NEW ISSUE
BOOK-ENTRY-ONLY

PRELIMINARY OFFICIAL STATEMENT

$27,330,000*

MONTGOMERY COUNTY, TENNESSEE

General Obligation Bonds, Series 2020A

OFFERED FOR SALE AT
10:15 A.M. E. D. T. / 9:15 A.M. C.D.T.
Tuesday, April 21, 2020

Through the Facilities of ***PARITY***®
and at the offices of
Cumberland Securities Company, Inc.

Cumberland Securities Company, Inc.
Municipal Advisor

April 13, 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 APRIL 13, 2020

NEW ISSUE | Rating: S&P – "AA+"
Rating: Moody's – "Aa2"

BOOK-ENTRY-ONLY | (See "MISCELLANEOUS-Rating" herein)

In the opinion of Bond Counsel, based on existing law and assuming compliance with certain tax covenants of the County, interest on the Bonds will be excluded from gross income for federal income tax purposes and is not an item of tax preference for purposes of the federal alternative minimum tax imposed on individuals. 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. (See "LEGAL MATTERS - Tax Matters" herein).

$27,330,000*
MONTGOMERY COUNTY, TENNESSEE
General Obligation Bonds, Series 2020A

Dated: Date of delivery (Assume May 15, 2020). Due: June 1, as shown below.

The $27,330,000* 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 December 1, 2020 and thereafter on each December 1 and June 1 by check or draft mailed to the owners thereof as shown on the books and records of U.S. Bank National Association, Nashville, Tennessee, the registration and paying agent (the "Registration Agent"). In the event of discontinuation of the book-entry system, principal of and interest on the Bonds are payable at the designated corporate trust office of the Registration Agent.

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

Bonds maturing June 1, 2029 and thereafter are subject to optional redemption prior to maturity on or after June 1, 2028.

Due (June 1)	Amount*	Interest Rate	Yield	CUSIP**	Due (June 1)	Amount*	Interest Rate	Yield	CUSIP**
2022	$ 1,665,000				2032	$ 1,150,000			
2023	1,710,000				2033	1,150,000			
2024	1,730,000				2034	1,150,000			
2025	1,745,000				2035	1,150,000			
2026	1,765,000				2036	1,150,000			
2027	1,780,000				2037	1,150,000			
2028	1,790,000				2038	1,150,000			
2029	1,805,000				2039	1,150,000			
2030	1,845,000				2040	1,145,000			
2031	1,150,000								

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

The Bonds are offered when, as and if issued, subject to the approval of the legality thereof by Bass, Berry & Sims PLC, Nashville, Tennessee, Bond Counsel, whose opinion will be delivered with the Bonds. Certain legal matters will be passed upon for the County by Tim Harvey, Esq., County Attorney. It is expected that the Bonds will be available for delivery through the facilities of Depository Trust Company in New York, New York, on or about May___, 2020.

Cumberland Securities Company, Inc.
Municipal Advisor

April _, 2020

*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.

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

MONTGOMERY COUNTY, TENNESSEE

OFFICIALS

Jim Durrett	*County Mayor*
Kellie Jackson	*County Clerk*
Jeff Taylor	*Director of Accounts and Budgets*
Kimberly B. Wiggins	*County Trustee*
Erinne Hester	*Assessor of Property*
Tim Harvey	*County Attorney*

BOARD OF COUNTY COMMISSIONERS

Jerry Allbert	Jason D. Knight
Joshua Beal	Rashidah A. Leverett
Loretta J. Bryant	James R. Lewis
Brandon Butts	Lisa L. Prichard
Carmelle Chandler	Chris Rasnic
Joe Creek	Rickey Ray
John M. Gannon	Larry Rocconi
David Harper	Joe C. Smith
Arnold Hodges	Tangi C. Smith
Garland Johnson	Walker R. Woodruff
Charles Keene	

RESISTRATION AND PAYING AGENT

US Bank National Association
Nashville, Tennessee

BOND COUNSEL

Bass, Berry & Sims PLC
Nashville, 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	Montgomery County, Tennessee (the "County" or "Issuer"). See APPENDIX B contained herein.
Securities Offered	$27,330,000 General Obligation Bonds, Series 2020A (the "Series 2020A Bonds") of the County, dated the date of issuance (assume May 15, 2020). The Bonds mature each June 1 beginning June 1, 2022 through June 1, 2040, inclusive. See section entitled "SECURITIES OFFERED" herein for additional information.
Security	The Bonds shall be payable from unlimited ad valorem taxes to be levied on all taxable property within the County. For the prompt payment of the principal of, premium, if any, and interest on the Bonds, the full faith and credit of the County are hereby irrevocably pledged.
Purpose	The Bonds are being issued for the purposes of providing funds to (a) finance, in whole or in part, the (i) acquisition of land for and the acquisition, design, site development, construction, maintenance, repair, renovation, equipping and/or improvement of schools; (ii) improvements to streets, roads and bridges, including but not limited to sidewalks, signage, signalization, related facilities, lighting and drainage improvements; (iii) acquisition, construction and erection of public art; (iv) acquisition of all property, real and personal related to such projects; (v) payment of legal, fiscal, administrative, architectural and engineering costs incident to any or all of the foregoing; and (vi) reimbursement to the appropriate fund of the County for prior expenditures for the foregoing costs; (b) refinance the County's General Obligation Capital Outlay Note, Series 2019, by converting said note to bonds, (c) refinance the County's General Obligation Bonds, Series 2010 (Federally Taxable Build America Bonds – Direct Payment), and (d) pay costs incident to the issuance and sale of such bonds
Optional Redemption	The Bonds are subject to optional redemption prior to maturity on or after June 1, 2028, 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, as hereafter defined, interest on the Bonds is excluded from gross income for federal income tax purposes and is not an item of tax preference for purposes of the federal alternative minimum tax. For an explanation of certain tax consequences under federal law which may result from the ownership of the Bonds, see the discussion under the heading "LEGAL MATTERS – Tax Matters" herein. Under existing law, the Bonds and the income therefrom will be exempt from all state, county and municipal taxation in the State of Tennessee, except Tennessee franchise and excise taxes. (See "LEGAL MATTERS -Tax Matters" herein.)
Rating	Standard and Poor's: "AA+". Moody's: "Aa2". See the section entitled "MISCELLANEOUS - Rating" for more information.
Municipal Advisor	Cumberland Securities Company, Inc. See the section entitled "MISCELLANEOUS-Municipal Advisor; Related parties; Other" herein.

*Preliminary, subject to change.

Underwriter..................................	________________.
Bond Counsel	Bass, Berry & Sims PLC, Nashville, Tennessee.
Book-Entry Only	The Bonds will be issued under the Book-Entry-Only System except as otherwise described herein. For additional information, see the section entitled "BASIC DOCUMENTATION - Book-Entry-Only System"
Registration Agent.........................	US Bank National Association, Nashville, Tennessee.
General..	The Bonds are being issued in full compliance with applicable provisions of Title 9, Chapter 21, *Tennessee Code Annotated*, as supplemented and revised. See "SECURITIES OFFERED" herein. The Bonds will be issued with CUSIP numbers and delivered through the facilities of The Depository Trust Company, New York, New York.
Disclosure	In accordance with Rule 15c2-12 promulgated under the Securities Exchange Act of 1934 as amended, the County will provide the Municipal Securities Rulemaking Board (the "MSRB") through the operation of the Electronic Municipal Market Access system ("EMMA") and the State Information Depository ("SID"), if any, annual financial statements and other pertinent credit or event information, including Comprehensive Annual Financial Reports, see the section entitled "MISCELLANEOUS-Continuing Disclosure."
Other Information..........................	The information in this *Preliminary Official Statement* is deemed "final" within the meaning of Rule 15c2-12 promulgated under the Securities Exchange Act of 1934 as of the date which appears on the cover hereof except for the omissions of certain pricing information allowed to be omitted pursuant to such Rule 15c2-12. For more information concerning the County or this *Preliminary Official Statement,* contact Jim Durrett, County Mayor, Office of the County Mayor 1 Millennium Plaza Clarksville, Tennessee 37040 (865) 457-5400; or the County's Municipal Advisor, Cumberland Securities Company, Inc., Telephone: (865) 922-2663. 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

	2015	2016	2017	2018	2019
Beginning Fund Balance	$20,679,039	$17,195,426	$28,866,987	$30,346,625	$35,073,283
Revenues	63,764,604	80,024,978	78,459,449	83,930,589	86,119,960
Expenditures	67,163,809	68,405,689	76,475,503	78,407,357	86,159,643
Revenues Over Expenditures:	(3,399,205)	11,619,289	1,983,946	5,523,232	(39,683)
Proceeds from Sale of Assets	-	-	-	-	-
Other Loans Issued	-	-	-	-	-
Insurance Recovery	5,565	52,272	134,692	84,426	69,340
Transfers In	-	-	-	-	-
Transfers Out	(89,973)	-	(639,000)	(881,000)	-
Ending Fund Balance	$17,195,426	$28,866,987	$30,346,625	$35,073,283	$35,102,940

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

SUMMARY NOTICE OF SALE

$27,330,000*
MONTGOMERY COUNTY, TENNESSEE
General Obligation Bonds, Series 2020A

NOTICE IS HEREBY GIVEN that the County Mayor of Montgomery County, Tennessee (the "County") will receive electronic or written sealed bids until **10:15 a.m. E.D.T./9:15 a.m. C.D.T.** on **Tuesday**, **April 21, 2020** for the purchase of all, but not less than all, of the County's $27,330,000* General Obligation Bonds, Series 2020A (the "Series 2020A Bonds" or the "Bonds"). Electronic bids must be submitted through ***PARITY®*** as described in the "Detailed Notice of Sale". In case of written sealed 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 and maturity amounts of the Series 2020A 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 Daylight Time, on the day of the bid opening. Such notice will specify the revised principal amounts, if any, and any later date selected for the sale, which may be postponed or cancelled in the same manner. If the sale is postponed, a later public sale may be held at the hour and place and on such date as communicated upon at least forty-eight hours' notice via Bloomberg News Service and/or the ***PARITY®*** System.

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

The Series 2020A Bonds will be issued in book-entry-only form (except as otherwise described in the Detailed Notice of Sale) and dated the date of issuance (assume May 15, 2020). The Series 2020A Bonds will mature on June 1 in the years 2022 through 2040, inclusive, with term bonds optional, with interest payable on June 1 and December 1 of each year, commencing December 1, 2020, and will be subject to optional redemption prior to maturity on or after June 1, 2028 at the redemption price of par plus accrued interest. Bidders must bid not less than one hundred percent (100%) of par or more than one hundred and twenty-five percent (125%) of par for the Bonds. The approving opinion for the Bonds will be furnished at the expense of the County by Bass, Berry & Sims PLC, Bond Counsel, Nashville, Tennessee. No rate or rates bid for the Series 2020A Bonds shall be less than three percent (3.00%) or exceed five percent (5.00%) per annum. Unless bids are rejected, the Series 2020A Bonds will be awarded by the Mayor of the County on the sale date to the bidder whose bid results in the lowest true interest rate on the Series 2020A Bonds.

In the event that the competitive sale requirements of applicable Treasury Regulations are not met, the District will require bidders to comply with the "hold-the-offering-price rule" 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 the County's Municipal Advisor, Cumberland Securities Company, Inc., (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/ __Jim Durrett____
County Mayor

DETAILED NOTICE OF SALE

$27,330,000*
MONTGOMERY COUNTY, TENNESSEE
General Obligation Bonds, Series 2020A

NOTICE IS HEREBY GIVEN that the County Mayor of Montgomery County, Tennessee (the "County") will receive electronic or written sealed bids until **10:15 a.m. E.D.T./9:15 a.m. C.D.T.** on **Tuesday**, **April 21, 2020** for the purchase of all, but not less than all, of the County's $27,330,000* General Obligation Bonds, Series 2020A (the "Series 2020A Bonds" or the "Bonds). Electronic bids must be submitted through ***PARITY***® as described in the "Detailed Notice of Sale". In case of written sealed 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 and maturity amounts of the Series 2020A 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.

Description of the Bonds. The Bonds will be issued in fully registered book-entry-only form (except as otherwise described herein) without coupons, be dated the date of issuance (assume May 15, 2020), bear interest payable each June 1 and December 1, commencing December 1, 2020 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.

The Series 2020A Bonds will mature and be payable on June 1 of each year as on the following page:

YEAR (June 1)	AMOUNT*	YEAR (June 1)	AMOUNT*
2022	$ 1,665,000	2032	$ 1,150,000
2023	1,710,000	2033	1,150,000
2024	1,730,000	2034	1,150,000
2025	1,745,000	2035	1,150,000
2026	1,765,000	2036	1,150,000
2027	1,780,000	2037	1,150,000
2028	1,790,000	2038	1,150,000
2029	1,805,000	2039	1,150,000
2030	1,845,000	2040	1,145,000
2031	1,150,000		

*Preliminary, subject to change.

Registration and Depository Participation. The Bonds, when issued, will be registered in the name of Cede & Co., DTC's partnership nominee. When the Bonds are issued, ownership interests will be available to purchasers only through a book-entry-only system maintained by DTC (the "Book-Entry-Only System"). One fully-registered bond certificate will be issued for each maturity, in the entire aggregate principal amount of the Bonds and will be deposited with DTC. The Book-Entry-Only system will evidence beneficial ownership interests of the Bonds in the principal amount of $5,000 for the Bonds and any integral multiple of $5,000, with transfers of beneficial ownership interest effected on the records of DTC participants and, if necessary, in turn by DTC pursuant to rules and procedures established by DTC and its participants. The successful bidder, as a condition to delivery of the Bonds, shall be required to deposit the bond certificates with DTC, registered in the name of Cede & Co., nominee of DTC. The Bonds will be payable, at maturity or upon earlier redemption to DTC or its nominee as registered owner of the Bonds. Transfer of principal and interest payments to participants of DTC will be the responsibility of DTC, and transfer of principal and interest payments (as applicable) to beneficial owners of the Bonds by Participants of DTC, will be the responsibility of such participants and of the nominees of beneficial owners. The County will not be responsible or liable for such transfer of payments or for maintaining, supervising or reviewing the records maintained by DTC, its participants or persons acting through such participants. Notwithstanding the foregoing, if the winning bidder certifies that it intends to hold the Bonds for its own account and has no present intent to re-offer the Bonds, the use the Book-Entry-Only system is not required.

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

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

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

Purpose. The Bonds are being issued for the purposes of providing funds to (a) finance, in whole or in part, the (i) acquisition of land for and the acquisition, design, site development, construction, maintenance, repair, renovation, equipping and/or improvement of schools; (ii) improvements to streets, roads and bridges, including but not limited to sidewalks, signage, signalization, related facilities, lighting and drainage improvements; (iii) acquisition, construction and erection of public art; (iv) acquisition of all property, real and personal related to such projects; (v) payment of legal, fiscal, administrative, architectural and engineering costs incident to any or all of the foregoing; and (vi) reimbursement to the appropriate fund of the County for prior expenditures for the foregoing costs; (b) refinance the County's General Obligation Capital Outlay Note, Series 2019, by converting said note to bonds, (c) refinance the County's General Obligation Bonds, Series

2010 (Federally Taxable Build America Bonds – Direct Payment), and (d) pay costs incident to the issuance and sale of such bonds.

Optional Redemption. The Bonds maturing on June 1, 2029, and thereafter, will be subject to optional redemption prior to maturity at the option of the County at any time on and after June 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 Bonds to be combined as one or more Term Bonds as allowed herein, then each Term Bond shall be subject to mandatory sinking fund redemption by the County at a redemption price equal to one hundred percent (100%) of the principal amount thereof, together with accrued interest to the date fixed for redemption at the rate stated in the Term Bonds to be redeemed. Each such mandatory sinking fund redemption shall be made on the date on which a consecutive maturity included as part of a Term Bond is payable in accordance with the proposal of the successful bidder for the Bonds and in the amount of the maturing principal installment for the Bonds listed herein for such principal payment date. Term Bonds to be redeemed within a single maturity shall be selected in the manner provided above for optional redemption of Bonds within a single maturity.

Bidding Instructions. The County will receive electronic or sealed written bids for the purchase of all, but not less than all, of each series of the Bonds. Bidders for each series of 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 not be less than three percent (3.00%) or 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 a series of the Bonds but a single rate shall apply to each single maturity of a series of the Bonds. Bidders must bid not less than one hundred percent (100%) of par or no more than one hundred and twenty-five percent (125%) of par.

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

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

In the event of a system malfunction in the electronic bidding process only, bidders may submit bids prior to the established date and time by FACSIMILE transmission sent to the County's 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.

The County reserves the right to reject all bids for either or both series of the Bonds and to waive any informalities in the bids accepted.

Unless all bids for a series of the Bonds are rejected, that series of the Bonds will be awarded by the County Mayor to the bidder whose bid complies with this notice and results in the lowest true interest rate on that series of the Bonds to be calculated as that rate that, when used in computing the present worth of all payments of principal and interest on that series of the Bonds (compounded semi-annually from the date of that series of the Bonds), produces an amount equal to the purchase price of that series 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 that series of the Bonds at the same lowest true interest rate, the County Mayor shall determine in his sole discretion which of the bidders shall be awarded the Bonds.

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

Adjustment and/or Revision. While it is the County's intention to sell and issue the approximate par amounts of the Bonds as offered herein, there is no guarantee that adjustment and/or revision may not be necessary in order to properly size the Bonds or if the refundings fail to save the County the funds necessary to complete the refundings. Accordingly, the County Mayor reserves the right, in his sole discretion, to adjust down the original par amount of each series of the Bonds by up to 25% of the par amount of such series. The principal factor to be considered in making any adjustments is the amount of premium bid for particular maturities. Among other factors the County Mayor may (but shall be under no obligation to) consider in sizing the par amounts and individual maturities of the Bonds is the size of individual maturities or sinking fund installments and/or other preferences of the County. Additionally, the County Mayor reserves the right to change the dated date of the Bonds. The maximum adjustment will only occur if the bidder bids the maximum price.

In the event of any such adjustment and/or revision with respect to a series of the Bonds, no rebidding will be permitted, and the portion of such premium or discount (as may have been bid for the series of Bonds) shall be adjusted in the same proportion as the amount of such revision in par amount of that series 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 Standard 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 for a series of Bonds shall be required to deliver to the County's Municipal Advisor (wire transfer or certified check) the amount of two percent (2%) of the aggregate principal amount of the series of 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 bidding has ended.

The good faith deposit shall be applied (without interest) to the purchase price of the series of Bonds. If the successful bidder should fail to accept or pay for the series of 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 a series of 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 as more fully described herein. 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 expects to 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. In that event, the County intends to treat the initial offering price to the public as of the sale date of each 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). Bids will not be subject to cancellation in the event that the County applies the Hold-the-Offering-Price Rule to the Bonds. Bidders should prepare their bids on the assumption that 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, in the event of application of the Hold-the-Offering-Price Rule, the successful bidder shall deemed to have (i) confirmed 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) agreed, 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.

   In the event of application of the Hold-the-Offering-Price Rule, the successful bidder shall promptly advise the County when the underwriters have sold 10% of any 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. 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 in (f), 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.

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. 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, Nashville, 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 and 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 opinions contained in Appendix A.

Continuing Disclosure. At the time the Bonds are delivered, the County will execute a Continuing Disclosure Certificate in which it will covenant for the benefit of holders and beneficial owners of the Bonds to provide certain financial information relating to the County by not later than twelve months after each of the County's fiscal years (the "Annual Report"), and to provide notice of the occurrence of certain enumerated events. The Annual Report (and audited financial statements, if filed separately) will be filed with the Municipal Securities Rulemaking Board (the "MSRB") through the operation of the Electronic Municipal Market Access system (the "EMMA") and any State Information Depository established in the State of Tennessee (the "SID"). If the County is unable to provide the Annual Report to the MSRB and the SID by the date required, notice of each failure will be sent to the MSRB and the SID on or before such date. The notices of material events will be filed by the County either with the MSRB and the SID. The specific nature of the information to be contained in the Annual Report or the notices of events will be summarized in the County's *Official Statement* to be prepared and distributed in connection with the sale of the Bonds.

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

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

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

Further Information. Additional information, including the *Preliminary Official Statement*, the Detailed Notice of Sale and the Official Bid Form, may be obtained from the County's Municipal Advisor, Cumberland Securities Company, Inc., P.O. Box 22715, Knoxville, Tennessee, 37933, 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/ Jim Durrett, County Mayor

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EXHIBIT A

MONTGOMERY 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 Montgomery 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 April 21, 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

MONTGOMERY 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 Montgomery 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 April 21, 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: _________________________________

SERIES 2020A BID FORM

Honorable Jim Durrett County Mayor
1 Millennium Plaza
Clarksville, TN 37040

April 21, 2020

Dear Mr. Durrett:

For your legally issued, properly executed $27,330,000* General Obligation Bonds, Series 2020A (the "Series 2020A Bonds" of the "Bonds") of Montgomery County, Tennessee, in all respects as more fully outlined in your Notice of Sale, which by reference are made a part hereof, we will pay you a sum of ($________________).

The Series 2020A Bonds shall be dated the date of issuance (assume May 15, 2020) and shall be callable in accordance with the Detailed Notice of Sale. The Series 2020A Bonds shall mature on June 1 and bear interest at the following rates:

SERIES 2020A

Maturity (June 1)	Amount*	Rate	Maturity (June 1)	Amount*	Rate
2022	$1,655,000	___	2032	$1,150,000	___
2023	1,710,000	___	2033	1,150,000	___
2024	1,730,000	___	2034	1,150,000	___
2025	1,745,000	___	2035	1,150,000	___
2026	1,765,000	___	2036	1,150,000	___
2027	1,780,000	___	2037	1,150,000	___
2028	1,790,000	___	2038	1,150,000	___
2029	1,805,000	___	2039	1,150,000	___
2030	1,845,000	___	2040	1,145,000	___
2031	1,150,000	___			

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

It is our understanding that the Series 2020A Bonds are offered for sale subject to the final approving opinion of Bass, Berry & Sims PLC, Bond Counsel, Nashville, Tennessee, whose opinion together with the executed Series 2020A Bonds, will be furnished by the County without cost to us.

If our bid is accepted, we agree to provide a good faith deposit for 2% of the Series 2020A Bonds on which we have bid by the close of business on the date following the competitive public sale as outlined in the *Detailed Notice of Sale*. Should for any reason we fail to comply with the terms of this bid, this good faith deposit shall be forfeited by us as full liquidated damages. Otherwise, this good faith deposit shall be applied to the purchase price of the Series 2020A Bonds on which we have bid.

This bid is a firm offer for the purchase of the Series 2020A 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
Montgomery County, Tennessee, this
21st day of April 2020.

____
Jim Durrett, County Mayor

Respectfully submitted,
____
____

Total interest cost from
May 15, 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.

$27,330,000*

MONTGOMERY COUNTY, TENNESSEE
General Obligation Bonds, Series 2020A

SECURITIES OFFERED

AUTHORITY AND PURPOSE

This PRELIMINARY OFFICIAL STATEMENT which includes the Summary Statement hereof and appendices hereto, is furnished in connection with the offering by Montgomery County, Tennessee (the "County") of $27,330,000* General Obligation Bonds, Series 2020A (the "Series 2020A Bonds" or the "Bonds").

The Bonds are authorized to be issued pursuant to the provisions of Sections 9-21-101 et. seq., *Tennessee Code Annotated,* and other applicable provisions of law and pursuant to resolutions duly adopted by the Board of Commissioners of the County on January 13, 2020 and February 10, 2020 (collectively the "Resolution").

The Series 2020A Bonds are being issued for the purposes of providing funds to (a) finance, in whole or in part, the (i) acquisition of land for and the acquisition, design, site development, construction, maintenance, repair, renovation, equipping and/or improvement of schools; (ii) improvements to streets, roads and bridges, including but not limited to sidewalks, signage, signalization, related facilities, lighting and drainage improvements; (iii) acquisition, construction and erection of public art; (iv) acquisition of all property, real and personal related to such projects; (v) payment of legal, fiscal, administrative, architectural and engineering costs incident to any or all of the foregoing; and (vi) reimbursement to the appropriate fund of the County for prior expenditures for the foregoing costs; (b) refinance the County's General Obligation Capital Outlay Note, Series 2019, (the "Series 2019 Note") by converting said note to bonds, (c) refinance the County's General Obligation Bonds, Series 2010 (Federally Taxable Build America Bonds – Direct Payment), and (d) pay costs incident to the issuance and sale of such bonds.

REFUNDING PLAN

The County is proposing to issue the Bonds to refinance the County's outstanding General Obligation Bonds, Series 2010 (Federally Taxable Build America Bonds – Direct Payment), dated February 4, 2010, maturing April 1, 2022 and thereafter (the "Series 2010 Bonds"). The Series 2010 Bonds will be called for redemption within 30 days of the closing.

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

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*Preliminary, subject to change.

DESCRIPTION OF THE BONDS

The Bonds will be dated and bear interest from their date of issuance and delivery (assume May 15, 2020). Interest on the Bonds will be payable semi-annually on June 1 and December 1, commencing June 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 Mayor and shall be attested by the County Clerk. No Bond shall be valid until it has been authorized by the manual signature of an authorized officer or employee of the Registration Agent and the date of the authentication noted thereon.

SECURITY

The Bonds shall be payable from unlimited ad valorem taxes to be levied on all taxable property within the County. For the prompt payment of the principal of, premium, if any, and interest on the Bonds, the full faith and credit of the County are hereby 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 OF THE BONDS

The Bonds maturing June 1, 2029 and thereafter are subject to optional redemption prior to maturity on or after June 1, 2028 at a redemption price of par plus accrued interest.

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

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

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

MANDATORY REDEMPTION

The bidders have the option of creating term bonds pursuant to the Detailed Notice of Sale. If term bonds are created, then the following provisions will apply. Subject to the credit hereinafter provided, the County shall redeem Bonds maturing June 1, 20__, and June 1, 20__ on the redemption dates set forth below opposite the maturity date, in aggregate principal amounts equal to the respective dollar amounts set forth below opposite the respective redemption dates at a price of par plus accrued interest thereon to the date of redemption. The Bonds within a maturity 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:

Maturity	Redemption Date	Principal Amount of Bonds Redeemed

*Final Maturity

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

NOTICE OF REDEMPTION

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

PAYMENT OF BONDS

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

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BASIC DOCUMENTATION

REGISTRATION AGENT

The Registration Agent, US Bank National Association, Nashville, Tennessee, its successor or the County will make all interest payments with respect to the Bonds on each interest payment date directly to Cede & Co., as nominee of DTC, the registered owner as shown on the Bond registration records maintained by the Registration Agent, except as follows. 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"). The DTC Rules applicable to its Participants are on file with the Securities and Exchange Commission. More information about DTC can be found at www.dtcc.com.

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

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

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

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

NONE OF THE ISSUER, THE UNDERWRITER, THE BOND COUNSEL, THE 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) an amount, which together with investment earnings thereon and other legally available funds of the County, if any, will be sufficient to pay principal of, premium, if any, and interest on the Series 2010 Bonds and the Series 2019 Note until and through the redemption date therefor shall be transferred to the paying agent for the Series 2010 Bonds and the Series 2019 Note to be held to the earliest optional redemption date and used for the payment and retirement of the Series 2010 Bonds and the Series 2019 Note; 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 separate special funds to be known as the 2020A Construction Fund (the "Construction Fund") to be kept separate and apart from all other funds of the County. If applicable, the County shall disburse funds in the Construction Fund to pay costs of issuance of the Bonds, including necessary legal, accounting and fiscal expenses, printing, engraving, advertising and similar expenses, administrative and clerical costs, Registration Agent fees, bond insurance premiums, if any, and other necessary miscellaneous expenses incurred in connection with the issuance and sale of the Bonds. 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 applicable Resolution. Any funds remaining in the Construction Fund after completion of the projects being financed and payment of authorized expenses shall be used to pay principal of and interest on the Bonds. Moneys in the Construction Fund shall be invested by the County Trustee in such investments as shall be permitted by applicable law. Earnings from such investments shall be placed in the Construction Fund, or at the direction of the Accounts and Budgets Director of the County, used to pay debt service on the Bonds, subject to any modifications by the Governing Body.

DISCHARGE AND SATISFACTION OF BONDS

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

1. By paying or causing to be paid, by deposit of sufficient funds as and when required with the Registration Agent, the principal of and interest on such Bonds as and when the same become due and payable;

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

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

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

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

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

United States of America, which bonds or other obligations shall not be subject to redemption prior to their maturity other than at the option of the registered owner thereof.

REMEDIES OF BONDHOLDERS

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

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

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

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LEGAL MATTERS

LITIGATION

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

TAX MATTERS

Federal Tax Matters

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

- is excluded from a bondholder's federal gross income under the Internal Revenue Code of 1986, as amended (the "Code"), and
- is not a preference item for a bondholder under 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 "CHANGES IN FEDERAL AND STATE TAX LAW" below.

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

Bond Premium. If a bondholder purchases a Bond for a price that is more than the principal amount, generally the excess is "bond premium" on that Bond. The tax accounting treatment of bond premium is complex. It is amortized over time and as it is amortized a bondholder's tax basis in that Bond will be reduced. The holder of a Bond that is callable before its stated maturity date may be required to amortize the premium over a shorter period, resulting in a lower yield on such Bonds. A bondholder in certain circumstances may realize a taxable gain upon the sale of a Bond with bond premium, even though the Bond is sold for an amount less than or equal to the owner's original cost. If a bondholder owns any Bonds with bond premium, it should consult its tax advisor regarding the tax accounting treatment of bond premium.

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

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

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

State Taxes

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

CHANGES IN FEDERAL AND STATE TAX LAW

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

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

CLOSING CERTIFICATES

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

APPROVAL OF LEGAL PROCEEDINGS

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

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MISCELLANEOUS

RATING

S&P Global Ratings ("S&P") has given the Bonds the ratings of "AA+" to the Bonds. Moody's Investor Services, Inc ("Moody's") has given the Bonds the ratings of "Aa2" to the Bonds. Such ratings reflect only the views of such organizations and explanations of the significance of such ratings should be obtained from such agencies.

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

Any explanation of the significance of the ratings may be obtained only from S&P and Moody's.

COMPETITIVE PUBLIC SALE

The Bonds were offered for sale at competitive public bidding on April 21, 2020. Details concerning the public sale were provided to potential bidders and others in the *Preliminary Official Statement* that was dated April 13, 2020.

The successful bidder for the Series 2020A 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 Series 2020A Bonds at a purchase price of $__________ (consisting of the par amount of the Bonds, less an underwriter's discount of $_________ and less an original issue discount of $__________) or ____% of par.

MUNICIPAL ADVISOR; RELATED PARTIES; OTHER

Municipal Advisor. Cumberland Securities Company, Inc., 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 affiliates 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.

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

Official Statement. Certain information relative to the location, economy and finances of the Issuer is found in the *Preliminary Official Statement*, in final form and the *Official Statement*, in final form. Except where otherwise indicated, all information contained in this Official Statement has been provided by the Issuer. The information set forth herein has been obtained by the Issuer from sources which are believed to be reliable but is not guaranteed as to accuracy or completeness by, and is not to be construed as a representation of, the 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. including Dissemination Agent and/or the Bank, then Cumberland Securities Company, Inc. and/or the Bank may be entitled to separate compensation for the performance of such services.

ADDITIONAL DEBT

The County has authorized additional debt in the amount not to exceed $130,700,000 for the design, site development, construction, improvement, acquisition and equipping of public buildings and facilities for and in connection with a multi-purpose event center. Moreover, the County has ongoing needs that may or may not require the issuance of additional debt.

DEBT LIMITATIONS

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

DEBT RECORD

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

CONTINUING DISCLOSURE

The County will at the time the Bonds are delivered execute a Continuing Disclosure Certificate under which it will covenant for the benefit of holders and beneficial owners of the Bonds to provide certain financial information and operating data relating to the County by not later than twelve months after the end of each fiscal year commencing with the fiscal year ending June 30, 2020 (the "Annual Report"), and to provide notice of the occurrence of certain significant events not later than ten business days after the occurrence of the events and notice of failure to provide any required financial information of the County. The Annual Report (and audited financial statements if filed separately) and notices described above will be filed by the County with the Municipal Securities Rulemaking Board ("MSRB") at www.emma.msrb.org and with any State Information Depository which may be established in Tennessee (the "SID"). The specific nature of the information to be contained in the Annual Report or the notices of events is summarized below. These covenants have been made in order to assist the Underwriters in complying with Securities Exchange Act Rule 15c2-12(b), as it may be amended from time to time (the "Rule 15c2-12").

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

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

1. Summary of bonded indebtedness as of the end of such fiscal year as shown on page B-18;

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-19 through B-22;

3. Information about the bonded debt service requirements as shown on page B-23 through B-26;

4. The fund balances, net assets and retained earnings for the fiscal year as shown on page B-28;

5. Summary of revenues, expenditures and changes in fund balances - general fund for the fiscal year as shown on page B-29;

6. The estimated assessed value of property in the County for the tax year ending in such fiscal year and the total estimated actual value of all taxable property for such year as shown on page B-35;

7. Property tax rates and tax collections of the County for the tax year ending in such fiscal year as well as the uncollected balance for such fiscal year as shown on page B-35; and

8. The ten largest taxpayers as shown on page B-36.

Any or all of the items above may be incorporated by reference from other documents, including Official Statements in final form for debt issues of the County or related public entities, which have been submitted to the MSRB or the Securities and Exchange Commission. If the document incorporated by reference is a final Official Statement, in final form, it will be available from the Municipal Securities Rulemaking Board. The County shall clearly identify each such other document so incorporated by reference.

Reporting of Significant Events. The County will file notice regarding 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, or a derivative instrument entered into connection with, or pledged as security or a source of payment for, an existing or planned debt obligation, or a guarantee of debt obligation or derivative instrument) of the obligated person, if material, or agreement 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.

BONDHOLDER RISK - COVID-19

The world-wide outbreak of COVID-19, a respiratory disease caused by a new strain of coronavirus, has spread to several counties and cities in the State of Tennessee, including the Issuer and is considered by the World Health Organization to be a Public Health Emergency of International Concern. The spread of COVID-19 has led to quarantine and other "social distancing" measures in affected regions. While effects of COVID-19 on the Issuer may be temporary, the virus has affected travel, commerce and financial markets across the world. Additionally, U.S. and global stock markets have recently experienced significant volatility and overall declines that have attributed to COVID-19 concerns.

The Issuer is unable to predict: (i) the extent or duration of the COVID-19 outbreak or any other epidemic or pandemic; (ii) the extent or duration of existing and additional quarantines, travel restrictions or other measures relating to COVID-19 or any other epidemic or pandemic; or (iii) whether and to what extent the COVID-19 outbreak or any other epidemic or pandemic may disrupt the local or global economy, manufacturing or the supply chain or whether any such disruption may adversely affect the operations of the Issuer. Given the evolving nature of the spread of the virus and the behavior of governments, businesses and individuals in response thereto, the Issuer cannot accurately predict the magnitude of the impact of COVID-19 on the Issuer and its financial condition. The Issuer is proactively taking steps to mitigate the spread of COVID-19 and to preserve effective staffing for all essential Issuer operations.

The Issuer relies in part on the collection of tax revenues generated from commercial activity, such as sales taxes and business taxes. As long as quarantine and other "social distancing" measures remain in place, the Issuer expects that these tax revenues will be adversely impacted.

ADDITIONAL INFORMATION

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

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

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

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

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

(The remainder of this page left blank intentionally.)

CERTIFICATION OF THE COUNTY

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

/s/ ______________________________
County Mayor

ATTEST:

/s/ ______________________________
County Clerk

APPENDIX A

LEGAL OPINION

150 Third Avenue South, Suite 2800
Nashville, TN 37201
(615) 742-6200

(Closing Date)

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

[Underwriter]

Ladies and Gentlemen:

We have acted as bond counsel to Montgomery County, Tennessee (the "Issuer") in connection with the issuance of its $________ General Obligation Bonds, Series 2020, dated the date hereof (the “Bonds”). We have examined the law and such certified proceedings and other papers as we deemed necessary to render this opinion.

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

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

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

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

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

4. Interest on the Bonds (including any original issue discount properly allocable to an owner thereof) is excluded from gross income for federal income tax purposes and is not an item of tax preference for purposes of the federal alternative minimum tax imposed on individuals under the Internal Revenue Code of 1986, as amended (the “Code”). The opinion set forth in the preceding sentence is subject to the condition that the Issuer comply with all requirements of the Code, that must be satisfied subsequent to the issuance of the Bonds in order that interest thereon be, or continue to be, excluded from gross income for federal income tax purposes. Failure to comply with certain of such requirements could cause interest on the Bonds to be so included in gross income retroactive to the date of issuance of the Bonds. The Issuer has covenanted to comply with all such requirements. Except as set forth in this Paragraph 4, we express no opinion regarding other federal tax consequences arising with respect to the Bonds.

5. Under existing law, the Bonds and the income therefrom are exempt from all present state, county and municipal taxes in Tennessee except (a) Tennessee excise taxes on all or a portion of

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

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

Very truly yours,

APPENDIX B

MONTGOMERY COUNTY, TENNESSEE

SUPPLEMENTAL INFORMATION STATEMENT

GENERAL INFORMATION

LOCATION

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

GENERAL

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

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

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

TRANSPORTATION

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

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

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

EDUCATION

Public School System. The *Montgomery County School System* serves the County with thirty-eight total schools, which include twenty-three elementary schools, seven middle schools and six high schools. The fall 2018 enrollment was 34,946 students with 1,966 teachers. Austin Peay State University also operates the Middle College within the school system, which helps engage students who find it difficult in traditional high school programs.

Source: Tennessee Department of Education.

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

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

Austin Peay State University is located in Clarksville, Tennessee, on an 180-year-old campus. The campus has 80 buildings on 168 acres and has held five colleges in its history. Austin Peay, founded in 1927 in Montgomery County, is named after former Tennessee Governor Austin Peay, a Clarksville native. The school is a four-year public, masters level university offering over 57 majors and 91 different concentrations. APSU is the fastest-growing university in Tennessee, with a 30 percent enrollment increase since 2000. The fall 2018 enrollment was 11,058 students. There is an Army Education Center at the Fort Campbell Army Base outside of Clarksville that serves the military community through complete academic programs.

Source: Austin Peay State University.

Bethel College is a private, four-year liberal arts institution founded by the Cumberland Presbyterian Church. Bethel was founded in 1842 and the 100-acre campus is located in McKenzie, Tennessee. Bethel University is accredited by the Southern Association of Colleges and Schools Commission on Colleges to award associate, baccalaureate, and master's degrees. The enrollment is about 7,600. There are satellite campuses located in Jackson, Clarksville, Nashville, Chattanooga, Memphis and Paris.

The Bethel University Master of Science in Physician Assistant Studies program (which is a face-to-face program) was also recently recognized as one of the top 6 programs in the nation for employment in rural settings. And the Bethel nursing program (face-to-face) recently garnered a 100 percent pass rate on the NCLEX, the examination that determines the readiness of nursing graduates.

Source: Bethel College.

Nashville State Technical Community College Clarksville Campus is located in Nashville, Tennessee and was founded in 1970. Fall 2018 enrollment was 8,337. Nashville State shares a 109-acre campus with the Tennessee Technology Center at Nashville. The Nashville State facilities include 239,000 square feet of space for classrooms, labs, offices, student services, and a library. Nashville State offers 49 degree programs and 12 certificate programs. In addition, Nashville State offers continuing education courses ranging from technical skills to management training and programs providing training in such areas as computer-aided drafting and office technology. The College serves an area comprised of Davidson, Putnam, Cheatham, Dickson, Houston, Humphreys, Montgomery and Stewart Counties, and the Upper Cumberland region. There are five satellite campuses: Clarksville, Cookeville, Humphreys County, Dickson and Southeast Nashville.

Source: Nashville State Community College.

The Tennessee College of Applied Technology at Dickson Campus (the "TCAT-D") is part of a statewide system of 26 vocational-technical schools. The TCAT-D meets a Tennessee mandate that no resident is more than 50 miles from a vocational-technical shop. The institution's primary purpose is to meet the occupational and technical training needs of the citizens including employees of existing and prospective businesses and industries in the region. The TCAT-D serves the south-central region of the state including Dickson, Montgomery, Williamson, Houston and Humphreys Counties. The TCAT-D began operations in 1968, and the main campus is located in Dickson County. Fall 2017 enrollment was 1,112 students. There are three satellite campuses located in Clarksville, Franklin and Waverly, Tennessee

Source: Tennessee College of Applied Technology at Dickson.

MEDICAL FACILITIES

Tennova Healthcare. Tennova Healthcare, the former Gateway Medical Center, is located in Clarksville and is a fully accredited 270-bed, acute care facility offering a range of services including emergency, cardiology, cancer care, surgery, pediatrics, neonatal intensive care, and rehabilitation. About 150 physicians support the community with over 30 specialties and sub-specialties. Tennova Healthcare is afflicted with Community Health Systems (the "CHS") which is one of the nation's leading operators of general acute care hospitals based in Brentwood, TN. CHS is one of the nation's leading operators of general acute care hospitals based in Brentwood, TN. The organization's affiliates own, operate or lease 127 hospitals in 20 states with approximately 21,000 licensed beds. There are sixteen CHS hospitals in Tennessee.

Source: The Leaf-Chronicle.

MANUFACTURING AND COMMERCE

The Clarksville MSA was ranked 19th in the nation for fastest job growth in 2016. A report released from 24/7 Wall St, LLC, a Delaware-based financial news company, studied employment and job growth from October 2015 to October 2016 for 387 metro areas and announced the top 25 U.S. cities. The Clarksville MSA added more than 4,700 jobs, an increase of 4.61%, with total jobs at 106,811 in October 2016.

Source: The Clarksville Montgomery County Industrial Development Board.

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

Industrial Development Parks. There are two main industrial development parks within the County. The newest park is Montgomery County's Corporate Business Park North. It has 833 acres available for development that was from a 2014 land donation by Hemlock Semiconductor. Clarksville-Montgomery County Corporate Business Park South is certified "Deal Ready" on about 840 acres. The entrance less than one-half mile from Interstate 24 and fully served by industrial quality electric, natural gas, water, and wastewater infrastructure. The new Hankook Tire facility finished construction there in 2017. See "RECENT DEVELOPMENTS" for more information on the facilities at the parks.

Fort Campbell Army Military Base. Of all four counties surrounding the base in both states, Montgomery County receives most of the economic impact of Fort Campbell. Fort Campbell is a city within itself, having six elementary schools, two middle schools, and one high school with a total enrollment of over 5,000 students. The Base also has a bowling alley, PX Mall, horseback riding, commissary, pools and a library. Blanchfield Army Community Hospital is a 66-bed facility and provides health care for the soldiers, eligible retirees and their family members at the Base. (See "RECENT DEVELOPMENTS" herein for information regarding potential significant Base reduction.)

The Center for Economic Research in Tennessee (the "CERT") estimates that for Fiscal Year 2016 the base supported a total of 58,411 Tennessee jobs, as well as 29,479 indirect and induced jobs that have been created in the region. The CERT also estimated that for Fiscal Year 2016 the base and its employees supported $5.2 billion in earnings and $10.1 billion in total economic output. Fort Campbell supports approximately 68,000 veterans in the both Tennessee and Kentucky with the majority living in Tennessee. Military retirees living in the state earn $1.5 billion in retirement benefits each year.

Source: Tennessee Department of Economic & Community Development - 2019.

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

Major Employers in Montgomery County

Company	Product	Employment
Fort Campbell Military Base*	Military	26,118
Montgomery County School System	Education	4,000
City of Clarksville	Government	1,464
Wal-Mart Supercenter	Retail	1,363
Tennova Healthcare	Healthcare	1,150
Trane US, Inc.	Air Conditioning/Heating Units	1,100
Hankook	Tires	1,000
Austin Peay State University	Education	860
Montgomery County Government	Government	850
Jostens, Print & Publish Div.	Yearbooks/Commercial Printing	820
Agero	Call Center	750
Convergy's	Manufacturing	600
Akebono	Automotive	500
Bridgestone Metalpha USA,Inc.	Steel Cord	403
Hendrickson Trailer Suspension Sys.	Tractor Trailer Air-ride	415
Florim USA	Ceramic/Porcelain Tile	329
Nyrstar	Zinc refining	329
Progressive Directions, Inc.	Mental Health Services	300
Premier Medical Group	Healthcare	300
YMCA	Gym	300
Lowe's	Retail	250
F&M Bank	Bank	250
Cumberland Electric Membership Corp.	Public Utility	227
Letica Corporation	Plastic Cups	225
Asercare Hospice	Healthcare	222
Centerstone	Behavioral Health Services	184
CDE Lightband	Public Utility	175
Spear USA	Metalized Paper Labels	172

** Fort Campbell employs 5,316 civilians.*
Source: The Middle Tennessee Industrial Development, the City of Clarksville 2019 CAFR and 2019 Tennessee Department of Economic & Community Development.

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EMPLOYMENT INFORMATION

For the month of September 2019, the unemployment rate for Montgomery County stood at 3.5% with 84,532 persons employed out of a labor force of 87,592. The Clarksville, TN-KY MSA's unemployment for September 2019 was at 3.8% with 114,535 persons employed out of a labor force of 119,117.

Unemployment

	Annual Average **2014**	Annual Average **2015**	Annual Average **2016**	Annual Average **2017**	Annual Average **2018**
National	6.2%	5.3%	4.9%	4.4%	4.0%
Tennessee	6.6%	5.6%	4.7%	3.8%	3.5%
Montgomery County	**6.7%**	**5.8%**	**5.1%**	**4.1%**	**3.8%**
Index vs. National	108	109	104	93	95
Index vs. State	102	104	109	108	109
Clarksville, TN-KY MSA	**6.9%**	**5.9%**	**5.4%**	**4.7%**	**4.2%**
Index vs. National	111	111	110	107	105
Index vs. State	105	105	115	124	120

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

ECONOMIC DATA

Per Capita Personal Income

	2013	**2014**	**2015**	**2016**	**2017**
National	$44,826	$47,025	$48,940	$49,831	$51,640
Tennessee	$39,549	$40,977	$42,810	$43,932	$45,517
Montgomery County	**$39,540**	**$39,156**	**$39,818**	**$39,784**	**$40,633**
Index vs. National	88	83	81	80	79
Index vs. State	100	96	93	91	89
Clarksville, TN-KY MSA	**$38,142**	**$38,023**	**$38,814**	**$38,584**	**$39,661**
Index vs. National	85	81	79	77	77
Index vs. State	96	93	91	88	87

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

Social and Economic Characteristics

	National	Tennessee	Montgomery County	Clarksville
Median Value Owner Occupied Housing	$204,900	$158,600	$159,500	$148,700
% High School Graduates or Higher Persons 25 Years Old and Older	87.70%	87.00%	92.5%	92.6%
% Persons with Income Below Poverty Level	11.80%	15.30%	12.0%	14.7%
Median Household Income	$60,293	$50,972	$55,972	$53,007

Source: U.S. Census Bureau State & County QuickFacts - 2018.

RECREATION

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

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

Source: Tennessee State Parks.

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

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

Source: Tennessee State Parks.

RECENT DEVELOPMENTS

Akebono Brake. Akebono Brake Industry Co., Ltd. is a Japanese manufacturer of components for automobiles, motorbikes, trains, and industrial machinery. Akebono made $48.4 million investment and created over 65 jobs in 2015. Akebono in 2013 also made an $82 million investment that created about 94 jobs.

Agero, Inc. In 2015 the driver assistance call and date response center increased its employment from 460 to over 500 by the beginning of 2015. Arego invested $8.2 million in its new facility in 2012 to create over 400 jobs. These centers provide critical roadside assistance to over 75 million drivers throughout the U.S. Agero is headquartered in Medford, Massachusetts.

Atlas BX. Atlas BX, a sister company to Hankook Tire, announced in 2018 construction on a new $76 million facility in the Corporate Business Park that will mean an additional 200 jobs in Montgomery County. It is expected to be completed in 2020. Atlas BX is a manufacturer of storage batteries primarily in South Korea. It produces batteries for traditional passenger cars, light trucks, electric vehicles, commercial vehicles, boats and recreational vehicles. Atlas BX also maintains a headquarters office in Nashville that was established in 2017.

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

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

Google. Google in 2019 finished construction on a data center at the Hemlock Semiconductor site, investing $600 million and creating about 70 full-time jobs. The facility uses 1,300 acres of the original 2,400 acres for the Hemlock megasite. Google acquired 750,00 square feet of the former Hemlock office and distribution facility.

Hankook Tire Co. Ltd. The South Korean-owned company Hankook Company finished construction and opened in October 2017 for a new $800 million facility. The 1.5 million-square-foot facility is located in the Clarksville Corporate Business Park South. The company produces high-end performance tires; currently the plant is producing about 6,000 tires per day. Hankook had 970 new employees hired in December of 2017, but it hopes for a total of 1,800 workers within the next two years. The two-phased construction process has resulted in a huge manufacturing facility that’s designed to produce high-end performance tires at an annual production rate of about 11 million.

LG Electronics. In 2019 LG Electronics officially opened what is believed to be the most advanced, integrated washing machine plant in the world. The South Korean company opened a

$360 million manufacturing facility in the first phase. More than 550 are employed at the facility. Advanced automation, robotics and engineered systems integration allow employees to change between models in a matter of minutes.

In 2017 LG Electronics began utilizing the 310-acre site formerly occupied by Hemlock Semiconductor in the Corporate Business Park North. LG will manufacture appliances in an 829,000-square-foot phase one facility. If phase two proceeds as planned, it will employ a total of 2,000 workers upon completion of more construction that could expand the square footage of the plant to four times its initial size.

Stoney Creek Hotel and Conference Center. The Stoney Creek Hotel and Conference Center will be a $30 million, mostly-privately-funded 200-room hotel accompanied by a 40,000-to- 50,000-square-foot convention center capable of hosting up to 1,000 people at a time. It should be completed by 2020. Stoney Creek Hotel and Conference Center operates 15 properties in Missouri, Oklahoma, Iowa, Wisconsin and Illinois that offer an experience focused on the local history. The construction should hire up to 200 construction workers, adding an additional $35 million into the local economy over a 15-month period.

Sources: The Leaf Chronicle, Southern Standard, The Tennessean, the Chattanooga Free Times Press, the Clarksville Montgomery County Industrial Development Board and WBIR News.

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MONTGOMERY COUNTY, TENNESSEE
SUMMARY OF BONDED INDEBTEDNESS

PURPOSE	DUE DATE	INTEREST RATE(S)	(1) OUTSTANDING
$3,894,000 Qualified Zone Academy Bonds, Series 2006	2021	Zero	397,679
$20,000,000 Qualified School Construction Bonds, Series 2009 (5)	2027	Fixed	8,976,276
$5,400,000 General Obligation Bonds, Series 2010 (Federally Taxable Build America Bonds)	April 2030	Fixed	5,400,000
$74,155,000 General Obligation Refunding Bonds, Series 2010	April 2024	Fixed	46,720,000
$62,335,000 General Obligation School and Public Improvement Bonds, Series 2011	April 2029	Fixed	28,435,000
$19,465,000 General Obligation Refunding Bonds, Series 2012	April 2025	Fixed	7,385,000
$28,040,000 General Obligation Public Improvement and Refunding Bonds, Series 2012	April 2029	Fixed	17,090,000
$37,120,000 General Obligation Refunding Bonds, Series 2013	April 2020	Fixed	6,335,000
$13,200,000 General Obligation Public Improvement Bonds, Series 2013	April 2028	Fixed	10,200,000
$50,155,000 General Obligation Refunding Bonds, Series 2014	April 2026	Fixed	25,665,000
$18,060,000 General Obligation School Bonds, Series 2015	April 2035	Fixed	17,660,000
$20,360,000 General Obligation Refunding and Improvement Bonds, Series 2015B (2)	April 2035	Fixed	18,115,000
$17,600,000 General Obligation Public Improvement Bonds, Series 2016A	April 2036	Fixed	15,080,000
$10,830,000 General Obligation Refunding Bonds, Series 2016B (Taxable)	April 2024	Fixed	10,595,000
$50,490,000 General Obligation Refunding & Imp. Bonds, Series 2017 (3)	April 2037	Fixed	48,235,000
$14,630,000 General Obligation Public Imp. Bonds, Series 2018	April 2038	Fixed	14,185,000
OUTSTANDING DEBT AS OF JUNE 30, 2019			$ 280,473,955
DEBT ISSUED POST JUNE 30, 2019 (4)			
$27,330,000 General Obligation Public Imp. Bonds, Series 2020A	Jun-40	Fixed	27,330,000
Less: Refunded Bonds			(5,400,000)
NET DIRECT DEBT POST JUNE 30, 2019			$ 302,403,955
OVERLAPPING DEBT AS OF JUNE 30, 2019 (Estimated)			
City of Clarksville, Tennessee - (70.85% of the Assessed Value of Montgomery County, TN)			$ 100,556,193
OVERALL NET DEBT			$ 402,960,148

Notes:

(1) The above figures do not include leases or short-term notes outstanding, if any. For more information, see the notes to the Financial Statements in the CAF

(2) Includes $840,000 payable by the Bi-County Solid Waste Management System.

(3) Includes $1,515,221 payable by the Bi-County Solid Waste Management System.

(4) Does not include the $7,500,000 Bond Anticipation Note, Series 2019, dated October 1, 2019 being retired with the Series 2020B Bonds or the $4,300,000 General Obligation Capital Outlay Notes, Series 2019, dated October 1, 2019, being retired with the Series 2020A Bonds.

(5) The Qualified School Construction Bonds, Series 2009 require annual sinking fund deposits to fully retire the $20,000,000 on July 1, 2026 . As of June 30, 2019 the County has already deposited $11,023,724 into the sinking fund, leaving an outstanding balance of $8,976,276.

Debt Record

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

MONTGOMERY COUNTY, TENNESSEE

Debt Trend and Debt Ratios

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.

	For Fiscal Year Ended June 30					After Issuance
INDEBTEDNESS	**2015**	**2016**	**2017**	**2018**	**2019**	**2020**
TAX SUPPORTED						
General Obligation Bonds & Notes	$ 324,672,217	$ 308,853,182	$ 300,230,613	$ 295,584,034	$ 280,473,955	$ 302,403,955
TOTAL TAX SUPPORTED	$ 324,672,217	$ 308,853,182	$ 300,230,613	$ 295,584,034	$ 280,473,955	$ 302,403,955
TOTAL DEBT	$ 324,672,217	$ 308,853,182	$ 300,230,613	$ 295,584,034	$ 280,473,955	$ 302,403,955
Less: Debt Service Fund	(40,336,621)	(33,067,927)	(32,641,934)	(32,215,151)	(32,881,139)	(32,881,139)
NET DIRECT DEBT	$ 284,335,596	$ 275,785,255	$ 267,588,679	$ 263,368,883	$ 247,592,816	$ 269,522,816
PROPERTY TAX BASE						
Estimated Actual Value*	$ 12,315,290,725	$ 12,577,608,413	$ 13,104,366,935	$ 13,441,064,205	$ 14,593,206,498	$ 14,593,206,498
Appraised Value	$ 12,315,290,725	$ 12,577,608,413	$ 12,992,979,816	$ 13,326,815,159	$ 13,767,231,010	$ 13,767,231,010
Assessed Value	$ 3,553,987,730	$ 3,617,538,118	$ 3,735,419,824	$ 3,828,268,531	$ 3,954,069,850	$ 3,954,069,850

Source: General Purpose Financial Statements and County Officials.

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

	For Fiscal Year Ended June 30					After Issuance
DEBT RATIOS	**2015**	**2016**	**2017**	**2018**	**2019**	**2020**
TOTAL DEBT to Estimated Actual Value	2.64%	2.46%	2.29%	2.20%	1.92%	2.07%
TOTAL DEBT to Appraised Value	2.64%	2.46%	2.31%	2.22%	2.04%	2.20%
TOTAL DEBT to Assessed Value	9.14%	8.54%	8.04%	7.72%	7.09%	7.65%
NET DIRECT DEBT to Estimated Actual Value	8.00%	7.62%	7.16%	6.88%	6.26%	6.82%
NET DIRECT DEBT to Appraised Value	2.31%	2.19%	2.06%	1.98%	1.80%	1.96%
NET DIRECT DEBT to Assessed Value	8.00%	7.62%	7.16%	6.88%	6.26%	6.82%
PER CAPITA RATIOS						
POPULATION (1)	193,479	195,734	200,182	200,182	200,182	200,182
PER CAPITA PERSONAL INCOME (2)	$39,818	$39,784	$40,633	$40,633	$40,633	$40,633
Estimated Actual Value to POPULATION	63,652	64,259	65,462	67,144	72,900	72,900
Assessed Value to POPULATION	18,369	18,482	18,660	19,124	19,752	19,752
Total Debt to POPULATION	1,678	1,578	1,500	1,477	1,401	1,511
Net Direct Debt to POPULATION	1,470	1,409	1,337	1,316	1,237	1,346
Total Debt Per Capita as a percent of PER CAPITA PERSONAL INCOME	4.21%	3.97%	3.69%	3.63%	3.45%	3.72%
Net Direct Debt Per Capita as a percent of PER CAPITA PERSONAL INCOME	3.69%	3.54%	3.29%	3.24%	3.04%	3.31%

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

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

MONTGOMERY COUNTY, TENNESSEE
BONDED DEBT SERVICE REQUIREMENTS - GENERAL OBLIGATION

Existing Debt General Obligation (1)

F.Y. Ended 6/30	Principal + Sinking Fund Deposits	Gross Interest	Estimated U.S. Treasury Rebate (2)	Estimated U.S. Treasury Sequester (2)	State Admin Fees	TOTAL
2020	$31,315,300	$ 11,195,678	$ (97,016)	$ 6,694	$ 21,246	$ 42,441,902
2021	32,516,808	10,090,600	(97,016)	6,694	21,246	42,538,333
2022	29,077,969	8,678,000	(97,016)	6,694	20,000	37,685,647
2023	28,827,969	7,554,988	(89,451)	6,172	20,000	36,319,677
2024	28,877,969	6,368,725	(80,907)	5,583	20,000	35,191,370
2025	25,497,969	5,312,950	(71,763)	4,952	20,000	30,764,107
2026	23,670,817	4,353,063	(62,003)	4,278	20,000	27,986,155
2027	15,267,647	3,199,038	(51,083)	3,525	5,000	18,424,127
2028	14,730,000	2,542,875	(39,489)	2,725		17,236,111
2029	9,560,000	1,908,125	(27,204)	1,877		11,442,798
2030	5,920,000	1,546,600	(14,210)	981		7,453,371
2031	5,415,000	1,306,063	-	-		6,721,063
2032	5,215,000	1,114,088	-	-		6,329,088
2033	5,390,000	925,281	-	-		6,315,281
2034	5,645,000	728,438	-	-		6,373,438
2035	5,835,000	520,538	-	-		6,355,538
2036	3,710,000	305,538	-	-		4,015,538
2037	2,945,000	160,400	-	-		3,105,400
2038	1,065,000	42,600	-	-		1,107,600
2039	-	-	-	-		-
2040	-	-	-	-		-
	$ 280,482,447	$ 67,853,584	$ (727,156)	$ 50,174	$ 147,493	$ 347,806,542

General Obligation Bonds, Series 2020A / **Less: Refunded Debt**

F.Y. Ended 6/30	Principal	Interest (3)	TOTAL	% 2020A Principal Repaid	Principal	Interest	Estimated U.S. Treasury Rebate (2)	Estimated U.S. Treasury Sequester (2)	TOTAL
	General Obligation Bonds, Series 2020A				Less: Refunded Debt				
2020	$ -	$ 146,438	$ 146,438	0.00%					$ -
2021	-	585,750	585,750		-	277,188	(97,016)	6,694	$ 186,866
2022	1,665,000	585,750	2,250,750		475,000	277,188	(97,016)	6,694	$ 661,866
2023	1,710,000	559,110	2,269,110		525,000	255,575	(89,451)	6,172	$ 697,296
2024	1,730,000	530,895	2,260,895		550,000	231,163	(80,907)	5,583	$ 705,838
2025	1,745,000	501,485	2,246,485	25.06%	575,000	205,038	(71,763)	4,952	$ 713,226
2026	1,765,000	470,948	2,235,948		600,000	177,150	(62,003)	4,278	$ 719,426
2027	1,780,000	438,295	2,218,295		625,000	145,950	(51,083)	3,525	$ 723,392
2028	1,790,000	404,475	2,194,475		650,000	112,825	(39,489)	2,725	$ 726,061
2029	1,805,000	369,570	2,174,570		675,000	77,725	(27,204)	1,877	$ 727,398
2030	1,845,000	333,470	2,178,470	57.94%	725,000	40,600	(14,210)	981	$ 752,371
2031	1,150,000	291,958	1,441,958		-	-	-	-	-
2032	1,150,000	265,508	1,415,508		-	-	-	-	-
2033	1,150,000	238,483	1,388,483		-	-	-	-	-
2034	1,150,000	210,883	1,360,883		-	-	-	-	-
2035	1,150,000	182,708	1,332,708	78.98%	-	-	-	-	-
2036	1,150,000	153,958	1,303,958		-	-	-	-	-
2037	1,150,000	124,633	1,274,633		-	-	-	-	-
2038	1,150,000	94,733	1,244,733		-	-	-	-	-
2039	1,150,000	64,258	1,214,258		-	-	-	-	-
2040	1,145,000	32,633	1,177,633	100.00%	-	-	-	-	-
	$ 27,330,000	$ 6,585,935	$ 33,915,935		$ 5,400,000	$ 1,800,400	$ (630,140)	$ 43,480	$ 6,613,740

Total Bonded Debt Service Requirements (1)

F.Y. Ended 6/30	Principal	Gross Interest	Estimated U.S. Treasury Rebate (2)	Estimated U.S. Treasury Sequester (2)	State Admin Fees	TOTAL	% All Principal Repaid
			-	-			
2020	31,315,300	11,342,115	(97,016)	6,694	21,246	$ 42,588,339	10.36%
2021	32,516,808	10,399,163	-	-	21,246	42,937,217	
2022	30,267,969	8,986,563	-	-	20,000	39,274,531	
2023	30,012,969	7,858,523	-	-	20,000	37,891,491	
2024	30,057,969	6,668,458	-	-	20,000	36,746,426	
2025	26,667,969	5,609,398	-	-	20,000	32,297,366	59.80%
2026	24,835,817	4,646,860	-	-	20,000	29,502,677	
2027	16,422,647	3,491,383	-	-	5,000	19,919,030	
2028	15,870,000	2,834,525	-	-	-	18,704,525	
2029	10,690,000	2,199,970	-	-	-	12,889,970	
2030	7,040,000	1,839,470	-	-	-	8,879,470	84.55%
2031	6,565,000	1,598,020	-	-	-	8,163,020	
2032	6,365,000	1,379,595	-	-	-	7,744,595	
2033	6,540,000	1,163,764	-	-	-	7,703,764	
2034	6,795,000	939,320	-	-	-	7,734,320	
2035	6,985,000	703,245	-	-	-	7,688,245	95.55%
2036	4,860,000	459,495	-	-	-	5,319,495	
2037	4,095,000	285,033	-	-	-	4,380,033	
2038	2,215,000	137,333	-	-	-	2,352,333	
2039	1,150,000	64,258	-	-	-	1,214,258	
2040	1,145,000	32,633	-	-	-	1,177,633	100.00%
	$ 302,412,447	$ 72,639,119	$ (97,016)	$ 6,694	$ 147,493	$ 375,108,737	

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 CAFR. Does not include the $7,500,000 Bond Anticipation Note, Series 2019, dated October 1, 2019 being retired with the Series 2020B Bonds or the $4,300,000 General Obligation Capital Outlay Notes, Series 2019, dated October 1, 2019, being retired with the Series 2020A Bonds.

(2) The original federal subsidy of 35.0% on the General Obligation Bonds, Series 2010 (Federally Taxable Build America Bonds) ("BAB's") has been reduced by 5.9% for the federal fiscal year ending September 30, 2020 as a result of the sequestration by the Budget Control Act of 2011. The Series 2020A Bonds will refund the General Obligation Bonds, Series 2010 (Federally Taxable Build America Bonds).

FINANCIAL INFORMATION

BASIS OF ACCOUNTING AND PRESENTATION

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

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

FUND BALANCES, NET ASSETS AND RETAINED EARNINGS

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

	For the Fiscal Year Ended June 30,				
Fund Type	**2015**	**2016**	**2017**	**2018**	**2019**
Governmental Funds:					
General	$17,195,426	$28,866,987	$30,346,625	$35,073,283	$35,102,940
General Debt Service	40,336,621	33,067,927	32,641,934	32,215,151	30,112,631
General Capital Projects	21,600,232	6,778,055	12,300,032	25,400,203	18,342,994
Nonmajor Funds	4,320,557	4,422,766	4,525,143	5,749,732	6,599,139
TOTAL	**$83,452,836**	**$73,135,735**	**$79,813,734**	**$98,438,369**	**$90,157,704**
Internal Service Funds	$26,446,393	$20,997,785	$16,919,059	$18,961,427	$19,988,887

Source: Comprehensive Financial Audit Reports of the County.

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

	2015	2016	2017	2018	2019
Revenues:					
Local Taxes	$ 37,726,587	$ 51,643,273	$ 49,015,746	$ 51,408,024	$ 51,789,377
Licenses and Permits	865,425	1,271,405	1,166,007	2,393,357	2,890,459
Fines and Forfeits	1,010,721	1,059,843	1,133,955	1,197,314	1,084,085
Charges for Current Services	6,075,063	6,735,676	6,696,160	7,686,906	8,219,232
Other Local Revenues	1,803,161	1,949,647	2,285,423	2,803,569	3,725,047
Fees Recv'd from County Officials	8,384,180	9,002,410	9,828,615	10,361,991	10,043,338
State of Tennessee	6,773,698	7,457,759	7,776,912	7,546,167	7,569,634
Federal Government	570,338	484,049	414,992	373,026	474,541
Other Governments & Citizens Groups	555,431	420,916	141,639	160,235	324,247
Total Revenues	$ 63,764,604	$ 80,024,978	$ 78,459,449	$ 83,930,589	$ 86,119,960
Expenditures and Other Uses:					
General Government	$ 7,055,554	$ 7,926,230	$ 8,148,232	$ 8,327,468	$ 10,300,142
Finance	6,339,758	6,365,652	7,421,585	7,474,905	7,932,155
Administration of Justice	6,641,531	6,871,068	7,266,340	7,295,021	8,018,666
Public Safety	27,779,568	27,128,818	29,429,431	30,548,278	34,151,668
Public Health & Welfare	11,578,537	11,899,571	13,577,002	14,161,809	14,480,898
Social, Cultural, & Recreational Services	2,675,205	2,632,460	2,988,797	2,976,828	3,152,518
Agricultural & Natural Resources	372,311	351,946	358,275	351,048	717,102
Other Operations	4,587,737	5,097,381	7,147,808	7,113,016	7,241,359
Highways	133,608	132,563	138,033	158,984	165,135
Capital Outlay	-	-	-	-	
Debt Service	-	-	-	-	
Capital Projects	-	-	-	-	
Total Expenditures	$ 67,163,809	$ 68,405,689	$ 76,475,503	$ 78,407,357	$ 86,159,643
Excess of Revenues & Over (under) Expenditures	$ (3,399,205)	$ 11,619,289	$ 1,983,946	$ 5,523,232	$ (39,683)
Other Financing Sources (Uses):					
Debt Proceeds	$ -	$ -	$ -	$ -	
Insurance Recovery	5,565	52,272	134,692	84,426	69,340
Interfund Transfers - In	-	-	-	-	
Interfund Transfers - Out	(89,973)	-	(639,000)	(881,000)	
Total Other Financing Sources (Uses)	$ (84,408)	$ 52,272	$ (504,308)	$ (796,574)	$ 69,340
Excess of Revenue & Other Sources over (Under) Expenditures & Other Sources	$ (3,483,613)	$ 11,671,561	$ 1,479,638	$ 4,726,658	$ 29,657
Fund Balance July 1	$ 20,679,039	$ 17,195,426	$ 28,866,987	$ 30,346,625	$ 35,073,283
Prior Period Adjustment	-	-	-	-	-
Fund Balance June 30	**$ 17,195,426**	**$ 28,866,987**	**$ 30,346,625**	**$ 35,073,283**	**$ 35,102,940**

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

INVESTMENT AND CASH MANAGEMENT PRACTICES

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

REAL PROPERTY ASSESSMENT, TAX LEVY AND COLLECTION PROCEDURES

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

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

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

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

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

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

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

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

County Taxation of Property

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

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

Assessment of Property

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

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

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

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

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

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

Periodic Reappraisal and Equalization

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

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

Valuation for Property Tax Purposes

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

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

Certified Tax Rate

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

The governing body of a county or municipality may adjust the Certified Tax Rate to reflect extraordinary assessment changes or to recapture excessive adjustments.

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

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

Tax Freeze for the Elderly Homeowners

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

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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MONTGOMERY COUNTY, TENNESSEE
PROPERTY VALUATION AND PROPERTY TAX

Fiscal Year **Tax Year**	**2014-2015** **2014**	**2015-2016** **2015**	**2016-2017** **2016**	**2017-2018** **2017**	**2018-2019** **2018**
Estimated Actual Values (1)					
Residential & Farms	$8,768,881,000	$9,029,365,272	$9,395,151,145	$9,647,668,325	$10,489,463,031
Commercial & Industrial	2,720,461,090	2,682,253,350	2,764,123,381	2,832,201,084	3,057,763,038
Personal Tangible Property	637,780,643	664,909,580	735,473,908	764,430,886	850,031,259
Public Utilities	188,167,992	201,080,211	209,618,501	196,763,910	195,949,170
Total Assessor's Appraised Values	$ 12,315,290,725	$ 12,577,608,413	$ 13,104,366,935	$ 13,441,064,205	$ 14,593,206,498
In-Lieu of Property Tax Values	$ 488,576,365	$ 488,576,365	$ 488,576,365	$ 488,576,365	$ 488,576,365
Fort Campbell Property Values	5,449,013,544	5,449,013,544	5,449,013,544	5,449,013,544	5,449,013,544
Total Assessor's Appraised Values	$ 18,252,880,634	$ 18,515,198,322	$ 19,041,956,844	$ 19,378,654,114	$ 20,530,796,407
Assessed Values (1)					
Residential & Farms (25%)	$2,192,220,250	$2,257,341,318	$2,328,823,090	$2,391,415,786	$2,473,939,856
Commercial & Industrial (40%)	1,088,184,436	1,072,901,340	1,096,251,333	1,123,250,950	1,153,877,460
Personal Tangible Property (30%)	191,334,193	199,472,874	218,766,714	227,379,967	240,575,847
Public Utilities (30%-55%)	82,248,851	87,822,586	91,578,687	85,628,427	85,676,687
Total Assessed Values	$3,553,987,730	$3,617,538,118	$3,735,419,824	$3,827,675,130	$3,954,069,850
Appraisal Ratio	100.00%	100.00%	99.15%	99.15%	94.34%
Property Tax Rate	$ 2.975	$ 3.070	$ 3.070	$ 3.070	$ 3.070
Taxes Levied	$ 103,158,299	$ 108,215,644	$ 111,746,986	$ 117,874,140	$ 120,982,229
Collections					
Current Fiscal Year	$97,616,012	$ 106,081,276	$ 109,100,362	$ 114,544,271	$ 117,163,240
Percent Collected Current FY	94.63%	98.03%	97.63%	97.18%	96.84%
Amount Uncollected as of 6/30/2019	$ 529,871	$ 1,058,625	$ 1,167,206	$ 1,202,365	$ 3,818,989
Percent Uncollected	0.51%	0.98%	1.04%	1.02%	3.16%

* Estimated

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

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

	Taxpayer	Business Type	Assessment	Taxes Paid
1.	Clarksville Health System	Healthcare	$ 45,857,640	$1,407,830
2.	Cumberland Electric	Utility	40,121,976	1,231,745
3.	Florim, USA	Manufacturing	15,149,580	465,093
4.	NYRStar Clarksville	Manufacturing	48,635,302	678,475
5.	Trane Company	Manufacturing	57,337,202	498,187
6.	Governor's Square Co.	Retail Shopping Mall	17,650,680	541,876
7.	Akebono Brake	Manufacturing	35,133,551	305,265
8.	Industrial Development Bd		14,540,840	446,404
9.	SC Waterford Landings	Real Estate	10,105,172	310,229
10.	Bridgestone Metalpha	Steel Cord	35,956,848	312,419
	TOTAL		**$320,488,791**	**$6,197,523**

Source: The County.

LOCAL OPTION SALES TAX

Fiscal Year	Debt Service Fund	General Purpose School	Cities	Total
2015	$3,525,013	$41,612,795	$14,741,311	$58,879,119
2016	155,312	46,159,719	15,981,334	62,296,365
2017	168,383	48,114,273	16,612,398	64,895,054
2018	217,717	51,552,103	17,537,230	69,307,050
2019	408,095	59,323,678	19,073,787	78,805,560

Source: The County.

WHEEL TAX

Fiscal Year	Rate Per Vehicle	General Purpose School	General Capital Projects	% of Increase
2015	$30.50	$4,154,355	-	2.15%
2016	30.50	4,234,973	-	1.94%
2017	49.00	4,468,925	-	5.50%
2018	49.00	5,278,710	$2,370,945	72.0%
2019	49.00	4,957,966	2,974,780	3.70 %

Source: The County.

PENSION PLANS

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

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

OTHER POST-EMPLOYMENT BENEFITS OTHER THAN PENSIONS

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

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

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APPENDIX C

GENERAL PURPOSE FINANCIAL STATEMENTS

OF

MONTGOMERY COUNTY, TENNESSEE

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 the Montgomery County for the fiscal year ended June 30, 2019 which is available upon request from the County.

ANNUAL FINANCIAL REPORT

MONTGOMERY COUNTY, TENNESSEE

FOR THE YEAR ENDED JUNE 30, 2019

TENNESSEE
COMPTROLLER
OF THE TREASURY

DIVISION OF LOCAL GOVERNMENT AUDIT

ANNUAL FINANCIAL REPORT

MONTGOMERY 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

JEFF BAILEY, CPA, CGFM, CFE
Audit Manager

KATIE ARMSTRONG, CPA, CGFM, CFE
Senior Auditor

CARRIE SABIN
TYLER ENSMINGER, CPA
BETHANY GRAVES
State Auditors

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

MONTGOMERY COUNTY, TENNESSEE
TABLE OF CONTENTS

Summary of Audit Findings

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

Scope

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

Results

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

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

Findings

The following is a summary of the audit findings:

OFFICES OF COUNTY MAYOR AND DIRECTOR OF ACCOUNTS AND BUDGETS

- Capital asset records were not completed in a timely manner.
- The office did not file reports on debt obligations with the State Comptroller's Office.

INTRODUCTORY SECTION

Montgomery County Officials
June 30, 2019

Officials

Jim Durrett, County Mayor
Mike Frost, Highway Supervisor
Millard House II, Director of Schools
Kimberly Wiggins, Trustee
Erinne Hester, Assessor of Property
Kellie Jackson, County Clerk
Cheryl Castle, Circuit, General Sessions, and Juvenile Courts Clerk
Michael Dale, Clerk and Master
Connie Gunnett, Register of Deeds
John Fuson, Sheriff
Jeffrey Taylor, Director of Accounts and Budgets
Jane Davis, Purchasing Agent

Board of County Commissioners

Jim Durrett, County Mayor, Chairman
John Gannon, Sr.
Arnold Hodges
Joe Smith
Rickey Ray
Rashidah Leverett
Tangi Smith
Brandon Butts
Carmelle Chandler
James Lewis
Charles Keene
Lisa Prichard
Joe Creek
David Harper
Walker Woodruff
Joshua Beal
Loretta Bryant
Chris Rasnic
Jason Knight
Garland Johnson
Larry Rocconi
Jerry Allbert

Highway Commission

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

Board of Education

Margaret Pace, Chairperson
Charlie Patterson
Jimmie Garland
Carol Berry
Anne Murtha
Josh Baggett

Audit Committee

David Harper, Chairman
Brandon Butts
Joe Smith
Arnold Hodges
Lisa Prichard

FINANCIAL SECTION

Independent Auditor's Report

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

To the County Mayor and Board of County Commissioners:

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of Montgomery County, Tennessee, as of and for the year ended June 30, 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 aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of Montgomery 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 Fund for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

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

Accounting principles generally accepted in the United States of America require that the schedule of changes in the county's net pension liability and related ratios, 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 OPEB 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 Montgomery County's basic financial statements. The combining and individual nonmajor fund financial statements, budgetary comparison schedules of nonmajor governmental funds and the General Debt Service and General Capital Projects funds, combining and individual fund financial statements of the Clarksville-Montgomery County School System (a discretely presented component unit), miscellaneous schedules and the other information such as the introductory section and management's corrective action plan 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 and the General Debt Service and the General Capital Projects funds, combining and individual fund financial statements of the Clarksville-Montgomery County School System (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 and the General Debt Service and the General Capital Projects funds, combining and individual fund financial statements of the Clarksville-Montgomery County School System (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 plan 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 February 17, 2020, on our consideration of Montgomery County's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is 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 Montgomery 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 Montgomery County's internal control over financial reporting and compliance.

Very truly yours,

Justin P. Wilson
Comptroller of the Treasury
Nashville, Tennessee

February 17, 2020

JPW/tg

BASIC FINANCIAL STATEMENTS

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

	Primary Government	Component Unit
	Governmental Activities	Clarksville-Montgomery County School System
ASSETS		
Cash	$ 364,114	$ 654,011
Equity in Pooled Cash and Investments	118,472,997	58,334,576
Inventories	89,289	260,143
Accounts Receivable	15,453,574	3,884,118
Allowance for Uncollectibles	(11,289,162)	0
Due from Other Governments	2,722,489	15,596,297
Due from Primary Government	0	1,059,759
Due from Component Units	4,055,780	0
Property Taxes Receivable	111,371,897	30,982,205
Allowance for Uncollectible Property Taxes	(1,963,907)	(617,033)
Prepaid Items	93,401	2,640,960
Restricted Assets:		
Amounts Accumulated for Pension Benefits	215,144	1,251,401
Net Pension Asset - Public Employee Pension Plan	80,570	96,044
Net Pension Asset - Public Employee Legacy Pension Plan	1,569,244	1,589,460
Net Pension Asset - Teacher Retirement Plan	0	1,981,594
Net Pension Asset - Teacher Legacy Pension Plan	0	10,505,037
Capital Assets:		
Assets Not Depreciated:		
Land	12,694,260	14,167,519
Construction in Progress	14,063,660	424,491
Assets Net of Accumulated Depreciation:		
Buildings and Improvements	106,561,805	277,298,307
Other Capital Assets	7,697,208	18,421,342
Intangibles	1,895,902	0
Infrastructure	38,538,857	0
Total Assets	$ 422,687,122	$ 438,530,231

(Continued)

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

	Primary Government	Component Unit
	Governmental Activities	Clarksville-Montgomery County School System
DEFERRED OUTFLOWS OF RESOURCES		
Deferred Charge on Refunding	$ 7,466,920	$ 0
Pension Changes in Experience	1,053,621	3,331,615
Pension Changes in Assumptions	1,812,543	8,133,704
Pension Contributions After Measurement Date	4,545,943	16,237,217
Pension Changes in Proportionate Share	0	557,969
Other Postemployment Benefits Changes in Experience	0	6,917,954
Total Deferred Outflows of Resources	$ 14,879,027	$ 35,178,459
LIABILITIES		
Accounts Payable	$ 2,587,206	$ 4,857,557
Accrued Payroll	0	16,849,110
Payroll Deductions Payable	316,783	9,622,881
Due to State of Tennessee	306	0
Accrued Interest Payable	2,161,139	0
Due to Primary Government	0	1,700,559
Due to Component Units	1,059,759	0
Due to Litigants, Heirs, and Others	313,544	0
Other Current Liabilities	2,071	0
Customer Deposits Payable	175,050	217,407
Other Collections	6,940	0
Noncurrent Liabilities:		
Due Within One Year - Debt	33,508,709	0
Due Within One Year - Other	5,211,932	1,999,823
Due in More Than One Year - Debt	276,854,363	0
Due in More Than One Year - Other	19,981,677	33,894,490
Total Liabilities	$ 342,179,479	$ 69,141,827

(Continued)

Exhibit A

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

	Primary Government Governmental Activities	Component Unit Clarksville-Montgomery County School System
DEFERRED INFLOWS OF RESOURCES		
Deferred Current Property Taxes	$ 107,485,154	$ 29,671,382
Pension Changes in Experience	1,576,342	15,847,705
Pension Changes in Investment Earnings	607,964	3,014,412
Pension Changes in Proportionate Share	0	446,932
Other Postemployment Benefits Changes in Experience	0	80,268
Other Postemployment Benefits Changes in Assumptions	0	715,676
Total Deferred Inflows of Resources	$ 109,669,460	$ 49,776,375
NET POSITION		
Net Investment in Capital Assets	$ 51,703,306	$ 310,311,659
Restricted for:		
Capital Projects	7,348,932	2,330,718
Debt Service	38,930,855	0
Highways	5,713,306	0
General Government	483,859	0
Finance	1,755,262	0
Administration of Justice	1,044,717	0
Public Safety	290,895	0
Public Health and Welfare	66,212	0
Social, Cultural, and Recreational Services	3,019	0
Education	0	61,967
Central Cafeteria	0	6,936,810
School Transportation	0	3,622,497
School Federal Projects	0	54,647
Pensions	1,864,958	15,423,536
Unrestricted	(123,488,111)	16,048,654
Total Net Position	$ (14,282,790)	$ 354,790,488

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

Exhibit B

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

Functions/Programs	Expenses	Program Revenues: Charges for Services	Program Revenues: Operating Grants and Contributions	Program Revenues: Capital Grants and Contributions	Net (Expense) Revenue and Changes in Net Position: Primary Government: Total Governmental Activities	Net (Expense) Revenue and Changes in Net Position: Component Unit: Clarksville-Montgomery County School System
Primary Government:						
Governmental Activities:						
General Government	$ 19,969,622	$ 5,290,528	$ 200,863	$ 24,857	$ (14,453,374)	$ 0
Finance	8,279,259	5,601,408	5,095	0	(2,672,756)	0
Administration of Justice	9,023,230	4,675,829	596,635	0	(3,750,766)	0
Public Safety	36,228,739	1,912,601	1,044,376	275,821	(32,995,941)	0
Public Health and Welfare	17,154,607	8,353,590	2,475,643	0	(6,325,374)	0
Social, Cultural, and Recreational Services	4,566,680	437,804	0	20,000	(4,108,876)	0
Agriculture and Natural Resources	762,114	0	0	0	(762,114)	0
Highways/Public Works	8,876,404	3,661	4,174,849	24,180	(4,673,714)	0
Education	72,851,838	49,503,454	0	2,578,325	(20,770,059)	0
Interest on Long-term Debt	14,009,463	0	0	0	(14,009,463)	0
Total Primary Government	$ 191,721,956	$ 75,778,875	$ 8,497,461	$ 2,923,183	$ (104,522,437)	$ 0
Component Unit:						
Clarksville-Montgomery County School System	$ 325,972,361	$ 6,157,960	$ 27,401,664	$ 0	$ 0	$ (292,412,737)
Total Component Unit	$ 325,972,361	$ 6,157,960	$ 27,401,664	$ 0	$ 0	$ (292,412,737)

(Continued)

Exhibit B

Montgomery County, Tennessee
Statement of Activities (Cont.)

Functions/Programs	Expenses	Program Revenues: Charges for Services	Program Revenues: Operating Grants and Contributions	Program Revenues: Capital Grants and Contributions	Net (Expense) Revenue and Changes in Net Position: Primary Government Total Governmental Activities	Net (Expense) Revenue and Changes in Net Position: Component Unit Clarksville-Montgomery County School System
General Revenues:						
Taxes:						
Property Taxes Levied for General Purposes					$ 51,571,313	$ 31,372,054
Property Taxes Levied for Debt Service					37,288,641	0
Local Option Sales Tax					408,095	59,275,081
Hotel/Motel Tax					3,352,769	0
Wheel Tax					2,974,780	4,980,990
Business Tax					1,819,254	877,010
Mixed Drink Tax					0	445,322
Adequate Facilities/Development Tax					1,875,500	0
Litigation Tax					1,270,320	0
Wholesale Beer Tax					376,558	0
Mineral Severance Tax					359,682	0
Interstate Telecommunications Tax					18,330	0
Grants and Contributions Not Restricted to Specific Programs					7,492,849	217,555,309
Interest Income					3,855,144	102,423
Miscellaneous					6,072,313	343,991
Total General Revenues					$ 118,735,548	$ 314,952,180
Change in Net Position					$ 14,213,111	$ 22,539,443
Net Position, July 1, 2018					(28,495,901)	332,251,045
Net Position, June 30, 2019					$ (14,282,790)	$ 354,790,488

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

Exhibit C-1

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

	Major Funds: General	Major Funds: General Debt Service	Major Funds: General Capital Projects	Nonmajor Funds: Other Govern-mental Funds	Total Governmental Funds
ASSETS					
Cash	$ 7,058	$ 0	$ 0	$ 307,056	$ 314,114
Equity in Pooled Cash and Investments	34,205,982	32,631,199	20,245,761	6,337,097	93,420,039
Inventories	89,289	0	0	0	89,289
Accounts Receivable	15,045,642	103,567	240,336	8,260	15,397,805
Allowance for Uncollectibles	(11,289,162)	0	0	0	(11,289,162)
Due from Other Governments	1,837,253	87,389	792	797,035	2,722,469
Property Taxes Receivable	50,465,578	40,740,174	14,848,184	5,317,961	111,371,897
Allowance for Uncollectible Property Taxes	(933,798)	(764,010)	(171,422)	(94,677)	(1,963,907)
Prepaid Items	93,401	0	0	0	93,401
Restricted Assets	201,158	0	0	13,986	215,144
Total Assets	$ 89,722,401	$ 72,798,319	$ 35,163,651	$ 12,686,718	$ 210,371,089
LIABILITIES					
Accounts Payable	$ 1,389,764	$ 2,950	$ 1,090,829	$ 25,751	$ 2,509,294
Payroll Deductions Payable	295,305	0	0	19,762	315,067
Due to Component Units	0	0	1,059,559	0	1,059,559
Due to State of Tennessee	306	0	0	0	306
Due to Litigants, Heirs, and Others	582	0	0	312,962	313,544
Other Current Liabilities	2,000	0	0	71	2,071
Current Liabilities Payable From Restricted Assets	4,500	0	0	170,550	175,050
Other Collections	6,940	0	0	0	6,940
Total Liabilities	$ 1,699,397	$ 2,950	$ 2,150,388	$ 529,096	$ 4,381,831

(Continued)

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

	Major Funds			Nonmajor Funds	
	General	General Debt Service	General Capital Projects	Other Govern-mental Funds	Total Governmental Funds
DEFERRED INFLOWS OF RESOURCES					
Deferred Current Property Taxes	$ 48,561,839	$ 39,170,295	$ 14,623,577	$ 5,129,443	$ 107,485,154
Deferred Delinquent Property Taxes	847,799	704,312	46,692	82,024	1,680,827
Other Deferred/Unavailable Revenue	3,510,426	39,623	0	347,016	3,897,065
Total Deferred Inflows of Resources	$ 52,920,064	$ 39,914,230	$ 14,670,269	$ 5,558,483	$ 113,063,046
FUND BALANCES					
Nonspendable:					
Inventory	$ 89,289	$ 0	$ 0	$ 0	$ 89,289
Prepaid Items	93,401	0	0	0	93,401
Restricted:					
Restricted for General Government	483,859	0	0	0	483,859
Restricted for Finance	1,755,262	0	0	0	1,755,262
Restricted for Administration of Justice	1,044,717	0	0	0	1,044,717
Restricted for Public Safety	240,734	0	0	50,161	290,895
Restricted for Public Health and Welfare	66,212	0	0	0	66,212
Restricted for Social, Cultural, and Recreational Services	3,019	0	0	0	3,019
Restricted for Highways/Public Works	0	0	0	5,500,145	5,500,145
Restricted for Debt Service	0	32,881,139	0	0	32,881,139
Restricted for Capital Projects	0	0	18,342,994	0	18,342,994
Restricted for Hybrid Retirement Stabilization Funds	201,158	0	0	13,986	215,144
Committed:					
Committed for General Government	381,175	0	0	0	381,175
Assigned:					
Assigned for General Government	846,806	0	0	0	846,806
Assigned for Finance	579,773	0	0	0	579,773

(Continued)

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

	Major Funds			Nonmajor Funds	
FUND BALANCES (Cont.)	General	General Debt Service	General Capital Projects	Other Govern-mental Funds	Total Governmental Funds
Assigned (Cont.):					
Assigned for Highways/Public Works	$ 0	$ 0	$ 0	$ 1,034,847	$ 1,034,847
Unassigned	29,317,535	0	0	0	29,317,535
Total Fund Balances	$ 35,102,940	$ 32,881,139	$ 18,342,994	$ 6,599,139	$ 92,926,212
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	$ 89,722,401	$ 72,798,319	$ 35,163,651	$ 12,686,718	$ 210,371,089

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

Exhibit C-2

Montgomery County, Tennessee
Reconciliation of the Balance Sheet of Governmental Funds to
the Statement of Net Position
June 30, 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)		$ 92,926,212
(1) Capital assets used in governmental activities are not financial resources and therefore are not reported in the governmental funds.		
Add: land	$ 12,694,260	
Add: construction in progress	14,063,660	
Add: buildings and improvements net of accumulated depreciation	106,561,805	
Add: other capital assets net of accumulated depreciation	7,697,208	
Add: intangibles net of accumulated depreciation	1,895,902	
Add: infrastructure net of accumulated depreciation	38,538,857	
Less: capital assets of internal service funds, which are included below in item (2)	(12,306)	181,439,386
(2) Internal service funds are used by management to charge the cost of liability, workers' compensation insurance, and employee dental benefits to individual funds. The assets and liabilities are included in governmental activities in the statement of net position.		19,988,887
(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	$ (271,100,000)	
Less: other loans payable	(9,365,463)	
Less: capital leases payable	(5,162,076)	
Add: debt to be contributed by component units	4,051,208	
Add: deferred amount on refunding	7,466,920	
Less: unamortized premium on debt	(24,735,533)	
Less: accrued interest on bonds, capital leases, and other loans	(2,161,139)	
Less: other postemployment benefits liability	(16,573,278)	
Less: compensated absences payable	(3,513,421)	(321,092,782)
(4) Amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be amortized and recognized as components of pension expense in future years:		
Add: deferred outflows of resources related to pensions	$ 7,412,107	
Less: deferred inflows of resources related to pensions	(2,184,306)	5,227,801
(5) Net pension assets of the agent and hybrid plans are not current financial resources and therefore are not reported in the governmental funds		
Add: net pension asset - hybrid plan	$ 80,570	
Add: net pension asset - agent legacy plan	1,569,244	1,649,814
(6) Other long-term assets are not available to pay for current-period expenditures and therefore are deferred in the governmental funds.		5,577,892
Net position of governmental activities (Exhibit A)		$ (14,282,790)

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

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

	Major Funds			Nonmajor Funds	
	General	General Debt Service	General Capital Projects	Other Governmental Funds	Total Governmental Funds
Revenues					
Local Taxes	$ 51,789,377	$ 40,632,379	$ 6,798,599	$ 4,852,250	$ 104,072,605
Licenses and Permits	2,890,459	0	0	0	2,890,459
Fines, Forfeitures, and Penalties	1,084,085	0	0	30,238	1,114,323
Charges for Current Services	8,219,232	0	0	45,376	8,264,608
Other Local Revenues	3,725,047	1,479,933	55,636	16,167	5,276,783
Fees Received From County Officials	10,043,338	0	0	0	10,043,338
State of Tennessee	7,569,634	0	111,059	4,087,204	11,767,897
Federal Government	474,541	90,807	49,037	0	614,385
Other Governments and Citizens Groups	324,247	3,103,785	130,276	0	3,558,308
Total Revenues	$ 86,119,960	$ 45,306,904	$ 7,144,607	$ 9,031,235	$ 147,602,706
Expenditures					
Current:					
General Government	$ 10,300,142	$ 0	$ 0	$ 0	$ 10,300,142
Finance	7,932,155	0	0	0	7,932,155
Administration of Justice	8,018,666	0	0	45,376	8,064,042
Public Safety	34,151,668	0	0	26,264	34,177,932
Public Health and Welfare	14,480,898	0	0	0	14,480,898
Social, Cultural, and Recreational Services	3,152,518	0	0	0	3,152,518
Agriculture and Natural Resources	717,102	0	0	0	717,102
Other Operations	7,241,359	0	0	0	7,241,359
Highways	165,135	0	0	8,112,755	8,277,890
Debt Service:					
Principal on Debt	0	31,999,563	0	0	31,999,563
Interest on Debt	0	11,836,701	0	0	11,836,701
Other Debt Service	0	804,652	104,565	0	909,217

(Continued)

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

	Major Funds			Nonmajor Funds	
	General	General Debt Service	General Capital Projects	Other Governmental Funds	Total Governmental Funds
Expenditures (Cont.)					
Capital Projects	$ 0	$ 0	$ 29,956,466	$ 4,836,049	$ 34,792,515
Total Expenditures	$ 86,159,643	$ 44,640,916	$ 30,061,031	$ 13,020,444	$ 173,882,034
Excess (Deficiency) of Revenues Over Expenditures	$ (39,683)	$ 665,988	$ (22,916,424)	$ (3,989,209)	$ (26,279,328)
Other Financing Sources (Uses)					
Bonds Issued	$ 0	$ 0	$ 14,630,000	$ 0	$ 14,630,000
Capital Leases Issued	0	0	0	4,836,049	4,836,049
Premiums on Debt Sold	0	0	1,174,905	0	1,174,905
Proceeds from Sale of Capital Assets	0	0	25,250	0	25,250
Insurance Recovery	69,340	0	29,060	2,567	100,967
Total Other Financing Sources (Uses)	$ 69,340	$ 0	$ 15,859,215	$ 4,838,616	$ 20,767,171
Net Change in Fund Balances	$ 29,657	$ 665,988	$ (7,057,209)	$ 849,407	$ (5,512,157)
Fund Balance, July 1, 2018	35,073,283	32,215,151	25,400,203	5,749,732	98,438,369
Fund Balance, June 30, 2019	$ 35,102,940	$ 32,881,139	$ 18,342,994	$ 6,599,139	$ 92,926,212

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

Exhibit C-4

Montgomery County, Tennessee
Reconciliation of the Statement of Revenues, Expenditures, and
Changes in Fund Balances of Governmental Funds to the
Statement of Activities
For the Year Ended June 30, 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)		$ (5,512,157)
(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	$ 13,359,120	
	Less: current-year depreciation expense	(6,462,465)	
	Add: current-year depreciation expense in internal service fund	991	6,897,646
(2)	The net effect of various miscellaneous transactions involving capital assets (sales, trade-ins, and donations) is to increase net position.		
	Add: capital assets donated	$ 2,578,325	
	Less: book value of capital assets disposed	(82,314)	2,496,011
(3)	Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.		
	Less: deferred delinquent property taxes and other deferred June 30, 2018	$ (5,674,538)	
	Add: deferred delinquent property taxes and other deferred June 30, 2019	5,577,892	(96,646)
(4)	The issuance of long-term debt (e.g., notes, bonds, other loans) provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net position. Also, governmental funds report the effect of premiums, discounts, and similar items when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities. This amount is the effect of these differences in the treatment of long-term debt and related items.		
	Less: bond proceeds	$ (14,630,000)	
	Less: capital lease proceeds	(4,836,049)	
	Add: principal payments on bonds	28,345,000	
	Add: principal payments on other loans	1,403,571	
	Add: principal payments on capital leases	2,250,992	
	Less: contributions from school system - component unit for capital leases	(881,032)	
	Less: contributions from bi-county component unit for bonds	(150,000)	
	Add: change in deferred amount on refunding debt	(2,323,846)	
	Less: change in unamortized premium on debt issuances	1,320,480	10,499,116
(5)	Some expenses reported in the statement of activities do not require the use of current financial resources and therefore are not reported as expenditures in the governmental funds.		
	Change in accrued interest payable	$ 151,084	
	Change in other postemployment benefits liability	(1,376,028)	
	Change in compensated absences payable	(85,191)	
	Change in net pension asset - hybrid plan	78,967	
	Change in net pension asset - agent legacy plan	165,535	
	Change in deferred outflows of resources related to pensions	43,830	
	Change in deferred inflows of resources related to pensions	(76,516)	(1,098,319)
(6)	Internal service funds are used by management to charge the cost of liability, workers' compensation insurance, and employee dental benefits to individual funds. The net revenue (expense) of certain activities of the internal service funds is reported with governmental activities in the statement of activities.		1,027,460
	Change in net position of governmental activities (Exhibit B)		$ 14,213,111

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

Exhibit C-5

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

	Actual (GAAP Basis)	Less: Encumbrances 7/1/2018	Add: Encumbrances 6/30/2019	Actual Revenues/ Expenditures (Budgetary Basis)	Budgeted Amounts Original	Budgeted Amounts Final	Variance with Final Budget - Positive (Negative)
Revenues							
Local Taxes	$ 51,789,377	$ 0	$ 0	$ 51,789,377	$ 51,633,926	$ 51,783,926	$ 5,451
Licenses and Permits	2,890,459	0	0	2,890,459	1,448,500	1,448,500	1,441,959
Fines, Forfeitures, and Penalties	1,084,085	0	0	1,084,085	1,106,475	1,106,475	(22,390)
Charges for Current Services	8,219,232	0	0	8,219,232	7,743,250	7,743,250	475,982
Other Local Revenues	3,725,047	0	0	3,725,047	1,879,388	1,889,538	1,835,509
Fees Received From County Officials	10,043,338	0	0	10,043,338	9,193,000	9,193,000	850,338
State of Tennessee	7,569,634	0	0	7,569,634	7,531,639	8,150,696	(581,062)
Federal Government	474,541	0	0	474,541	157,988	741,671	(267,130)
Other Governments and Citizens Groups	324,247	0	0	324,247	376,110	468,398	(144,151)
Total Revenues	$ 86,119,960	$ 0	$ 0	$ 86,119,960	$ 81,070,276	$ 82,525,454	$ 3,594,506
Expenditures							
General Government							
County Commission	$ 370,451	$ (4,124)	$ 0	$ 366,327	$ 367,936	$ 381,730	$ 15,403
Board of Equalization	0	0	0	0	2,692	2,692	2,692
Beer Board	3,440	0	0	3,440	5,020	6,070	2,630
Other Boards and Committees	3,795	0	0	3,795	5,168	5,168	1,373
County Mayor/Executive	542,447	0	0	542,447	521,090	561,423	18,976
Personnel Office	528,484	0	0	528,484	570,486	570,486	42,002
County Attorney	145,429	0	0	145,429	125,000	150,000	4,571
Election Commission	872,570	0	0	872,570	854,671	1,111,273	238,703
Register of Deeds	523,167	0	0	523,167	537,641	537,641	14,474
Planning	411,849	0	0	411,849	411,849	411,849	0
Building	317,568	(28)	0	317,540	321,477	321,505	3,965
Codes Compliance	826,724	(36,427)	0	790,297	856,879	896,037	105,740
Geographical Information Systems	209,980	0	0	209,980	290,215	290,215	80,235
County Buildings	383,359	(4,790)	0	378,569	510,760	515,550	136,981
Other Facilities	2,712,925	(3,744)	2,210	2,711,391	2,759,952	2,913,696	202,305
Other General Administration	2,223,615	(140)	5,340	2,228,815	1,206,213	2,356,353	127,538
Preservation of Records	224,339	0	0	224,339	238,546	238,546	14,207

(Continued)

Exhibit C-5

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

	Actual (GAAP Basis)	Less: Encumbrances 7/1/2018	Add: Encumbrances 6/30/2019	Actual Revenues/ Expenditures (Budgetary Basis)	Budgeted Amounts Original	Budgeted Amounts Final	Variance with Final Budget - Positive (Negative)
Expenditures (Cont.)							
Finance							
Accounting and Budgeting	$ 726,726	$ (15,000)	$ 0	$ 711,726	$ 742,559	$ 757,559	$ 45,833
Purchasing	311,277	0	0	311,277	319,434	319,434	8,157
Property Assessor's Office	1,316,146	0	0	1,316,146	1,386,645	1,386,645	70,499
County Trustee's Office	653,416	0	1,125	654,541	734,519	765,815	111,274
County Clerk's Office	2,274,667	(1,150)	0	2,273,517	2,342,087	2,343,237	69,720
Data Processing	2,615,971	(32,144)	35,482	2,619,309	2,690,462	2,724,991	105,682
Other Finance	33,952	0	0	33,952	61,300	61,300	27,348
Administration of Justice							
Circuit Court	3,527,295	0	0	3,527,295	3,847,651	3,847,651	320,356
General Sessions Court	638,170	0	0	638,170	641,649	641,649	3,479
Drug Court	59,047	0	0	59,047	70,000	70,000	10,953
Chancery Court	651,630	0	0	651,630	687,415	687,415	35,785
Juvenile Court	1,201,252	0	0	1,201,252	1,183,777	1,258,777	57,525
District Attorney General	60,630	0	0	60,630	59,750	60,630	0
Office of Public Defender	7,180	0	0	7,180	7,313	7,313	133
Judicial Commissioners	238,548	0	0	238,548	257,966	260,966	22,418
Probate Court	262,660	0	0	262,660	206,220	314,883	52,223
Other Administration of Justice	518,187	0	729	518,916	97,717	519,799	883
Probation Services	854,067	0	0	854,067	1,105,719	1,105,719	251,652
Public Safety							
Sheriff's Department	11,381,978	(59,012)	66,828	11,389,794	11,588,121	11,940,865	551,071
Special Patrols	2,507,107	0	663	2,507,770	2,796,982	2,840,591	332,821
Administration of the Sexual Offender Registry	10,494	0	0	10,494	16,125	16,125	5,631
Jail	16,037,815	(20,198)	35,472	16,053,089	14,371,571	16,504,727	451,638
Workhouse	1,848,428	0	0	1,848,428	1,974,164	1,940,072	91,644
Correctional Incentive Program Improvements	492,649	0	0	492,649	493,802	518,802	26,153
Juvenile Services	284,222	0	0	284,222	290,123	293,123	8,901
Fire Prevention and Control	535,703	(1,002)	5,044	539,745	555,242	574,245	34,500
Civil Defense	509,748	0	0	509,748	495,070	535,620	25,872

(Continued)

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

	Actual (GAAP Basis)	Less: Encumbrances 7/1/2018	Add: Encumbrances 6/30/2019	Actual Revenues/ Expenditures (Budgetary Basis)	Budgeted Amounts Original	Budgeted Amounts Final	Variance with Final Budget - Positive (Negative)
Expenditures (Cont.)							
Public Safety (Cont.)							
Other Emergency Management	$ 207,129	$ 0	$ 0	$ 207,129	$ 0	$ 456,558	$ 249,429
County Coroner/Medical Examiner	336,395	0	0	336,395	224,700	362,200	25,805
Public Health and Welfare							
Local Health Center	228,723	(667)	0	228,056	273,821	324,205	96,149
Rabies and Animal Control	887,025	0	64,209	951,234	979,440	1,095,182	143,948
Ambulance/Emergency Medical Services	10,660,986	(13,139)	13,092	10,660,939	12,079,907	12,109,021	1,448,082
Other Local Health Services	2,452,118	0	0	2,452,118	3,268,800	3,266,300	814,182
Appropriation to State	219,146	0	0	219,146	221,796	221,796	2,650
Other Local Welfare Services	9,150	0	0	9,150	20,825	20,825	11,675
Other Public Health and Welfare	23,750	0	0	23,750	2,500	26,500	2,750
Social, Cultural, and Recreational Services							
Libraries	2,064,386	0	0	2,064,386	2,064,386	2,064,386	0
Parks and Fair Boards	1,081,454	(794)	0	1,080,660	1,143,642	1,157,550	76,890
Other Social, Cultural, and Recreational	6,678	0	0	6,678	9,688	9,688	3,010
Agriculture and Natural Resources							
Agricultural Extension Service	342,685	0	0	342,685	374,479	375,705	33,020
Forest Service	2,000	0	0	2,000	2,000	2,000	0
Soil Conservation	37,789	0	0	37,789	36,487	37,896	107
Storm Water Management	334,628	0	555,701	890,329	1,000,000	1,000,000	109,671
Other Operations							
Tourism	1,897,407	0	0	1,897,407	1,537,500	2,058,500	161,093
Industrial Development	1,238,957	0	0	1,238,957	1,238,957	1,238,957	0
Airport	261,208	0	0	261,208	234,125	261,208	0
Veterans' Services	465,583	0	0	465,583	536,057	536,057	70,474
Other Charges	2,229,765	(14,022)	0	2,215,743	2,316,406	2,345,428	129,685
Contributions to Other Agencies	625,696	(63,753)	53,291	615,234	544,500	695,198	79,964
Employee Benefits	508,245	0	0	508,245	536,300	536,300	28,055
Miscellaneous	14,498	(1,192)	0	13,306	16,000	17,192	3,886

(Continued)

Exhibit C-5

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

	Actual (GAAP Basis)	Less: Encumbrances 7/1/2018	Add: Encumbrances 6/30/2019	Actual Revenues/ Expenditures (Budgetary Basis)	Budgeted Amounts Original	Budgeted Amounts Final	Variance with Final Budget - Positive (Negative)
Expenditures (Cont.)							
Highways							
Litter and Trash Collection	$ 165,135	$ 0	$ 0	$ 165,135	$ 140,824	$ 166,074	$ 939
Total Expenditures	$ 86,159,643	$ (271,326)	$ 839,186	$ 86,727,503	$ 87,412,118	$ 93,952,913	$ 7,225,410
Excess (Deficiency) of Revenues Over Expenditures	$ (39,683)	$ 271,326	$ (839,186)	$ (607,543)	$ (6,341,842)	$ (11,427,459)	$ 10,819,916
Other Financing Sources (Uses)							
Insurance Recovery	$ 69,340	$ 0	$ 0	$ 69,340	$ 0	$ 46,029	$ 23,311
Transfers In	0	0	0	0	508,844	539,197	(539,197)
Transfers Out	0	0	0	0	0	(46,215)	46,215
Total Other Financing Sources	$ 69,340	$ 0	$ 0	$ 69,340	$ 508,844	$ 539,011	$ (469,671)
Net Change in Fund Balance	$ 29,657	$ 271,326	$ (839,186)	$ (538,203)	$ (5,832,998)	$ (10,888,448)	$ 10,350,245
Fund Balance, July 1, 2018	35,073,283	(271,326)	0	34,801,957	27,846,956	35,073,283	(271,326)
Fund Balance, June 30, 2019	$ 35,102,940	$ 0	$ (839,186)	$ 34,263,754	$ 22,013,958	$ 24,184,835	$ 10,078,919

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

Exhibit D-1

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

	Governmental Activities - Internal Service Funds
ASSETS	
Current Assets:	
Equity in Pooled Cash and Investments	$ 25,052,958
Cash with Paying Agents	50,000
Accounts Receivable	55,769
Due from Other Governments	20
Due from Component Units	4,572
Total Current Assets	$ 25,163,319
Noncurrent Assets:	
Capital Assets:	
Buildings and Improvements	$ 24,803
Accumulated Depreciation - Buildings and Improvements	(12,497)
Total Noncurrent Assets	$ 12,306
Total Assets	$ 25,175,625
LIABILITIES	
Current Liabilities:	
Accounts Payable	$ 77,912
Payroll Deductions Payable	1,716
Due to Component Units	200
Claims and Judgments Payable	2,553,455
Total Current Liabilities	$ 2,633,283
Noncurrent Liabilities:	
Claims and Judgments Payable	$ 2,553,455
Total Noncurrent Liabilities	$ 2,553,455
Total Liabilities	$ 5,186,738
NET POSITION	
Unrestricted	$ 19,988,887
Total Net Position	$ 19,988,887

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

Exhibit D-2

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

	Governmental Activities - Internal Service Funds
Operating Revenues	
Charges for Current Services	$ 63,048,238
Total Operating Revenues	$ 63,048,238
Operating Expenses	
Codes Compliance	$ 937
Other Facilities	2,941
Risk Management	304,186
County Trustee	3,973
Circuit Court	1,373
Probation Services	44
Sheriff's Department	84,533
Jail	78,580
Civil Defense	3,345
Rabies and Animal Control	6,268
Ambulance/Emergency Medical Services	39,503
Landfill Operation and Maintenance	4,328
Parks and Fair Boards	1,207
Depreciation	991
Other Charges	1,887,379
Employee Benefits	62,906,187
Highway and Bridge Maintenance	3,380
Total Operating Expenses	$ 65,329,155
Operating Income (Loss)	$ (2,280,917)
Nonoperating Revenues (Expenses)	
Investment Income	$ 232,622
Miscellaneous Refunds	3,075,755
Total Nonoperating Revenues (Expenses)	$ 3,308,377
Changes in Net Position	$ 1,027,460
Net Position, July 1, 2018	18,961,427
Net Position, June 30, 2019	$ 19,988,887

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

Exhibit D-3

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

		Governmental Activities - Internal Service Funds
Cash Flows from Operating Activities		
Receipts from Interfund Services Provided	$	63,606,719
Other Self-Insured Claims		(64,731,214)
Other Receipts (Payments)		3,075,755
Net Cash Provided By (Used In) Operating Activities	$	1,951,260
Cash Flows from Investing Activities		
Investment Income	$	232,622
Net Cash Provided By (Used In) Investing Activities	$	232,622
Net Increase (Decrease) in Cash	$	2,183,882
Cash, July 1, 2018		22,919,076
Cash, June 30, 2019	$	25,102,958
Reconciliation of Operating Income (Loss) to Net Cash Provided By (Used In) Operating Activities		
Operating Income (Loss)	$	(2,280,917)
Miscellaneous Refunds		3,075,755
Adjustments to Reconcile Net Operating Income (Loss) to Net Cash Provided By (Used In) Operating Activities:		
Depreciation Expense		991
(Increase) Decrease in Accounts Receivable		559,473
(Increase) Decrease in Due from Other Governments		(20)
(Increase) Decrease in Due from Component Units		(972)
Increase (Decrease) in Accounts Payable		11,739
Increase (Decrease) in Payroll Deductions Payable		132
Increase (Decrease) in Due to Component Units		200
Increase (Decrease) in Claims and Judgments Payable		584,879
Net Cash Provided By (Used In) Operating Activities	$	1,951,260

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

Exhibit E

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

		Agency Funds
ASSETS		
Cash	$	10,118,037
Equity in Pooled Cash and Investments		536,797
Accounts Receivable		526
Due from Other Governments		3,199,399
Total Assets	$	13,854,759
LIABILITIES		
Accounts Payable	$	6,950
Due to Other Taxing Units		3,191,618
Due to Litigants, Heirs, and Others		10,250,122
Due to Joint Ventures		349,008
Other Current Liabilities		57,061
Total Liabilities	$	13,854,759

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

MONTGOMERY COUNTY, TENNESSEE
Index of Notes to the Financial Statements

(Continued)

MONTGOMERY COUNTY, TENNESSEE
Index of Notes to the Financial Statements (Cont.)

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

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

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

A. Reporting Entity

Montgomery County is a public municipal corporation governed by an elected 21-member board. As required by GAAP, these financial statements present Montgomery County (the primary government) and its component units. The financial statements of the Emergency Communications District of Montgomery County, the Bi-County Solid Waste Management System, the Clarksville-Montgomery County Industrial Development Board, the Clarksville-Montgomery County Public Library, and the Clarksville-Montgomery County Tourism Commission, component units requiring discrete presentation, were excluded from this report due to materiality calculations; therefore, the effect of their omission did not affect 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 Clarksville-Montgomery County School System operates the public school system in the county, and the voters of Montgomery County elect its board. The school system is fiscally dependent on the county because it may not issue debt, and its budget and property tax levy are subject to the county commission's approval. The school system's taxes are levied under the taxing authority of the county and are included as part of the county's total tax levy.

The Emergency Communications District of Montgomery County provides a simplified means of securing emergency services through a uniform emergency number for the residents of Montgomery County, and the Montgomery County Commission and the Clarksville City Council appoint its governing body. The district is funded primarily through a service charge levied on telephone services. Before the issuance of most debt instruments, the district must obtain the county commission's approval. The financial statements of the Emergency Communications District of Montgomery County were not material to the component units' opinion unit and therefore have been omitted from this report.

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

The Clarksville-Montgomery County Industrial Development Board primarily provides inducements to industry to locate or remain in Montgomery County, and the Montgomery County Commission appoints its governing body. City and county appropriations provide the majority of its funding. The financial statements of the Clarksville-Montgomery County Industrial Development Board were not material to the component units' opinion unit and therefore have been omitted from this report.

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

The county, in conjunction with the City of Clarksville, has created the Clarksville-Montgomery County Tourism Commission to promote tourist and recreational activity in the Clarksville-Montgomery County area. The nine-member tourism commission is selected by and with the joint approval of the city mayor and county mayor. Major funding for this organization is from the hotel/motel tax. The annual budget of the tourism commission is prepared and legally adopted by the board of commissioners and approved by the Montgomery County Director of Accounts and Budgets. The financial statements of the Clarksville-Montgomery County Tourism Commission were not material to the component units' opinion unit and therefore have been omitted from this report.

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

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

Administrative Offices:

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

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

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

Clarksville-Montgomery County Public Library
350 Pageant Lane, Suite 501
Clarksville, TN 37040

Clarksville-Montgomery County Tourism Commission
25 Jefferson Street, Suite 300
Clarksville, TN 37040

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

B. Government-wide and Fund Financial Statements

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

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

Montgomery County issues all debt for the discretely presented Clarksville-Montgomery County School System. Net debt issues totaling $21,319,909 were contributed by the county to the school system during the year ended June 30, 2019.

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

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

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

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

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

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they become both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the county considers revenues other than grants to be available if they are collected within 30 days after year-end. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met and the revenues are available. Montgomery County considers grants and similar revenues to be available if they are collected within 60 days after year-end. Expenditures are generally recognized under the modified accrual basis of accounting when the related fund liability is incurred. Principal and interest on long-term debt are recognized as fund liabilities when due or when amounts have been accumulated in the General Debt Service Fund for payments to be made early in the following year.

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

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

Montgomery County reports the following major governmental funds:

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

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

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

Additionally, Montgomery County reports the following fund types:

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

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

Agency Funds – These funds account for amounts collected in an agency capacity by the constitutional officers, local sales taxes received by the state to be forwarded to the various cities in Montgomery County, state grants and other restricted revenues held for the benefit of the Judicial District Drug Task Force, restricted revenues held for the benefit of the Office of District Attorney General, and assets held in a custodial capacity for a regional port authority. Agency funds are custodial in nature (assets equal liabilities) and do not involve measurement of results of operations. They do, however, use the accrual basis of accounting to recognize receivables and payables.

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

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

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

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

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

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

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

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

1. Deposits and Investments

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

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

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

Management System, the Emergency Communications District of Montgomery County, the Clarksville-Montgomery County Public Library, and the Montgomery County Rail Service Authority (joint venture). Each fund's portion of this pool is displayed on the balance sheets or statements of net position as Equity in Pooled Cash and Investments. Most income from these pooled investments is assigned to the General and General Debt Service funds. Montgomery County and the school system have adopted a policy of reporting U.S. Treasury obligations, U.S. agency obligations, and repurchase agreements with maturities of one year or less when purchased on the balance sheet at amortized cost. Certificates of deposit are reported at cost. Investments in the State Treasurer's Investment Pool are reported at amortized cost using a stable net asset value. State statutes require the state treasurer to administer the pool under the same terms and conditions, including collateral requirements, as prescribed for other funds invested by the state treasurer. All other investments are reported at fair value.

2. <u>Receivables and Payables</u>

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

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

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

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

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

Most payables are disaggregated on the face of the financial statements. Current liabilities payable from restricted assets reflected in the primary government funds represent deposits placed with Montgomery County for rental deposits ($4,500) and road construction ($170,550) and in the school system represent prepaid meal plans for students ($217,407). Claims and Judgments Payable totaling $5,106,910 for the primary government and $160,800 for the discretely presented Clarksville-Montgomery County School System are discussed in Note V.A. Risk Management.

3. Inventories and Prepaid Items

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

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

4. 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 Montgomery County's Public Employee Retirement Plan and the discretely presented Clarksville-Montgomery County School System'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 Montgomery County and the Clarksville-Montgomery County School System to fund retirement benefits upon approval of the TCRS Board of Directors. To date, Montgomery County and the Clarksville-Montgomery County School System have not withdrawn any funds from these trusts to pay pension costs. Trust documents provide that the funds are not subject to the claims of general creditors of Montgomery County or the Clarksville-Montgomery County School System.

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 column in the government-wide financial statements. Capital assets are defined by the government as assets with an initial, individual cost of $25,000 ($5,000 for the school system) or more and an estimated useful life of more than two years (one year for the school system). Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at 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 system are depreciated using the straight-line method over the following estimated useful lives:

Assets	Years
Buildings and Improvements	18 - 50
Other Capital Assets	4 - 20
Intangibles	7 - 100
Infrastructure:	
Roads	100
Bridges	50

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, the items are reported in the government-wide Statement of Net Position and the governmental funds balance sheet. These items are for deferred charge on refunding, pension changes in experience, pension changes in proportionate share, pension changes in assumptions, employer contributions made to the pension plan after the measurement date, and other postemployment benefits changes in experience.

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

7. **<u>Compensated Absences</u>**

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

8. **<u>Long-term Debt and Long-term Obligations</u>**

In the government-wide financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities Statement of Net Position. Debt premiums and discounts are deferred and are amortized over the life of the new debt using the straight-line method. Debt issuance costs are expensed in the period incurred. In refunding transactions, the difference between the reacquisition price and the net carrying amount of the old debt is reported as a deferred outflow of resources or a deferred inflow of resources and recognized as a component of interest expense in a systematic and rational manner over the remaining life of the refunded debt or the life of the new debt issued, whichever is shorter.

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

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

9. <u>Net Position and Fund Balance</u>

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, Montgomery County had $156,044,828 in outstanding debt for capital purposes for the discretely presented Clarksville-Montgomery County School System. This debt is a liability of Montgomery County, but the capital assets acquired are reported in the financial statements of the school system. Therefore, Montgomery County has incurred a liability significantly decreasing its unrestricted net position with no corresponding increase in the county's capital assets.

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

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

> Nonspendable Fund Balance – includes amounts that cannot be spent because they are either (a) not in spendable form or (b) legally or contractually required to be maintained intact.
>
> Restricted Fund Balance – includes amounts that have constraints placed on the use of the resources that are either (a) externally imposed by creditors, grantors, contributors or laws and regulations of other governments or (b) imposed by law through constitutional provisions or enabling legislation.
>
> Committed Fund Balance – includes amounts that can only be used for specific purposes pursuant to constraints imposed by formal resolutions of the county commission, the county's highest level of decision-making authority and the Board of Education, the school system's highest level of decision-making authority, and shall remain binding unless removed in the same manner.
>
> Assigned Fund Balance – includes amounts that are constrained by the county's intent to be used for specific purposes but are neither restricted nor committed (excluding stabilization arrangements). The county commission has by resolution authorized the county's Budget Committee to make assignments for the general government. The Board of Education makes assignments for the school system.
>
> Unassigned Fund Balance – the residual classification of the General and General Purpose School funds. This classification represents fund balance that has not been assigned to other funds and that has not been restricted, committed, or assigned

to specific purposes within the General and General Purpose School funds.

E. Pension Plans

Primary Government

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

Discretely Presented Clarksville-Montgomery County School System

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

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 Montgomery County. For this purpose, Clarksville-Montgomery County recognizes benefit payments when due and payable in accordance with benefit terms. Montgomery County's OPEB plan is not administered through a trust.

Discretely Presented Clarksville-Montgomery County School System

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 Montgomery County School System. For this purpose, the school system recognizes benefit payments when due and payable in accordance with benefit terms. The school system'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 Clarksville-Montgomery County School System

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

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

Primary Government

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

Discretely Presented Clarksville-Montgomery County School System

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

III. STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY

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

Education Capital Projects Funds, which adopt project length budgets. All annual appropriations lapse at fiscal year-end.

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

The budgetary level of control is at the major category level established by the County Uniform Chart of Accounts, as prescribed by the Comptroller of the Treasury of the State of Tennessee. Major categories are at the department level (examples of General Fund major categories: County Commission, Board of Equalization, Beer Board, Other Boards and Committees, etc.). Management may make revisions within major categories, but only the county commission may transfer appropriations between major categories. During the year, several supplementary appropriations were necessary.

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

At June 30, 2019, Montgomery County had outstanding encumbrances in budget funds as follows:

Fund	Amount
Primary Government:	
General	$ 839,186
General Capital Projects	4,757,252
Nonmajor Governmental	1,039,306
Total	$ 6,635,744
Discretely Presented School System:	
General Purpose School	$ 966,893
Nonmajor Governmental	1,498,364
Total	$ 2,465,257

IV. DETAILED NOTES ON ALL FUNDS

A. Deposits and Investments

Montgomery County, the Clarksville-Montgomery County School System, the Bi-County Solid Waste Management System, the Emergency Communications District of Montgomery County, the Clarksville-Montgomery County Public

Library, and the Montgomery County Rail Service Authority participate in an internal cash and investment pool through the Office of Trustee. The county trustee is the treasurer of the county and in this capacity, is responsible for receiving, disbursing, and investing most county funds. Each fund's portion of this pool is displayed on the balance sheets or statements of net position as Equity in Pooled Cash and Investments. Cash reflected on the balance sheets or statements of net position represents nonpooled amounts held separately by individual funds.

Deposits

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

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

Investments

Legal Provisions. Counties are authorized to make direct investments in bonds, notes, or treasury bills of the U.S. government and obligations guaranteed by the U.S. government or any of its agencies; deposits at state and federal chartered banks and savings and loan associations; bonds of any state or political subdivision rated A or higher by any nationally recognized rating service; nonconvertible debt securities of certain federal government sponsored enterprises; and the county's own legally issued bonds or notes. These investments may not have a maturity greater than two years. The county may make investments with longer maturities if various restrictions set out in state law are followed. Counties are also authorized to make investments in the State Treasurer's Investment Pool and in repurchase agreements. Repurchase agreements must be approved by the state Comptroller's Office and executed in accordance with procedures established by the State Funding Board. Securities purchased under a repurchase agreement must be obligations of the U.S. government or obligations guaranteed by the U.S. government or any of its agencies. When repurchase agreements are executed, the purchase of the securities must be priced at least two percent below the fair value of the securities on the day of purchase.

Investment Balances. As of June 30, 2019, Montgomery County had the following investments carried at amortized cost using a Stable Net Asset Value or fair value within the fair value hierarchy established by generally accepted accounting principles. All investments are in the county trustee's investment pool. Separate disclosures concerning pooled investments cannot be made for Montgomery County and the discretely presented Clarksville-Montgomery County School System since both pool their deposits and investments through the county trustee.

Investment	Weighted Average Maturity (days)	Maturities	Fair Value or Amortized Cost
Investments at Amortized Cost:			
State Treasurer's Investment Pool	1 to 86	N/A	$ 48,477
Investments at Fair Value:			
Federal Farm Credit Banks	N/A	various	428,521
Federal Home Loan Bank System	N/A	various	2,252,275
Federal Home Loan Mortgage	N/A	various	499,730
U.S. Treasury Note	N/A	various	4,928,432
Total			$ 8,157,435

		Fair Value Measurements Using		
Investment by Fair Value Level	Fair Value 6-30-19	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Federal Farm Credit Banks	$ 428,521	$ 428,521	$ 0	$ 0
Federal Home Loan Bank System	2,252,275	2,252,275	0	0
Federal Home Loan Mortgage	499,730	499,730	0	0
U.S. Treasury Note	4,928,432	4,928,432	0	0
Total	$ 8,108,958	$ 8,108,958	$ 0	$ 0

Fair value investments classified at Level 1 of the fair value hierarchy are valued using prices quoted in active markets for those securities. Fair value investments classified as Level 2 of the fair value hierarchy are valued using the active market rates for the underlying securities. Fair value investments classified as Level 3 of the fair value hierarchy are valued using non-observable inputs.

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

Credit Risk. Credit risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligations. State statutes limit the ratings of certain investments as previously explained. Montgomery County has no investment policy that would further limit its investment choices. As of June 30, 2019, Montgomery County's investment in the State Treasurer's Investment Pool was unrated. Montgomery County's investments in Federal Farm Credit Banks, Federal Home Loan Bank System, and Federal Home Loan Mortgage Association were rated Aaa by Moody's Investor's Service, AA+ by Standard & Poor's, and AAA by Fitch Ratings.

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. Montgomery County places no limit on the amount the county may invest in one issuer. More than five percent of the county's investments are in the Federal Farm Credit Bank, Federal Home Loan Bank System, and Federal Home Loan Mortgage Association. These investments are 5.25 percent, 27.61 percent, and 6.13 percent, respectively, of the county's total investments.

<u>TCRS Stabilization Trust</u>

Legal Provisions. Montgomery County's Public Employee Hybrid Retirement Plan and the discretely presented Clarksville-Montgomery County School System's Teacher Hybrid Retirement Plan are members of the Tennessee Consolidated Retirement System (TCRS) Stabilization Reserve Trust. The county and the school system have placed funds into the irrevocable trust 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 system.

The trust is authorized to make investments as directed by the TCRS Board of Trustees. Montgomery County and the Clarksville-Montgomery County School System 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 cost, 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 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, Montgomery 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	$ 66,695
Developed Market International Equity	N/A	N/A	30,120
Emerging Market International Equity	N/A	N/A	8,606
U.S. Fixed Income	N/A	N/A	43,029
Real Estate	N/A	N/A	21,514
Short-term Securities	N/A	N/A	2,151
Investments at Amortized Cost using the NAV:			
Private Equity and Strategic Lending	N/A	N/A	43,029
Total			$ 215,144

		Fair Value Measurements Using			Amortized Cost
Investment by Fair Value Level	Fair Value 6-30-19	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)	NAV
U.S. Equity	$ 66,695	$ 66,695	$ 0	$ 0	$ 0
Developed Market International Equity	30,120	30,120	0	0	0
Emerging Market International Equity	8,606	8,606	0	0	0
U.S. Fixed Income	43,029	0	43,029	0	0
Real Estate	21,514	0	0	21,514	0
Short-term Securities	2,151	0	2,151	0	0
Private Equity and Strategic Lending	43,029	0	0	0	43,029
Total	$ 215,144	$ 105,421	$ 45,180	$ 21,514	$ 43,029

School System:

Investment	Weighted Average Maturity (days)	Maturities		Fair Value
Investments at Fair Value:				
U.S. Equity	N/A	N/A	$	70,210
Developed Market International Equity	N/A	N/A		31,708
Emerging Market International Equity	N/A	N/A		9,059
U.S. Fixed Income	N/A	N/A		45,296
Real Estate	N/A	N/A		22,648
Short-term Securities	N/A	N/A		2,265
Investments at Amortized Cost using the NAV:				
Private Equity and Strategic Lending	N/A	N/A		45,296
Total			$	226,482

		Fair Value Measurements Using			Amortized Cost
Investment by Fair Value level	Fair Value 6-30-19	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)	NAV
U.S. Equity	$ 70,210	$ 70,210	$ 0	$ 0	$ 0
Developed Market International Equity	31,708	31,708	0	0	0
Emerging Market International Equity	9,059	9,059	0	0	0
U.S. Fixed Income	45,296	0	45,296	0	0
Real Estate	22,648	0	0	22,648	0
Short-term Securities	2,265	0	2,265	0	0
Private Equity and Strategic Lending	45,296	0	0	0	45,296
Total	$ 226,482	$ 110,977	$ 47,561	$ 22,648	$ 45,296

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

School System:

Investment	Weighted Average Maturity (days)	Maturities	Fair Value
Investments at Fair Value:			
U.S. Equity	N/A	N/A	$ 317,725
Developed Market International Equity	N/A	N/A	143,488
Emerging Market International Equity	N/A	N/A	40,997
U.S. Fixed Income	N/A	N/A	204,984
Real Estate	N/A	N/A	102,492
Short-term Securities	N/A	N/A	10,249
Investments at Amortized Cost using the NAV:			
Private Equity and Strategic Lending	N/A	N/A	204,984
Total			$ 1,024,919

		Fair Value Measurements Using			Amortized Cost
Investment by Fair Value Level	Fair Value 6-30-19	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)	NAV
U.S. Equity	$ 317,725	$ 317,725	$ 0	$ 0	$ 0
Developed Market International Equity	143,488	143,488	0	0	0
Emerging Market International Equity	40,997	40,997	0	0	0
U.S. Fixed Income	204,984	0	204,984	0	0
Real Estate	102,492	0	0	102,492	0
Short-term Securities	10,249	0	10,249	0	0
Private Equity and Strategic Lending	204,984	0	0	0	204,984
Total	$ 1,024,919	$ 502,210	$ 215,233	$ 102,492	$ 204,984

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. Montgomery County nor the Clarksville-Montgomery County School System has 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. Montgomery County and the Clarksville-Montgomery County School System do 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. Montgomery County and the Clarksville-Montgomery County School System 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 Montgomery County and the Clarksville-Montgomery County School System to pay retirement benefits of the county and school system employees.

For further information concerning the School System'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. Capital Assets

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

Primary Government (Includes Internal Service Fund)

Governmental Activities:

	Balance 7-1-18	Increases	Decreases	Balance 6-30-19
Capital Assets Not Depreciated:				
Land	$ 12,362,641	$ 331,619	$ 0	$ 12,694,260
Construction in Progress	11,861,017	9,053,058	(6,850,415)	14,063,660
Total Capital Assets Not Depreciated	$ 24,223,658	$ 9,384,677	$ (6,850,415)	$ 26,757,920
Capital Assets Depreciated:				
Buildings and Improvements	$ 145,840,659	$ 7,712,408	$ 0	$ 153,553,067
Other Capital Assets	20,026,404	2,750,559	(777,163)	21,999,800
Intangibles	9,892,987	361,890	0	10,254,877
Infrastructure	56,113,321	2,578,326	0	58,691,647
Total Capital Assets Depreciated	$ 231,873,371	$ 13,403,183	$ (777,163)	$ 244,499,391
Less Accumulated Depreciation For:				
Buildings and Improvements	$ 42,851,936	$ 4,139,326	$ 0	$ 46,991,262
Other Capital Assets	13,335,472	1,661,969	(694,849)	14,302,592
Intangibles	8,222,030	136,945	0	8,358,975
Infrastructure	19,628,565	524,225	0	20,152,790
Total Accumulated Depreciation	$ 84,038,003	$ 6,462,465	$ (694,849)	$ 89,805,619
Total Capital Assets Depreciated, Net	$ 147,835,368	$ 6,940,718	$ (82,314)	$ 154,693,772
Governmental Activities Capital Assets, Net	$ 172,059,026	$ 16,325,395	$ (6,932,729)	$ 181,451,692

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

Governmental Activities:

General Government	$	1,094,081
Finance		253,621
Administration of Justice		947,721
Public Safety		1,703,494
Public Health and Welfare		924,999
Social, Cultural, and Recreational Services		767,388
Agriculture and Natural Resources		41,310
Highway/Public Works		729,851
Total Depreciation Expense - Governmental Activities	$	6,462,465

Discretely Presented Clarksville-Montgomery County School System

Governmental Activities:

	Balance 7-1-18	Increases	Decreases	Balance 6-30-19
Capital Assets Not Depreciated:				
Land	$ 14,065,154	$ 102,365	$ 0	$ 14,167,519
Construction in Progress	3,550,033	12,178,835	(15,304,377)	424,491
Total Capital Assets Not Depreciated	$ 17,615,187	$ 12,281,200	$ (15,304,377)	$ 14,592,010
Capital Assets Depreciated:				
Buildings and Improvements	$ 405,884,126	$ 15,653,650	$ 0	$ 421,537,776
Other Capital Assets	41,357,356	1,123,610	(1,325,798)	41,155,168
Total Capital Assets Depreciated	$ 447,241,482	$ 16,777,260	$ (1,325,798)	$ 462,692,944
Less Accumulated Depreciation For:				
Buildings and Improvements	$ 134,810,170	$ 9,429,299	$ 0	$ 144,239,469
Other Capital Assets	21,523,141	2,487,486	(1,276,801)	22,733,826
Total Accumulated Depreciation	$ 156,333,311	$ 11,916,785	$ (1,276,801)	$ 166,973,295
Total Capital Assets Depreciated, Net	$ 290,908,171	$ 4,860,475	$ (48,997)	$ 295,719,649
Governmental Activities Capital Assets, Net	$ 308,523,358	$ 17,141,675	$ (15,353,374)	$ 310,311,659

Depreciation expense was charged to functions of the discretely presented school system as follows:

Governmental Activities:

Instruction	$ 137,823
Support Services	11,455,909
Operation of Non-instructional Services	323,053
Total Depreciation Expense - Governmental Activities	$ 11,916,785

C. Construction Commitments

At June 30, 2019, the General Capital Projects Fund had uncompleted construction contracts of approximately $4,757,252 for various construction projects. Funding for these future expenditures is currently available or is expected to be received from property taxes.

D. Interfund Receivables, Payables, and Transfers

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

Due to/from Other Funds:

Receivable Fund	Payable Fund	Amount
School System Component Unit:		
General Purpose School	Nonmajor governmental	$ 1,052,239
Nonmajor governmental	General Purpose School	231,441

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

Due to/from Primary Government and Component Unit:

Receivable Fund	Payable Fund		Amount
Primary Government:	Component Unit:		
Government-wide	School System:		
	Government-wide	$	1,695,987
"	Bi-County Solid Waste		
	Management System		2,355,221
	School System:		
Internal Service - Self-Insurance	Nonmajor Governmental		4,572
School System:	Primary Government:		
Education Capital Projects	General Capital Projects		1,059,559
General Purpose School	Internal Service		200

Interfund Transfers:

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

Discretely Presented Clarksville-Montgomery County School System:

	Transfers In		
Transfers Out	General Purpose School Fund	Education Capital Projects Fund	Nonmajor Governmental Funds
General Purpose School Fund	$ 0	$ 25,000	$ 0
Nonmajor governmental funds	1,038,309	0	1,291,137
	$ 1,038,309	$ 25,000	$ 1,291,137

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. Capital Leases

On May 31, 2017, Montgomery County entered into a three-year lease-purchase agreement for the school system for teacher laptops. The terms of the agreement require total lease payments of $446,800 including interest of 1.703 percent. The General Purpose School Fund is making the lease payments. In the government-wide financial statements, the laptops were expensed in the year of acquisition because the items did not meet criteria of the county's capitalization policy.

On June 1, 2017, Montgomery County entered into a three-year lease-purchase agreement for the school system for student laptops. The terms of the agreement require total lease payments of $2,054,251 including interest of 1.703 percent. The General Purpose School Fund is making the lease payments. In the government-wide financial statements, the laptops were expensed in the year of acquisition because the items did not meet criteria of the county's capitalization policy.

On September 12, 2017, Montgomery County entered into a three-year lease-purchase agreement for the school system for computers. The terms of the agreement require total lease payments of $1,200,000 including interest of 1.703 percent. The General Purpose School Fund is making the lease payments. In the government-wide financial statements, the computers were expensed in the year of acquisition because the items did not meet criteria of the county's capitalization policy.

On August 1, 2018, Montgomery County entered into a three-year lease-purchase agreement for the school system for student laptops. The terms of the agreement require total lease payments of $1,359,841 including interest of 4.868 percent. The General Debt Service Fund is making the lease payments. In the government-wide financial statements, the computers were expensed in the year of acquisition because the items did not meet criteria of the county's capitalization policy.

On May 5, 2019, Montgomery County entered into a three-year lease-purchase agreement for the school system for IT equipment. The terms of the agreement require total lease payments of $3,487,556 including interest of 2.63 percent. The General Debt Service Fund is making the lease payments. In the government-wide financial statements, the computers were expensed in the year of acquisition because the items did not meet criteria of the county's capitalization policy.

On June 1, 2019, Montgomery County entered into a three-year lease-purchase agreement for the school system for student laptops. The terms of the agreement require total lease payments of $241,486 including interest of 4.868 percent. The General Debt Service Fund is making the lease payments. In the government-wide financial statements, the computers were expensed in the year of acquisition because the items did not meet criteria of the county's capitalization policy.

Future minimum lease payments and the net present value of these minimum lease payments as of June 30, 2019, were as follows:

Year Ending June 30		Governmental Funds
2020	$	2,295,222
2021		2,183,522
2022		979,003
Total Minimum Lease Payments	$	5,457,747
Less: Amount Representing Interest		(295,671)
Present Value of Minimum Lease Payments	$	5,162,076

F. Long-term Debt

Primary Government

General Obligation Bonds - Montgomery 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 system. In addition, general obligation bonds have been issued to refund other general obligation bonds. 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 20 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 General Debt Service Fund.

Direct Borrowing and Direct Placements - Montgomery 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 system. 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 loans included in long-term debt as of June 30, 2019, will be retired from the General Debt Service Fund.

General obligation bonds, other loans, and capital leases 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 Bonds	2 to 5.6	%	6-30-38	$	131,225,000	$	90,960,000
General Obligation Bonds - Refunding	.20 to 5		4-1-37		289,990,000		180,140,000
Direct Borrowing and Direct Placement:							
Other Loans	0 to 1.515		7-1-26		23,763,987		9,365,463
Capital Leases	1.703 to 4.868		6-1-22		8,439,358		5,162,076

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

Qualified School Construction Bonds were issued through the State of Tennessee, and the proceeds were loaned to Montgomery County and various other local governments across Tennessee. The county pays interest of 1.515 percent on its share of the bonds and also pays a monthly administrative fee. The county and the other borrowers of the bond proceeds are required to comply with federal regulations established for the Qualified School Construction Bond program. Failure to comply with those requirements may result in the loss of the tax credit status on the bonds. This would result in further charges to the borrowers including the requirement to pay the tax-credit rate (5.86 percent) in addition to the 1.515 percent for a total rate of 7.375 percent.

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

| Year Ending | Bonds | | |
June 30	Principal	Interest	Total
2020	$ 29,860,000	$ 10,892,677	$ 40,752,677
2021	31,070,000	9,787,601	40,857,601
2022	27,830,000	8,375,001	36,205,001
2023	27,580,000	7,251,988	34,831,988
2024	27,630,000	6,065,726	33,695,726
2025-2029	85,990,000	16,684,800	102,674,800
2030-2034	27,585,000	5,620,467	33,205,467
2035-2038	13,555,000	1,029,074	14,584,074
Total	$ 271,100,000	$ 65,707,334	$ 336,807,334

| Year Ending | Other Loans - Direct placement | | | |
June 30	Principal	Interest	Other Fees	Total
2020	$ 1,507,569	$ 303,000	$ 21,246	$ 1,831,815
2021	1,377,556	303,000	21,246	1,701,802
2022	1,247,969	303,000	20,000	1,570,969
2023	1,247,969	303,000	20,000	1,570,969
2024	1,247,969	303,000	20,000	1,570,969
2025-2027	2,736,431	631,250	45,000	3,412,681
Total	$ 9,365,463	$ 2,146,250	$ 147,492	$ 11,659,205

There is $32,881,139 available in the General Debt Service Fund to service long-term debt. Bonded debt per capita totaled $1,573, based on the 2010 federal census. Total debt per capita, including bonds, other loans, capital leases, and unamortized debt premiums, totaled $1,801, based on the 2010 federal census.

The school system and Bi-County Solid Waste Management System, a component unit, are currently contributing funds to service some of the debt issued on their behalf by the primary government as noted in the table below. This debt is reflected in the government-wide financial statements as Due to the primary government in the financial statements of the school system and Bi-County Solid Waste Management System and as Due from Component Units in the government-wide financial statements of the primary government.

Description of Debt	Outstanding 6-30-19
Capital Leases - Direct Placement	
Contributions from the General Purpose School Fund	
Teacher Laptops	$ 109,815
Student Laptops	1,001,273
Computers	584,899
Bonds Payable	
Contributions from the Bi-County Solid Waste Management System	
General Obligation Refunding and Improvement	840,000
General Obligation Refunding and Improvement	1,515,221
Total	$ 4,051,208

Changes in Long-term Debt

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

Governmental Activities:	Bonds	Capital Leases - Direct Placement	Other Loans - Direct Placement
Balance, July 1, 2018	$ 284,815,000	$ 2,577,019	$ 10,769,034
Additions	14,630,000	4,836,049	0
Reductions	(28,345,000)	(2,250,992)	(1,403,571)
Balance, June 30, 2019	$ 271,100,000	$ 5,162,076	$ 9,365,463
Balance Due Within One Year	$ 29,860,000	$ 2,141,140	$ 1,507,569

Analysis of Noncurrent Liabilities for Debt Presented on Exhibit A:

Total Noncurrent Liabilities - Debt, June 30, 2019	$ 285,627,539
Less: Due Within One Year - Debt	(33,508,709)
Add: Unamortized Premium on Debt	24,735,533
Noncurrent Liabilities - Due in More Than One Year - Debt - Exhibit A	$ 276,854,363

Defeasance of Prior Debt

In prior years, Montgomery County defeased certain outstanding general obligation bonds by placing the proceeds of new bonds into an irrevocable trust to provide for all future debt service payments on the old bonds. The trustee is empowered and required to pay all principal and interest on the defeased bonds as originally scheduled. Accordingly, the trust accounts and the defeased bonds are not included in the county's financial statements. At June 30, 2019, the following outstanding bonds are considered defeased:

	Amount
2008 General Obligation Industrial Park Bonds	$ 10,450,000
2011 General Obligation School & Public Improvement Bonds	25,900,000

G. **Long-term Obligations**

Changes in Long-term Obligations

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

	Internal Service Claims and Judgments	Compensated Absences	Other Postemployment Benefits
Balance, July 1, 2018	$ 4,522,031	$ 3,428,230	$ 15,197,250
Additions	59,438,241	3,972,087	1,617,713
Reductions	(58,853,362)	(3,886,896)	(241,685)
Balance, June 30, 2019	$ 5,106,910	$ 3,513,421	$ 16,573,278
Balance Due Within One Year	$ 2,553,455	$ 2,658,477	$ 0

Analysis of Noncurrent Liabilities - Other Presented on Exhibit A:

Total Noncurrent Liabilities - Other, June 30, 2019	$ 25,193,609
Less: Due Within One Year	(5,211,932)
Noncurrent Liabilities - Due in More Than One Year - Other - Exhibit A	$ 19,981,677

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

Discretely Presented Clarksville-Montgomery County School System

Changes in Long-term Obligations

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

	Other Postemployment Benefits	Compensated Absences	Claims and Judgments
Balance, July 1, 2018	$ 25,001,771	$ 1,838,956	$ 191,100
Additions	11,688,585	1,920,956	393,166
Reductions	(2,916,145)	(1,800,610)	(423,466)
Balance, June 30, 2019	$ 33,774,211	$ 1,959,302	$ 160,800
Balance Due Within One Year	$ 0	$ 1,900,523	$ 99,300

Analysis of Noncurrent Liabilities - Other - Presented on Exhibit A:

Total Noncurrent Liabilities - Other, June 30, 2019	$ 35,894,313
Less: Due Within One Year	(1,999,823)
Noncurrent Liabilities - Due in More Than One Year - Other - Exhibit A	$ 33,894,490

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

V. OTHER INFORMATION

A. Risk Management

Montgomery County, the Clarksville-Montgomery County School System, the Bi-County Solid Waste Management System, the Emergency Communications District of Montgomery County, and the Clarksville-Montgomery County Public Library, component units, have chosen to establish the Self-insurance Fund for risks associated with the employees' health insurance plan. The Self-insurance Fund is accounted for as an internal service fund where assets are set aside for claim settlements. The county retains the risk of loss to a limit of $500,000 per specific loss. The county obtained a stop/loss commercial insurance policy to cover claims beyond this liability. The reinsurance carrier will cover 85 percent of paid claims exceeding $500,000 per specific loss to an unlimited maximum less the county's deductible.

All full-time and certain part-time employees of the primary government and the above-noted discretely presented component units are eligible to participate. A premium charge is allocated to each fund that accounts for all eligible participating employees. This charge is based on actuarial estimates of the amounts needed to pay prior- and current-year claims and to establish a reserve for catastrophic losses. Liabilities of the fund are reported when it is probable that a loss has occurred, and the amount of the loss can be reasonably estimated. The Self-insurance Fund establishes claims liabilities based on estimates of the ultimate cost of claims that have been reported but not settled and of claims that have been incurred but not reported. Claims liabilities include incremental claim adjustment expenditures/expenses, if any. In addition, estimated recoveries, if any, on settled claims have been deducted from the liability for unpaid claims. The process used to compute claims liabilities does not necessarily result in an exact amount. Changes in the balance of claims liabilities during the past two fiscal years are as follows:

	Beginning of Fiscal Year Liability	Current-year Claims and Estimates	Payments	Balance at Fiscal Year-end
2017-18	$ 4,400,290	$ 52,130,704	$ (52,289,863)	$ 4,241,131
2018-19	4,241,131	59,121,672	(58,533,093)	4,829,710

Montgomery County has decided to maintain a self-insurance plan for risks associated with workers' compensation claims. Claims are paid from the Workers' Compensation Fund. The county administers this plan internally instead of contracting out this service. The county retains the risk of loss to a limit of $300,000 per specific loss. All employees of Montgomery County, the Bi-County Solid Waste Management System, the Emergency Communications District of Montgomery County, and the Clarksville-Montgomery County Public Library participate. Liabilities of the fund are reported when it is probable that a loss has occurred, and the amount of the loss can be reasonably estimated. The fund establishes claims liabilities based on estimates of the ultimate cost of claims that have been reported but not settled, and of claims that have been incurred but not reported. Claims liabilities include incremental claim adjustment expenditures/expenses, if any. In addition, estimated recoveries, if any, on settled claims have been deducted from the liability for unpaid claims. The process used to compute claims liabilities does not necessarily result in an exact amount. Changes in the balance of claims liabilities during the past two fiscal years are as follows:

	Beginning of Fiscal Year Liability	Current-year Claims and Estimates	Payments	Balance at Fiscal Year-end
2017-18	$ 22,291	$ 206,972	$ (6,263)	$ 223,000
2018-19	223,000	200,494	(204,494)	219,000

On December 1, 2004, Montgomery County decided to establish an on-the-job injury program for risks associated with workplace injury. The on-the-job injury program is accounted for in the Workers' Compensation Fund (internal service fund) where assets are set aside for claims settlements. All employees of the primary government, the Emergency Communications District of Montgomery County, the Bi-County Solid Waste Management System, and the Clarksville-Montgomery County Library are eligible to participate. Qualified individuals shall receive a portion of their salary, not to exceed six months of benefits, provided there is medical documentation from a county-designated physician. Benefits shall not extend beyond one calendar year from the date of injury or illness. The process used to compute claims liabilities does not necessarily result in an exact amount. Changes in the balance of claims liabilities during the current fiscal year are as follows:

	Beginning of Fiscal Year Liability	Current-year Claims and Estimates	Payments	Balance at Fiscal Year-end
2017-18	$ 266,552	$ 4,962	$ (213,614)	$ 57,900
2018-19	57,900	116,075	(115,775)	58,200

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

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

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

The school system decided to maintain a self-insurance plan for risks associated with workers' compensation claims made prior to January 1, 2006. Claims are paid from the General Purpose School Fund, and the plan is administered by Brentwood Services. The school system retains the risk of loss to a limit of $275,000 per specific loss. The school system has obtained a stop/loss commercial insurance policy to cover claims beyond this liability.

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

	Beginning of Fiscal Year Liability	Current-year Claims and Estimates	Payments	Balance at Fiscal Year-end
2017-18	$ 149,000	$ 31,675	$ (39,675)	$ 141,000
2018-19	141,000	0	(18,000)	123,000

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

	Beginning of Fiscal Year Liability	Current-year Claims and Estimates	Payments	Balance at Fiscal Year-end
2017-18	$ 49,500	$ 285,883	$ (285,283)	$ 50,100
2018-19	50,100	393,166	(405,466)	37,800

B. <u>Accounting Changes</u>

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, Montgomery 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. <u>Contingent Liabilities</u>

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

D. **Change in Administration**

Trustee Brenda Radford retired August 31, 2018, and was succeeded by Kimberly Wiggins effective September 1, 2018.

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

State and federal laws and regulations require the county to place a final cover on its landfill site when it stops accepting waste and to perform certain maintenance and monitoring functions at the site for 30 years after closure. Although closure and postclosure care costs will be paid only near or after the date that the landfill stops accepting waste, the Bi-County Solid Waste Management System, a component unit, will report a portion of these closure and postclosure care costs as an operating expense in each period based on landfill capacity used as of each balance sheet date.

F. **Joint Ventures**

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

Montgomery County and the City of Clarksville jointly created the Clarksville Montgomery County Airport and the Clarksville-Montgomery County Regional Planning Commission. These joint ventures are operated by county/city-appointed boards/commissions for the benefit of all citizens of the two entities. Montgomery County has control over budgeting and financing the joint ventures only to the extent of representation by the board members appointed. Each entity is responsible for funding 50 percent of any deficits from operations if not covered by prior earnings. Montgomery County contributed $261,208 for the operations of the airport and $411,849 for the operations of the planning commission during the year ended June 30, 2019.

The Joint Economic and Community Development Board is a joint venture between Montgomery County and the City of Clarksville. The board comprises the county mayor, city mayor, and several additional members. The purpose of the board is to foster communications relative to economic and community development between and among governmental entities, industry, and private citizens. The county and city will provide the majority of funding for the board based on the percentage of their population compared to the total census of the county when financial activity begins. Montgomery County did not appropriate any funds to the Economic and Community Development Board during the 2018-2019 year.

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

The Nineteenth Judicial District Drug Task Force (DTF) is a joint venture formed by an interlocal agreement between the district attorney general of the Nineteenth Judicial District and Montgomery County. The purpose of the DTF is to provide multi-jurisdictional law enforcement to promote the investigation and prosecution of drug-related activities. Funds for the operations of the DTF come primarily from federal grants, drug fines, and the forfeiture of drug-related assets to the DTF. The DTF is overseen by the district attorney general and is governed by a board of directors including the district attorney general and the Montgomery County Sheriff. Montgomery County did not appropriate any funds to the DTF during the 2018-19 year.

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

Administrative Offices:

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

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

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

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

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

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

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

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

Montgomery County Sports Authority
c/o Economic Development Council
25 Jefferson Street Suite 300
Clarksville, TN 37040

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

G. Jointly Governed Organization

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

H. Retirement Commitments

1. Tennessee Consolidated Retirement System (TCRS)

Primary Government

General Information About the Pension Plan

Plan Description. Employees of Montgomery County and non-certified employees of the discretely presented Clarksville-Montgomery County School System with membership in the TCRS before January 1, 2017, are provided a defined benefit pension plan through the Public Employee Legacy Retirement Plan, an agent multiple-employer pension plan administered by the TCRS. The Public Employee Legacy Pension Plan is closed to new membership. Employees of Montgomery County and non-certified employees of the discretely presented Clarksville-Montgomery County School System with membership in the TCRS after January 1, 2017, are provided with pensions through a legally separate plan, referred to as the Public Employee Retirement Plan, an agent multiple-employer pension plan administered by the TCRS. The TCRS was created by state statute under *Tennessee Code Annotated (TCA)*, Title 8, Chapters 34-37. The TCRS Board of Trustees is responsible for the proper operation and administration of the TCRS. The Tennessee Treasury Department, an agency in the legislative branch of state government, administers the plans of the TCRS. The TCRS issues a publicly available financial report that can be obtained at www.treasury.tn.gov/Retirement/Boards-and-Governance/Reporting-and-Investment-Policies.

Public Employee Legacy Pension Plan

Plan Description. Employees of Montgomery County and non-certified employees of the discretely presented Clarksville-Montgomery County School System with membership in the TCRS before January 1, 2017, are provided a defined benefit pension plan through the Public Employee Legacy Pension Plan, an agent multiple-employer pension plan administered by the TCRS. The Public Employee Legacy Pension Plan was closed to new membership on December 31, 2016, but will continue providing benefits to existing members and retirees. The primary government employees comprise 49.68 percent and the non-certified employees of the discretely presented school system comprise 50.32 percent of the Public Employee Legacy Pension Plan based on contribution data.

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	1,206
Inactive Employees Entitled to But Not Yet Receiving Benefits	1,397
Active Employees	2,128
Total	4,731

Contributions. Contributions for employees are established in the statutes governing the TCRS and may only be changed by the Tennessee General Assembly. Employees are non-contributory. Montgomery County makes employer contributions at the rate set by the Board of Trustees as determined by an actuarial valuation. For the year ended June 30, 2019, the employer contribution for Montgomery County was $8,908,677 for the Public Employee Legacy Pension Plan based on a rate of 12.86 percent of covered payroll. By law, employer contributions are required to be paid. The TCRS may intercept Montgomery County's state shared taxes if required employer contributions are not remitted. The employer's 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)

Montgomery County's net pension liability (asset) was measured as of June 30, 2018, and the total pension liability (asset) used to calculate net pension liability (asset) was determined by an actuarial valuation as of that date.

Actuarial Assumptions. The total pension liability as of the June 30, 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	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 Montgomery County will be made at the actuarially determined contribution rate pursuant to an actuarial valuation in accordance with the funding policy of the TCRS Board of Trustees and as required to be paid by state statute. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make projected future benefit payments of current active and inactive members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

Changes in the Net Pension Liability (Asset)

	Increase (Decrease)		
	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability (Asset) (a)-(b)
Balance, July 1, 2017	$ 246,552,949	$ 249,416,493	$ (2,863,544)
Changes for the Year:			
Service Cost	$ 6,662,671	$ 0	$ 6,662,671
Interest	18,018,915	0	18,018,915
Differences Between Expected and Actual Experience	1,770,004	0	1,770,004
Changes in Assumptions	3,319,525	0	3,319,525
Contributions-Employer	0	9,565,557	(9,565,557)
Contributions-Employees	0	8,119	(8,119)
Net Investment Income	0	20,703,256	(20,703,256)
Benefit Payments, Including Refunds of Employee Contributions	(9,357,724)	(9,357,724)	0
Administrative Expense	0	(210,657)	210,657
Other Changes	0	0	0
Net Changes	$ 20,413,391	$ 20,708,551	$ (295,160)
Balance, June 30, 2018	$ 266,966,340	$ 270,125,044	$ (3,158,704)

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

		Total Pension Liability	Plan Fiduciary Net Position	Net Pension Liability (Asset)
Primary Government	49.68%	$ 132,628,878	$ 134,198,122	$ (1,569,244)
School System	50.32%	134,337,462	135,926,922	(1,589,460)
Total		$ 266,966,340	$ 270,125,044	$ (3,158,704)

Sensitivity of the Net Pension Liability (Asset) to Changes in the Discount Rate. The following presents the net pension liability (asset) of Montgomery County calculated using the discount rate of 7.25 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%
Net Pension Liability	$ 32,821,291	$ (3,158,704)	$ (33,057,844)

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

Pension Expense. For the year ended June 30, 2019, Montgomery County recognized pension expense of $8,962,841.

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

	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference Between Expected and Actual Experience	$ 1,797,642	$ 3,172,992
Net Difference Between Projected and Actual Earnings on Pension Plan Investments	0	1,219,891
Changes in Assumptions	3,648,436	0
Contributions Subsequent to the Measurement Date of June 30, 2018 (1)	8,908,677	N/A
Total	$ 14,354,755	$ 4,392,883

(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	$ 7,136,192	$ 2,182,384
School System	7,218,563	2,210,499
Total	$ 14,354,755	$ 4,392,883

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	$ 2,019,334
2021	190,479
2022	(2,059,446)
2023	607,818
2024	295,010
Thereafter	0

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

Primary Government

Public Employee Hybrid Retirement Plan

General Information About the Pension Plan

Plan Description. As noted above under the primary government, beginning January 1, 2017, the Public Employee Pension Plan became effective for employees of Montgomery County and non-certified employees of the school system hired after January 1, 2017. The primary government employees comprise 45.62 percent and the non-certified employees of the discretely presented school system comprise 54.38 percent of the plan based on contribution data.

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	0
Inactive Employees Entitled to But Not Yet Receiving Benefits	107
Active Employees	479
Total	586

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. Montgomery 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 Montgomery County if the required employer contributions are not remitted. Employer contributions for the year ended June 30, 2019, to the Public Employee Hybrid Retirement Plan were $238,008, which is 1.94 percent of covered payroll. In addition, employer contributions of $420,415, which is 2.06 percent of covered payroll 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). Montgomery 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, 2017, 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 Montgomery County will be made at the actuarially determined contribution rate pursuant to an actuarial valuation in accordance with the funding policy of the TCRS Board of Trustees and as required to be paid by state statute. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make projected future benefit payments of current active and inactive members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

Changes in the Net Pension Liability (Asset)

	Increase (Decrease)		
	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability (Asset) (a)-(b)
Balance, July 1, 2017	$ 63,548	$ 66,734	$ (3,186)
Changes for the Year:			
Service Cost	$ 153,138	$ 0	$ 153,138
Interest	15,644	0	15,644
Changes in Benefit Terms	0	0	0
Differences Between Expected and Actual Experience	391,040	0	391,040
Changes in Assumptions	0	0	0
Contributions-Employer	0	329,323	(329,323)
Contributions-Employees	0	407,528	(407,528)
Net Investment Income	0	34,466	(34,466)
Benefit Payments, Including Refunds of Employee Contributions	(1,807)	(1,807)	0
Administrative Expense	0	(38,067)	38,067
Other Changes	0	0	0
Net Changes	$ 558,015	$ 731,443	$ (173,428)
Balance, June 30, 2018	$ 621,563	$ 798,177	$ (176,614)

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

		Total Pension Liability	Plan Fiduciary Net Position	Net Pension Liability (Asset)
Primary Government	45.62%	$ 283,557	$ 364,127	$ (80,570)
School System	54.38%	338,006	434,050	(96,044)
Total		$ 621,563	$ 798,177	$ (176,614)

Sensitivity of the Net Pension Liability (Asset) to Changes in the Discount Rate. The following presents the net pension liability (asset) of Montgomery County calculated using the discount rate of 7.25 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%
Net Pension Liability	$	(3,536)	$	(176,614)	$	(304,692)

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

Pension Expense. For the year ended June 30, 2019, Montgomery County recognized pension (negative) expense of ($192,793).

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

		Deferred Outflows of Resources		Deferred Inflows of Resources
Difference Between Expected and Actual Experience	$	351,936	$	0
Net Difference Between Projected and Actual Earnings on Pension Plan Investments		0		4,216
Changes in Assumptions		0		0
Contributions Subsequent to the Measurement Date of June 30, 2018 (1)		238,008		N/A
Total	$	589,944	$	4,216

(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	$ 275,915	$ 1,922
School System	314,029	2,294
Total	$ 589,944	$ 4,216

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
2019	$ 37,990
2020	37,990
2021	37,990
2022	38,232
2023	39,104
Thereafter	156,414

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

Discretely Presented Clarksville-Montgomery County School System

Non-certified Employees

General Information About the Pension Plan

Plan Description. As noted above under the primary government, employees of Montgomery County and non-certified employees of the discretely presented Clarksville-Montgomery County School System hired before January 1, 2017, are provided a defined benefit pension plan through the Public Employee Retirement Plan, an agent multiple-employer pension plan administered by the TCRS. The primary government employees comprise 49.68 percent and the non-certified employees of the discretely presented school System comprise

50.32 percent of the plan based on contribution data. Beginning January 1, 2017, the Public Employee Pension Plan became effective for employees of Montgomery County and non-certified employees of the school system hired after January 1, 2017. The primary government employees comprise 45.62 percent and the non-certified employees of the discretely presented school system comprise 54.38 percent of the plan based on contribution data.

Certified Employees

Teacher Retirement Plan

General Information About the Pension Plan

Plan Description. Teachers of the Clarksville-Montgomery County School System 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 $1,001,625, which is 1.94 percent of covered payroll. In addition, employer contributions of $973,178, which is 2.06 percent of covered payroll 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 system reported a liability (asset) of ($1,981,594) 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 system's proportion of the net pension liability (asset) was based on the school system'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 system's proportion was 4.369288 percent. The proportion as of June 30, 2017, was 4.118983 percent.

Pension Expense. For the year ended June 30, 2019, the school system recognized pension expense of $670,927.

Deferred Outflows of Resources and Deferred Inflows of Resources. For the year ended June 30, 2019, the school system 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	$ 112,232	$ 78,928
Net Difference Between Projected and Actual Earnings on Pension Plan Investments	0	111,925
Changes in Assumptions	93,486	0
Changes in Proportion of Net Pension Liability (Asset)	4,628	70,318
LEA's Contributions Subsequent to the Measurement Date of June 30, 2018 (1)	1,001,625	N/A
Total	$ 1,211,971	$ 261,171

The school system's employer contributions of $1,001,625, 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	$ (20,305)
2021	(23,857)
2022	(39,811)
2023	(10,562)
2024	4,350
Thereafter	39,360

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 system's proportionate share of the net pension liability (asset) calculated using the discount rate of 7.25 percent, as well as what the school system'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	$	306,356	$	(1,981,594)	$	(3,667,273)

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

<u>Teacher Legacy Pension Plan</u>

General Information About the Pension Plan

Plan Description. Teachers of the Clarksville-Montgomery County School System 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 Clarksville-Montgomery County School System for the year ended June 30, 2019, to the Teacher Legacy Pension Plan were $10,634,850, 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 system reported a liability (asset) of ($10,505,037) 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 system's proportion of the net pension liability (asset) was based on the school system'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 system's proportion was 2.985305 percent.

The proportion measured at June 30, 2017, was 2.980699 percent.

Pension Expense. For the year ended June 30, 2019, the school system recognized (negative) pension expense of ($2,918,308).

Deferred Outflows of Resources and Deferred Inflows of Resources. For the year ended June 30, 2019, the school system 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	$ 2,123,426	$ 14,172,127
Changes in Assumptions	6,204,325	0
Net Difference Between Projected and Actual Earnings on Pension Plan Investments	0	2,286,334
Changes in Proportion of Net Pension Liability (Asset)	553,341	376,614
LEA's Contributions Subsequent to the Measurement Date of June 30, 2018	10,634,850	N/A
Total	$ 19,515,942	$ 16,835,075

The school system's employer contributions of $10,634,850 reported as pension related deferred outflows of resources subsequent to the measurement date, will be recognized as a decrease in net pension liability 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	$ 2,254,363
2021	(3,265,997)
2022	(5,974,282)
2023	(968,067)
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 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 system's proportionate share of the net pension liability (asset) calculated using the discount rate of 7.25 percent, as well as what the school system'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	$ 80,979,444	$ (10,505,037)	$ (86,195,700)

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

2. Deferred Compensation – Primary Government

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

Employees hired after January 1, 2017, by the primary government are required to participate in a hybrid pension plan consisting of a defined benefit portion, which is detailed in the pensions footnote 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 that the primary government contribute five percent of each employee's salary into their deferred compensation plan. In addition, employees are required to contribute two percent of their salaries into this deferred compensation plan, unless they opt out of the employee portion. During the year the primary government contributed $392,718 to this deferred compensation pension plan.

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

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

Teachers hired after July 1, 2014, and non-certified employees hired after January 1, 2017, by the school system are required to participate in a hybrid pension plan consisting of a defined benefit portion, which is detailed in the pensions footnote 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 that the school system contribute five percent of each teacher's salary into their deferred compensation plan. In addition, teachers are required to contribute two percent of their salaries into this deferred compensation plan, unless they opt out of the employee portion. During the year the school system contributed $2,949,016 to this deferred compensation pension plan.

I. <u>Other Postemployment Benefits (OPEB)</u>

Montgomery County, the discretely presented Clarksville-Montgomery County School System, the Bi-county Solid Waste Management System, the Clarksville-Montgomery County Public Library, the Emergency Communications District of Montgomery County (component units), and the Clarksville-Montgomery County Regional Planning Commission (a joint venture) provide OPEB benefits to their retirees through commercial insurance plans administered by Blue Cross Blue Shield of Tennessee. 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.

<u>Commercial Postemployment Benefits Plan – Primary Government</u>

Plan Description. All full-time employees and eligible retirees of Montgomery County, the Bi-county Solid Waste Management System, the Clarksville-Montgomery County Public Library, the Emergency Communications District of Montgomery County (component units), and the Clarksville-Montgomery County Regional Planning Commission (a joint venture) are eligible to participate in the health insurance plan accounted for in the Self-Insurance Fund (internal service fund).

The premium requirements of plan members are established and may be amended by the 17-member insurance committee. The committee is comprised of 4 members appointed by the County Mayor with the approval of the county commission to represent Montgomery County employees, the current on-site medical administrator, and 12 members appointed by the Director of Schools (3 elementary school certified employees, 2 middle school certified employees, 2 high school certified employees, 2 members to represent classified employees, 2 administrative members to serve as representatives of the Board of Education, and one other appointed by the Director of Schools). The plan is self-insured and financed on a pay-as-you-go basis with the risk shared equally among the participants. Claims liabilities of the plan are periodically computed using actuarial and statistical techniques to establish premium rates. The insurance committee develops its own contribution policy in terms of subsidizing active employees or retired employees' premiums.

Benefits Provided. The plan provides healthcare, dental, and vision insurance benefits to retirees and their dependents if the retiree has at least 30 years of creditable service with Tennessee Consolidated Retirement System or at age 55, with a minimum of 20 years with Montgomery County and participation in the group medical insurance for at least the last 2 years prior to retirement.

For employees of Montgomery County, the Bi-county Solid Waste Management System, the Clarksville-Montgomery County Public Library, and the Emergency Communications District of Montgomery County hired prior to July 1, 2016, the benefit terms for health and dental insurance provide for the primary government to pay 85 percent of the plan premium if the retiree is within 120 months of medicare eligibility, 80 percent of the plan premium if the retiree is 121-132 months from medicare eligibility, 75 percent if the retiree is 133-144 months from medicare eligibility, 70 percent if the retiree is 145-156 months from medicare eligibility, 65 percent if the retiree is 157-168 months from medicare eligibility, and 60 percent if the employee is 169-180 months from medicare eligibility. The retiree pays the full premium on vision insurance. Dependents of the retiree are permitted to remain on the plan until age 26 and spouses may remain on the plan until they become medicare eligible.

For employees of the Clarksville-Montgomery County Regional Planning Commission hired prior to July 1, 2016, the benefit terms for health insurance provide for the primary government to pay 75 percent of the plan premium for the first 24 months after retirement, 70 percent of the plan premium for 25 to 60 months after retirement, 50 percent of the plan premium for 61 to 120 months after retirement, and 0 percent of the plan premium more than 120 months subsequent to retirement. Dental and vision insurance are not provided to Planning Commission retirees. Dependents of the retiree are permitted to remain on the health plan until age 26 and spouses may remain on the plan until they become medicare eligible.

For all employees hired after July 1, 2016, benefit terms for health and dental insurance provide for the primary government to pay 50 percent of the premium rate set at retirement. In increases to the premium subsequent to retirement are the responsibility of the retiree.

Employees Covered by Benefit Terms

At the valuation date of July 1, 2018, the following employees were covered by the benefit terms:

Active Employees with Medical Coverage	831
Active Employees without Medical Coverage	298
Retirees with Medical Coverage	27
Retirees without Medical Coverage	0
Retiree Spouses with Medical Coverage	0
Total	1,156

Total OPEB Liability

The plan's total OPEB liability was measured as of June 30, 2019, and was determined by an actuarial valuation as of that date.

Actuarial Assumptions and Methods. The total OPEB liability in the June 30, 2019, actuarial valuation 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
Discount Rate	2.98%
Inflation Rate	No factor was included for inflation
Salary Increases	4.00%
Healthcare Cost Trend Rate	8% for medical graded down to 5% over 10 years; 5% for dental; 5% for administrative fees; 5% for stop loss
Fututre Participation Rates	20% to 40% depending on age at retirement

The discount rate was based on the S&P Municipal Bond 20 Year High Grade Index.

Mortality rates were based on Mortality Table RP-2014 projected with Mortality Improvement Scale MP-2017.

The actuarial assumptions used in the June 30, 2019, valuation were based on plan data and costs presented by the primary government with concurrence by the actuary.

Changes in the Total OPEB Liability

	Share of Collective Liability		
	Primary Government	Bi-County	Public Library
Balance July 1, 2018	$ 15,197,250	$ 1,780,314	$ 522,890
Changes for the Year:			
Service Cost	$ 1,138,121	$ 124,597	$ 27,325
Interest	479,592	55,721	15,653
Benefit Payments/Refunds	(241,685)	(35,072)	(24,960)
Net Changes	$ 1,376,028	$ 145,246	$ 18,018
Balance June 30, 2019	$ 16,573,278	$ 1,925,560	$ 540,908

	Share of Collective Liability		
	Planning Commission	E-911	Total
Balance July 1, 2018	$ 559,158	$ 1,275,976	$ 19,335,588
Changes for the Year:			
Service Cost	$ 20,045	$ 40,963	$ 1,351,051
Interest	15,702	36,353	603,021
Benefit Payments/Refunds	(52,284)	(97,040)	(451,041)
Net Changes	$ (16,537)	$ (19,724)	$ 1,503,031
Balance June 30, 2019	$ 542,621	$ 1,256,252	$ 20,838,619

During the year, the plan member's proportionate share of the collective OPEB liability was as follows: Primary Government 79.53 percent, Bi-county Solid Waste Management System 9.24 percent, Clarksville-Montgomery County Public Library 2.60 percent, Clarksville-Montgomery County Regional Planning Commission 2.60 percent, and Emergency Communications District of Montgomery County 6.03 percent.

OPEB Expense and Deferred Outflows of Resources and Deferred Inflows of Resources. For the year ended June 30, 2019, the plan recognized OPEB expense of $1,954,072, which was allocated as follows: Primary Government $1,617,713, Bi-county Solid Waste Management System $180,318, Clarksville-Montgomery County Public Library $42,978, Clarksville-Montgomery County Regional Planning Commission $35,747, and Emergency Communications District of Montgomery County $77,316. There were no deferred inflows and outflows reported at June 30, 2019.

Sensitivity of the Total OPEB Liability to Changes in the Discount Rate. The following presents the proportionate share of the total OPEB liability of the plan members calculated using the discount rate of 2.98 percent, as well as what the OPEB liability would be if it was calculated using a discount rate that is one percentage point lower (1.98%) or one percentage point higher (3.98%) than the current rate:

Primary Government	1% Decrease 1.98%	Current Discount Rate 2.98%	1% Increase 3.98%
Total OPEB Liability	$ 18,123,069	$ 16,573,278	$ 15,152,046

Bi-County Solid Waste Management System	1% Decrease 1.98%	Current Discount Rate 2.98%	1% Increase 3.98%
Total OPEB Liability	$ 2,105,622	$ 1,925,560	$ 1,760,434

Clarksville-Montgomery County Public Library	1% Decrease 1.98%	Current Discount Rate 2.98%	1% Increase 3.98%
Total OPEB Liability	$ 591,489	$ 540,908	$ 494,523

Clarksville-Montgomery County Regional Planning Commission	1% Decrease 1.98%	Current Discount Rate 2.98%	1% Increase 3.98%
Total OPEB Liability	$ 593,362	$ 542,621	$ 496,089

Emergency Communications District of Montgomery County	1% Decrease 1.98%	Current Discount Rate 2.98%	1% Increase 3.98%
Total OPEB Liability	$ 1,373,726	$ 1,256,252	$ 1,148,523

Sensitivity of the Total OPEB Liability to Changes in the Healthcare Cost Trend Rate. The following presents the proportionate share of the total OPEB liability of the plan members calculated using the healthcare cost trend rate of 8 percent decreasing to 5 percent over 10 years, 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:

Primary Government	1% Decrease 7% decreasing to 4% over 10 years	Current Trend Rates 8% decreasing to 5% over 10 years	1% Increase 9% decreasing to 6% over 10 years
Total OPEB Liability	$ 14,403,897	$ 16,573,278	$ 19,182,574

Bi-County Solid Waste Management System	1% Decrease 7% decreasing to 4% over 10 years	Current Trend Rates 8% decreasing to 5% over 10 years	1% Increase 9% decreasing to 6% over 10 years
Total OPEB Liability	$ 1,673,511	$ 1,925,560	$ 2,228,720

Clarksville-Montgomery County Public Library	1% Decrease 7% decreasing to 4% over 10 years	Current Trend Rates 8% decreasing to 5% over 10 years	1% Increase 9% decreasing to 6% over 10 years
Total OPEB Liability	$ 470,105	$ 540,908	$ 626,069

Clarksville-Montgomery County Regional Planning Commission	1% Decrease 7% decreasing to 4% over 10 years	Current Trend Rates 8% decreasing to 5% over 10 years	1% Increase 9% decreasing to 6% over 10 years
Total OPEB Liability	$ 471,594	$ 542,621	$ 628,051

Emergency Communications District of Montgomery County	1% Decrease 7% decreasing to 4% over 10 years	Current Trend Rates 8% decreasing to 5% over 10 years	1% Increase 9% decreasing to 6% over 10 years
Total OPEB Liability	$ 1,091,813	$ 1,256,252	$ 1,454,036

Commercial Postemployment Benefits Plan – Discretely Presented Clarksville-Montgomery County School System

Plan Description. All full-time employees and eligible retirees of the Clarksville-Montgomery County School System are eligible to participate in the health insurance plan accounted for in the Self-Insurance Fund (internal service fund).

The premium requirements of plan members are established and may be amended by the 17-member insurance committee. The committee is comprised of 4 members appointed by the county cayor with the approval of the county commission to represent Montgomery County employees, the current on-site medical administrator, and 12 members appointed by the Director of Schools (3 elementary school certified employees, 2 middle school certified employees, 2 high school certified employees, 2 members to represent classified employees, 2 administrative members to serve as representatives of the Board of Education, and one other appointed by the Director of Schools). The plan is self-insured and financed on a pay-as-you-go basis with the risk shared equally among the participants. Claims liabilities of the plan are periodically computed using actuarial and statistical techniques to establish premium rates. The insurance committee develops its own contribution policy in terms of subsidizing active employees or retired employees' premiums.

Benefits Provided. The plan provides healthcare, dental, and vision insurance benefits to retirees and their dependents if the retiree has at least 30 years of creditable service with Tennessee Consolidated Retirement System or at age 55, with a minimum of 20 years with the Clarksville-Montgomery County School System and participation in the group medical insurance for at least the last 3 years prior to retirement.

The benefit terms for health insurance provide for the school system to pay 50 percent of the premium cost at the time of retirement. Any increase in the cost of insurance during the retiree's eligible participation period would be the sole responsibility of the retiree. The retiree is eligible to stay on vision and dental insurance, but the retiree is responsible for the full premium. Dependents and spouses of the retiree are permitted to remain on the plan, however, the school system's contributions will cease once the retired employee becomes medicare eligible or participates a maximum of 10 years, whichever comes first. At this point, the spouse may remain on the policy until age 65 and qualified dependent children may remain on the policy, with the full premium cost being the responsibility of the retiree. Lastly, for certified employees with 20 years of service hired prior to July 1, 2007, the school system provides postemployment life insurance benefits. The school system pays 100 percent of the life insurance premium on a $7,000 policy until death of the retiree.

Employees Covered by Benefit Terms

At the valuation date of July 1, 2019, the following employees were covered by the benefit terms:

Active Employees in Medical Plan	2,870
Active Employees in Life Plan	607
Retirees in Medical Plan	145
Retirees in Life Plan	648
Total	4,270

Total OPEB Liability

The discretely presented school system's total OPEB liability was measured as of June 30, 2019, and was determined by an actuarial valuation as of that date.

Actuarial Assumptions and Methods. The total OPEB liability in the June 30, 2019, actuarial valuation 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
Discount Rate	2.79%
Inflation Rate	No factor was included for inflation
Salary Increases	3.00%
Healthcare Cost Trend Rate	Medical: 7.5% graded uniformly to 6.5% over 3 years and following the Getzen model thereafter to an ultimate rate of 3.94% in the year 2075 Administrative Expenses: 5% per annum

The discount rate was based on the S&P Municipal Bond 20 Year High Grade Index.

Mortality rates were based on Mortality Table RP-2014 adjusted to base year 2006 using improvement scale MP 2014 and projected forward generationally using improvement scale MP 2019.

The actuarial assumptions used in the June 30, 2019, valuation were based on plan data and costs presented by the primary government with concurrence by the actuary.

Changes in the Total OPEB Liability

	Total OPEB Liability
Balance July 1, 2018	$ 25,001,771
Changes for the Year:	
Service Cost	$ 3,058,024
Interest	724,328
Difference between actual and expected experience	7,906,233
Changes in Assumptions	(817,915)
Benefit Payments/Refunds	(2,098,230)
Net Changes	$ 8,772,440
Balance June 30, 2019	$ 33,774,211

OPEB Expense and Deferred Outflows of Resources and Deferred Inflows of Resources. For the year ended June 30, 2019, the school system recognized OPEB expense of $4,658,359. At June 30, 2019, the school system reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference Between Expected and Actual Experience	$ 6,917,954	$ 80,268
Changes in Assumptions	0	715,676
Total	$ 6,917,954	$ 795,944

Amounts reported as deferred outflows and deferred outflows of resources, with the exception of benefits paid after the measurement date, related to OPEB will be recognized in OPEB expense as follows:

Year Ending June 30	Amount
2020	$ 876,007
2021	876,007
2022	876,007
2023	876,007
2024	876,007
Thereafter	1,741,975

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 school system calculated using the discount rate of 2.79 percent, as well as what the OPEB liability would be if it was calculated using a discount rate that is one percentage point lower (1.79%) or one percentage point higher (3.79%) than the current rate:

	1% Decrease 1.79%	Current Discount Rate 2.79%	1% Increase 3.79%
Total OPEB Liability	$ 36,402,577	$ 33,774,211	$ 31,413,296

Sensitivity of the Total OPEB Liability to Changes in the Healthcare Cost Trend Rate. The following presents the total OPEB liability of the school system calculated using the healthcare cost trend rate of 7.5 percent decreasing to 6.75 percent over 3 years and following the Getzen model thereafter, 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:

	6.5% decreasing to 5.75% over 3 years and following the Getzen model less 1% thereafter	7.5% decreasing to 6.75% over 3 years and following the Getzen model thereafter	8.5% decreasing to 7.75% over 3 years and following the Getzen model plus 1% thereafter
Total OPEB Liability	$ 31,267,704	$ 33,774,211	$ 36,722,321

J. Office of Central Accounting, Budgeting, and Purchasing

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

K. Purchasing Laws

Office of Central Purchasing

Purchasing procedures for the Office of County Mayor and the Highway Department are governed by the County Purchasing Law of 1957, Section 5-14-101 et seq., *Tennessee Code Annotated* (*TCA*). Purchases for the highway department are also governed by the Uniform Road Law, Section 54-7-113, *TCA*. Section 5-14-101 et seq., *TCA*, provides for a purchasing agent, appointed by the county mayor and approved by the Montgomery County Commission, to make all purchases. This statute also provides for a County Purchasing Commission to assist the purchasing agent in the determination of overall purchasing policies. These statutes, along with *TCA Section* 12-3-1212, require all purchases exceeding $25,000 to be made on the basis of publicly advertised competitive bids.

Office of Director of Schools

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

L. Subsequent Events

On October 1, 2019, Montgomery County issued a $7,500,000 general obligation bond anticipation note to finance the acquisition of land for a multi-purpose event center.

On October 1, 2019, Montgomery County issued a $4,300,000 capital outlay note for renovation of school buildings and other facilities.

On November 12, 2019, Montgomery County approved a $130,700,000 general obligation bond to finance a multi-purpose event center.

On January 13, 2020, Montgomery County approved a $16,400,000 capital lease for school computers.

On January 13, 2020, Montgomery County approved a $32,900,000 general obligation bond to finance various capital projects for the county and schools.

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.