLOYMENT BENEFITS OTHER THAN PENSIONS

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

The present value of the unfunded actuarial liability associated with the County’s post employment medical benefits is not known. The County will conduct an actuarial study to determine its unfunded liability in the future. The County will begin recognizing the accrued liability, if any, on its future financial statements as required by GASB 45.

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

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GENERAL PURPOSE FINANCIAL STATEMENTS

ROANE COUNTY, TENNESSEE

COMPREHENSIVE ANNUAL FINANCIAL REPORT

FOR THE FISCAL YEAR ENDED

JUNE 30, 2019

The General Purpose Financial Statements are extracted from the Financial Statements with Report of Certified Public Accountants of Roane County for the fiscal year ended June 30, 2019 which is available upon request from the County.

ANNUAL FINANCIAL REPORT

ROANE COUNTY, TENNESSEE

FOR THE YEAR ENDED JUNE 30, 2019



DIVISION OF LOCAL GOVERNMENT AUDIT



**ANNUAL FINANCIAL REPORT
ROANE COUNTY, TENNESSEE
FOR THE YEAR ENDED JUNE 30, 2019**

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

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

***MARK TREECE, CPA, CGFM
Audit Manager***

***ANDREW WAY, CPA
JAKE ROGERS
ANDREW HUGHETT
HEATHER COOK
DOUG SANDIDGE, CISA, CFE
State Auditors***

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

ROANE COUNTY, TENNESSEE

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Summary of Audit Findings

Annual Financial Report
Roane County, Tennessee
For the Year Ended June 30, 2019

Scope

We have audited the basic financial statements of Roane County as of and for the year ended June 30, 2019.

Results

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

Our audit resulted in two findings and recommendations, which we have reviewed with Roane County management. Detailed findings, recommendations, and management's responses are included in the Single Audit section of this report.

Findings

The following are summaries of the audit findings:

OFFICE OF COUNTY EXECUTIVE

- ◆ The Ambulance Service had accounting deficiencies.

OFFICE OF DIRECTOR OF SCHOOLS

- ◆ Expenditures exceeded appropriations in one of 25 major appropriations categories of the General Purpose School Fund.

INTRODUCTORY SECTION

Roane County Officials

June 30, 2019

Officials

Ron Woody, County Executive
Dennis Ferguson, Road Superintendent
Gary Aytes, Director of Schools
Chris Mason, Trustee
Molly Hartup, Assessor of Property
Beth Johnson, County Clerk
Ann Goldston, Circuit and General Sessions Courts Clerk
Shannon Conley, Clerk and Master
Sharon Brackett, Register of Deeds
Jack Stockton, Sheriff
Connie Aytes, Director of Accounts and Budgets
Lynn Farnham, Purchasing Agent

Board of County Commissioners

Randy Ellis, Chairman	
David Bell	Shannon Hester
Ron Berry	Allen Hickman
Charlotte Bowers	Mike Hooks
David Brashears	Darryl Meadows
Benny East	Stanley Moore
Ben Gann	Jerry White
Junior Hendrickson	Ben Wilson

Board of Education

Nadine Jackson, Chairperson	Vic King
Larry Brackett	Darrell Langley
Sam Cox	Michael Miller
Rob Jago	Michael Taylor
Hugh Johnson	Danny Wright

Audit Committee

Suzy Jones, Chairman	Doris Thompson
Vic King	Harriet Walker
Darryl Meadows	

FINANCIAL SECTION



JUSTIN P. WILSON
Comptroller

JASON E. MUMPOWER
Deputy Comptroller

Independent Auditor's Report

Roane County Executive and
Board of County Commissioners
Roane County, Tennessee

To the County Executive and Board of County Commissioners:

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of Roane County, Tennessee, as of and for the year ended June 30, 2019, 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 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, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of Roane County, Tennessee, as of June 30, 2019, and the respective changes in financial position and, where applicable, cash flows thereof and the respective budgetary comparison 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.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, and the schedules of changes in the county's net pension liability and related ratios, schedules of county and school contributions, schedule of school's proportionate share of the net pension liability, and schedules of county and school changes in the total other postemployment benefits liability and related ratios, as listed in the table of contents, 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 Roane County's basic financial statements. The combining and individual nonmajor fund financial statements, budgetary comparison schedules of nonmajor governmental funds, the major debt service funds, and the General Capital Projects Fund, combining and individual fund financial statements of the Roane County School Department (a discretely presented component unit), miscellaneous schedules and the other information such as the introductory section and management's corrective action plans are presented for purposes of additional analysis and are not a required part of the basic financial statements. The schedule of expenditures of federal awards is also presented for purposes of additional analysis as required by Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, and is not a required part of the basic financial statements.

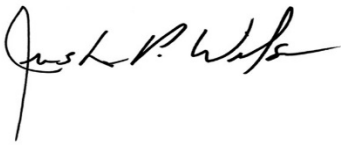
The combining and individual nonmajor fund financial statements, budgetary comparison schedules of nonmajor governmental funds, the major debt service funds, and the General Capital Projects Fund, combining and individual fund financial statements of the Roane County School Department (a discretely presented component unit), schedule of expenditures of federal awards, 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, the major debt service funds, and the General Capital Projects Fund, combining and individual fund financial statements of the Roane County School Department (a discretely presented component unit), schedule of expenditures of federal awards, and miscellaneous schedules are fairly stated in all material respects in relation to the basic financial statements as a whole.

The introductory section and management's corrective action plans have 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 them.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated October 31, 2019, on our consideration of Roane 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 solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of Roane County's 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 Roane County's internal control over financial reporting and compliance.

Very truly yours,

A handwritten signature in black ink, appearing to read "Justin P. Wilson". The signature is fluid and cursive, with a long vertical stroke at the end.

Justin P. Wilson
Comptroller of the Treasury
Nashville, Tennessee

October 31, 2019

JPW/tg

**Roane County, Tennessee
Management's Discussion and Analysis
For the Year Ended June 30, 2019**

This discussion and analysis of Roane County's financial performance provides an overall view of the county's financial activities for the year ended June 30, 2019. In addition, this discussion and analysis includes an overall view of the Discretely Presented Component Unit (DPCU) Roane County School Department. A separate set of financial statements is not issued for the Roane County School Department. The intent of this discussion and analysis is to look at the county's and the DPCU School Department's financial performance as a whole. Readers should also review the notes to the basic financial statements to enhance their understanding of the county's financial performance as well as the DPCU School Department's financial performance.

FINANCIAL HIGHLIGHTS FOR FY 2019

Key financial highlights for 2019 are as follows:

In total, net position of the primary government increased by \$6.1 million, and net position of the DPCU School Department increased by \$5.6 million. In the primary government, most of the negative unrestricted net position balance (\$3.9 million) is related to the fact that school buildings constructed with county debt are recorded as an asset for the DPCU School Department while the debt issued to fund those capital assets is recorded as a liability for the primary government. Net position of the primary government is related to governmental and business-type activities. Net position of the DPCU School Department is related to governmental activities.

General revenues of the primary government accounted for \$21.5 million in revenue or 60 percent of all revenues. Program specific revenues in the form of charges for services, operating grants and contributions, and capital grants and contributions accounted for \$14.3 million or 40 percent of total revenues of \$35.9 million. General revenues of the DPCU School Department were \$59.3 million.

Total assets in the primary government were \$101.2 million as net taxes receivable totaled \$17.6 million; cash totaled \$30.8 million; capital assets, net of accumulated depreciation totaled \$47.5 million, and net pension assets totaled \$3.1 million. Total assets in the DPCU School Department were \$98.9 million as net taxes receivable totaled \$16.1 million; cash totaled \$11.3 million; capital assets, net of accumulated depreciation totaled \$64.2 million, and net pension assets totaled \$5 million.

The primary government had \$29.7 million in expenses related to governmental activities, with \$14.3 million of these expenses offset by program specific charges for services, grants, or contributions. General revenues (primarily property taxes of \$15.3 million) were adequate to provide current funding for these programs. The DPCU School Department had \$60.3 million in expenses related to governmental activities; \$6.6 million of these expenses were offset by program specific charges for services, grants, or contributions. General revenues of the DPCU School Department (primarily Basic Education Program revenues of

\$31.1 million and property taxes and sales taxes of \$15.7 and \$8.6 million, respectively) were adequate to provide current funding for these programs.

Among major governmental funds, the General Fund had \$17.8 million in revenues and \$17 million in expenditures. The Highway/Public Works Fund had \$3.9 million in revenues and \$3.1 million in expenditures. The General Debt Service Fund had \$3.3 million in revenues and \$3.1 million in expenditures. The Rural Debt Service Fund had \$1.5 million in revenues and \$1.6 million in expenditures. The General Capital Project Fund had \$1.4 million in revenues and \$2.6 million in expenditures. Fund balance for the General and Highway/Public Works funds decreased by \$155 thousand and \$688 thousand, respectively. Fund balances for the General Debt Service increased by \$853 thousand and Rural Debt Service decreased by \$149 thousand. Fund balance for the General Capital Project Fund increased by \$6.6 million. The major Public Utility Fund (business-type activity) had operating revenues of \$1.2 million and operating expenses of \$954 thousand.

Using This Annual Financial Report (AFR)

This annual financial report consists of a series of financial statements and notes to those statements. These statements are organized so the reader can understand Roane County as a financial whole (and entire operating entity). The statements then proceed to provide an increasingly detailed look at specific financial activities.

The Statement of Net Position and the Statement of Activities present an aggregate view of the entire county's finances. Fund financial statements provide the next level of detail. For governmental funds, these statements tell how services were financed in the short-term as well as what remains for future spending. The fund financial statements also look at the county's most significant funds with all other nonmajor funds presented in total in one column. In the case of Roane County, the General Fund is by far the most significant fund. Other major funds include the Highway/Public Works, General Debt Service, Rural Debt Service, and General Capital Projects fund. In the case of the DPCU School Department, the General Purpose School fund is the only major fund.

Reporting the County as a Whole

Statement of Net Position and the Statement of Activities

While this document contains a large number of funds used by the county and the DPCU School Department to provide programs and financial activities during 2019, the Statement of Net Position and the Statement of Activities provide a broader picture of the financial activities during 2019. These statements include all assets and liabilities using the accrual basis of accounting similar to the accounting method used by most private-sector companies. This basis of accounting takes into account all of the current-year's revenues and expenses regardless of when cash is received or paid.

These two statements report the county's net position and changes in those positions as well as those of the county's discretely presented component units. This change in position is important because it tells the reader that, for the county and its discretely presented component units as a whole, whether their financial position has improved or diminished. The cause of this change may be the result of many factors, some financial, some not.

In the Statement of Net Position and the Statement of Activities, the county reports its activities as governmental and business-type. The county's governmental activities reported here include: general government; finance; administration of justice; public safety; public health and welfare; social, cultural, and recreational services; agriculture and natural resources; highways; education; and interest on long-term debt. The county's business-type activities report sewer water treatment.

These services are funded primarily by taxes and intergovernmental revenues, including federal and state grants and other shared revenues. For the DPCU School Department, its activities are also reported as governmental activities. The DPCU School Department's programs and services are reported there. These services are also funded primarily by taxes and intergovernmental revenues including federal and state grants and other shared revenues.

Reporting on the County's Most Significant Funds

Fund Financial Statements

A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The county and its DPCU School Department, like other state and local governments, use fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds of the county and the DPCU School Department can be divided into three categories: governmental, proprietary, and fiduciary.

Fund financial reports provide detailed information about the county's major funds. The county uses many funds to account for a multitude of financial transactions. However, these fund financial statements focus on the county's most significant funds. The county's major governmental funds are the General, Highway/Public Works, General Debt Service, Rural Debt Service and General Capital Projects fund. The DPCU School Department's major governmental fund is the General Purpose School fund.

Governmental Funds – Governmental funds are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on near-term inflows and outflows of spendable resources, as well as on balances of spendable resources available at the end of the fiscal year. Such information may be useful in evaluating a government's near-term financing requirements.

Because the focus of the governmental funds is narrower than that of the government-wide statements, it is useful to compare the information presented for governmental funds with similar information presented for governmental activities in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the government's near-term financing decisions. Both the governmental fund balance sheet and the governmental fund statement of revenues, expenditures, and changes in fund balances provide a reconciliation to facilitate this comparison between governmental funds and governmental activities.

The county and the DPCU School Department maintain many individual governmental funds. Information is presented separately in the governmental funds balance sheet and in the governmental statement of revenues, expenditures, and changes in fund balances for the major funds, which were identified earlier. Data from the other governmental funds are combined into a single aggregated presentation. Individual fund data for each of these nonmajor governmental funds is provided in the form of combining statements elsewhere in this report. Please refer to the Table of Contents to locate these statements.

Proprietary Funds – Proprietary funds are used to account for activities where the emphasis is placed on net income determination. The county maintained two different types of proprietary funds – an enterprise fund and two internal service funds. Enterprise funds are used to report the same functions presented as business-type activities in the government-wide financial statements. The county had one enterprise fund to account for sewer water treatment. Internal service funds are accounting devices used to accumulate and allocate costs internally among the county's various functions. The county uses two internal service funds. Specifically, the Workers' Compensation Fund and the Employee Dental Insurance Fund account for risk management activities related to workers' compensation risks and dental insurance provided to county employees and their dependents. Because internal service funds predominantly benefit governmental rather than business-type functions, their assets and liabilities have been included with governmental activities in the government-wide financial statements.

The county's enterprise fund, Public Utility Fund, is a major fund and is reported separately in the government-wide and fund financial statements. The internal service funds are combined within the governmental activities in the government-wide statements and are presented separately in the fund financial statements.

Fiduciary Funds – Fiduciary funds are used to account for resources held for the benefit of parties outside the county. Fiduciary funds are not reflected in the government-wide financial statements because the resources of those funds are not available to support the county's own programs. The accounting used to report fiduciary funds is much like that used to report proprietary funds. Please refer to the Table of Contents to locate these statements.

Notes to the Financial Statements – The notes to the financial statements provide additional information that is essential to the full understanding of the data provided in the government-wide and fund financial statements. Please refer to the Table of Contents to locate these notes.

Other information – In addition to the basic financial statements and accompanying notes, this report also presents combining and individual fund statements and schedules. Please refer to the Table of Contents to locate these statements and schedules.

Government-wide Financial Analysis

Net position may serve over time as a useful indicator of a government's financial position. In the case of the county, assets and deferred outflows of resources exceeded liabilities and deferred inflows of resources by \$40.3 million at the close of the most recent fiscal year. For

the DPCU School Department, assets and deferred outflows exceeded liabilities and deferred inflows of resources by \$75.3 million at the close of the most recent fiscal year.

A large portion of the county's net position reflects its investment in capital assets (e.g. land, buildings, infrastructure, machinery, and equipment), less any related debt used to acquire those assets that is still outstanding. The county uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending. The same holds true for the DPCU School Department. A large portion of its net position reflects its investment in capital assets as described above.

Although the county's and the DPCU School Department's investment in capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since capital assets cannot be used to liquidate these liabilities.

Table 1a provides a summary of the county's and the DPCU School Department's net position for 2019, for their governmental activities as well as a comparison with the prior year. Table 1b provides a summary of the county's net assets for 2019, for its business-type activities.

An additional portion of the county's net assets, \$16.4 million, represents resources that are subject to external restrictions on how they may be used. In the DPCU School Department, \$7.2 million of net assets are subject to external restrictions.

Table 2a shows the changes in net position for fiscal year 2019, and a comparison with the prior year for the county and the DPCU School Department for their governmental activities. Table 2b shows the changes in nets position for fiscal year 2019, and a comparison with the prior year for the county's business-type activities.

Table 1a
Roane County Government and DPCU School Department Net Position

Governmental Activities

	Roane County Government		DPCU School Department	
	2019	2018	2019	2018
Assets:				
Current and Other Assets	\$ 51,929,968	\$ 39,730,678	\$ 34,768,795	\$ 27,512,507
Capital Assets	41,345,620	41,330,799	64,171,009	66,492,300
Total Assets	\$ 93,275,588	\$ 81,061,477	\$ 98,939,804	\$ 94,004,807
Deferred Outflows of Resources				
Deferred Amounts Related to Pensions	\$ 938,306	\$ 1,206,189	\$ 5,271,067	\$ 5,343,208
Deferred Amounts Related to OPEB	127,013	122,583	1,987,768	535,153
Total Deferred Outflows of Resources	\$ 1,065,319	\$ 1,328,772	\$ 7,258,835	\$ 5,878,361
Liabilities:				
Long-term Liabilities Outstanding	\$ 31,114,650	\$ 33,389,661	\$ 8,430,543	\$ 8,889,350
Other Liabilities	7,764,285	1,829,885	1,884,788	383,180
Total Liabilities	\$ 38,878,935	\$ 35,219,546	\$ 10,315,331	\$ 9,272,530
Deferred Inflows of Resources:				
Deferred Current Property Taxes	\$ 17,158,961	\$ 15,365,693	\$ 15,684,625	\$ 15,255,890
Deferred Amounts Related to Pensions	767,777	635,126	4,594,173	5,356,415
Deferred Amounts Related to OPEB	711,157	200,542	317,438	342,797
Deferred Amounts Related to Refunding	188,858	287,871	0	0
Total Deferred Inflows of Resources	\$ 18,826,753	\$ 16,489,232	\$ 20,596,236	\$ 20,955,102
Net Position:				
Net Investment in Capital Assets	\$ 24,116,923	\$ 23,059,004	\$ 64,171,009	\$ 66,492,300
Restricted	16,407,112	14,200,426	7,224,755	4,050,196
Unrestricted	(3,888,816)	(6,577,959)	3,891,308	(886,960)
Total Net Position	\$ 36,635,219	\$ 30,681,471	\$ 75,287,072	\$ 69,655,536

Table 1b
Roane County Government Net Position

Business-type Activities

	<u>Roane County Government</u>	
	<u>2019</u>	<u>2018</u>
Assets:		
Current and Other Assets	\$ 1,790,023	\$ 1,494,525
Capital Assets	6,133,073	6,471,283
Total Assets	<u>\$ 7,923,096</u>	<u>\$ 7,965,808</u>
Deferred Outflows of Resources:		
Deferred Amounts Related to Pensions	\$ 21,658	\$ 25,934
Deferred Amounts Related to OPEB	1,934	0
Total Deferred Outflows of Resources	<u>\$ 23,592</u>	<u>\$ 25,934</u>
Liabilities:		
Long-term Liabilities Outstanding	\$ 4,031,059	\$ 4,459,564
Other Liabilities	239,906	21,558
Total Liabilities	<u>\$ 4,270,965</u>	<u>\$ 4,481,122</u>
Deferred Inflows of Resources:		
Deferred Amounts Related to Pensions	\$ 18,201	\$ 13,377
Deferred Amounts Related to OPEB	12,299	3,054
Total Deferred Inflows of Resources	<u>\$ 30,500</u>	<u>\$ 16,431</u>
Net Position:		
Net Investment in Capital Assets	\$ 1,943,256	\$ 2,075,989
Restricted	69,947	42,717
Unrestricted	1,632,020	1,375,483
Total Net Position	<u>\$ 3,645,223</u>	<u>\$ 3,494,189</u>

Table 2a

Roane County Government and DPCU School Department Changes in Net Position

Governmental Activities

	<u>Roane County Government</u>		<u>DPCU School Department</u>	
	<u>2019</u>	<u>2018</u>	<u>2019</u>	<u>2018</u>
Revenues:				
Program Revenues:				
Charges for Services	\$ 8,636,934	\$ 7,882,781	\$ 1,070,850	\$ 1,010,253
Operating Grants and Contributions	3,539,714	3,910,646	5,483,862	6,061,166
Capital Grants and Contributions	965,208	978,778	66,478	133,244
General Revenues:				
Property Taxes	15,340,531	15,368,999	15,737,026	15,823,751
Sales Taxes	1,161,741	978,820	8,601,211	6,925,683
Other Taxes	1,649,565	1,638,805	33,166	12,136
Grants and Contributions Not Restricted to Specific Programs	2,897,984	3,020,389	34,417,610	33,820,696
Unrestricted Investment Earnings	322,143	249,148	386,364	137,077
Gain on Investments	4,146	0	6,286	0
Miscellaneous	86,320	186,540	112,534	83,823
Gain on Disposal of Equipment	54,642	78,529	0	0
Total Revenues	<u>\$ 34,658,928</u>	<u>\$ 34,293,435</u>	<u>\$ 65,915,387</u>	<u>\$ 64,007,829</u>
Expenses:				
General Government	\$ 2,594,141	\$ 4,949,065	\$ 0	\$ 0
Finance	2,316,990	2,253,223	0	0
Administration of Justice	2,300,199	2,196,067	0	0
Public Safety	8,970,660	8,071,951	0	0
Public Health and Welfare	5,584,895	5,034,732	0	0
Social, Cultural, and Recreational Services	650,934	1,003,038	0	0
Agriculture and Natural Resources	115,417	163,778	0	0
Highways	4,716,295	4,062,292	0	0
Education	746,064	632,217	60,283,851	63,963,971
Interest on Long-term Debt	709,585	1,244,189	0	0
Total Expenses	<u>\$ 28,705,180</u>	<u>\$ 29,610,552</u>	<u>\$ 60,283,851</u>	<u>\$ 63,963,971</u>
Insurance Recovery	\$ 0	\$ 0	\$ 0	\$ 0
Change in Net Position	\$ 5,953,748	\$ 4,682,883	\$ 5,631,536	\$ 43,858
Restatement	0	250,255	0	(445,265)
Net Position, July 1	<u>30,681,471</u>	<u>25,748,333</u>	<u>69,655,536</u>	<u>70,056,943</u>
Net Position, June 30	<u><u>\$ 36,635,219</u></u>	<u><u>\$ 30,681,471</u></u>	<u><u>\$ 75,287,072</u></u>	<u><u>\$ 69,655,536</u></u>

Table 2b
Roane County Government Changes in Net Position

Business-type Activities

	<u>Roane County Government</u>	
	2019	2018
Revenues:		
Program Revenues:		
Charges for Services	\$ 1,187,412	\$ 1,009,969
Miscellaneous	8,189	0
Total Revenues	<u>\$ 1,195,601</u>	<u>\$ 1,009,969</u>
Expenses:		
Public Utility	\$ 1,044,567	\$ 1,090,282
Total Expenses	<u>\$ 1,044,567</u>	<u>\$ 1,090,282</u>
Change in Net Position	\$ 151,034	\$ (80,313)
Restatement	0	(60,104)
Net Position, July 1	<u>3,494,189</u>	<u>3,634,606</u>
Net Position, June 30	<u><u>\$ 3,645,223</u></u>	<u><u>\$ 3,494,189</u></u>

Expenses for Public Safety of \$9 million, consisting primarily of the law enforcement and jail operating cost, accounted for approximately 31 percent of the \$28.7 million total expenses for governmental activities. Of that \$28.7 million in governmental activities expenses, \$8.6 million was covered by direct charges to users of the services. A significant portion of those charges are for fees associated with the court system and ambulance service patient charges.

Financial Analysis of the Government's Funds

As noted earlier, the county and DPCU School Department use fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

Governmental Funds. The focus of the county's governmental funds is to provide information on near-term inflows, outflows, and balances of spendable resources. Such information is useful in assessing the county's and the DPCU School Department's financing requirements. In particular, unassigned fund balance may serve as a useful measure of net resources available for spending at the end of the fiscal year.

As of the end of the current fiscal year, the county's governmental funds reported combined ending fund balances of \$28 million. Approximately \$2.8 million of this total constitutes unassigned fund balance within the General Fund, which is available for appropriation at the government's discretion within certain legal constraints and purpose restrictions. The remainder of fund balance is restricted, committed, or assigned to indicate that it is available for spending only in certain limited instances. In the DPCU School Department's governmental funds, combined ending fund balances were \$11.3 million. Approximately \$6.8 million of this total constitutes unassigned fund balance.

Financial Comparisons - Primary Government

The General Fund is the chief operating fund of the county. At the end of the current fiscal year, unassigned fund balance of the General Fund was \$2.8 million, while total fund balance was \$7.4 million. As a measure of the General Fund's liquidity, it may be useful to compare both unassigned fund balance and total fund balance to total fund expenditures. Unassigned fund balance represents approximately 16 percent of total General Fund expenditures, while total fund balance represents 44 percent of that same amount.

The fund balance of the county's General Fund decreased by \$155 thousand during the current fiscal year.

The Highway/Public Works Fund experienced a decrease in fund balance due to an unexpected rain disaster to our roads. Expenditures exceeded revenue and other sources by \$688 thousand giving an ending fund balance of \$1.5 million.

The General Debt Service Fund had a net increase of \$853 thousand in fund balance.

The Rural Debt Service Fund decreased by \$149 thousand during the current fiscal year.

The General Capital Projects Fund had a net increase of \$6.6 million due to a hold on the Oliver Springs High School construction project that had a shortfall of \$3.9 million in its original cost of construction. The ending fund balance was \$9.3 million.

Roane County's budgeting process is prescribed by *Tennessee Code Annotated*. Essentially the budget is the county's appropriations that are restricted by the amounts of anticipated revenues; therefore, the county's plans and desires cannot be totally reflected in the original budget. If budgeted revenues are adjusted due to actual activity, then the appropriations can be adjusted accordingly.

Proprietary Funds. The financial statements of the Internal Service Funds reflect the operations of the county's dental and workers' compensation self-insured risk financing activities. These activities have been consolidated under the revenues and expenses for governmental activities on the government-wide financial statements.

Financial Comparison - DPCU School Department

The General Purpose School Fund is the chief operating fund of the DPCU School Department. At the end of the current fiscal year, unassigned fund balance of the General Purpose School Fund was \$6.8 million, while total fund balance was \$7.7 million. As a measure of the General Purpose School Fund's liquidity, it may be useful to compare both unassigned fund balance and total fund balance to total fund expenditures. Unassigned fund balance represents approximately 13 percent of total General Purpose School Fund expenditures, while total fund balance represents 15 percent of that same amount.

Capital Assets

The county's investment in capital assets for its governmental activities as of June 30, 2019, totals \$26.1 million (net of accumulated depreciation and related debt). This

investment in capital assets includes land, buildings and systems, improvements, equipment, roads, highways, and bridges. The DPCU School Department's investment in capital assets for its governmental activities as of June 30, 2019, totals \$64.2 million (net of accumulated depreciation). The Notes to the Financial Statements provide additional information on capital assets activity for the year.

Debt Administration

At the end of the 2019 fiscal year, the county's governmental activities had total long-term debt outstanding of \$33 million. Of this amount, all is backed by the full faith and credit of the county. The county maintains an Aa2 rating for Moody's and an AA rating for Standard and Poor's for general obligation debt. The county's business-type activities had long-term debt outstanding of \$4.2 million.

In addition to the debt noted above, county long-term obligations include compensated absences, landfill post closure care costs, and other post-employment benefits. Additional information on the county's long-term obligations can be found in the Notes to the Financial Statements.

Interest and fiscal charges totaled 2.5 percent of the total expenses for governmental activities.

Economic Factors and Next Year's Budgets and Rates

The most recent unemployment rate for the county is 4.9 percent compared to the lower rate of 3.3 percent a year ago. The state's average unemployment rate is currently 4.0 percent and the national average is 3.7 percent. Economic trends in the region are consistent with national indices. All of these factors were considered in preparing the county's budget for the 2020 fiscal year. At the end of the 2019 fiscal year, unassigned fund balance in the General Fund was \$2.8 million. The county has budgeted to use \$2.6 million from this fund balance for fiscal year 2020. Included in the \$2.6 million is \$1.8 million of potential fallout (unspent budget).

Request for Information

This financial report is designed to provide a general overview of the county's finances for all those with an interest in the government's finances. For questions concerning any of the information provided in this report, please contact the Accounting and Budgeting Office at 200 East Race Street, Suite 1, Kingston, Tennessee 37763.

BASIC FINANCIAL STATEMENTS

Exhibit A

Roane County, Tennessee
Statement of Net Position
June 30, 2019

	Primary Government			Component Unit
	Governmental Activities	Business-type Activities	Total	Roane County School Department
<u>ASSETS</u>				
Cash	\$ 40,131	\$ 4,385	\$ 44,516	\$ 92,172
Equity in Pooled Cash and Investments	29,092,555	1,671,631	30,764,186	11,211,229
Accounts Receivable	1,427,309	63,941	1,491,250	79,940
Allowance for Uncollectibles	(695,478)	(41,580)	(737,058)	0
Due from Primary Government	0	0	0	60,869
Due from Component Unit	18	0	18	0
Due from Other Governments	1,385,095	0	1,385,095	2,137,530
Property Taxes Receivable	18,329,149	0	18,329,149	16,811,852
Allowance for Uncollectible Property Taxes	(767,073)	0	(767,073)	(728,296)
Prepaid Items	51,730	21,699	73,429	2,615
Restricted Assets	86,328	0	86,328	126,056
Net Pension Asset - Agent Plan (Legacy)	2,871,285	68,414	2,939,699	2,282,719
Net Pension Asset - Agent Plan (Hybrid)	108,919	1,533	110,452	56,192
Net Pension Asset - Teacher Legacy Plan	0	0	0	2,451,521
Net Pension Asset - Teacher Retirement Plan	0	0	0	184,396
Capital Assets:				
Assets Not Depreciated:				
Land	5,558,547	5,000	5,563,547	1,338,172
Construction in Progress	10,010	0	10,010	297,298
Assets Net of Accumulated Depreciation:				
Buildings and Improvements	11,475,899	253,107	11,729,006	59,667,251
Other Capital Assets	3,425,827	176,529	3,602,356	2,868,288
Infrastructure - Roads, Streets, and Bridges	20,875,337	5,698,437	26,573,774	0
Total Assets	\$ 93,275,588	\$ 7,923,096	\$ 101,198,684	\$ 98,939,804

(Continued)

Exhibit A

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

	Primary Government			Component Unit
	Governmental Activities	Business-type Activities	Total	Roane County School Department
<u>DEFERRED OUTFLOWS OF RESOURCES</u>				
Pension Changes in Experience	\$ 67,928	\$ 956	\$ 68,884	\$ 541,025
Pension Changes in Assumptions	439,849	10,449	450,298	1,805,404
Pension Contributions after Measurement Date	430,529	10,253	440,782	2,858,889
Pension Changes in Proportion	0	0	0	65,749
OPEB Changes in Experience	0	0	0	971,601
OPEB Changes in Assumptions	0	0	0	206,158
OPEB Changes in Proportion	0	0	0	351,841
OPEB Contributions After Measurement Date	127,013	1,934	128,947	458,168
Total Deferred Outflows of Resources	\$ 1,065,319	\$ 23,592	\$ 1,088,911	\$ 7,258,835
<u>LIABILITIES</u>				
Accounts Payable	\$ 418,207	\$ 19,515	\$ 437,722	\$ 275,129
Contracts Payable	1,700	0	1,700	0
Accrued Payroll	230,742	4,923	235,665	65,537
Accrued Interest Payable	85,401	0	85,401	0
Payroll Deductions Payable	180,246	5,923	186,169	1,335,578
Due To Primary Government	0	0	0	18
Due To Component Units	60,869	0	60,869	0
Claims and Judgments Payable	465,093	0	465,093	0
Due to State of Tennessee	10,085	0	10,085	0
Other Current Liabilities	0	0	0	68,672

(Continued)

Exhibit A

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

	Primary Government			Component Unit
	Governmental Activities	Business-type Activities	Total	Roane County School Department
<u>LIABILITIES</u> (Cont.)				
Noncurrent Liabilities:				
Due Within One Year - Debt	\$ 5,860,316	\$ 209,545	\$ 6,069,861	\$ 0
Due Within One Year - Other	451,626	0	451,626	139,854
Due in More Than One Year - Debt	27,941,970	3,980,272	31,922,242	0
Due in More Than One Year - Other	3,172,680	50,787	3,223,467	8,430,543
Total Liabilities	<u>\$ 38,878,935</u>	<u>\$ 4,270,965</u>	<u>\$ 43,149,900</u>	<u>\$ 10,315,331</u>
<u>DEFERRED INFLOWS OF RESOURCES</u>				
Deferred Current Property Taxes	\$ 17,158,961	\$ 0	\$ 17,158,961	\$ 15,684,625
Pension Changes in Experience	621,807	14,764	636,571	3,807,547
Pension Changes in Proportion	0	0	0	127,803
Pension Changes in Investment Earnings	145,970	3,437	149,407	658,823
Deferred Difference on Refunding	188,858	0	188,858	0
OPEB Changes in Experience	331,427	5,732	337,159	0
OPEB Changes in Assumptions	379,730	6,567	386,297	317,438
Total Deferred Inflows of Resources	<u>\$ 18,826,753</u>	<u>\$ 30,500</u>	<u>\$ 18,857,253</u>	<u>\$ 20,596,236</u>

(Continued)

Exhibit A

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

	Primary Government			Component Unit
	Governmental Activities	Business-type Activities	Total	Roane County School Department
<u>NET POSITION</u>				
Net Investment in Capital Assets	\$ 24,116,923	\$ 1,943,256	\$ 26,060,179	\$ 64,171,009
Restricted for:				
General	121,756	0	121,756	0
Administration of Justice	164,515	0	164,515	0
Public Safety	687,966	0	687,966	0
Public Health and Welfare	2,375,269	0	2,375,269	0
Highways	1,707,744	0	1,707,744	0
Debt Service	3,742,996	0	3,742,996	0
Capital Projects	4,054,405	0	4,054,405	769,711
Education	485,929	0	485,929	1,354,160
Pensions	3,066,532	69,947	3,136,479	5,100,884
Unrestricted	(3,888,816)	1,632,020	(2,256,796)	3,891,308
Total Net Position	<u>\$ 36,635,219</u>	<u>\$ 3,645,223</u>	<u>\$ 40,280,442</u>	<u>\$ 75,287,072</u>

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

Exhibit B

Roane County, Tennessee
Statement of Activities
For the Year Ended June 30, 2019

					Net (Expense) Revenue and Changes in Net Position				Component Unit
		Program Revenues			Primary Government			Roane County School Department	
Functions/Programs	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-type Activities	Total		
Primary Government:									
Governmental Activities:									
General Government	\$ 2,594,141	\$ 864,647	\$ 73,688	\$ 43,500	\$ (1,612,306)	\$ 0	\$ (1,612,306)	\$ 0	
Finance	2,316,990	1,492,858	0	0	(824,132)	0	(824,132)	0	
Administration of Justice	2,300,199	1,232,494	87,934	0	(979,771)	0	(979,771)	0	
Public Safety	8,970,660	1,348,801	170,194	326,696	(7,124,969)	0	(7,124,969)	0	
Public Health and Welfare	5,584,895	2,685,726	530,479	280,889	(2,087,801)	0	(2,087,801)	0	
Social, Cultural, and Recreational Services	650,934	234,829	0	0	(416,105)	0	(416,105)	0	
Agriculture and Natural Resources	115,417	0	12,258	0	(103,159)	0	(103,159)	0	
Highways	4,716,295	0	2,566,845	314,123	(1,835,327)	0	(1,835,327)	0	
Education	746,064	777,579	98,316	0	129,831	0	129,831	0	
Interest on Long-term Debt	709,585	0	0	0	(709,585)	0	(709,585)	0	
Total Governmental Activities	\$ 28,705,180	\$ 8,636,934	\$ 3,539,714	\$ 965,208	\$ (15,563,324)	\$ 0	\$ (15,563,324)	\$ 0	
Business-type Activities:									
Public Utility	\$ 1,044,567	\$ 1,187,412	\$ 0	\$ 0	\$ 0	\$ 142,845	\$ 142,845	\$ 0	
Total Business-type Activities	\$ 1,044,567	\$ 1,187,412	\$ 0	\$ 0	\$ 0	\$ 142,845	\$ 142,845	\$ 0	
Total Primary Government	\$ 29,749,747	\$ 9,824,346	\$ 3,539,714	\$ 965,208	\$ (15,563,324)	\$ 142,845	\$ (15,420,479)	\$ 0	
Component Unit:									
Roane County School Department	\$ 60,283,851	\$ 1,070,850	\$ 5,483,862	\$ 66,478	\$ 0	\$ 0	\$ 0	\$ (53,662,661)	
Total Component Unit	\$ 60,283,851	\$ 1,070,850	\$ 5,483,862	\$ 66,478	\$ 0	\$ 0	\$ 0	\$ (53,662,661)	

(Continued)

Exhibit B

Roane County, Tennessee
Statement of Activities (Cont.)

		Net (Expense) Revenue and Changes in Net Position						
		Program Revenues						Component Unit
		Charges for	Operating Grants and	Capital Grants and	Primary Government			Roane County School
Functions/Programs	Expenses	Services	Contributions	Contributions	Governmental Activities	Business-type Activities	Total	Department
General Revenues:								
Taxes:								
Property Taxes Levied for General Purposes					\$ 8,932,994	\$ 0	\$ 8,932,994	\$ 15,737,026
Property Taxes Levied for Highways					1,265,463	0	1,265,463	0
Property Taxes Levied for Debt Service					3,530,016	0	3,530,016	0
Property Taxes Levied for Other Purposes					1,612,058	0	1,612,058	0
Local Option Sales Taxes					1,161,741	0	1,161,741	8,601,211
Other Local Taxes:								
Litigation Tax					690,808	0	690,808	0
Business Tax					642,388	0	642,388	0
Wholesale Beer Tax					167,687	0	167,687	0
Other Local Taxes					148,682	0	148,682	33,166
Grants and Contributions Not Restricted to Specific Programs					2,897,984	0	2,897,984	34,417,610
Unrestricted Investment Income					322,143	0	322,143	386,364
Gain on Investments					4,146	0	4,146	6,286
Miscellaneous					86,320	8,189	94,509	112,534
Gain on Sale of Equipment					54,642	0	54,642	0
Total General Revenues					\$ 21,517,072	\$ 8,189	\$ 21,525,261	\$ 59,294,197
Change in Net Position								
Net Position, July 1, 2018					5,953,748	151,034	6,104,782	5,631,536
Net Position, June 30, 2019					30,681,471	3,494,189	34,175,660	69,655,536
Net Position, June 30, 2019								
					\$ 36,635,219	\$ 3,645,223	\$ 40,280,442	\$ 75,287,072

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

Exhibit C-1

Roane County, Tennessee
 Balance Sheet
 Governmental Funds
 June 30, 2019

	Major Funds				
	General	Highway / Public Works	General Debt Service	Rural Debt Service	General Capital Projects
<u>ASSETS</u>					
Cash	\$ 28,523	\$ 1,571	\$ 0	\$ 0	\$ 0
Equity in Pooled Cash and Investments	6,453,161	1,957,652	2,967,178	437,514	9,254,006
Accounts Receivable	139,865	0	75,030	0	24,124
Allowance for Uncollectibles	0	0	0	0	0
Due from Other Governments	602,341	444,137	0	0	146,953
Due from Other Funds	719,541	23,625	0	0	0
Due from Component Units	0	0	0	0	0
Property Taxes Receivable	9,636,384	1,366,863	3,287,323	2,177,757	683,432
Allowance for Uncollectible Property Taxes	(417,964)	(59,286)	(116,279)	(90,511)	(29,643)
Prepaid Items	51,730	0	0	0	0
Restricted Assets	67,618	0	0	0	0
Total Assets	\$ 17,281,199	\$ 3,734,562	\$ 6,213,252	\$ 2,524,760	\$ 10,078,872
<u>LIABILITIES</u>					
Accounts Payable	\$ 236,552	\$ 9,418	\$ 2,098	\$ 0	\$ 31,951
Accrued Payroll	163,951	22,391	0	0	0
Payroll Deductions Payable	123,698	19,952	0	0	0
Contracts Payable	0	0	0	0	1,700
Due to Other Funds	2,100	700,000	0	0	4,269
Due to Component Units	0	0	0	0	58,522
Due to State of Tennessee	10,085	0	0	0	0
Total Liabilities	\$ 536,386	\$ 751,761	\$ 2,098	\$ 0	\$ 96,442

(Continued)

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

	Major Funds				
	General	Highway / Public Works	General Debt Service	Rural Debt Service	General Capital Projects
<u>DEFERRED INFLOWS OF RESOURCES</u>					
Deferred Current Property Taxes	\$ 8,989,151	\$ 1,275,057	\$ 3,123,889	\$ 2,040,091	\$ 637,529
Deferred Delinquent Property Taxes	193,156	27,398	39,728	40,598	13,699
Other Deferred/Unavailable Revenue	113,476	222,068	0	0	0
Total Deferred Inflows of Resources	<u>\$ 9,295,783</u>	<u>\$ 1,524,523</u>	<u>\$ 3,163,617</u>	<u>\$ 2,080,689</u>	<u>\$ 651,228</u>
<u>FUND BALANCES</u>					
Nonspendable:					
Prepaid Items	\$ 51,730	\$ 0	\$ 0	\$ 0	\$ 0
Long-term Receivable	612,500	0	0	0	0
Restricted:					
Restricted for General Government	121,756	0	0	0	0
Restricted for Administration of Justice	164,515	0	0	0	0
Restricted for Public Safety	48,467	0	0	0	0
Restricted for Public Health and Welfare	0	0	0	0	0
Restricted for Highways/Public Works	0	1,458,278	0	0	0
Restricted for Capital Outlay	0	0	0	0	9,331,202
Restricted for Debt Service	0	0	3,047,537	444,071	0
Restricted for Hybrid Retirement Stabilization Funds	67,618	0	0	0	0
Committed:					
Committed for General Government	853,058	0	0	0	0
Committed for Public Health and Welfare	0	0	0	0	0
Committed for Social, Cultural, and Recreational Services	36,000	0	0	0	0
Assigned:					
Assigned for General Government	2,694,397	0	0	0	0
Assigned for Finance	2,589	0	0	0	0
Assigned for Administration of Justice	5,194	0	0	0	0

(Continued)

Exhibit C-1

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

	Major Funds				
	General	Highway / Public Works	General Debt Service	Rural Debt Service	General Capital Projects
<u>FUND BALANCES (Cont.)</u>					
Assigned (Cont.):					
Assigned for Public Safety	\$ 7,618	\$ 0	\$ 0	\$ 0	\$ 0
Assigned for Public Health and Welfare	1,534	0	0	0	0
Assigned for Social, Cultural, and Recreational Services	2,796	0	0	0	0
Unassigned	2,779,258	0	0	0	0
Total Fund Balances	<u>\$ 7,449,030</u>	<u>\$ 1,458,278</u>	<u>\$ 3,047,537</u>	<u>\$ 444,071</u>	<u>\$ 9,331,202</u>
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	<u>\$ 17,281,199</u>	<u>\$ 3,734,562</u>	<u>\$ 6,213,252</u>	<u>\$ 2,524,760</u>	<u>\$ 10,078,872</u>

(Continued)

Exhibit C-1

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

	Nonmajor Funds		Total Governmental Funds
	Other Govern- mental Funds		
<u>ASSETS</u>			
Cash	\$ 10,037	\$	40,131
Equity in Pooled Cash and Investments	6,173,723		27,243,234
Accounts Receivable	1,131,421		1,370,440
Allowance for Uncollectibles	(695,478)		(695,478)
Due from Other Governments	191,664		1,385,095
Due from Other Funds	2,100		745,266
Due from Component Units	18		18
Property Taxes Receivable	1,177,390		18,329,149
Allowance for Uncollectible Property Taxes	(53,390)		(767,073)
Prepaid Items	0		51,730
Restricted Assets	18,710		86,328
Total Assets	\$ 7,956,195	\$	47,788,840
<u>LIABILITIES</u>			
Accounts Payable	\$ 137,216	\$	417,235
Accrued Payroll	44,400		230,742
Payroll Deductions Payable	36,596		180,246
Contracts Payable	0		1,700
Due to Other Funds	28,782		735,151
Due to Component Units	2,347		60,869
Due to State of Tennessee	0		10,085
Total Liabilities	\$ 249,341	\$	1,636,028

(Continued)

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

	Nonmajor Funds		Total Governmental Funds
	Other Govern- mental Funds		
<u>DEFERRED INFLOWS OF RESOURCES</u>			
Deferred Current Property Taxes	\$ 1,093,244	\$	17,158,961
Deferred Delinquent Property Taxes	25,609		340,188
Other Deferred/Unavailable Revenue	299,902		635,446
Total Deferred Inflows of Resources	<u>\$ 1,418,755</u>	<u>\$</u>	<u>18,134,595</u>
<u>FUND BALANCES</u>			
Nonspendable:			
Prepaid Items	\$ 0	\$	51,730
Long-term Receivable	0		612,500
Restricted:			
Restricted for General Government	0		121,756
Restricted for Administration of Justice	0		164,515
Restricted for Public Safety	630,378		678,845
Restricted for Public Health and Welfare	2,148,619		2,148,619
Restricted for Highways/Public Works	0		1,458,278
Restricted for Capital Outlay	3,156,962		12,488,164
Restricted for Debt Service	250,934		3,742,542
Restricted for Hybrid Retirement Stabilization Funds	18,710		86,328
Committed:			
Committed for General Government	0		853,058
Committed for Public Health and Welfare	82,496		82,496
Committed for Social, Cultural, and Recreational Services	0		36,000
Assigned:			
Assigned for General Government	0		2,694,397
Assigned for Finance	0		2,589
Assigned for Administration of Justice	0		5,194

(Continued)

Exhibit C-1

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

FUND BALANCES (Cont.)

Assigned (Cont.):

Assigned for Public Safety

Assigned for Public Health and Welfare

Assigned for Social, Cultural, and Recreational Services

Unassigned

Total Fund Balances

Total Liabilities, Deferred Inflows of Resources, and Fund Balances

Nonmajor Funds			
Other			
Govern- mental Funds		Total Governmental Funds	
\$	0	\$	7,618
	0		1,534
	0		2,796
	0		2,779,258
\$	6,288,099	\$	28,018,217
\$	7,956,195	\$	47,788,840

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

Roane County, Tennessee
Reconciliation of the Balance Sheet of Governmental Funds
to the Statement of Net Position
June 30, 2019

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)		\$ 28,018,217
(1) Capital assets used in governmental activities are not financial resources and therefore are not reported in the governmental funds.		
Add: land	\$ 5,558,547	
Add: construction in progress	10,010	
Add: infrastructure net of accumulated depreciation	20,875,337	
Add: building and improvements net of accumulated depreciation	11,475,899	
Add: other capital assets net of accumulated depreciation	<u>3,425,827</u>	41,345,620
(2) Internal service funds are used by management to charge the cost of workers' compensation and employee dental benefits to individual funds. The assets and liabilities of the internal service funds are included in governmental activities in the statement of net position.		1,430,010
(3) Long-term liabilities are not due and payable in the current period and therefore are not reported in the governmental funds.		
Less: bonds payable	\$ (29,853,000)	
Less: other loans payable	(3,108,949)	
Less: deferred amount on refunding	(188,858)	
Less: unamortized premium on debt	(840,337)	
Less: compensated absences payable	(497,613)	
Less: landfill closure/postclosure care costs	(190,011)	
Less: net OPEB liability	(2,936,682)	
Less: accrued interest on bonds and other loans payable	<u>(85,401)</u>	(37,700,851)
(4) Amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions and OPEB will be amortized and recognized as components of expense in future years:		
Add: deferred outflows of resources related to pensions	\$ 938,306	
Less: deferred inflows of resources related to pensions	(767,777)	
Add: deferred outflows of resources related to OPEB	127,013	
Less: deferred inflows of resources related to OPEB	<u>(711,157)</u>	(413,615)
(5) Net pension assets are not current financial resources and therefore are not reported in the governmental funds:		
Add: net pension assets of the Agent Plan (Legacy)	\$ 2,871,285	
Add: net pension assets of the Agent Plan (Hybrid)	<u>108,919</u>	2,980,204
(6) Other long-term assets are not available to pay for current-period expenditures and therefore are deferred in the governmental funds.		<u>975,634</u>
Net position of governmental activities (Exhibit A)		<u>\$ 36,635,219</u>

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

Exhibit C-3

Roane County, Tennessee
Statement of Revenues, Expenditures,
and Changes in Fund Balances
Governmental Funds
For the Year Ended June 30, 2019

	Major Funds				
	General	Highway / Public Works	General Debt Service	Rural Debt Service	General Capital Projects
<u>Revenues</u>					
Local Taxes	\$ 10,901,931	\$ 1,331,515	\$ 2,915,898	\$ 1,470,854	\$ 633,863
Licenses and Permits	580,976	0	0	0	0
Fines, Forfeitures, and Penalties	164,664	0	0	0	0
Charges for Current Services	626,361	2,550	0	0	72,235
Other Local Revenues	125,422	21,813	278,193	13,831	12,811
Fees Received From County Officials	2,591,000	0	0	0	0
State of Tennessee	2,250,586	2,556,540	0	0	60,223
Federal Government	486,493	0	0	0	559,507
Other Governments and Citizens Groups	36,507	2,010	98,316	0	27,700
Total Revenues	\$ 17,763,940	\$ 3,914,428	\$ 3,292,407	\$ 1,484,685	\$ 1,366,339
<u>Expenditures</u>					
Current:					
General Government	\$ 2,742,709	\$ 0	\$ 0	\$ 0	\$ 0
Finance	2,187,564	0	0	0	0
Administration of Justice	2,359,923	0	0	0	0
Public Safety	7,426,293	0	0	0	0
Public Health and Welfare	491,229	0	0	0	0
Social, Cultural, and Recreational Services	460,519	0	0	0	0
Agriculture and Natural Resources	117,608	0	0	0	0
Other Operations	1,198,782	0	0	0	0
Highways	0	3,132,885	0	0	0
Debt Service:					
Principal on Debt	0	0	2,228,316	1,497,000	0
Interest on Debt	0	0	790,173	107,715	0
Other Debt Service	0	0	151,252	28,834	0

(Continued)

Exhibit C-3

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

	Major Funds				
	General	Highway / Public Works	General Debt Service	Rural Debt Service	General Capital Projects
<u>Expenditures (Cont.)</u>					
Capital Projects	\$ 0	\$ 0	\$ 0	\$ 0	\$ 2,563,171
Total Expenditures	\$ 16,984,627	\$ 3,132,885	\$ 3,169,741	\$ 1,633,549	\$ 2,563,171
 Excess (Deficiency) of Revenues Over Expenditures	 \$ 779,313	 \$ 781,543	 \$ 122,666	 \$ (148,864)	 \$ (1,196,832)
<u>Other Financing Sources (Uses)</u>					
Bonds Issued	\$ 0	\$ 0	\$ 0	\$ 0	\$ 7,100,000
Premiums on Debt Sold	0	0	0	0	132,424
Other Loans Issued	0	0	60,000	0	0
Proceeds from Sale of Capital Assets	7,000	0	0	0	32,735
Insurance Recovery	18,986	0	0	0	0
Transfers In	0	0	670,000	0	560,000
Transfers Out	(960,000)	(1,470,000)	0	0	0
Total Other Financing Sources (Uses)	\$ (934,014)	\$ (1,470,000)	\$ 730,000	\$ 0	\$ 7,825,159
 Net Change in Fund Balances	 \$ (154,701)	 \$ (688,457)	 \$ 852,666	 \$ (148,864)	 \$ 6,628,327
Fund Balance, July 1, 2018	7,603,731	2,146,735	2,194,871	592,935	2,702,875
 Fund Balance, June 30, 2019	 \$ 7,449,030	 \$ 1,458,278	 \$ 3,047,537	 \$ 444,071	 \$ 9,331,202

(Continued)

Exhibit C-3

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

	Nonmajor Funds		Other Govern- mental Funds	Total Governmental Funds
<hr/>				
<u>Revenues</u>				
Local Taxes	\$	2,343,074	\$	19,597,135
Licenses and Permits		0		580,976
Fines, Forfeitures, and Penalties		38,777		203,441
Charges for Current Services		2,734,664		3,435,810
Other Local Revenues		275,239		727,309
Fees Received From County Officials		0		2,591,000
State of Tennessee		677,711		5,545,060
Federal Government		134,806		1,180,806
Other Governments and Citizens Groups		0		164,533
Total Revenues	\$	6,204,271	\$	34,026,070
<hr/>				
<u>Expenditures</u>				
Current:				
General Government	\$	0	\$	2,742,709
Finance		376		2,187,940
Administration of Justice		527		2,360,450
Public Safety		460,218		7,886,511
Public Health and Welfare		4,564,838		5,056,067
Social, Cultural, and Recreational Services		0		460,519
Agriculture and Natural Resources		0		117,608
Other Operations		0		1,198,782
Highways		0		3,132,885
Debt Service:				
Principal on Debt		280,000		4,005,316
Interest on Debt		23,695		921,583
Other Debt Service		5,997		186,083

(Continued)

Exhibit C-3

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

	Nonmajor Funds Other Govern- mental Funds	Total Governmental Funds
<u>Expenditures (Cont.)</u>		
Capital Projects	\$ 1,113,369	\$ 3,676,540
Total Expenditures	<u>\$ 6,449,020</u>	<u>\$ 33,932,993</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>\$ (244,749)</u>	<u>\$ 93,077</u>
<u>Other Financing Sources (Uses)</u>		
Bonds Issued	\$ 0	\$ 7,100,000
Premiums on Debt Sold	0	132,424
Other Loans Issued	2,000,000	2,060,000
Proceeds from Sale of Capital Assets	14,907	54,642
Insurance Recovery	0	18,986
Transfers In	1,300,000	2,530,000
Transfers Out	(100,000)	(2,530,000)
Total Other Financing Sources (Uses)	<u>\$ 3,214,907</u>	<u>\$ 9,366,052</u>
Net Change in Fund Balances	\$ 2,970,158	\$ 9,459,129
Fund Balance, July 1, 2018	<u>3,317,941</u>	<u>18,559,088</u>
Fund Balance, June 30, 2019	<u><u>\$ 6,288,099</u></u>	<u><u>\$ 28,018,217</u></u>

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

Exhibit C-4

Roane 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, 2019

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)		\$ 9,459,129
(1) Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of these assets is allocated over their useful lives and reported as depreciation expense. The difference between capital outlays and depreciation is itemized as follows:		
Add: capital assets purchased in the current period	\$ 2,928,823	
Less: current-year depreciation expense	(2,914,002)	14,821
(2) 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, 2019	\$ 975,634	
Less: deferred delinquent property taxes and other deferred June 30, 2018	(1,217,995)	(242,361)
(3) The issuance of long-term debt (e.g., bonds, notes, other loans, leases) 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:		
Add: change in unamortized premium on debt issuances	\$ 18,886	
Add: principal payments on bonds	3,907,000	
Add: principal payments on other loans	98,316	
Less: proceeds of debt issuances	(9,160,000)	
Add: change in deferred amount on refunding debt	99,013	(5,036,785)
(4) Some expenses reported in the statement of activities do not require the use of current financial resources and therefore are not reported as expenditures in the governmental funds.		
Change in accrued interest payable	\$ 87,758	
Change in net OPEB liability	1,283,711	
Change in compensated absences payable	(40,119)	
Change in net pension asset/liability	948,526	
Change in deferred outflows related to pensions	(267,883)	
Change in deferred inflows related to pensions	(132,651)	
Change in deferred outflows related to OPEB	4,430	
Change in deferred inflows related to OPEB	(510,615)	
Change in landfill closure/postclosure care cost	(144,725)	1,228,432
(5) Internal service funds are used by management to charge the cost of workers' compensation and dental benefits to individual funds. The net revenue (expense) of certain activities of the internal service funds is reported with governmental activities in the statement of activities.		530,512
Change in net position of governmental activities (Exhibit B)		<u>\$ 5,953,748</u>

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

Exhibit C-5

Roane County, Tennessee
Statement of Revenues, Expenditures, and Changes
in Fund Balance - Actual (Budgetary Basis) and Budget
General Fund
For the Year Ended June 30, 2019

	Actual (GAAP Basis)	Less: Encumbrances 7/1/2018	Add: Encumbrances 6/30/2019	Actual Revenues/ Expenditures (Budgetary Basis)	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
					Original	Final	
<u>Revenues</u>							
Local Taxes	\$ 10,901,931	\$ 0	\$ 0	\$ 10,901,931	\$ 10,810,563	\$ 10,849,863	\$ 52,068
Licenses and Permits	580,976	0	0	580,976	543,500	543,500	37,476
Fines, Forfeitures, and Penalties	164,664	0	0	164,664	155,100	153,713	10,951
Charges for Current Services	626,361	0	0	626,361	540,627	597,077	29,284
Other Local Revenues	125,422	0	0	125,422	66,400	85,260	40,162
Fees Received From County Officials	2,591,000	0	0	2,591,000	2,601,300	2,553,300	37,700
State of Tennessee	2,250,586	0	0	2,250,586	2,119,627	1,950,952	299,634
Federal Government	486,493	0	0	486,493	101,250	812,154	(325,661)
Other Governments and Citizens Groups	36,507	0	0	36,507	0	156,500	(119,993)
Total Revenues	\$ 17,763,940	\$ 0	\$ 0	\$ 17,763,940	\$ 16,938,367	\$ 17,702,319	\$ 61,621
<u>Expenditures</u>							
<u>General Government</u>							
County Commission	\$ 135,513	\$ 0	\$ 0	\$ 135,513	\$ 146,541	\$ 157,641	\$ 22,128
Board of Equalization	6,251	0	0	6,251	11,400	11,400	5,149
Beer Board	731	0	0	731	5,720	5,720	4,989
Budget and Finance Committee	8,355	0	0	8,355	12,525	12,525	4,170
Other Boards and Committees	40,298	0	0	40,298	42,830	42,830	2,532
County Mayor/Executive	272,964	0	0	272,964	298,014	298,764	25,800
County Attorney	123,793	0	0	123,793	125,461	125,461	1,668
Election Commission	384,442	(1,147)	2,511	385,806	456,570	456,570	70,764
Register of Deeds	288,602	(70)	243	288,775	339,404	339,704	50,929
Planning	144,138	(520)	3,395	147,013	188,388	188,388	41,375
Codes Compliance	298,926	0	195	299,121	342,485	342,485	43,364
County Buildings	492,893	(6,884)	12,307	498,316	527,783	529,883	31,567
Other General Administration	29,794	0	0	29,794	42,919	42,919	13,125
Preservation of Records	112,773	0	0	112,773	121,571	121,571	8,798
Risk Management	403,236	(1,206)	19,600	421,630	505,620	522,120	100,490
<u>Finance</u>							
Accounting and Budgeting	476,218	0	112	476,330	508,723	508,723	32,393

(Continued)

Exhibit C-5

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

	Actual (GAAP Basis)	Less: Encumbrances 7/1/2018	Add: Encumbrances 6/30/2019	Actual Revenues/ Expenditures (Budgetary Basis)	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
					Original	Final	
<u>Expenditures (Cont.)</u>							
<u>Finance (Cont.)</u>							
Purchasing	\$ 206,111	\$ 0	\$ 0	\$ 206,111	\$ 213,385	\$ 213,385	\$ 7,274
Property Assessor's Office	646,199	0	2,477	648,676	611,828	797,247	148,571
Reappraisal Program	0	0	0	0	179,419	0	0
County Trustee's Office	306,768	0	0	306,768	353,195	358,405	51,637
County Clerk's Office	552,268	(2,700)	0	549,568	677,075	677,075	127,507
<u>Administration of Justice</u>							
Circuit Court	689,880	0	0	689,880	776,889	786,889	97,009
General Sessions Judge	605,852	0	1,835	607,687	637,673	637,673	29,986
Drug Court	227,590	0	359	227,949	92,318	501,613	273,664
Chancery Court	349,982	0	0	349,982	377,216	377,216	27,234
Juvenile Court	408,547	(291)	3,000	411,256	452,161	461,072	49,816
Office of Public Defender	54,180	0	0	54,180	60,000	65,000	10,820
Other Administration of Justice	23,892	0	0	23,892	45,000	45,000	21,108
<u>Public Safety</u>							
Sheriff's Department	3,324,675	(1,894)	4,244	3,327,025	3,714,381	3,767,161	440,136
Jail	3,325,179	0	0	3,325,179	3,403,642	3,618,642	293,463
Civil Defense	268,638	(3,141)	3,374	268,871	437,683	437,833	168,962
Other Emergency Management	418,481	0	0	418,481	442,938	418,938	457
County Coroner/Medical Examiner	89,320	0	0	89,320	100,000	110,000	20,680
<u>Public Health and Welfare</u>							
Local Health Center	134,125	(350)	1,534	135,309	165,945	165,945	30,636
Other Local Health Services	193,848	0	0	193,848	539,351	297,400	103,552
Appropriation to State	52,056	0	0	52,056	52,781	52,781	725
Other Local Welfare Services	111,200	0	0	111,200	120,000	120,000	8,800
<u>Social, Cultural, and Recreational Services</u>							
Libraries	10,000	0	0	10,000	15,800	15,800	5,800
Parks and Fair Boards	450,519	0	823	451,342	532,489	532,489	81,147
<u>Agriculture and Natural Resources</u>							
Agricultural Extension Service	62,969	0	272	63,241	95,886	95,886	32,645

(Continued)

Exhibit C-5

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

	Actual (GAAP Basis)	Less: Encumbrances 7/1/2018	Add: Encumbrances 6/30/2019	Actual Revenues/ Expenditures (Budgetary Basis)	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
					Original	Final	
<u>Expenditures (Cont.)</u>							
<u>Agriculture and Natural Resources (Cont.)</u>							
Soil Conservation	\$ 54,639	\$ 0	\$ 0	\$ 54,639	\$ 60,549	\$ 60,549	\$ 5,910
<u>Other Operations</u>							
Industrial Development	536,050	0	0	536,050	569,380	569,380	33,330
Veterans' Services	54,758	0	0	54,758	62,137	62,137	7,379
Contributions to Other Agencies	2,032	0	0	2,032	0	120,000	117,968
Employee Benefits	56,437	0	0	56,437	65,200	65,200	8,763
Miscellaneous	549,505	(1,030)	1,701	550,176	524,475	624,475	74,299
Total Expenditures	\$ 16,984,627	\$ (19,233)	\$ 57,982	\$ 17,023,376	\$ 19,054,750	\$ 19,761,895	\$ 2,738,519
Excess (Deficiency) of Revenues Over Expenditures	\$ 779,313	\$ 19,233	\$ (57,982)	\$ 740,564	\$ (2,116,383)	\$ (2,059,576)	\$ 2,800,140
<u>Other Financing Sources (Uses)</u>							
Proceeds from Sale of Capital Assets	\$ 7,000	\$ 0	\$ 0	\$ 7,000	\$ 0	\$ 0	\$ 7,000
Insurance Recovery	18,986	0	0	18,986	0	12,000	6,986
Transfers Out	(960,000)	0	0	(960,000)	(760,000)	(1,660,000)	700,000
Total Other Financing Sources	\$ (934,014)	\$ 0	\$ 0	\$ (934,014)	\$ (760,000)	\$ (1,648,000)	\$ 713,986
Net Change in Fund Balance	\$ (154,701)	\$ 19,233	\$ (57,982)	\$ (193,450)	\$ (2,876,383)	\$ (3,707,576)	\$ 3,514,126
Fund Balance, July 1, 2018	7,603,731	(19,233)	0	7,584,498	7,757,370	7,757,370	(172,872)
Fund Balance, June 30, 2019	\$ 7,449,030	\$ 0	\$ (57,982)	\$ 7,391,048	\$ 4,880,987	\$ 4,049,794	\$ 3,341,254

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

Exhibit C-6

Roane 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, 2019

	Actual (GAAP Basis)	Add: Encumbrances 6/30/2019	Actual Revenues/ Expenditures (Budgetary Basis)	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
				Original	Final	
<u>Revenues</u>						
Local Taxes	\$ 1,331,515	\$ 0	\$ 1,331,515	\$ 1,347,000	\$ 1,348,000	\$ (16,485)
Charges for Current Services	2,550	0	2,550	4,000	4,000	(1,450)
Other Local Revenues	21,813	0	21,813	28,000	28,706	(6,893)
State of Tennessee	2,556,540	0	2,556,540	2,447,000	2,237,000	319,540
Other Governments and Citizens Groups	2,010	0	2,010	3,000	3,000	(990)
Total Revenues	<u>\$ 3,914,428</u>	<u>\$ 0</u>	<u>\$ 3,914,428</u>	<u>\$ 3,829,000</u>	<u>\$ 3,620,706</u>	<u>\$ 293,722</u>
<u>Expenditures</u>						
<u>Highways</u>						
Administration	\$ 309,258	\$ 0	\$ 309,258	\$ 356,687	\$ 356,687	\$ 47,429
Highway and Bridge Maintenance	2,020,145	40,777	2,060,922	2,851,750	2,643,456	582,534
Operation and Maintenance of Equipment	497,275	0	497,275	754,614	754,614	257,339
Traffic Control	42,930	0	42,930	81,956	81,956	39,026
Litter and Trash Collection	24,545	0	24,545	61,561	61,561	37,016
Other Charges	157,926	0	157,926	193,100	193,100	35,174
Employee Benefits	80,806	0	80,806	91,720	91,720	10,914
Capital Outlay	0	0	0	8,200	8,200	8,200
Total Expenditures	<u>\$ 3,132,885</u>	<u>\$ 40,777</u>	<u>\$ 3,173,662</u>	<u>\$ 4,399,588</u>	<u>\$ 4,191,294</u>	<u>\$ 1,017,632</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>\$ 781,543</u>	<u>\$ (40,777)</u>	<u>\$ 740,766</u>	<u>\$ (570,588)</u>	<u>\$ (570,588)</u>	<u>\$ 1,311,354</u>
<u>Other Financing Sources (Uses)</u>						
Transfers Out	\$ (1,470,000)	\$ 0	\$ (1,470,000)	\$ (370,000)	\$ (1,470,000)	\$ 0
Total Other Financing Sources	<u>\$ (1,470,000)</u>	<u>\$ 0</u>	<u>\$ (1,470,000)</u>	<u>\$ (370,000)</u>	<u>\$ (1,470,000)</u>	<u>\$ 0</u>

(Continued)

Exhibit C-6

Roane County, Tennessee
Statement of Revenues, Expenditures, and Changes
in Fund Balance - Actual (Budgetary Basis) and Budget
Highway/Public Works Fund (Cont.)

	Actual (GAAP Basis)	Add: Encumbrances 6/30/2019	Actual Revenues/ Expenditures (Budgetary Basis)	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
				Original	Final	
Net Change in Fund Balance	\$ (688,457)	\$ (40,777)	\$ (729,234)	\$ (940,588)	\$ (2,040,588)	\$ 1,311,354
Fund Balance, July 1, 2018	2,146,735	0	2,146,735	2,146,734	2,146,734	1
Fund Balance, June 30, 2019	\$ 1,458,278	\$ (40,777)	\$ 1,417,501	\$ 1,206,146	\$ 106,146	\$ 1,311,355

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

Exhibit D-1

Roane County, Tennessee
Statement of Net Position
Proprietary Funds
June 30, 2019

	Business-type Activities - Major Enterprise Fund	Governmental Activities
	Public Utility Fund	Internal Service Funds
<u>ASSETS</u>		
Current Assets:		
Cash	\$ 4,385	\$ 0
Equity in Pooled Cash and Investments	1,671,631	1,849,321
Accounts Receivable	63,941	46,754
Allowance for Uncollectibles	(41,580)	0
Prepaid Items	21,699	0
Total Current Assets	<u>\$ 1,720,076</u>	<u>\$ 1,896,075</u>
Noncurrent Assets:		
Net Pension Asset	\$ 69,947	\$ 0
Capital Assets:		
Assets Not Depreciated:		
Land	5,000	0
Assets Net of Accumulated Depreciation:		
Buildings and Improvements	253,107	0
Infrastructure	5,698,437	0
Machinery and Equipment	176,529	0
Total Noncurrent Assets	<u>\$ 6,203,020</u>	<u>\$ 0</u>
Total Assets	<u>\$ 7,923,096</u>	<u>\$ 1,896,075</u>
<u>DEFERRED OUTFLOWS OF RESOURCES</u>		
Deferred Outflows of Resources:		
Pension Changes in Experience	\$ 956	\$ 0
Pension Changes in Assumptions	10,449	0
Pension Contributions After Measurement Date	10,253	0
OPEB Contributions After Measurement Date	1,934	0
Total Deferred Outflows of Resources	<u>\$ 23,592</u>	<u>\$ 0</u>
Total Assets and Deferred Outflows of Resources	<u>\$ 7,946,688</u>	<u>\$ 1,896,075</u>
<u>LIABILITIES</u>		
Current Liabilities:		
Accounts Payable	\$ 19,515	\$ 972
Accrued Payroll	4,923	0
Payroll Deductions Payable	5,923	0
Claims and Judgments Payable	0	465,093
General Obligation Bonds Payable	13,477	0
Other Loans Payable	196,068	0
Total Current Liabilities	<u>\$ 239,906</u>	<u>\$ 466,065</u>

(Continued)

Exhibit D-1

Roane County, Tennessee
Statement of Net Position
Proprietary Funds (Cont.)

	Business-type Activities - Major Enterprise Fund	Governmental Activities
	Public Utility Fund	Internal Service Funds
<u>LIABILITIES (Cont.)</u>		
Noncurrent Liabilities:		
General Obligation Bonds Payable - Long-term	\$ 452,833	\$ 0
Net OPEB Liability	50,787	0
Other Loans Payable - Long-term	3,527,439	0
Total Noncurrent Liabilities	<u>\$ 4,031,059</u>	<u>\$ 0</u>
Total Liabilities	<u>\$ 4,270,965</u>	<u>\$ 466,065</u>
<u>DEFERRED INFLOWS OF RESOURCES</u>		
Deferred Inflows of Resources:		
Pension Changes in Experience	\$ 14,764	\$ 0
Pension Changes in Investment Earnings	3,437	0
OPEB Changes in Experience	5,732	0
OPEB Changes in Assumptions	6,567	0
Total Deferred Inflows of Resources	<u>\$ 30,500</u>	<u>\$ 0</u>
<u>NET POSITION</u>		
Net Investment in Capital Assets	\$ 1,943,256	\$ 0
Restricted for Education	0	485,929
Restricted for Other Purposes	69,947	0
Unrestricted	<u>1,632,020</u>	<u>944,081</u>
Total Net Position	<u>\$ 3,645,223</u>	<u>\$ 1,430,010</u>

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

Exhibit D-2

Roane County, Tennessee
Statement of Revenues, Expenses, and
Changes in Net Position
Proprietary Funds
For the Year Ended June 30, 2019

	Business-type Activities - Major Enterprise Fund	Governmental Activities
	Public Utility Fund	Internal Service Funds
<u>Operating Revenues</u>		
Charges for Services	\$ 1,187,412	\$ 1,273,948
Total Operating Revenues	\$ 1,187,412	\$ 1,273,948
<u>Operating Expenses</u>		
Salaries and Benefits	\$ 325,504	\$ 10,569
Handling Charges and Administration	0	53,794
Advertising	11	0
Communication	2,096	0
Dues and Memberships	900	0
Engineering Services	16,845	0
Legal Services	24,532	0
Licenses	442	0
Maintenance Agreements	9,716	0
Maintenance and Repair Services	25,200	0
Postal Charges	4,822	0
Printing, Stationery, and Forms	406	0
Travel	137	234
Disposal Fees	10,373	0
Permits	1,780	0
Custodial Supplies	590	0
Diesel Fuel	5,816	0
Electricity	60,628	0
Food Supplies	808	0
Gasoline	5,340	0
Office Supplies	1,303	0
Tires and Tubes	1,530	0
Uniforms	1,992	0
Water and Sewer	15,859	0
Testing	13,321	0
Chemicals	22,953	0
Building and Contents Insurance	6,292	0
Liability Insurance	10,356	0

(Continued)

Exhibit D-2

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

	Business-type Activities - Major Enterprise Fund	Governmental Activities
	Public Utility Fund	Internal Service Funds
<u>Operating Expenses (Cont.)</u>		
Medical Claims	\$ 0	\$ 554,476
Trustee's Commission	11,739	0
Vehicle and Equipment Insurance	12,975	0
Workers' Compensation Insurance	5,520	148,375
Depreciation	339,929	0
Loss on Disposal of Property	6,146	0
Other Charges	4,673	0
Other Capital Outlay	3,782	0
Total Operating Expenses	<u>\$ 954,316</u>	<u>\$ 767,448</u>
Operating Income (Loss)	<u>\$ 233,096</u>	<u>\$ 506,500</u>
<u>Nonoperating Revenues (Expenses)</u>		
Insurance Recovery	\$ 8,189	\$ 0
Investment Income	0	24,012
Interest on Bonds	(22,487)	0
Interest on Other Loans	(67,764)	0
Total Nonoperating Revenue (Expenses)	<u>\$ (82,062)</u>	<u>\$ 24,012</u>
Income (Loss)	<u>\$ 151,034</u>	<u>\$ 530,512</u>
Change in Net Position	\$ 151,034	\$ 530,512
Net Position July 1, 2018	<u>3,494,189</u>	<u>899,498</u>
Net Position, June 30, 2019	<u><u>\$ 3,645,223</u></u>	<u><u>\$ 1,430,010</u></u>

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

Exhibit D-3

Roane County, Tennessee
Statement of Cash Flows
Proprietary Funds
For the Year Ended June 30, 2019

	Business-type Activities - Major Enterprise Fund	Governmental Activities
	Public Utility Fund	Internal Service Funds
<u>Cash Flows from Operating Activities</u>		
Receipts from Customers and Users	\$ 1,176,971	\$ 0
Receipts from Self-Insurance Premiums	0	1,264,457
Payments to Vendors	(245,178)	0
Payments to Employees	(343,419)	(10,569)
Payments to Insurers	(35,143)	(148,375)
Payments for Claims	0	(830,870)
Payments for Administrative Costs	0	(53,974)
Net Cash Provided By (Used In) Operating Activities	<u>\$ 553,231</u>	<u>\$ 220,669</u>
<u>Cash Flows from Capital and Related Financing Activities</u>		
Sale of Equipment	\$ 135	\$ 0
Insurance Recovery	8,189	0
Acquisition and Construction of Capital Assets	(8,000)	0
Principal Paid on Bonds	(12,853)	0
Principal Paid on Other Loans Payable	(192,624)	0
Interest Paid on Bonds	(22,487)	0
Interest Paid on Other Loans Payable	(67,764)	0
Net Cash Provided By (Used In) Capital and Related Financing Activities	<u>\$ (295,404)</u>	<u>\$ 0</u>
<u>Cash Flows from Investing Activities</u>		
Interest on Investments	<u>\$ 0</u>	<u>\$ 24,012</u>
Net Cash Provided By (Used In) Investing Activities	<u>\$ 0</u>	<u>\$ 24,012</u>
Increase (Decrease) in Cash	\$ 257,827	\$ 244,681
Cash, July 1, 2018	<u>1,418,189</u>	<u>1,604,640</u>
Cash, June 30, 2019	<u><u>\$ 1,676,016</u></u>	<u><u>\$ 1,849,321</u></u>

(Continued)

Exhibit D-3

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

	Business-type Activities - Major Enterprise Fund	Governmental Activities
	Public Utility Fund	Internal Service Funds
<u>Reconciliation of Net Operating Income (Loss)</u> <u>to Net Cash Provided By (Used In) Operating Activities</u>		
Operating Income (Loss)	\$ 233,096	\$ 506,500
Adjustments to Reconcile Net Operating Income (Loss) to Net Cash Provided By (Used In) Operating Activities:		
Depreciation	339,929	0
Loss on Disposal of Property	6,146	0
Changes in Assets and Liabilities:		
(Increase) Decrease in Current Operating Receivables	(10,441)	(9,491)
Increase (Decrease) in Accounts Payable	8,588	0
Increase (Decrease) in Accrued Payroll	100	0
Increase (Decrease) in Payroll Deductions Payable	115	0
Increase (Decrease) in Net OPEB Liability	(13,483)	0
(Increase) Decrease in Deferred Outflows Related to OPEB	(1,934)	0
Increase (Decrease) in Deferred Inflows Related to OPEB	9,245	0
(Increase) Decrease in Net Pension Asset	(27,230)	0
(Increase) Decrease in Deferred Outflows Related to Pensions	4,276	0
Increase (Decrease) in Deferred Inflows Related to Pensions	4,824	0
Increase (Decrease) in Other Current Operating Liabilities	0	(276,340)
Net Cash Provided By (Used In) Operating Activities	<u>\$ 553,231</u>	<u>\$ 220,669</u>
<u>Reconciliation of Cash With the Statement of Net Position</u>		
Cash Per Net Position	\$ 4,385	\$ 0
Equity in Pooled Cash and Investments Per Net Position	<u>1,671,631</u>	<u>1,849,321</u>
Cash, June 30, 2019	<u>\$ 1,676,016</u>	<u>\$ 1,849,321</u>

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

Exhibit E-1

Roane County, Tennessee
Statement of Fiduciary Assets and Liabilities
Fiduciary Funds
June 30, 2019

	Private Purpose Trust Fund	
	Endowment Fund	Agency Funds
<u>ASSETS</u>		
Cash	\$ 0	\$ 1,653,834
Equity in Pooled Cash and Investments	20,588	699,541
Accounts Receivable	0	1,436
Due from Other Governments	0	1,526,933
Due from Other Funds	0	4,269
Property Taxes Receivable	0	1,094,053
Allowance for Uncollectible Property Taxes	0	(48,347)
Prepaid Items	0	88
Notes Receivable - Long-term	0	458,485
Total Assets	\$ 20,588	\$ 5,390,292
<u>LIABILITIES</u>		
Accounts Payable	\$ 0	\$ 42,176
Due to Other Funds	0	14,384
Due to Other Taxing Units	0	2,568,206
Due to Litigants, Heirs, and Others	0	1,685,632
Due to Joint Ventures	0	173,097
Other Current Liabilities	0	906,797
Total Liabilities	\$ 0	\$ 5,390,292
<u>NET POSITION</u>		
Held in Trust for Scholarships	\$ 20,588	

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

Exhibit E-2

Roane County, Tennessee
Statement of Changes in Fiduciary Net Position
Fiduciary Fund
For the Year Ended June 30, 2019

	Private Purpose Trust Fund <hr/> Endowment Fund <hr/>
<u>ADDITIONS</u>	
Investment Income:	
Interest	\$ 297
Total Additions	<hr/> \$ 297 <hr/>
Change in Net Position	\$ 297
Net Position, July 1, 2018	<hr/> 20,291 <hr/>
Net Position, June 30, 2019	<hr/> \$ 20,588 <hr/>

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

ROANE COUNTY, TENNESSEE

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ROANE COUNTY, TENNESSEE
NOTES TO THE FINANCIAL STATEMENTS
For the Year Ended June 30, 2019

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Roane 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 Roane County:

A. Reporting Entity

Roane County is a public municipal corporation governed by an elected 15-member board. As required by GAAP, these financial statements present Roane County (the primary government) and its component units. The financial statements of the Industrial Development Board of Roane County and the Roane County Emergency Communications District, component units requiring discrete presentation, were excluded from this report due to materiality calculations; therefore, the effect of their omission did not affect the independent auditor's opinion thereon. The component units discussed below are included in the county's reporting entity because of the significance of their operational or financial relationships with the county.

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

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

The Industrial Development Board of Roane County was organized to promote industrial development and provide additional job opportunities in Roane County and the surrounding counties in accordance with Title 7, Chapter 53, of *Tennessee Code Annotated*. The Industrial Development Board of Roane County is governed by a nine-member board of directors appointed by the Roane County Commission. During the year, Roane County provided \$402,250 to the Industrial Development Board to be applied toward operations of the board. The financial statements of the Industrial Development Board of Roane County were not material to the component units' opinion unit and therefore have been omitted from this report.

The Roane County Emergency Communications District provides a simplified means of securing emergency services through a uniform emergency number for the residents of Roane County, and the Roane 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 financial statements of the Roane County Emergency Communications District were not material to the component units' opinion unit and therefore have been omitted from this report.

The Roane County School Department does not issue separate financial statements from those of the county. Therefore, basic financial statements of the school department are included in this report as listed in the table of contents. Complete financial statements of the Industrial Development Board of Roane County and the Roane County Emergency Communications District can be obtained from their administrative offices at the following addresses:

Administrative Offices:

Industrial Development Board of Roane County
1209 North Kentucky Street
Kingston, TN 37763

Roane County Emergency Communications District
P.O. Box 236
Rockwood, TN 37854

B. Government-wide and Fund Financial Statements

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

The Statement of Activities demonstrates the degree to which the direct expenses of a given function are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function. Program revenues include (1) charges to customers or applicants who purchase, use, or

directly benefit from goods, services, or privileges provided by a given function and (2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function. Taxes and other items not properly included among program revenues are reported instead as general revenues.

Roane County issues all debt for the discretely presented Roane County School Department. Net debt issues totaling \$62,791 were contributed by the county to the school department during the year ended June 30, 2019.

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

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

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

Fund financial statements of Roane County are organized into funds, each of which is considered to be a separate accounting entity. Each fund is accounted for by providing a separate set of self-balancing accounts that constitute its assets, deferred outflow of resources, liabilities, deferred inflow of resources, fund equity, revenues, and expenditures/expenses. Funds are organized into three major categories: governmental, proprietary, and fiduciary. An emphasis is placed on major funds within the governmental and proprietary categories. Roane County reports three proprietary funds: two internal service funds and one enterprise fund.

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

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

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

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

Roane 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 the resources accumulated and payments made for principal and interest on long-term general obligation debt of governmental funds.

Rural Debt Service Fund – This fund accounts for the resources accumulated and payments made for the retirement of bonds and notes issued for the construction and improvements of county schools prior to the Harriman City School merger on July 1, 2003.

General Capital Projects Fund – This fund is used to account for and report financial resources that are restricted, committed, or assigned to expenditure for capital outlays, including the acquisition or construction of capital facilities and other capital assets

Roane County reports the following major proprietary fund:

Public Utility Fund – This fund accounts for transactions related to the treatment of wastewater.

Additionally, Roane County reports the following fund types:

Private Purpose Trust Fund – The Endowment Fund is used to account for an endowment received by the county. The principal amount must remain intact while interest earned on the principal is to be expended for the benefit of scholarships for Roane County students.

Internal Service Funds – These funds, the Employee Insurance - Dental and the Workers' Compensation funds, are used to account for the county's self-insured dental and workers' compensation programs managed by the county for the primary government and the discretely presented school department.

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 Roane County; the city school system's share of educational revenues; restricted revenues held for the benefit of the Office of District Attorney General and drug task force; and assets held in a custodial capacity for an industrial revolving loan program. Agency funds are custodial in nature (assets equal liabilities) and do not involve measurement of results of operations. They do, however, use the accrual basis of accounting to recognize receivables and payables.

The discretely presented Roane County School Department reports the following major governmental fund:

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

Additionally, the Roane County School Department reports the following fund types:

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

Capital Projects Fund – The Education Capital Projects fund is used to account for building construction and renovations of the school department.

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

Proprietary funds distinguish operating revenues and expenses from nonoperating items. The county has three proprietary funds, an enterprise fund used to account for wastewater operations and two internal service funds used to account for the employees' dental insurance and workers' compensation programs managed by the county for the primary government and the discretely presented school department. Operating revenues and expenses generally result from providing services in connection with the funds' principal ongoing operations. The principal operating revenue of the county's enterprise fund is charges for services from users. Operating expenses for the enterprise fund include salaries and depreciation of capital assets. The principal operating revenues of the county's internal service funds are self-insurance premiums. Operating expenses for the internal service funds include dental and workers' compensation claims, administrative expenses, and excess risk workers' compensation insurance.

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

1. Deposits and Investments

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

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

certain federal government sponsored enterprises; and the county's own legally issued bonds or notes.

The county trustee maintains a cash and internal investment pool that is used by all funds and the discretely presented Roane County School Department. 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, Rural Debt Service, and General Purpose School funds. Roane County and the school department have adopted a policy of reporting U.S. Treasury obligations, U.S. agency obligations, and repurchase agreements with maturities of one year or less when purchased on the balance sheet at amortized cost. Certificates of deposit are reported at cost. Investments in the State Treasurer's Investment Pool are reported at amortized cost using a stable net asset value. State statutes require the state treasurer to administer the pool under the same terms and conditions, including collateral requirements, as prescribed for other funds invested by the state treasurer. All other investments are reported at fair value.

2. Receivables and Payables

All outstanding balances between funds are reported as due to/from other funds. Any residual balances outstanding between the governmental activities and business-type activities are reported in the government-wide financial statements as internal balances.

All ambulance, property taxes, and public utility receivables are shown with an allowance for uncollectibles. Ambulance and public utility receivables allowance for uncollectibles is based on historical collection data. The allowance for uncollectible property taxes is equal to 2.3 percent of total taxes levied.

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

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

uncollectible taxes represents the estimated amount of the receivable that will be filed in court for collection. Delinquent taxes filed in court for collection are not included in taxes receivable since they are neither measurable nor available.

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

Most payables are disaggregated on the face of the financial statements. Other current liabilities totaling \$68,672 reflected for the discretely presented school department on the Statement of Net Position represent monies refunded to the school department in error by the Internal Revenue Service.

3. Prepaid Items

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

4. Restricted Assets

Restricted assets consist of amounts held in two separate pension stabilization trusts by the Tennessee Consolidated Retirement System (TCRS) for the benefit of Roane County's Public Employee Retirement Plan and the discretely presented Roane County School Department's Teacher Retirement Plan. The purpose of these trusts is to accumulate funds to provide stabilization (smoothing) of retirement costs to the county and the school system in times of fluctuating investment returns and market downturns. These funds are held and invested by TCRS pursuant to an irrevocable agreement and may only be used for the benefit of Roane County and the Roane County School Department to fund retirement benefits upon approval of the TCRS Board of Directors. To date, Roane County and the Roane County School Department have not withdrawn any funds from the trust to pay pension costs. Trust documents provide that the funds are not subject to the claims of general creditors of Roane County or the Roane County School Department.

5. 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 and business-type columns in the government-wide financial statements. Capital assets are defined by the government as assets with an initial, individual cost of \$10,000 or more and an estimated useful life exceeding five years. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at acquisition value at the date of donation.

The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend assets' lives are not capitalized. Major outlays for capital assets and improvements are capitalized as projects are constructed.

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

<u>Assets</u>	<u>Years</u>
Buildings and Improvements	40
Other Capital Assets	5 - 10
Infrastructure	10 - 100

6. Deferred Outflows/Inflows of Resources

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

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 for current and delinquent property taxes, pension changes in experience, OPEB changes in assumptions, pension changes in investment earnings; pension other deferrals, various receivables for revenues which do not meet the availability criteria in governmental funds, and a deferred difference on refunding. A deferred difference on refunding results from the difference in the carrying value of refunded debt and its reacquisition price. This amount is deferred and amortized over the shorter of the life of the refunded or refunding debt. These amounts are deferred and recognized as an inflow of resources in the period that the amounts become available.

7. Compensated Absences

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

8. Long-term Debt and Long-term Obligations

In the government-wide financial statements and the proprietary fund type in the fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities or proprietary fund type 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, other postemployment benefits, and landfill closure/postclosure care costs, are recognized to the extent that the liabilities have matured (come due for payment) each period.

9. Net Position and Fund Balance

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

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

As of June 30, 2019, Roane County had \$8,123,849 in outstanding debt for capital purposes of other entities (schools of \$5,536,949 and industrial purposes of \$2,586,900). In accordance with state statutes, certain county school debt proceeds must be shared with other public school systems in the county (City of Oak Ridge School System) based on an average daily attendance proration. This debt is a liability of Roane County, but the capital assets acquired are reported in the financial statements of the school department and the City of Oak Ridge School System. Therefore, Roane County has incurred a liability, significantly decreasing its unrestricted net position with no corresponding increase in the county's capital assets.

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

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

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

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

Committed Fund Balance – includes amounts that can only be used for specific purposes pursuant to constraints imposed by formal resolutions of the county commission, the county's highest level of decision-making authority and the Board of Education, the school department'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 makes assignments for the general government. The Board of Education makes assignments for the school department. Assigned fund balance in the General Fund represents amounts assigned for encumbrances (\$57,982) and amounts appropriated for use in the 2019-2020 budget (\$2,656,146). Assigned fund balance in the school department's General Purpose School Fund consists primarily of assignments for encumbrances (\$129,101) and other postemployment benefits (\$355,824).

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

10. Optimal Fund Balance Policy

The county does not have a minimum fund balance policy; however, the county commission and Board of Education have adopted policies establishing optimal fund balances to provide management with appropriate guidelines and direction to assist in making sound decisions related to managing the fund balance of certain governmental funds. The following optimal fund balance policies apply to the sum of restricted, committed, assigned, and unassigned fund balance, with the exception of the General Purpose School Fund for which the policy applies only to unassigned fund balance.

Primary Government

General Fund – 35 to 45 percent of current-year appropriations

Highway/Public Works Fund – seven to 15 percent of current-year appropriations

Debt Service Funds – the county will typically have one year of future payments as fund balance

Discretely Presented Roane County School Department

General Purpose School Fund – seven to ten percent of operating expenditures

Central Cafeteria Fund – 15 to 30 percent of operating expenditures

School Transportation Fund – ten to 20 percent of operating expenditures

Extended School Program Fund – 15 to 40 percent of operating expenditures

E. Pension Plans

Primary Government

For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of Roane County's participation in the Public Employee Retirement Plans (agent legacy and agent hybrid plans) of the Tennessee Consolidated Retirement System (TCRS), and additions to/deductions from Roane 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 Plans of TCRS. Investments are reported at fair value.

Discretely Presented Roane County School Department

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

F. Other Postemployment Benefit (OPEB) Plans

Primary Government

For purposes of measuring the net OPEB liability, deferred outflows of resources and deferred inflows of resources related to OPEB, and OPEB expense, have been determined on the same basis as they are reported by Roane County. For this purpose, Roane County recognizes benefit payments when due and payable in accordance with benefit terms. Roane County's OPEB plan is not administered through a trust.

Discretely Presented Roane County School Department

For purposes of measuring the net OPEB liability, deferred outflows of resources and deferred inflows of resources related to OPEB, and OPEB expense, have been determined on the same basis as they are reported by the discretely presented Roane County School Department. For this purpose, the school department recognizes benefit payments when due and payable in

accordance with benefit terms. The school department's OPEB plan is not administered through a trust.

II. RECONCILIATION OF GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS

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

Primary Government

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

Discretely Presented Roane County School Department

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

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

Primary Government

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

Discretely Presented Roane County School Department

Exhibit K-5 includes explanations of the nature of individual elements of items required to reconcile the net change in fund balances – total governmental funds with the change in net 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 Highway Capital Projects Fund, which adopts 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 Executive, County Attorney, etc.). Management may make revisions within major categories, but only the county commission may transfer appropriations between major categories. During the year, several supplementary appropriations were necessary.

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

At June 30, 2019, Roane County and the Roane County School Department reported encumbrances in the following budgeted funds:

Fund	Amount
Primary Government:	
General	\$ 57,982
Highway/Public Works	40,777
Nonmajor governmental	79,856
Discretely Presented School Department:	
General Purpose School	129,101
Nonmajor governmental	22,593

B. Expenditures Exceeded Appropriations

Expenditures exceeded appropriations approved by the county commission in the Career and Technical Education Program major appropriations category (the legal level of control) of the General Purpose School Fund by \$77,506. Expenditures that exceed appropriations are a violation of state statutes. These expenditures in excess of appropriations were funded by available fund balance in the General Purpose School Fund.

IV. DETAILED NOTES ON ALL FUNDS

A. Deposits and Investments

Roane County and the Roane County School Department participate in an internal cash and investment pool through the Office of Trustee. The county trustee is the treasurer of the county and in this capacity is responsible for receiving, disbursing, and investing most county funds. Each fund's portion of this pool is displayed on the balance sheets or statements of net 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 fair 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 loans associations; bonds of any state or political subdivision rated A or higher by any nationally recognized rating service; nonconvertible debt securities of certain federal government sponsored enterprises; and the county's own legally issued bonds or notes. These investments may not have a maturity greater than two years. The county may make investments with longer maturities if various restrictions set out in state law are followed. Counties are also authorized to make investments in the

State Treasurer's Investment Pool and in repurchase agreements. Repurchase agreements must be approved by the state Comptroller's Office and executed in accordance with procedures established by the State Funding Board. Securities purchased under a repurchase agreement must be obligations of the U.S. government or obligations guaranteed by the U.S. government or any of its agencies. When repurchase agreements are executed, the purchase of the securities must be priced at least two percent below the fair value of the securities on the day of purchase.

Investment Balances. As of June 30, 2019, Roane County had the following investments carried at amortized cost using a Stable Net Asset Value. All investments are in the State Treasurer's Investment Pool. Separate disclosures concerning pooled investments cannot be made for Roane County and the discretely presented Roane County School Department since both pool their deposits and investments through the county trustee.

Investment	Weighted Average Maturity (days)	Amortized Cost
State Treasurer's Investment Pool	1 to 86	\$ 33,042,960

Interest Rate Risk. Interest rate risk is the risk that changes in interest rates will adversely affect the fair value of an investment. State statutes limit the maturities of certain investments as previously disclosed. Roane County does not have a formal investment policy that limits investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates.

Credit Risk. Credit risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligations. State statutes limit the ratings of certain investments as previously explained. Roane County has no investment policy that would further limit its investment choices. As of June 30, 2019, Roane County's investment in the State Treasurer's Investment Pool was unrated.

TCRS Stabilization Trust

Legal Provisions. Roane County's Public Employee Hybrid Retirement Plan and the discretely presented Roane County School Department's Teacher Hybrid Retirement Plan are members of the Tennessee Consolidated Retirement System (TCRS) Stabilization Reserve Trust. The County and the school department have placed funds into the irrevocable trusts as authorized by 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 trust. Funds of trust members are held and invested in the name of the trust for the benefit of each member. Each member's funds are restricted for the payment of retirement benefits of that member's employees.

Trust funds are not subject to the claims of general creditors of the county or the school department.

The trust is authorized to make investments as directed by the TCRS Board of Trustees. Roane County and the Roane County School Department may not impose any restrictions on investments placed by the trust on their behalf.

Investment Balances. Assets of the TCRS, including the Stabilization Reserve Trust, are invested in the Tennessee Retiree Group Trust (TRGT). The TRGT is not registered with the Securities and Exchange Commission (SEC) as an investment company. The State of Tennessee has not obtained a credit quality rating for the TRGT from a nationally recognized credit ratings agency. The fair value of investment positions in the TRGT is determined daily based on the fair value of the pool's underlying portfolio. Furthermore, TCRS had not obtained or provided any legally binding guarantees to support the value of participant shares during the fiscal year. There are no restrictions on the sale or redemption of shares.

Investments are reported at fair value or amortized, which approximates fair value. Securities traded on a national exchange are valued at the last reported sales price. Investment income consists of realized and unrealized appreciation (depreciation) in the fair Securities and securities transactions are recorded in the financial statements on a trade-date basis. The fair value of assets of the TRGT held at June 30, 2019, represents the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants. Assets held are categorized for fair value measurement within the fair value hierarchy established by GAAP. The hierarchy is based on the valuation inputs used to measure the fair value of the asset and give the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (Level 1 measurements) and the lowest priority to unobservable inputs (Level 3 measurements).

- Level 1 - Unadjusted quoted prices for identical assets or liabilities in active markets that can be accessed at the measurement date.
- Level 2 - Quoted prices for similar assets or liabilities in active markets; quoted prices for identical or similar assets or liabilities in markets that are not active; assets or liabilities that have a bid-ask spread price in an inactive dealer market, brokered market and principal-to-principal market; and Level 1 assets or liabilities that are adjusted.
- Level 3 - Valuations derived from valuation techniques in which significant inputs are unobservable.

Investments using the Net Asset Value ("NAV") per share have no readily determinable fair value and have been determined using amortized cost, which approximates fair value.

Where inputs used in the measurement of fair value fall into different levels of the hierarchy, fair value of the instrument in its entirety is categorized based on the lowest level input that is significant to the valuation. This assessment requires professional judgement and as such management of the TRGT developed a fair value committee that worked in conjunction with the plan's custodian and investment professionals to make these valuations. All assets held were valued individually and aggregated into classes to be represented in the table below.

Short-term securities generally include investments in money market-type securities reported at cost plus accrued interest.

Equity and equity derivative securities classified in Level 1 are valued using last reported sales prices quoted in active markets that can be accessed at the measurement date. Equity and equity derivative securities classified in Level 2 are securities whose values are derived daily from associated traded securities. Equity securities classified in Level 3 are valued with last trade data having limited trading volume.

U.S. Treasury Bills, Bonds, Notes and Futures classified in Level 1 are valued using last reported sales prices quoted in active markets that can be accessed at the measurement date. Debt and debt derivative securities classified in Level 2 are valued using a bid-ask spread price from multiple independent brokers, dealers, or market principals, which are known to be actively involved in the market. Level 3 debt securities are valued using proprietary information, a single pricing source, or other unobservable inputs related to similar assets or liabilities.

Real estate investments classified in Level 3 are valued using the last valuations provided by external investment advisors or independent external appraisers. Generally, all direct real estate investments are appraised by a qualified independent appraiser(s) with the professional designation of Member of the Appraisal Institute ("MAI"), or its equivalent, every three (3) years beginning from the acquisition date of the property. The appraisals are performed using generally accepted valuation approaches applicable to the property type.

Investments in private mutual funds, traditional private equity funds, strategic lending funds and real estate funds that report using GAAP, the fair value, as well as the unfunded commitments, were determined using the prior quarter's NAV, as reported by the fund managers, plus the current cash flows. These assets were then categorized by investment strategy. In instances where the fund investment reported using non-GAAP standards, the investment was valued using the same method, but was classified in Level 3.

At June 30, 2019, Roane County's Public Employee Hybrid Retirement Plan had the following investments held by the trust on its behalf.

Primary Government:

Investment	Weighted Average Maturity (days)	Maturities	Fair Value
Investments at Fair Value:			
U.S. Equity	N/A	N/A	\$ 26,762
Developed Market International Equity	N/A	N/A	12,086
Emerging Market International Equity	N/A	N/A	3,453
U.S. Fixed Income	N/A	N/A	17,266
Real Estate	N/A	N/A	17,266
Short-term Securities	N/A	N/A	8,633
Investments at Amortized Cost using the NAV:			
Private Equity and Strategic Lending	N/A	N/A	863
Total			<u>\$ 86,329</u>

Investment by Fair Value Level	Fair Value 6-30-19	Fair Value Measurements Using			Amortized Cost
		Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)	
U.S. Equity	\$ 26,762	\$ 26,762	0	0	0
Developed Market International Equity	12,086	12,086	0	0	0
Emerging Market International Equity	3,453	3,453	0	0	0
U.S. Fixed Income	17,266	0	17,266	0	0
Real Estate	8,633	0	0	8,633	0
Short-term Securities	863	0	863	0	0
Private Equity and Strategic Lending	17,266	0	0	0	17,266
Total	<u>\$ 86,329</u>	<u>\$ 42,301</u>	<u>\$ 18,129</u>	<u>\$ 8,633</u>	<u>\$ 17,266</u>

School Department:

Investment	Weighted Average Maturity (days)	Maturities	Fair Value
Investments at Fair Value:			
U.S. Equity	N/A	N/A	\$ 10,157
Developed Market International Equity	N/A	N/A	4,402
Emerging Market International Equity	N/A	N/A	1,258
U.S. Fixed Income	N/A	N/A	6,289
Real Estate	N/A	N/A	6,289
Short-term Securities	N/A	N/A	3,144
Investments at Amortized Cost using the NAV:			
Private Equity and Strategic Lending	N/A	N/A	314
Total			<u>\$ 31,853</u>

Investment by Fair Value Level	Fair Value Measurements Using				Amortized
	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)		Cost
	Fair Value 6-30-19				NAV
U.S. Equity	\$ 10,157	\$ 10,157	0	0	0
Developed Market International Equity	4,402	4,402	0	0	0
Emerging Market International Equity	1,258	1,258	0	0	0
U.S. Fixed Income	6,289	0	6,289	0	0
Real Estate	3,144	0	0	3,144	0
Short-term Securities	314	0	314	0	0
Private Equity and Strategic Lending	6,289	0	0	0	6,289
Total	<u>\$ 31,853</u>	<u>\$ 15,817</u>	<u>\$ 6,603</u>	<u>\$ 3,144</u>	<u>\$ 6,289</u>

At June 30, 2019, the discretely presented Roane County School Department's Teacher Hybrid Retirement Plan had the following investments held by the trust on its behalf.

Investment	Weighted Average Maturity (days)	Maturities	Fair Value
Investments at Fair Value:			
U.S. Equity	N/A	N/A	\$ 29,203
Developed Market International Equity	N/A	N/A	13,189
Emerging Market International Equity	N/A	N/A	3,768
U.S. Fixed Income	N/A	N/A	18,841
Real Estate	N/A	N/A	9,420
Short-term Securities	N/A	N/A	942
Investments at Amortized Cost using the NAV:			
Private Equity and Strategic Lending	N/A	N/A	18,841
Total			<u>\$ 94,204</u>

Investment by Fair Value Level	Fair Value 6-30-19	Fair Value Measurements Using			Amortized Cost
		Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)	
U.S. Equity	\$ 29,203	\$ 29,203	0	0	0
Developed Market International Equity	13,189	13,189	0	0	0
Emerging Market International Equity	3,768	3,768	0	0	0
U.S. Fixed Income	18,841	0	18,841	0	0
Real Estate	9,420	0	0	9,420	0
Short-term Securities	942	0	942	0	0
Private Equity and Strategic Lending	18,841	0	0	0	18,841
Total	<u>\$ 94,204</u>	<u>\$ 46,160</u>	<u>\$ 19,783</u>	<u>\$ 9,420</u>	<u>\$ 18,841</u>

Risks and Uncertainties. The trust's investments include various types of investment funds, which in turn invest in any combination of stock, bonds and other investments exposed to various risks, such as interest rate, credit, and market risk. Due to the level of risk associated with certain investment securities, it is at least reasonably possible that changes in the values of investment securities will occur in the near term and that such changes could materially affect the amounts reported for trust investments.

Interest Rate Risk. Interest rate risk is the risk that changes in interest rates will adversely affect the fair value of an investment. The Roane County School Department does not have the ability to limit trust investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates.

Credit Risk. Credit risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligations. The Roane County School Department does not have the ability to limit the credit ratings of individual investments made by the trust.

Concentration of Credit Risk. Concentration of credit risk is the risk of loss attributed to the magnitude of the county's investment in a single issuer. Roane County School Department places no limit on the amount the county may invest in one issuer.

Custodial Credit Risk. Custodial credit risk for investments is the risk that, in the event of a failure of the counterparty to a transaction, the county will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. Pursuant to the trust agreement, investments are held in the name of the trust for the benefit of the Roane County School Department to pay retirement benefits of the school department employees.

For further information concerning the school department's investments with the TCRS Stabilization Reserve Trust, audited financial statements of the Tennessee Consolidated Retirement System may be obtained at <https://comptroller.tn.gov/content/dam/cot/sa/advanced-search/disclaimer/2019/ag18092.pdf>.

B. Notes Receivable

Notes receivable consists of industrial loans totaling \$458,485 in the Community Development - Agency Fund due from local businesses. These loans were made from revolving loan funds received from the U.S. Department of Commerce passed through the Tennessee Department of Economic and Community Development.

C. Capital Assets

Capital assets activity for the year ended June 30, 2019, was as follows:

Primary Government

Governmental Activities:

	Balance 7-1-18	Increases	Decreases	Balance 6-30-19
Capital Assets				
Not Depreciated:				
Land	\$ 5,024,292	\$ 534,255	\$ 0	\$ 5,558,547
Construction in Progress	10,010	0	0	10,010
Total Capital Assets Not Depreciated	\$ 5,034,302	\$ 534,255	\$ 0	\$ 5,568,557
Capital Assets Depreciated:				
Buildings and Improvements	\$ 16,811,200	\$ 360,745	\$ 0	\$ 17,171,945
Infrastructure	40,893,804	974,818	0	41,868,622
Other Capital Assets	13,762,826	1,059,005	(460,028)	14,361,803
Total Capital Assets Depreciated	\$ 71,467,830	\$ 2,394,568	\$ (460,028)	\$ 73,402,370
Less Accumulated Depreciation For:				
Buildings and Improvements	\$ 5,201,521	\$ 494,525	\$ 0	\$ 5,696,046
Infrastructure	19,573,811	1,419,474	0	20,993,285
Other Capital Assets	10,396,001	1,000,003	(460,028)	10,935,976
Total Accumulated Depreciation	\$ 35,171,333	\$ 2,914,002	\$ (460,028)	\$ 37,625,307
Total Capital Assets Depreciated, Net	\$ 36,296,497	\$ (519,434)	\$ 0	\$ 35,777,063
Governmental Activities Capital Assets, Net	\$ 41,330,799	\$ 14,821	\$ 0	\$ 41,345,620

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

Governmental Activities:

General Government	\$ 442,633
Administration of Justice	14,650
Public Safety	431,409
Public Health and Welfare	377,528
Social, Cultural, and Recreational Services	75,984
Highways/Public Works	<u>1,571,798</u>
Total Depreciation Expense - Governmental Activities	<u><u>\$ 2,914,002</u></u>

Business-Type Activities:

	Balance 7-1-18	Increases	Decreases	Balance 6-30-19
Capital Assets Not Depreciated:				
Land	\$ 5,000	\$ 0	\$ 0	\$ 5,000
Total Capital Assets Not Depreciated	<u>\$ 5,000</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 5,000</u>
Capital Assets Depreciated:				
Buildings and Improvements	\$ 996,279	\$ 0	\$ 0	\$ 996,279
Infrastructure	8,248,812	0	0	8,248,812
Other Capital Assets	<u>1,089,470</u>	<u>7,999</u>	<u>(36,405)</u>	<u>1,061,064</u>
Total Capital Assets Depreciated	<u>\$ 10,334,561</u>	<u>\$ 7,999</u>	<u>\$ (36,405)</u>	<u>\$ 10,306,155</u>
Less Accumulated Depreciation For:				
Buildings and Improvements	\$ 734,360	\$ 8,812	\$ 0	\$ 743,172
Infrastructure	2,299,152	251,223	0	2,550,375
Other Capital Assets	<u>834,766</u>	<u>79,894</u>	<u>(30,124)</u>	<u>884,536</u>
Total Accumulated Depreciation	<u>\$ 3,868,278</u>	<u>\$ 339,929</u>	<u>\$ (30,124)</u>	<u>\$ 4,178,083</u>
Total Capital Assets Depreciated, Net	<u>\$ 6,466,283</u>	<u>\$ (331,930)</u>	<u>\$ (6,281)</u>	<u>\$ 6,128,072</u>
Business-type Activities Capital Assets, Net	<u><u>\$ 6,471,283</u></u>	<u><u>\$ (331,930)</u></u>	<u><u>\$ (6,281)</u></u>	<u><u>\$ 6,133,072</u></u>

Depreciation expense totaling \$339,929 was charged to the Public Utility Fund.

Discretely Presented Roane County School Department

Governmental Activities:

	Balance 7-1-18	Increases	Decreases	Balance 6-30-19
Capital Assets				
Not Depreciated:				
Land	\$ 1,338,172	\$ 0	\$ 0	\$ 1,338,172
Construction in Progress	608,665	58,701	(370,068)	297,298
Total Capital Assets Not Depreciated	<u>\$ 1,946,837</u>	<u>\$ 58,701</u>	<u>\$ (370,068)</u>	<u>\$ 1,635,470</u>
Capital Assets Depreciated:				
Buildings and Improvements	\$ 105,981,300	\$ 370,068	\$ 0	\$ 106,351,368
Other Capital Assets	10,990,547	610,114	(273,239)	11,327,422
Total Capital Assets Depreciated	<u>\$ 116,971,847</u>	<u>\$ 980,182</u>	<u>\$ (273,239)</u>	<u>\$ 117,678,790</u>
Less Accumulated Depreciation For:				
Buildings and Improvements	\$ 44,203,347	\$ 2,480,770	\$ 0	\$ 46,684,117
Other Capital Assets	8,223,037	509,336	(273,239)	8,459,134
Total Accumulated Depreciation	<u>\$ 52,426,384</u>	<u>\$ 2,990,106</u>	<u>\$ (273,239)</u>	<u>\$ 55,143,251</u>
Total Capital Assets Depreciated, Net	<u>\$ 64,545,463</u>	<u>\$ (2,009,924)</u>	<u>\$ 0</u>	<u>\$ 62,535,539</u>
Governmental Activities Capital Assets, Net	<u>\$ 66,492,300</u>	<u>\$ (1,951,223)</u>	<u>\$ (370,068)</u>	<u>\$ 64,171,009</u>

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

Governmental Activities:

Support Services	\$ 2,976,344
Operation of Non-instructional Services	<u>13,762</u>
Total Depreciation Expense - Governmental Activities	<u><u>\$ 2,990,106</u></u>

D. Interfund Receivables, Payables, and Transfers

The composition of interfund balances as of June 30, 2019, was as follows:

Due to/from Other Funds:

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>
Primary Government:		
General	Nonmajor governmental	\$ 5,157
General	Agency	14,384
Highway/Public Works	Nonmajor governmental	23,625
Nonmajor governmental	General	2,100
Agency	General Capital Projects	4,269
Discretely Presented School		
Department:		
General Purpose School	Nonmajor governmental	108,455
Nonmajor governmental	General Purpose School	19,210
Nonmajor governmental	Nonmajor governmental	7,068

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

Interfund Loans to/from Other Funds:

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>
Primary Government:		
General	Highway/Public Works	\$ 700,000

This loan is discussed in Note IV.H., Internal Financing. Of the \$700,000 balance at June 30, 2019, \$612,500 is not expected to be repaid within one year and is offset by nonspendable fund balance in the General Fund.

Due to/from Primary Government and Component Unit:

<u>Receivable</u>	<u>Payable</u>	<u>Amount</u>
Primary Government:		
Nonmajor governmental		
Component Unit:		
School Department:		
General Purpose School		
		\$ 18
Primary Government:		
General Capital Projects		
		58,522
Nonmajor governmental		
		2,347

Interfund Transfers:

Interfund transfers for the year ended June 30, 2019, consisted of the following amounts:

Primary Government

Transfers Out	Transfers In		
	General Debt Service Fund	General Capital Projects Fund	Nonmajor Governmental Funds
General Fund	\$ 500,000	\$ 460,000	\$ 0
Highway/Public Works Fund	170,000	0	1,300,000
Nonmajor governmental funds	0	100,000	0
Total	<u>\$ 670,000</u>	<u>\$ 560,000</u>	<u>\$ 1,300,000</u>

Transfers from the General Fund and the Highway/Public Works Fund to the General Debt Service Fund were to provide funds for the retirement of outstanding debt. Transfers from the General Fund to the General Capital Projects Fund include \$125,000 for the purchase of voting machines and \$335,000 for a project to expand the jail. Transfers from the Highway/Public Works Fund to the nonmajor governmental funds include \$1,100,000 for necessary road repairs and \$200,000 for equipment and bridge improvements.

Discretely Presented Roane County School Department

Transfers Out	Transfers In	
	General Purpose School Fund	Purpose
Nonmajor governmental Funds	<u>\$ 107,872</u>	Indirect Costs
Total	<u><u>\$ 107,872</u></u>	

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

E. Long-term Debt

Primary Government

General Obligation Bonds and Other Loans

General Obligation Bonds - Roane County issues general obligation bonds to provide funds for the acquisition and construction of major capital facilities for the primary government and the discretely presented school department. In addition, general obligation bonds have been issued to refund other general obligation bonds and loans. General obligation bonds are direct obligations and pledge the full faith, credit, and taxing authority of the government. General obligation bonds outstanding were issued for original terms of up to 30 years. Repayment terms are generally structured with increasing amounts of principal maturing as interest requirements decrease over the term of the debt. All bonds included in long-term debt as of June 30, 2019, will be retired from the county's debt service funds.

Direct Borrowing and Direct Placements - Roane County issues other loans to provide funds for the acquisition and construction of major capital facilities for the primary government and the discretely presented school department. Other loans are direct obligations and pledge the full faith, credit, and taxing authority of the government. Other loans outstanding were issued for original terms of up to 17 years. Repayment terms are generally structured with increasing amounts of principal maturing as interest requirements decrease over the term of the debt. All other loans included in long-term debt as of June 30, 2019, will be retired from the General Debt Service Fund.

General obligation bonds and other loans outstanding as of June 30, 2019, for governmental activities are as follows:

Type	Interest Rate		Final Maturity	Original Amount of Issue	Balance 6-30-19
General Obligation Refunding Bonds	2 to 5	%	5-1-29	\$ 20,045,000	\$ 17,515,000
General Obligation Bond	3 to 5		5-1-49	7,100,000	7,100,000
Rural School Bonds	2 to 3.5		6-30-20	1,325,000	145,000
Rural School Refunding Bonds	1.67 to 5		5-1-22	8,050,000	5,093,000
Direct Borrowing and Direct Placement:					
Other Loans - Blount County Public					
Building Authority	4.25 to 5		6-1-27	750,000	750,000
Other Loans - Energy Efficient Schools	0		3-1-23	944,127	298,949
Other Loans - City of Clarksville Public					
Building Authority	Variable		6-13-24	10,000,000	2,060,000

During the year, Roane County entered into a loan agreement with the City of Clarksville Public Building Authority. The loan agreement provides for the authority to make \$10,000,000 available to loan to Roane County on an as-needed basis for various renovation and construction projects. As of June 30, 2019, Roane County has borrowed \$2,060,000 of the loan. The loan is repayable at a variable rate, which is calculated by adding .85 percent to the average SIFMA Index Rate for the preceding calendar month. In addition, the county pays various other fees (e.g., trustee) in connection with this loan. At June 30, 2019, the variable interest rate was 2.75 percent and other fees totaled approximately .15 percent of the outstanding principal.

The annual requirements to amortize all bonds and other loans outstanding as of June 30, 2019, including interest payments, are presented in the following tables:

Year Ending June 30	Bonds		
	Principal	Interest	Total
2020	\$ 4,262,000	\$ 911,589	\$ 5,173,589
2021	3,775,000	773,941	4,548,941
2022	3,891,000	655,635	4,546,635
2023	2,220,000	527,165	2,747,165
2024	2,275,000	450,275	2,725,275
2025-2029	7,745,000	1,456,500	9,201,500
2030-2034	1,120,000	815,050	1,935,050
2035-2039	1,295,000	636,550	1,931,550
2040-2044	1,510,000	426,031	1,936,031
2045-2049	1,760,000	174,075	1,934,075
Total	<u>\$ 29,853,000</u>	<u>\$ 6,826,811</u>	<u>\$ 36,679,811</u>

Year Ending June 30	Other Loans - Direct Placement			
	Principal	Interest	Other Fees	Total
2020	\$ 1,598,316	\$ 310,438	\$ 15,000	\$ 1,923,754
2021	658,316	269,187	12,750	940,253
2022	73,383	35,438	0	108,821
2023	28,934	35,437	0	64,371
2024	0	35,438	0	35,438
2025-2027	750,000	71,313	0	821,313
Total	<u>\$ 3,108,949</u>	<u>\$ 757,251</u>	<u>\$ 27,750</u>	<u>\$ 3,893,950</u>

There is \$3,742,542 available in the debt service funds to service long-term debt. Bonded debt per capita totaled \$570 for residents living outside the Harriman and Oak Ridge School Districts, \$460 for residents living inside the Harriman School District, and \$454 for residents living inside the Oak Ridge

School District based on the 2010 federal census. Total debt per capita, including bonds, other loans, and unamortized debt premiums totaled \$643 for residents living outside the Harriman and Oak Ridge School Districts, \$533 for residents living inside the Harriman School District, and \$527 for residents living inside the Oak Ridge School District based on the 2010 federal census.

Changes in Long-term Debt

Long-term debt activity for the year ended June 30, 2019, was as follows:

Governmental Activities			Other Loans - Direct Placement
	Bonds		
Balance, July 1, 2018	\$ 26,660,000	\$	1,147,265
Additions	7,100,000		2,060,000
Reductions	(3,907,000)		(98,316)
Balance, June 30, 2019	\$ 29,853,000	\$	3,108,949
Balance Due Within One Year	\$ 4,262,000	\$	1,598,316

Analysis of Noncurrent Liabilities for Debt Presented on Exhibit A:

Total Noncurrent Liabilities - Debt, June 30, 2019	\$ 32,961,949
Less: Balance Due Within One Year - Debt	(5,860,316)
Add: Unamortized Premium on Debt	840,337
Noncurrent Liabilities - Due in More Than One Year - Debt - Exhibit A	\$ 27,941,970

Roane County Public Utility Fund (enterprise fund)

Bonds and Other Loans

Bonds - Revenue and tax bonds were issued for an original term of 38 years.

Direct Borrowing and Direct Placements – Other loans outstanding were issued for an original term of 24 years.

Bonds and other loans outstanding as of June 30, 2019, for business-type activities are as follows:

Type	Interest Rate	Final Maturity	Original Amount of Issue	Balance 6-30-19
Revenue and Tax Bonds	4.75 %	4-20-40	\$ 620,000	\$ 466,310
Direct Borrowings and Direct Placements:				
Other Loans - Revolving Loan Fund	1.77	12-1-35	4,387,595	3,723,507

The annual requirements to amortize all bonds and other loans outstanding as of June 30, 2019, including interest payments, are presented in the following tables:

Year Ending June 30	Bonds		
	Principal	Interest	Total
2020	\$ 13,477	\$ 21,863	\$ 35,340
2021	14,131	21,209	35,340
2022	14,817	20,523	35,340
2023	15,537	19,803	35,340
2024	16,291	19,049	35,340
2025-2029	94,114	82,586	176,700
2030-2034	119,288	57,412	176,700
2035-2039	151,195	25,506	176,701
2040	27,460	580	28,040
Total	\$ 466,310	\$ 268,531	\$ 734,841

Year Ending June 30	Other Loans - Direct Placement			
	Principal	Interest	Other Fees	Total
2020	\$ 196,068	\$ 64,320	\$ 2,904	\$ 263,292
2021	199,572	60,816	2,748	263,136
2022	203,124	57,264	2,592	262,980
2023	206,748	53,640	2,424	262,812
2024	210,444	49,944	2,256	262,644
2025-2029	1,109,880	192,060	8,688	1,310,628
2030-2034	1,212,516	89,424	4,044	1,305,984
2035-2036	385,155	5,424	247	390,826
Total	\$ 3,723,507	\$ 572,892	\$ 25,903	\$ 4,322,302

Changes in Long-term Debt

Long-term debt activity for the Public Utility Fund (enterprise fund) for the year ended June 30, 2019, was as follows:

Business-type Activities:	Bonds	Other Loans - Direct Placement
Balance, July 1, 2018	\$ 479,163	\$ 3,916,131
Reductions	(12,853)	(192,624)
Balance, June 30, 2019	<u>\$ 466,310</u>	<u>\$ 3,723,507</u>
Balance Due Within One Year	<u>\$ 13,477</u>	<u>\$ 196,068</u>

Analysis of Noncurrent Liabilities for Debt Presented on Exhibit A:

Total Noncurrent Liabilities - Debt, June 30, 2019	\$ 4,189,817
Less: Balance Due Within One Year - Debt	<u>(209,545)</u>
Noncurrent Liabilities - Due in More Than One Year - Debt - Exhibit A	<u>\$ 3,980,272</u>

F. Long-term Obligations

Changes in Long-term Obligations

Long-term obligations activity for the year ended June 30, 2019, was as follows:

	Compensated Absences	Landfill Closure/ Postclosure Care Costs	Other Postemployment Benefits
Balance, July 1, 2018	\$ 457,494	\$ 45,286	\$ 4,220,393
Additions	491,808	198,541	208,712
Reductions	<u>(451,689)</u>	<u>(53,816)</u>	<u>(1,492,423)</u>
Balance, June 30, 2019	<u>\$ 497,613</u>	<u>\$ 190,011</u>	<u>\$ 2,936,682</u>
Balance Due Within One Year	<u>\$ 416,027</u>	<u>\$ 35,599</u>	<u>\$ 0</u>

Analysis of Other Noncurrent Liabilities Presented on Exhibit A:

Total Noncurrent Liabilities, June 30, 2019	\$ 3,624,306
Less: Balance Due Within One Year - Other	<u>(451,626)</u>
Noncurrent Liabilities - Due in More Than One Year - Other - Exhibit A	<u><u>\$ 3,172,680</u></u>

Compensated absences and other postemployment benefits will be paid from the employing funds, primarily the General and Highway/Public Works funds. Landfill postclosure care costs will be paid by the Other Special Revenue Fund.

Roane County Public Utility Fund (enterprise fund)

Long-term obligations activity for the Roane County Public Utility Fund (enterprise fund) for the year ended June 30, 2019, was as follows:

Business-type Activities:

	Other Postemployment Benefits
	<u> </u>
Balance, July 1, 2018	\$ 64,270
Additions	10,059
Reductions	<u>(23,542)</u>
Balance, June 30, 2019	<u><u>\$ 50,787</u></u>
Balance Due Within One Year	<u><u>\$ 0</u></u>

Discretely Presented Roane County School Department

Changes in Long-term Obligations

Long-term obligations activity for the discretely presented Roane County School Department for the year ended June 30, 2019, was as follows:

	Compensated Absences	Other Post- employment Benefits
Balance, July 1, 2018	\$ 180,163	\$ 8,709,187
Additions	200,075	2,818,422
Reductions	(233,023)	(3,104,427)
Balance, June 30, 2019	<u>\$ 147,215</u>	<u>\$ 8,423,182</u>
Balance Due Within One Year	<u>\$ 139,854</u>	<u>\$ 0</u>

Analysis of Other Noncurrent Liabilities Presented on Exhibit A:

Total Noncurrent Liabilities, June 30, 2019	\$ 8,570,397
Less: Balance Due Within One Year - Other	<u>(139,854)</u>
Noncurrent Liabilities - Due in More Than One Year - Other - Exhibit A	<u>\$ 8,430,543</u>

Compensated absences and other postemployment benefits will be paid from the employing funds, primarily the General Purpose School and School Federal Projects funds.

G. On-Behalf Payments – Discretely Presented Roane County School Department

The State of Tennessee pays health insurance premiums for retired teachers on-behalf of the Roane County School Department. These payments are made by the state to the Local Education Group Insurance 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 Local Education Group Insurance Plan for the year ended June 30, 2019, was \$313,085. The school department has recognized these on-behalf payments as revenues and expenditures in the General Purpose School Fund.

H. Internal Financing

In-lieu-of issuing debt with financial institutions, Roane County chose to internally finance various projects with idle county funds. During the current year, the county loaned \$700,000 of idle funds under Capital Outlay Note, Series 2019 from the General Fund to the Highway/Public Works Fund for road improvements. The balance of \$700,000 due on the Capital Outlay Note, Series 2019 is reflected as Due from Other Funds in the General Fund and as Due to Other Funds in the Highway/Public Works Fund.

Internally Reported Interfund Notes Receivable/Payable

	Original Amount of Issue	Interest Rate	Date of Issue	Last Maturity Date
<u>Due to General Fund from Highway/Public Works Fund</u>				
Capital Outlay Note - Series 2019	\$ 700,000	1.00 %	5-28-19	5-28-22
	Outstanding 7-1-18	Issued During Period	Paid and/or Matured During Period	Outstanding 6-30-19
<u>Due to General Fund from Highway/Public Service Fund</u>				
Capital Outlay Note - Series 2019	\$ 0	\$ 700,000	\$ 0	\$ 700,000
Total	\$ 0	\$ 700,000	\$ 0	\$ 700,000

I. Donor-restricted Endowments

The county accounts for an endowment totaling \$20,000 in a private-purpose trust fund, the Endowment Fund. The principal amount must remain intact while interest earned on the principal will be expended for county residents awarded educational scholarships. During the year ended June 30, 2019, interest earned totaled \$297.

V. OTHER INFORMATION

A. Risk Management

Roane County has chosen to establish two self-insurance funds for risks associated with the employees' dental insurance plan and workers' compensation claims. The self-insurance funds are accounted for as internal service funds where assets are set aside for claim settlements. The county retains the risk of loss to a limit of \$450,000 per occurrence and approximately \$3 million for all claims in any plan year for workers' compensation coverage.

The county has obtained a stop/loss commercial insurance policy to cover claims beyond these limits.

All full-time employees of the primary government and the Roane County School Department are eligible to participate in the dental program. A premium charge for dental and workers' compensation coverage is allocated to each fund that accounts for employees. This charge is based on actuarial estimates of the amounts needed to pay prior- and current-year claims and to establish a reserve for catastrophic losses. Reserves of \$459,673 and \$970,337 existed in the Employee Insurance – Dental and Workers' Compensation funds, respectively, at June 30, 2019. Liabilities of these funds are reported when it is probable that a loss has occurred and the amount of the loss can be reasonably estimated. The self-insurance funds establish claim liabilities based on estimates of the ultimate cost of claims that have been reported but not settled, and of claims that have been incurred but not reported. Claims liabilities include incremental claim adjustment expenditures/expenses, if any. In addition, estimated recoveries, if any, on settled claims have been deducted from the liability for unpaid claims. The process used to compute claims liabilities does not necessarily result in an exact amount. Changes in the balance of claims liabilities during the past two fiscal years are as follows:

Employee Insurance - Dental

	Beginning of Fiscal Year Liability		Current-year Claims and Estimates		Payments		Balance at Fiscal Year-end
2017-2018	\$ 0	\$	481,749	\$	(481,749)	\$	0
2018-2019	0		477,289		(477,289)		0

Workers' Compensation

	Beginning of Fiscal Year Liability		Current-year Claims and Estimates		Payments		Balance at Fiscal Year-end
2017-2018	\$ 987,985	\$	213,287	\$	(493,838)	\$	707,434
2018-2019	707,434		77,187		(319,528)		465,093

Roane County participates in the Local Government Group Insurance Fund (LGGIF), a public entity risk pool established to provide a program of health insurance coverage for employees of local governments and quasi-governmental entities that was established for the primary purpose of providing services for or on behalf of state and local governments. In accordance with Section 8-27-207, *Tennessee Code Annotated (TCA)*, all local governments and quasi-governmental entities described above are eligible to

participate. The LGGIF is included in the Comprehensive Annual Financial Report of the State of Tennessee, but the state does not retain any risk for losses by this fund. The state statute provides for the LGGIF to be self-sustaining through member premiums.

The discretely presented Roane County School Department participates in the Local Education Group Insurance Fund (LEGIF), a public entity risk pool established to provide a program of health insurance coverage for employees of local education agencies. In accordance with Section 8-27-301, *TCA*, all local education agencies are eligible to participate. The LEGIF is included in the Comprehensive Annual Financial Report of the State of Tennessee, but the state does not retain any risk for losses by this fund. Section 8-27-303, *TCA*, provides for the LEGIF to be self-sustaining through member premiums.

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

B. Accounting Changes

Provisions of Governmental Accounting Standards Board (GASB) Statement No. 83, *Certain Asset Retirement Obligations*; Statement No. 88, *Certain Disclosures Related to Debt, Including Direct Borrowing and Direct Placements* became effective for the year ended June 30, 2019. In addition, Roane County early implemented the provisions of GASB Statement No. 89, *Accounting for Interest Costs Incurred Before the End of a Construction Period*.

GASB Statement No. 83, *Certain Asset Retirement Obligations* establishes accounting and reporting requirements for certain asset retirement obligations (AROs) associated with tangible capital assets. The scope of this statement establishes standards for recognizing and measuring liabilities, deferred outflows of resources, and expense/expenditures. In addition, this standard establishes note disclosure requirements for AROs.

GASB Statement No. 88, *Certain Disclosures Related to Debt, including Direct Borrowing and Direct Placements* addresses note disclosure requirements related to debt, including direct borrowings and direct placements. It also clarifies which liabilities governments should report when disclosing information related to debt. These required disclosures include direct borrowings and direct placements, unused lines of credit, assets pledged as collateral for debt, terms specified in debt agreements related to significant events of default with finance-related consequences, significant termination events with finance-related consequences, and significant acceleration clauses.

GASB Statement No. 89, *Accounting for Interest Costs Incurred Before the End of a Construction Period* amends paragraphs 5 through 22 of GASB Statement No. 62. This standard establishes that interest cost incurred before the end of a construction period should be recognized as an expense/expenditure. The changes adopted to conform with this standard are to be applied prospectively.

C. Contingent Liabilities

The county is involved in several pending lawsuits. Based on letters from attorneys, management believes that the potential claims against the county not covered by insurance resulting from such litigation would not materially affect the county's financial statements.

D. Changes in Administration

Director of Schools Dr. Leah Watkins resigned July 5, 2018, and was succeeded by interim Director of Schools Gary Aytes effective July 6, 2018.

On August 31, 2019, Wilma Eblen left the Office of Trustee and was succeeded by Chris Mason, and Barbara Anthony left the Office of County Clerk and was succeeded by Beth Johnson.

E. Landfill Closure/Postclosure Care Costs

Roane County has an active permit on file with the state Department of Environment and Conservation for a sanitary landfill. The county has provided financial assurances for estimated postclosure liabilities as required by the State of Tennessee. These financial assurances are on file with the Department of Environment and Conservation.

State and federal laws and regulations require the county to place a final cover on its landfill site when it stops accepting waste and to perform certain maintenance and monitoring functions at the site for 30 years after closure. Although closure and postclosure care costs will be paid only near or after the date that the landfill stops accepting waste, the county reports a portion of these closure and postclosure care costs as an operating expense in each period based on landfill capacity used as of each balance sheet date. Roane County closed its sanitary landfill in 1998. The \$190,011 reported as postclosure care liability as of June 30, 2019, represents amounts based on what it would cost to perform all postclosure care in 2019. Actual costs may be higher due to inflation, changes in technology, or changes in regulations.

F. Joint Ventures

Roane County entered into an agreement with the counties of Cumberland and Morgan, Tennessee, to establish an Industrial Development Board to purchase land for the development of a joint industrial park. Cumberland, Morgan, and Roane counties jointly own the park. The agreement established a nine-member board with each county appointing three members and having responsibility for one-third of the entity's funding. Roane County issued loans for \$1,750,000 and \$750,000 on October 18, 2007, and June 15, 2010, respectively. The proceeds of these loans were contributed to the board.

The Ninth Judicial District Drug Task Force (DTF) is a joint venture formed by an interlocal agreement between the district attorney general of the Ninth Judicial District; Roane, Loudon, Meigs, and Morgan counties; and various cities within these counties. The purpose of the DTF is to provide multi-jurisdictional law enforcement to promote the investigation and prosecution of drug-related activities. Funds for the operations of the DTF come primarily from federal grants, drug fines, and the forfeiture of drug-related assets to the DTF. The DTF is overseen by the district attorney general and is governed by a board of directors, which includes the district attorney general, sheriffs, and police chiefs of participating law enforcement agencies within each judicial district. Roane County made no contributions to the DTF for the year ended June 30, 2019. Roane County does not have an equity interest in the DTF.

Complete financial statements for the Industrial Development Board and the DTF can be obtained from their administrative offices at the following addresses:

Administrative Office:

Industrial Development Board of the
Counties of Cumberland, Morgan,
and Roane, Tennessee
34 South Main Street
Crossville, TN 38555

Office of District Attorney General
Ninth Judicial District Drug Task Force
P.O. Box 703
Kingston, TN 37763

G. Jointly Governed Organization

The county commission is responsible for appointing three members to the board of directors of the Roane Alliance, Inc. The total number of board members fluctuates from 29 to 48 members. The remaining members are appointed by other entities or are ex-officio from various organizations. The county's accountability for this organization does not extend beyond making these three appointments.

H. Retirement Commitments

1. Tennessee Consolidated Retirement System (TCRS)

Primary Government

Roane County Legacy Pension Plan

General Information About the Pension Plan

Plan Description – Roane County Legacy Plan. Employees of Roane County and non-certified employees of the discretely presented Roane County School Department with membership in TCRS before October 1, 2015, are provided a defined benefit pension plan (Roane County Legacy Plan) through the Public Employee Retirement Plan, an agent multiple-employer pension plan administered by the TCRS. The Roane County Legacy Plan is closed to new membership. The primary government employees comprise 56.29 percent and the non-certified employees of the discretely presented school department comprised 43.71 percent of the plan based on contribution data. The TCRS was created by state statute under *Tennessee Code Annotated (TCA)*, Title 8, Chapters 34-37. The TCRS Board of Trustees is responsible for the proper operation and administration of the TCRS. The Tennessee Treasury Department, an agency in the legislative branch of state government, administers the plans of the TCRS. The TCRS issues a publicly available financial report that can be obtained at www.treasury.tn.gov/Retirement/Boards-and-Governance/Reporting-and-Investment-Policies.

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, 2018, the following employees were covered by the benefit terms:

Inactive Employees or Beneficiaries Currently	
Receiving Benefits	361
Inactive Employees Entitled to But Not Yet Receiving	
Benefits	562
Active Employees	456
Total	<u>1,379</u>

Roane County withdrew from the TCRS Roane County Legacy Plan effective September 30, 2015. Employees hired after the date of withdrawal are not eligible to participate in the Roane County Legacy Plan. Employees active as of the withdrawal date will continue to accrue salary and services credit in TCRS. The employer remains responsible for the pension liability for employees and retirees that were active as of the withdrawal date.

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. Roane County elected to make employer contributions at a rate higher than the rate set by the Board of Trustees as determined by an actuarial valuation. For the year ended June 30, 2019, the employer contribution for Roane County was \$710,721 based on a rate of 5 percent of covered payroll. The minimum rate established by the Board of Trustees was 4.08 percent. By law, employer contributions are required to be paid. The TCRS may intercept Roane County's state shared taxes if required employer contributions are not remitted. The

employer's actuarially determined contributions (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)

Roane County's net pension liability (asset) was measured as of June 30, 2018, 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 the June 30, 2018, actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	2.5%
Salary Increases	Graded Salary Ranges from 8.72% to 3.44% Based on Age, Including Inflation, Averaging 4%
Investment Rate of Return	7.25%, Net of Pension Plan Investment Expenses, Including Inflation
Cost of Living Adjustment	2.25%

Mortality rates were based on actual experience including an adjustment for some anticipated improvement.

The actuarial assumptions used in the June 30, 2018, actuarial valuation were based on the results of an actuarial experience study performed for the period July 1, 2012, through June 30, 2016. 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, 2016, actuarial experience study. A blend of future capital market projections and historic market returns was used in a building-block method in which a best-estimate of expected future real rates of return (expected returns, net of pension plan investments expense and inflation) is developed for each major asset class. These best-estimates are combined to produce the long-term expected rate of return by weighing the expected future real rates of return by the target allocation percentage and by adding expected inflation of 2.5 percent. The best-estimates of geometric real rates of return and the TCRS investment policy target asset allocation for each major class are summarized in the following table:

Asset Class	Percentage Long-term Expected Real Rate of Return	Percentage Target Allocations
U.S. Equity Developed Market	5.69 %	31 %
International Equity Emerging Market	5.29	14
International Equity Private Equity and Strategic Lending	6.36	4
U.S. Fixed Income	5.79	20
Real Estate	2.01	20
Short-term Securities	4.32	10
	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 7.25 percent based on a blending of the factors described above.

Discount Rate. The discount rate used to measure the total pension liability was 7.25 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 Roane 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 (Asset) (a)-(b)
Balance, July 1, 2017	\$ 56,657,557	\$ 60,251,278	\$ (3,593,721)
Changes for the Year:			
Service Cost	\$ 1,323,931	\$ 0	\$ 1,323,931
Interest	4,111,852	0	4,111,852
Differences Between Expected and Actual Experience	(519,196)	0	(519,196)
Changes in Assumptions	0	0	0
Contributions-Employer	0	887,921	(887,921)
Contributions-Employees	0	739,936	(739,936)
Net Investment Income	0	4,961,820	(4,961,820)
Benefit Payments, Including Refunds of Employee Contributions	(2,532,574)	(2,532,574)	0
Administrative Expense	0	(44,393)	44,393
Other Changes	0	0	0
Net Changes	\$ 2,384,013	\$ 4,012,710	\$ (1,628,697)
Balance, June 30, 2018	\$ 59,041,570	\$ 64,263,988	\$ (5,222,418)

Allocation of Agent Plan Changes in the Net Pension Liability (Asset)

		Total Pension Liability	Plan Fiduciary Net Position	Net Pension Liability (Asset)
Primary Government	56.29%	\$ 33,234,500	\$ 36,174,199	\$ 2,939,699
School Department	43.71%	25,807,070	28,089,789	2,282,719
Total		\$ 59,041,570	\$ 64,263,988	\$ 5,222,418

Sensitivity of the Net Pension Liability (Asset) to Changes in the Discount Rate. The following presents the net pension liability (asset) of Roane County calculated using the discount rate of 7.25 percent, as well as what the net pension liability (asset) would be if it were calculated using a discount rate that is one percentage point lower (6.25%) or one percentage point higher (8.25%) than the current rate:

	1% Decrease 6.25%	Current Discount Rate 7.25%	1% Increase 8.25%
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Net Pension Liability \$ 2,178,805 \$ (5,222,418) \$ (11,374,484)

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

Pension Expense or Negative Pension Expense. For the year ended June 30, 2019, Roane County recognized (negative) pension expense of (\$232,216).

Deferred Outflows of Resources and Deferred Inflows of Resources. For the year ended June 30, 2019, Roane County reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference Between Expected and Actual Experience	\$ 0	\$ 1,121,587
Net Difference Between Projected and Actual Earnings on Pension Plan Investments	0	257,713
Changes in Assumptions	794,394	0
Contributions Subsequent to the Measurement Date of June 30, 2018 (1)	710,721	N/A
Total	\$ 1,505,115	\$ 1,379,300

- (1) The amount shown above for “Contributions Subsequent to the Measurement Date of June 30, 2018,” will be recognized as a reduction (increase) to net pension liability (asset) in the following measurement period.

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

	Deferred Outflows of Resources	Deferred Inflows of Resources
Primary Government	\$ 828,146	\$ 758,340
Business-type Activities	20,231	18,068
School Department	656,738	602,892
Total	\$ 1,505,115	\$ 1,379,300

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

Year Ending June 30	Amount
2020	\$ 173,893
2021	(147,196)
2022	(486,004)
2023	(125,602)
2024	0
Thereafter	0

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

Primary Government

Roane County Hybrid Pension Plan

Plan Description – Roane County Hybrid Plan. Employees of Roane County and non-certified employees of the discretely presented Roane County School Department hired on or after October 1, 2015, are provided a defined benefit pension plan (Roane County Hybrid Plan) through the Public Employee Retirement Plan, an agent multiple-employer pension plan administered by the TCRS. The primary government employees comprise 66.28 percent and the non-certified employees of the discretely presented school department comprise 33.72 percent of the plan based on contribution data. The TCRS was created by state statute under *Tennessee Code Annotated (TCA)*, Title 8,

Chapters 34-37. The TCRS Board of Trustees is responsible for the proper operation and administration of the TCRS. The Tennessee Treasury Department, an agency in the legislative branch of state government, administers the plans of the TCRS. The TCRS issues a publicly available financial report that can be obtained at www.treasury.tn.gov/Retirement/Boards-and-Governance/Reporting-and-Investment-Policies.

Benefits Provided. TCA, Title 8, Chapters 34-37 establish the benefit terms and can be amended only by the Tennessee General Assembly. Members are eligible to retire with an unreduced benefit at age 65 with five years of service credit or pursuant to the rule of 90 in which the member's age and service credit total 90. Benefits are determined by a formula using the member's highest five consecutive year average compensation and the member's years of service credit. A reduced early retirement benefit is available to vested members at age 60 or pursuant to the rule of 80 in which the member's age and service credits total 80. Members are vested with five years of service credit. Service related disability benefits are provided regardless of length of service. Five years of service is required for non-service related disability eligibility. The service related and non-service related disability benefits are determined in the same manner as a service retirement benefit but are reduced ten percent and include projected service credits. A variety of death benefits is available under various eligibility criteria.

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

Employees Covered by Benefit Terms. At the measurement date of June 30, 2018, 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	57
Active Employees	153
Total	<hr/> 211 <hr/>

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. Roane County makes employer contributions at the rate set by the Board of Trustees as determined by an actuarial valuation and statutory provisions. Per the statutory provisions governing TCRS, the employer contribution rate cannot be less than four percent, except in years when the maximum funded level, approved by the TCRS Board of Trustees, is reached. By law, employer contributions for the Retirement Plan are required to be paid. The TCRS may intercept the state shared taxes of the sponsoring governmental entity of Roane County if the required employer contributions are not remitted. Employer contributions for the year ended June 30, 2019, to the Retirement Plan were \$59,745, which is 1.30 percent of covered payroll. In addition, employer contributions of \$82,183 were made to the Pension Stabilization Reserve Trust Fund to fund future pension costs. The employer rate, when combined with member contributions and the stabilization reserve trust funds, is expected to finance the costs of benefits earned by members during the year, the cost of administration, as well as an amortized portion of any unfunded liability.

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

Pension Liabilities (Assets). Roane County's net pension liability (asset) was measured at June 30, 2018, 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 the June 30, 2018, actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	2.5%
Salary Increases	Graded Salary Ranges from 8.72% to 3.46% Based on Age, Including Inflation, Averaging 4%
Investment Rate of Return	7.25%, Net of Pension Plan Investment Expenses, Including Inflation
Cost of Living Adjustment	2.25%

Mortality rates were based on actual experience including an adjustment for some anticipated improvement.

The actuarial assumptions used in the June 30, 2018, actuarial valuation were based on the results of an actuarial experience study performed for the period July 1, 2012, through June 30, 2016. 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, 2016, actuarial experience study. A blend of future capital market projections and historic market returns was used in a building-block method in which a best-estimate of expected future real rates of return (expected returns, net of pension plan investments expense and inflation) is developed for each major asset class. These best-estimates are combined to produce the long-term expected rate of return by weighing the expected future real rates of return by the target allocation percentage and by adding expected inflation of 2.5 percent. The best-estimates of geometric real rates of return and the TCRS investment policy target asset allocation for each major class are summarized in the following table:

Asset Class	Percentage Long-term Expected Real Rate of Return	Percentage Target Allocations
U.S. Equity Developed Market	5.69 %	31 %
International Equity Emerging Market	5.29	14
International Equity Private Equity and Strategic Lending	6.36	4
U.S. Fixed Income	5.79	20
Real Estate	2.01	20
Short-term Securities	4.32	10
	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 7.25 percent based on a blending of the factors described above.

Discount Rate. The discount rate used to measure the total pension liability was 7.25 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 Roane 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 (Asset) (a)-(b)
Balance, July 1, 2017	\$ 185,897	\$ 267,609	\$ (81,712)
Changes for the Year:			
Service Cost	\$ 169,463	\$ 0	\$ 169,463
Interest	25,668	0	25,668
Changes in Benefit Terms	0	0	0
Differences Between Expected and Actual Experience	59,165	0	59,165
Changes in Assumptions	0	0	0
Contributions-Employer	0	140,953	(140,953)
Contributions-Employees	0	176,564	(176,564)
Net Investment Income	0	34,740	(34,740)
Benefit Payments, Including Refunds of Employee Contributions	(2,648)	(2,648)	0
Administrative Expense	0	(13,029)	13,029
Other Changes	0	0	0
Net Changes	\$ 251,648	\$ 336,580	\$ (84,932)
Balance, June 30, 2018	\$ 437,545	\$ 604,189	\$ (166,644)

Allocation of Agent Plan Changes in the Net Pension Liability (Asset)

		Total Pension Liability	Plan Fiduciary Net Position	Net Pension Liability (Asset)
Primary Government	66.28%	\$ 290,005	\$ 400,456	\$ (110,452)
School Department	33.72%	147,540	203,733	(56,192)
Total		\$ 437,545	\$ 604,189	\$ (166,644)

Sensitivity of the Net Pension Liability (Asset) to Changes in the Discount Rate. The following presents the net pension liability (asset) of Roane County calculated using the discount rate of 7.25 percent, as well as what the net pension liability (asset) would be if it were calculated using a discount rate that is one percentage point lower (6.25%) or one percentage point higher (8.25%) than the current rate:

	1% Decrease 6.25%	Current Discount Rate 7.25%	1% Increase 8.25%
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Net Pension Liability	\$	(40,819)	\$	(166,644)	\$	(259,211)
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Pension Expense (Income) and Deferred Outflows of Resources and Deferred Inflows of Resources to Pensions

Pension Expense or (Negative Pension Expense). For the year ended June 30, 2019, Roane County recognized pension expense of \$11,117.

Deferred Outflows of Resources and Deferred Inflows of Resources. For the year ended June 30, 2019, Roane County reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference Between Expected and Actual Experience	\$ 103,929	\$ 7,891
Net Difference Between Projected and Actual Earnings on Pension Plan Investments	0	6,547
Changes in Assumptions	4,729	0
Contributions Subsequent to the Measurement Date of June 30, 2018 (1)	59,745	N/A
Total	\$ 168,403	\$ 14,438

- (1) The amount shown above for “Contributions Subsequent to the Measurement Date of June 30, 2018,” will be recognized as a reduction (increase) to net pension liability (asset) in the following measurement period.

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

	Deferred Outflows of Resources	Deferred Inflows of Resources
Primary Government	\$ 110,160	\$ 9,437
Business-type Activities	1,428	133
School Department	56,815	4,868
Total	<u>\$ 168,403</u>	<u>\$ 14,438</u>

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

Year Ending June 30	Amount
2020	\$ 9,864
2021	9,864
2022	9,633
2023	10,797
2024	11,676
Thereafter	42,386

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

Discretely Presented Roane County School Department

Non-certified Employees

General Information About the Pension Plan

Plan Description – Roane County Legacy Plan. As noted above under the primary government, employees of Roane County and non-certified employees of the discretely presented Roane County School Department with membership in TCRS before October 1, 2015, are provided a defined benefit pension plan (Roane County Legacy Plan) through the Public Employee Retirement Plan, an agent multiple-employer pension plan administered by the TCRS. The primary government employees comprise 56.29 percent and the non-certified employees of the discretely

presented school department comprise 43.71 percent of the plan based on contribution data.

Roane County withdrew from the TCRS Roane County Legacy Plan effective September 30, 2015. Employees hired after the date of withdrawal are not eligible to participate in the Roane County Legacy Plan. Employees active as of the withdrawal date will continue to accrue salary and services credit in TCRS. The employer remains responsible for the pension liability for employees and retirees that were active as of the withdrawal date.

Plan Description – Roane County Hybrid Plan. Employees of Roane County and non-certified employees of the discretely presented Roane County School Department hired on or after October 1, 2015, are provided a defined benefit pension plan (Roane County Hybrid Plan) through the Public Employee Retirement Plan, an agent multiple-employer pension plan administered by the TCRS. The primary government employees comprise 66.28 percent and the non-certified employees of the discretely presented school department comprise 33.72 percent of the plan based on contribution data.

Certified Employees

Teacher Retirement Plan

General Information About the Pension Plan

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

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

Contributions. Contributions for teachers are established in the statutes governing the TCRS and may only be changed by the Tennessee General Assembly or by automatic cost controls set out in law. Teachers are required to contribute five percent of their salary to the plan. The Local Education Agencies (LEAs) make employer contributions at the rate set by the Board of Trustees as determined by an actuarial valuation. Per the statutory provisions governing TCRS, the employer contribution rate cannot be less than four percent, except in years when the maximum funded level, approved by the TCRS Board of Trustees, is reached. By law, employer contributions for the Teacher Retirement Plan are required to be paid. The TCRS may intercept the state shared taxes of the sponsoring governmental entity of the LEA if the required employer contributions are not remitted. Employer contributions for the year ended June 30, 2019, to the Teacher Retirement Plan were \$86,019, which is 1.94 percent of covered payroll. In addition, employer contributions of \$89,448 were made to the Pension Stabilization Reserve Trust Fund to fund future pension costs. The employer rate, when combined with member contributions and the

stabilization reserve trust funds, is expected to finance the costs of benefits earned by members during the year, the cost of administration, as well as an amortized portion of any unfunded liability.

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

Pension Liabilities (Assets). At June 30, 2019, the school department reported a liability (asset) of (\$184,396) for its proportionate share of the net pension liability (asset). The net pension liability (asset) was measured as of June 30, 2018, and the total pension liability (asset) used to calculate the net pension liability (asset) was determined by an actuarial valuation as of that date. The school department's proportion of the net pension liability (asset) was based on the school department's share of contributions to the pension plan relative to the contributions of all participating LEAs. At the measurement date of June 30, 2018, the school department's proportion was .406582 percent. The proportion as of June 30, 2017, was .470981 percent.

Pension Expense. For the year ended June 30, 2019, the School department recognized pension expense of \$63,877.

Deferred Outflows of Resources and Deferred Inflows of Resources. For the year ended June 30, 2019, the school department reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference Between Expected and Actual Experience	\$ 10,444	\$ 7,345
Net Difference Between Projected and Actual Earnings on Pension Plan Investments	0	10,416
Changes in Assumptions	8,699	0
Changes in Proportion of Net Pension Liability (Asset)	17,035	6,291
LEA's Contributions Subsequent to the Measurement Date of June 30, 2018	86,019	N/A
Total	<u>\$ 122,197</u>	<u>\$ 24,052</u>

The school department's employer contributions of \$86,019, reported as pension related deferred outflows of resources subsequent to the measurement date, will be recognized as an increase of net pension asset in the year ending June 30, 2020. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year Ending June 30	Amount
2020	\$ (445)
2021	(776)
2022	(2,261)
2023	461
2024	1,849
Thereafter	13,299

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

Actuarial Assumptions. The total pension liability in the June 30, 2018, actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	2.5%
Salary Increases	Graded Salary Ranges from 8.72% to 3.44% Based on Age, Including Inflation, Averaging 4%
Investment Rate of Return	7.25%, Net of Pension Plan Investment Expenses, Including Inflation
Cost of Living Adjustment	2.25%

Mortality rates are based on actual experience including an adjustment for some anticipated improvement.

The actuarial assumptions used in the June 30, 2018, actuarial valuation were based on the results of an actuarial experience study performed for the period July 1, 2012, through June 30, 2016. 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, 2016, actuarial experience study. A blend of future capital market projections and historic market returns was used in a building-block method in which a best-estimate of expected future real rates of return

(expected returns, net of pension plan investments expense and inflation) is developed for each major asset class. These best-estimates are combined to produce the long-term expected rate of return by weighing the expected future real rates of return by the target allocation percentage and by adding expected inflation of 2.5 percent. The best-estimates of geometric real rates of return and the TCRS investment policy target asset allocation for each major class are summarized in the following table:

Asset Class	Percentage Long-term Expected Real Rate of Return	Percentage Target Allocations
U.S. Equity	5.69	31
Developed Market		
International Equity	5.29	14
Emerging Market		
International Equity	6.36	4
Private Equity and		
Strategic Lending	5.79	20
U.S. Fixed Income	2.01	20
Real Estate	4.32	10
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 7.25 percent based on a blending of the factors described above.

Discount Rate. The discount rate used to measure the total pension liability was 7.25 percent. The projection of cash flows used to determine the discount rate assumes that employee contributions will be made at the current rate and that contributions from all the LEAs will be made at the actuarially determined contribution rate pursuant to an actuarial valuation in accordance with the funding policy of the TCRS Board of Trustees and as required to be paid by state statute. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make projected future benefit payments of current active and inactive members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

Sensitivity of the Proportionate Share of Net Pension Liability (Asset) to Changes in the Discount Rate. The following presents the school department's proportionate share of the net pension liability (asset) calculated using the discount rate of 7.25 percent, as well as what the school department's proportionate share of the net pension liability (asset) would be if it were calculated using a discount rate that is one percentage point lower (6.25%) or one percentage point higher (8.25%) than the current rate:

School Department's Proportionate Share of the Net Pension Liability (Asset)	1% Decrease 6.25%	Current Discount Rate 7.25%	1% Increase 8.25%
Net Pension Liability	\$ 28,508	\$ (184,396)	\$ (341,256)

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

Teacher Legacy Pension Plan

General Information About the Pension Plan

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

Benefits Provided. TCA, Title 8, Chapters 34-37 establish the benefit terms and can be amended only by the Tennessee General Assembly. Members of the Teacher Legacy Pension Plan are eligible to retire with an unreduced benefit at age 60 with five years of service credit or after 30 years of service credit regardless of age. Benefits are determined by a formula using the member's highest five consecutive year average

compensation and the member's years of service credit. A reduced early retirement benefit is available to vested members at age 55. Members are vested with five years of service credit. Service related disability benefits are provided regardless of length of service. Five years of service is required for non-service related disability eligibility. The service related and non-service related disability benefits are determined in the same manner as a service retirement benefit but are reduced ten percent and include projected service credits. A variety of death benefits is available under various eligibility criteria. Member and beneficiary annuitants are entitled to an automatic cost of living adjustment (COLA) after retirement. A COLA is granted each July for annuitants retired prior to the second of July of the previous year. The COLA is based on the change in the consumer price index (CPI) during the prior calendar year, capped at three percent, and applied to the current benefit. No COLA is granted if the change in the CPI is less than one-half percent. A one percent COLA is granted if the CPI change is between one-half and one percent. A member who leaves employment may withdraw their employee contributions, plus any accumulated interest. Under the Teacher Legacy Pension Plan, benefit terms and conditions, including COLAs can be adjusted on a prospective basis. Moreover, there are defined cost controls and unfunded liability controls that provide for the adjustment of benefit terms and conditions on an automatic basis.

Contributions. Contributions for teachers are established in the statutes governing the TCRS and may only be changed by the Tennessee General Assembly. Teachers are required to contribute five percent of their salaries. The Local Education Agencies (LEAs) make employer contributions at the rate set by the Board of Trustees as determined by an actuarial valuation. By law, employer contributions for the Teacher Legacy Pension Plan are required to be paid. The TCRS may intercept the state shared taxes of the sponsoring governmental entity of the LEA if the required employer contributions are not remitted. Employer contributions by the Roane County School Department for the year ended June 30, 2019, to the Teacher Legacy Pension Plan were \$2,443,186, which is 10.46 percent of covered payroll. The employer rate, when combined with member contributions, is expected to finance the costs of benefits earned by members during the year, the cost of administration, as well as an amortized portion of any unfunded liability.

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

Pension Liability (Assets). At June 30, 2019, the school department reported a liability (asset) of (\$2,451,521) for its proportionate share of the net pension liability (asset). The net pension liability (asset) was

measured as of June 30, 2018, and the total pension liability used to calculate the net pension liability (asset) was determined by an actuarial valuation as of that date. The school department's proportion of the net pension liability (asset) was based on the school department's long-term share of contributions to the pension plan relative to the contributions of all participating LEAs. At the measurement date of June 30, 2018, the school department's proportion was .696669 percent. The proportion measured at June 30, 2017, was .689287 percent.

Pension Expense. For the year ended June 30, 2019, the school department recognized negative pension expense of \$752,377.

Deferred Outflows of Resources and Deferred Inflows of Resources. For the year ended June 30, 2019, the school department reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference Between Expected and Actual Experience	\$ 495,536	\$ 3,307,295
Changes in Assumptions	1,447,880	0
Net Difference Between Projected and Actual Earnings on Pension Plan Investments	0	533,553
Changes in Proportion of Net Pension Liability (Asset)	48,714	121,512
LEA's Contributions Subsequent to the Measurement Date of June 30, 2018	2,443,186	N/A
Total	<u>\$ 4,435,316</u>	<u>\$ 3,962,360</u>

The school department's employer contributions of \$2,443,186 reported as pension related deferred outflows of resources subsequent to the measurement date, will be recognized as an increase in net pension asset in the year ending June 30, 2020. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year Ending June 30	Amount
2020	\$ 454,749
2021	(833,516)
2022	(1,369,851)
2023	(221,613)
2024	0
Thereafter	0

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

Actuarial Assumptions. The total pension liability in the June 30, 2018, actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	2.5%
Salary Increases	Graded Salary Ranges from 8.72% to 3.44% Based on Age, Including Inflation, Averaging 4%
Investment Rate of Return	7.25%, Net of Pension Plan Investment Expenses, Including Inflation
Cost of Living Adjustment	2.25%

Mortality rates are based actual experience including an adjustment for some anticipated improvement.

The actuarial assumptions used in the June 30, 2018, actuarial valuation were based on the results of an actuarial experience study performed for the period July 1, 2012, through June 30, 2016. 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, 2016, actuarial experience study. A blend of future capital market projections and historic market returns was used in a building-block method in which a best-estimate of expected future real rates of return (expected returns, net of pension plan investments expense and inflation) is developed for each major asset class. These best-estimates are combined to produce the long-term expected rate of return by weighing the expected future real rates of return by the target allocation percentage and by adding expected inflation of 2.5 percent. The best-estimates of geometric real rates of return and the TCRS

investment policy target asset allocation for each major class are summarized in the following table:

Asset Class	Percentage Long-term Expected Real Rate of Return	Percentage Target Allocations
U.S. Equity Developed Market	5.69 %	31 %
International Equity Emerging Market	5.29	14
International Equity Private Equity and Strategic Lending	6.36	4
U.S. Fixed Income	5.79	20
Real Estate	2.01	20
Short-term Securities	4.32	10
	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 7.25 percent based on a blending of the factors described above.

Discount Rate. The discount rate used to measure the total pension liability was 7.25 percent. The projection of cash flows used to determine the discount rate assumes that employee contributions will be made at the current rate and that contributions from all the LEAs will be made at the actuarially determined contribution rate pursuant to an actuarial valuation in accordance with the funding policy of the TCRS Board of Trustees and as required to be paid by state statute. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make projected future benefit payments of current active and inactive members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

Sensitivity of the Proportionate Share of Net Pension Liability (Asset) to Changes in the Discount Rate. The following presents the school department's proportionate share of the net pension liability (asset) calculated using the discount rate of 7.25 percent, as well as what the school department's proportionate share of the net pension liability (asset) would be if it were calculated using a discount rate that is one

percentage point lower (6.25%) or one percentage point higher (8.25%) than the current rate:

School Department's Proportionate Share of the Net Pension Liability (Asset)	1% Decrease 6.25%	Current Discount Rate 7.25%	1% Increase 8.25%
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Net Pension Liability \$ 18,897,866 \$ (2,451,521) \$ (20,115,164)

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

2. **Deferred Compensation**

Roane County offers its employees two deferred compensation plans, one established pursuant to IRC Section 401(k) and the other pursuant to IRC 403(b). All costs of administering and funding these programs are the responsibility of the plan participants. The Section 401(k) and Section 403(b) plan assets remain the property of the contributing employees and are not presented in the accompanying financial statements. IRC Sections 401(k) and 403(b) establish participation, contribution, and withdrawal provisions for the plans.

Certain employees of the primary government or the discretely presented school department are required to participate in hybrid pension plans consisting of a defined benefit portion which is detailed in the pension note above and is managed by the Tennessee Consolidated Retirement System, and a defined contribution portion which is placed into the state's 401(k) plan and is managed by the employee. The defined contribution portion of the plan requires the county and school department contribute five percent of each employee's salaries into deferred compensation accounts managed by the hybrid plans pursuant to IRC Section 401(k). In addition, employees are required to contribute two percent of their salaries into this deferred compensation plan unless they opt out of the employee portions. Additional contributions by employees are optional. These hybrid plans apply to teachers employed by the discretely presented school department hired after June 30, 2014, employees of the primary government hired after September 30, 2015, and non-certified employees of the discretely presented school department hired after September 30, 2015. These Section 401(k) plan assets remain the property of the participating employees and are not presented in the accompanying financial statements. IRC Section 401(k), establishes participating contribution, and withdrawal provisions for the plans. During the year, the primary government and school department contributed \$227,964 and their employees contributed \$148,824 to the

401(k) portion of the hybrid agent pension plan. The school department contributed \$219,359 and teachers contributed \$141,178 to the 401(k) portion of the hybrid cost-sharing pension plan.

I. Other Postemployment Benefits (OPEB)

Roane County and the discretely presented Roane County School Department provide OPEB benefits to their retirees through state administered public entity risk pools. For reporting purposes the plans are considered single employer defined benefit OPEB plans based on criteria in Statement No. 75 of the Governmental Accounting Standards Board (GASB). The plans are funded on a pay-as-you-go basis and there are no assets accumulating in a trust that meets the criteria of paragraph 4 of GASB Statement No. 75.

Retirees of Roane County are provided healthcare under the Local Government Plan (LGP) until they reach Medicare eligibility. Likewise, the school department provides healthcare benefits to its employees under the Local Education Plan (LEP) until they reach Medicare eligibility. The certified retirees of Roane County School Department may then join the Tennessee Plan – Medicare (TNM), which provides supplemental medical insurance for retirees with Medicare. However, the school department does not provide any subsidy (direct or indirect) to this plan and therefore does not recognize any OPEB liability associated with the TNM.

The county and the school department's total OPEB liability for each plan was measured as of June 30, 2018, and was determined by an actuarial valuation as of that date.

Actuarial Assumptions and Other Inputs. The total OPEB liability in the June 30, 2018, actuarial valuation of each plan was determined using the following actuarial assumptions and other inputs, applied to all periods included in the measurement, unless otherwise specified:

Actuarial Cost Method	Entry Age Normal
Inflation	2.25%
Salary Increases	Salary increases used in the July 1, 2018 TCRS actuarial valuation; 3.44% to 8.72%, including inflation
Discount Rate	3.62%
Healthcare Cost Trend Rates	Based on the Getzen Model, with trend starting 6.75% for the 2019 calendar year, and gradually decreasing 32-year period to an ultimate trend of rate of 3.53 percent with .28% added to approximate the effect of the excise tax
Retirees Share of Benefit Related Cost	Discussed under each plan

The discount rate was 3.62 percent based on the daily rate of Fidelity's 20-year Municipal GO AA index closest to but not later than the measurement date.

Mortality rates were based on the results of a statewide experience study undertaken on behalf of the Tennessee Consolidated Retirement System (TCRS). These mortality rates were used in the July 1, 2018, actuarial valuation of the TCRS.

Unless noted otherwise, the actuarial demographic assumptions used in the June 30, 2018, valuations were the same as those employed in the July 1, 2018 Pension Actuarial Valuation of the Tennessee Consolidated Retirement System (TCRS). These assumptions were developed by TCRS based on the results of an actuarial experience study for the period July 1, 2012 - June 30, 2016. The demographic assumptions were adjusted to more closely reflect actual and expected future experience. Mortality tables are used to measure the probabilities of participants dying before and after retirement. The mortality rates employed in this valuation are taken from the RP-2014 Healthy Participant Mortality Table for Annuitants for non-disabled post-retirement mortality, with mortality improvement projected to all future years using Scale MP-2016. Post-retirement tables are Blue Collar and adjusted with a 2 percent load for males and a -3 percent load for females. Mortality rates for impaired lives are the same as those used by TCRS and are taken from a gender distinct table published in the IRS Ruling 96-7 for disabled lives with a 10 percent load.

Changes in Assumptions. The discount rate changed from 3.56 percent as of the beginning of the measurement period to 3.62 percent as of the measurement date of June 30, 2018. The assumed initial costs and premium amounts were revised to reflect rates adopted for the 2019 plan year. The assumed initial trend rate applicable to the 2019 plan year was revised from 5.4 percent to 6.75 percent.

Local Government OPEB Plan (Primary Government)

Plan Description. Employees of Roane County are provided with pre-65 retiree health insurance benefits through the Local Government Plan (LGP) administered by the Tennessee Department of Finance and Administration. All eligible pre-65 retired employees and disability participants of local governments, who choose coverage, participate in the LGP.

Benefits Provided. Roane County offers the LGP to provide health insurance coverage to eligible pre-65 retirees and disabled participants of local governments. With the exception of a small group of grandfathered individuals, retirees are required to discontinue coverage under the LGP upon obtaining Medicare eligibility. Insurance coverage is the only postemployment benefit provided to retirees. An insurance committee created in accordance with Tennessee Code Annotated (TCA) 8-27-701 establishes and amends the benefit terms of the LGP. All members have the option of choosing between the premier preferred provider organization (PPO), standard PPO, limited PPO or

the wellness health savings consumer-driven health plan (CDHP) for healthcare benefits. Retired plan members of the LGP, receives the same plan benefits as active employees, at a blended premium rate that considers the cost of all participants. This creates an implicit subsidy for retirees. Participating employers determine their own policy related to direct subsidies provided for the retiree premiums. Roane County provides a direct subsidy for retirees with at least 10 years of service. The subsidy ranges from \$404 to \$1,262 per month based on coverage selected.

Employees Covered by Benefit Terms

At the measurement date of June 30, 2018, the following employees were covered by the benefit terms:

	<u>Primary Government</u>
Inactive Employees or Beneficiaries Currently Receiving Benefits	9
Inactive Employees Entitled to But Not Yet Receiving Benefits	0
Active Employees	252
Total	<u>261</u>

An insurance committee, created in accordance with *TCA 8-27-701*, establishes the required payments to the LGP by member employers and employees through the blended premiums established for active and retired employees. Claims liabilities of the plan are periodically computed using actuarial and statistical techniques to establish premium rates. For the fiscal year ended June 30, 2019, the county paid \$128,947 to the LGP for OPEB benefits as they came due.

Changes in the Total OPEB Liability

	<u>Primary Government</u>
Balance July 1, 2017	\$ 4,284,663
Changes for the Year:	
Service Cost	\$ 357,659
Interest	163,085
Changes in Benefit Terms	(1,087,876)
Difference between Expected and Actuarial Experience	(376,825)
Changes in Assumption and Other Inputs	(230,654)
Benefit Payments	(122,583)
Net Changes	<u>\$ (1,297,194)</u>
Balance June 30, 2018	<u>\$ 2,987,469</u>

OPEB Expense and Deferred Outflows of Resources and Deferred Inflows of Resources. For the year ended June 30, 2019, the county recognized negative OPEB expense of \$654,751. At June 30, 2019, the county reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Difference Between Expected and Actual Experience	\$ 0	\$ 337,159
Changes of Assumptions/Inputs	0	386,297
Net Difference Between Projected and Actual Investment Earnings	0	0
Benefits Paid After the Measurement Date of June 30, 2018	<u>128,947</u>	<u>0</u>
Total	<u>\$ 128,947</u>	<u>\$ 723,456</u>

Amounts reported as deferred inflows and deferred outflows of resources (excluding benefits paid after the measurement date) related to OPEB will be recognized in OPEB expense as follows:

<u>Year Ending June 30</u>	<u>Primary Government</u>
2020	\$ (87,619)
2021	(87,619)
2022	(87,619)
2023	(87,619)
2024	(87,619)
Thereafter	(285,361)

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

Sensitivity of the Total OPEB Liability to Changes in the Discount Rate. The following presents the total OPEB liability of the county calculated using the current discount rate as well as what the OPEB liability would be if it was calculated using a discount rate that is one percentage point lower or one percentage point higher than the current rate:

	1% Decrease 2.62%	Current Discount Rate 3.62%	1% Increase 4.62%
Total OPEB Liability	\$ 3,218,298	\$ 2,987,469	\$ 2,771,516

Sensitivity of the Total OPEB Liability to Changes in the Healthcare Cost Trend Rate. The following presents the total OPEB liability of the county calculated using the current healthcare cost trend rate, as well as what the OPEB liability would be if it was calculated using a trend rate that is one percentage point lower or one percentage point higher than the current rate:

	1% Decrease 5.75 to 2.81%	Current Trend Rate 6.75 to 3.81%	1% Increase 7.75 to 4.81%
Total OPEB Liability	\$ 2,652,866	\$ 2,987,469	\$ 3,385,225

Closed Local Education (LEP) OPEB Plan (Discretely Presented School Department)

Plan Description. Employees of the Roane County School Department who were hired prior to July 1, 2015, are provided with pre-65 retiree health insurance benefits through the closed Local Education Plan (LEP) administered by the Tennessee Department of Finance and Administration. All eligible pre-65 retired teachers, support staff, and disability participants of local education agencies, who choose coverage, participate in the LEP. This plan is closed to the employees of all participating employers that were hired on or after July 1, 2015.

Benefits Provided. The Roane County School Department offers the LEP to provide health insurance coverage to eligible pre-65 retirees, support staff, and disabled participants of local education agencies. Retirees are required to discontinue coverage under the LEP upon obtaining Medicare eligibility. Insurance coverage is the only postemployment benefit provided to retirees. An insurance committee created in accordance with TCA 8-27-301 establishes and amends the benefit terms of the LEP. All members have the option of choosing between the premier preferred provider organization (PPO), standard PPO, limited PPO or the wellness health savings consumer-driven health plan (CDHP) for healthcare benefits. Retired plan members of the LEP receive the same plan benefits as active employees at a blended premium rate that considers the cost of all participants. This creates an implicit subsidy for retirees. Participating employers determine their own policy related to direct subsidies provided for retiree premiums. Roane County School Department provides a direct subsidy for retirees with at least 30 years of service ranging from \$160 to \$1,304 per month depending on the coverage selected. The state, as a governmental non-employer contributing entity, provides a direct subsidy for eligible retirees premiums based on years of service. Therefore, retirees with 30 or more years of service will receive 45 percent; 20 but less than 30 years, 35 percent; and less than 20 years, 20 percent of the scheduled premium. No subsidy is provided for enrollees of the health savings CDHP.

Employees Covered by Benefit Terms

At the measurement date of June 30, 2018, the following employees were covered by the benefit terms:

	<u>School Department</u>
Inactive Employees or Beneficiaries Currently Receiving Benefits	58
Inactive Employees Entitled to But Not Yet Receiving Benefits	0
Active Employees	640
Active Employees not Eligible for Future Benefits	<u>51</u>
Total	<u><u>749</u></u>

A state insurance committee, created in accordance with *TCA* 8-27-301, establishes the required payments to the LEP by member employers and employees through the blended premiums established for active and retired employees. Claims liabilities of the plan are periodically computed using actuarial and statistical techniques to establish premium rates. Administrative costs are allocated to plan participants. Employers contribute towards employee costs based on their own developed policies. During the current reporting period, the school department paid \$458,168 to the LEP for OPEB benefits as they came due.

Changes in the Collective Total OPEB Liability

	<u>Share of Collective Liability</u>		
	Roane County School Department 71.8336%	State of TN 28.1664%	Total OPEB Liability
Balance July 1, 2017	\$ 8,709,187	\$ 3,939,146	\$ 12,648,333
Changes for the Year:			
Service Cost	\$ 450,684	\$ 176,716	\$ 627,400
Interest	329,963	129,381	459,344
Changes in Benefit Terms	(2,216,232)	(868,998)	(3,085,230)
Difference between Expected and Actuarial Experience	1,079,557	423,301	1,502,858
Changes in Proportion	376,566	(376,566)	0
Changes in Assumption and Other Inputs	229,064	89,817	318,881
Benefit Payments	(535,607)	(210,015)	(745,622)
Net Changes	<u>\$ (286,005)</u>	<u>\$ (636,364)</u>	<u>\$ (922,369)</u>
Balance June 30, 2018	<u><u>\$ 8,423,182</u></u>	<u><u>\$ 3,302,782</u></u>	<u><u>\$ 11,725,964</u></u>

The Roane County School Department has a special funding situation related to benefits paid by the State of Tennessee for its eligible retired employees participating in the LEP. The Roane County School Department's proportionate share of the collective total OPEB liability was based on a projection of the employer's long-term share of benefit payments to the OPEB plan relative to the projected share of benefit payments of all participating employers and nonemployer contributing entities, actuarially determined. The school department is required by GASB Statement No. 75 to recognize revenue for subsidies provided by nonemployer contributing entities for benefits paid by the LEP for school department employees. The amount of the subsidy is equal to the nonemployer share of collective OPEB expenses. During the year, collective OPEB expenses for Roane County School employees was negative. Consequently, on the government-wide Statement of Activities, the school department has recorded the negative collective OPEB expense (\$1,872,249) and recorded negative operating grants and contributions revenues (\$566,438) for the nonemployer share of the collective OPEB expense.

During the year, the Roane County School Department's proportionate share of the collective OPEB liability was 71.8336 percent and the State of Tennessee's share was 28.1664 percent.

OPEB Expense and Deferred Outflows of Resources and Deferred Inflows of Resources. For the year ended June 30, 2019, the school department recognized negative OPEB expense of \$1,872,249 which includes expenses funded by subsidies provided by the state. At June 30, 2019, the school department reported deferred outflows of resources and deferred inflows of resources related to its proportionate share of OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference Between Expected and Actual Experience	\$ 971,601	\$ 0
Changes of Assumptions/Inputs	206,158	317,438
Changes in Proportion and Differences Between Amounts Paid as Benefits Came Due and Proportionate Share Amounts Paid by the Employer and Nonemployer Contributors As Benefits Came Due	351,841	0
Benefits Paid After the Measurement Date of June 30, 2018	458,168	0
Total	<u>\$ 1,987,768</u>	<u>\$ 317,438</u>

Amounts reported as deferred inflows and deferred outflows of resources (excluding benefits paid after the measurement date) related to OPEB will be recognized in OPEB expense as follows:

<u>Year Ending</u> <u>June 30</u>	<u>School</u> <u>Department</u>
2020	\$ 129,774
2021	129,774
2022	129,774
2023	129,774
2024	129,774
Thereafter	563,294

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

Sensitivity of Proportionate Share of the Collective Total OPEB Liability to Changes in the Discount Rate. The following presents the school department's proportionate share of the collective total OPEB liability related to the LEP, as well as what the proportionate share of the collective total OPEB liability would be if it were calculated using a discount rate that is one percentage point lower or one percentage point higher than the current discount rate.

<u>Discount Rate</u>	Current Discount Rate
1% Decrease 2.62%	1% Increase 4.62%

Proportionate Share of the Collective Total OPEB Liability	\$ 9,030,771	\$ 8,423,182	\$ 7,842,840
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Sensitivity of Proportionate Share of the Collective Total OPEB Liability to Changes in the Healthcare Cost Trend Rate. The following presents the school department's proportionate share of the collective total OPEB liability related to the LEP, as well as what the proportionate share of the collective total OPEB liability would be if it were calculated using a healthcare cost trend rate that is one percentage point lower or one percentage point higher than the current healthcare cost trend rate.

Healthcare Cost Trend Rate

	1% Decrease	Current Rates	1% Increase
	5.75 to 2.85%	6.75 to 3.85%	7.75 to 4.85%

Proportionate Share of the
Collective Total OPEB
Liability

\$ 7,505,848 \$ 8,423,182 \$ 9,496,673

J. Office of Central Accounting

Roane County operates under provisions of the Fiscal Control Acts of 1957. These acts provide for a central system of accounting, budgeting, and purchasing covering all funds administered by the county executive, road superintendent, and director of schools. These funds are maintained in the Office of Central Accounting, Budgeting, and Purchasing under the supervision of the director of accounts and budgets.

K. Purchasing Laws

Purchasing procedures for the Offices of County Executive and Road Superintendent are governed by the County Purchasing Law of 1957, Section 5-14-101, et seq., *Tennessee Code Annotated (TCA)*. Purchasing procedures for the Road Department are also governed by provisions of the Uniform Road Law, Section 54-7-113, *TCA*. These acts provide for a purchasing agent and require competitive bids on all purchases exceeding \$10,000.

Chapter 477, Private Acts of 1933, and the County Purchasing Law of 1957 provide for school department purchases to be made by the purchasing agent and for bids to be solicited on purchases exceeding \$10,000.

L. Subsequent Events

Interim Director of Schools Gary Aytes left office on June 30, 2019 and was succeeded by Director of Schools Dr. LaDonna McFall effective July 1, 2019.

Copies of the complete financial statements of the County for the current Fiscal Year are available at <https://www.comptroller.tn.gov/office-functions/la/reports/audit-reports.html>.