<u>NEW ISSUES</u>
BOOK-ENTRY-ONLY

PRELIMINARY OFFICIAL STATEMENT

$24,805,000*

ANDERSON COUNTY, TENNESSEE

$15,825,000* General Obligation Bonds, Series 2020A

OFFERED FOR SALE AT
10:15 A.M. E. D. T.
Wednesday, April 22, 2020

$1,830,000* Rural Elementary School Refunding Bonds, Series 2020B

OFFERED FOR SALE AT
10:45 A.M. E. D. T.
Wednesday, April 22, 2020

$7,150,000* Rural High School Refunding Bonds, Series 2020C

OFFERED FOR SALE AT
11:15 A.M. E. D. T.
Wednesday, April 22, 2020

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

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 ISSUES | 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, 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.)

$24,805,000*
ANDERSON COUNTY, TENNESSEE
$15,825,000* General Obligation Bonds, Series 2020A
$1,830,000* Rural Elementary School Refunding Bonds, Series 2020B
$7,150,000* Rural High School Refunding Bonds, Series 2020C

Dated: Date of delivery (Assume May 15, 2020). Due: May 1, as shown on inside cover.

The $15,825,000* General Obligation Bonds, Series 2020A (the "Series 2020A Bonds"), $1,830,000* Rural Elementary School Refunding Bonds, Series 2020B (the "Series 2020B Bonds") and the $7,150,000* Rural High School Refunding Bonds, Series 2020C (the "Series 2020C Bonds) (collectively, 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 November 1, 2020 and thereafter on each May 1 and November 1 by check or draft mailed to the owners thereof as shown on the books and records of Regions Bank, Nashville, Tennessee, the registration and paying agent (the "Registration Agent"). In the event of discontinuation of the book-entry-only system, principal of and interest on the Bonds are payable at the principal corporate trust office of the Registration Agent.

The Series 2020A Bonds are payable from unlimited *ad valorem* taxes to be levied on all taxable property within the County. The Series 2020B Bonds are payable from unlimited *ad valorem* taxes to be levied on all taxable property within the territorial limits of the County lying outside the corporate limits of the City of Oak Ridge, Tennessee and the City of Clinton, Tennessee. The Series 2020C Bonds are payable from unlimited *ad valorem* taxes to be levied on all taxable property within the territorial limits of the County lying outside the corporate limits of the City of Oak Ridge, Tennessee. For the prompt payment of principal of and interest on the Bonds, and subject to the forgoing limitations as to area as pertaining to the Series 2020B Bonds and Series 2020C Bonds, the full faith and credit of the County are irrevocably pledged.

Bonds maturing May 1, 2030 and thereafter are subject to optional redemption prior to maturity on or after May 1, 2029.

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

The Bonds are offered when, as and if issued, subject to the approval of the legality thereof by Bass, Berry & Sims PLC, Knoxville, Tennessee, Bond Counsel, whose opinion will be delivered with the Bonds. Certain legal matters will be passed upon for the County by Jay Yeager, 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.

$24,805,000*
ANDERSON COUNTY, TENNESSEE

$15,825,000* General Obligation Bonds, Series 2020A

Due (May 1)	Amount*	Interest Rate	Yield	CUSIPs**	Due (May 1)	Amount*	Interest Rate	Yield	CUSIPs**
2021	$1,005,000				2031	$370,000			
2022	1,155,000				2032	380,000			
2023	1,275,000				2033	385,000			
2024	1,285,000				2034	395,000			
2025	1,310,000				2035	405,000			
2026	1,330,000				2036	415,000			
2027	1,350,000				2037	425,000			
2028	1,375,000				2038	435,000			
2029	1,235,000				2039	445,000			
2030	390,000				2040	460,000			

$1,830,000* Rural Elementary School Refunding Bonds, Series 2020B

Due (May 1)	Amount*	Interest Rate	Yield	CUSIPs**	Due (May 1)	Amount*	Interest Rate	Yield	CUSIPs**
2021	$35,000				2027	$310,000			
2022	35,000				2028	320,000			
2023	35,000				2029	325,000			
2024	35,000				2030	330,000			
2025	35,000				2031	335,000			
2026	35,000								

$7,150,000* Rural High School Refunding Bonds, Series 2020C

Due (May 1)	Amount*	Interest Rate	Yield	CUSIPs**	Due (May 1)	Amount*	Interest Rate	Yield	CUSIPs**
2021	$245,000				2027	$940,000			
2022	245,000				2028	975,000			
2023	260,000				2029	975,000			
2024	260,000				2030	1,010,000			
2025	265,000				2031	1,040,000			
2026	935,000								

** 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.

*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.

ANDERSON COUNTY, TENNESSEE

OFFICIALS

Terry Frank	*County Mayor*
Jeff Cole	*County Clerk*
Robby Holbrook	*Interim Finance Director*
Johnny Alley	*Assessor of Property*
Jay Yeager	*Law Director*

BOARD OF COUNTY COMMISSIONERS

Joshua Anderson	Rick Meredith
Jerry Creasey	Theresa Scott
Catherine Denenberg	Bob Smallridge
Chuck Fritts	Shain Vowell
Tim Isbel	Denver Waddell
Robert Jameson	Tracy Wandell
Robert McKamey	Jerry White
Steve Mead	Phil Yager

REGISTRATION AND PAYING AGENT

Regions Bank
Nashville, Tennessee

BOND COUNSEL

Bass, Berry & Sims PLC
Knoxville, Tennessee

MUNICIPAL ADVISOR

Cumberland Securities Company, Inc.

TABLE OF CONTENTS

SUMMARY STATEMENT

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

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

Securities Offered.......................... $15,825,000* General Obligation Bonds, Series 2020A (the "Series 2020A Bonds"), $1,830,000* Rural Elementary School Refunding Bonds, Series 2020B (the "Series 2020B Bonds"), and the $7,150,000* Rural High School Refunding Bonds, Series 2020C (the "Series 2020C Bonds") (collectively "the Bonds") of the County, dated the date of issuance (assume May 15, 2020). The Series 2020A Bonds mature each May 1 beginning May 1, 2021 through May 1, 2040, inclusive. The Series 2020B Bonds mature each May 1 beginning May 1, 2021 through May 1, 2031, inclusive. The Series 2020C Bonds mature each May 1 beginning May 1, 2021 through May 1, 2031, inclusive. See section entitled "SECURITIES OFFERED" herein for additional information.

Security ------------------------------ The Series 2020A Bonds are payable from unlimited *ad valorem* taxes to be levied on all taxable property within the County. For the prompt payment of principal of and interest on the Bonds, the full faith and credit of the County are irrevocably pledged.

The Series 2020B Bonds are payable from unlimited *ad valorem* taxes to be levied on all taxable property within the territorial limits of the County lying outside the corporate limits of the City of Oak Ridge, Tennessee and the City of Clinton, Tennessee. For the prompt payment of principal of and interest on the Bonds, and as subject to the forgoing limitations as to area, the full faith and credit of the County are irrevocably pledged.

The Series 2020C Bonds are payable from unlimited *ad valorem* taxes to be levied on all taxable property within the territorial limits of the County lying outside the corporate limits of the City of Oak Ridge, Tennessee. For the prompt payment of principal of and interest on the Bonds, and as subject to the forgoing limitations as to area, the full faith and credit of the County are irrevocably pledged.

Purpose…………………………. The Series 2020A Bonds are being issued for the purpose of financing, in whole or part, (i) the construction of improvements to and the purchase of equipment for the courthouse, jail, Jolly Building and other public buildings and facilities, including improvements to promote energy savings (the "Project"); (ii) the acquisition, construction, improvement, expansion and equipping of a public building to be used as a senior center; (iii) payment of architectural, engineering, legal, fiscal and administrative costs incident to the Project; (iv) reimbursement to the County for funds previously expended for any of the foregoing; (v) payment of capitalized interest during construction of the Project and for up to six months thereafter; (vi) the purpose of refinancing, in whole or in part, certain Outstanding Bonds (as defined herein) of the County; and (vii) payment of the costs related to the issuance and sale of the Bonds.

The Series 2020B Bonds are being issued for (i) the purpose of refinancing, in whole or in part, certain Outstanding Bonds (as defined herein) of the County; and (ii) payment of the costs related to the issuance and sale of the Bonds.

The Series 2020C Bonds are being issued for (i) the purpose of refinancing, in whole or in part, certain Outstanding Bonds (as defined herein) of the County; and (ii) payment of the costs related to the issuance and sale of the Bonds

Optional Redemption	The Bonds are subject to optional redemption prior to maturity on or after May 1, 2029, at the redemption price of par plus accrued interest. See section entitled "SECURITIES OFFERED - Optional Redemption".
Tax Matters	In the opinion of Bond Counsel, based on existing law and assuming compliance with certain tax covenants of the County, interest on the Bonds is excluded from gross income for federal income tax purposes and is not an item of tax preference 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	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.
Underwriter	________________.
Bond Counsel	Bass, Berry & Sims PLC, Knoxville, 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	Regions Bank, Nashville, Tennessee.
General	The Bonds are being issued in full compliance with applicable provisions of Title 9, Chapter 21, *Tennessee Code Annotated*, as supplemented and revised. See "SECURITIES OFFERED" herein. The Bonds will be issued with CUSIP numbers and delivered through the facilities of The Depository Trust Company, New York, New York.
Disclosure	In accordance with Rule 15c2-12 promulgated under the Securities Exchange Act of 1934 as amended, the County will provide the Municipal Securities Rulemaking Board (the "MSRB") through the operation of the Electronic Municipal Market Access system ("EMMA") and the State Information Depository ("SID"), if any, annual financial statements and other pertinent credit or event information, including Comprehensive Annual Financial Reports, see the section entitled "MISCELLANEOUS-Continuing Disclosure."
Other Information	The information in this *Preliminary Official Statement* is deemed "final" within the meaning of Rule 15c2-12 promulgated under the Securities Exchange Act of 1934 as of the date which appears on the cover hereof except for the omissions of certain pricing information allowed to be omitted pursuant to such Rule 15c2-12. For more information concerning the County or this *Preliminary Official Statement,* contact Terry Frank, County Mayor, Anderson County Courthouse, 100 North Main St, Room 208, Clinton, Tennessee 37716, (865) 457-5400; or the County's Municipal Advisor, Cumberland Securities Company, Inc., Telephone: (865) 988-2663. Additional information regarding BiDCOMP™/PARITY® may be obtained from

PARITY®, 1359 Broadway - 2nd Floor, New York, NY 10018, Telephone: 800-850-7422.

GENERAL FUND BALANCES
Summary of Changes In Fund Balances
For the Fiscal Year Ended June 30

	2015	2016	2017	2018	2019
Beginning Fund Balance	$ 7,858,162	$ 9,217,686	$10,485,984	$9,985,258	$12,034,803
Revenues	25,733,120	25,919,651	26,239,674	27,311,328	28,838,749
Expenditures	24,287,584	24,198,665	26,389,287	25,151,540	27,551,518
Revenues Over Expenditures:					
Proceeds from Sale of Assets	1,650	7,928	12,775	5,668	3,833
Other Loans Issued	501,365	-	-	-	-
Insurance Recovery	19,300	19,389	6,704	125,330	28,327
Transfers In	200,000	-	-	-	500
Transfers Out	(808,327)	(480,005)	(370,592)	(241,241)	(1,358,661)
Ending Fund Balance	**$9,217,686**	**$10,485,984**	**$9,985,258**	**$12,034,803**	**$11,996,033**

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

SUMMARY NOTICE OF SALE

$24,805,000*

ANDERSON COUNTY, TENNESSEE
$15,825,000* General Obligation Bonds, Series 2020A
$1,830,000* Rural Elementary School Refunding Bonds, Series 2020B
$7,150,000* Rural High School Refunding Bonds, Series 2020C

NOTICE IS HEREBY GIVEN that the County Mayor of Anderson County, Tennessee (the "County") will receive electronic or written sealed bids until **10:15 a.m. E.D.T.** on **Wednesday, April 22, 2020** for the purchase of all, but not less than all, of the County's $15,825,000* General Obligation Bonds, Series 2020A (the "Series 2020A 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 9:30 a.m., Eastern Daylight Time, on the day of the bid opening. Such notice will specify the revised principal amounts, if any, and any later date selected for the sale, which may be postponed or cancelled in the same manner. If the sale is postponed, a later public sale may be held at the hour and place and on such date as communicated upon at least forty-eight hours' notice via Bloomberg News Service and/or the ***PARITY®*** System

NOTICE IS HEREBY GIVEN that the County Mayor of Anderson County, Tennessee (the "County") will receive electronic or written sealed bids until **10:45 a.m. E.D.T.** on **Wednesday, April 22, 2020** for the purchase of all, but not less than all, of the County's $1,830,000* Rural Elementary School Refunding Bonds, Series 2020B (the "Series 2020B 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 2020B 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.

NOTICE IS HEREBY GIVEN that the County Mayor of Anderson County, Tennessee (the "County") will receive electronic or written sealed bids until **11:15 a.m. E.D.T.** on **Wednesday, April 22, 2020** for the purchase of all, but not less than all, of the County's $7,150,000* Rural High School Refunding Bonds, Series 2020C (the Series 2020A Bonds with the Series 2020B Bonds and the Series 2020C Bonds, collectively, 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 2020C Bonds being offered as set forth in the Detailed Notice of Sale, to postpone the sale to a later date, or to cancel the sale based upon market conditions via Bloomberg News Service and/or the ***PARITY®*** System not later than 9:30 a.m., Eastern Daylight Time, on the day of the bid opening. Such notice will specify the revised

*Preliminary, subject to change.

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 May 1 in the years 2021 through 2040, inclusive, with term bonds optional, with interest payable on May 1 and November 1 of each year, commencing November 1, 2020, and will be subject to optional redemption prior to maturity on or after May 1, 2029 at the redemption price of par plus accrued interest. Bidders must bid not less than ninety-nine and one-quarter percent (99.25%) of par or more than one hundred and twenty-five percent (125%) of par for the Bonds. The approving opinion for the Bonds will be furnished at the expense of the County by Bass, Berry & Sims PLC, Bond Counsel, Knoxville, Tennessee. No rate or rates bid for the Series 2020A Bonds shall 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.

The Series 2020B 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 Bonds will mature on May 1 in the years 2021 through 2031, inclusive, with term bonds optional, with interest payable on May 1 and November 1 of each year, commencing November 1, 2020, and will be subject to optional redemption prior to maturity on or after May 1, 2029 at the redemption price of par plus accrued interest. Bidders must bid not less than ninety-nine and one-quarter percent (99.25%) of par or more than one hundred and twenty-five percent (125%) of par for the Series 2020B Bonds. The approving opinion for the Series 2020B Bonds will be furnished at the expense of the County by Bass, Berry & Sims PLC, Bond Counsel, Knoxville, Tennessee. No rate or rates bid for the Series 2020B Bonds shall exceed five percent (5.00%) per annum. Unless bids are rejected, the Series 2020B 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 2020B Bonds.

The Series 2020C 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 Bonds will mature on May 1 in the years 2021 through 2031, inclusive, with term bonds optional, with interest payable on May 1 and November 1 of each year, commencing November 1, 2020, and will be subject to optional redemption prior to maturity on or after May 1, 2029 at the redemption price of par plus accrued interest. Bidders must bid not less than ninety-nine and one-quarter percent (99.25%) of par or more than one hundred and twenty-five percent (125%) of par for the Series 2020C Bonds. The approving opinion for the Series 2020C Bonds will be furnished at the expense of the County by Bass, Berry & Sims PLC, Bond Counsel, Knoxville, Tennessee. No rate or rates bid for the Series 2020C Bonds shall exceed five percent (5.00%) per annum. Unless bids are rejected, the Series 2020C 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 2020C Bonds.

In the event that the competitive sale requirements of applicable Treasury Regulations are not met with respect to any series of Bonds, the County will require bidders to comply with the "hold-

the-offering-price rule" or the "10% Test" for purposes of determining the issue price of such series of the Bonds.

Unless bids for any series are rejected, each of the Series 2020A Bonds, the Series 2020B Bonds and the Series 2020C Bonds will be awarded by the Mayor of the County on the sale date to the bidders whose bids results in the lowest true interest rate on the Series 2020A Bonds, the Series 2020B Bonds and the Series 2020C Bonds, respectively.

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., Knoxville, Tennessee (865) 988-2663. Further information regarding ***PARITY***® may be obtained from i-Deal LLC, 1359 Broadway, 2nd Floor, New York, New York 10018, Telephone: 212-849-5000.

/s/ Terry Frank
County Mayor

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DETAILED NOTICE OF SALE

$24,805,000*

ANDERSON COUNTY, TENNESSEE
$15,825,000* General Obligation Bonds, Series 2020A
$1,830,000* Rural Elementary School Refunding Bonds, Series 2020B
$7,150,000* Rural High School Refunding Bonds, Series 2020C

NOTICE IS HEREBY GIVEN that the County Mayor of Anderson County, Tennessee (the "County") will receive electronic or written sealed bids until **10:15 a.m. E.D.T.** on **Wednesday, April 22, 2020** for the purchase of all, but not less than all, of the County's $15,825,000* General Obligation Bonds, Series 2020A (the "Series 2020A Bonds"). Electronic bids must be submitted through ***PARITY®*** as described in this 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 this Detailed Notice of Sale, to postpone the sale to a later date, or to cancel the sale based upon market conditions via Bloomberg News Service and/or the ***PARITY®*** System not later than 9:30 a.m., Eastern Daylight Time, on the day of the bid opening. Such notice will specify the revised principal amounts, if any, and any later date selected for the sale, which may be postponed or cancelled in the same manner. If the sale is postponed, a later public sale may be held at the hour and place and on such date as communicated upon at least forty-eight hours' notice via Bloomberg News Service and/or the ***PARITY®*** System.

NOTICE IS HEREBY GIVEN that the County Mayor of Anderson County, Tennessee (the "County") will receive electronic or written sealed bids until **10:45 a.m. E.D.T.** on **Wednesday, April 22, 2020** for the purchase of all, but not less than all, of the County's $1,830,000* Rural Elementary School Refunding Bonds, Series 2020B (the "Series 2020B Bonds" and with the Series 2020A Bonds, collectively, the "Bonds"). Electronic bids must be submitted through ***PARITY®*** as described in this 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 2020B Bonds being offered as set forth in this 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.

NOTICE IS HEREBY GIVEN that the County Mayor of Anderson County, Tennessee (the "County") will receive electronic or written sealed bids until **11:15 a.m. E.D.T.** on **Wednesday, April 22, 2020** for the purchase of all, but not less than all, of the County's $7,150,000* Rural High School Refunding Bonds, Series 2020C (the "Series 2020C Bonds" with the Series 2020A Bonds and the Series 2020B Bonds, collectively, the "Bonds"). Electronic bids must be submitted through ***PARITY®*** as described in this 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 2020C Bonds being offered as set forth in this Detailed Notice of Sale, to postpone the sale to a later date, or to cancel the sale based upon market conditions via Bloomberg News Service and/or the ***PARITY®*** System not later than 9:30 a.m., Eastern Daylight Time, on the day of the bid opening. Such notice will specify the revised

*Preliminary, subject to change.

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 May 1 and November 1, commencing November 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 May 1 of each year as following:

YEAR (May 1)	AMOUNT*	YEAR (May 1)	AMOUNT*
2021	$1,005,000	2031	$370,000
2022	1,155,000	2032	380,000
2023	1,275,000	2033	385,000
2024	1,285,000	2034	395,000
2025	1,310,000	2035	405,000
2026	1,330,000	2036	415,000
2027	1,350,000	2037	425,000
2028	1,375,000	2038	435,000
2029	1,235,000	2039	445,000
2030	390,000	2040	460,000

The Series 2020B Bonds will mature and be payable on May 1 of each year as on the following:

YEAR (May 1)	AMOUNT*	YEAR (May 1)	AMOUNT*
2021	$35,000	2027	$310,000
2022	35,000	2028	320,000
2023	35,000	2029	325,000
2024	35,000	2030	330,000
2025	35,000	2031	335,000
2026	35,000		

The Series 2020C Bonds will mature and be payable on May 1 of each year as following:

YEAR (May 1)	AMOUNT*	YEAR (May 1)	AMOUNT*
2021	$245,000	2027	$940,000
2022	245,000	2028	975,000
2023	260,000	2029	975,000
2024	260,000	2030	1,010,000
2025	265,000	2031	1,040,000
2026	935,000		

Registration and Depository Participation. The Bonds, when issued, will be registered in the name of Cede & Co., DTC's partnership nominee. When the Bonds are issued, ownership interests will be available to purchasers only through a book-entry-only system maintained by DTC (the "Book-Entry-Only System"). One 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 Series 2020A Bonds are payable from unlimited *ad valorem* taxes to be levied on all taxable property within the County. For the prompt payment of principal of and interest on the Bonds, the full faith and credit of the County are irrevocably pledged.

The Series 2020B Bonds are payable from unlimited *ad valorem* taxes to be levied on all taxable property within the County lying outside the corporate limits of the City of Oak Ridge, Tennessee and the City of Clinton, Tennessee. For the prompt payment of principal of and interest on the Bonds, and subject to the forgoing limitation as to area, the full faith and credit of the County are irrevocably pledged.

The Series 2020C Bonds are payable from unlimited *ad valorem* taxes to be levied on all taxable property within the County lying outside the corporate limits of the City of Oak Ridge, Tennessee. For the prompt payment of principal of and interest on the Bonds, and subject to the forgoing limitation as to area, the full faith and credit of the County are irrevocably pledged.

Municipal Bond Insurance. The County has provided information to prospective bond insurance companies in order to qualify the Bonds under their respective optional bidding programs. If the successful bidder or bidders for 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 Series 2020A Bonds are being issued for the purpose of financing in whole or in part, (i) the construction of improvements to and the purchase of equipment for the courthouse, jail, Jolly Building and other public buildings and facilities, including improvements to promote energy savings (the "Project"); (ii) the acquisition, construction, improvement, expansion and equipping of a public building to be used for a senior center; (iii) payment of architectural, engineering, legal, fiscal and administrative costs incident to the Project; (iv) reimbursement to the County for funds previously expended for any of the foregoing; (v) payment of capitalized interest during construction of the Project and for up to six months thereafter; (vi) the purpose of refinancing, in whole or in part, certain Outstanding Bonds (as defined herein) of the County; and (vii) payment of the costs related to the issuance and sale of the Bonds.

The Series 2020B Bonds are being issued for the purpose of refinancing, in whole or in part, certain Outstanding Bonds (as defined herein) of the County; and (ii) payment of the costs related to the issuance and sale of the Bonds

The Series 2020C Bonds are being issued for (i) the purpose of refinancing, in whole or in part, certain Outstanding Bonds (as defined herein) of the County; and (ii) payment of the costs related to the issuance and sale of the Bonds

Optional Redemption. The Bonds maturing on May 1, 2030, and thereafter, will be subject to optional redemption prior to maturity at the option of the County at any time on and after May 1, 2029 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 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 ninety-nine and one-quarter percent (99.25%) 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 any 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 her 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 her 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 Daylight Time), on the sale date of the exact revisions and/or adjustments required, if any.

Good Faith Deposit. No good faith check will be required to accompany any bid submitted. The successful bidder 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. Good Faith wire instructions will be sent to the winning bidder after the sale has closed.

The good faith deposit shall be applied (without interest) to the purchase price of the 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 for each series of Bonds shall make a bona fide public offering of such series of Bonds and shall, within 30 minutes after being notified of the award of such Bonds, advise the County in writing (via facsimile transmission or electronic mail) of the initial public offering prices of such 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 such Bonds are sold at the prices or yields at which the successful bidder advised the County that such 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 bidders to deliver copies of such Official Statement in final form (the "Final Official Statement") to persons to whom each 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 bidders 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 bidders to deliver copies of such Final Official Statement to persons to whom such bidder initially sells 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 bidders shall assist the County in establishing the issue price of each series of the Bonds and shall execute and deliver to the County, on or prior to the date of issuance and delivery of the Bonds (the "Closing Date"), an "issue price" or similar certificate setting forth the reasonably expected initial offering prices to the public or the sales price or prices of each of the series of Bonds, together with the supporting pricing wires or equivalent communications, substantially in the form attached hereto as Exhibit A or Exhibit B, with such modifications as may be appropriate or necessary, in the reasonable judgment of the successful bidder, the County and Bass, Berry & Sims PLC ("Bond Counsel"). All actions to be taken by the County under this Detailed Notice of Bond Sale to establish the issue price of the Bonds may be taken on behalf of the County by the Municipal Advisor and any notice or report to be provided to the County may be provided to the Municipal Advisor.

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

    1. the County shall disseminate this Detailed Notice of Bond Sale to potential underwriters in a manner that is reasonably designed to reach potential underwriters;

    2. all bidders shall have an equal opportunity to bid;

    3. the County may receive bids as to each series of the Bonds 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 each of the series of Bonds to the bidder who submits a firm offer to purchase such series of 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 as to any series of the Bonds, the County shall so advise the successful bidder. The County may determine to treat (i) the first price at which 10% of a maturity of such Bonds (the "10% Test") is sold to the public as the issue price of that maturity and/or (ii) the initial offering price to the public Bonds as the issue price of that maturity (the "Hold-the-Offering-Price Rule"), in each case applied on a maturity-by-maturity basis (and if different interest rates apply within a maturity, to each separate CUSIP number within that maturity). The successful bidder shall advise the County if any maturity of such Bonds satisfies the 10% Test as of the date and time of the award of such Bonds. The County shall promptly advise the successful bidder, at or before the time of award of the Bonds, which maturities (and if different interest rates apply within a maturity, which separate CUSIP number within that maturity) of Bonds shall be subject to the 10% Test or shall be subject to the Hold-the-Offering-Price Rule. Bids will not be subject to cancellation in the event that the County determines to apply the Hold-the-Offering-Price Rule to any maturity of the Bonds. Bidders should prepare their bids on the assumption that some or all of the maturities of the Bonds will be subject to the Hold-the-Offering-Price Rule in order to establish the issue price of the Bonds.

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

   1. the close of the fifth (5th) business day after the sale date; or

   2. the date on which the underwriters have sold at least 10% of that maturity of the Bonds to the public at a price that is no higher than the Initial Offering Price to the public.

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

e. If the Competitive Sale Requirements are not satisfied as to any series of Bonds, then until the 10% Test has been satisfied as to each maturity of such Bonds, the successful bidder agrees to promptly report to the County the prices at which the unsold Bonds of that maturity have been sold to the public. That reporting obligation shall continue, whether or not the Closing Date has occurred, until the 10% Test has been satisfied as to the Bonds of that maturity or until all Bonds of that maturity have been sold.

f. The County acknowledges that, in making the representation set forth above, the successful bidder will rely on (i) the agreement of each underwriter to comply with the Hold-the-Offering-Price Rule, as set forth in an agreement among underwriters and the related pricing wires, (ii) in the event a selling group has been created in connection with the initial sale of any series 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 such Bonds.

g. By submitting a bid, each bidder confirms that: (i) any agreement among underwriters, any selling group agreement and each retail distribution agreement (to which the bidder is a party) relating to the initial sale of any series of the Bonds to the public, together with the related pricing wires, contains or will contain language obligating each underwriter, each dealer who is a member of the selling group, and each broker-dealer that is a party to such retail distribution agreement , as applicable, to (A) report the prices at which it sells to the public the unsold Bonds of each maturity allotted to it until it is notified by the successful bidder that either the 10% Test has been satisfied as to such Bonds of that maturity or all such 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 any series 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 such Bonds to the public to require each broker-dealer that is a party to such retail distribution agreement to (A) report the prices at which it sells to the public the unsold Bonds of each maturity allotted to it until it is notified by the successful bidder or such underwriter that either the 10% Test has been satisfied as to the Bonds of that maturity or all Bonds of that maturity have been sold to the public and (B) comply with the Hold-the-Offering-Price Rule, if applicable, in each case if and for so long as directed by the successful bidder or such underwriter and as set forth in the related pricing wires.

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

   1. "public" means any person other than an underwriter or a related party;

   2. "underwriter" means (A) any person that agrees pursuant to a written contract with the County (or with the lead underwriter to form an underwriting syndicate) to participate in the initial sale of the Bonds to the public and (B) any person that agrees pursuant to a written contract directly or indirectly with a person described in clause (A) to participate in the initial sale of the Bonds to the public (including a member of a selling group or a party to a retail distribution agreement participating in the initial sale of the Bonds to the public);

   3. a purchaser of any of the Bonds is a "related party" to an underwriter if the underwriter and the purchaser are subject, directly or indirectly, to (i) at least 50% common ownership of the voting power or the total value of their stock, if both entities are corporations (including direct ownership by one corporation of another), (ii) more than 50% common ownership of their capital interests or profits interests, if both entities are partnerships (including direct ownership by one partnership of another), or (iii) more than 50% common ownership of the value of the outstanding stock of the corporation or the capital interests or profit interests of the partnership, as applicable, if one entity is a corporation and the other entity is a partnership (including direct ownership of the applicable stock or interests by one entity of the other); and

   4. "sale date" means the date that the Bonds are awarded by the County to the successful bidder.

<u>Issue Price Certificates.</u> The winning bidders will be required to provide the County, at closing, with an issue price certificates consistent with the foregoing. A form of the issue price certificate is attached to this Detailed Notice of Sale as <u>Exhibit A</u> 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 <u>Exhibit B</u> if such Rule does apply.

<u>Legal Opinions</u>. The approving opinions of Bass, Berry & Sims PLC, Knoxville, Tennessee, Bond Counsel along with other certificates including, but not limited to, a tax certificate and a continuing disclosure certificate dated as of the date of delivery of the Bonds will be furnished to the purchaser at the expense of the County. As set forth in the *Preliminary Official Statement*, Bond Counsel's opinion with respect to the Bonds will state that interest on the Bonds will be excluded from gross income for federal income tax purposes 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/ Terry Frank, County Mayor

EXHIBIT A

ANDERSON COUNTY, TENNESSEE
[$________General Obligation Bonds, Series 2020A]
[$_________ Rural Elementary School Refunding Bonds, Series 2020B]
[$_____________ Rural High School Refunding Bonds, Series 2020C]

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 Anderson 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 22, 2020.

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

The representations set forth in this certificate are limited to factual matters only. Nothing in this certificate represents [SHORT NAME OF UNDERWRITER]'s interpretation of any laws, including specifically Sections 103 and 148 of the Internal Revenue Code of 1986, as amended, and the Treasury Regulations thereunder. The undersigned understands that the foregoing information will be relied upon by the Issuer with respect to certain of the representations set forth in the Tax Certificate with respect to the Bonds and with respect to compliance with the federal income tax rules affecting the Bonds, and by Bass, Berry, Sims PLC in connection with rendering its opinion that the interest on the Bonds is excluded from gross income for federal income tax purposes, the preparation of the Internal Revenue Service Form 8038-G, and other federal income tax advice that it may give to the Issuer from time to time relating to the Bonds.

Dated: ______________________

[NAME OF UNDERWRITER]

By: ________________________________

Name: ______________________________

Title: _______________________________

EXHIBIT B

ANDERSON COUNTY, TENNESSEE
[$_____________ General Obligation Bonds, Series 2020])
[$_________ Rural Elementary School Refunding Bonds, Series 2020]
[$_____________ Rural High School Refunding Bonds, Series 2020C]

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 Anderson 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 22, 2020.

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

The representations set forth in this certificate are limited to factual matters only. Nothing in this certificate represents [SHORT NAME OF UNDERWRITER]'s interpretation of any laws, including specifically Sections 103 and 148 of the Internal Revenue Code of 1986, as amended, and the Treasury Regulations thereunder. The undersigned understands that the foregoing information will be relied upon by the Issuer with respect to certain of the representations set forth in the Tax Certificate with respect to the Bonds and with respect to compliance with the federal income tax rules affecting the Bonds, and by Bass, Berry, Sims PLC connection with rendering its opinion that the interest on the Bonds is excluded from gross income for federal income tax purposes, the preparation of the Internal Revenue Service Form 8038-G, and other federal income tax advice that it may give to the Issuer from time to time relating to the Bonds.

Dated:____________________

[NAME OF UNDERWRITER]

By:___________________________________

Name: ________________________________

Title: _________________________________

SERIES 2020A BID FORM

Honorable Terry Frank, County Mayor
100 North Main St, Room 208
Clinton, Tennessee 37716

April 22, 2020

Dear Mayor Frank:

For your legally issued, properly executed $15,825,000* General Obligation Bonds, Series 2020A (the "Series 2020A Bonds") of Anderson County, Tennessee, in all respects as more fully outlined in your Notice of Sale, which by reference are made a part hereof, we will pay you a sum of ($________________).

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 May 1 and bear interest at the following rates:

Maturity (May 1)	Amount*	Rate	Maturity (May 1)	Amount*	Rate
2021	$1,005,000	______	2031	$370,000	_____
2022	1,155,000	______	2032	380,000	_____
2023	1,275,000	______	2033	385,000	_____
2024	1,285,000	______	2034	395,000	_____
2025	1,310,000	______	2035	405,000	_____
2026	1,330,000	______	2036	415,000	_____
2027	1,350,000	______	2037	425,000	_____
2028	1,375,000	______	2038	435,000	_____
2029	1,235,000	______	2039	445,000	_____
2030	390,000	______	2040	460,000	_____

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

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

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, Knoxville, 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
Anderson County, Tennessee, this
22nd day of April 2020.

____
Terry Frank, 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.

SERIES 2020B BID FORM

Honorable Terry Frank, County Mayor
100 North Main St, Room 208
Clinton, Tennessee 37716

April 22, 2020

Dear Mayor Frank:

For your legally issued, properly executed $1,830,000* Rural Elementary School Refunding Bonds, Series 2020B (the "Series 2020B Bonds") of Anderson County, Tennessee, in all respects as more fully outlined in your Notice of Sale, which by reference are made a part hereof, we will pay you a sum of ($________________).

The Series 2020B 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 2020B Bonds shall mature on May 1 and bear interest at the following rates:

Maturity (May 1)	Amount*	Rate	Maturity (May 1)	Amount*	Rate
2021	$35,000	___	2027	$310,000	___
2022	35,000	___	2028	320,000	___
2023	35,000	___	2029	325,000	___
2024	35,000	___	2030	330,000	___
2025	35,000	___	2031	335,000	___
2026	35,000	___			

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

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

It is our understanding that the Series 2020B Bonds are offered for sale subject to the final approving opinion of Bass, Berry & Sims PLC, Bond Counsel, Knoxville, Tennessee, whose opinion together with the executed Series 2020B 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 2020B 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 2020B Bonds on which we have bid.

This bid is a firm offer for the purchase of the Series 2020B 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
Anderson County, Tennessee, this
22nd day of April 2020.

____
Terry Frank, 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.

SERIES 2020C BID FORM

Honorable Terry Frank, County Mayor
100 North Main St, Room 208
Clinton, Tennessee 37716

April 22, 2020

Dear Mayor Frank:

For your legally issued, properly executed $7,150,000* Rural High School Refunding Bonds, Series 2020C (the "Series 2020C Bonds") of Anderson County, Tennessee, in all respects as more fully outlined in your Notice of Sale, which by reference are made a part hereof, we will pay you a sum of ($________________).

The Series 2020C 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 2020C Bonds shall mature on May 1 and bear interest at the following rates:

Maturity (May 1)	Amount*	Rate	Maturity (May 1)	Amount*	Rate
2021	$245,000	___	2027	$940,000	___
2022	245,000	___	2028	975,000	___
2023	260,000	___	2029	975,000	___
2024	260,000	___	2030	1,010,000	___
2025	265,000	___	2031	1,040,000	___
2026	935,000	___			

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

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

It is our understanding that the Series 2020C Bonds are offered for sale subject to the final approving opinion of Bass, Berry & Sims PLC, Bond Counsel, Knoxville, Tennessee, whose opinion together with the executed Series 2020C 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 2020C 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 2020C Bonds on which we have bid.

This bid is a firm offer for the purchase of the Series 2020C 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
Anderson County, Tennessee, this
22nd day of April 2020.

____
Terry Frank, 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.

$24,805,000*

ANDERSON COUNTY, TENNESSEE
$15,825,000* General Obligation Bonds, Series 2020A
$1,830,000* Rural Elementary School Refunding Bonds, Series 2020B
$7,150,000* Rural High School Refunding Bonds, Series 2020C

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 Anderson County, Tennessee (the "County") of $15,825,000* General Obligation Bonds, Series 2020A (the "Series 2020A Bonds"), $1,830,000* Rural Elementary School Refunding Bonds, Series 2020B (the "Series 2020B Bonds") and the $7,150,000* Rural High School Refunding Bonds, Series 2020C (collectively, the "Bonds").

The Bonds are authorized to be issued pursuant to the provisions of Sections 9-21-101 et. seq., *Tennessee Code Annotated,* and other applicable provisions of law and pursuant to a resolutions duly adopted by the Board of Commissioners of the County on January 21, 2020 and February 18, 2020 (the "Resolutions").

The Series 2020A Bonds are being issued for the purpose of financing, in whole or in part, (i) the construction of improvements to and the purchase of equipment for the courthouse, jail, Jolly Building and other public buildings and facilities, including improvements to promote energy savings (the "Project"); (ii) the acquisition, construction, improvement, expansion and equipment of a public building for a senior center; (iii) payment of architectural, engineering, legal, fiscal and administrative costs incident to the Project; (iv) reimbursement to the County for funds previously expended for any of the foregoing; (v) payment of capitalized interest during construction of the Project and for up to six months thereafter; (vi) the purpose of refinancing, in whole or in part, certain Outstanding Bonds (as defined herein) of the County; and (vii) payment of the costs related to the issuance and sale of the Bonds.

The Series 2020B Bonds are being issued for (i) the purpose of refinancing, in whole or in part, certain Outstanding Bonds (as defined herein) of the County; and (ii) payment of the costs related to the issuance and sale of the Bonds.

The Series 2020C Bonds are being issued for (i) the purpose of refinancing, in whole or in part, certain Outstanding Bonds (as defined herein) of the County; and (ii) payment of the costs related to the issuance and sale of the Bonds.

*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 May 1 and November 1, commencing November 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.

REFUNDING PLAN

The County is proposing to issue the Series 2020A Bonds to refinance the County's outstanding: (1) General Obligation Bonds, Series 2010, (Federally Taxable Build America Bonds), dated June 4, 2010, maturing May 1, 2021 through May 1, 2028 in the outstanding principal amount of $1,235,000 and (2) General Obligation Bonds, Series 2011D, dated September 28, 2011, maturing May 1, 2021 through May 1, 2029 in the outstanding principal amount of $6,600,000 (the "General Outstanding Bonds").

The County is proposing to issue the Series 2020B Bonds to refinance the County's outstanding Rural Elementary School Bonds, Series 2011E, dated September 28, 2011, maturing May 1, 2021 through May 1, 2031 in the outstanding principal amount of $1,775,000 (the "Rural Elementary Outstanding Bonds").

The County is proposing to issue the Series 2020C Bonds to refinance the County's outstanding Rural High School Bonds, Series 2011F, dated September 28, 2011, maturing May 1, 2021 through May 1, 2031 in the outstanding principal amount of $7,000,000 (the "Rural High Outstanding Bonds") (collectively, with the General Outstanding Bonds and the Rural Elementary Outstanding Bonds, the "Outstanding Bonds").

The Outstanding 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 Bonds was submitted to the Director of the Office of State and Local Finance for review, and a report was received thereon.

SECURITY

The Series 2020A Bonds are payable from unlimited ad valorem taxes to be levied on all taxable property within the of the County. For the prompt payment of principal of and interest on the Bonds, the full faith and credit of the County are irrevocably pledged.

The Series 2020B Bonds are payable from unlimited ad valorem taxes to be levied on all taxable property within the territorial limits of the County lying outside the corporate limits of the City of Oak Ridge, Tennessee and the City of Clinton, Tennessee. For the prompt payment of principal of and interest on the Bonds, subject to the foregoing limitations as to area, the full faith and credit of the County subject to the territorial limits above are irrevocably pledged.

The Series 2020C Bonds are payable from unlimited ad valorem taxes to be levied on all taxable property within the territorial limits of the County lying outside the corporate limits of the City of Oak Ridge, Tennessee. For the prompt payment of principal of and interest on the Bonds, subject to the foregoing limitations as to area, the full faith and credit of the County subject to the territorial limits above are irrevocably pledged.

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

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

OPTIONAL REDEMPTION OF THE BONDS

The Bonds maturing May 1, 2030 and thereafter are subject to optional redemption prior to maturity on or after May 1, 2029 at a redemption price of par plus accrued interest.

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

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

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

MANDATORY REDEMPTION

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

BASIC DOCUMENTATION

REGISTRATION AGENT

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

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

BOOK-ENTRY-ONLY SYSTEM

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

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

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

DTC and its Participants. DTC, the world's largest securities depository, is a limited-purpose trust company organized under the New York Banking Law, a "banking organization" within the meaning of the New York Banking Law, a member of the Federal Reserve System, a "clearing corporation" within the meaning of the New York Uniform Commercial Code, and a "clearing agency" registered pursuant to the provisions of Section 17A of the Securities Exchange Act of 1934. DTC holds and provides asset servicing for over 3.5 million issues of U.S. and non-U.S. equity issues, corporate and municipal debt issues, and money market instruments (from over 100 countries) that DTC's participants ("Direct Participants") deposit with DTC. DTC also facilitates the post-trade settlement among Direct Participants of sales and other securities transactions in deposited securities, through electronic computerized book-entry-only transfers and pledges between Direct Participants' accounts. This eliminates the need for physical movement of securities certificates. Direct Participants include both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, clearing corporations, and certain other organizations. DTC is a wholly-owned subsidiary of The Depository Trust & Clearing Corporation ("DTCC"). DTCC is the holding company for DTC, National Securities Clearing Corporation and Fixed Income Clearing Corporation, all of which are registered clearing agencies. DTCC is owned by the users of its regulated subsidiaries. Access to the DTC system is also available to others such as both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, and clearing corporations that clear through or maintain a custodial relationship with a Direct Participant, either directly or indirectly ("Indirect Participants"). DTC has a Standard & Poor's rating of AA+. The DTC Rules applicable to its Participants are on file with the Securities and Exchange Commission. More information about DTC can be found at www.dtcc.com.

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 affect 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 Series 2020A 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 General Outstanding Bonds until and through the redemption date therefor shall be transferred to the paying agent for the General Outstanding Bonds to be held to the earliest optional redemption date and used for the payment and retirement of the General Outstanding Bonds; and

(b) the remainder of the proceeds of the sale of the Series 2020A Bonds shall be deposited with a financial institution regulated by the Federal Deposit Insurance Corporation or similar federal agency in separate special funds for each series to be known as a Construction Fund for such series (each a "Construction Fund") to be kept separate and apart from all other funds of the County. If applicable, the County shall disburse funds in each 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 Series 2020A Bonds. The remaining funds in each Construction Fund shall be disbursed solely to pay the costs of the projects being financed with such series. Money in each Construction Fund for each series 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 each Construction Fund shall be expended only for the purposes authorized by the applicable Resolution. Any funds remaining in each 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 each 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 each Construction Fund, or at the direction of the Finance Director of the County, used to pay debt service on the Bonds, subject to any modifications by the Governing Body.

The proceeds of the sale of the Series 2020B 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 Rural Elementary Outstanding Bonds until and through the redemption date therefor shall be transferred to the paying agent for the Rural Elementary Outstanding Bonds to be held to the earliest optional redemption date and used for the payment and retirement of the Rural Elementary Outstanding Bonds; and

(b) the remainder of the proceeds of the sale of the Series 2020B Bonds shall be used to pay the costs of issuance the Bonds, and all necessary legal, accounting and fiscal expenses, printing, engraving, advertising and similar expenses, bond insurance premium, if any, administrative and clerical costs, rating agency fees, registration agent fees, and other necessary miscellaneous expenses incurred in connection with the issuance and sale of the Series 2020B Bonds.

The proceeds of the sale of the Series 2020C Bonds shall be applied by the County as follows:

(c) 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 Rural High Outstanding Bonds until and through the redemption date therefor shall be transferred to the paying agent for the Rural High Outstanding Bonds to be held to the earliest optional redemption date and used for the payment and retirement of the Rural High Outstanding Bonds; and

(d) the remainder of the proceeds of the sale of the Series 2020C Bonds shall be used to pay the costs of issuance the Bonds, and all necessary legal, accounting and fiscal expenses, printing, engraving, advertising and similar expenses, bond insurance premium, if any, administrative and clerical costs, rating agency fees, registration agent fees, and other necessary miscellaneous expenses incurred in connection with the issuance and sale of the Series 2020C Bonds.

DISCHARGE AND SATISFACTION OF BONDS

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

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

2. By depositing or causing to be deposited with any trust company or financial institution whose deposits are insured by the Federal Deposit Insurance Corporation or similar federal agency and which has trust powers ("an Agent"; which Agent may be the Registration Agent) in trust or escrow, on or before the date of maturity or redemption, sufficient money or

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

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

and if the County shall also pay or cause to be paid all other sums payable hereunder by the County with respect to such Bonds, or make adequate provision therefor, and by resolution of the Governing Body instruct any such 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 mean direct obligations of, or obligations, the principal of and interest on which are guaranteed by, the United States of America, or obligations of any agency or instrumentality of the United States which obligations shall not be subject to redemption prior to their maturity other than at the option of the registered owner thereof.

REMEDIES OF BONDHOLDERS

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

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

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

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LEGAL MATTERS

LITIGATION

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

TAX MATTERS

Federal

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

- is excluded from a bondholder's federal gross income under the Internal Revenue Code of 1986, as amended (the "Code"), and
- is not 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 her official capacity to the effect that to the best of her 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 her official capacity, evidencing delivery of and payment for the Bonds; (iii) a signature identification and incumbency certificate, signed by the County Mayor and County Clerk acting in their official capacities certifying as to the due execution of the Bonds; and, (iv) a Continuing Disclosure

Certificate regarding certain covenants of the County concerning the preparation and distribution of certain annual financial information and notification of certain material events, if any.

APPROVAL OF LEGAL PROCEEDINGS

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

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MISCELLANEOUS

RATING

Moody's Investors Service ("Moody's") has given the Bonds the rating of "Aa2".

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 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.

The rating reflects only the views of Moody's and any explanation of the significance of such rating should be obtained from Moody's.

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.

COMPETITIVE PUBLIC SALE

The Bonds were offered for sale at competitive public bidding on April 22, 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 "2020A 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.

The successful bidder for the Series 2020B Bonds was an account led by __________________, _______, _______ (the "2020B 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 2020B 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.

The successful bidder for the Series 2020C Bonds was an account led by __________________, _______, _______ (the "2020C 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 2020C 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.

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

Official Statement. Certain information relative to the location, economy and finances of the Issuer is found in the *Preliminary Official Statement*, in final form and the *Official Statement*, in final form. Except where otherwise indicated, all information contained in this Official Statement has been provided by the Issuer. The information set forth herein has been obtained by the Issuer from sources which are believed to be reliable but is not guaranteed as to accuracy or completeness by, and is not to be construed as a representation of, the 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 not authorized any additional debt at this time. However, 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.

Primary Base CUSIP 033789 - The required information and audits for Fiscal Years 2015, 2016, 2017, 2018 and 2019 were each filed on time to the primary base CUSIP (033789) for the County.

Secondary Base CUSIP 033790 - The County's issue of General Obligation Bonds, Series 2011D (the "Series 2011D Bonds"), Rural Elementary School Refunding Bonds, Series 2011E (the "Series 2011E Bonds") and the Rural High School Bonds, Series 2011F (the "Series 2011F Bonds") dated September 28, 2011, and the issue of Rural Elementary School Bonds, Series 2013 (the "Elementary School Bonds") and the Rural High School Bonds, Series 2013 (the "High School Bonds") dated December 11, 2013 were issued under a different base CUSIP (033790) from the rest of the County's issues (033789). The required information and audits for Fiscal Years 2013, 2014 and 2015 were late on the base CUSIP of 033790 because of confusion on the Issuer having two separate base CUSIPs. The County filed late on CUSIP 033790 the required information and audits for Fiscal Years 2011 and 2012 on August 30, 2013 (14 months late and 2 months late, respectively) and for Fiscal Year 2013 on July 7, 2014 (7 days late). The County's Dissemination agent filed the required information and audits for Fiscal Years 2014 and 2015 on February 14, 2017 (31 1/2 months late and 19 1/2 months late, respectively). The required information and audits for Fiscal Years 2016, 2017, 2018 and 2019 were each filed on time to the secondary base CUSIP (033790) for the County.

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-17;

2. The indebtedness and debt ratios as of the end of such fiscal year, together with information about the property tax base as shown on pages B-18 through B-21;

3. Information about the bonded debt service requirements General Debt Service Excludes Rural Elementary School and Rural High School Debt as shown on page B-22 through B-24;

4. Information about the bonded debt service requirements General Debt Service – Paid by General Purpose School Fund as shown on page B-25;

5. The fund balances, net assets and retained earnings for the fiscal year as shown on page B-27;

6. Summary of revenues, expenditures and changes in fund balances - general fund for the fiscal year as shown on page B-28;

7. 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;

8. 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-34; and

9. The ten largest taxpayers as shown on page B-35.

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 as to covenants, events of default, remedies, priority rights, or other similar terms of a financial obligation of the County, any of which affect security holders, if material; and

p. Default, event of acceleration, termination event, modification of terms, or other similar events under the terms of a financial obligation (as described above) of the County, any of which reflect financial difficulties.

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

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

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

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

(c) The amendment or waiver does not, in the opinion of nationally recognized bond counsel, materially impair the interests of the Holders or beneficial owners of the Bonds.

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

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

ADDITIONAL INFORMATION

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

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

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

The County has deemed this PRELIMINARY OFFICIAL STATEMENT as "final" as of its date within the meaning of Rule 15c2-12 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 OPINIONS

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

Ladies and Gentlemen:

We have acted as bond counsel in connection with the issuance by Anderson County, Tennessee (the "Issuer") of the $____________ General Obligation Bonds, Series 2020A (the "Bonds") dated _________________, 2020. We have examined the law and such certified proceedings and other papers as we deemed necessary to render this opinion.

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

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

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

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

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

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

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

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

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

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

Yours truly,

27888249.1

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

Ladies and Gentlemen:

We have acted as bond counsel in connection with the issuance by Anderson County, Tennessee (the "Issuer") of $__________ Rural Elementary School Bonds, Series 2020B, dated March ____, 2020 (the "Bonds"). In such capacity, 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 and others furnished to us without undertaking to verify such facts by independent investigation.

Based on the foregoing, 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 are valid and binding obligations of the Issuer.

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

3. Subject to the limitations set forth in the following sentence, the Bonds constitute general obligations of the Issuer to which the Issuer has validly and irrevocably pledged its full faith and credit. The principal of and interest on the Bonds are payable from unlimited ad valorem taxes to be levied on all taxable property within the territorial limits of the Issuer lying outside the corporate limits of the City of Oak Ridge, Tennessee and the City of Clinton, Tennessee.

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

5. Under existing law, the Bonds and the income therefrom are exempt from all present state, county and municipal taxation 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 or any organization or entity, other than a sole proprietorship or general partnership, doing business in the State of Tennessee.

It is to be understood that the rights of the owners of the Bonds and the enforceability of the Bonds and the resolution authorizing the Bonds may be limited by bankruptcy, insolvency, reorganization, moratorium and other similar laws affecting creditors' rights generally and by equitable principles, whether considered at law or in 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 changes in law that may hereafter occur.

Yours very truly,

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

Ladies and Gentlemen:

We have acted as bond counsel in connection with the issuance by Anderson County, Tennessee (the "Issuer") of $__________ Rural High School Bonds, Series 2020C, dated March ____, 2020 (the "Bonds"). In such capacity, 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 and others furnished to us without undertaking to verify such facts by independent investigation.

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

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

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

8. Subject to the limitations set forth in the following sentence, the Bonds constitute general obligations of the Issuer to which the Issuer has validly and irrevocably pledged its full faith and credit. The principal of and interest on the Bonds are payable from unlimited ad valorem taxes to be levied on all taxable property within the territorial limits of the Issuer lying outside the corporate limits of the City of Oak Ridge, Tennessee.

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

10. Under existing law, the Bonds and the income therefrom are exempt from all present state, county and municipal taxation 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 or any organization or entity, other than a sole proprietorship or general partnership, doing business in the State of Tennessee.

It is to be understood that the rights of the owners of the Bonds and the enforceability of the Bonds and the resolution authorizing the Bonds may be limited by bankruptcy, insolvency, reorganization, moratorium and other similar laws affecting creditors' rights generally and by equitable principles, whether considered at law or in 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 changes in law that may hereafter occur.

Yours very truly,

APPENDIX B

ANDERSON COUNTY, TENNESSEE

SUPPLEMENTAL INFORMATION STATEMENT

GENERAL INFORMATION

LOCATION

Anderson County (the "County") is located in the northeastern portion of the State of Tennessee. To the north, the County is bordered by Campbell County. Union and Knox Counties make up the County's eastern border while Roane County provides its southwestern border. Morgan and Scott County make up Anderson County's northwestern border. The City of Clinton, the county seat, is situated about 17 miles northwest of Knoxville. Other incorporated towns in the County are Lake City, Norris, Oliver Springs and Oak Ridge. The City of Oak Ridge is approximately 20 miles from the City of Knoxville.

A portion of the City of Oak Ridge is also located in Roane County. This portion includes facilities run by the U.S. Department of Energy (the “DOE”): the Oak Ridge National Laboratory (the “ORNL”) and the Y-12 National Security Complex (the “Y-12”). These facilities were built during World War II and produced uranium 235 for the first atomic bomb. The project was known as the “The Manhattan Project”

GENERAL

Approximate land area of Anderson County is 216,320 acres with the proportion in farms being 57.0%. Major crops are tobacco, corn, wheat and rye. The County is located almost precisely in the center of the eastern half of the United States, equidistant between the southern-most tip of Florida and the northernmost corner of Maine. The area is also the population center of the country with more than 70 million people living within a 500-mile radius, only one day's drive from this central location. This makes Anderson County an ideal distribution center for more than 76% of the major markets in eastern America and a leading area in Tennessee, a state that ranks 15th in industry.

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

The County is also part of the Knoxville-Sevierville-Harriman Combined Statistical Area (the “CSA”). According to the 2010 Census, the CSA had a population of 1,056,442. The CSA includes Roane, Anderson, Blount, Knox, Loudon, Union, Grainger, Hamblen, Jefferson, Campbell, Cocke and Sevier Counties. The City of Knoxville is the largest city in the CSA with a population of 178,874 according to the 2010 Census. The population of Anderson County is estimated to be 75,129 persons per the U.S. Bureau of the Census in 2010. The population of the City of Oak Ridge in 2010, according to the U.S. Bureau of the Census, was 29,330.

TRANSPORTATION

The County have access to several transportation facilities. Four state highways, Route 95, 61, 58, and 62, intersect in the County, and access to Interstates 75 and 40 is also available. The County is served by the CSX Railroad, Norfolk Southern Railroad, and L & N Railroad, bus lines and numerous truck lines.

Commercial air service is provided by McGhee Tyson Airport, a major commercial and freight air terminal at Alcoa, Tennessee about 25 miles away. The nearest general aviation airport is located at Jacksboro, Tennessee, approximately 15 miles away from the County. There is also an airstrip at Oliver Springs, 5 miles outside Oak Ridge. The City has proposed a new general aviation airport in the East Tennessee Technology Park in Oak Ridge (please see "RECENT DEVELOPMENTS" for more information.)

Oak Ridge borders the Clinch River's navigable waterway for 42 miles along the shores of Watts Bar and Melton Hill Lakes. These TVA waterways connect to the Tennessee River. Channelization of the Tennessee River to a 9-foot minimum navigable depth from its junction with the Ohio River at Paducah, Kentucky to Knoxville, Tennessee gives the County the benefits of year round, low cost water transportation and a port on the nation's 10,000 mile-inland waterway system. This system formed largely by the Mississippi River and its tributaries, effectively links the County with the Great Lakes to the north and the Gulf of Mexico to the south.

EDUCATION

There are three school systems located within the County. *Anderson County School System* has a very extensive school system made up of 17 schools countywide. Anderson County had a fall 2018 enrollment of about 6,201 students for 422 teachers. The *Oak Ridge City School System* operates seven schools covering pre-school through 12. The fall 2018 enrollment was about 4,495 students with 310 teachers. In addition to the City system, a parochial school also exists within the County covering grades one through eight with an enrollment of approximately 200 students. The *Clinton City School System* operates three elementary schools. The fall 2018 enrollment was about 917 students with 61 teachers.

Source: Tennessee Department of Education.

Oak Ridge Associated Universities (the "ORAU") is a consortium of 100 colleges and universities and a contractor for the DOE located in Oak Ridge, Tennessee. Founded in 1946, ORAU works with its member institutions that include the University of Tennessee and its satellite campuses. The purposes are to help their students and faculty gain access to federal research facilities throughout the country. ORAU has contracted with the U.S. Nuclear Regulatory Commission since 1992 for radiation training and managing the Radiation Emergency Center / Training Site in Oak Ridge and the Technical Training Center in Chattanooga. Through the Oak Ridge Institute for Science and Education, the DOE facility that ORAU operates, undergraduates, graduates, postgraduates, as well as faculty enjoy access to a multitude of opportunities for study and research. A pioneer in technology transfer, with historic contributions in nuclear medicine and health physics, ORAU today conducts specialized training in nuclear related areas of energy, health and the environment. Appointment and program length range from one month to four years. Many of these programs are especially designed to increase the numbers of underrepresented minority students pursuing degrees in science - and engineering - related disciplines. ORAU currently does about $100 million in work annually that falls outside the contract for managing the Oak Ridge Institute for Science and Education.

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

Roane State Community College Oak Ridge Campus. Roane State Community College, which began operation in 1971 in Harriman, Tennessee, is a two-year higher education institution which serves a fifteen county area. Fall 2018 enrollment was about 5,870 students. Designed for students who plan to transfer to senior institutions, the Roane State academic transfer curricula include two years of instruction in the humanities, mathematics, natural sciences, and social sciences. Approximately 21 college transfer programs and/or options are offered by the college.

Roane State's 104-acre main campus is centrally located in Roane County where a wide variety of programs are offered. Roane State has nine locations across East Tennessee – the Roane County flagship campus; an Oak Ridge campus; campuses in Campbell, Cumberland, Fentress, Loudon, Morgan and Scott Counties; and a center for health science education in West Knoxville.
Source: Roane State Community College.

The Tennessee College of Applied Technology at Harriman. The Tennessee College of Applied Technology at Harriman (the "TCAT-H") is part of a statewide system of 26 vocational-technical schools. The TCAT-H meets a Tennessee mandate that no resident is more than 50 miles from a vocational-technical school. The institution's primary purpose is to meet the occupational and technical training needs of the citizens including employees of existing and prospective businesses and industries in the region. The TCAT-H serves the eastern region of the state including Anderson, Loudon, Meigs, Morgan, Rhea, and Roane Counties. The TCAT-H began operations in 1970, and the main campus is located in Roane County. Fall 2017 enrollment was 701 students.
Source: Tennessee Technology Center at Harriman.

MEDICAL

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

Covenant Health, headquartered in nearby Knoxville, has nine acute-care hospitals, inpatient and outpatient cancer care, behavioral and rehabilitation centers, home health, outpatient surgery and diagnostic centers, physician offices and more. More than 10,000 people are employed by Covenant Health and its member organizations, with nearly 1,500 affiliated physicians. Covenant Health is a comprehensive health system established in 1996.
Source: Covenant Health and Methodist Medical Center.

SCIENCE AND ENERGY

History

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

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

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

Research

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

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

<u>Oak Ridge National Lab.</u> ORNL is a multi-program science and technology laboratory managed for the DOE by UT-Battelle, LLC. Scientists and engineers at ORNL conduct basic and applied research and development to create scientific knowledge and technological solutions that strengthen the nation's leadership in key areas of science; increase the availability of clean, abundant

energy; restore and protect the environment; and contribute to national security. ORNL also performs other work for DOE, including isotope production, information management, and technical program management, and provides research and technical assistance to other organizations. The laboratory is a program of DOE's Oak Ridge Field Office.

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

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

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

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

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

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

The “Summit” was operational in 2018 and is eight times faster than the “Titan”. “Summit” is able to make over 140 quadrillion calculations per second, measured as 140 petaflops. Due to all the energy and heat produced by the calculations, “Summit” produces more heat per square centimeter than tiles on the bottom of a spaceship re-entering Earth's atmosphere. Therefore, “Summit” is cooled by water pumped through plates that sit on top of the computer's chips. In all, “Summit” uses up to 15 megawatts, equivalent to the power 9,000 to 18,000 homes would consume, depending on the time of day. At peak, “Titan” uses about 9 megawatts.

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

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

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

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

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

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

National Institute for Mathematical and Biological Synthesis (NIMBioS) is a first-of-its-kind institute dedicated to combining mathematics and biology to solve problems in both scientific fields. The center was funded by a 2008 $16 million award from the National Science Foundation and is located at the University of Tennessee. A unique aspect of NIMBioS will be its partnership with the Great Smoky Mountains National Park. The park and its Twin Creeks Science Center play a key role in the institute's work, with the park serving as a testing ground for many of the ideas that come from NIMBioS. Partners in NIMBioS include the US Department of Agriculture and the US Department of Homeland Security, IBM and ESRI, a developer of software and technology related to geographic information systems. It draws over 600 researchers each year to Knoxville.

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

Nuclear

<u>Integrated Facilities Disposition Program.</u> The DOE has approved a massive $18 billion Oak Ridge cleanup campaign. The cleanup program would demolish more than 400 contaminated buildings at ORNL and the Y-12 nuclear weapons plant. The program would also focus on mitigating polluted ground water at the sites and other actions to reduce environmental damage. The work began in 2011 and could take up to 45 years to complete. In 2015, $424 million was set aside for the environmental cleanup activities in Oak Ridge.

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

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

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

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

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

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

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

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

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

POWER PRODUCTION

Bull Run Fossil Plant. TVA's Bull Run Fossil Plant is located on Bull Run Creek near Oak Ridge in Anderson County. It is the only single-generator coal-fired power plant in the TVA system. When the generator went into operation in 1967, it was the largest in the world in the volume of steam produced. Bull Run has a single coal-fired generating unit. The winter net dependable generating capacity is about 870 megawatts. The plant consumes about 7,300 tons of coal a day. Bull Run's boiler, one of the largest in the United States, contains about 300 miles of tubes.

Electricity is generated at Bull Run by the process of heating water in a boiler to produce steam. Under extremely high pressure, the steam flows into a turbine that spins a generator to make electricity. Bull Run generates more than six billion kilowatt-hours of electricity a year, enough to supply about 430,000 homes. It has been ranked the most-efficient coal-fired plant in the nation 13 times and is consistently in the top five each year.

To reduce sulfur dioxide (SO_2) emissions, Bull Run burns a blend of low-sulfur coal. Construction of a scrubber to further reduce SO_2 began in 2005 completed in 2009. To reduce nitrogen oxides (NO_X), the plant uses a selective catalytic reduction system as well as combustion and boiler optimization controls. In 2010 TVA had spent about $5.7 billion on emission controls at its fossil-fuel plants to ensure that this power supply is generated as cleanly as possible, consistent with efficiency.

See "RECENT DEVELOPMENTS" on TVA's plan to shut down Bull Run Steam Plant by 2023.

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

Electricity is produced at each of Kingston's nine coal-fired units by the process of heating water in a boiler to produce steam. Under extremely high pressure, the steam flows into a turbine that spins a generator to make electricity. Kingston generates about 10 billion kilowatt-hours of electricity a year, enough to supply more than 700,000 homes. To reduce sulfur dioxide (SO_2) emissions, all nine units use a blend of low-sulfur coal. Scrubbers are being added to the units to further reduce SO_2. This project cost about $500 million. TVA spent about $6 billion on emissions controls at its fossil-fuel plants to ensure that this power supply is generated as cleanly as possible, consistent with efficiency.

Source: Tennessee Valley Authority.

Norris Dam. TVA's Norris Dam, the first dam TVA built, is located in Anderson County on the Clinch River. Construction of the Dam began in 1933, just a few months after the creation of TVA, and was completed in 1936. Norris Dam is 265 feet high and stretches 1,860 feet across the Clinch River. The generating capacity of Norris is 131,400 kilowatts of electricity. In 2005 TVA opened a new visitor center at the dam. Visitors can learn about the history of Norris, hydropower operations, and TVA's management of the river system.

Source: Tennessee Valley Authority.

MANUFACTURING AND COMMERCE

A dedicated effort by the DOE to transfer technology to the private sector that was heretofore held as proprietary to the U.S. Government alone has led to an unparalleled growth in new business development in the area. Licenses have been granted to existing firms as well as start-up firms to manufacture for commercial use products using state-of-the-art technology in robotics, ceramics and nuclear medicine.

Currently, there are several industrial parks in the County which were developed by the County, and a few parks which were developed by private firms. The number of tenants, the diversity of their products and total employment in these parks point to a stable and thriving economic sector. The *Municipal Industrial Park* was the first park to be developed by the County and has been fully privatized for some years.

The activities undertaken by these firms include generalized and highly specific tooling and machining operations; design and manufacture of instrumentation and measurement devices; design and fabrication of metal bellows, piping and damping systems; custom fabrication of aluminum and zinc die cast parts, design and manufacture of food packaging systems; super-conducting magnet design and fabrication; and decontamination, restoration and recycling of nuclear equipment components and materials.

Oak Ridge completed building the infrastructure for the 118-acre *Bethel Valley Industrial Park* in 1989. All of the park's 28 sites, totaling approximately 80 acres, have been sold to industries.

The *Clinch River Industrial Park* is a 100-acre site that has been fully privatized since 1990. The Scientific Ecology Group, Inc. and International Technology Corporation (IT) occupy the 8 lots within this park resulting in employment of approximately 1,300 individuals. Both firms operate decontamination waste facilities. The *Clinton / I-75 Industrial Park* has about 40 acres near Interstate 75.

Commerce Park, a 300-acre fully planned industrial/research and development park developed by Lockheed Martin is strategically located as the northern anchor to the Technology Corridor. The Technical Center is a 262,000-square foot office complex consisting of five structures, all of which are fully leased.

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

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

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

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

The *Valley Industrial Park*, a 90-acre site has more than 20 industrial facilities located within the Park. The activities undertaken by firms in this park include development and manufacturing of robotics devices; development of coating materials; manufacturing of security devices; integrated information management services; manufacturing of precision measuring devices; tooling and machining operations; rolling and fabrication of metal sheet products; and a waste management facility.

Source: Knoxville News Sentinel.

Listed below are the larger employers located in the County:

Major Employers in Anderson County[1]

Name	Product	Employment
Y-12 National Security Complex[2]	National Security	8,000
Oak Ridge National Lab[3]	National Security	4,600
UCOR	Environmental Management	1,640
Anderson County Schools	Education	1,050
SiTel	Customer Service Centers	1,001
Methodist Medical Center	Health Care	1,200
Oak Ridge Associated Universities	Research & Development	900
Aisin Automotive Casting	Automotive Parts	882
Eagle Bend Manufacturing	Manufacturing	850
SamLip (SL) Tennessee	Manufacturing	800
Science Applications, Int'l. Corp.	IT Research & Engineering	800
Oak Ridge Schools	Education	689
ORNL Federal Credit Union	Finance	475
Anderson County	Government	422
Caristar Group	Manufacturing	400
Appalachian Underwriters	Insurance	300

[1] Contains employers located in both the counties the City of Oak Ridge lies in.
[2] Contains contractors, subcontractors and federal employees of Y-12 National Security Complex.
[3] ORNL is a joint venture of University of Tennessee and Battelle.
Source: Knoxville News Sentinel, Anderson County Audit and the City of Oak Ridge – 2019.
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EMPLOYMENT INFORMATION

For the month of September 2019, the unemployment rate for Oak Ridge stood at 3.0% with 14,152 persons employed out of a labor force of 14,588. For the month of September 2019, the unemployment rate for Anderson County stood at 3.2% with 34,320 persons employed out of a labor force of 35,460.

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

Unemployment

	Annual Average **2014**	Annual Average **2015**	Annual Average **2016**	Annual Average **2017**	Annual Average **2018**
National	6.2%	5.3%	4.9%	4.4%	3.6%
Tennessee	6.6%	5.6%	4.7%	3.8%	3.5%
Oak Ridge	**6.2%**	**5.2%**	**4.5%**	**3.7%**	**3.5%**
Index vs. National	100	98	92	84	97
Index vs. State	94	93	96	97	100
Anderson County	**6.8%**	**5.8%**	**4.8%**	**4.0%**	**3.8%**
Index vs. National	110	109	98	91	106
Index vs. State	103	104	102	105	109
Knoxville MSA	**6.1%**	**5.2%**	**4.4%**	**3.6%**	**3.3%**
Index vs. National	98	98	90	82	92
Index vs. State	92	93	94	95	94
Knoxville-Sevierville-Harriman CSA	**6.4%**	**5.5%**	**4.6%**	**3.7%**	**3.4%**
Index vs. National	103	104	94	84	94
Index vs. State	97	98	98	97	97

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

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ECONOMIC DATA

Per Capita Personal Income

	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
Anderson County	**$36,252**	**$37,534**	**$38,686**	**$39,883**	**$40,847**
Index vs. National	81	80	79	80	79
Index vs. State	92	92	90	91	90
Knoxville MSA	**$38,267**	**$39,816**	**$41,611**	**$42,547**	**$43,903**
Index vs. National	85	85	85	85	85
Index vs. State	97	97	97	97	96
Knoxville-Sevierville-Harriman CSA	**$36,786**	**$38,233**	**$39,953**	**$40,847**	**$42,102**
Index vs. National	82	81	82	82	82
Index vs. State	93	93	93	93	92

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

Social and Economic Characteristics

	National	Tennessee	Anderson County	Clinton	Oak Ridge
Median Value Owner Occupied Housing	$184,700	$146,000	$132,300	$150,000	$149,900
% High School Graduates or Higher Persons 25 Years Old and Older	87.0%	86.0%	85.5%	86.1%	92.4%
% Persons with Income Below Poverty Level	12.3%	15.0%	15.3%	15.0%	15.9%
Median Household Income	$55,322	$46,574	$44,241	$41,078	$55,322

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

TOURISM AND RECREATION

American Museum of Science and Energy. Drawing thousands of visitors from across the United States and abroad are the American Museum of Science and Energy and the Oak Ridge Graphite Reactor. More than 225,000 persons visit the Museum annually. The museum opened in 1949 in an old wartime cafeteria of the ORNL. Its guided tours took visitors through the peaceful uses of atomic energy. The present facility, opened in 1975, continues to provide the general public with energy information. The museum includes historical photographs, documents and artifacts explaining the story of Oak Ridge and the Manhattan Project. There is an Exploration Station that offers self-directed activities which explore light and color, sound, problem-solving, static electricity, robotics, vision and more. It also includes exhibits on Y-12 and National Defense, the Earth's energy resources and nuclear reactors and energy.

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

Source: American Museum of Science and Energy.

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

Source: Forest Resources Research and Education Center.

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

Source: Tennessee Valley Authority.

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

Norris Reservoir. Norris Reservoir extends 73 miles up the Clinch River and 56 miles up the Powell from Norris Dam. It covers 5 counties: Anderson, Campbell, Union, Claiborne and Grainger Counties. Norris provides 809 miles of shoreline and 33,840 acres of water surface. It is the largest reservoir on a tributary of the Tennessee River. Norris Reservoir is an important component of the system TVA set up to reduce the risks of these disasters. The recreational use of Norris Reservoir exceeds that of any other tributary reservoir in the TVA river system. Water sports at Norris include boating, water skiing, swimming, and excellent fishing.

Source: Tennessee Valley Authority.

Watts Bar Reservoir. TVA's Watts Bar Dam is located along the Meigs and Rhea County line on the Tennessee River. Watts Bar Reservoir extends 72.4 miles northeast from the Dam to Fort Loudoun Dam through Rhea, Meigs, Roane and Loudon Counties. Watts Bar is one of nine TVA dams on the Tennessee River. The reservoir attracts millions of recreational visits each year for boating, fishing, swimming, camping, and other outdoor activities. Watts Bar also creates a slack-water channel for navigation more than 20 miles up the Clinch River and 12 miles up its tributary, the Emory. The lock at Watts Bar handles more than a million tons of cargo a year, and the reservoir plays an important role in flood control.

Source: Tennessee Valley Authority.

OTHER DEVELOPMENTS

Bull Run Steam Plant. In early 2019 TVA announced plans to shut down the Bull Run Steam Plant by 2023, along with the Paradise Fossil Plant in western Kentucky. TVA estimates the shutdown of the aging facilities, which would have required an estimated $1.3 billion in equipment and maintenance investments over an extended life of the plants, will save TVA $320 million.

The closing of the two plants will cost 167 jobs at Paradise and about 100 jobs at Bull Run, plus hundreds of other coal supply and related jobs in support of the plants. TVA has already shut down 32 of the 59 coal-fired units it once operated, cutting the share of its power generated by burning coal from nearly two-thirds of TVA's generation in the 1980s to less than 20 percent in fiscal 2018.

The Bull Run Fossil Plant, located on the Bull Run Creek near Oak Ridge, is the only single-generator coal-fired power plant in the TVA system and went into operation in 1967. The plant has a capacity of generating 881 megawatts of power, or enough to supply about 400,000 homes.

Dura-Line. Headquartered in Knoxville, Dura-Line is a manufacturer of conduit products for the telecommunications industry. In 2015 the company announced a new $25 million facility in Clinton that created 70 new jobs.

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

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

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

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

Samlip Tennessee. An automotive parts supplier, Samlip Tennessee, invested $80.5 million and created 1,000 jobs to expand its Clinton facility in the Eagle Bend Industrial Park, which was operational in 2015. This 2015 expansion added 250,000 more square feet to its existing 500,000 square feet under roof. The company already has made $50 million in expansions and added 400 workers since 2010. The expansions are due to the new Volkswagen automotive plant north of Chattanooga. SL America Corporation has three facilities in North America and more than 6,000 employees world-wide.

Uranium Processing Facility (the "UPF"). The UPF project is being built through a series of seven sub-projects. Two have already been completed under budget and two are currently under construction. The salvage and accountability building, a process support facility and the UPF's 240,000 square-foot main process building were the last of seven sub-projects to receive DOE approval. The main process building will house the facility's primary stockpile maintenance function: recycling uranium from old nuclear warheads to maintain the current arsenal. The designs reached the 90 percent completion milestone in September 2017. The National Nuclear Security Administration (NNSA) said the Uranium Processing Facility will use a "safer, cleaner and more efficient" process to modernize uranium warheads. President Trump signed a $1.3 trillion government spending bill in March of 2018 that allocated $663 million for the facility's construction. The money allocated will help keep the construction on schedule for 2025 completion and under its $6.5 billion budget cap.

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

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ANDERSON COUNTY, TENNESSEE

SUMMARY OF BONDED INDEBTEDNESS

As of June 30, 2019

AMOUNT ISSUED	PURPOSE (1)	DUE DATE	INTEREST RATE(S)	AMOUNT OUTSTANDING
$ 1,700,000	Loan Agreement, Series 2001	May 2021	Variable	$ 262,000
3,000,000	Loan Agreement, Series 2006	May 2025	Variable	1,141,000
2,450,000	General Obligation Bonds, Series 2010 (Federally Taxable Build America Bonds)	May 2028	Fixed	1,370,000
14,750,000	General Obligation Bonds, Series 2011D	May 2029	Fixed	7,000,000
8,030,000	General Obligation Refunding Bonds, Series 2017	May 2035	Fixed	7,940,000
1,400,000	General Obligation Capital Outlay Notes, Series 2017A	June 2029	Fixed	1,197,000
2,000,000	(2) Rural Elementary School Bonds, Series 2011E	May 2031	Fixed	1,800,000
352,931	(2) Rural Elementary School Loan, Series 010-002 (EESI)	2022	Fixed	111,769
4,505,215	(2) Rural Elementary School Loan, Series 2014A	May 2031	Fixed	3,610,000
6,310,000	(2) Rural Elementary School Refunding Bonds, Series 2018A	May 2026	Fixed	5,675,000
5,620,000	(2) Rural Elementary School Bonds, Series 2019A	May 2039	Fixed	5,620,000
8,000,000	(3) Rural High School Bonds, Series 2011F	May 2031	Fixed	7,185,000
5,180,000	(3) Rural High School Loan, Series 2014B	May 2031	Fixed	4,110,000
4,770,000	(3) Rural High School Refunding Bonds, Series 2018B	May 2025	Fixed	4,200,000
5,280,000	(3) Rural High School Bonds, Series 2019B	May 2039	Fixed	5,280,000
489,502	(4) Energy Efficient Note, Series 2011	November 2021	Fixed	118,302
352,931	(4) Energy Efficient Note, Series 2012	August 2022	Fixed	111,780
957,236	(4) Capital Lease, Series 2003	December 2020	Fixed	144,861
$ 75,147,815	**TOTAL BONDED DEBT (1)**			$ 56,876,712
$ 15,825,000	General Obligation Bonds, Series 2020A	May 2040	Fixed	$ 15,825,000
1,830,000	(2) Rural Elementary School Refunding Bonds, Series 2020B	May 2031	Fixed	1,830,000
7,150,000	(3) Rural High School Refunding Bonds, Series 2020C	May 2031	Fixed	7,150,000
(17,200,000)	Less: General Obligation Bonds being refunded			(7,835,000)
(2,000,000)	Less: Rural Elementary School Bonds being refunded			(1,775,000)
(8,000,000)	Less: Rural High School Bonds being refunded			(7,000,000)
$ 72,752,815	**NET BONDED DEBT**			$ 65,071,712

NOTES:

(1) The above figures do not include all short-term notes outstanding, if any. For more information, see the notes to the Financial Statements in the "Comprehensive Annual Financial Report". Excludes USDA Loan of $125,000 payable from the General Debt Service Fund ($0 outstanding) but previously payable for the Library Fund or $223,225 Note payable through Ambulance Service Fund ($100,000 outstanding) or $501,365 Capital Lease for Phone System payable from General Debt Service Fund ($18,273 outstanding).

(2) Payable from Rural School Debt Service Fund (Elementary).

(3) Payable from Education Debt Service Fund (High School).

(4) Payable from General Purpose School Fund.

ANDERSON COUNTY, TENNESSEE
Indebtedness and Debt Ratios

INTRODUCTION

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

	For the Fiscal Year Ended June 30					After Issuance
INDEBTEDNESS	**2015**	**2016**	**2017**	**2018**	**2019**	**2020**
TAX SUPPORTED						
G.O. Bonds & Notes - County-Wide and Schools	$21,368,727	$20,402,997	$21,549,724	$20,439,799	$18,910,000	$26,900,000
G.O. Bonds - Rural Elementary School	15,475,000	14,565,000	13,812,353	12,092,061	16,816,769	16,871,769
G.O. Bonds - Rural High School	20,020,000	20,225,000	18,832,000	16,885,000	20,775,000	20,925,000
TOTAL TAX SUPPORTED	56,863,727	55,192,997	54,194,077	49,416,860	56,501,769	64,696,769
TOTAL DEBT	56,863,727	55,192,997	54,194,077	49,416,860	56,501,769	64,696,769
Less: D.S. Fund - County-Wide	(2,981,887)	(3,133,536)	(3,306,294)	(3,392,264)	(1,740,621)	(1,740,621)
Less: D.S. Fund - Rural Elementary School (Includes Notes Due to Fund)	(60,433)	(86,842)	(370,959)	(637,322)	(934,395)	(934,395)
Less: D.S. Fund - Rural High School (Includes Notes Due to Fund)	(1,755,208)	(1,654,410)	(1,239,027)	(722,868)	(254,713)	(254,713)
NET DIRECT DEBT	52,126,632	50,405,051	49,648,756	45,301,728	54,506,435	62,701,435
OVERLAPPING DEBT - (1)	77,853,702	74,661,052	71,170,154	77,854,500	72,438,177	72,438,177
NET DIRECT & OVERLAPPING DEBT	129,980,334	125,066,103	120,818,911	123,156,228	126,944,612	135,139,612
PROPERTY TAX BASE						
County-Wide						
Estimated Actual Value	$ 5,715,272,032	$ 5,473,537,110	$ 5,611,802,105	$ 5,985,637,163	$ 6,075,766,637	$ 6,075,766,637
Estimated Appraised Value	5,715,272,032	5,473,537,110	5,611,802,105	5,661,814,192	5,747,067,662	5,747,067,662
Estimated Assessed Value	1,648,263,620	1,589,995,204	1,636,077,168	1,652,342,035	1,677,604,584	1,677,604,584
Rural Elementary School - (2)						
Estimated Actual Value	$ 2,457,662,008	$ 2,280,022,069	$ 2,292,182,241	$ 2,448,284,107	$ 2,475,179,313	$ 2,475,179,313
Estimated Appraised Value	2,457,662,008	2,280,022,069	2,292,182,241	2,315,831,937	2,341,272,112	2,341,272,112
Estimated Assessed Value	656,457,495	611,592,164	614,500,212	621,609,396	628,176,798	628,176,798
Rural High School - (3)						
Estimated Actual Value	$ 3,535,769,809	$ 3,359,814,636	$ 3,488,284,838	$ 3,724,251,381	$ 3,778,893,130	$ 3,778,893,130
Estimated Appraised Value	3,535,769,809	3,359,814,636	3,488,284,838	3,522,769,381	3,574,455,012	3,574,455,012
Estimated Assessed Value	992,798,568	949,574,167	992,512,938	1,002,759,865	1,016,073,161	1,016,073,161

(1) OVERLAPPING DEBT includes that portion of debt incurred by the Cities of Clinton and portions of Oak Ridge, Oliver Springs and Rocky Top in Anderson County.
(2) Includes only property located outside the corporate limits of the Cities of Clinton and Oak Ridge.
(3) Includes only property located outside the corporate limits of the City of Oak Ridge.

DEBT RATIOS - COUNTY-WIDE	2015	2016	2017	2018	2019	After Issuance 2020
	For the Fiscal Year Ended June 30					
TOTAL DEBT to Estimated Actual Value	0.99%	1.01%	0.97%	0.83%	0.93%	1.06%
TOTAL DEBT to Appraised Value	0.99%	1.01%	0.97%	0.87%	0.98%	1.13%
TOTAL DEBT to Assessed Value	3.45%	3.47%	3.31%	2.99%	3.37%	3.86%
NET DIRECT DEBT to Estimated Actual Value	0.91%	0.92%	0.88%	0.76%	0.90%	1.03%
NET DIRECT DEBT to Appraised Value	0.91%	0.92%	0.88%	0.80%	0.95%	1.09%
NET DIRECT DEBT to Assessed Value	3.16%	3.17%	3.03%	2.74%	3.25%	3.74%
OVERLAPPING DEBT to Estimated Actual Value	1.36%	1.36%	1.27%	1.30%	1.19%	1.19%
OVERLAPPING DEBT to Appraised Value	1.36%	1.36%	1.27%	1.38%	1.26%	1.26%
OVERLAPPING DEBT to Assessed Value	4.72%	4.70%	4.35%	4.71%	4.32%	4.32%
NET DIRECT & OVERLAPPING DEBT to Estimated Actual Value	2.27%	2.28%	2.15%	2.06%	2.09%	2.22%
NET DIRECT & OVERLAPPING DEBT to Appraised Value	2.27%	2.28%	2.15%	2.18%	2.21%	2.35%
NET DIRECT & OVERLAPPING DEBT to Assessed Value	7.89%	7.87%	7.38%	7.45%	7.57%	8.06%
PER CAPITA RATIOS - COUNTY-WIDE						
POPULATION (1)	75,528	75,749	76,257	76,257	76,257	76,257
PER CAPITA PERSONAL INCOME (2)	$38,686	$39,883	$40,847	$40,847	$40,847	$40,847
Estimated Actual Value to POPULATION	75,671	72,259	73,591	78,493	79,675	79,675
Assessed Value to POPULATION	21,823	20,990	21,455	21,668	21,999	21,999
TOTAL DEBT to POPULATION	753	729	711	648	741	848
NET DIRECT DEBT to POPULATION	690	665	651	594	715	822
OVERLAPPING DEBT to POPULATION	1,031	986	933	1,021	950	950
NET DIRECT & OVERLAPPING DEBT to POPULATION	1,721	1,651	1,584	1,615	1,665	1,772
Total Debt Per Capita as a percent of PER CAPITA PERSONAL INCOME	28.89%	27.71%	28.13%	28.41%	28.85%	28.85%
NET DIRECT DEBT Per Capita as a % of PER CAPITA PERSONAL INCOME	1.00%	0.96%	0.93%	0.85%	0.97%	1.11%
OVERLAPPING DEBT Per Capita as a % of PER CAPITA PERSONAL INCOME	2.66%	2.47%	2.28%	2.50%	2.33%	2.33%
NET DIRECT & OVERLAPPING DEBT Per Capita as a % of PER CAPITA PERSONAL INCOME	4.45%	4.14%	3.88%	3.95%	4.08%	4.34%

(1) Computations are based upon estimates extracted from Tennessee Association of Business publications and Bureau of the Census Information.
(2) PER CAPITA PERSONAL INCOME is based upon data available from the U.S. Department of Commerce.

	For the Fiscal Year Ended June 30					After Issuance
DEBT RATIOS - RURAL ELEMENTARY SCHOOL	**2015**	**2016**	**2017**	**2018**	**2019**	**2020**
TOTAL DEBT to Estimated Actual Value	0.63%	0.64%	0.60%	0.49%	0.68%	0.68%
TOTAL DEBT to Appraised Value	0.63%	0.64%	0.60%	0.52%	0.72%	0.72%
TOTAL DEBT to Assessed Value	2.36%	2.38%	2.25%	1.95%	2.68%	2.69%
NET DIRECT DEBT to Estimated Actual Value	0.63%	0.64%	0.59%	0.47%	0.64%	0.64%
NET DIRECT DEBT to Appraised Value	0.63%	0.64%	0.59%	0.49%	0.68%	0.68%
NET DIRECT DEBT to Assessed Value	2.35%	2.37%	2.19%	1.84%	2.53%	2.54%
PER CAPITA RATIOS - RURAL ELEMENTARY SCHOOL						
POPULATION (1)	36,177	36,398	37,058	37,058	37,058	37,058
PER CAPITA PERSONAL INCOME (2)	$38,686	$39,883	$40,847	$40,847	$40,847	$40,847
Estimated Actual Value to POPULATION	67,934	62,641	61,854	66,066	66,792	66,792
Assessed Value to POPULATION	67,934	62,641	61,854	62,492	63,179	63,179
TOTAL DEBT to POPULATION	428	400	373	326	454	455
NET DIRECT DEBT to POPULATION	426	398	363	309	429	430
Total Debt Per Capita as a percent of PER CAPITA PERSONAL INCOME	1.11%	1.00%	0.91%	0.80%	1.11%	1.11%
NET DIRECT DEBT Per Capita as a % of PER CAPITA PERSONAL INCOME	1.10%	1.00%	0.89%	0.76%	1.05%	1.05%

(1) Computations are based upon estimates extracted from Tennessee Association of Business publications and includes only that portion of the population residing outside the Cities of Clinton and Oak Ridge.

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

	For the Fiscal Year Ended June 30					After Issuance
DEBT RATIOS - RURAL HIGH SCHOOL	**2015**	**2016**	**2017**	**2018**	**2019**	**2020**
TOTAL DEBT to Estimated Actual Value	0.57%	0.60%	0.54%	0.45%	0.55%	0.55%
TOTAL DEBT to Appraised Value	0.57%	0.60%	0.54%	0.48%	0.58%	0.59%
TOTAL DEBT to Assessed Value	2.02%	2.13%	1.90%	1.68%	2.04%	2.06%
NET DIRECT DEBT to Estimated Actual Value	0.52%	0.55%	0.50%	0.43%	0.54%	0.55%
NET DIRECT DEBT to Appraised Value	0.52%	0.55%	0.50%	0.46%	0.57%	0.58%
NET DIRECT DEBT to Assessed Value	1.84%	1.96%	1.77%	1.61%	2.02%	2.03%
PER CAPITA RATIOS - RURAL HIGH SCHOOL						
POPULATION (1)	46,226	46,447	47,161	47,161	47,161	47,161
PER CAPITA PERSONAL INCOME (2)	$38,686	$39,883	$40,847	$40,847	$40,847	$40,847
Estimated Actual Value to POPULATION	76,489	72,337	73,965	78,969	80,128	80,128
Assessed Value to POPULATION	76,489	72,337	73,965	74,697	75,793	75,793
TOTAL DEBT to POPULATION	433	435	399	358	441	444
NET DIRECT DEBT to POPULATION	395	400	373	343	435	438
Total Debt Per Capita as a percent of PER CAPITA PERSONAL INCOME	1.12%	1.09%	0.98%	0.88%	1.08%	1.09%
NET DIRECT DEBT Per Capita as a % of PER CAPITA PERSONAL INCOME	1.02%	1.00%	0.91%	0.84%	1.07%	1.07%

(1) Computations are based upon estimates extracted from Tennessee Association of Business publications and includes only that portion of the population residing outside the City of Oak Ridge.

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

ANDERSON COUNTY, TENNESSEE
BONDED DEBT SERVICE REQUIREMENTS
General Debt Service - Excludes Rural Elementary School and Rural High School Debt

F.Y. Ended 6/30	Existing Debt as of June 30, 2019 (1) Principal	Interest (2)	Treasury Rebate	TOTAL	Less: Bonds Being Refunded Principal	Interest	Treasury Rebate	TOTAL	General Obligation Bonds, Series 2020A Principal	Interest (4)	TOTAL	% 2020A Principal Repaid	Total Bonded Debt Service Requirements (1) Principal	Interest (2)	Treasury Rebate	TOTAL	% Total Principal Repaid
2020	$ 985,000	$ 623,450	$ (23,837)	$ 1,584,613	$ -	$ -	$ -	$ -	$ -	$ -	$ -	0.00%	$ 985,000	$ 623,450	$ (23,837)	$ 1,584,613	3.66%
2021	1,003,000	587,154	(21,805)	1,568,349	(540,000)	(295,050)	21,805	(813,245)	1,005,000	303,534	1,308,534		1,468,000	595,638	-	2,063,638	
2022	1,038,000	552,766	(19,600)	1,571,166	(695,000)	(279,750)	19,600	(955,150)	1,155,000	291,513	1,446,513		1,498,000	564,528	-	2,062,528	
2023	1,098,000	516,157	(17,063)	1,597,095	(745,000)	(256,000)	17,063	(983,938)	1,275,000	274,188	1,549,188		1,628,000	534,345	-	2,162,345	
2024	1,137,000	477,655	(14,525)	1,600,130	(775,000)	(230,750)	14,525	(991,225)	1,285,000	254,425	1,539,425	29.83%	1,647,000	501,330	-	2,148,330	26.86%
2025	1,181,000	437,692	(11,900)	1,606,792	(805,000)	(204,500)	11,900	(997,600)	1,310,000	233,865	1,543,865		1,686,000	467,057	-	2,153,057	
2026	1,209,000	396,248	(9,188)	1,596,061	(1,035,000)	(177,250)	9,188	(1,203,063)	1,330,000	211,595	1,541,595		1,504,000	430,593	-	1,934,593	
2027	1,243,000	348,834	(6,248)	1,585,587	(1,065,000)	(133,850)	6,248	(1,192,603)	1,350,000	187,655	1,537,655		1,528,000	402,639	-	1,930,639	
2028	1,306,000	299,864	(3,216)	1,602,648	(1,125,000)	(89,188)	3,216	(1,210,972)	1,375,000	162,005	1,537,005		1,556,000	372,681	-	1,928,681	
2029	1,235,000	248,298	-	1,483,298	(1,050,000)	(42,000)	-	(1,092,000)	1,235,000	134,505	1,369,505	71.53%	1,420,000	340,803	-	1,760,803	55.46%
2030	1,160,000	201,825	-	1,361,825	-	-	-	-	390,000	108,570	498,570		1,550,000	310,395	-	1,860,395	
2031	1,195,000	170,505	-	1,365,505	-	-	-	-	370,000	99,990	469,990		1,565,000	270,495	-	1,835,495	
2032	1,225,000	138,240	-	1,363,240	-	-	-	-	380,000	91,480	471,480		1,605,000	229,720	-	1,834,720	
2033	1,265,000	105,165	-	1,370,165	-	-	-	-	385,000	83,310	468,310		1,650,000	188,475	-	1,838,475	
2034	1,300,000	71,010	-	1,371,010	-	-	-	-	395,000	74,648	469,648	83.67%	1,695,000	145,658	-	1,840,658	85.45%
2035	1,330,000	35,910	-	1,365,910	-	-	-	-	405,000	65,365	470,365		1,735,000	101,275	-	1,836,275	
2036	-	-	-	-	-	-	-	-	415,000	55,645	470,645		415,000	55,645	-	470,645	
2037	-	-	-	-	-	-	-	-	425,000	45,478	470,478		425,000	45,478	-	470,478	
2038	-	-	-	-	-	-	-	-	435,000	34,853	469,853		435,000	34,853	-	469,853	
2039	-	-	-	-	-	-	-	-	445,000	23,760	468,760	97.09%	445,000	23,760	-	468,760	98.29%
2040	-	-	-	-	-	-	-	-	460,000	12,190	472,190	100.00%	460,000	12,190	-	472,190	100.00%
	$ 18,910,000	$ 5,210,770	$ (127,380)	$ 23,993,390	$ (7,835,000)	$ (1,708,338)	$ 103,543	$ (9,439,794)	$ 15,825,000	$ 2,748,572	$ 18,573,572		$ 26,900,000	$ 6,251,004	$ (23,837)	$ 33,127,167	

NOTES:

(1) The above figures do not include all short-term notes outstanding, if any. For more information, see the notes to the Financial Statements in the "Comprehensive Annual Financial Report". Excludes USDA Loan of $125,000 payable from the General Debt Service Fund ($0 outstanding) but previously payable for the Library Fund or $223,225 Note payable through Ambulance Service Fund ($100,000 outstanding) or $501,365 Capital Lease for Phone System payable from General Debt Service Fund ($18,273 outstanding).

(2) Includes the Gross Interest Cost on the General Obligation Bonds, Series 2010 (Federally Taxable Build America Bonds).

(3) Estimated Interest Rates. Estimated Average Coupon 2.25%.

ANDERSON COUNTY, TENNESSEE
BONDED DEBT SERVICE REQUIREMENTS
Rural Elementary School Debt - Excludes General Debt Service and Rural High School Debt

F.Y. Ended 6/30	Existing Debt as of June 30, 2019 (1) Principal	Interest	TOTAL	Less: Bonds Being Refunded Principal	Interest	TOTAL	Rural Elementary School Bonds, Series 2020B Principal	Interest (2)	TOTAL	% 2020B Principal Repaid	Total Bonded Debt Service Requirements (1) Principal	Interest	TOTAL	% All Principal Repaid
2020	$ 1,120,292	$ 679,533	$ 1,799,825	$ -	$ -	$ -	$ -	$ -	$ -	0.00%	$ 1,120,292	$ 679,533	$ 1,799,825	6.64%
2021	1,190,292	602,388	1,792,680	(25,000)	(68,175)	(93,175)	35,000	191,938	226,938		1,200,292	726,150	1,926,442	
2022	1,235,292	549,638	1,784,930	(25,000)	(67,425)	(92,425)	35,000	181,938	216,938		1,245,292	664,150	1,909,442	
2023	1,255,893	494,638	1,750,531	(25,000)	(66,675)	(91,675)	35,000	171,438	206,438		1,265,893	599,400	1,865,293	
2024	1,300,000	437,138	1,737,138	(25,000)	(65,925)	(90,925)	35,000	160,438	195,438	7.65%	1,310,000	531,650	1,841,650	36.40%
2025	1,355,000	377,138	1,732,138	(25,000)	(65,175)	(90,175)	35,000	148,938	183,938		1,365,000	460,900	1,825,900	
2026	1,410,000	314,388	1,724,388	(25,000)	(64,425)	(89,425)	35,000	136,938	171,938		1,420,000	386,900	1,806,900	
2027	990,000	248,638	1,238,638	(300,000)	(63,425)	(363,425)	310,000	124,438	434,438		1,000,000	309,650	1,309,650	
2028	1,010,000	219,650	1,229,650	(315,000)	(51,425)	(366,425)	320,000	119,138	439,138		1,015,000	287,363	1,302,363	
2029	1,055,000	188,838	1,243,838	(325,000)	(40,400)	(365,400)	325,000	111,038	436,038	63.66%	1,055,000	259,475	1,314,475	71.11%
2030	1,070,000	155,063	1,225,063	(335,000)	(27,400)	(362,400)	330,000	102,638	432,638		1,065,000	230,300	1,295,300	
2031	1,105,000	120,738	1,225,738	(350,000)	(14,000)	(364,000)	335,000	94,088	429,088	100.00%	1,090,000	200,825	1,290,825	
2032	305,000	85,238	390,238	-	-	-	-	-	-		305,000	85,238	390,238	
2033	315,000	76,088	391,088	-	-	-	-	-	-		315,000	76,088	391,088	
2034	325,000	66,638	391,638	-	-	-	-	-	-		325,000	66,638	391,638	89.48%
2035	335,000	56,888	391,888	-	-	-	-	-	-		335,000	56,888	391,888	
2036	345,000	46,838	391,838	-	-	-	-	-	-		345,000	46,838	391,838	
2037	355,000	36,056	391,056	-	-	-	-	-	-		355,000	36,056	391,056	
2038	365,000	24,519	389,519	-	-	-	-	-	-		365,000	24,519	389,519	
2039	375,000	12,656	387,656	-	-	-	-	-	-	100.00%	375,000	12,656	387,656	100.00%
	$ 16,816,769	$ 4,792,702	$ 21,609,471	$ (1,775,000)	$ (594,450)	$ (2,369,450)	$ 1,830,000	$ 1,542,963	$ 3,372,963		$ 16,871,769	$ 5,741,214	$ 22,612,984	

NOTES:

(1) The above figures do not include short-term notes outstanding, if any. For more information, see the notes to the Financial Statements in the "Comprehensive Annual Financial Report".

(2) Estimated Interest Rates. Estimated Average Coupon 2.10%.

ANDERSON COUNTY, TENNESSEE

BONDED DEBT SERVICE REQUIREMENTS

Rural High School Debt - Excludes General Debt Service and Rural Elementary School Debt

F.Y. Ended 6/30	Existing Debt as of June 30, 2019 (1) Principal	Interest	TOTAL	Less: Bonds Being Refunded Principal	Interest	TOTAL	Rural High School Bonds, Series 2020C Principal	Interest (2)	TOTAL	% 2020C Principal Repaid	Total Bonded Debt Service Requirements (1) Principal	Interest	TOTAL	% All Principal Repaid
2020	$ 1,170,000	$ 838,700	$ 2,008,700	$ -	$ -	$ -	$ -	$ -	$ -	0.00%	$ 1,170,000	$ 838,700	$ 2,008,700	5.59%
2021	1,240,000	758,444	1,998,444	(190,000)	(269,500)	(459,500)	245,000	203,356	448,356		1,295,000	692,300	1,987,300	
2022	1,290,000	705,306	1,995,306	(200,000)	(263,800)	(463,800)	245,000	194,356	439,356		1,335,000	635,863	1,970,863	
2023	1,350,000	649,869	1,999,869	(215,000)	(257,800)	(472,800)	260,000	185,106	445,106		1,395,000	577,175	1,972,175	
2024	1,400,000	591,731	1,991,731	(220,000)	(251,350)	(471,350)	260,000	175,356	435,356	14.13%	1,440,000	515,738	1,955,738	31.71%
2025	1,450,000	531,194	1,981,194	(225,000)	(244,750)	(469,750)	265,000	165,106	430,106		1,490,000	451,550	1,941,550	
2026	1,550,000	468,256	2,018,256	(900,000)	(238,000)	(1,138,000)	935,000	154,356	1,089,356		1,585,000	384,613	1,969,613	
2027	1,615,000	409,319	2,024,319	(925,000)	(202,000)	(1,127,000)	940,000	143,106	1,083,106		1,630,000	350,425	1,980,425	
2028	1,675,000	347,944	2,022,944	(975,000)	(165,000)	(1,140,000)	975,000	131,106	1,106,106		1,675,000	314,050	1,989,050	
2029	1,735,000	286,569	2,021,569	(1,000,000)	(126,000)	(1,126,000)	975,000	121,106	1,096,106	71.33%	1,710,000	281,675	1,991,675	70.37%
2030	1,795,000	223,106	2,018,106	(1,050,000)	(86,000)	(1,136,000)	1,010,000	110,706	1,120,706		1,755,000	247,813	2,002,813	
2031	1,865,000	157,244	2,022,244	(1,100,000)	(44,000)	(1,144,000)	1,040,000	99,906	1,139,906	100.00%	1,805,000	213,150	2,018,150	
2032	290,000	88,706	378,706	-	-	-	-	-	-		290,000	88,706	378,706	
2033	305,000	77,106	382,106	-	-	-	-	-	-		305,000	77,106	382,106	
2034	315,000	64,906	379,906	-	-	-	-	-	-		315,000	64,906	379,906	91.73%
2035	325,000	55,456	380,456	-	-	-	-	-	-		325,000	55,456	380,456	
2036	335,000	45,706	380,706	-	-	-	-	-	-		335,000	45,706	380,706	
2037	345,000	35,238	380,238	-	-	-	-	-	-		345,000	35,238	380,238	
2038	355,000	24,025	379,025	-	-	-	-	-	-		355,000	24,025	379,025	
2039	370,000	12,488	382,488	-	-	-	-	-	-		370,000	12,488	382,488	100.00%
	$ 20,775,000	$ 6,371,313	$ 27,146,313	$(7,000,000)	$ (2,148,200)	$(9,148,200)	$ 7,150,000	$ 1,683,569	$ 8,833,569		$ 20,925,000	$ 5,906,681	$ 26,831,681	

NOTES:

(1) The above figures do not include short-term notes outstanding, if any. For more information, see the notes to the Financial Statements in the "Comprehensive Annual Financial Report".

(2) Estimated Interest Rates. Estimated Average Coupon 2.10%.

ANDERSON COUNTY, TENNESSEE

BONDED DEBT SERVICE REQUIREMENTS

General Debt Service - Paid by General Purpose School Fund

As of June 30, 2019

F.Y. Ended 6/30	Total Bonded Debt Service Requirements (1) & (2) Principal	Interest	TOTAL	% Principal Repaid
2020	$ 199,222	$ 16,224	$ 215,446	53.13%
2021	114,119	3,346	117,465	83.57%
2022	55,709	-	55,709	98.43%
2023	5,893	-	5,893	100.00%
	$ 374,943	$ 19,571	$ 394,514	

NOTES:

(1) The above figures do not include short-term notes outstanding, if any. For more information, see the notes to the Financial Statements in the "Comprehensive Annual Financial Report".

(2) Includes a Headstart Facilities Capital Lease due through December 1, 2020 outstanding in the amount of $246,477.

FINANCIAL INFORMATION

INTRODUCTION

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

BASIS OF ACCOUNTING AND PRESENTATION

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

Proprietary funds are accounted for using the accrual basis of accounting, whereby revenues are recognized when they are earned and expenses are recognized when they are incurred. The reserve method is used to estimate the allowance for doubtful accounts for ambulance service receivables.

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FUND BALANCES, NET ASSETS AND RETAINED EARNINGS

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

	For the Fiscal Year Ended June 30,				
Fund Type	**2015**	**2016**	**2017**	**2018**	**2019**
Governmental Funds:					
General	$ 9,217,686	$10,485,984	$ 9,985,258	$12,034,803	$11,996,033
Ambulance Service	-	-	-	(612,529)	524,213
Highway/Public Works	2,223,952	3,508,655	3,107,083	3,581,239	3,981,626
Other Governmental	6,954,548	7,144,106	8,139,840	6,479,137	4,915,401
Total	$18,396,186	$21,138,745	$21,232,181	$21,482,650	$21,417,273
Proprietary Net Assets:					
Ambulance Service Fund*	$1,365,780	$ 908,334	$ 559,610	-	-
Internal Service Fund	266,904	266,904	460,543	$512,558	$1,126,737
Total	**$1,632,684**	**$1,175,238**	**$1,020,153**	**$512,558**	**$1,126,737**

* *The Ambulance Service Fund was moved from the Proprietary Net Assets to the Governmental Funds in 2018.*

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

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ANDERSON 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	$ 16,607,353	$ 16,851,499	$ 17,131,579	$ 17,885,943	$ 18,234,119
Licenses and Permits	398,036	304,082	352,987	334,894	355,633
Fines, forfeitures and penalties	387,588	396,915	438,440	343,025	359,794
Charges for current services	519,444	606,285	580,808	575,581	613,729
Other local revenue	580,379	551,722	564,349	479,814	816,833
Fees Recv'd from County Officials	3,919,202	3,979,478	3,935,125	3,779,542	3,826,199
State of Tennessee	2,784,301	2,519,605	2,220,400	3,270,521	3,844,589
Federal Government	485,960	558,706	895,730	523,325	691,946
Groups	50,857	151,359	120,256	118,683	95,907
Total Revenues	$ 25,733,120	$ 25,919,651	$ 26,239,674	$ 27,311,328	$ 28,838,749
Expenditures:					
General Government	$ 3,856,931	$ 3,481,537	$ 3,878,980	$ 3,834,111	$ 4,231,852
Finance	2,752,163	2,909,277	3,044,210	3,043,409	3,108,709
Administrtion of Justice	2,888,317	3,085,247	2,941,456	3,002,811	3,098,532
Public Safety	12,039,921	12,209,507	12,964,072	12,698,894	14,459,453
Public Health & Welfare	1,263,752	1,146,239	1,138,713	1,243,707	1,121,574
Social, Cultural & Recreational Services	43,000	92,163	103,005	127,341	131,154
Agricultural & Natural Resources	209,216	231,371	243,121	248,764	243,505
Other Operations	824,956	848,332	1,377,228	872,857	880,943
Highways	-	-	-	-	-
Debt Service	-	-	-	-	-
Capital Projects	409,328	194,992	698,502	79,646	275,796
Total Expenditures	$ 24,287,584	$ 24,198,665	$ 26,389,287	$ 25,151,540	$ 27,551,518
Excess (Deficiency) of Revenues					
Over Expenditures	$ 1,445,536	$ 1,720,986	$ (149,613)	$ 2,159,788	$ 1,287,231
Other Sources and Uses:					
Note / Lease Proceeds	$ 501,365	$ -	$ -	$ -	$ -
Proceeds from Sale of Capital Assets	1,650	7,928	12,775	5,668	3,833
Insurance Recovery	19,300	19,389	6,704	125,330	28,327
Operating Transfers - In	200,000	-	-	-	500
Operating Transfers - Out	(808,327)	(480,005)	(370,592)	(241,241)	(1,358,661)
Total Other Sources & Uses	$ (86,012)	$ (452,688)	$ (351,113)	$ (110,243)	$ (1,326,001)
Net Change in Fund Balances	$ 1,359,524	$ 1,268,298	$ (500,726)	$ 2,049,545	$ (38,770)
Fund Balance July 1	7,858,162	9,217,686	10,485,984	9,985,258	12,034,803
Fund Balance June 30	**$ 9,217,686**	**$ 10,485,984**	**$ 9,985,258**	**$ 12,034,803**	**$ 11,996,033**

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

INVESTMENT AND CASH MANAGEMENT PRACTICES

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

REAL PROPERTY ASSESSMENT, TAX LEVY AND COLLECTION PROCEDURES

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

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

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

(a) Public Utility Property (which includes all property of every kind used or held for use in the operation of a public utility, such as railroad companies, certain telephone companies, freight and private car companies, street car companies, power companies, express companies and other public utility companies), to be assessed at 55% of its value;

(b) Industrial and Commercial Property (which includes all property of every kind used or held for use for any commercial, mining, industrial, manufacturing, business or similar purpose), to be assessed at 40% of its value;

(c) Residential Property (which includes all property which is used or held for use for dwelling purposes and contains no more than one rental unit), to be assessed at 25% of its value; and

(d) Farm Property (which includes all real property used or held for use in agriculture), to be assessed at 25% of its value.

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

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

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

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

County Taxation of Property

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

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

Assessment of Property

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

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

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

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

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

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

Periodic Reappraisal and Equalization

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

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

Valuation for Property Tax Purposes

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

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

Certified Tax Rate

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

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

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

Tax Freeze for the Elderly Homeowners

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

Tax Collection and Tax Lien

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

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

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Assessed Valuations. According to the Tax Aggregate Report and the County, property in the County reflected a ratio of appraised value to true market value of 0.9459. The following table shows pertinent data for tax year 2018[1].

Class	Assessed Valuation	Rate	Appraised Value
Public Utilities	$ 39,722,175	55%	$ 90,855,855
Commercial and Industrial	511,826,920	40%	1,352,751,300
Personal Tangible	174,652,889	30%	608,890,153
Residential and Farm	951,402,600	25%	4,023,269,329
Total	**$1,677,604,584**		**$6,075,766,637**

[1] The tax year coincides with the calendar year, therefore, tax year 2018 is actually fiscal year 2018-2019.
Source: 2018 Tax Aggregate Report of Tennessee and the County.

The estimated assessed value of property in the County for the fiscal year ending June 30, 2019 (Tax Year 2018) is $1,677,604,584 compared to $1,652,342,035 for the fiscal year ending June 30, 2018 (Tax Year 2017). The estimated actual value of all taxable property for Tax Year 2018 is $6,075,766,637 compared to $5,985,637,163 for Tax Year 2017.

Property Tax Rates and Collections - County-Wide. The following table shows the property tax rates and collections of the County for Tax Years 2015 through 2019 as well as the aggregate uncollected balances for each fiscal year ending June 30.

PROPERTY TAX RATES AND COLLECTIONS				Fiscal Yr Collections		Aggregate Uncollected Balance	
						as of June 30, 2019	
Tax Year[2]	Assessed Valuation	Tax Rates	Taxes Levied	Amount	Pct	Amount	Pct
2015	1,589,995,204	2.7903	42,877,374	40,768,406	95.1%	$ 210,389	0.49%
2016	1,636,077,168	2.7903	44,203,194	41,919,681	94.8%	289,069	0.65%
2017	1,652,342,035	2.7903	44,517,403	42,113,903	94.6%	535,698	1.20%
2018	1,677,604,584	2.7903	45,375,560	42,314,423	93.3%	3,061,137	6.75%
2019	1,678,053,071	2.8903	46,743,777	IN PROCESS			

[2] The tax year coincides with the calendar year, therefore, tax year 2019 is actually fiscal year 2019-2020.

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

	Taxpayer	Type of Business	Assessed Valuation	% Assessed Value
1.	Samlip Tennessee	Automotive	$ 36,379,175	2.20%
2.	Lawler-Wood LLC		35,973,244	2.17%
3.	Magna International	Manufacturing	20,510,337	1.24%
4.	Aisin Automotive	Automotive	19,399,945	1.17%
5.	Summit Properties	Real Estate	15,030,353	0.91%
6.	R&R Properties	Real Estate	12,427,880	0.75%
7.	Methodist Medical Center	Hospital	11,308,320	0.68%
8.	General Motors LLC	Automotive	10,941,353	0.66%
9.	CTP Transportation		9,733,015	0.59%
10.	Wal-Mart	Retail	8,616,320	0.52%
	TOTAL		**$180,319,942**	**10.89%**

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

PENSION PLANS

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

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

UNFUNDED ACCRUED LIABILITY FOR POST-EMPLOYMENT BENEFITS OTHER THAN PENSIONS

The Anderson County School Department participates in the state-administered Local Education Group Insurance Plan for healthcare benefits. For accounting purposes, the plan is an agent multiple-employer defined benefit OPEB plan. Benefits are established and amended by an insurance committee created by Section 8-27-302, Tennessee Code Annotated (TCA). Prior to reaching the age of 65, all members have the option of choosing a preferred provider organization (PPO), point of service (POS), or health maintenance organization (HMO) plan for healthcare benefits. Subsequent to age 65, members who are also in the state's retirement system may participate in a state-administered Medicare Supplement Plan that does not include pharmacy. The plans are reported in the State of Tennessee Comprehensive Annual Financial Report (CAFR). The CAFR is available on the state's website at http://tn.gov/finance/act/cafr.html.

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

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

Comprehensive Annual Financial Report

Anderson County, Tennessee

For the Year Ended June 30, 2019

Tennessee Comptroller of the Treasury

Division of Local Government Audit

COMPREHENSIVE ANNUAL FINANCIAL REPORT

ANDERSON COUNTY, TENNESSEE

FOR THE YEAR ENDED JUNE 30, 2019

COMPTROLLER OF THE TREASURY
JUSTIN P. WILSON

DIVISION OF LOCAL GOVERNMENT AUDIT
JAMES R. ARNETTE
Director

MARK TREECE, CPA, CGFM
Audit Manager

AMY SOSVILLE, CPA
Senior Auditor

ANDREW WAY, CPA
ANGIE COLLINS, CPA, CFE, CGFM
ANDREW HUGHETT
HEATHER COOK
DOUG SANDIDGE, CISA
State Auditors

Robby Holbrook, Interim Finance Director

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

ANDERSON COUNTY, TENNESSEE
TABLE OF CONTENTS

Summary of Audit Findings

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

Scope

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

Results

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

Our audit resulted in one finding and recommendation, which we have reviewed with Anderson County's management. Details of the finding, recommendation, and management's response are included in the Single Audit section of this report.

Finding

The following is a summary of the audit finding:

OFFICES OF DIRECTOR OF SCHOOLS AND INTERIM FINANCE DIRECTOR

- Revenue anticipation notes were not retired in compliance with state statute.

Introductory Section

ANDERSON COUNTY, TENNESSEE

Letter of Transmittal

November 27, 2019

To the Honorable Terry Frank, County Mayor,
Board of County Commissioners, and
Citizens of Anderson County, Tennessee

The Comprehensive Annual Financial Report of Anderson County, Tennessee, for the year ended June 30, 2019, is hereby submitted as required by state statutes. These statutes require that all local governments publish a complete set of financial statements presented in conformity with generally accepted accounting principles (GAAP) and audited in accordance with generally accepted auditing standards (GAAS) by the State of Tennessee's Comptroller of the Treasury, Division of Local Government Audit, or by independent public accountants within six months of the close of each fiscal year. Pursuant to that requirement, we hereby issue the comprehensive annual financial report for Anderson County, Tennessee. This report was prepared by the county's Finance Department in conjunction with the above state agency.

Management assumes full responsibility for the completeness and reliability of all the information contained in this report based upon a comprehensive internal control framework that it has established for this purpose. Because the cost of internal control should not exceed anticipated benefits, the objective is to provide reasonable, rather than absolute, assurance that the financial statements are free of any material misstatements.

The State of Tennessee's Comptroller of the Treasury, Division of Local Government Audit, has issued an unmodified ("clean") opinion on the financial statements of Anderson County, Tennessee, for the fiscal year ended June 30, 2019. The independent audit involved examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and significant estimates made by management, and evaluating the overall financial statements presentation. The independent auditor's report is presented at the front of the financial section of this report.

The independent audit of the financial statements of Anderson County was part of a broader federally mandated "Single Audit" which was designed to meet the special needs of federal grantor agencies. The standards governing "Single Audit" engagements required the independent auditor to report not only on the fair presentation of the financial statements, but also on the audited government's internal control and compliance with legal requirements, with special emphasis on internal controls and legal requirements involving the administration of federal awards. Both of these reports are included under the Single Audit Section following the other required sections of the Comprehensive Annual Financial Report.

Management's Discussion and Analysis (MD&A) immediately follows the independent auditor's report and provides a narrative introduction, overview and analysis of the basic financial statements. Management believes that the MD&A complements this letter of transmittal and readers will benefit by reading it in conjunction with this letter.

Another aspect of an audit is the auditor will sometimes develop a finding and recommendation on specific areas on the operations of Anderson County. The auditor for the year ending June 30, 2019, did have a finding addressing the unpaid balance ($233,000) of a revenue anticipation note as of June 30, 2019, between the General Purpose School Fund and the School Federal Projects Fund. This amount has been included on the accompanying financial statements as a part of the Due from Other Funds balance in the General Purpose School Fund and as Due to Other Funds in the School Federal Project Fund. This balance was paid August 6, 2019.

Profile of the Government

Anderson County was established on November 6, 1801, by Private Act of the State of Tennessee. The county is named after Joseph Anderson, who was the U.S. senator from Tennessee at the time. The county is located in the eastern portion of the state. The bordering counties are Campbell (north), Union (northeast), Knox (southeast), Roane (southwest), Morgan (west), and Scott (northwest). Anderson County occupies a land area of approximately 345 square miles and serves a population of 76,482.

Anderson County operates as a political subdivision of the state as provided by the Tennessee Constitution. Anderson County, as a political subdivision of the state, is subject to control by the Tennessee General Assembly, and the county has no authority except that expressly given by state statutes. Anderson County is empowered to levy a property tax on both real and personal properties located within its boundaries. The county utilizes this power to provide a material portion of estimated revenue for the operations of various funds. However, management believes it has done so in a manner that will minimalize the effect on the taxpayers in the county.

Anderson County operates under a County Mayor – County Commission form of government since September 1, 1980. The Anderson County Commission consists of a 16-member board elected in eight districts (two commissioners from each district) within the county. Policymaking and legislative authority is vested in the Board of Commissioners. The Commission is responsible for various tasks, including but not limited to, adopting the annual budget, setting the property tax levy, appointing various boards and committees, and passing local ordinances. Voters elect the County Mayor for a four-year term as the county's chief executive officer. The County Mayor is responsible for carrying out policies and ordinances of the County Commission, overseeing the day-to-day operations of the government, and appointing or recommending for appointment various department heads. In addition, the County Mayor serves as an ex-officio member of the County Commission and as a member of several boards, committees and commissions.

Anderson County adopted the County Financial Management System of 1981 in February 2016. The adoption of this local option law created a county finance department and county financial management committee. In May 2016, the county hired a certified public accountant as Finance Director. This individual left the position effective May 24, 2019. In compliance with controlling statutes, the Assistant Finance Director assumed the position of Interim Finance Director. The financial management committee is in the process of attempting to fill the position of Finance Director; however, the position remains unfilled as of this date. Financial Management Policies and Procedures were adopted by County Commission.

Anderson County provides a full range of essential services, including police and fire protection; solid waste disposal; emergency medical services; emergency management planning; recreational activities; cultural events; acquisition of capital assets necessary for the performance of the aforementioned services; and construction and maintenance of highways, streets, and other infrastructure.

Anderson County also is financially responsible for a legally separate school district. Anderson County School Department's financial statements are reported separately as a discretely presented component unit. This component unit was audited by the State of Tennessee, Comptroller of the Treasury, Division of Local Governmental Audit. Another entity that qualifies as a discretely presented component unit is the Anderson County Emergency Communications District. The qualifying factors are that Anderson County Commission appoints the governing body of the entity and must approve most debt instruments prior to the entity issuing said debt. An independent auditor other than the State of Tennessee, Comptroller of the Treasury, Division of Local Governmental Audit audited this entity. However; that auditor has provided audited financial statements and related footnotes for inclusion in the Comprehensive Annual Financial Report of Anderson County. Attention is hereby directed to Note 1.A for additional information on these legally separate entities along with the county's other related organizations. These notes immediately follow the Basic Financial Statements.

Anderson County is required to adopt an annual budget in compliance with state statutes. The annual budget serves as the foundation for Anderson County's financial planning and control. As required, each department submits an itemized statement of appropriations needed for the upcoming year to the Director of Finance. Each fiscal year, the Director of Finance submits a consolidated budget to the Budget Committee. According to the *Tennessee Code Annotated* Sections *5-21-110 & 111*, the Budget Committee shall vote to approve or reject the proposed budgets for all departments, offices and agencies. After approval by the Budget Committee, a summary of the recommended budget is published in a paper of general circulation. The next step is to hold a public hearing on the budget appropriation resolution and the tax levy resolution. The County Commission then votes to approve the budget as presented or to send it back to the budget committee for revisions. After the County Commission approves the proposed budget and resolutions, the budget is sent to the state for final approval. Any and all future transfers of appropriations between major headings in the budget and increases in appropriations that require additional resources or sources of funding must be approved by the County Commission.

Budgetary statements that reflect actual, original budgets and final budgets along with comparisons of actual and final budgeted amounts for the General Fund and other major funds are included as part of the Basic Financial Statements. Budgetary statements for other governmental funds of the primary government and the discretely presented school department are included in the Combining and Individual Funds portion of the Comprehensive Annual Financial Report. The Finance Department, department heads, and elected officials understand the importance of budgets and take great care to ensure that the budgets are followed during the day to day operations of the funds. However, due to emergencies and other unforeseeable circumstances, in a few cases expenditures exceeding appropriations may be unavoidable.

Local Economy

Anderson County is centrally located in the eastern United States. The county is adjacent to thousands of industrial and commercial customers in a concentrated eight-state area. It is within 500 miles of approximately one-third of the population of the United States.

The county's largest employers are U.S. Department of Energy (DOE)/Consolidated Nuclear Security (CNS), Anderson County Government, and Tennessee Department of Human Services. The DOE Oak Ridge Reservation, which includes the CNS-Y-12 National Security, is located in Anderson County. These DOE facilities are vital to the nation's scientific research and development, environmental remediation and weapons disarmament, and the development of alternative types of energy and materials. Over 57% of the county's workforce is employed by the top ten employers. These employers are identified on Table 17 in the Statistical Section of this report.

Anderson County is home to such diverse companies as Clayton Homes, Pharma Packaging Solutions, Techmer PM, Mag USA Inc., Energy Solutions, Powder Cote II, Remotec, Navarro Research and Engineering, and Leidos. Anderson County is also home to two of the top ten global automotive companies, Eagle Bend Manufacturing and Aisin Automotive, as well as automotive giant SL Tennessee.

The unemployment rate in Anderson County fell to a ten-year low of 4.4 percent. The per capital personal income is $40,847. The positive trends of low interest rates, increased government spending, and good consumer spending will enable Anderson County to remain an attractive location for future economic development.

Recent surveys indicate that although government funded operations are still a strong factor in the local economy, service and manufacturing related employment are also important. One of the area's strengths is its high percentage of precision craft and repair workers and technicians. Approximately 60 percent of Anderson County's population is in the workforce age group of 18 to 64 years of age.

Long-term Financial Planning and Major Initiatives

Anderson County strives to keep new debt issues to a minimum. During fiscal year 2019, the county issued two separate bonds of $5,620,000 and $5,280,000 for the benefit of the Anderson County School Department for various energy savings projects. This department expects to recognize energy cost savings in amounts sufficient to provide debt service payments, including principal and interest averaging approximately $770,000 per year, over the 20-year life of the bonds.

Anderson County closely monitors all unassigned fund balances and is open to long-term financing options for large capital projects if conditions warrant. The county's minimum fund balance policy requires a two-thirds approval vote by the County Commission to spend down the fund balance below $4 million. Anderson County maintains a credit rating of Aa2 from Moody's Investor Service, which was last upgraded in March 2019. The county has a strong capacity to meet its financial commitments.

For the year ended June 30, 2019, the county increased the General Fund unassigned fund balance by $1,883,104 for unforeseen contingencies to a total of $7,508,363. To draw the unassigned fund balance below $4,000,000 required two-thirds (2/3) affirmative vote by the County Commission.

Anderson County adopted the County Financial Management System of 1981 in February 2016, this adoption of this local option law created a county financial management office. In May 2016, the county hired a certified public accountant as finance director. This individual left the position effective May 24, 2019. In compliance with controlling statutes, the assistant finance director assumed the position of interim finance director. The financial management committee is in the process of attempting to fill the position of financial director; however, the position remains unfilled as of this date. Financial Management Policies and Procedures were adopted by the County Commission.

Awards and Acknowledgments

The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to Anderson County for its comprehensive annual financial report (CAFR) for the fiscal year ended June 30, 2018. This is the twenty-third consecutive year that Anderson County has achieved this prestigious award. To be awarded a Certificate of Achievement, the county must publish an easily readable and efficiently organized CAFR that satisfies both generally accepted accounting principles and applicable legal requirements.

The Certificate of Achievement for Excellence in Financial Reporting is valid for a period of one year only. However, we believe that our current CAFR continues to conform to the

Certificate of Achievement for Excellence in Financial Reporting Program's requirements, and we are submitting it to the GFOA to determine its eligibility for another certificate.

Also, Anderson County received the GFOA's Award for Outstanding Achievement in Popular Annual Financial Reporting (PAFR) for its annual condensed financial report. To receive this award, a government unit must publish a PAFR, whose contents conform to program standards of creativity, presentation, understandability, and reader appeal.

The preparation of this report could not have been possible without the skill, effort and dedication of the entire Finance Department. I would like extend my sincerest gratitude to Katherine Ajmeri, Lydia Beckwith, Kayla Childress, Royden Crocker, Sheila Davis, Karen Holbrook, Paul Richardson, Libby Smith, Randy Walters, and Peyton Webb. I would also like to thank the staff of the county's Information Technology Department for keeping our accounting system secure and operational. We also express our appreciation to the County Mayor and Board of County Commissioners for their interest, support, and leadership in the financial operations of the county.

Sincerely,

Robert J. Holbrook

Interim Finance Director

Government Finance Officers Association

Award for Outstanding Achievement in Popular Annual Financial Reporting

Presented to

Anderson County Government

Tennessee

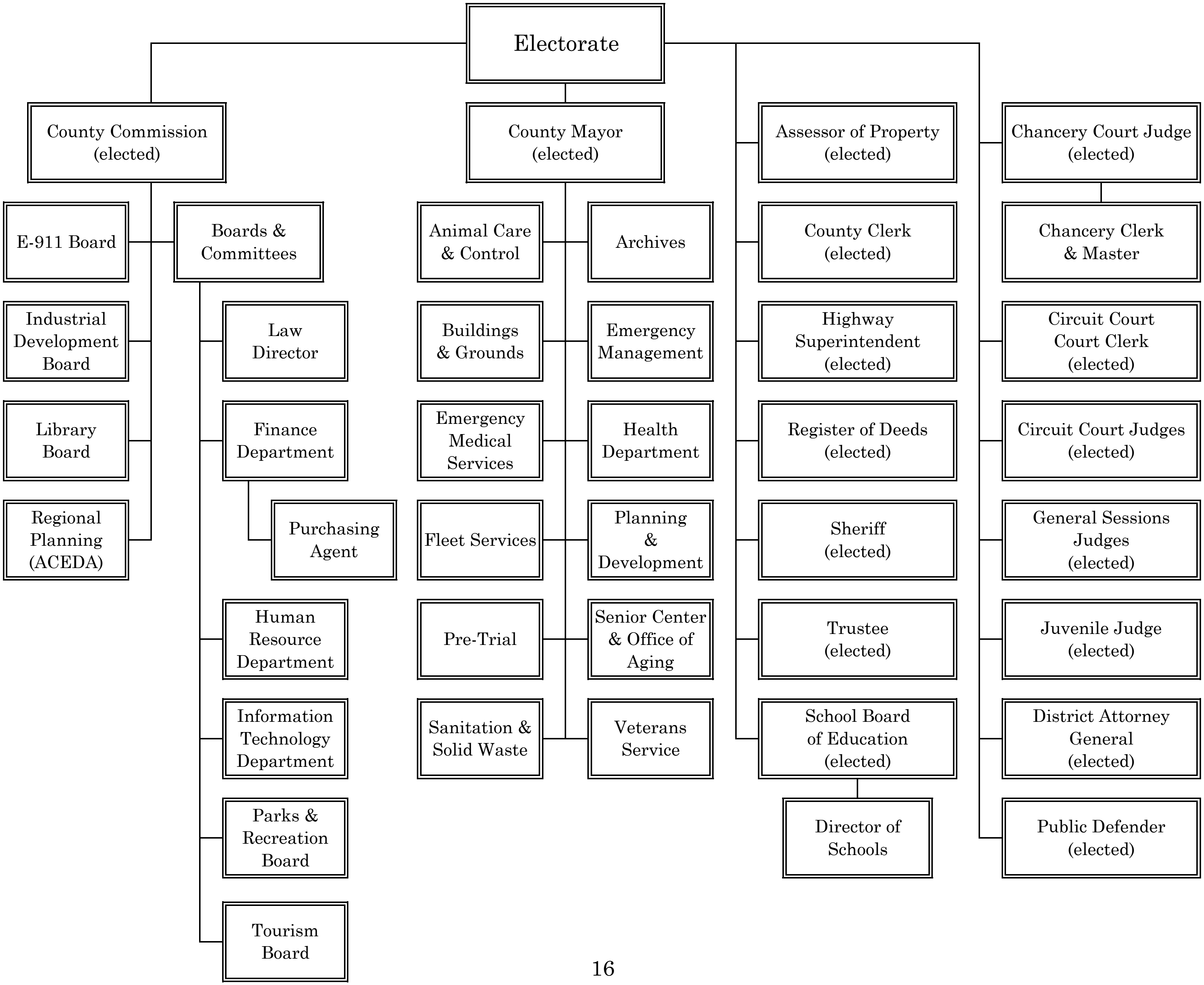
For its Annual
Financial Report
for the Fiscal Year Ended

June 30, 2018

Christopher P. Morrill

Executive Director/CEO

Anderson County, Tennessee
Organization Chart



Anderson County Officials
June 30, 2019

Officials

Theresa Frank, County Mayor
Gary Long, Highway Superintendent
Dr. Tim Parrott, Director of Schools
Regina Copeland, Trustee
Johnny Alley, Assessor of Property
Jeff Cole, County Clerk
Rex Lynch, Circuit, General Sessions, and Juvenile Courts Clerk
Harold Cousins, Jr., Clerk and Master
Tim Shelton, Register of Deeds
Russell Barker, Sheriff
Robby Holbrook, Interim Finance Director

Board of County Commissioners

Tracy Wandell, Chairman
Robert Jameson
Jerry Creasey
Catherine Denenberg
Chuck Fritts
Tim Isbel
Robert McKamey
Steve Mead
Rick Meredith
Theresa Scott
Bob Smallridge
Shain Vowell
Denver Waddell
Josh Anderson
Jerry White
Phil Yager

Financial Management Committee

Phil Yager
Theresa Frank, County Mayor
Gary Long, Highway Superintendent
Dr. Tim Parrott, Director of Schools
Chuck Fritts
Tim Isbel
Rick Meredith

Anderson County Officials (Cont.)

Board of Education

Dr. John Burrell, Chairman
Don Bell
Dail Cantrell
Scott Gillenwaters
Glenda Langenberg
Andy McKamey
Teresa Portwood
Jo Williams

Audit Committee

Steve Mead, Chairman
Gail Cook
Catherine Denenberg
Theresa Scott
Chuck Fritts
Bob Smallridge
Josh Anderson

FINANCIAL SECTION

Independent Auditor's Report

Anderson County Mayor and
Board of County Commissioners
Anderson 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 Anderson 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 did not audit the financial statements of the Anderson County Emergency Communications District, which represent 2.3 percent, 3.1 percent, and 0.6 percent, respectively, of the assets, net position, and revenues of the aggregate discretely presented component units. Those statements were audited by other auditors whose report has been furnished to us, and our opinion, insofar as it relates to the amounts included for the Anderson County Emergency Communications District, is based solely on the report of the other auditors. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

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

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

Opinions

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

Other Matters

Required Supplementary Information

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

Supplementary and Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise Anderson County's basic financial statements. The combining and individual nonmajor fund financial statements, budgetary comparison schedules of nonmajor governmental funds and the General Capital Projects Fund, combining and individual fund financial statements of the Anderson County School Department (a discretely presented component unit), miscellaneous schedules and the other information such as the introductory section, management's corrective action plan, and statistical section 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

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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 Capital Projects Fund, combining and individual fund financial statements of the Anderson County School Department (a discretely presented component unit), schedule of expenditures of federal awards, and miscellaneous schedules are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining and individual nonmajor fund financial statements, budgetary comparison schedules of nonmajor governmental funds and the General Capital Projects Fund, combining and individual fund financial statements of the Anderson County School Department (a discretely presented component unit), schedule of expenditures of federal awards, and miscellaneous schedules are fairly stated in all material respects in relation to the basic financial statements as a whole.

The introductory section, management's corrective action plan, and statistical section 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 November 27, 2019, on our consideration of Anderson 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 Anderson 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 Anderson County's internal control over financial reporting and compliance.

Very truly yours,

Justin P. Wilson
Comptroller of the Treasury
Nashville, Tennessee

November 27, 2019

JPW/tg

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

As management of Anderson County, Tennessee, we offer readers of Anderson County's financial statements, this narrative overview and analysis of the financial activities of Anderson County for the year ended June 30, 2019. We encourage readers to consider this information in conjunction with additional information furnished in the letter of transmittal in the introductory section of this report.

FINANCIAL HIGHLIGHTS

- The assets and deferred outflows of Anderson County Primary Government exceeded liabilities and deferred inflows at the end of the fiscal year by $3,694,232 (net position). Of this amount, a negative $24,279,458 represents unrestricted net position.

- Anderson County's total net position decreased by $4,723,252. Primarily, the reason for this decrease was during the year Anderson County issued additional debt ($10,900,000) for the benefit of the discretely presented Anderson County School Department. Anderson County contributed these proceeds and other debt issuance source of funds to the discretely presented Anderson County School Department. This issuance increased the long-term liability recognized by Anderson County without any offsetting increase in capital assets or other assets.

- At the end of the fiscal year, Anderson County's governmental funds reported total combined fund balances of $21,417,273, a decrease of $65,377 in comparison with the prior year. Approximately 35 percent of this amount or $7,508,363 is available for spending at the county's discretion (*unassigned fund balance*).

- At the end of the fiscal year, unrestricted fund balance (the total of the *committed*, *assigned* and *unassigned* components of *fund balance*) for the General Fund was $11,191,524, or approximately 37 percent of total General Fund expenditures of $27,551,518.

- Anderson County's total outstanding long-term debt for governmental activities increased $7,260,449 or approximately 14.6 percent during the current fiscal year primarily the result of the above-noted debt issuance for the benefit of the discretely presented Anderson County School Department.

OVERVIEW OF THE FINANCIAL REPORT

The discussion and analysis provided here are intended to serve as an introduction to Anderson County's basic financial statements. Anderson County's basic financial statements include three components: (1) government-wide financial statements, (2) fund financial statements, and (3) notes to the financial statements. This report also includes supplementary information intended to furnish additional detail to support the basic financial statements themselves.

Government-wide Financial Statements. The *government-wide financial statements* are designed to provide readers with a broad overview of Anderson County's finances in a manner similar to a private-sector business.

The *statement of net position* presents information on all of Anderson County's assets, liabilities, and deferred inflows/outflows of resources, with the difference reported as net position. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of Anderson County is improving or deteriorating.

The *statement of activities* presents information showing changes to Anderson County's net position during the most recent fiscal year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods (e.g., uncollected taxes and earned but unused vacation leave).

Both of the government-wide financial statements distinguish functions of Anderson County that are principally supported by taxes and intergovernmental revenues (*governmental activities*) from other functions that are intended to recover all or a significant portion of their costs through user fees and charges (*business-type activities*). The governmental activities of Anderson County include general government; finance; administration of justice; public safety; public health and welfare; social, cultural and recreational services; agricultural and natural resources; emergency medical services/ambulance; highway/public works; education; and interest on long-term debt.

The county does not have functions that are business-type activities.

The government-wide financial statements include not only Anderson County government itself (known as the *primary government*), but also a legally separate school system for which the Anderson County government is financially accountable. These statements also include a legally separate Anderson County Emergency Communications District (E-911). Financial information for these component units is reported separately from the financial information presented for the primary government itself.

The government-wide financial statements can be found in Exhibits A and B of this report.

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

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

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

Anderson County maintains thirteen individual governmental funds. Information is presented separately in the governmental fund balance sheet and in the governmental fund Statement of Revenues, Expenditures, and Changes in Fund Balances for the General, Ambulance Service, Highway/Public Works (all Special Revenue Fund Types), and the General Capital Projects funds, which all are considered to be major funds. Data from the other nine governmental funds are combined into a single aggregated presentation. Individual fund data for each of these non-major governmental funds is provided in the form of combining statements in the combining and individual fund financial statements and schedules of this report.

The DPCU School Department maintains five individual governmental funds. The General Purpose School and the Educational Capital Projects funds are considered major funds with the remaining three funds combined into a single, aggregated amount with detail provided in the combining and individual fund financial statements and schedules.

Anderson County adopts an annual appropriated budget for the primary government's General, Ambulance Service, Highway/Public Works, and General Capital Projects funds and discretely presented component unit (DPCU) School Department's General Purpose School and Educational Capital Projects funds.

Budgetary comparison statements have been provided for these funds and other funds to demonstrate compliance with their budgets.

The basic governmental fund financial statements can be found in Exhibits C-1 through C-7 of this report.

Proprietary Funds. *Proprietary funds* are used to account for activities where the emphasis is placed on net income determination. There are two types of proprietary funds – enterprise funds and internal service funds. Enterprise funds are used to report the same functions presented as *business-type activities* in the government-wide financial statements. The county does not have any business-type activities. Internal service funds are accounting devices used to accumulate and allocate costs internally among the county's various functions. The county had two internal service funds at the start of the year. One was to account for employee health insurance activities. The other fund was to account for the county's cable Channel 95 activities. This fund was reclassified as a special revenue fund type effective July 1, 2018. Because internal service funds predominantly benefit governmental rather than business-type functions, their assets and liabilities have been included with governmental activities in the government-wide financial statements.

The internal service fund is combined within the governmental activities in the government-wide financial statements and are presented separately in the fund financial statements.

The proprietary fund financial statements can be found in Exhibits D-1 through D-3 and I-1 through I-2 of this report.

Fiduciary Funds. *Fiduciary funds* are used to account for resources held for the benefit of parties outside the governmental entity. Fiduciary funds are *not* reported in the government-wide financial statements because the resources of those funds are *not* available to support Anderson County's own programs. The accounting used for fiduciary funds is much like that used for proprietary funds. The county's fiduciary funds consist of the Cities' Sales Tax, Clinton School Average Daily Attendance Tax, Oak Ridge School Average Daily Attendance Tax, Constitutional Officers – Agency, Judicial District Drug, and District Attorney General funds, which are combined into agency funds on the fiduciary funds financial statements.

The basic fiduciary funds financial statement can be found on Exhibit E-1 of this report. Exhibit J-1 and J-2 will provide additional details pertaining to financial activities on each of these fiduciary funds.

Notes to the Financial Statements. The notes provide additional information that is necessary to acquire a full understanding of the data provided in the government-wide and fund financial statements. Page references for notes to the financial statements can be found in the table of contents.

Other Information. In addition to the basic financial statements and accompanying notes, this report presents required supplementary information concerning pension and other postemployment benefits information. This required information is presented in the required supplementary information section of this report.

The combining statements referred to earlier in connection with non-major governmental funds are presented immediately following the notes to the required supplementary information. Page references for combining and individual fund statements and schedules can be found in the table of contents.

GOVERNMENT-WIDE FINANCIAL ANALYSIS

As noted earlier, net position (surplus or deficit) may serve as a useful indicator of a government's financial position. In the case of Anderson County, assets and deferred outflows exceeded its liabilities and deferred inflows by $3,694,232 at the close of the most recent fiscal year. The Constitution for the State of Tennessee authorizes the local legislative body to issue debt. Therefore, whenever the Anderson County Board of Education requires additional money to fund school construction and equipment, the related debt must be issued by the Anderson County Government. As of June 30, 2019, Anderson County had outstanding debt totaling $56,883,216. Of the county's total outstanding debt, $37,854,943, or approximately 67 percent is for the benefit of the Anderson County Board of Education. This debt will be paid from the Rural School Debt Service and Education Debt Service funds either by contributions from the Anderson County School Department and other local revenue (property taxes and interest earned on investments), as authorized by the County Commission.

Anderson County's Statement of Net Position – Primary Government

	Governmental Activities			
		2019		2018
Current and Other Assets	$	49,735,074	$	45,384,557
Capital Assets		35,091,647		34,498,632
Total Assets	$	84,826,721	$	79,883,189
Total Deferred Outflows of Resources	$	2,363,913	$	2,571,212
Current Liabilities	$	2,595,257	$	2,467,725
Long Term Liabilities		60,116,790		52,516,185
Total Liabilities	$	62,712,047	$	54,983,910
Total Deferred Inflows of Resources	$	20,784,355	$	19,053,007
Net Position:				
Net Investment in Capital Assets	$	15,883,442	$	14,227,812
Restricted		12,090,248		11,244,658
Unrestricted		(24,279,458)		(17,054,986
Total Net Position	$	3,694,232	$	8,417,484

Anderson County's Statement of Net Position – DPCU School Department

	Governmental Activities			
		2019		2018
Current and Other Assets	$	39,968,783	$	27,637,416
Capital Assets		51,426,822		46,151,541
Total Assets	$	91,395,605	$	73,788,957
Total Deferred Outflows of Resources	$	6,423,930	$	6,439,344
Long-term Liabilities	$	4,446,425	$	2,920,225
Other Liabilities		4,052,373		5,056,240
Total Liabilities	$	8,498,798	$	7,976,465
Total Deferred Inflows of Resources	$	21,761,164	$	21,086,084

Net Position:				
Net Investment in Capital Assets	$	51,426,822	$	46,151,541
Restricted		10,991,991		2,788,018
Unrestricted		5,140,760		2,226,193
Total Net Position	$	67,559,573	$	51,165,752

The largest portion of Anderson County's net position is its investment in capital assets (e.g., land, buildings, machinery, equipment, vehicles, and infrastructure) less any related outstanding debt used to acquire those assets of $15,883,442. The largest portion of the DPCU School Department net position is its investment in capital assets of $51,426,822. Both Anderson County and DPCU School Department use these capital assets to provide a variety of services to citizens. Accordingly, these assets are not available for future spending. Although Anderson County's investment in capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

An additional portion of Anderson County's net position totaling $12,090,248 represents resources that are subject to external restrictions on how they may be used; the total for the DPCU School Department is $10,991,991.

Anderson County's Governmental Activities unrestricted net position is a negative $24,279,458; the DPCU School Department's unrestricted net position is a $5,140,760. The negative balance represents non-capital related asset net of Anderson County's Government Activities debt. Both of these amounts are the results of certain capital assets being reflected as part of the Net Investments in Capital Assets in the DPCU School Department that were financed by debt issued which is included in the Long Term Liabilities of the Primary Government.

Governmental Activities. The net position for governmental activities decreased $4,723,252 from the prior fiscal year balance of $8,417,484 to a June 30, 2019, balance of $3,694,232.

Revenues on the government-wide Statement of Activities are broken into two major categories, program and general revenues.

Program revenues are comprised of three types: charges for services to customers, operating grants and contributions (restricted for a specific purpose), and capital grants and contributions (restricted for a specific purpose).

General revenues are all revenues that do not qualify as program revenues and are the largest revenue source. The largest revenue sources within this major category are local taxes for the county and state and federal – unrestricted for the DPCU School Department.

Anderson County's Statement of Activities – Primary Government

	Governmental Activities	
	2019	2018
Program Revenues:		
Charges for Services	$ 14,433,565	$ 14,404,955
Operating Grants and Contributions	4,579,383	3,706,388
Capital Grants and Contributions	747,673	889,035
General Revenues:		
Local Taxes	22,016,000	21,427,759
Grants and Contributions Not Restricted to Specific Programs	5,526,788	5,413,716
Unrestricted Investment Income	120,759	79,209
Miscellaneous	23,312	35,196
Total Revenues	$ 47,447,480	$ 45,956,258
Expenses:		
General Government	$ 5,014,298	$ 4,800,543
Finance	2,902,433	2,957,049
Administration of Justice	2,864,820	2,957,763
Public Safety	14,171,665	13,070,328
Public Health and Welfare	8,273,405	8,476,280
Social, Cultural and Recreational Services	1,298,570	1,368,608
Agricultural and Natural Resources	238,149	247,912
Highways	4,237,204	4,463,812
Education	11,275,996	0
Interest on Long-term Debt	1,894,192	1,858,282
Total Expenses	$ 52,170,732	$ 40,200,577
Increase (decrease) in Net Position Before Transfers	$ (4,723,252)	$ 5,755,681
Transfers In (Out)	0	559,610
Increase (Decrease) in Net Position	$ 4,723,252	$ 6,315,291
Net Position, July 1	8,417,484	2,404,563
Restatement – Pension Liability	0	(302,370)
Net Position, June 30	$ 3,694,232	$ 8,417,484

Operating Grants and Contributions increased by $872,995 (24%) during the year. Most of this increase is the result of an aggressive grant application strategy undertaken by Anderson County. These grant awards furnished major resources to support two of Anderson County's functions; Public Safety and Highways.

Local Taxes increased by $588,241. This increase was primarily the result of increases in Property Tax collections of $274,899 and Local Option Sales Tax collections of $178,962. The increase in Property Taxes collections assisted in supporting the Public Safety expense function.

The Education expense function increased by $11,275,996. Anderson County issued long-term debt and contributed the net proceeds to the discretely presented Anderson County School department during the year. This is not a recurring expense item for every year and the occurrence of this expenditure over the past ten years is reflected on Table 2: Changes in Net Position. The last time this expense occurred was during the fiscal year ended June 30, 2016.

The Public Safety expense function increased by $1,101,337. As noted above, the increases in Operating Grants and Contributions along with Local Taxes collections were utilized to support this increase.

Anderson County's Statement of Activities – DPCU School Department

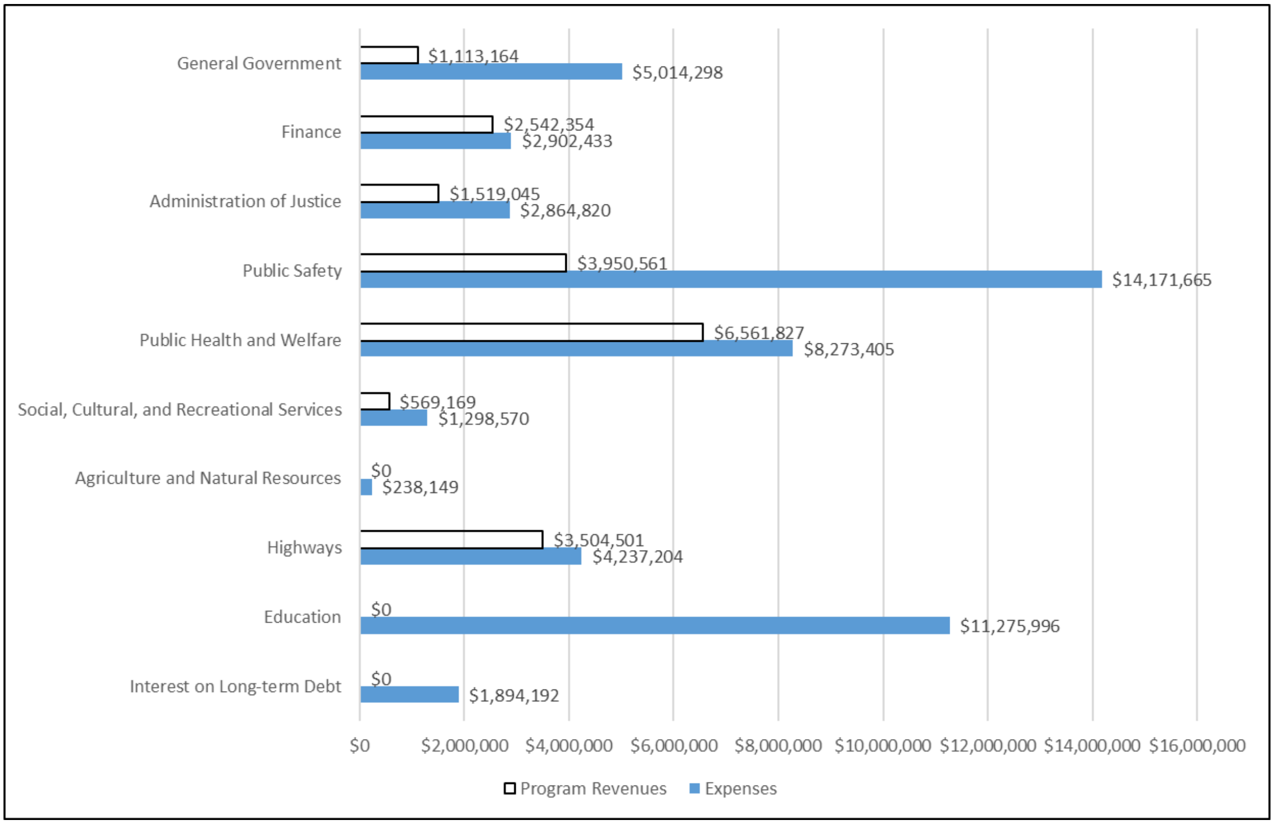
	Governmental Activities			
		2019		2018
Program Revenues:				
Charges for Services	$	1,246,794	$	783,688
Operating Grants and Contributions		13,910,348		13,857,043
Capital Grants and Contributions		11,275,996		1,854,328
General Revenues:				
Local Taxes		25,136,241		24,526,983
State and Federal – Unrestricted		33,451,128		32,638,337
Investment Income		53,901		28,848
Miscellaneous		122,695		51,014
Total Revenues	$	85,197,103	$	73,740,241
Expenses:				
Education	$	68,803,282	$	68,823,808
Total Expenses	$	68,803,282	$	66,402,053
Increase (Decrease) in Net Position	$	16,393,821	$	4,916,433
Net Position, July 1		51,165,752		49,380,064
Restatement – Pension Liability		0		(3,130,745)
Net Position, June 30	$	67,559,573	$	51,165,752

Anderson County's Statement of Activities – Ambulance Service Fund

	Business-Type Activities			
		2019		2018
Transfer In (Out)	$	0	$	(559,610)
Net Position, July 1		0		559,610
Net Position, June 30	$	0	$	0

The Ambulance Service Fund was accounted for in the business-type activities in prior years. This fund was closed (transferred) into a special revenue fund effective July 1, 2017, and has been included in the governmental activities for the fiscal year since that date.

Anderson County Expense and Program Revenue for Governmental Activities



Program expenses exceed program revenues for governmental activities by $32,410,111.

Expenses for General Government, Public Safety, Public Health & Welfare, Highways, and Education, are the largest components of Anderson County, which when combined total $42,972,568 and are 82% of total expenses.

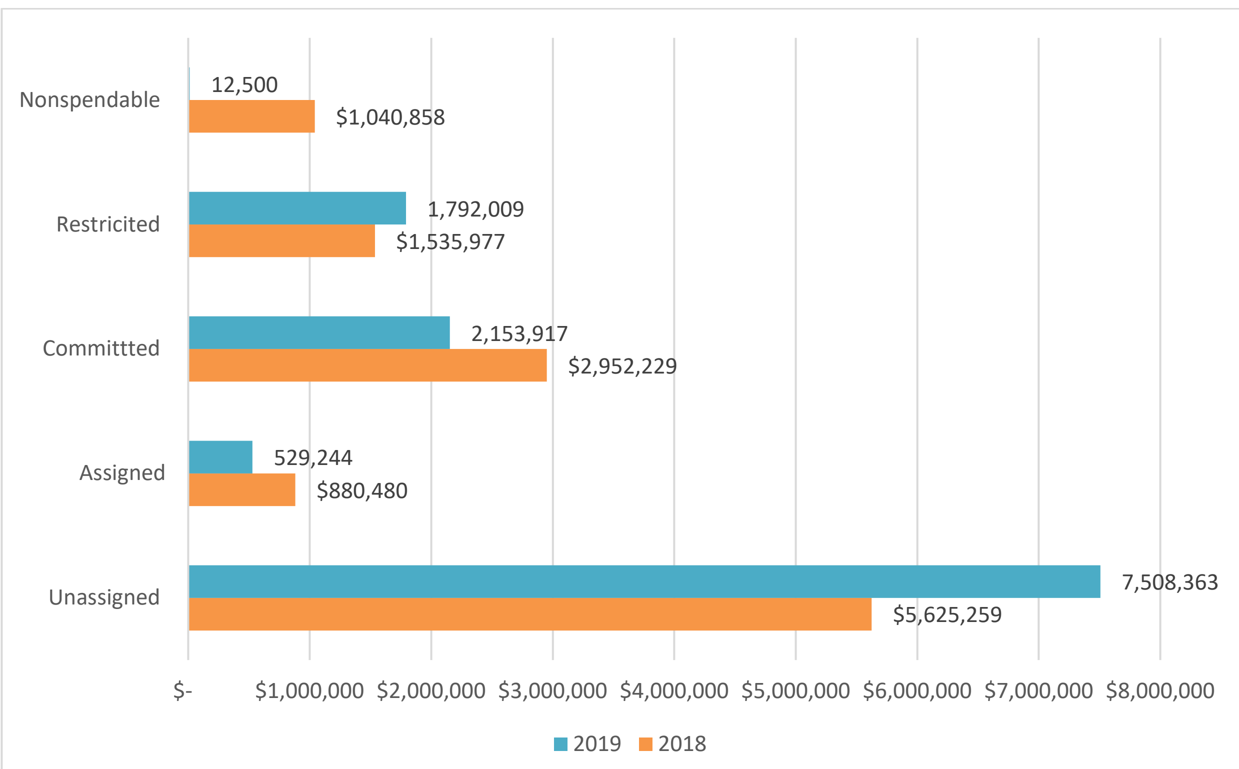
FINANCIAL ANALYSIS OF THE GOVERNMENT'S FUNDS

As noted earlier, Anderson County uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

The focus of Anderson County's *governmental funds* is to provide information on the near-term inflows, outflows and balances of spendable resources. Such information is useful in assessing Anderson County's financing requirements. In particular, unassigned fund balance may serve as a useful measure of a government's net resources available for discretionary use as they represent the portion of fund balance which has not yet been limited to use for a particular purpose by either an external party, Anderson County Government itself, or a group or individual that has been delegated authority to assign resources for use for particular purposes.

At June 30, 2019, Anderson County's governmental funds reported combined ending fund balances of $21,417,273, a decrease of $65,377, in comparison with the prior year. Approximately 35 percent of this amount or $7,508,363 constitutes *unassigned fund balance*, which is available for spending at the government's discretion. The remainder or fund balance is either restricted, committed, or assigned to indicate that it is (1) non-spendable, $48,060; (2) restricted for particular purposes, $9,714,228; (3) committed for particular purposes, $3,617,378; or (4) assigned for particular purposes, $529,244. The assigned amount is a reflection of the portion of fund balance utilized to balance the 2019-2020 budget for the General Fund. Detailed analysis of the afore-mentioned decrease in ending fund balance can be found on Exhibit C-3 Statement of Revenues, Expenditures, and Changes in Fund Balance; however, in summary, this decrease was the result of Deficiency of Revenues over Expenditures being $(11,770,754) and Other Financing Sources being $11,705,377. Both of these amounts include the effect of issuing debt and contributing the net proceeds to the DPCU School Department.

Anderson County General Fund Components of Fund Balance



The General Fund is the chief operating fund of Anderson County. At the end of the current fiscal year, unassigned fund balance increased to $7,508,363 and the total fund balance decreased to $11,996,033. As a measure of the General Fund's liquidity, it may be useful to compare both unassigned fund balance and total fund balance to total General Fund expenditures. The General Fund's liquidity decreased in the current fiscal year due to the increase in General Fund expenditures.

Anderson County's General Fund Liquidity

	2019	2018
Total General Fund Expenditures	$ 27,551,518	$ 25,151,540
Unassigned Fund Balance to Total General Fund Expenditures	27%	22%
Total Fund Balance to Total General Fund Expenditures	44%	48%

For several years, the General Fund reflected various amounts as Due from Other Funds (Ambulance Service Fund) as a component in the Non-Spendable Fund Balance. During this year, the County Commission by resolution forgave the July 1, 2018, balance of $1,026,787. This forgiveness is included in the Transfer Out (General Fund) on Exhibit C-3.

Summary of Other Major Funds Fund Balances

The Ambulance Service Fund balance was $524,213, which was an increase $1,136,742 from the beginning fund deficit of $612,529. The major component of the increase was the forgiveness of the Due to Other Funds - General Fund of $1,026,787. Other components of the above noted increase were Excess (Deficiency) of Revenue over Expenditures of $29,075 and Insurance Recovery of $80,014. The Excess (Deficiency) of Revenue over Expenditures above may not seem very material; however, it should be noted that in fiscal year 2018 expenditures exceeded revenue by $68,046. This improvement of $97,121 was the result of management's additional steps to improve the operations of the fund and the decrease in expenditures related to the purchase of capital assets. The insurance recovery was based on a wrecked ambulance that was replaced during fiscal year ended June 2018. Receivables of $956,230 were offset by the recognition of Other Deferred Unavailable Revenues Receivables due to not being received within the 30-day availability period (July 2019). This amount increased $349,457 from the June 30, 2018 balance primarily due to the inclusion of $195,157 from the State of Tennessee that was receipted August 29, 2019. The remittance of the amount by the State of Tennessee is beyond control of Anderson County management. If any portion of that amount had been received during July, the increase would have been even more favorable. The fund balance represents approximately 10 percent of current year expenditures

The Highway/Public Works Fund balance was $3,981,626, which is an increase of $400,387 from 2018. This increase was primarily the result of less expenditures during this year. The expenditure relating to resurfacing roads (Asphalt) reflected a major reduction from that of prior year. This fund balance represents 94 percent of current year expenditures.

The General Capital Projects fund balance of $120,339 decreased by $68,090 from the June 30, 2018, balance. This fund was established in a prior year by management in order to provide current funding (and thereby lessen the necessity of obtaining outside financing) for purchasing of capital assets. It is management's intent that the fund will continue to provide funding for this purpose in the future.

The DPCU School Department's main operating fund is the General Purpose School Fund. At the close of fiscal year, the fund balance of this fund was $7,569,459, with an unassigned balance of $7,396,257. The balance in this fund increased $1,914,529 during the fiscal year. The unassigned balance represents 13 percent of current year expenditures.

The Education Capital Projects Fund is used to account for building construction and renovations of school facilities. Due to the nature of this fund, the activity can vary from year to year. In addition to $6,721,694, being expended for these projects, unfilled construction contracts of $4,565,926 existed as of June 30, 2019. The source of funding for these projects was $11,275,996 of contributions of net debt proceeds by Anderson County.

BUDGETARY HIGHLIGHTS

Original budget compared to final budget. During the fiscal year, appropriations to the original budget increased in the General Fund. These differences are summarized in the following table:

General Fund Appropriations	Original	Amended	Increase (Decrease)
General Government	$ 3,964,282	$ 4,762,433	$ 798,151
Finance	3,355,836	3,479,992	124,156
Administration of Justice	3,302,227	3,393,714	91,487
Public Safety	14,167,695	15,164,809	997,114
Public Health and Welfare	1,479,248	1,587,980	108,732
Social, Cultural and Recreational Services	127,112	155,307	28,195
Agricultural and Natural Resources	266,836	266,836	0
Other Operations	813,029	1,100,479	287,450
Capital Projects	0	503,168	503,168
Total Net Position	$ 27,476,265	$ 30,414,718	$ 2,938,453

The major portion of the increase in the General Government expenditure function budget was due to a lawsuit being adjudicated during the current year with the county directed to pay an individual approximately $400,000 in back pay. The financial statements reflect this judgement payable but the judgement remains unpaid. Anderson County has appealed the ruling of the court and hopes for a favorable outcome.

The increase in the Public Safety expenditure function budget was primarily the result of having to increase appropriations for Sheriff Department and Jail by a total of $1,047,844. These additional unplanned expenditures were funded by additional revenue from the State of Tennessee, Other Revenues, and the use of beginning fund balance.

The increase in the Capital Projects expenditure function budget was primarily due to several additional grant-funded public safety and public utility projects. These projects were funded through federal programs, such as safe routes to school grant, and the office of surface mining.

Final budget compared to actual results of the General Fund.

Actual revenue was $1,165,549 more than anticipated with the most significant difference between estimated revenues and actual revenues was State of Tennessee grants was $979,943 more than anticipated.

At the close of the fiscal year, actual expenditures and encumbrances were $2,986,790 less than budgetary estimates. A review of actual expenditures compared with the appropriations in the final budget resulted in the following significant variances:

- Expenditures and encumbrances were held below appropriations in the functions of Public Safety ($828,946), General Government ($530,581), Public Health and Welfare ($466,406), Finance ($371,283) and Administration of Justice ($295,182). These functions were specified as amounts were above $250,000. Expenditures in all other functions were held below appropriations by amounts ranging up to $227,372.

- Additional details on actual revenue and expenditures functions variances with amended budgets can be found in Exhibits C-5 of this report.

- Management and Department Heads continue to exhibit a conservative attitude towards the budgetary controls instead of spending whatever is available to be spent.

Proprietary Funds

Anderson County's proprietary funds provide the same type of information found in the government-wide financial statements.

Net Position of Internal Service Funds

	Proprietary Funds	
	2019	2018
Employee Health Insurance Fund	1,126,737	$370,184
Channel 95	0	142,374

The proprietary fund financial statements can be found as Exhibits D-1 through D-3 and I-1 through I-2 in the financial statements.

As previously noted, the Channel 95 fund was reclassified as a special revenue fund type by transferring the June 30, 2018 ,unrestricted net position amount ($105,829) into a special revenue fund. The June 30, 2018, Net Investment in Capital Assets ($36,545) has been removed from the Internal Service Fund and are now reflected in the Governmental Activities for the current year.

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital Assets. Anderson County's investment in capital assets for its governmental activities as of June 30, 2019, totals $35,091,647 (net of accumulated depreciation). The investment in capital assets includes land, construction in progress, buildings and improvements, other capital assets (including vehicles and equipment), and infrastructure (highways and bridges). The net increase in capital assets for the current fiscal year was $593,015 or approximately 2 percent.

Anderson County's Capital Assets (net of depreciation)

	Governmental Activities	
	2019	2018
Land	$ 2,659,202	$ 2,462,093
Construction in Progress	101,777	14,000
Buildings and Improvements	21,669,489	22,221,940
Other Capital Assets	5,270,215	4,192,000
Infrastructure	5,390.964	5,608,599
Total	$ 35,091,647	$ 34,498,632

Additional information on Anderson County's capital assets can be found in Note IV.B. of the notes to the financial statements.

Long-term Debt. At the end of the 2019 fiscal year, Anderson County government had total debt outstanding of $56,883,216. All debt is backed by the full faith and credit of the government.

Anderson County's Outstanding Debt

	Governmental Activities	
	2019	2018
Notes Payable	$ 1,527,082	$ 2,166,322
Other Loans Payable	9,123,000	9,933,019
Bonds Payable	46,070,000	37,150,000
Capital Lease Payable	163,134	373,426
Total	$ 56,883,216	$ 49,622,767

Anderson County's total debt increased $7,260,449 or approximately 14.6 percent during the current fiscal year. This increase consisted of a new bond issuance of $10,900,000 and retirement of $3,639,551 of debt.

Currently, state statutes do not limit the amount of general obligation debt a government entity may issue. Anderson County's bond rating from Moody's Investor Services was affirmed at Aa2 in March 2019.

Additional information on Anderson County government's long-term debt can be found in Exhibits L-1, L-2, and Note IV.G. of this report.

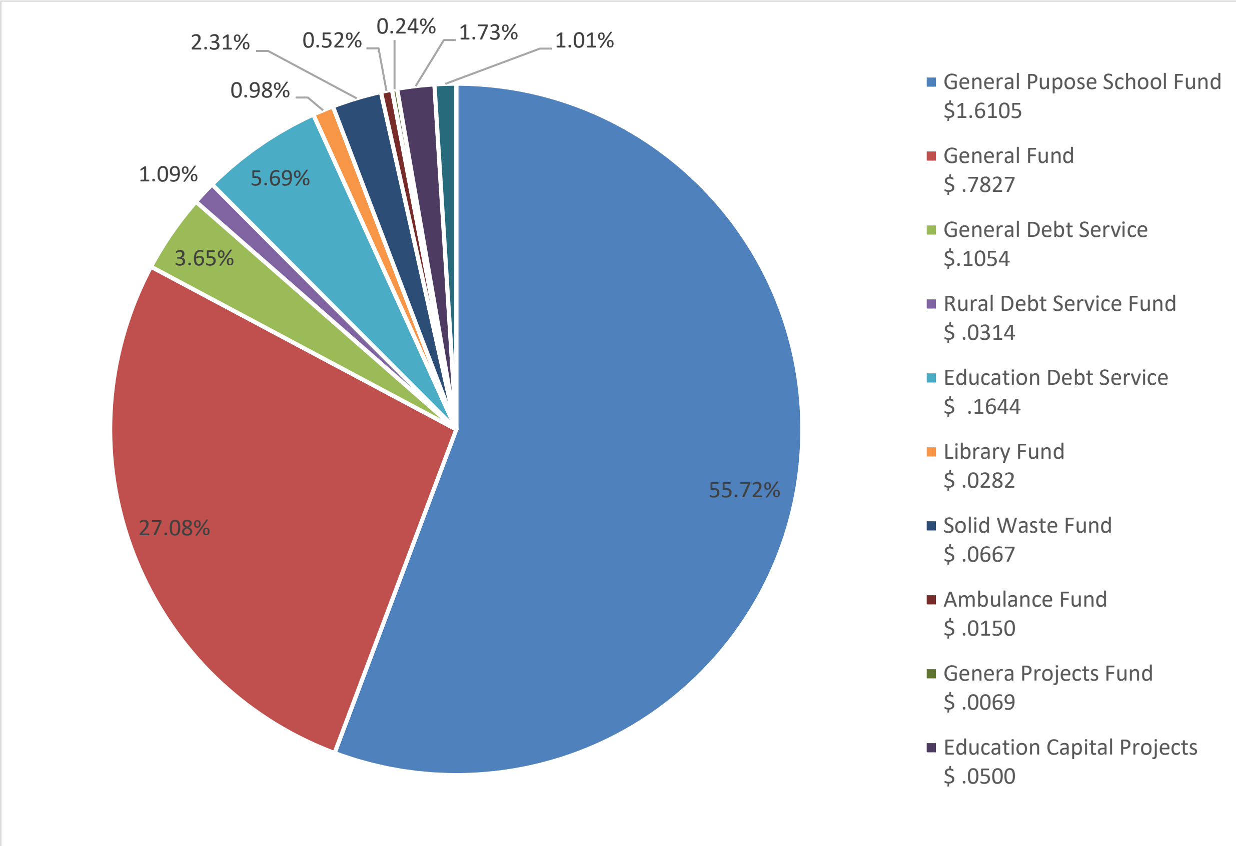
ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS AND RATES

The following economic factors currently affect Anderson County. The Commission considered these factors in developing the 2019-2020 fiscal year budget:

❖ The reader's attention is hereby directed to the Statistical Section of this Comprehensive Annual Financial Report for various indications of economic factors that may have an effect on Anderson County operations in the future. However, it should be noted:

- Table 1 reflects a material decrease in the Primary Governmental Net Position. As previously noted, this decrease was primarily the result of Anderson County issuing long-term debt for the benefit of the Discretely Presented School Department. Anderson County has incurred additional debt with no offsetting increases in either current or capital assets.
- Table 2 reflects continued improvement in both the Total Program Revenue for Governmental Activities and General Revenue.
- Table 3 reflects continued improvement in the Government Activities Tax Revenue by Source.
- Table 4 reflects stable fund balances in Governmental Funds over the past four years.
- Table 5 can be used to review the primary reasons for the stable fund balances by reflecting net changes in fund balances.
- Table 6 details the Tax Revenue by Sources. Although not noted on the face of the table, it indicates an increase each year.
- Table 7 reflects the continued increases in the various appraised and assessed values for tax purpose. It should be noted that this continued improvement is the primary reason that Anderson County has been able to maintain the same total tax rate for several years as reflected on Table 8.
- Table 9 lists the Principal Taxpayers for 2019 as compared to 2010. Although it is not illustrated on this table, it is noteworthy that the principal taxpayers for 2019 were much the same for 2018, with very few changes in the ranking.
- Table 10 reflects the percentage of tax levy collected during the current year is decreasing since 2016 to a ten-year low of 93.25 percent.
- The remaining statistical tables mainly deal with debt capacity, demographic and economic information and operating information. These tables provide additional insight to the readers and users of the financial statements and the accompanying notes to those statements.

❖ The following chart presents the 2019 tax rate of $2.8903 and percentage of total rate allocated to each fund.



❖ Anderson County utilized $483,225 of June 30, 2019, unassigned balance to balance the 2019-2020 original budget for the General Fund. The June 30, 2019, financial statements include this amount in the Assigned Fund Balance in the General Fund.

❖ County Commission approved the same total tax rate of $2.7903 for the last four tax years. Commission approved a rate of $2.8903 for the 2019 tax year, an increase of $.10.

REQUESTS FOR INFORMATION

This financial report is designed to provide a general overview of Anderson County's finances for all those with an interest in the government's financial information. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to the Anderson County Director of Finance, 100 North Main Street, Room 212, Clinton, Tennessee 37716-3625.

BASIC FINANCIAL STATEMENTS

Exhibit A

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

	Primary Government	Component Units	
	Governmental Activities	Anderson County School Department	Emergency Communications District
ASSETS			
Cash	$ 1,378,569	$ 266,722	$ 1,397,826
Equity in Pooled Cash and Investments	21,100,595	15,159,911	0
Inventories	35,560	81,580	0
Investments	19,407	0	0
Accounts Receivable	3,648,313	36,888	0
Allowance for Uncollectible	(1,982,716)	0	0
Due from Other Governments	1,843,032	2,979,735	0
Due from Primary Government	0	46,436	0
Due from Component Units	150,546	0	0
Property Taxes Receivable	20,946,172	17,096,544	0
Allowance for Uncollectible Property Taxes	(611,390)	(502,451)	0
Prepaid Items	27,013	0	30,585
Net Pension Asset - Agent Plan	3,179,973	1,809,785	147,128
Net Pension Asset - Teacher Legacy Plan	0	2,605,954	0
Net Pension Asset - Teacher Retirement Plan	0	258,432	0
Restricted Assets	0	129,247	0
Capital Assets:			
Assets Not Depreciated:			
Land	2,659,202	865,214	0
Construction in Progress	101,777	7,050,765	0
Assets Net of Accumulated Depreciation:			
Buildings and Improvements	21,669,489	41,095,035	0
Other Capital Assets	5,270,215	2,415,808	549,616
Infrastructure	5,390,964	0	0
Total Assets	$ 84,826,721	$ 91,395,605	$ 2,125,155

(Continued)

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

	Primary Government	Component Units	
	Governmental Activities	Anderson County School Department	Emergency Communica-tions District
DEFERRED OUTFLOWS OF RESOURCES			
Deferred Charge on Refunding	$ 407,839	$ 0	$ 0
Pension Changes in Experience	45,197	567,112	0
Pension Changes in Assumptions	682,922	1,939,946	0
Pension Contributions After Measurement Date	1,198,683	3,392,851	4,405
Pension Changes in Proportionate Share	0	55,111	0
OPEB Changes in Assumptions	29,272	105,889	0
OPEB Contributions After Measurement Date	0	323,503	0
OPEB Changes in Proportionate Share	0	39,518	0
Total Deferred Outflows of Resources	$ 2,363,913	$ 6,423,930	$ 4,405
LIABILITIES			
Accounts Payable	$ 944,763	$ 1,169,211	$ 6,879
Accrued Payroll	325,805	1,897	0
Accrued Interest Payable	378,986	0	0
Payroll Deductions Payable	165,302	800,716	0
Contracts Payable	86,030	1,872,571	0
Retainage Payable	4,389	55,956	0
Claims and Judgments Payable	400,000	0	0
Due to Primary Government	0	150,546	0
Due to Component Units	46,436	0	0
Due to State of Tennessee	970	227	0
Other Current Liabilities	242,576	389	0
Unearned/Unavailable Revenues	0	860	0
Noncurrent Liabilities:			
Due Within One Year - Debt	3,490,495	0	0
Due Within One Year - Other	620,284	321,146	0
Due in More than One Year - Debt	55,462,667	0	0
Due in More than One Year - Other	543,344	4,125,279	0
Total Liabilities	$ 62,712,047	$ 8,498,798	$ 6,879

(Continued)

Exhibit A

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

	Primary Government	Component Units	
	Governmental Activities	Anderson County School Department	Emergency Communications District
DEFERRED INFLOWS OF RESOURCES			
Deferred Current Property Taxes	$ 19,383,092	$ 15,816,460	$ 0
Pension Changes in Experience	1,133,373	4,170,957	0
Pension Changes in Investment Earnings	211,923	702,371	640
Pension Changes in Proportionate Share	0	159,158	0
OPEB Changes in Experience	55,967	735,397	0
OPEB Changes in Assumptions	0	176,821	0
Total Deferred Inflows of Resources	$ 20,784,355	$ 21,761,164	$ 640
NET POSITION			
Net Investment in Capital Assets	$ 15,883,442	$ 51,426,822	$ 549,616
Restricted for:			
General Government	182,188	0	0
Finance	81,780	0	0
Administration of Justice	804,158	0	0
Public Safety	678,446	0	0
Public Health and Welfare	643,277	0	0
Social, Cultural, and Recreational Services	752,241	0	0
Highway/Public Works	4,154,276	0	0
Debt Service	1,305,439	0	0
Capital Projects	308,470	4,572,414	0
Education	0	1,616,159	0
Pensions	3,179,973	4,803,418	0
Unrestricted	(24,279,458)	5,140,760	1,572,425
Total Net Position	$ 3,694,232	$ 67,559,573	$ 2,122,041

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

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

		Program Revenues			Net (Expense) Revenue and Changes in Net Position		
					Primary Government	Component Units	
Functions/Programs	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Total Governmental Activities	Anderson County School Department	Emergency Communica-tions District
Primary Government:							
Governmental Activities:							
General Government	$ 5,014,298	$ 957,355	$ 155,809	$ 0	$ (3,901,134)	$ 0	$ 0
Finance	2,902,433	2,542,354	0	0	(360,079)	0	0
Administration of Justice	2,864,820	1,394,386	124,659	0	(1,345,775)	0	0
Public Safety	14,171,665	2,718,093	1,192,506	39,962	(10,221,104)	0	0
Public Health and Welfare	8,273,405	6,201,036	222,081	138,710	(1,711,578)	0	0
Social, Cultural, and Recreational Services	1,298,570	437,252	128,752	3,165	(729,401)	0	0
Agriculture and Natural Resources	238,149	0	0	0	(238,149)	0	0
Highways	4,237,204	183,089	2,755,576	565,836	(732,703)	0	0
Education	11,275,996	0	0	0	(11,275,996)	0	0
Debt Service:							
Interest on Long-term Debt	1,894,192	0	0	0	(1,894,192)	0	0
Total Primary Government	$ 52,170,732	$ 14,433,565	$ 4,579,383	$ 747,673	$ (32,410,111)	$ 0	0
Component Unit:							
Anderson County School Department	$ 68,803,282	$ 1,246,794	$ 13,910,348	$ 11,275,996	$ 0	$ (42,370,144)	$ 0
Emergency Communications District	666,506	475,967	32,000	0	0	0	(158,539)
Total Component Units	$ 69,469,788	$ 1,722,761	$ 13,942,348	$ 11,275,996	$ 0	$ (42,370,144)	$ (158,539)

(Continued)

Exhibit B

Anderson County, Tennessee
Statement of Activities (Cont.)

		Program Revenues			Net (Expense) Revenue and Changes in Net Position		
					Primary Government	Component Units	
Functions/Programs	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Total Governmental Activities	Anderson County School Department	Emergency Communications District
General Revenues:							
Taxes:							
Property Taxes Levied for General Purposes					$ 15,022,265	$ 15,645,605	$ 0
Property Taxes Levied for Debt Service					1,866,088	0	0
Property Taxes Levied for Capital Projects					1,431,734	0	0
Local Option Sales Taxes					1,428,550	9,488,268	0
Hotel/Motel Tax					395,870	0	0
Litigation Tax					364,060	0	0
Business Tax					1,137,029	0	0
Wholesale Beer Tax					171,673	0	0
Mineral and Coal Severance Tax					122,857	0	0
Gas and Oil Severance Tax					62,411	0	0
Other Local Taxes					13,463	2,368	0
Grants and Contributions Not Restricted to Specific Programs					5,526,788	33,451,128	0
Unrestricted Investment Income					120,759	53,901	4,686
Miscellaneous					23,312	122,695	0
Total General Revenues and Transfers					$ 27,686,859	$ 58,763,965	$ 4,686
Change in Net Position					$ (4,723,252)	$ 16,393,821	$ (153,853)
Net Position, July 1, 2018					8,417,484	51,165,752	2,275,894
Net Position, June 30, 2019					$ 3,694,232	$ 67,559,573	$ 2,122,041

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

Exhibit C-1

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

	Major Funds				Nonmajor Funds	
	General	Ambulance Service	Highway / Public Works	General Capital Projects	Other Govern-mental Funds	Total Governmental Funds
ASSETS						
Cash	$ 63,375	$ 0	$ 0	$ 0	$ 2,227	$ 65,602
Equity in Pooled Cash and Investments	11,875,148	325,918	3,757,800	146,579	4,995,150	21,100,595
Inventories	0	0	35,560	0	0	35,560
Accounts Receivable	87,310	3,342,876	2,556	0	215,571	3,648,313
Allowance for Uncollectibles	0	(1,982,716)	0	0	0	(1,982,716)
Due from Other Governments	1,224,434	7,480	609,815	0	1,303	1,843,032
Due from Other Funds	62,114	2,265	28,426	0	19,395	112,200
Due from Component Units	1,657	0	4,028	0	0	5,685
Property Taxes Receivable	14,301,858	277,454	535,944	217,421	5,613,495	20,946,172
Allowance for Uncollectible Property Taxes	(418,632)	(8,827)	(16,572)	(25,520)	(141,839)	(611,390)
Prepaid Items	12,500	0	0	0	0	12,500
Total Assets	$ 27,209,764	$ 1,964,450	$ 4,957,557	$ 338,480	$ 10,705,302	$ 45,175,553
LIABILITIES						
Accounts Payable	$ 387,569	$ 126,163	$ 154,024	$ 30,827	$ 191,956	$ 890,539
Accrued Payroll	234,495	61,664	18,265	0	11,381	325,805
Payroll Deductions Payable	125,090	27,252	8,583	0	4,377	165,302
Contracts Payable	2,642	0	0	0	83,388	86,030
Retainage Payable	0	0	0	0	4,389	4,389
Claims and Judgments Payable	400,000	0	0	0	0	400,000
Due to Other Funds	2,885	1,211	0	0	108,104	112,200
Due to Component Units	0	0	0	0	46,436	46,436
Other Current Liabilities	33,000	0	0	0	0	33,000
Sales Tax	970	0	0	0	0	970
Total Liabilities	$ 1,186,651	$ 216,290	$ 180,872	$ 30,827	$ 450,031	$ 2,064,671

(Continued)

Exhibit C-1

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

	Major Funds				Nonmajor Funds	
	General	Ambulance Service	Highway / Public Works	General Capital Projects	Other Govern-mental Funds	Total Governmental Funds
DEFERRED INFLOWS OF RESOURCES						
Deferred Current Property Taxes	$ 13,238,457	$ 253,708	$ 492,192	$ 116,706	$ 5,282,029	$ 19,383,092
Deferred Delinquent Property Taxes	605,134	14,009	25,522	70,608	178,180	893,453
Other Deferred/Unavailable Revenue	183,489	956,230	277,345	0	0	1,417,064
Total Deferred Inflows of Resources	$ 14,027,080	$ 1,223,947	$ 795,059	$ 187,314	$ 5,460,209	$ 21,693,609
FUND BALANCES						
Nonspendable:						
Inventory	$ 0	$ 0	$ 35,560	$ 0	$ 0	$ 35,560
Prepaid Items	12,500	0	0	0	0	12,500
Restricted:						
Restricted for General Government	182,188	0	0	0	0	182,188
Restricted for Finance	81,780	0	0	0	0	81,780
Restricted for Administration of Justice	804,158	0	0	0	0	804,158
Restricted for Public Safety	398,308	0	0	0	280,138	678,446
Restricted for Public Health and Welfare	188,250	0	0	0	401,166	589,416
Restricted for Social, Cultural, and Recreational Services	19,802	0	0	0	711,104	730,906
Restricted for Highways/Public Works	0	0	3,946,066	0	0	3,946,066
Restricted for Capital Outlay	117,523	0	0	120,339	0	237,862
Restricted for Debt Service	0	0	0	0	2,463,406	2,463,406
Committed:						
Committed for General Government	24,566	0	0	0	0	24,566
Committed for Finance	213,117	0	0	0	0	213,117
Committed for Public Safety	500	0	0	0	6,249	6,749
Committed for Public Health and Welfare	31,760	524,213	0	0	0	555,973
Committed for Social, Cultural, and Recreational Services	39,699	0	0	0	111,675	151,374

(Continued)

Exhibit C-1

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

	Major Funds				Nonmajor Funds	
FUND BALANCES (Cont.)	General	Ambulance Service	Highway / Public Works	General Capital Projects	Other Govern-mental Funds	Total Governmental Funds
Committed (Cont.):						
Committed for Debt Service	$ 0	$ 0	$ 0	$ 0	$ 466,323	$ 466,323
Committed for Capital Projects	1,266,412	0	0	0	355,001	1,621,413
Committed for Other Purposes	577,863	0	0	0	0	577,863
Assigned:						
Assigned for General Government	529,244	0	0	0	0	529,244
Unassigned	7,508,363	0	0	0	0	7,508,363
Total Fund Balances	$ 11,996,033	$ 524,213	$ 3,981,626	$ 120,339	$ 4,795,062	$ 21,417,273
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	$ 27,209,764	$ 1,964,450	$ 4,957,557	$ 338,480	$ 10,705,302	$ 45,175,553

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

Exhibit C-2

Anderson 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)			$ 21,417,273
(1)	Capital assets used in governmental activities are not financial resources and therefore are not reported in the governmental funds.		
	Add: land	$ 2,659,202	
	Add: construction in progress	101,777	
	Add: infrastructure net of accumulated depreciation	5,390,964	
	Add: buildings and improvements net of accumulated depreciation	21,625,839	
	Add: other capital assets net of accumulated depreciation	5,270,215	35,047,997
(2)	Internal service funds are used by management to charge the cost of employee health insurance to individual funds. The assets and liabilities are included in governmental activities in the statement of net position.		
	Add: capital assets	$ 43,650	
	Add: current assets	1,346,887	
	Less: liabilities	(263,800)	1,126,737
(3)	Long-term liabilities are not due and payable in the current period and therefore are not reported in the governmental funds.		
	Less: notes payable	$ (1,527,082)	
	Less: other loans payable	(9,123,000)	
	Less: bonds payable	(46,070,000)	
	Less: capital lease payable	(163,134)	
	Add: deferred amount on refunding	407,839	
	Add: debt to be contributed by the School Department	144,861	
	Less: unamortized premium on debt	(2,069,946)	
	Less: net OPEB liability	(510,697)	
	Less: compensated absences payable	(652,931)	
	Less: accrued interest on bonds, notes, and other loans	(378,986)	(59,943,076)
(4)	Amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions and OPEB will be amortized and recognized as components of expense in future years.		
	Add: deferred outflows of resources related to pensions	$ 1,926,802	
	Less: deferred inflows of resources related to pensions	(1,345,296)	
	Add: deferred outflows of resources related to OPEB	29,272	
	Less: deferred inflows of resources related to OPEB	(55,967)	554,811
(5)	Net pension assets of the agent plan are not current financial resources and therefore are not reported in the governmental funds.		3,179,973
(6)	Other long-term assets are not available to pay for current-period expenditures and therefore are deferred in the governmental funds.		2,310,517
Net position of governmental activities (Exhibit A)			$ 3,694,232

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

Exhibit C-3

Anderson 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	Ambulance Service	Highway / Public Works	General Capital Projects	Other Governmental Funds	Total Governmental Funds
Revenues						
Local Taxes	$ 18,234,119	$ 269,991	$ 1,153,869	$ 1,362,134	$ 3,844,928	$ 24,865,041
Licenses and Permits	355,633	0	0	0	150,532	506,165
Fines, Forfeitures, and Penalties	359,794	0	0	0	36,084	395,878
Charges for Current Services	613,729	4,886,095	0	0	636,431	6,136,255
Other Local Revenues	816,833	5,476	209,623	0	64,536	1,096,468
Fees Received From County Officials	3,826,199	0	0	0	0	3,826,199
State of Tennessee	3,844,589	0	3,264,435	0	93,464	7,202,488
Federal Government	691,946	205,869	0	0	29,484	927,299
Other Governments and Citizens Groups	95,907	0	11,091	0	1,825,382	1,932,380
Total Revenues	$ 28,838,749	$ 5,367,431	$ 4,639,018	$ 1,362,134	$ 6,680,841	$ 46,888,173
Expenditures						
Current:						
General Government	$ 4,231,852	$ 0	$ 0	$ 0	$ 0	$ 4,231,852
Finance	3,108,709	0	0	0	601	3,109,310
Administration of Justice	3,098,532	0	0	0	7,988	3,106,520
Public Safety	14,459,453	0	0	0	182,878	14,642,331
Public Health and Welfare	1,121,574	5,303,386	0	0	1,806,375	8,231,335
Social, Cultural, and Recreational Services	131,154	0	0	0	801,824	932,978
Agriculture and Natural Resources	243,505	0	0	0	0	243,505
Other Operations	880,943	0	0	25,000	348,987	1,254,930
Highways	0	0	4,256,579	0	0	4,256,579
Debt Service:						
Principal on Debt	0	32,000	0	0	3,607,551	3,639,551
Interest on Debt	0	2,970	0	0	1,801,411	1,804,381
Other Debt Service	0	0	0	192,065	56,574	248,639

(Continued)

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

	Major Funds				Nonmajor Funds	
	General	Ambulance Service	Highway / Public Works	General Capital Projects	Other Govern-mental Funds	Total Governmental Funds
Expenditures (Cont.)						
Capital Projects	$ 275,796	$ 0	$ 0	$ 12,681,220	$ 0	$ 12,957,016
Total Expenditures	$ 27,551,518	$ 5,338,356	$ 4,256,579	$ 12,898,285	$ 8,614,189	$ 58,658,927
Excess (Deficiency) of Revenues Over Expenditures	$ 1,287,231	$ 29,075	$ 382,439	$ (11,536,151)	$ (1,933,348)	$ (11,770,754)
Other Financing Sources (Uses)						
Bonds Issued	$ 0	$ 0	$ 0	$ 10,900,000	$ 0	$ 10,900,000
Premiums on Debt Sold	0	0	0	568,061	0	568,061
Proceeds from Sale of Capital Assets	3,833	866	0	0	0	4,699
Insurance Recovery	28,327	80,014	18,448	0	0	126,789
Transfers In	500	1,026,787	0	0	437,702	1,464,989
Transfers Out	(1,358,661)	0	(500)	0	0	(1,359,161)
Total Other Financing Sources (Uses)	$ (1,326,001)	$ 1,107,667	$ 17,948	$ 11,468,061	$ 437,702	$ 11,705,377
Net Change in Fund Balances	$ (38,770)	$ 1,136,742	$ 400,387	$ (68,090)	$ (1,495,646)	$ (65,377)
Fund Balance, July 1, 2018	12,034,803	(612,529)	3,581,239	188,429	6,290,708	21,482,650
Fund Balance, June 30, 2019	$ 11,996,033	$ 524,213	$ 3,981,626	$ 120,339	$ 4,795,062	$ 21,417,273

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

Anderson 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)		$ (65,377)
(1)	Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of these assets is allocated over their useful lives and reported as depreciation expense. The difference between capital outlays and depreciation is itemized as follows.		
	Add: capital assets purchased in the current period	$ 2,488,889	
	Less: current-year depreciation expense	(1,881,718)	
	Add: current year depreciation expense included in internal service fund operations-item (6) below	2,619	609,790
(2)	The net effect of various miscellaneous transactions involving capital assets (sales, trades-ins, and donations) is to increase net position.		
	Less: book value of capital assets disposed	$ (14,156)	
	Add: capital assets, net of accumulated depreciation, transferred upon closure of the Channel 95 internal service fund	36,545	22,389
(3)	Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.		
	Add: deferred delinquent property taxes and other deferred June 30, 2019	$ 2,310,517	
	Less: deferred delinquent property taxes and other deferred June 30, 2018	(1,654,873)	655,644
(4)	The issuance of long-term debt (e.g., bonds, notes, other loans, leases) provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net position. Also, governmental funds report the effect of premiums, discounts, and similar items when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities. This amount is the effect of these differences in the treatment of long-term debt and related items:		
	Add: principal payments on notes	$ 639,240	
	Add: principal payments on other loans	810,019	
	Add: principal payments on bonds	1,980,000	
	Add: principal payments on capital leases	210,292	
	Less: bond proceeds	(10,900,000)	
	Less: change in unamortized premium on debt issuances	(359,401)	
	Less: contributions from the School Department for capital leases	(101,616)	
	Less: change in deferred amount on refunding debt	(15,617)	(7,737,083)
(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	$ (34,215)	
	Change in OPEB liability	38,499	
	Change in net pension asset	1,765,139	
	Change in deferred outflows related to pensions	(220,954)	
	Change in deferred inflows related to pensions	(325,314)	
	Change in deferred outflows related to OPEB	29,272	
	Change in deferred inflows related to OPEB	(55,967)	
	Change in compensated absences payable	(19,254)	1,177,206
(6)	Internal service funds are used by management to charge the cost of employee health benefits to individual funds and to reflect activities of the county television station. The net revenue (expense) of certain activities of the internal service fund is reported with governmental activities in the statement of activities.		614,179
	Change in net position of governmental activities (Exhibit B)		$ (4,723,252)

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

Anderson 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	Actual Revenues/ Expenditures (Budgetary Basis)	Budgeted Amounts Original	Budgeted Amounts Final	Variance with Final Budget - Positive (Negative)
Revenues						
Local Taxes	$ 18,234,119	$ 0	$ 18,234,119	$ 17,982,094	$ 18,005,094	$ 229,025
Licenses and Permits	355,633	0	355,633	326,000	336,000	19,633
Fines, Forfeitures, and Penalties	359,794	0	359,794	297,775	319,775	40,019
Charges for Current Services	613,729	0	613,729	540,400	579,195	34,534
Other Local Revenues	816,833	0	816,833	415,394	443,411	373,422
Fees Received From County Officials	3,826,199	0	3,826,199	3,940,000	3,962,000	(135,801)
State of Tennessee	3,844,589	0	3,844,589	2,925,900	2,864,646	979,943
Federal Government	691,946	0	691,946	272,705	1,076,741	(384,795)
Other Governments and Citizens Groups	95,907	0	95,907	30,000	86,338	9,569
Total Revenues	$ 28,838,749	$ 0	$ 28,838,749	$ 26,730,268	$ 27,673,200	$ 1,165,549
Expenditures						
General Government						
County Commission	$ 288,806	$ 0	$ 288,806	$ 317,966	$ 306,978	$ 18,172
Board of Equalization	1,399	0	1,399	7,448	7,448	6,049
Other Boards and Committees	288,326	0	288,326	317,730	372,526	84,200
County Mayor/Executive	206,580	0	206,580	223,000	223,476	16,896
Personnel Office	212,252	0	212,252	209,420	223,309	11,057
County Attorney	303,437	0	303,437	329,399	340,177	36,740
Election Commission	454,084	0	454,084	489,282	489,282	35,198
Register of Deeds	389,995	0	389,995	376,207	395,207	5,212
Planning	205,552	0	205,552	263,967	283,967	78,415
Building	37,425	0	37,425	43,000	49,246	11,821
County Buildings	894,971	0	894,971	923,531	1,034,065	139,094
Other General Administration	868,420	0	868,420	415,265	952,685	84,265
Preservation of Records	80,605	0	80,605	48,067	84,067	3,462

(Continued)

Exhibit C-5

Anderson 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	Actual Revenues/ Expenditures (Budgetary Basis)	Budgeted Amounts Original	Budgeted Amounts Final	Variance with Final Budget - Positive (Negative)
Expenditures (Cont.)						
Finance						
Accounting and Budgeting	$ 640,779	$ 0	$ 640,779	$ 643,728	$ 654,289	$ 13,510
Purchasing	220,037	0	220,037	234,738	237,238	17,201
Property Assessor's Office	356,472	0	356,472	393,974	394,299	37,827
Reappraisal Program	218,579	0	218,579	296,121	295,796	77,217
County Trustee's Office	652,852	0	652,852	687,633	697,633	44,781
County Clerk's Office	758,569	0	758,569	862,513	903,069	144,500
Data Processing	261,421	0	261,421	237,129	297,668	36,247
Administration of Justice						
Circuit Court	1,159,454	0	1,159,454	1,200,396	1,280,754	121,300
Criminal Court	579	0	579	2,058	2,058	1,479
General Sessions Judge	563,009	0	563,009	579,462	579,462	16,453
Drug Court	76,886	0	76,886	80,921	80,921	4,035
Chancery Court	500,007	0	500,007	500,377	507,713	7,706
Juvenile Court	521,146	0	521,146	564,960	564,960	43,814
District Attorney General	90,839	0	90,839	102,985	102,985	12,146
Office of Public Defender	32,378	0	32,378	40,979	40,979	8,601
Judicial Commissioners	2,631	0	2,631	2,154	3,454	823
Probate Court	3,273	0	3,273	3,500	3,500	227
Other Administration of Justice	108,103	0	108,103	122,185	122,185	14,082
Courtroom Security	14,556	0	14,556	75,500	75,500	60,944
Victim Assistance Programs	25,671	0	25,671	26,750	29,243	3,572
Public Safety						
Sheriff's Department	5,639,373	0	5,639,373	5,416,362	5,892,739	253,366
Jail	6,582,457	0	6,582,457	6,146,100	6,717,567	135,110
Correctional Incentive Program Improvements	82,051	0	82,051	150,000	99,978	17,927

(Continued)

Exhibit C-5

Anderson 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	Actual Revenues/ Expenditures (Budgetary Basis)	Budgeted Amounts Original	Budgeted Amounts Final	Variance with Final Budget - Positive (Negative)
Expenditures (Cont.)						
Public Safety (Cont.)						
Commissary	$ 17,220	$ 0	$ 17,220	$ 35,000	$ 35,000	$ 17,780
Civil Defense	647,739	(123,590)	524,149	639,945	802,675	278,526
Rescue Squad	27,500	0	27,500	27,500	27,500	0
Other Emergency Management	722,043	0	722,043	948,332	784,894	62,851
County Coroner/Medical Examiner	385,804	0	385,804	385,804	385,804	0
Other Public Safety	355,266	0	355,266	418,652	418,652	63,386
Public Health and Welfare						
Local Health Center	205,776	0	205,776	259,100	278,070	72,294
Rabies and Animal Control	214,586	0	214,586	155,237	244,999	30,413
Dental Health Program	245,868	0	245,868	367,206	367,206	121,338
Other Local Health Services	333,224	0	333,224	574,219	574,219	240,995
Appropriation to State	122,120	0	122,120	123,486	123,486	1,366
Social, Cultural, and Recreational Services						
Senior Citizens Assistance	105,504	0	105,504	124,112	129,657	24,153
Parks and Fair Boards	3,000	0	3,000	3,000	3,000	0
Other Social, Cultural, and Recreational	22,650	0	22,650	0	22,650	0
Agriculture and Natural Resources						
Agricultural Extension Service	166,698	0	166,698	175,087	175,087	8,389
Soil Conservation	55,941	0	55,941	56,489	56,489	548
Storm Water Management	20,866	0	20,866	35,260	35,260	14,394
Other Operations						
Industrial Development	174,302	0	174,302	162,000	262,000	87,698
Veterans' Services	91,500	0	91,500	107,356	110,356	18,856
Other Charges	463,419	0	463,419	451,600	476,100	12,681
Contributions to Other Agencies	35,050	0	35,050	0	135,050	100,000

(Continued)

Exhibit C-5

Anderson 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	Actual Revenues/ Expenditures (Budgetary Basis)	Budgeted Amounts Original	Budgeted Amounts Final	Variance with Final Budget - Positive (Negative)
Expenditures (Cont.)						
Other Operations (Cont.)						
Miscellaneous	$ 116,672	$ 0	$ 116,672	$ 92,073	$ 116,973	$ 301
Capital Projects						
Public Safety Projects	9,800	0	9,800	0	218,168	208,368
Public Utility Projects	265,996	0	265,996	0	285,000	19,004
Total Expenditures	$ 27,551,518	$ (123,590)	$ 27,427,928	$ 27,476,265	$ 30,414,718	$ 2,986,790
Excess (Deficiency) of Revenues Over Expenditures	$ 1,287,231	$ 123,590	$ 1,410,821	$ (745,997)	$ (2,741,518)	$ 4,152,339
Other Financing Sources (Uses)						
Proceeds from Sale of Capital Assets	$ 3,833	$ 0	$ 3,833	$ 0	$ 0	$ 3,833
Insurance Recovery	28,327	0	28,327	0	27,827	500
Transfers In	500	0	500	0	500	0
Transfers Out	(1,358,661)	0	(1,358,661)	(17,175)	(1,359,735)	1,074
Total Other Financing Sources	$ (1,326,001)	$ 0	$ (1,326,001)	$ (17,175)	$ (1,331,408)	$ 5,407
Net Change in Fund Balance	$ (38,770)	$ 123,590	$ 84,820	$ (763,172)	$ (4,072,926)	$ 4,157,746
Fund Balance, July 1, 2018	12,034,803	(123,590)	11,911,213	10,983,596	10,983,596	927,617
Fund Balance, June 30, 2019	$ 11,996,033	$ 0	$ 11,996,033	$ 10,220,424	$ 6,910,670	$ 5,085,363

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

Exhibit C-6

Anderson County, Tennessee
Statement of Revenues, Expenditures, and Changes
in Fund Balance - Actual and Budget
Ambulance Service Fund
For the Year Ended June 30, 2019

	Actual	Budgeted Amounts Original	Budgeted Amounts Final	Variance with Final Budget - Positive (Negative)
Revenues				
Local Taxes	$ 269,991	$ 281,056	$ 281,056	$ (11,065)
Charges for Current Services	4,886,095	5,069,700	5,069,700	(183,605)
Other Local Revenues	5,476	0	0	5,476
Federal Government	205,869	349,221	200,000	5,869
Total Revenues	$ 5,367,431	$ 5,699,977	$ 5,550,756	$ (183,325)
Expenditures				
Public Health and Welfare				
Ambulance/Emergency Medical Services	$ 5,303,386	$ 5,665,589	$ 5,729,117	$ 425,731
Principal on Debt				
General Government	32,000	0	32,000	0
Interest on Debt				
General Government	2,970	0	2,970	0
Other Debt Service				
General Government	0	34,970	0	0
Total Expenditures	$ 5,338,356	$ 5,700,559	$ 5,764,087	$ 425,731
Excess (Deficiency) of Revenues Over Expenditures	$ 29,075	$ (582)	$ (213,331)	$ 242,406
Other Financing Sources (Uses)				
Proceeds from Sale of Capital Assets	$ 866	$ 0	$ 0	$ 866
Insurance Recovery	80,014	0	63,528	16,486
Transfers In	1,026,787	0	1,026,787	0
Total Other Financing Sources	$ 1,107,667	$ 0	$ 1,090,315	$ 17,352
Net Change in Fund Balance	$ 1,136,742	$ (582)	$ 876,984	$ 259,758
Fund Balance, July 1, 2018	(612,529)	176,243	176,243	(788,772)
Fund Balance, June 30, 2019	$ 524,213	$ 175,661	$ 1,053,227	$ (529,014)

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

Exhibit C-7

Anderson County, Tennessee
Statement of Revenues, Expenditures, and Changes
in Fund Balance - Actual and Budget
Highway/Public Works Fund
For the Year Ended June 30, 2019

	Actual	Budgeted Amounts Original	Budgeted Amounts Final	Variance with Final Budget - Positive (Negative)
Revenues				
Local Taxes	$ 1,153,869	$ 984,658	$ 984,658	$ 169,211
Other Local Revenues	209,623	300,000	332,360	(122,737)
State of Tennessee	3,264,435	3,213,200	3,759,032	(494,597)
Other Governments and Citizens Groups	11,091	0	0	11,091
Total Revenues	$ 4,639,018	$ 4,497,858	$ 5,076,050	$ (437,032)
Expenditures				
Highways				
Administration	$ 214,981	$ 319,752	$ 321,806	$ 106,825
Highway and Bridge Maintenance	2,939,221	2,113,141	3,979,587	1,040,366
Operation and Maintenance of Equipment	586,972	917,093	1,021,093	434,121
Other Charges	250,007	237,944	255,944	5,937
Capital Outlay	265,398	920,000	919,500	654,102
Total Expenditures	$ 4,256,579	$ 4,507,930	$ 6,497,930	$ 2,241,351
Excess (Deficiency) of Revenues Over Expenditures	$ 382,439	$ (10,072)	$ (1,421,880)	$ 1,804,319
Other Financing Sources (Uses)				
Insurance Recovery	$ 18,448	$ 0	$ 4,614	$ 13,834
Transfers Out	(500)	0	(500)	0
Total Other Financing Sources	$ 17,948	$ 0	$ 4,114	$ 13,834
Net Change in Fund Balance	$ 400,387	$ (10,072)	$ (1,417,766)	$ 1,818,153
Fund Balance, July 1, 2018	3,581,239	3,983,533	3,983,533	(402,294)
Fund Balance, June 30, 2019	$ 3,981,626	$ 3,973,461	$ 2,565,767	$ 1,415,859

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

Exhibit D-1

Anderson County, Tennessee
Statement of Net Position
Proprietary Fund
June 30, 2019

		Governmental Activities - Internal Service Fund
		Employee Health Insurance Fund
ASSETS		
Current Assets:		
Cash	$	1,312,967
Investments		19,407
Prepaid Items		14,513
Total Current Assets	$	1,346,887
Noncurrent Assets:		
Capital Assets:		
Assets Net of Accumulated Depreciation:		
Buildings and Improvements	$	43,650
Total Noncurrent Assets	$	43,650
Total Assets	$	1,390,537
LIABILITIES		
Current Liabilities:		
Accounts Payable	$	54,224
Other Current Liabilities		209,576
Total Liabilities	$	263,800
NET POSITION		
Net Investment in Capital Assets	$	43,650
Unrestricted		1,083,087
Total Net Position	$	1,126,737

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

Exhibit D-2

Anderson 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 Services	$	4,457,894
Total Operating Revenues	$	4,457,894
Operating Expenses		
Communication	$	1,707
Other Contracted Services		293,872
Depreciation		2,619
Other Charges		1,442
Medical and Dental Services		2,961,625
Excess Risk Insurance		440,656
Total Operating Expenses	$	3,701,921
Operating Income (Loss)	$	755,973
Nonoperating Revenues (Expenses)		
Investment Income	$	580
Total Nonoperating Revenues (Expenses)	$	580
Income (Loss) Before Transfers	$	756,553
Transfers Out - Cash		(105,829)
Transfers Out - Capital Assets		(36,545)
Change in Net Position	$	614,179
Net Position, July 1, 2018		512,558
Net Position, June, 30, 2019	$	1,126,737

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

Anderson 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 for Self-insurance Premiums	$ 4,457,894
Receipts for Licenses and Permits	38,009
Payments to Vendors	(51,313)
Payments to Employees	(829)
Payments for Fringe Benefits	(127)
Payments to Fiscal Agents	(307,619)
Payments to Insurers	(456,123)
Receipts for Stop-loss Recovery	141,831
Receipts for Prescription Drug Rebates	263,982
Payments for Administrative Costs	(3,149)
Payments for Claims	(3,293,945)
Net Cash Provided By (Used In) Operating Activities	$ 788,611
Cash Flows from Noncapital Financing Activities	
Transfers to Other Funds	$ (105,829)
Net Cash Provided By (Used In) Noncapital Financing Activities	$ (105,829)
Cash Flows from Investing Activities	
Interest on Investments	$ 155
Net Cash Provided By (Used In) Investing Activities	$ 155
Increase (Decrease) in Cash	$ 682,937
Cash, July 1, 2018	630,030
Cash, June 30, 2019	$ 1,312,967

(Continued)

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

	Governmental Activities
	Internal Service Funds
Reconciliation of Net Operating Income (Loss) to Net Cash Provided By (Used In) Operating Activities	
Operating Income (Loss)	$ 755,973
Adjustments to Reconcile Net Operating Income (Loss) to Net Cash Provided By (Used In) Operating Activities:	
Depreciation	2,619
Changes in Assets and Liabilities (net of balances transferred to Special Revenue Fund/Governmental Activities - See Noncash Financing Activities Below)	
(Increase) Decrease in Accounts Receivables (net of allowance)	106,044
(Increase) Decrease in Due from Other Funds (non-transfers)	538
(Increase) Decrease in Prepaid Items	(14,513)
Increase (Decrease) in Accounts Payable	(66,552)
Increase (Decrease) in Accrued Payroll	(829)
Increase (Decrease) in Payroll Deductions	(127)
Increase (Decrease) in Other Current Liabilities	5,458
Net Cash Provided By (Used In) Operating Activities	$ 788,611
Schedule of Non-Cash Capital and Related Financing Activities	
Transfer of Capital Assets to Governmental Funds	($36,545)

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

Exhibit E-1

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

	Agency Funds
ASSETS	
Cash	$ 2,097,382
Equity in Pooled Cash and Investments	1,061,986
Due from Other Governments	3,977,167
Taxes Receivable	13,261,920
Allowance for Uncollectible Taxes	(389,754)
Total Assets	$ 20,008,701
LIABILITIES	
Accounts Payable	$ 2,692
Due to Other Taxing Units	17,552,379
Due to Litigants, Heirs, and Others	2,123,330
Due to Joint Ventures	330,300
Total Liabilities	$ 20,008,701

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

ANDERSON COUNTY, TENNESSEE
Index of Notes to the Financial Statements

(Continued)

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

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Anderson 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 Anderson County:

A. Reporting Entity

Anderson County is a public municipal corporation governed by an elected 16-member board. As required by GAAP, these financial statements present Anderson County (the primary government) and its component units. The component units discussed below are included in the county's reporting entity because of the significance of their operational or financial relationships with the county.

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

The Anderson County School Department operates the public school system in the county, and the voters of Anderson County elect its board. The School Department is fiscally dependent on the county because its budget and property tax levy are subject to the county commission's approval. The School Department has a financial benefit/burden relationship with the county since all debt issued for school purposes is a liability of the primary government. Also, the School Department's taxes are levied under the taxing authority of the county and are included as part of the county's total tax levy.

The Anderson County Emergency Communications District provides a simplified means of securing emergency services through a uniform emergency number for the residents of Anderson County, and the Anderson County Commission appoints its governing body. The district is funded primarily through a service charge levied on telephone services. Before the issuance of most debt instruments, the district must obtain the approval of the county commission.

The Anderson County School Department does not issue separate financial statements from those of the county. Therefore, basic financial statements of the School Department are included in this report as listed in the table of contents. Complete financial statements of the Anderson County Emergency Communications District can be obtained from its administrative office at the following address:

Administrative Office:

Anderson County Emergency
  Communications District
101 South Main Street, Suite 440
Clinton, Tennessee 37716

Related Organizations – The Anderson County Water Authority is a related organization of Anderson County. The county mayor nominates and the Anderson County Commission confirms the board members, but the county's accountability for the organization does not extend beyond making the appointments.

The Anderson County Industrial Development Board is a related organization of Anderson County. The Anderson County Commission elects the board members, but the county's accountability 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. Likewise, the primary government is reported separately from certain legally separate component units for which the primary government is financially accountable. The Anderson County School Department component unit only reports governmental activities in the government-wide financial statements.

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

Anderson County issues all debt for the discretely presented Anderson County School Department. Net debt issues of $11,275,996 were contributed by the county to the School Department during the year ended June 30, 2019.

Separate financial statements are provided for governmental funds, proprietary funds (internal service), and fiduciary funds. 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 Anderson County are organized into funds, each of which is considered to be a separate accounting entity. Each fund is accounted for by providing a separate set of self-balancing accounts that constitute its assets, deferred outflow of resources, liabilities, deferred inflow of resources, fund equity, revenues, and expenditures/expenses. Funds are organized into three major categories: governmental, proprietary, and fiduciary. An emphasis is placed on major funds within the governmental and proprietary categories. Anderson County reports two proprietary funds, both internal service funds. At year end, Anderson County has only one internal service fund remaining open. The other was closed during the year.

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. Anderson County considers grants and similar revenues to be available if they are collected within 60 days after year-end. Expenditures are generally recognized under the modified accrual basis of accounting when the related fund liability is incurred. Principal and interest on long-term debt are recognized as fund liabilities when due or when amounts have been accumulated in the debt service funds for payments to be made early in the following year.

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

Proprietary fund and fiduciary fund 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.

Anderson 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.

Ambulance Service Fund – This fund is used to account for the county's ambulance service operations. Fees for services are the foundational revenues of the fund.

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

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

Additionally, Anderson County reports the following fund types:

Debt Service Funds – These funds account for the resources accumulated and payments made for principal and interest on long-term obligation debt of governmental funds.

Internal Service Funds – These funds, the Employee Health Insurance Fund and the Channel 95 Fund are used to account for the county's self-insured employee health program and the community television station, which serves the primary government, School Department, and cities in Anderson County. Premiums charged to the various county funds and employee payroll deductions are placed in the Employee Health Insurance Fund for the payment of claims of county employees. Previously, Channel 95 was funded primarily by annually determined charges to the participating entities. However, Channel 95 is now funded primarily by revenue received from cable tv franchise fees. Due to the change in funding, the county closed the Channel 95 Internal Service Fund July 1, 2018. Operations of Channel 95 are now accounted for as a special revenue fund. See Note V.B., Accounting Changes.

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 Anderson County, city school systems' shares of educational revenues, state grants and other restricted revenues held for the benefit of the Judicial District Drug Task Force, and restricted revenues held for the benefit of the Office of District Attorney General. Agency funds are custodial in nature (assets equal liabilities) and do not involve measurement of results of operations. They do, however, use the accrual basis of accounting to recognize receivables and payables.

The discretely presented Anderson County School Department reports the following major governmental funds:

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

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

Additionally, the Anderson County School Department 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 two proprietary funds, an internal service fund used to account for the employees' health insurance program, and an internal service fund used to account for the operations of Channel 95, the community television station. As previously stated, the Channel 95 Fund was closed as of July 1, 2018. 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 fund is self-insurance premiums. Operating expenses for the health insurance internal service fund include medical claims, excess risk insurance, and administrative charges.

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 demand deposits and cash on deposit with the county trustee.

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

The county trustee maintains a cash and internal investment pool that is used by all funds and the discretely presented Anderson County School Department. Each fund's portion of this pool is displayed on the balance sheets or statements of net position as Equity in Pooled Cash and Investments. Income from these investments is credited to various funds based on legal requirements of the budget adopted by the county commission, with the majority of the investment income being assigned to the General, General Purpose School, and the various debt service funds. In addition, investments are held separately by the self-insurance fund. Anderson County and the School Department have adopted a policy of reporting U.S. Treasury obligations, U.S. agency obligations, and repurchase agreements with maturities of one year or less when purchased on the balance sheet at amortized cost. Certificates of deposit are reported at cost.

Investments in the State Treasurer's Investment Pool are reported at amortized cost using a stable net asset value. The primary oversight responsibility for the investments and operations of the State Treasurer's Investment Pool rests with the Funding Board of the State of Tennessee (Funding Board). The Funding Board has established an investment policy that is administered by the state treasurer. These polices were designed to comply with generally accepted accounting principles. In addition, 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. Compliance with Funding Board polices is audited by the Tennessee Comptroller of the Treasury, Division of State Audit. The latest audit opinion issued by the Division of State Audit concluded that the State Treasurer's Investment Pooled complied with accounting principles generally accepted in the United State of America.

All other investments are reported at fair value. Other than the pension stabilization trust discussed in Note IV.A., no investments required to be reported at fair value were held at the balance sheet date.

2. Receivables and Payables

Activity between funds for unremitted current collections or that are representative of lending/borrowing arrangements outstanding at the end of the fiscal year is referred to as due to/from other funds.

All ambulance and property taxes receivables are shown with an allowance for uncollectibles. Ambulance receivables allowance for uncollectibles is based on historical collection data. The allowance for uncollectible property taxes is equal to 1.61 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 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. The balance in the account Other Current Liabilities totaling $242,576 in the governmental activities Statement of Net Position for the primary government consists of performance bonds of $33,000 and self-insurance claims of $209,576.

Retainage payable represents amounts withheld from payments made on construction contracts pending completion of the projects. These amounts are held by the county trustee as Equity in Pooled Cash and Investments in the applicable governmental funds.

3. Inventories and Prepaid Items

Inventories of Anderson County and the discretely presented Anderson County School Department are recorded at cost, determined on the first-in, first-out basis. 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 a pension stabilization trust by the Tennessee Consolidated Retirement (TCRS) for the benefit of the discretely presented Anderson County School Department's Teacher Retirement Plan. The purpose of this trust is to accumulate funds to provide stabilization (smoothing) of retirement costs to 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 the Anderson County School Department to fund retirement benefits upon approval of the TCRS Board of Directors. To date, the Anderson County School Department has not withdrawn any funds from the trust to pay pension cost. Trust documents provide that the funds are not subject to the claims of general creditors of the School Department.

5. Capital Assets

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

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

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

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

Assets	Years
Building and Improvements	20 - 50
Other Capital Assets	5 - 20
Infrastructure	25 - 40

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 and so will not be recognized as an outflow of resources (expense/expenditure) until then. The government has items that qualify for reporting in this category. Accordingly, the items are reported in the government-wide Statement of Net Position. These items are for a deferred charge on refunding, pension changes in experience, pension and OPEB changes in assumptions, employer contributions made to the pension and OPEB plans after the measurement date, and pensions and OPEB other deferrals. A deferred charge on refunding results from the difference in the carrying value of refunded debt and its reacquisition price. This amount is deferred and amortized over the shorter of the life of the refunded or refunding debt.

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

7. **Compensated Absences**

The policies of the county and School Department 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 Department do not have policies to pay any amounts when employees separate from service with the government. All vacation pay is accrued when incurred in the government-wide statements for the county and the discretely presented School Department. A liability for vacation pay is reported in governmental funds only if amounts have matured, for example, as a result of employee resignations and retirements.

8. **Long-term Debt and Long-term Obligations**

In the government-wide financial statements, long-term debt and other long-term obligations are reported as liabilities in the 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 payable is reported net of the applicable debt premium or discount. 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 and other postemployment benefits, are recognized to the extent that the liabilities have matured (come due for payment) each period.

9. Net Position and Fund Balance

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

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

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

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

The government-wide Statement of Net Position, Governmental Activities, reports $12,090,248 of restricted net position, of which $485,551 is restricted by enabling legislation.

As of June 30, 2019, Anderson County had $37,854,943 in outstanding debt for capital purposes for the discretely presented Anderson County School Department. This debt is a liability of Anderson County, but the capital assets acquired are reported in the financial statements of the School Department. Therefore, Anderson County has incurred a liability, significantly decreasing its unrestricted net position with no corresponding increase in the county's capital assets.

For most funds, 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. One exception is the Highway/Public Works Fund for which unrestricted amounts are reduced first, followed by restricted amounts when expenditures are incurred for purposes for which both restricted and unrestricted fund balance is available. Also, it is the county's policy that 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 Department's highest level of decision-making authority, and shall remain binding unless removed in the same manner.

Assigned Fund Balance – includes amounts that are constrained by the county's intent to be used for specific purposes but are neither restricted nor committed (excluding stabilization arrangements). The county follows a policy requiring all assignments of fund balance to be approved by resolution by the county commission for the primary government and by the Board of Education for the School Department.

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. These funds are the only governmental funds that report positive unassigned fund balance. However, in governmental funds other than the General and General Purpose School funds, if expenditures incurred for specific purposes exceed the amounts that are restricted, committed, or assigned for those purposes, it may be necessary to report a negative unassigned fund balance, which would be a deficit.

The primary restrictions and commitments of fund balance for the governmental funds are identified below.

Fund/ Function/Purpose		Amount
PRIMARY GOVERNMENT		
General Fund:		
Restricted for Administration of Justice:		
Drug Court	$	72,902
Courthouse Security		658,395
Circuit, Sessions, and Chancery Data Processing		55,194
Sex Offender Registry		17,667
Restricted for Public Safety:		
Various Law Enforcement Purpose		46,883
Jail Commissary		351,425
Restricted for Public Health and Welfare:		
Alcohol and Drug Treatment		104,082
Animal Holding Facilities		43,604
Various Grants		40,564
Committed for Finance:		
Property Asessor		162,771
Purchasing - Surplus Property		50,346
Committed for Capital Projects and Other Purposes:		
Industrial Land Purchases		1,266,412
Tennessee College of Applied Technology		237,698
Economic Development		340,165
Ambulance Service Fund:		
Committed for Public Health and Welfare:		
Ambulance Service		524,231
Highway/Public Works Fund:		
Restricted for Highway/Public Works:		
General Highway Purposes		3,946,066
Nonmajor Governmental Funds:		
Restricted for Public Safety:		
Drug Control		280,138
Restricted for Public Health and Welfare:		
Solid Waste/Sanitation		401,166
Restricted for Social, Cultural, and Recreational Services:		
Public Libraries		343,071
Tourism		368,033
Restricted for Debt Service:		
Principal and Interest on General County Debt		1,393,293
Principal and Interest on Debt Related to Elementary Schools		934,395
Principal and Interest on Debt Related to Middle and and High Schools		135,718
Committed for Social, Cultural, and Recreational Services:		
Channel 95		111,675

Fund/ Function/Purpose		Amount
PRIMARY GOVERNMENT (CONT.)		
Nonmajor Governmental Funds: (Cont.)		
Committed for Debt Service:		
Principal and Interest on General County Debt	$	347,328
Principal and Interest on Debt Related to Middle and and High Schools		118,995
Committed for Capital Projects:		
Solid Waste/Sanitation		355,001
DISCRETELY PRESENTED SCHOOL DEPARTMENT		
Nonmajor Governmental:		
Restricted for Education:		
Cafeteria Operations		1,425,640
Restricted for Capital Projects:		
School Upgrades		4,572,414
Committed for Education:		
Cash Flow for Federal Programs		225,000

Assigned fund balance in the General Fund consists primarily of amounts appropriated for use in the 2019-20 year budget ($483,225).

10. Minimum Fund Balance Policy

To provide management with appropriate guidelines and direction to assist in making sound decisions related to managing the fund balance, the county commission adopted a policy establishing a minimum unassigned fund balance level for the General Fund of $4,000,000. To draw the unassigned fund balance below $4,000,000 requires two-thirds (2/3) affirmative vote by the board of county commissioners. At June 30, 2019, the unassigned fund balance was $7,508,363, which is $3,508,363 above the minimum amount.

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

Discretely Presented Anderson County School Department

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

F. Other Postemployment Benefit (OPEB) Plans

Primary Government

Anderson County provides OPEB benefits to its retirees through a self-insured health plan administered by Blue Cross Blue Shield. For reporting purposes the plan is considered a single-employer defined benefit OPEB plan based on criteria in Statement No. 75 of the Governmental Accounting Standards Board (GASB). 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 Anderson County. For this purpose, Anderson County recognizes benefit payments when due and payable in accordance with benefit terms. Anderson County's OPEB plan is not administered through a trust.

Discretely Presented Anderson County School Department

Anderson County School Department provides OPEB benefits to its retirees through a state administered public entity risk pool. For reporting purposes the plan is considered a single-employer defined benefit OPEB plan based on criteria in Statement No. 75 of the Governmental Accounting Standards Board (GASB). 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 Anderson County School Department. For this purpose, the School Department recognizes benefit payments when due and payable in accordance with benefit terms. The School Department's OPEB plan is not administered through a trust.

II. RECONCILIATION OF GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS

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

Primary Government

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

Discretely Presented Anderson County School Department

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

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

Primary Government

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

Discretely Presented Anderson County School Department

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

III. STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY

A. Budgetary Information

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

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

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

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

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

Fund		Amount
Primary Government:		
Nonmajor govermental	$	586,710
Discretely Presented School Department:		
Education Capital Projects		4,565,926

B. Revenue Anticipation Notes were not Retired in Compliance with State Statutes

During the period under examination, the School Federal Projects Fund borrowed $520,420 from the General Purpose School Fund in the form of revenue anticipation notes to provide cash flow for the payment of federal grant expenditures. Of these notes, only $297,420 was paid back during the fiscal year. The remaining notes totaling $223,000 were not retired by June 30, 2019, due to the lack of available funds. Section 9-21-801, *Tennessee Code Annotated*, provides that revenue anticipation notes shall mature not later than the close of the fiscal year issued. These notes have been reflected in the financial statements of this report as Due from Other Funds in the General Purpose School Fund and as Due to Other Funds in the School Federal Projects Fund.

IV. DETAILED NOTES ON ALL FUNDS

A. Deposits and Investments

Anderson County and the Anderson County School Department participate in an internal cash and investment pool through the Office of Trustee. The county trustee is the treasurer of the county and in this capacity is responsible for receiving, disbursing, and investing most county funds. Each fund's portion of this pool is displayed on the balance sheets or statements of net position as Equity in Pooled Cash and Investments. Cash and investments reflected on the balance sheets or statements of net position represent 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. The primary oversight responsibility for the investments and operations of the State Treasurer's Investment Pool rests with the Funding Board of the State of Tennessee (Funding Board). The Funding Board has established an investment policy that is administered by the state treasurer. Investments in the State Treasurer's Investment Pool are reported both by the pool and the county at amortized cost using a stable net asset value. 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, Anderson County had the following investments carried at amortized cost using a Stable Net Asset Value. Pooled investments are held in the county trustee's investment pool. Separate disclosures concerning pooled investments cannot be made for Anderson County and the discretely presented Anderson County School Department since both pool their deposits and investments through the county trustee. Nonpooled investments represent amounts held in the Employee Health Insurance Fund (an internal service fund).

POOLED INVESTMENTS

Investment	Weighted Average Maturity (days)	Maturities	Amortized Cost
State Treasurer's Investment Pool	1 to 86	N/A	$ 5,639,889

NONPOOLED INVESTMENTS

Investment	Weighted Average Maturity (days)	Maturities	Amortized Cost
State Treasurer's Investment Pool	1 to 86	N/A	$ 19,407

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. Anderson 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. Anderson County has no investment policy that would further limit its investment choices. As of June 30, 2019, Anderson County's investments in the State Treasurer's Investment Pool were unrated.

TCRS Stabilization Trust

Legal Provisions. The Anderson County School Department is a member of the Tennessee Consolidated Retirement System (TCRS) Stabilization Reserve Trust. The School Department has 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 School Department.

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

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

Investments are reported at fair value or amortized 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 fair value. 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, the Anderson County School Department had the following investments held by the trust on its behalf.

Investment	Weighted Average Maturity (days)	Maturities		Fair Value
Investments at Fair Value:				
U.S. Equity	N/A	N/A	$	40,067
Developed Market International Equity	N/A	N/A		18,095
Emerging Market International Equity	N/A	N/A		5,170
U.S. Fixed Income	N/A	N/A		25,849
Real Estate	N/A	N/A		12,925
Short-term Securities	N/A	N/A		1,292
Investments at Amortized Cost using the NAV:				
Private Equity and Strategic Lending	N/A	N/A		25,849
Total			$	129,247

Investment by Fair Value Level	Fair Value 6-30-19	Fair Value Measurements Using: Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)	Amortized Cost: NAV
U.S. Equity	$ 40,067	$ 40,067	0	$ 0	$ 0
Developed Market International Equity	18,095	18,095	0	0	0
Emerging Market International Equity	5,170	5,170	0	0	0
U.S. Fixed Income	25,849	0	25,849	0	0
Real Estate	12,925	0	0	12,925	0
Short-term Securities	1,292	0	1,292	0	0
Private Equity and Strategic Lending	25,849	0	0	0	25,849
Total	$ 129,247	$ 63,332	$ 27,141	$ 12,925	$ 25,849

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

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

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

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

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

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

B. Capital Assets

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

Primary Government

Governmental Activities

	Balance 7-1-18	Increases	Decreases	Balance 6-30-19
Capital Assets Not Depreciated:				
Land	$ 2,462,093	$ 197,109	$ 0	$ 2,659,202
Construction in Progress	14,000	87,777	0	101,777
Total Capital Assets Not Depreciated	$ 2,476,093	$ 284,886	$ 0	$ 2,760,979
Capital Assets Depreciated:				
Buildings and Improvements	$ 33,792,475	$ 214,818	$ 0	$ 34,007,293
Infrastructure	47,034,429	126,149	0	47,160,578
Other Capital Assets	14,630,923	1,863,036	(873,893)	15,620,066
Total Capital Assets Depreciated	$ 95,457,827	$ 2,204,003	$ (873,893)	$ 96,787,937
Less Accumulated Depreciation For:				
Buildings and Improvements	$ 11,570,535	$ 767,269	$ 0	$ 12,337,804
Infrastructure	41,425,830	343,784	0	41,769,614
Other Capital Assets	10,438,923	770,665	(859,737)	10,349,851
Total Accumulated Depreciation	$ 63,435,288	$ 1,881,718	$ (859,737)	$ 64,457,269
Total Capital Assets Depreciated, Net	$ 32,022,539	$ 322,285	$ (14,156)	$ 32,330,668
Governmental Activities Capital Assets, Net	$ 34,498,632	$ 607,171	$ (14,156)	$ 35,091,647

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

Governmental Activities:

General Government	$ 479,367
Finance	24,703
Administration of Justice	22,901
Public Safety	631,833
Public Health and Welfare	296,630
Social, Cultural, and Recreational	32,043
Highway/Public Works	394,241
Total Depreciation Expense - Governmental Activities	$ 1,881,718

Discretely Presented Anderson County School Department

Governmental Activities:

	Balance 7-1-18	Increases	Decreases	Balance 6-30-19
Capital Assets Not Depreciated:				
Land	$ 865,214	$ 0	$ 0	$ 865,214
Construction in Progress	0	7,050,765	0	7,050,765
Total Capital Assets Not Depreciated	$ 865,214	$ 7,050,765	$ 0	$ 7,915,979
Capital Assets Depreciated:				
Buildings and Improvements	$ 88,506,712	$ 721,348	$ 0	$ 89,228,060
Other Capital Assets	8,369,308	18,340	(45,431)	8,342,217
Total Capital Assets Depreciated	$ 96,876,020	$ 739,688	$ (45,431)	$ 97,570,277
Less Accumulated Depreciation For:				
Buildings and Improvements	$ 46,018,908	$ 2,114,117	$ 0	$ 48,133,025
Other Capital Assets	5,570,785	401,055	(45,431)	5,926,409
Total Accumulated Depreciation	$ 51,589,693	$ 2,515,172	$ (45,431)	$ 54,059,434
Total Capital Assets Depreciated, Net	$ 45,286,327	$ (1,775,484)	$ 0	$ 43,510,843
Governmental Activities Capital Assets, Net	$ 46,151,541	$ 5,275,281	$ 0	$ 51,426,822

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

Governmental Activities:

Instruction	$	2,076,144
Support Services		167,575
Operation of Non-instructional Services		271,453
Total Depreciation Expense - Governmental Activities	$	2,515,172

C. Construction Commitments

At June 30, 2019, the county had an uncompleted construction contract of $586,710 to construct a convenience center and the School Department had an uncompleted contract of $4,565,926 to upgrade various school buildings for energy savings. Funding has been received for these future expenditures.

D. Interfund Receivables, Payables, and Transfers

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

Primary Government

Due to/from Other Funds:

Receivable Fund	Payable Fund		Amount
Primary Government:			
General	Nonmajor governmental	$	62,114
Ambulance Service	Nonmajor governmental		2,265
Highway/Public Works	General		2,885
"	Ambulance Service		1,211
"	Nonmajor governmental		24,330
Nonmajor governmental	Nonmajor governmental		19,395

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.

Discretely Presented Anderson County School Department

Due to/from Other Funds

Receivable Fund	Payable Fund	Amount
General Purpose School	Nonmajor governmental	$ 420,197
Nonmajor governmental	General Purpose School	231,602

The amount due to the General Purpose School Fund consists primarily of amounts due for indirect costs ($197,192) and an interfund loan discussed in Note IV.J. ($223,000). The amount due to the nonmajor governmental funds consists primarily of amounts that had been placed in the General Purpose School Fund in error ($229,841).

Due to/from Primary Government and Component Unit

Receivable Fund	Payable Fund	Amount
	Component Unit:	
Primary Government:	School Department:	
General	General Purpose School	$ 1,657
Highway/Public Works	General Purpose School	3,745
"	Nonmajor governmental	283
Component Unit:		
School Department:	Primary Government:	
General Purpose School	Nonmajor governmental	46,436

The amount reflected as due to primary government from the discretely presented School Department on the government-wide Statement of Net Position also includes $144,861 for debt issued by the primary government, which is being retired by the School Department. Of that amount, $29,879 is not expected to be received within one year.

Interfund Transfers

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

Primary Government

Transfers Out	Transfers In General Fund	Ambulance Service Fund	Nonmajor Governmental Funds
General Fund	$ 0	$ 1,026,787	$ 331,874
Highway/Public Works Fund	500	0	0
Internal Service Fund	0	0	105,828
Total	$ 500	$ 1,026,787	$ 437,702

The transfer from the Internal Service fund was reported to recognize the closing of the Channel 95 Fund. The Internal Service Funds also reported transfers out of $36,546 for capital assets transferred to governmental funds upon closing the Channel 95 Fund. The transfer into the Ambulance Service Fund was reported to recognize the county commission's forgiveness of amounts owed to the General Fund. Transfers from the General Fund to the nonmajor governmental funds includes $330,798 to provide funds for the movement of a solid waste convenience center.

Discretely Presented Anderson County School Department

Transfers Out	Transfers In General Purpose School Fund	Nonmajor Governmental Funds
General Purpose School Fund	$ 0	$ 155,521
Nonmajor Governmental Funds	215,438	40,759
Total	$ 215,438	$ 196,280

Transfers into the General Purpose School Fund were for indirect cost reimbursements. Transfers into the nonmajor governmental funds include $100,000 from the General Purpose School Fund to establish a cash flow balance and $55,521 from the General Purpose School Fund for building improvements.

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 accordance with budgetary authorizations.

E. Income from Operating Lease Commitments

Anderson County leases space in the Robert Jolley Administration Building and the Daniel Arthur Rehabilitation Center to various tenants under operating lease agreements. The carrying value of the leased properties was $882,855 at June 30, 2019. The original cost was $3,079,264 and accumulated depreciation was $2,196,409. Total lease revenues for the year ended June 30, 2019, were $119,520. The future minimum lease payments under existing leases are as follows:

Year Ending June 30		Amount
2020	$	93,010
2021		93,010
2022		93,000
2023		93,000
Total	$	372,020

F. Capital Lease

On July 23, 2014, Anderson County entered into a seven-year lease-purchase agreement for a phone system for several county buildings. The terms of the agreement require total lease payments of $501,365 plus interest of 6.25 percent. The lease payments are made from the General Debt Service Fund.

During the 2003-04 year, Anderson County entered into an agreement for the School Department for the lease of a building for its daycare and head start programs. Generally accepted accounting principles require the lease to be capitalized because, at the time of inception of the lease, the present value of minimum lease payments exceeded 90 percent of the fair value of the asset. The School Department made advance payments totaling $749,060 to decrease the entity's future lease obligations, and the revised lease agreement provides for all required payments to be made during a 16-year period ending in 2021. The School Department has an option to extend the lease for two five-year terms. The lease carries an implicit interest rate of 11.4 percent, and the title does not transfer at the end of the lease.

The assets acquired through the capital leases outstanding at June 30, 2019, consisted of the following:

	Primary Government - Governmental Activities		School Department - Governmental Activities	
Building and Improvements	$	501,365	$	1,606,295
Less: Accumulated Depreciation		(451,228)		(1,244,879)
Total	$	50,137	$	361,416

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

Year Ending June 30		Governmental Activities
2020	$	143,918
2021		30,448
Total Minimum Lease Payments	$	174,366
Less: Amount Representing Interest		(11,232)
Present Value of Minimum Payments	$	163,134

G. Long-term Debt

Primary Government

General Obligation Bonds, Notes, and Other Loans

General Obligation Bonds - Anderson County issues general obligation bonds to provide funds for the acquisition and construction of major capital facilities for the primary government and the discretely presented School Department. In addition, general obligation bonds have been issued to refund other general obligation bonds. 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 debt service funds.

Direct Borrowing and Direct Placements - Anderson County issues other loans to provide funds for the acquisition and construction of major capital facilities for the primary government and the discretely presented School Department. Capital outlay notes are also issued to fund capital facilities and other capital outlay purchases, such as equipment. Capital outlay notes and other loans are direct obligations and pledge the full faith, credit, and taxing authority of the government. Capital outlay notes and other loans outstanding were issued for original terms of up to 12 years for notes and up to 20 years for other loans. Repayment terms are generally structured with increasing amounts of principal maturing as interest requirements decrease over the term of the debt. All notes, and other loans included in long-term debt as of June 30, 2019, will be retired from the debt service funds.

General obligation bonds, capital outlay notes, 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	1 to 5.25	%	5-1-29	$	17,200,000	$	8,370,000
General Obligation Bonds - Refunding	2 to 2.7		5-1-35		8,030,000		7,940,000
Rural School Bonds	2 to 5		5-1-39		20,900,000		19,885,000
Rural School Bonds - Refunding	3 to 5		5-1-26		11,080,000		9,875,000
Direct Borrowing and Direct Placement:							
Capital Outlay Notes	0 to 2.35		6-1-29		2,465,658		1,527,082
Other Loans	See table below		5-1-31		14,385,215		9,123,000
Capital Lease	6.25 to 11.4		5-25-21		1,458,601		163,134

The following table further details loan agreements outstanding at June 30, 2019:

Description		Original Amount of Loan Agreement		Outstanding Principal 6-30-19	Interest Type	Interest Rates as of 6-30-19	Other Fees
Montgomery County Public Building Authority							
Industrial Development	$	1,700,000	$	262,000	Variable	1.95 %	.88 %
Jail Renovation		3,000,000		1,141,000	Variable	2.04	.84
City of Clarksville Public Building Authority							
Rural Debt Series 2014		4,505,215		3,610,000	Fixed	2.75	NA
Education Debt Series 2014		5,180,000		4,110,000	Fixed	2.75	NA
Total	$	14,385,215	$	9,123,000			

The annual requirements to amortize all general obligation bonds, notes, and other loans outstanding as of June 30, 2019, including interest payments and other loan fees, are presented in the following tables. The interest rates on the variable rate public building authority loan agreements are tax-exempt rates determined by the remarketing agent daily or weekly depending on the particular program. In addition, the county pays various other fees (trustee, debt remarketing, etc.) in connection with these variable rate loans. Interest payments and other fees included in the table for the variable rate issues are computed based on the rates in effect at June 30, 2019.

Year Ending June 30	Bonds Principal	Bonds Interest	Bonds Total
2020	$ 2,405,000	$ 1,831,103	$ 4,236,103
2021	2,550,000	1,666,784	4,216,784
2022	2,805,000	1,556,484	4,361,484
2023	2,965,000	1,433,084	4,398,084
2024	3,095,000	1,302,984	4,397,984
2025-2029	15,450,000	4,467,931	19,917,931
2030-2034	11,965,000	1,724,164	13,689,164
2035-2039	4,835,000	385,779	5,220,779
Total	$ 46,070,000	$ 14,368,313	$ 60,438,313

Year Ending June 30	Notes - Direct Placement Principal	Notes - Direct Placement Interest	Notes - Direct Placement Total
2020	$ 223,240	$ 30,380	$ 253,620
2021	225,240	27,147	252,387
2022	200,709	23,866	224,575
2023	120,893	20,492	141,385
2024	118,000	17,790	135,790
2025-2029	639,000	45,872	684,872
Total	$ 1,527,082	$ 165,547	$ 1,692,629

Year Ending June 30	Other Loans - Direct Placement Principal	Interest	Other Fees	Total
2020	$ 729,000	$ 240,685	$ 11,836	$ 981,521
2021	740,000	222,912	9,243	972,155
2022	612,000	204,919	6,555	823,474
2023	618,000	189,416	4,991	812,407
2024	624,000	173,792	3,378	801,170
2025-2029	3,930,000	602,995	1,714	4,534,709
2030-2031	1,870,000	77,413	0	1,947,413
Total	$ 9,123,000	$ 1,712,132	$ 37,717	$ 10,872,849

There is $2,929,729 available in the debt service funds to service long-term debt. Bonded debt per capita totaled $217, based on the 2010 federal census for residents living inside the Oak Ridge School District, $581 for residents living inside the Clinton School District, and $945 for residents living outside of these school districts. Total debt per capita, including bonds, notes, other loans, capital leases, and unamortized debt premiums, totaled $256 for residents living inside the Oak Ridge School District, $731 for residents living inside the Clinton School District, and $1,231 for residents living outside of these school districts, based on the 2010 federal census.

The School Department is currently contributing funds to service some of the debt issued on its behalf by the primary government as noted in the table below. This debt is reflected in the government-wide financial statements as Due to the Primary Government in the financial statements of the School Department and as Due from Component Units in the financial statements of the primary government.

Description of Debt	Outstanding 6-30-19
Capital Leases - Direct Placement	
Contributions from the Other Education Special Revenue Fund to the Rural Debt Service Fund	
Headstart Facility	$ 144,861
Total	$ 144,861

In addition to the above-noted future contributions, based on budgetary appropriations, the School Department remitted $1,685,070 to the primary government's Rural Debt Service Fund to be applied to the retirement of other debt issued for the benefit of the School Department.

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
Balance, July 1, 2018	$ 37,150,000	$ 373,426
Additions	10,900,000	0
Reductions	(1,980,000)	(210,292)
Balance, June 30, 2019	$ 46,070,000	$ 163,134
Balance Due Within One Year	$ 2,405,000	$ 133,255

	Other Loans - Direct Placement	Notes - Direct Placement
Balance, July 1, 2018	$ 9,933,019	$ 2,166,322
Reductions	(810,019)	(639,240)
Balance, June 30, 2019	$ 9,123,000	$ 1,527,082
Balance Due Within One Year	$ 729,000	$ 223,240

Analysis of Noncurrent Liabilities for Debt Presented on Exhibit A:

Total Noncurrent Liabilities - Debt, June 30, 2019	$ 56,883,216
Less: Balance Due Within One Year - Debt	(3,490,495)
Add: Unamortized Premium on Debt	2,069,946
Noncurrent Liabilities - Due in More Than One Year - Debt - Exhibit A	$ 55,462,667

Defeasance of Prior Debt

In prior years, Anderson 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
Series 2011 D General Obligation (callable 5-1-20)	$ 7,350,000

H. **Long-term Obligations**

Changes in Long-term Obligations

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

	Compensated Absences	Other Postemployment Benefits
Balance, July 1, 2018	$ 633,677	$ 549,196
Additions	863,407	37,912
Reductions	(844,153)	(76,411)
Balance, June 30, 2019	$ 652,931	$ 510,697
Balance Due Within One Year	$ 620,284	$ 0

Analysis of Other Noncurrent Liabilities Presented on Exhibit A:

Total Noncurrent Liabilities, June 30, 2019	$ 1,163,628
Less: Balance Due Within One Year - Other	(620,284)
Noncurrent Liabilities - Due in More Than One Year - Other - Exhibit A	$ 543,344

Compensated absences and other postemployment benefits will be paid from the employing funds, primarily the General, Ambulance Service, and Highway/Public Works funds.

Discretely Presented Anderson County School Department

Changes in Long-term Obligations

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

		Compensated Absences		Other Postemployment Benefits
Balance, July 1, 2018	$	355,113	$	4,701,127
Additions		498,265		854,102
Reductions		(515,330)		(1,446,852)
Balance, June 30, 2019	$	338,048	$	4,108,377
Balance Due Within One Year	$	321,146	$	0

Analysis of Other Noncurrent Liabilities Presented on Exhibit A:

Total Noncurrent Liabilities, June 30, 2019	$	4,446,425
Less: Balance Due Within One Year - Other		(321,146)
Noncurrent Liabilities - Due in More Than One Year - Other - Exhibit A	$	4,125,279

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

I. <u>On-Behalf Payments – Discretely Presented Anderson County School Department</u>

The State of Tennessee pays health insurance premiums for retired teachers on-behalf of the Anderson County School Department. These payments are made by the state to the Local Education Group Insurance Plan. The plan is administered by the State of Tennessee and reported in the state's Comprehensive Annual Financial Report. Payments by the state to the Local Education Group Insurance Plan for the year ended June 30, 2019, was $184,328. The School Department has recognized these on-behalf payments as revenues and expenditures in the General Purpose School Fund.

J. <u>Short-term Debt</u>

Anderson County issued tax and revenue anticipation notes in advance of property tax and other revenue collections in the following funds. These notes were necessary because funds were not available to meet obligations coming due before revenues were available. Short-term debt activity for the year ended June 30, 2019, was as follows:

Fund		Balance 7-1-18		Issued		Paid		Balance 6-30-19
General Capital Projects Fund (Borrowed from General Fund)	$	0	$	465,990	$	(465,990)	$	0
Discretely Presented School Department								
School Federal Projects Fund (Borrowed from General Purpose School Fund)		0		520,420		(297,420)		223,000
Other Education Special Revenue Fund (Borrowed from General Purpose School Fund)		0		22,000		(22,000)		0

V. OTHER INFORMATION

A. Risk Management

The county has chosen to establish the Employee Health Insurance Fund for risks associated with the employees' health insurance plan. The Employee Health Insurance Fund is accounted for as an internal service fund where assets are set aside for claim settlements. The county has obtained a stop/loss commercial policy to cover claims beyond certain liabilities. The stop/loss policy contains a maximum reimbursement limit of $1,000,000 per claim year. Annually, the county retains the risk of loss to the first $100,000 per covered person. Settled claims have not exceeded this commercial insurance coverage in any of the past three fiscal years. An estimated liability for outstanding medical claims of $209,576 has been recorded in the financial statements of the Employee Health Insurance Fund.

All full-time employees of the primary government are eligible to participate along with eligible pre-65 retirees as discussed in Note V.H., Other Postemployment Benefits. A premium charge is allocated to each fund that accounts for full-time employees or that pays premiums for retirees. This charge is based on actuarial estimates for the amounts needed to pay prior- and current-year claims and to establish a reserve for catastrophic losses. That reserve was $1,083,087 at June 30, 2019. 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 Employee Health Insurance Fund establishes claims liabilities based on estimates of the ultimate cost of claims that have been incurred but not reported. Claims liabilities include specific, incremental claim adjustment expenditures/expenses, if any. In addition, estimated recoveries, if any, on settled claims have been deducted from the liability for unpaid claims. The process used to compute claims liabilities does not necessarily result in an exact amount. Changes in the balance of claims liabilities during the past two fiscal years are as follows:

Employee Insurance - Health Fund

	Beginning of Fiscal Year Liability	Current-year Claims and Estimates	Payments	Balance Fiscal Year-end
2017-18	$ 164,044	$ 3,733,798	$ 3,693,724	$ 204,118
2018-19	204,118	2,961,625	2,956,167	209,576

Current-year claims and estimates are presented net of stop/loss recoveries ($73,796) and contracted prescription drug rebates ($263,982) for the 2018-19 year.

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

Anderson County and the discretely presented Anderson County School Department are exposed to various risks related to general liability, property, casualty, and workers' compensation losses. The county and the School Department decided it was more economically feasible to join a public entity risk pool as opposed to purchasing commercial insurance for general liability, property, casualty, and workers' compensation coverage. The county and the School Department joined the Tennessee Risk Management Trust (TN-RMT), which is a public entity risk pool created under the auspices of the Tennessee Governmental Tort Liability Act to provide governmental insurance coverage. The county and the School Department pay annual premiums to the TN-RMT for their general liability, property, casualty, and workers' compensation insurance coverage. The creation of TN-RMT provides for it to be self-sustaining through member premiums.

B. Accounting Changes

At July 1, 2018, Anderson County changed its accounting for Channel 95, a county operated television station, from an internal service fund to a special revenue fund. In the financial statements, a transfer of $105,829 was reported out of the internal service fund to the governmental funds to recognize the transfer of current financial resources and payables on the modified accrual basis of accounting. Transfers out of the internal service fund totaling $36,545 were also reported on the accrual basis of accounting to recognize capital assets transferred to governmental funds.

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, Anderson County early implemented the provisions of GASB Statement No. 89, *Accounting for Interest Costs Incurred Before the End of a Construction Period.*

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

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

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

C. Contingent Liabilities

Anderson County is a defendant in a wrongful termination lawsuit. The county won the case in chancery court; however, the verdict was subsequently reversed in the Court of Appeals and the county was ordered to pay back pay equating to approximately $400,000. The county is currently appealing the Court of Appeals case. A liability of $400,000 has been recorded for the awarded back pay in the General Fund as of June 30, 2019. However, the amount has not been paid as of the date of this report, pending the appeal.

A business filed an appeal on an assessment of nonstandard personal property tax from 2009 to 2012. The taxes were paid under protest since 2009. The county lost the case before the Administrative Law Judge in Nashville but prevailed at trial in Anderson County Chancery Court. The business has appealed. If the company ultimately prevails, the county will be required to refund over $600,000 of previously paid personal property tax. The county has not recorded any liability for this claim.

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

D. Changes in Administration

On August 31, 2018, Myron Iwanski left the Office of Trustee and was succeeded by Regina Copeland; Paul White left the Office of Sheriff and was succeeded by Russell Barker; and William Jones left the Office of Circuit, General Sessions, and Juvenile Courts Clerk and was succeeded by Rex Lynch.

On May 24, 2019, Natalie Erb left the Office of Finance Director and was succeeded by Robby Holbrook, Interim Finance Director.

E. Joint Ventures

The Seventh Judicial District Drug Task Force (DTF) is a joint venture formed by an interlocal agreement between the district attorney general of the Seventh Judicial District, Anderson County, and various cities within Anderson 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, the sheriff, and police chiefs of participating law enforcement agencies. Anderson County did not contribute to the operation of the DTF for the year ended June 30, 2019.

The Anderson County Economic Development Association (ACEDA) is a joint venture formed by an interlocal agreement between Anderson County and the cities and towns within Anderson County. The East Tennessee Economic Development association and the Clinton Utilities Board are also members of the association. Membership on the Board of Directors is allocated based on the entities' relative level of funding for the prior fiscal year budget pro-rated among a total of 25 members, with no participating organization having more than one-third of the 25 members. In addition, the county mayor and the mayor or city manager of each municipality in Anderson County are members of the Board of Directors. Each participating organization appoints its own members on the Board of Directors. Anderson County has control over budgeting and financing the joint venture only to the extent of its representation by its board members. Anderson County contributed $124,500 to the operations of ACEDA during the fiscal year ended June 30, 2019. In addition to the operations contribution, Anderson County also committed an additional $237,698 for their portion of the building renovations for the Tennessee College of Applied Technology.

Anderson County does not have an equity interest in either of the above-noted joint ventures. Complete financial statements for the DTF and ACEDA can be obtained at their administrative offices at the following addresses:

Seventh Judicial District Drug Task Force
101 S. Main Street, Suite 300
Clinton, TN 37716

Anderson County Economic Development Association
245 North Main Street, Suite 200
Clinton, TN 37716

F. Jointly Governed Organization

The Northeast Tennessee Railroad Authority is jointly operated by Anderson County in conjunction with Campbell and Scott counties. The authority's board consists of the county mayor of each county and one member selected by the governing body of each county; however, the counties do not have any ongoing financial interest or responsibility for the entity. Anderson County did not contribute to the operations of the Northeast Tennessee Railroad Authority during the year ended June 30, 2019.

G. Retirement Commitments

1. Tennessee Consolidated Retirement System (TCRS)

Primary Government

General Information About the Pension Plan

Plan Description. Employees of Anderson County and non-certified employees of the discretely presented Anderson County School Department 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 63.73 percent, the non-certified employees of the discretely presented School Department comprise 36.27 percent of the plan based on contribution data. The TCRS was created by state statute under *Tennessee Code Annotated (TCA)*, Title 8, Chapters 34-37. The TCRS Board of Trustees is responsible for the proper operation and administration of the TCRS. The Tennessee Treasury Department, an agency in the legislative branch of state government, administers the plans of the TCRS. The TCRS issues a publicly available financial report that can be obtained at www.treasury.tn.gov/Retirement/Boards-and-Governance/Reporting-and-Investment-Policies.

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

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

Employees Covered by Benefit Terms. At the measurement date of June 30, 2018, the following employees were covered by the benefit terms:

Inactive Employees or Beneficiaries Currently Receiving Benefits	424
Inactive Employees Entitled to But Not Yet Receiving Benefits	963
Active Employees	789
Total	2,176

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. Anderson 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 Anderson County was $1,895,881 based on a rate of 7.32 percent of covered payroll. By law, employer contributions are required to be paid. The TCRS may intercept Anderson 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)

Anderson 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 Anderson 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	$ 74,226,130	$ 76,398,119	$ (2,171,989)
Changes for the Year:			
Service Cost	$ 2,198,130	$ 0	$ 2,198,130
Interest	5,416,952	0	5,416,952
Differences Between Expected and Actual Experience	(1,142,753)	0	(1,142,753)
Changes in Assumptions	0	0	0
Contributions-Employer	0	1,800,808	(1,800,808)
Contributions-Employees	0	1,238,883	(1,238,883)
Net Investment Income	0	6,322,893	(6,322,893)
Benefit Payments, Including Refunds of Employee Contributions	(3,415,355)	(3,415,355)	0
Administrative Expense	0	(72,486)	72,486
Other Changes	0	0	0
Net Changes	$ 3,056,974	$ 5,874,743	$ (2,817,769)
Balance, June 30, 2018	$ 77,283,104	$ 82,272,862	$ (4,989,758)

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

		Total Pension Liability	Plan Fiduciary Net Position	Net Pension Liability (Asset)
Primary Government	63.73%	$ 49,252,522	$ 52,432,495	$ (3,179,973)
School Department	36.27%	28,030,582	29,840,367	(1,809,785)
Total		$ 77,283,104	$ 82,272,862	$ (4,989,758)

Sensitivity of the Net Pension Liability (Asset) to Changes in the Discount Rate. The following presents the net pension liability (asset) of Anderson 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 percent) or one percentage point higher (8.25 percent) than the current rate:

Anderson County	1% Decrease 6.25%	Current Discount Rate 7.25%	1% Increase 8.25%
Primary Government	$ 3,120,429	$ (3,179,973)	$ (8,393,439)
School Department	1,775,897	(1,809,785)	(4,776,872)
Total Net Pension Liability	$ 4,896,326	$ (4,989,758)	$ (13,170,311)

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

Pension Expense or Negative Pension Expense. For the year ended June 30, 2019, Anderson County recognized (negative) pension expense of ($79,206).

Deferred Outflows of Resources and Deferred Inflows of Resources. For the year ended June 30, 2019, Anderson 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	$ 70,920	$ 1,778,398
Net Difference Between Projected and Actual Earnings on Pension Plan Investments	0	332,532
Changes in Assumptions	1,071,587	0
Contributions Subsequent to the Measurement Date of June 30, 2018 (1)	1,895,881	N/A
Total	$ 3,038,388	$ 2,110,930

(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	$ 1,926,802	$ 1,345,296
School Department	1,111,586	765,634
Total	$ 3,038,388	$ 2,110,930

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	Primary Government	School Department	Total
2020	$ 111,979	$ 63,729	$ 175,708
2021	(20,933)	(11,913)	(32,846)
2022	(460,563)	(262,115)	(722,678)
2023	(247,659)	(140,947)	(388,606)
2024	0	0	0
Thereafter	0	0	0

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

Payable to the Pension Plan

At June 30, 2019, Anderson County reported a payable of $213,447 for the outstanding amount of contributions due to the pension plan at year end.

Discretely Presented Anderson County School Department

Non-certified Employees

General Information About the Pension Plan

Plan Description. As noted above under the primary government, employees of Anderson County and non-certified employees of the discretely presented Anderson County School Department 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 63.73 percent and the non-certified employees of the discretely presented School Department comprise 36.27 percent of the plan based on contribution data.

Certified Employees

Teacher Retirement Plan

General Information About the Pension Plan

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

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

Contributions. Contributions for teachers are established in the statutes governing the TCRS and may only be changed by the Tennessee General Assembly or by automatic cost controls set out in law. Teachers are required to contribute five percent of their salary to the plan. The Local Education Agencies (LEAs) make employer contributions at the rate set by the Board of Trustees as determined by an actuarial valuation. Per the statutory provisions governing TCRS, the employer contribution rate cannot be less than four percent, except in years when the maximum funded level, approved by the TCRS Board of Trustees, is reached. By law, employer contributions for the Teacher Retirement Plan are required to be paid. The TCRS may intercept the state shared taxes of the sponsoring governmental entity of the LEA if the required employer contributions are not remitted. Employer contributions for the year ended June 30, 2019, to the Teacher Retirement Plan were $123,211, which is 1.94 percent of covered payroll. In addition, employer contributions of $122,722 were made to the Pension Stabilization Reserve Trust Fund to fund future pension costs. The employer rate, when combined with member contributions and the stabilization reserve trust funds, is expected to finance the costs of benefits earned by members during the year, the cost of administration, as well as an amortized portion of any unfunded liability.

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

Pension Liabilities (Assets). At June 30, 2019, the School Department reported a liability (asset) of ($258,432) for its proportionate share of the net pension liability (asset). The net pension liability (asset) was measured as of June 30, 2018, and the total pension liability used to calculate the net pension liability (asset) was determined by an actuarial valuation as of that date. The School Department's proportion of the net pension liability (asset) was based on the School Department's share of contributions to the pension plan relative to the contributions of all participating LEAs. At the measurement date of June 30, 2018, the School Department's proportion was .569825 percent. The proportion as of June 30, 2017, was .547672 percent.

Pension Expense. For the year ended June 30, 2019, the School Department recognized pension expense of $86,086.

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

	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference Between Expected and Actual Experience	$ 14,637	$ 10,293
Net Difference Between Projected and Actual Earnings on Pension Plan Investments	0	14,598
Changes in Assumptions	12,192	0
Changes in Proportion of Net Pension Liability (Asset)	0	24,980
LEA's Contributions Subsequent to the Measurement Date of June 30, 2018 (1)	123,211	N/A
Total	$ 150,040	$ 49,871

The School Department's employer contributions of $123,211, 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	$ (4,062)
2021	(4,526)
2022	(6,606)
2023	(2,792)
2024	(847)
Thereafter	(4,209)

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

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

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

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

The actuarial assumptions used in the June 30, 2018, actuarial valuation were based on the results of an actuarial experience study performed for the period July 1, 2012, through June 30, 2016. The demographic assumptions were adjusted to more closely reflect actual and expected future experience.

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

Asset Class	Percentage Long-term Expected Real Rate of Return	Percentage Target Allocations
U.S. Equity	5.69 %	31 %
Developed Market International Equity	5.29	14
Emerging Market International Equity	6.36	4
Private Equity and Strategic Lending	5.79	20
U.S. Fixed Income	2.01	20
Real Estate	4.32	10
Short-term Securities	0.00	1
Total		100 %

The long-term expected rate of return on pension plan investments was established by the TCRS Board of Trustees as 7.25 percent based on a blending of the factors described above.

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

Sensitivity of the Proportionate Share of Net Pension Liability (Asset) to Changes in the Discount Rate. The following presents the School Department's proportionate share of the net pension liability (asset) calculated using the discount rate of 7.25 percent, as well as what the School Department's proportionate share of the net pension liability (asset) would be if it were calculated using a discount rate that is one percentage point lower (6.25 percent) or one percentage point higher (8.25 percent) 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	$ 39,954	$ (258,432)	$ (478,271)

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

Payable to the Pension Plan

At June 30, 2019, the Anderson County School Department reported a payable of $26,509 for the outstanding amount of contributions due to the pension plan at year end.

Teacher Legacy Pension Plan

General Information About the Pension Plan

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

Benefits Provided. TCA, Title 8, Chapters 34-37 establish the benefit terms and can be amended only by the Tennessee General Assembly. Members of the Teacher Legacy Pension Plan are eligible to retire with an unreduced benefit at age 60 with five years of service credit or after 30 years of service credit regardless of age. Benefits are determined by a formula using the member's highest five consecutive year average compensation and the member's years of service credit. A reduced early retirement benefit is available to vested members at age 55. Members are vested with five years of service credit. Service related disability benefits are provided regardless of length of service. Five years of service is required for non-service related disability eligibility. The service related and non-service related disability benefits are determined in the same manner as a service retirement benefit but are reduced ten percent and include projected service credits. A variety of death benefits is available under various eligibility criteria. Member and beneficiary annuitants are entitled to an automatic cost of living adjustment (COLA) after retirement. A COLA is granted each July for annuitants retired prior to the second of July of the previous year. The COLA is based on the change in the consumer price index (CPI) during the prior calendar year, capped at three percent, and applied to the current benefit. No COLA is granted if the change in the CPI is less than one-half percent. A one percent COLA is granted if the CPI change is between one-half and one percent. A member who leaves employment may withdraw their employee contributions, plus any accumulated interest. Under the Teacher Legacy Pension Plan, benefit terms and conditions, including COLAs can be adjusted on a prospective basis. Moreover, there are defined cost controls and unfunded liability controls that provide for the adjustment of benefit terms and conditions on an automatic basis.

Contributions. Contributions for teachers are established in the statutes governing the TCRS and may only be changed by the Tennessee General Assembly. Teachers are required to contribute five percent of their salaries. The Local Education Agencies (LEAs) make employer contributions at the rate set by the Board of Trustees as determined by an actuarial valuation. By law, employer contributions for the Teacher Legacy Pension Plan are required to be paid. The TCRS may intercept the state shared taxes of the sponsoring governmental entity of the LEA if the required employer contributions are not remitted. Employer contributions by the Anderson County School Department for the year ended June 30, 2019, to the Teacher Legacy Pension Plan were $2,572,443, which is 10.46 percent of covered payroll. The employer rate, when combined with member contributions, is expected to finance the costs of benefits earned by members during the year, the cost of administration, as well as an amortized portion of any unfunded liability.

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

Pension Liability (Assets). At June 30, 2019, the School Department reported a liability (asset) of ($2,605,954) for its proportionate share of the net pension liability (asset). The net pension liability (asset) was measured as of June 30, 2018, and the total pension liability used to calculate the net pension liability (asset) was determined by an actuarial valuation as of that date. The School Department's proportion of the net pension liability (asset) was based on the School Department's long-term share of contributions to the pension plan relative to the contributions of all participating LEAs. At the measurement date of June 30, 2018, the School Department's proportion was .740556 percent. The proportion measured at June 30, 2017, was .745236 percent.

Pension Expense. For the year ended June 30, 2019, the School Department recognized (negative) pension expense of ($781,723).

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

	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference Between Expected and Actual Experience	$ 526,752	$ 3,515,639
Changes in Assumptions	1,539,089	0
Net Difference Between Projected and Actual Earnings on Pension Plan Investments	0	567,164
Changes in Proportion of Net Pension Liability (Asset)	55,111	134,178
LEA's Contributions Subsequent to the Measurement Date of June 30, 2018	2,572,443	N/A
Total	$ 4,693,395	$ 4,216,981

The School Department's employer contributions of $2,572,443 reported as pension related deferred outflows of resources subsequent to the measurement date, will be recognized as an increase in net pension asset in the year ending June 30, 2020. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year Ending June 30		Amount
2020	$	501,446
2021		(867,974)
2022		(1,485,384)
2023		(244,116)
2024		0
Thereafter		0

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

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

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

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

The actuarial assumptions used in the June 30, 2018, actuarial valuation were based on the results of an actuarial experience study performed for the period July 1, 2012, through June 30, 2016. The demographic assumptions were adjusted to more closely reflect actual and expected future experience.

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

Asset Class	Percentage Long-term Expected Real Rate of Return		Percentage Target Allocations	
U.S. Equity	5.69	%	31	%
Developed Market International Equity	5.29		14	
Emerging Market International Equity	6.36		4	
Private Equity and Strategic Lending	5.79		20	
U.S. Fixed Income	2.01		20	
Real Estate	4.32		10	
Short-term Securities	0.00		1	
Total			100	%

The long-term expected rate of return on pension plan investments was established by the TCRS Board of Trustees as 7.25 percent based on a blending of the factors described above.

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

Sensitivity of the Proportionate Share of Net Pension Liability (Asset) to Changes in the Discount Rate. The following presents the School Department's proportionate share of the net pension liability (asset) calculated using the discount rate of 7.25 percent, as well as what the School Department's proportionate share of the net pension liability (asset) would be if it were calculated using a discount rate that is one percentage point lower (6.25 percent) or one percentage point higher (8.25 percent) 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	$ 20,088,338	$ (2,605,954)	$ (21,382,319)

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

Payable to the Pension Plan

At June 30, 2019, the Anderson County School Department reported a payable of $176,327 for the outstanding amount of contributions due to the pension plan at year end.

2. Deferred Compensation

Teachers hired after July 1, 2014, by School Department 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 in the state's 401 (K) plan and is managed by the employee. The defined contribution portion of the plan requires that the School Department 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 Department contributed $312,119 and teachers contributed $92,529 to this deferred compensation pension plan.

H. Other Postemployment Benefits (OPEB)

Primary Government

Plan Description. Anderson County participates in a self-insured postemployment benefits plan administered by Blue Cross-Blue Sheild for medical benefits for retirees and their beneficiaries. For reporting purposes the plan is considered to be a single employer defined benefit OPEB plan based on criteria in Statement No. 75 of the Governmental Accounting Standards Board (GASB). The plan is 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.

Benefits Provided. The premium requirements of plan members are established and may be amended by the insurance committee. Claims liabilities of the plan are periodically computed using actuarial and statistical techniques to establish premium rates. Retirees with 30-plus years of service with Anderson County are eligible to continue coverage, until they are Medicare eligible, as long as the retiree continues to pay the premiums. For employees who retired after July 1, 2012, Anderson County pays $300 per month premium assistance until attainment of age 65 when the employee becomes eligible for Medicare. This premium assistance increased to $350 per month for eligible retirees who retired on or after September 1, 2017. For employees retiring after December 31, 2018, the county will establish a Health Reimbursement Account for the retiree with a monthly stipend up to $800 per month to reimburse out of pocket medical expenses and insurance premiums. This retiree group will no longer be eligible for coverage through the county medical plan.

Employees Covered by Benefit Terms

At the measurement date of June 30, 2019, the following employees were covered by the benefit terms:

Inactive Employees or Beneficiaries Currently Receiving Benefits	6
Inactive Employees Entitled to But Not Yet Receiving Benefits	0
Active Employees	419
Total	425

Total OPEB Liability

The plan's total OPEB liability of $510,697 was measured as of June 30, 2019, and was determined by an actuarial valuation as of that date.

Actuarial Assumptions and Other Inputs. The total OPEB liability in the 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
Inflation	3%
Salary Scale	2.5%
Discount Rate	3.36%
Healthcare Cost Trend Rates	8.5% decreasing .5% per year to an ultimate rate of 4.5%
Retirees share of Benefit-related Cost	See discussion under Benefits Provided

The discount rate was based on the S&P Municipal Bond 20 Year High Grade Rate Index as of June 30, 2019.

The mortality assumption is based on RPH-2014 Total Table with Projection MP-2018.

The actuarial assumptions used in the valuation were based on plan data and costs presented by the county with concurrence by the actuary.

Changes in Assumptions. The discount rate changed from 3.88 percent as of the beginning of the measurement period to 3.36 percent as of the measurement date. Healthcare cost trend assumptions were updated from a flat 5 percent to an immediate rate of 8.5 percent, decreasing .5 percent per year to an ultimate rate of 4.5 percent. The mortality improvement scale was updated from MP-2017 to MP-2018.

Changes in the Total OPEB Liability

	Total OPEB Liability
Balance July 1, 2018	$ 549,196
Changes for the Year:	
Service Cost	$ 19,625
Interest	21,106
Changes in Benefit Terms	0
Difference between Expected and Actuarial Experience	(61,877)
Changes in Assumption and Other Inputs	32,363
Benefit Payments	(49,716)
Net Changes	$ (38,499)
Balance June 30, 2019	$ 510,697

OPEB Expense and Deferred Outflows of Resources and Deferred Inflows of Resources. For the year ended June 30, 2019, the primary government recognized OPEB expense of $37,912. At June 30, 2019, the primary government 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	$ 0	$ 55,967
Changes of Assumption/Inputs	29,272	0
Net Difference Between Projected and Actual Investment Earnings	0	0
Benefits Paid After the Measurement Date	0	0
Total	$ 29,272	$ 55,967

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

	1% Decrease 2.36%	Current Discount Rate 3.36%	1% Increase 4.36%
Total OPEB Liability	$ 555,658	$ 510,697	$ 469,201

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

	1% Decrease 7.5%	Current Trend Rate 8.5%	1% Increase 9.5%
Total OPEB Liability	$ 509,854	$ 510,697	$ 511,552

Discretely Presented Anderson County School Department

The discretely presented Anderson County School Department provides OPEB benefits to its retirees through a state administered public entity risk pool. For reporting purposes the plan is considered a single employer defined benefit OPEB plan based on criteria in Statement No. 75 of the Governmental Accounting Standards Board (GASB). The plan is 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.

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

Once the certified retirees of Anderson County School Department reach Medicare eligibility they may then join the Tennessee Plan – Medicare (TNM), which provides supplemental medical insurance for retirees with Medicare. However, the School Department does not provide any subsidy (direct or indirect) to this plan and therefore does not recognize any OPEB liability associated with the TNM.

The School Department's total OPEB liability was measured as of June 30, 2018, and was determined by an actuarial valuation as of that date.

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

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

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

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

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

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

Benefits Provided. The Anderson County School Department offers the LEP to provide health insurance coverage to eligible pre-65 retirees, support staff, and disabled participants. Retirees are required to discontinue coverage under the LEP upon obtaining Medicare eligibility. Insurance coverage is the only postemployment benefit provided to retirees. An insurance committee created in accordance with *TCA* 8-27-301 establishes and amends the benefit terms of the LEP. All members have the option of choosing between the premier preferred provider organization (PPO), standard PPO, limited PPO or the wellness health savings consumer-driven health plan (CDHP) for healthcare benefits. Retired plan members of the LEP receive the same plan benefits as active employees at a blended premium rate that considers the cost of all participants. This creates an implicit subsidy for retirees. Participating employers determine their own policy related to direct subsidies provided for retiree premiums. Anderson County School Department does not provide a direct subsidy toward retirees insurance premiums and is subject only to the implicit subsidy. The state, as a governmental non-employer contributing entity, provides a direct subsidy for eligible retirees premiums based on years of service. Retirees with 30 or more years of service will receive 45 percent; 20 but less than 30 years, 35 percent; and less than 20 years, 20 percent of the scheduled premium. No subsidy is provided for enrollees of the health savings CDHP.

Employees Covered by Benefit Terms

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

	School Department
Inactive Employees or Beneficiaries Currently Receiving Benefits	54
Inactive Employees Entitled to But Not Yet Receiving Benefits	0
Active Employees	697
Total	751

A state insurance committee, created in accordance with *TCA* 8-27-301, establishes the required payments to the LEP by member employers and employees through the blended premiums established for active and retired employees. Claims liabilities of the plan are periodically computed using actuarial and statistical techniques to establish premium rates. Administrative costs are allocated to plan participants. Employers contribute towards employee costs based on their own developed policies. During the current reporting period, the School Department paid $323,503 to the LEP for OPEB benefits as they came due.

Changes in the Collective Total OPEB Liability

		Share of Collective Liability		
		Anderson County School Department 66.9321%	State of TN 33.0679%	Total OPEB Liability
Balance July 1, 2017	$	4,701,127	$ 2,417,177	$ 7,118,304
Changes for the Year:				
Service Cost	$	248,977	$ 123,008	$ 371,985
Interest		171,661	84,809	256,470
Changes in Benefit Terms		0	0	0
Difference between Expected and Actuarial Experience		(810,437)	(400,398)	(1,210,835)
Change in Proportion		63,304	(63,304)	0
Changes in Assumption and Other Inputs		116,693	57,653	174,346
Benefit Payments		(382,948)	(189,196)	(572,144)
Net Changes	$	(592,750)	$ (387,428)	$ (980,178)
Balance June 30, 2018	$	4,108,377	$ 2,029,749	$ 6,138,126

The Anderson County School Department has a special funding situation related to benefits paid by the State of Tennessee for its eligible retired employees participating in the LEP. The Anderson County School Department's proportionate share of the collective total OPEB liability was based on a projection of the employers long-term share of benefit payments to the OPEB plan relative to the projected share of benefit payments of all participating employers and nonemployer contributing entities, actuarially determined. The School Department recognized $161,891 in revenue for subsidies provided by nonemployer contributing entities for benefits paid by the LEP for School Department retirees.

During the year, the Anderson County School Department's proportionate share of the collective OPEB liability was 66.9321 percent and the State of Tennessee's share was 33.0679 percent.

OPEB Expense and Deferred Outflows of Resources and Deferred Inflows of Resources. For the year ended June 30, 2019, the School Department recognized OPEB expense of $501,766, which includes expenses funded by subsidies provided by the state. At June 30, 2019, the School Department reported deferred outflows of resources and deferred inflows of resources related to its proportionate share of OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference Between Expected and Actual Experience	$ 0	$ 735,397
Changes of Assumptions/Inputs	105,889	176,821
Changes in Proportion and Differences Between Amounts Paid as Benefits Came Due and Proportionate Share Amounts Paid by the Employer and Nonemployer Contributors As Benefits Came Due	39,518	0
Benefits Paid After the Measurement Date of June 30, 2018	323,503	0
Total	$ 468,910	$ 912,218

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

Year Ending June 30	School Department
2020	$ (80,763)
2021	(80,763)
2022	(80,763)
2023	(80,763)
2024	(80,763)
Thereafter	(362,999)

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

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

Discount Rate	1% Decrease 2.62%	Current Discount Rate 3.62%	1% Increase 4.62%
Proportionate Share of the Collective Total OPEB Liability	$ 4,401,784	$ 4,108,377	$ 3,831,225

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

Healthcare Cost Trend Rate	1% Decrease 5.75 to 2.85%	Curent Rates 6.75 to 3.85%	1% Increase 7.75 to 4.85%
Proportionate Share of the Collective Total OPEB Liability	$ 3,670,193	$ 4,108,377	$ 4,630,295

I. **Termination Benefits**

The Anderson County School Department adopted a policy to pay employees for each sick day that they have accumulated at the time of their retirement. The benefit ranges from $10 to $60 based on years of service and date of notice of intent to retire. Since payments will be made at the actual time of their retirement, the amount of future payments was not measurable at June 30, 2019. Payments totaling $162,805 were paid to individuals who retired during the year ended June 30, 2019.

The Anderson County School Department also has a retirement incentive bonus payment plan in accordance with contract provisions. This plan is available to all certified teachers who retire from the School Department with at least ten years of service in Anderson County and are between the ages of 55 and 60. Under the terms of the plan, employees with 30 or more years of service shall receive $100 for each school year of service with the School Department. Employees with 25 to 29 years of service shall receive $50 for each school year of service in the School Department. Since payments will be made at the actual time of their retirement, the amount of future payments was not measurable at June 30, 2019. Payments totaling $42,250 were paid to individuals who retired during the year ended June 30, 2019.

J. Office of Central Accounting, Budgeting, and Purchasing

Anderson County operates under provisions of the County Financial Management System of 1981. This act provides for a central system of accounting, budgeting, and purchasing for all county departments. The act also provides for the creation of a Finance Department operated under the direction of the finance director.

K. Purchasing Laws

The County Financial Management System of 1981 provides for the finance director or a deputy appointed by the finance director to serve as the county purchasing agent. The finance director serves as the purchasing agent for Anderson County. All purchase orders are issued by the Finance Department. The Financial Management Committee established a policy that purchases exceeding $20,000 for the County Mayor's Office and the Anderson County School Department are to be made on a competitive bid basis. Purchasing procedures for the Highway Department are also governed by provisions of the Uniform Road Law, Section 54-7-113, *Tennessee Code Annotated*. Competitive bids are also required on highway purchases exceeding $20,000.

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

A. Description of Organization

The Emergency Communications District of Anderson County, Tennessee, (the district) was created by a county-wide referendum on November 6, 1990. The Anderson County Board of Commissioners appointed the district's initial Board of Directors pursuant to *Tennessee Code Annotated*, Section 7-86-101. The district is responsible for the installation and maintenance of the emergency communications network of Anderson County, Tennessee, (Enhanced 911 Service).

The district is considered a component unit of Anderson County, Tennessee, because the Anderson County Board of Commissioners appoints a majority of the district's Board of Directors and must approve any debt issued by the district.

B. Summary of Significant Accounting Policies

1. Basis of Accounting

The district's financial statements are reported using the economic resources measurement focus and accrual basis of accounting. Accordingly, all assets and liabilities (whether current or noncurrent) are included on the statements of net position. The statement of revenues, expenses, and changes in net position present increases (revenue) and decreases (expenses) in total net position. Under the accrual basis of accounting, revenue is recognized in the period in which it is earned while expenses are recognized in the period in which the liability is incurred.

Operating revenue is revenue that is generated from the primary operations of the district. All other revenue is reported as nonoperating revenue. Operating expenses are those expenses that are essential to the primary operations of the district. All other expenses are reported as nonoperating expenses.

GASB Statement No. 34, *Basic Financial Statements and Management's Discussion and Analysis for State and Local Governments* establishes standards for external financial reporting for state and local governments and requires that resources be classified for accounting and reporting purposes into the following three net position groups:

Investment in capital assets: This category includes capital assets, net of accumulated depreciation. Investment in capital assets at June 30, 2019, has been calculated as follows:

Capital Assets	$ 1,348,219
Less: Accumulated Depreciation	(798,603)
Capital Assets Being Depreciated, Net	$ 549,616

Restricted: This category includes net position whose use is subject to externally imposed stipulations that can be fulfilled by actions of the district pursuant to those stipulations or that expire by the passage of time. The district had no restricted net position as of June 30, 2019.

Unrestricted: This category includes net position that is not subject to externally imposed stipulations and does not meet the definition of restricted or net investment in capital assets. Unrestricted net position may be designated for specific purposes by action of management or the Board of Directors or may otherwise be limited by contractual agreements with outside parties.

2. Accounts Receivable

Accounts receivable, which are deemed uncollectible based upon a periodic review of the accounts, are charged to revenue. At June 30, 2019, no allowance for uncollectible accounts was considered necessary.

3. Capital Assets

Capital assets, which include property and equipment, are recorded at cost. Capital assets are defined by the district as assets with an initial, individual cost of $500 or more. Depreciation is computed using the straight-line method over the estimated useful lives, which range from five to 25 years.

4. Operating Budget

The district is required by state law to adopt an annual operating budget. The Board of Directors approves the original budget and any amendments, and maintains the legal level of control at the line-item level. The budget is prepared on the accrual basis of accounting. All appropriations lapse at the end of the year.

5. Compensated Absences

The district's full-time employees are granted vacation leave in varying amounts. In the event of termination, the employee is paid for any unused vacation leave.

6. Use of Restricted/Unrestricted Net Position

When an expense is incurred for purposes for which both restricted and unrestricted net position is available, the district’s policy is to apply restricted net position first.

7. Pension

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

C. Cash

Cash represents money on deposit in various banks. The district considers all highly liquid investments with an original maturity date of three months or less when purchased to be cash equivalents.

State of Tennessee law authorizes the district to invest in obligations of the United States or its agencies, non-convertible debt securities of certain federal agencies, other obligations guaranteed as to principal and interest by the United States or any of its agencies, secured certificates of deposit and other evidences of deposit in state and federal banks and savings and loan associations, and the State of Tennessee Local Government Investment Pool (LGIP). The LGIP contains investments in certificates of deposit, U.S. Treasury securities and repurchase agreements, backed by the U.S. Treasury securities. The Treasurer of the State of Tennessee administers the investment pool.

All deposits with financial institutions in excess of Federal Deposit Insurance Corporation (FDIC) limits are required to be secured by one of two methods. Excess funds can be deposited with a financial institution that participates in the State of Tennessee Bank Collateral Pool. For deposits with financial institutions that do not participate in the State of Tennessee 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.

All of the district’s cash and cash equivalent balances at June 30, 2019, were either insured through the Federal Deposit Insurance Corporation or through the State of Tennessee Bank Collateral Pool.

D. Lease

The district occupies its facilities provided by Anderson County on a month-by-month basis without charge.

E. Risk Management

The district is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The district carries commercial insurance for all risks of loss, including general liability and workers' compensation coverage. Settled claims resulting from these risks have not exceeded commercial insurance coverage in any of the past three fiscal years.

F. Capital Assets

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

	Balance 7-1-18	Additions	Retirements	Balance 6-30-19
Capital Assets Depreciated:				
Communications Equipment	$ 946,545	$ 37,715	$ 0	$ 984,260
Furniture and Fixtures	69,906	7,688	0	77,594
Vehicle	49,433	0	0	49,433
Leasehold Improvements	88,560	5,022	0	93,582
Other Capital Assets	143,350	0	0	143,350
	$ 1,297,794	$ 50,425	$ 0	$ 1,348,219
Accumulated Depreciation	(695,594)	(103,009)	0	(798,603)
Capital Assets Depreciated, Net	$ 602,200	$ (52,584)	$ 0	$ 549,616

G. Pension Plan

Employees of the district are provided a defined benefit pension plan through the Public Employee Retirement Plan, an agent multiple-employer pension plan administered by the TCRS. The TCRS was created by state statute under *Tennessee Code Annotated (TCA),* Title 8, Chapters 34-37. The TCRS Board of Trustees is responsible for the proper operations 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.

Tennessee Code Annotated, 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 the state. 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 at age 55 and vested. 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 (COLAs) 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	0
Inactive employees entitled to but not yet receiving benefits	0
Active employees	2
	2

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. The district makes employer contributions at the rate set by the TCRS Board of Trustees as determined by an actuarial valuation. For the year ended June 30, 2019, the actuarially determined contribution (ADC) for the district was $4,405 based on a rate of six percent of covered payroll. By law, employer contributions are required to be paid. The TCRS may intercept the district's base amount distributions if required contributions are not remitted. The employer's ADC and member contributions are expected to finance the costs of benefits earned by members during the year, the cost of administration, as well as an amortized portion of any unfunded liability.

Net Pension Liability(Asset)

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

Actuarial Assumptions

The total pension liability as of 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

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 historical 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 investment 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 weighting the expected future real rates of return by the target asset 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 asset 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 three 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 assumed that employee contributions will be made at the current rate and that contributions from the City 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 Net Pension Liability(Asset)

	Increase (Decrease)		
	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability (Asset) (a)-(b)
Changes for the year ended June 30, 2018:			
Service Cost	$ 0	$ 0	$ 0
Interest	0	0	0
Changes of benefit terms	11,327	0	11,327
Changes in Assumptions	0	0	0
Contributions-Employer	0	148,659	(148,659)
Contributions-Employees	0	3,671	(3,671)
Net Investment Income	0	6,315	(6,315)
Benefit Payments, Including Refunds of Employee Contributions	0	0	0
Administrative Expense	0	(190)	190
Net Changes for the year ended June 30, 2018	$ 11,327	$ 158,455	$ (147,128)
Balance July 1, 2017	0	0	0
Balance, June 30, 2018	$ 11,327	$ 158,455	$ (147,128)

Sensitivity of the Net Pension Liability (Asset) to Changes in the Discount Rate

The following presents the net pension liability (asset) of the district calculated using the discount rate of 7.25 percent, as well as what the net pension liability (asset) would be if it were calculated using a discount rate that is 1.0-percentage-point lower (6.25 percent) or 1.0-percentage-point higher (8.25 percent) than the current rate:

	1% Decrease 6.25%	Current Discount Rate 7.25%	1% Increase 8.25%
Net Pension Liability (Asset)	$ (144,855)	$ (147,128)	$ (148,961)

Pension Expense

For the year ended June 30, 2019, the district recognized pension expense of $2,171.

Deferred Outflows of Resources and Deferred Inflows of Resources

For the year ended June 30, 2019, the district reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference Between Expected and Actual Experience	$ 0	$ 0
Net Difference Between Projected and Actual Earnings on Pension Plan Investments	0	640
Changes in Assumptions	0	0
Contributions Subsequent to the Measurement Date of June 30, 2018	4,405	not applicable
Total	$ 4,405	$ 640

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.

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	$ (160)
2021	(160)
2022	(160)
2023	(160)
2024	0
Thereafter	0

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

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.