NEW ISSUE
BOOK-ENTRY-ONLY

Rating: Moody's – "Aa2"

PRELIMINARY OFFICIAL STATEMENT

$26,400,000*
LOUDON COUNTY, TENNESSEE
Rural School Refunding Bonds, Series 2020A

OFFERED FOR SALE NOT SOONER THAN

Monday, May 4, 2020 at 11:15 A.M. E.D.T.
Through the Facilities of ***PARITY***®
and at the offices of
Cumberland Securities Company, Inc.
Knoxville, Tennessee

C|S
SINCE 1931
CUMBERLAND SECURITIES
INDEPENDENT FINANCIAL ADVISOR

April 20, 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 20, 2020

NEW ISSUE — 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 in calculating the alternative minimum tax. For an explanation of certain tax consequences under federal law which may result from the ownership of the Bonds, see the discussion under the heading "LEGAL MATTERS – Tax Matters" herein. Under existing law, the Bonds and the income therefrom will be exempt from all state, county and municipal taxation in the State of Tennessee, except Tennessee excise and franchise taxes. (See "LEGAL MATTERS -Tax Matters" herein.)

$26,400,000*
LOUDON COUNTY, TENNESSEE
Rural School Refunding Bonds, Series 2020A

Dated: Date of delivery (Assume May 29, 2020). — Due: June 1, as shown below.*

The $26,400,000* Rural School Refunding Bonds, Series 2020A (the "Bonds") of Loudon County, Tennessee (the "County") are issuable in fully registered form in denominations of $5,000 and authorized integral multiples thereof. The Bonds will be issued in book-entry-only form and registered in the name of Cede & Co., as nominee of The Depository Trust Company, New York, New York ("DTC"). DTC will act as securities depository of the Bonds. So long as Cede & Co. is the registered owner of the Bonds, as the nominee for DTC, principal and interest with respect to the Bonds shall be payable to Cede & Co., as nominee for DTC, which will, in turn, remit such principal and interest to the DTC participants for subsequent disbursements to the beneficial owners of the Bonds. Individual purchases of the Bonds will be made in book-entry-only form, in denominations of $5,000 or integral multiples thereof and will bear interest at the annual rates as shown below. Interest on the Bonds is payable semi-annually from the date thereof commencing on December 1, 2020 and thereafter on each June 1 and December 1 by check or draft mailed to the owners thereof as shown on the books and records of Regions Bank, Nashville, Tennessee, the registration and paying agent (the "Registration Agent"). In the event of discontinuation of the book-entry-only system, principal of and interest on the Bonds are payable at the designated corporate trust office of the Registration Agent.

The Bonds shall be 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 Lenoir City, Tennessee. For the prompt payment of the principal of, premium, if any, and interest on the Bonds, the full faith and credit of the County, subject to the territorial limitation provided above, are irrevocably pledged.

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

Due (June 1)*	Amount*	Interest Rate	Yield	CUSIP**	Due (June 1)*	Amount*	Interest Rate	Yield	CUSIP**
2021	$ 1,655,000				2029	$ 1,650,000			
2022	1,655,000				2030	1,650,000			
2023	1,655,000				2031	1,650,000			
2024	1,650,000				2032	1,650,000			
2025	1,650,000				2033	1,650,000			
2026	1,650,000				2034	1,645,000			
2027	1,650,000				2035	1,645,000			
2028	1,650,000				2036	1,645,000			

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

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

May __, 2020

*Preliminary, subject to change.

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

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

This Preliminary Official Statement and the Appendices hereto contain brief descriptions of, among other matters, the Issuer, the Bonds, the Resolution, the Continuing Disclosure Certificate (as such capitalized terms are defined herein), 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 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 (as such capitalized terms are defined herein) 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.

LOUDON COUNTY, TENNESSEE

OFFICIALS

County Mayor	Rollen “Buddy” Bradshaw
County Clerk	Carrie McKelvey
Director of Accounts and Budgets	Tracy Blair
Interim Director of Schools	Michael Garren
Assessor of Property	Michael Campbell
County Trustee	Chip Miller
County Attorney	Robert L. Bowman

COUNTY LEGISLATIVE BODY

Henry Cullen	Bill Satterfield
Harold Duff	Van Shaver
Julia Hurley	Matthew Tinker
Kelly Littleton-Brewster	Michael Waller
David Meers	Gary Whitfield

BOND 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	Loudon County, Tennessee (the "County" or "Issuer"). See APPENDIX B contained herein.
Securities Offered	$26,400,000* Rural School Refunding Bonds, Series 2020A (the "Bonds") of the County, dated the date of issuance (assume May 29, 2020). The Bonds mature each June 1 beginning June 1, 2021 through June 1, 2036, inclusive*. See section entitled "SECURITIES OFFERED" herein for additional information.
Security	The Bonds shall be payable from unlimited ad valorem taxes to be levied on all taxable property within the County lying outside the corporate limits of the City of Lenoir City, Tennessee. For the prompt payment of the principal of, premium, if any, and interest on the Bonds, the full faith and credit of the County, subject to the territorial limitation provided above, are hereby irrevocably pledged.
Purpose	The 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 June 1, 2029 and thereafter are subject to optional redemption prior to maturity on or after June 1, 2028. See Section entitled "SECURITIES OFFERED – Optional Redemption".
Tax Matters	In the opinion of Bond Counsel, based on existing law and assuming compliance with certain tax covenants of the County, interest on the Bonds is excluded from gross income for federal income tax purposes and is not an item of tax preference in calculating the alternative minimum tax. For an explanation of certain tax consequences under federal law which may result from the ownership of the Bonds, see the discussion under the heading "LEGAL MATTERS – Tax Matters" herein. Under existing law, the Bonds and the income therefrom will be exempt from all state, county and municipal taxation in the State of Tennessee, except Tennessee franchise and excise taxes. (See "LEGAL MATTERS -Tax Matters" herein.)
Rating	Moody's: "Aa2". See the section entitled "MISCELLANEOUS - Rating" for more information.
Municipal Advisor	Cumberland Securities Company, Inc., Knoxville, Tennessee. See the section entitled "MISCELLANEOUS-Municipal Advisor; Related parties; Other" herein.
Underwriter	____________________.
Bond Counsel	Bass, Berry & Sims PLC, Nashville, Tennessee.
Book-Entry Only	The Bonds will be issued under the Book-Entry-Only System except as otherwise described herein. For additional information, see the section entitled "BASIC DOCUMENTATION - Book-Entry-Only System"
Registration Agent	Regions Bank, Nashville, Tennessee.

*Preliminary, subject to change.

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 The Honorable Rollen "Buddy" Bradshaw, County Mayor, 100 River Road, Suite 106, Loudon, TN 37774, Telephone: (865) 458-4664; 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	$ 8,069,288	$ 7,332,558	$ 7,434,184	$ 7,211,683	$ 7,472,649
Revenues	15,289,971	16,268,580	16,977,037	18,349,638	18,258,752
Expenditures	15,639,603	16,285,552	17,129,833	18,155,348	17,981,108
Excess (Deficiency) of Revenues Over Expenditures	(349,632)	(16,972)	(152,796)	194,290	277,644
Debt Proceeds	-	-	20,075	-	-
Insurance Recovery	12,902	18,598	66,443	22,811	31,608
Transfers In	-	100,000	16,555	75,150	-
Transfers Out	(400,000)	-	(172,778)	(31,285)	-
Ending Fund Balance	**$ 7,332,558**	**$ 7,434,184**	**$ 7,211,683**	**$ 7,472,649**	**$ 7,781,901**

Source: Comprehensive Annual Financial Reports of the County.

SUMMARY NOTICE OF SALE

$26,400,000*

LOUDON COUNTY, TENNESSEE

Rural School Refunding Bonds, Series 2020A

NOTICE IS HEREBY GIVEN that the County Mayor of Loudon County, Tennessee (the "County") will receive electronic or written bids until **11:15 a.m. E.D.T.** on **Monday, May 4, 2020** for the purchase of all, but not less than all, of the County's $26,400,000* Rural School Refunding Bonds, Series 2020A (the "Bonds"). Electronic bids must be submitted through ***PARITY®*** as described in the "Detailed Notice of Sale". In case of written bids, bids will be received by the County's 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 Bonds being offered as set forth in the Detailed Notice of Sale, to postpone the sale to a later date, or to cancel the sale based upon market conditions via Bloomberg News Service and/or the ***PARITY®*** System not later than 9:00 a.m., Eastern Daylight Time, on the day of the bid opening. Such notice will specify the revised principal amounts, if any, and any later date selected for the sale, which may be postponed or cancelled in the same manner. If the sale is postponed, a later public sale may be held at the hour and place and on such date as communicated upon at least forty-eight hours' notice via Bloomberg News Service and/or the ***PARITY®*** System.

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

The 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 29, 2020). The Bonds will mature on June 1 in the years 2021 through 2036, inclusive*, with term bonds optional, with interest payable on June 1 and December 1 of each year, commencing December 1, 2020, and will be subject to optional redemption prior to maturity on or after June 1, 2028 at par plus accrued interest. Bidders must bid not less than ninety-nine percent (99.00%) of par or more than one hundred and twenty-five percent (125%) of par for the Bonds. The approving opinion for the Bonds will be furnished at the expense of the County by Bass, Berry & Sims PLC, Bond Counsel, Knoxville, Tennessee. No rate or rates bid for the Bonds shall exceed five percent (5.00%) per annum. Unless bids are rejected, the Bonds will be awarded by the Mayor of the County on the sale date to the bidder whose bid results in the lowest true interest rate on the Bonds.

In the event that the competitive sale requirements of applicable Treasury Regulations are not met, the County will require bidders to comply with the "hold-the-offering-price rule" or the "10% Test" for purposes of determining the issue price of the Bonds.

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

/s/ Rollen "Buddy" Bradshaw
County Mayor

*Preliminary, subject to change.

DETAILED NOTICE OF SALE

$26,400,000*

LOUDON COUNTY, TENNESSEE
Rural School Refunding Bonds, Series 2020A

NOTICE IS HEREBY GIVEN that the County Mayor of Loudon County, Tennessee (the "County") will receive electronic or written bids until **11:15 a.m. E.D.T.** on **Monday, May 4, 2020** for the purchase of all, but not less than all, of the County's $26,400,000* Rural School Refunding Bonds, Series 2020A (the "Bonds"). Electronic bids must be submitted through *PARITY*® as described in the "Detailed Notice of Sale." In case of written bids, bids will be received by the County's 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 Bonds being offered as set forth herein, to postpone the sale to a later date, or to cancel the sale based upon market conditions via Bloomberg News Service and/or the ***PARITY***® System not later than 9:00 a.m., Eastern Daylight Time, on the day of the bid opening. Such notice will specify the revised principal amounts, if any, and any later date selected for the sale, which may be postponed or cancelled in the same manner. If the sale is postponed, a later public sale may be held at the hour and place and on such date as communicated upon at least forty-eight hours' notice via Bloomberg News Service and/or the ***PARITY***® System.

Description of the Bonds. The Bonds will be issued in fully registered book-entry-only form (except as otherwise described herein) without coupons, be dated the date of issuance (assume May 29, 2020), bear interest payable each June 1 and December 1, commencing December 1, 2020, be issued, or reissued upon transfer, in $5,000 denominations or multiples thereof, as shall be requested by the purchaser or registered owner thereof, as applicable, and will mature and be payable as follows:

YEAR (June 1)*	AMOUNT*	YEAR (June 1)*	AMOUNT*
2021	$ 1,655,000	2029	$ 1,650,000
2022	1,655,000	2030	1,650,000
2023	1,655,000	2031	1,650,000
2024	1,650,000	2032	1,650,000
2025	1,650,000	2033	1,650,000
2026	1,650,000	2034	1,645,000
2027	1,650,000	2035	1,645,000
2028	1,650,000	2036	1,645,000

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

*Preliminary, subject to change.

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

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

Security Pledged. The Bonds shall be payable from unlimited ad valorem taxes to be levied on all taxable property within the County lying outside the corporate limits of the City of Lenoir City, Tennessee. For the prompt payment of the principal of, premium, if any, and interest on the Bonds, the full faith and credit of the County, subject to the territorial limitation provided above, are irrevocably pledged.

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

Purpose. The Bonds are being issued for (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 June 1, 2029 and thereafter are subject to optional redemption prior to maturity at the option of the County on or after June 1, 2028 in whole or in part at any time at the redemption price of par plus accrued interest as provided herein.

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

Bidding Instructions. The County will receive electronic or written bids for the purchase of all, but not less than all, of the Bonds. Bidders for the Bonds are requested to name the interest rate or rates the Bonds are to bear in multiples of one-eighth of one percent and/or one-hundredth of one percent (.01%) or one (1) basis point, but no rate specified shall be in excess of five percent (5.00%) per annum. There will be no limitation on the number of rates of interest that may be specified in a single bid for the Bonds but a single rate shall apply to each single maturity of the Bonds. Bidders must bid not less than ninety-nine percent (99.00%) 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 the Bonds and to waive any informalities in the bids accepted. Acceptance or rejection of "Bids for Bonds" for the Bonds will not obligate the County to accept or reject "Bids for Bonds".

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

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

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

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

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

Good Faith Deposit. No good faith check will be required to accompany any bid submitted. The successful bidder shall be required to deliver to the County's Municipal Advisor (wire transfer or certified check) the amount of up to two percent (2%) of the aggregate principal amount of the Bonds offered for sale which will secure the faithful performance of the terms of the bid. A certified check or wire transfer must be received by the County's Municipal Advisor no later than the close of business on the day following the competitive sale. Good Faith Wire Instructions will be sent to the winning bidder after the sale has ended.

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

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

Establishment of Issue Price

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

A. Selling compensation (aggregate total anticipated compensation to the underwriters expressed in dollars, based on the expectation that all the Bonds are sold at the prices or yields at which the successful bidder advised the County that the Bonds were initially offered to the public).

B. The identity of the other underwriters if the successful bidder is part of a group or syndicate.

C. Any other material information that the County determines is necessary to complete the Detailed Statement in final form.

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

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

Issue Price Certificate

a. The successful bidder shall assist the County in establishing the issue price of the Bonds and shall execute and deliver to the County, on or prior to the date of issuance and delivery of the Bonds (the "Closing Date"), an "issue price" or similar certificate setting forth the reasonably expected initial offering prices to the public or the sales price or prices of the Bonds, together with the supporting pricing wires or equivalent communications, substantially in the form attached hereto as Exhibit A or Exhibit B, with such modifications as may be appropriate or necessary, in the reasonable judgment of the successful bidder, the County and Bass, Berry & Sims PLC ("Bond Counsel"). All actions to be taken by the County under this Detailed Notice of Bond Sale to establish the issue price of the Bonds may be taken on behalf of the County by the Municipal Advisor and any notice or report to be provided to the County may be provided to the Municipal Advisor.

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

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

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

    3. the County may receive bids from at least three underwriters of municipal bonds who have established industry reputations for underwriting new issuances of municipal bonds;

    4. the County anticipates awarding the sale of the Bonds to the bidder who submits a firm offer to purchase the Bonds at the highest price (or lowest interest cost), as set forth in this Detailed Notice of Bond Sale; and

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

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

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

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

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

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

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

f. The County acknowledges that, in making the representation set forth above, the successful bidder will rely on (i) the agreement of each underwriter to comply with the Hold-the-Offering-Price Rule, as set forth in an agreement among underwriters and the related pricing wires, (ii) in the event a selling group has been created in connection with the initial sale of the Bonds to the public, the agreement of each dealer who is a member of the selling group to comply with the Hold-the-Offering-Price Rule, as set forth in a selling group agreement and the related pricing wires, and (iii) in the event that an underwriter is a party to a retail distribution agreement that was employed in connection with the initial sale of the Bonds to the public, the agreement of each broker-dealer that is a party to such agreement to comply with the Hold-the-Offering-Price Rule, as set forth in the retail distribution agreement and the related pricing wires. The County further acknowledges that each underwriter shall be solely liable for its failure to comply with its agreement regarding the Hold-the-Offering-Price Rule and that no underwriter shall be liable for the failure of any other underwriter, or of any dealer who is a member of a selling group, or of any broker-dealer that is a party to a retail distribution agreement to comply with its corresponding agreement regarding the Hold-the-Offering-Price Rule as applicable to the Bonds.

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

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

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

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

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

partnership (including direct ownership of the applicable stock or interests by one entity of the other); and

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

Issue Price Certificate. The winning bidder will be required to provide the County, at closing, with an issue price certificate consistent with the foregoing. A form of the issue price certificate is attached to this Detailed Notice of Sale as Exhibit A if the Hold-the-Offering-Price Rule does not apply, and a form of the issue price certificate is attached to the Detailed Notice of Sale as Exhibit B if such Rule does apply.

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

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

Delivery of Bonds. Delivery of the Bonds is expected within forty-five (45) days. At least five (5) days’ notice will be given the successful bidder. Delivery will be made in book-entry form through the facilities of the Depository Trust Company, New York, New York. Payment for the Bonds must be made in *Federal Funds* or other immediately available funds. Delivery is currently expected on or about May 29, 2020.

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

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

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

/s/ Rollen "Buddy" Bradshaw, County Mayor

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EXHIBIT A

LOUDON COUNTY, TENNESSEE
$_________ Rural School Refunding Bonds, Series 2020A

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

The undersigned, on behalf of [NAME OF UNDERWRITER] ("[SHORT NAME OF UNDERWRITER]"), hereby certifies as set forth below with respect to the sale of the above-captioned obligations (the "Bonds") of the Loudon 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 May 4, 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

LOUDON COUNTY, TENNESSEE
$_________ Rural School Refunding Bonds, Series 2020A

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

The undersigned, on behalf of [NAME OF UNDERWRITER] ("[SHORT NAME OF UNDERWRITER]") [and the other members of the underwriting syndicate (together, the "Underwriting Group")], hereby certifies as set forth below with respect to the sale and issuance of the above-captioned obligations (the "Bonds") of the Loudon 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 May 4, 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: _________________________________

BID FORM

Honorable Rollen "Buddy" Bradshaw, County Mayor
100 River Road, Suite 106
Loudon, TN 37774

May 4, 2020

Dear Mayor Bradshaw:

For your legally issued, properly executed $26,400,000* Rural School Refunding Bonds, Series 2020A (the "Bonds") of Loudon County, Tennessee, in all respects as more fully outlined in your Notice of Sale, which by reference are made a part hereof, we will pay you a sum of ____ ($__________________).

The Bonds shall be dated the date of issuance (assume May 29, 2020) and shall be callable in accordance with the Detailed Notice of Sale. The Bonds shall mature on June 1 and bear interest at the following rates:

Maturity (June 1)*	**Amount***	**Rate**	**Maturity (June 1)***	**Amount***	**Rate**
2021	$ 1,655,000	___	2029	$ 1,650,000	
2022	1,655,000	___	2030	1,650,000	
2023	1,655,000	___	2031	1,650,000	___
2024	1,650,000	___	2032	1,650,000	___
2025	1,650,000	___	2033	1,650,000	___
2026	1,650,000	___	2034	1,645,000	___
2027	1,650,000	___	2035	1,645,000	___
2028	1,650,000	___	2036	1,645,000	___

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

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

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

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

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

Accepted for and on behalf of the
Loudon County, Tennessee, this
4th day of May, 2020.

____
Rollen "Buddy" Bradshaw, County Mayor

Respectfully submitted,

____

____

Total interest cost from
May 29, 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.

$26,400,000*
LOUDON COUNTY, TENNESSEE
Rural School Refunding Bonds, Series 2020A

SECURITIES OFFERED

AUTHORITY

This PRELIMINARY OFFICIAL STATEMENT which includes the Summary Statement hereof and appendices hereto, is furnished in connection with the offering by Loudon County, Tennessee (the "County") of $26,400,000* Rural School Refunding Bonds, Series 2020A (the "Bonds").

The Bonds are authorized to be issued pursuant to the provisions of Sections 9-21-101 et. seq., *Tennessee Code Annotated,* and other applicable provisions of law and pursuant to resolutions duly adopted by the Loudon County Commission on March 2, 2020 (the "Resolution").

DESCRIPTION OF THE BONDS

The Bonds will be dated and bear interest from their date of issuance and delivery (assume May 29, 2020). Interest on the Bonds will be payable semi-annually on June 1 and December 1, commencing December 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 refinance the outstanding Rural School Bonds, Series 2011, dated November 1, 2011, maturing June 1, 2021 and thereafter, and its Rural School Bonds, Series 2012, dated July 25, 2012, maturing June 1, 2021 and thereafter (collectively, the "Outstanding Bonds"); The Outstanding Bonds will be called for redemption on June 1, 2020 at par plus accrued interest or 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 Local Finance for review, and a report was received thereon.

*Preliminary, subject to change.

SECURITY

The Bonds shall be 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 Lenoir City, Tennessee. For the prompt payment of the principal of, premium, if any, and interest on the Bonds, the full faith and credit of the County, subject to the territorial limitation provided 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 available revenues paid by the Commission and direct appropriations from the General Fund of the County to the payment of debt service on the Bonds.

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

OPTIONAL REDEMPTION OF THE BONDS

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

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

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

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

MANDATORY REDEMPTION

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

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

Maturity	Redemption Date	Principal Amount of Bonds Redeemed

*Final Maturity

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

NOTICE OF REDEMPTION

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

PAYMENT OF BONDS

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

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BASIC DOCUMENTATION

REGISTRATION AGENT

The Registration Agent, 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. 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 (as herein defined) 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.

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

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

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

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

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

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

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

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

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

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

DISCONTINUANCE OF BOOK-ENTRY-ONLY SYSTEM

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

No Assurance Regarding DTC Practices. The foregoing information in this section concerning DTC and DTC's book-entry-only system has been obtained from sources that the County believes to be reliable, but the County, the Bond Counsel, the Registration Agent and the Municipal Advisor do not take any responsibility for the accuracy thereof. 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

(a) an amount, which together with investment earnings thereon and other legally available funds of the County, if any, will be sufficient to pay principal of, premium, if any, and interest on the Outstanding Bonds until and through the redemption date therefor shall be transferred to the paying agent for the Outstanding Bonds to be held to the earliest optional redemption date and used for the payment and retirement of the Outstanding Bonds; and

(b) The remainder of the proceeds of the sale of the Bonds shall be used to pay costs of issuance of the Bonds, including necessary legal, accounting and fiscal expenses, printing, engraving, advertising and similar expenses, administrative and clerical costs, Registration Agent fees, bond insurance premiums, if any, and other necessary miscellaneous expenses incurred in connection with the issuance and sale of the Bonds. Notwithstanding the foregoing, costs of issuance of the Bonds may be withheld from the good faith deposit or purchase price of the Bonds and paid to the Municipal Advisor to be used to pay costs of issuance of the Bonds.

DISCHARGE AND SATISFACTION OF BONDS

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

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

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

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

and if the County shall also pay or cause to be paid all other sums payable hereunder by the County with respect to such Bonds, or make adequate provision therefor, and by resolution of the Board of County Commissioners 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 the purposes of this Section, 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, Nashville, Tennessee, is Bond Counsel for the Bonds. Their opinion under existing law, relying on certain statements by the County and assuming compliance by the County with certain covenants, is that interest on the Bonds:

- is excluded from a bondholder's federal gross income under the Internal Revenue Code of 1986, as amended (the "Code"), and
- is not treated as an item of tax preference in calculating the alternative minimum tax.

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

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

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

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

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

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

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

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

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

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

State Taxes

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

CHANGES IN FEDERAL AND STATE TAX LAW

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

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

CLOSING CERTIFICATES

Upon delivery of the Bonds, the County will execute in a form satisfactory to Bond Counsel, certain closing certificates including the following: (i) a certificate as to the *Official Statement*, in final form, signed by the County Mayor acting in his official capacity to the effect that to the best of his knowledge and belief, and after reasonable investigation, (a) neither the *Official Statement*, in final form, nor any amendment or supplement thereto, contains any untrue statements of material fact or omits to state any material fact necessary to make statements therein, in light of the circumstances in which they are made, misleading, (b) since the date of the *Official Statement*, in final form, no event has occurred which should have been set forth in such a memo or supplement, (c) there has been no material adverse change in the operation or the affairs of the County since the date of the *Official Statement,* in final form, and having attached thereto a copy of the *Official Statement*, in final form, and (d) there is no litigation of any nature pending or threatened seeking to restrain the issuance, sale, execution and delivery of the Bonds, or contesting the validity of the Bonds or any proceeding taken pursuant to which the Bonds were authorized; (ii) certificates as to the delivery and payment, signed by the County Mayor acting in his official capacity, evidencing delivery of and payment for the Bonds; (iii) a signature identification and incumbency certificate, signed by the County Mayor and County Clerk acting in their official capacities certifying as to the due execution of the Bonds; and, (iv) a Continuing Disclosure Certificate regarding certain covenants of the County concerning the preparation and distribution of certain annual financial information and notification of certain enumerated 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 and debt of the United States of America, including, without limitation, the general economic conditions in the country, and other political and economic developments that may affect the financial condition of the United States government, the United States debt limit, and the bond ratings of the United States and its instrumentalities, obligations issued by state and local governments, such as the Bonds, could be subject to a rating downgrade. Additionally, if a significant default or other financial crisis should occur in the affairs of the United States or of any of its agencies or political subdivisions, then such event could also adversely affect the market for and ratings, liquidity, and market value of outstanding debt obligations, including the Bonds. Any such downward change in or withdrawal of the rating may have an adverse effect on the secondary market price of the Bonds.

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

COMPETITIVE PUBLIC SALE

The Bonds were offered for sale at competitive public bidding on May 4, 2020. Details concerning the public sale were provided to potential bidders and others in the *Preliminary Official Statement* that was dated April 20, 2020.

The successful bidder for the Bonds was an account led by __________________, _______, _______ (the "Underwriters") who contracted with the County, subject to the conditions set forth in the Official Notice of Sale and Bid Form to purchase the Bonds at a purchase price of $__________ (consisting of the par amount of the Bonds, less an underwriter's discount of $_________ and 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 authorized not to exceed $7,000,000 of General Obligation Bonds for improvements to the County's court facilities. Additionally, 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 Issuer will provide notice in a timely manner to the MSRB of a failure by the County to provide the annual financial information on or before the date specified in the Continuing Disclosure. 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 Filing History. 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 transactions 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-8;

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-9 and B-10;

3. Information about the Bonded Debt Service Requirements – General Debt Service Fund as of the end of such fiscal year as show on page B-11;

4. Information about the Bonded Debt Service Requirements – Rural School Debt Service Fund as of the end of such fiscal year as show on page B-12;

5. The fund balances, net assets and retained earnings for the fiscal year as shown on page B-13;

6. Five Year Summary of Revenues, Expenditures and Changes in Fund Balances - General Fund for the fiscal year as shown on page B-14;

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-20;

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-20; and

9. The ten largest taxpayers as shown on page B-21.

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 significant events with the MSRB and the SID, if any, as follows:

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

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

3. The following are the Listed Events:

   a. Principal and interest payment delinquencies;

   b. Non-payment related defaults, if material;

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

   d. Unscheduled draws on credit enhancements reflecting financial difficulties;

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

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

   g. Modifications to rights of Bondholders, if material;

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

   i. Defeasances;

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

   k. Rating changes;

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

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

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

   o. Incurrence of a financial obligation (which includes a debt obligation, a derivative instrument entered into connection with, or pledged as security or as a source of payment for, an existing or planned debt obligation, or a guarantee of debt obligation or derivative instrument) of the County, if material, or agreement as to covenants, events of default, remedies, priority rights, or other similar terms of a financial obligation of the County, any of which affect security holders, if material; and

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

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

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

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

(b) The undertaking, as amended or taking into account such waiver, would, in the opinion of nationally recognized bond counsel, have complied with the requirements of Rule 15c2-12 at the time of the original issuance of the Bonds, after taking into account any amendments or interpretations of the Rule, as well as any change in circumstances; and

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

In the event of any amendment or waiver of a provision of the Coutinuing 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 Coutinuing 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 Coutinuing Disclosure

Certificate. A default under the Coutinuing Disclosure Certificate shall not be deemed an event of default, if any, under the Resolution, and the sole remedy under the Coutinuing Disclosure Certificate in the event of any failure of the County to comply with the Coutinuing Disclosure Certificate shall be an action to compel performance.

BONDHOLDER RISK - COVID-19

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

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

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

ADDITIONAL INFORMATION

Use of the words "shall," "must," or "will" in this 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.

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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

PROPOSED FORM OF LEGAL OPINION

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

Ladies and Gentlemen:

We have acted as bond counsel in connection with the issuance by Loudon County, Tennessee (the "Issuer") of the $____________ Rural School Refunding 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,

28110757.1

APPENDIX B

LOUDON COUNTY, TENNESSEE

SUPPLEMENTAL INFORMATION STATEMENT

GENERAL INFORMATION

LOCATION

Loudon County (the "County") is located in the Tennessee River Valley in the southeastern portion of the state. To the north, the County is bordered by Knox County and, to the east, by Blount County. Monroe and McMinn Counties make up the County's southern border, and to the west, the County is bordered by Roane County. The Town of Loudon serves as the county seat and is located approximately 31 miles southwest of Knoxville. Other incorporated municipalities within the County are Greenback, Lenoir City and Philadelphia.

GENERAL

The land area of Loudon County is approximately 229 square miles or 153,600 acres. The City is the trading center for a considerable area lying south of the Tennessee River from which comes beef, sheep, dairy products, tobacco, grains and fruits.

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. According to the 2010 US Census, Loudon County has a population of 48,556. The Town of Loudon had a US Census population of 5,381, and the City of Lenoir City is the largest city in the County with a 2010 Census population of 8,642.

TRANSPORTATION

Interstate Highways 75 and 40 traverse the County, as well as U.S. Highways 11 and 70 and State Highways 72, 95 and 321. Seven motor freight companies serve the County, and rail service is provided by the CSX and Norfolk-Southern Railroads. In addition, residents of the County have access to the full commercial and freight air services at McGhee Tyson Airport operated by the Metropolitan Knoxville Airport Authority and approximately 30 minutes away.

The Town of Loudon and the City of Lenoir City serve as port facilities on the Tennessee River. Fort Loudon Dam and hydroelectric station are seven miles upstream from Lenoir City. The Tellico Dam, another TVA project, lies approximately six miles from the Town of Loudon on the Little 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. The River borders Knox, Blount, Roane, Loudon, Meigs, Rhea, Marion, Hamilton, Hardin, Wayne, Decatur, Perry, Benton, Humphreys, Henry, Houston and Stewart Counties in the state.

EDUCATION

Lenoir City has a school system within the County with three schools. The *Lenoir City School System* has one high school, one middle school and one elementary school with a fall 2018 enrollment of 2,271 with 139 teachers. The *Loudon County School System* serves the County with nine schools, including five elementary schools, two middle schools, one senior high school and one K-12 school. The fall 2018 enrollment was 4,675 with 350 teachers. All of the County schools are fully accredited by the Southeastern Association of Colleges and Schools, with an average of over 50% of the teachers in the system possessing a Masters degree or higher.

Source: Tennessee Department of Education.

Roane State Community College Lenoir City Campus. Roane State Community College, which began operation in 1971 in Harriman, Roane County, 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 shop. The institution's primary purpose is to meet the occupational and technical training needs of the citizens including employees of existing and prospective businesses and industries in the region. The TCAT-H serves the eastern region of the state including Anderson, Loudon, Meigs, Morgan, Rhea, and Roane Counties. The TCAT-H began operations in 1970, and the main campus is located in Roane County. Fall 2017 enrollment was 701 students.

Source: Tennessee College of Applied Technology at Harriman.

Nearby there are more opportunities for higher education. The University of Tennessee at Knoxville is the largest school in the UT system located in Knoxville. Pellissippi State Technical Community College is another option for a two year transfer school located in Knox and Blount Counties.

HEALTHCARE

There are many hospitals within the MSA area available to the County. There are nine acute care hospitals in nearby Knox County alone, including two healthcare systems (Covenant Health Care and Tennova Healthcare). The County has one hospital located in Lenoir City.

Fort Loudoun Medical Center. Fort Loudoun Medical Center is a 50-bed, $29 million, 87,000-square-foot hospital that opened in Lenoir City in November 2004. Fort Loudoun Medical Center is a full-service hospital that has bedside charting technology, a four-bed critical care unit, and a 12-suite Emergency Department with a designated fast track for less serious emergencies. Fort Loudon Medical Center is one of nearly 30-member organizations of Covenant Health, which includes acute care facilities, outpatient clinics, specialty and home care, and other services.

Covenant Health, headquartered in nearby Knoxville, has nine acute-care hospitals plus 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 Fort Loudoun Medical Center.

POWER PRODUCTION

Fort Loudoun Dam. Tennessee Valley Authority's ("TVA") Fort Loudoun Dam is located in Lenoir City near on the Tennessee River. Construction of Fort Loudoun Dam began in 1940 and was completed in 1943. Fort Loudoun Dam is 122 feet high and stretches 4,190 feet across the Tennessee River. The generating capacity of Fort Loudoun's four units is 155,600 kilowatts of electricity. The 60- by 360-foot Fort Loudoun lock raises and lowers river craft about 70 feet between the Reservoir and Watts Bar Reservoir. Barges passing through the Fort Loudoun lock carry half a million tons of cargo a year. Fort Loudoun Reservoir travels up river from Loudon County to Blount and Knox Counties.

Source: Tennessee Valley Authority.

Melton Hill Dam. Tennessee Valley Authority's ("TVA") Melton Hill Dam is located in Loudon County on the Clinch River. Construction of Melton Hill Dam began in 1960 and was completed in 1963. The Dam is 103 feet high and stretches 1,020 feet across the Clinch River. The generating capacity of Melton Hill is 72,000 kilowatts of electricity. Melton Hill is the only TVA dam on a tributary stream with a navigation lock. The navigation lock at Melton Hill has a 75- by 400-foot chamber and a maximum lift of 60 feet. 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.

Source: Tennessee Valley Authority.

Tellico Dam. Tennessee Valley Authority's ("TVA") Tellico Dam is located in Lenoir City on the Little Tennessee River very close to the Fort Loudoun Dam. Construction of Tellico Dam began in 1967 and was completed in 1979. Tellico Dam is 129 feet high and reaches 3,238 feet across the Little Tennessee River. Water from Tellico helps drive the four generating units at Fort Loudoun Dam, which has a generating capacity of 145,000 kilowatts of electricity. Tellico

Reservoir stretches 33 miles into the mountains of east Tennessee through Loudon and Monroe Counties.

Source: Tennessee Valley Authority.

MANUFACTURING AND COMMERCE

Much of the new industry in the area has chosen to do business in Loudon County due to the County's excellent location on the Tennessee River and within a day's drive of 75% of the nation's population. More than 16,000 workers are available within 45 minutes of the County's industrial areas.

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

Major Employers in Loudon County

Compan y	Product	Employment
Kimberly-Clark Corporation	Paper Mill	687
Monterey Mushrooms	Mushrooms	580
Loudon County Schools	Education	574
Crete Carrier Corp.	Transportation	450
Malibu Boats	Boat Manufacturer	399
Total Transportation of Mississippi	Transportation	350
HT Hackney Co.	Distribution	340
Loudon County	Government	324
Lenoir City Schools	Education	292
Tate & Lyle/ A.E. Staley Mfg.	Syrup, Alcohol, Grain Pellets	254
Fort Loudon Medical Center	Hospital	248

Source: East Tennessee Economic Development Agency and Knoxville News Sentinel - 2019.

The County has eight established business and industrial parks with full utilities available: Matlock Bend Industrial Park with 450 acres, Sugarlimb Industrial Park with 400 acres, Blair Bend with 385 acres, Highlands Business Park with 363 acres, Huntington Business Park with 200 acres, Centre Seventy-Five Business Park with 284 acres, Fort Loudon (Car Works Site) at 100 acres, and Spring Cress Business Park with 92 acres. All sites sit adjacent to Highway 11 and just 2.5 miles from I-75, and all have access to the Norfolk-Southern Railroad.

Tellico Regional Business Park. Located in Loudon County, Tennessee, Tellico Regional Business Park was completed in 2008 and feature available Greenfield sites ranging from 5 acres to 100 acres. Utilities are located at the property line and include 6” gas, 8” water, and 8” force main sewer. The development has a planned airpark with runway.

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EMPLOYMENT INFORMATION

For the month of February 2020, the unemployment rate for Loudon County stood at 3.8% with 22,964 persons employed out of a labor force of 23,862.

The Knoxville MSA's unemployment for February 2020 was at 3.6% with 417,874 persons employed out of a labor force of 433,424. As of February 2020, the unemployment rate in the Knoxville-Morristown-Sevierville CSA stood at 4.0%, representing 533,101 persons employed out of a workforce of 555,347.

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%
Loudon County	**6.7%**	**5.6%**	**4.7%**	**3.7%**	**3.4%**
Index vs. National	108	106	96	84	94
Index vs. State	102	100	100	97	97
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 Morristown-Sevierville 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
Loudon County	**$40,647**	**$42,023**	**$43,736**	**$45,159**	**$46,183**
Index vs. National	91	89	89	91	89
Index vs. State	103	103	102	103	101
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	Loudon County	Lenoir City
Median Value Owner Occupied Housing	$204,900	$158,600	$199,400	$121,100
% High School Graduates or Higher Persons 25 Years Old and Older	87.7%	87.0%	85.7%	77.0%
% Persons with Income Below Poverty Level	11.8%	15.3%	9.1%	21.9%
Median Household Income	$60,293	$50,972	$56,078	$38,852

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

RECREATION

Fort Loudoun Reservoir. Tennessee Valley Authority's ("TVA") Fort Loudoun Dam is located in Lenoir City near on the Tennessee River. Fort Loudoun Reservoir travels up river from Loudon County to Blount and Knox Counties. It is the uppermost in the chain of nine TVA reservoirs that form a continuous navigable channel along the entire Tennessee River from Knoxville to Paducah, Kentucky, 652 miles away. The reservoir is known for its bass fishing, boating, and bird watching. Fort Loudoun is also connected by a short canal to Tellico Reservoir on the nearby Little Tennessee River. Water is diverted through the canal to Fort Loudoun for power production.

Melton Hill Reservoir. Tennessee Valley Authority's ("TVA") 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. Melton Hill Reservoir extends up the Clinch River to Clinton, Tennessee.

Tellico Reservoir. Tennessee Valley Authority's ("TVA") Tellico Dam is located in Lenoir City on the Little Tennessee River very close to the Fort Loudoun Dam. Tellico Reservoir stretches 33 miles into the mountains of east Tennessee through Loudon and Monroe Counties. Tellico Reservoir was planned as an extension of nearby Fort Loudoun Reservoir. Tellico Dam serves to divert water through a short canal into Fort Loudoun, linking the two reservoirs in their joint functions of flood control, power production, and improved navigation. They help regulate flooding downstream, especially at Chattanooga. The canal also allows barges to enter the Little Tennessee River without a lock, thus significantly increasing commercial barge operations in the Valley.

Source: Tennessee Valley Authority.

RECENT DEVELOPMENTS

Bussell Island Distillery and Brewery Company. In 2018, the Bussell Island Distillery and Brewery Company began renovation on the old Lenoir City Utilities Board building in downtown Lenoir City. The facility will be a restaurant, distillery and brewery with a tasting room and should open in 2019

Lenoir City Utility Board (the "LCUB"). In early 2018 LCUB finished construction on a new 180,000 square foot operations facility that will serve as the new corporate headquarters. It hosts a state-of-the-art operation and dispatch center, a customer service center, a data center with biometric security and other Tier III design features. The new facility also has a 110,000-square foot warehouse with a bar coding inventory control system and 62 truck bays.

Morgan Olson LLC. Morgan Olson, maker of delivery vans, opened a new $10 million 300,000 square-foot facility in Loudon in 2016. The new facility created 400 jobs initially and is expected 500 or more over the next few years.

Protomet Corp. Protomet Corp. finished construction on a new, 244,000-square-foot, $30 million facility in 2019. The company is expected to employ 200 within the next three to four years. Protomet provides precision manufacturing and finishing for customers in the marine, automotive, homeland security, industrial and power markets.

Source: Knoxville News Sentential and the County.

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LOUDON COUNTY, TENNESSEE
SUMMARY OF BONDED INDEBTEDNESS

AMOUNT ISSUED		PURPOSE	DUE DATE	INTEREST RATE(S)		As of June 30, 2019 (1) OUTSTANDING
$ 14,835,000	(3)	Loan Agreement, Series E-3-C (Rural School and G.O.)	June 2025	Synthetic Fixed / Variable	(2)	$ 6,285,000
400,000		Capital Outlay Notes, Series 2013	Feb. 2023	Fixed		174,000
2,600,000		General Obligation Refunding Bonds, Series 2014A	April 2020	Fixed		565,000
9,675,000		General Obligation Bonds, Series 2017	June 2037	Fixed		9,675,000
8,010,000		General Obligation Bonds, Series 2018	June 2038	Fixed		8,010,000
4,129,500		Qualified Zone Academy Bonds, Series 2005 (Rural School)	Dec. 2020	Fixed		550,600
9,995,000		Rural School Bonds, Series 2011	June 2036	Fixed		9,000,000
23,500,000		Rural School Bonds, Series 2012	June 2036	Fixed		18,225,000
8,850,000		Rural School Bonds, Series 2013A	June 2023	Fixed		3,500,000
9,845,000		Rural School Bonds, Series 2014B	June 2039	Fixed		8,240,000
$ 91,839,500		**TOTAL BONDED DEBT**				$ 64,224,600
$ 26,400,000		Rural School Refunding Bonds, Series 2020A	June 2036	Fixed		$ 26,400,000
(33,495,000)		Less: Refunded Debt				(25,925,000)
$ 84,744,500		**NET BONDED DEBT**				$ 64,699,600

NOTES:

(1) The above figures do not include short-term notes outstanding, if any. For more information, see the notes to the Financial Statements in the CAFR. Additionally, does not include any debt currently estimated to be outstanding in the amount $2,137,360 backed by the County and issued for the benefit of the Tellico Area Service System ("TASS"), a self-supporting water system for residential and commercial properties located in Monroe and Loudon Counties.

(2) The County budgets to account for interest rate and/or basis risk.

(3) The Series E-3-C Loan Agreement has $6,010,000 supported by a Rural School pledge and $275,000 supported by the County's General Obligation Pledge.

LOUDON COUNTY, TENNESSEE

Indebtedness and Debt Ratios

INTRODUCTION

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

	For Fiscal Year Ended June 30				After Issuance
INDEBTEDNESS	**2016**	**2017**	**2018**	**2019**	**2020**
TAX SUPPORTED					
General Obligation Bonds & Notes	$ 4,262,000	$ 3,073,000	$ 11,520,000	$ 18,699,000	$ 18,699,000
Rural School Bonds & Notes *	55,657,400	52,382,400	48,982,400	45,525,600	46,000,600
TOTAL TAX SUPPORTED	$ 59,919,400	$ 55,455,400	$ 60,502,400	$ 64,224,600	$ 64,699,600
TOTAL DEBT	$ 59,919,400	$ 55,455,400	$ 60,502,400	$ 64,224,600	$ 64,699,600
Less: Debt Service Fund	(10,681,641)	(10,432,517)	(10,062,828)	(10,004,583)	(10,004,583)
NET DIRECT DEBT	$ 49,237,759	$ 45,022,883	$ 50,439,572	$ 54,220,017	$ 54,695,017
PROPERTY TAX BASE					
Estimated Actual Value	$ 6,433,528,165	$ 6,576,820,783	$ 6,502,020,519	$ 6,644,289,001	$ 6,644,289,001
Appraised Value	6,272,689,961	6,412,400,263	6,502,020,519	6,644,289,001	6,644,289,001
Assessed Value	1,722,128,731	1,760,118,871	1,770,502,792	1,808,334,020	1,808,334,020

Source: General Purpose Financial Statements and County Officials.

* Rural School Bonds are payable from ad valorem taxes lying outside of the City of Lenoir City, TN. Lenoir City, TN makes up approximately 14.65% of the County's tax base based on assessed value.

DEBT RATIOS	For Fiscal Year Ended June 30 2016	2017	2018	2019	After Issuance 2020
TOTAL DEBT to Estimated Actual Value	0.93%	0.84%	0.93%	0.97%	0.97%
TOTAL DEBT to Appraised Value	0.96%	0.86%	0.93%	0.97%	0.97%
TOTAL DEBT to Assessed Value	3.48%	3.15%	3.42%	3.55%	3.58%
NET DIRECT DEBT to Estimated Actual Value	2.86%	2.56%	2.85%	3.00%	3.02%
NET DIRECT DEBT to Appraised Value	0.78%	0.70%	0.78%	0.82%	0.82%
NET DIRECT DEBT to Assessed Value	2.86%	2.56%	2.85%	3.00%	3.02%
PER CAPITA RATIOS					
POPULATION (1)	51,454	51,454	53,054	53,054	53,054
PER CAPITA PERSONAL INCOME (2)	$45,159	$46,183	$46,183	$46,183	$46,183
Estimated Actual Value to POPULATION	125,035	127,819	122,555	125,236	125,236
Assessed Value to POPULATION	33,469	34,208	33,372	34,085	34,085
Total Debt to POPULATION	1,165	1,078	1,140	1,211	1,220
Net Direct Debt to POPULATION	957	875	951	1,022	1,031
Total Debt Per Capita as a percent of PER CAPITA PERSONAL INCOME	2.58%	2.33%	2.47%	2.62%	2.64%
Net Direct Debt Per Capita as a percent of PER CAPITA PERSONAL INCOME	2.12%	1.89%	2.06%	2.21%	2.23%

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

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

LOUDON COUNTY, TENNESSEE
BONDED DEBT SERVICE REQUIREMENTS - GENERAL

F.Y. Ended 6/30	Total Bonded Debt Service Requirements (1) Principal	Interest (2)	TOTAL	% All Principal Repaid
2020	$ 882,000	$ 563,239	$ 1,445,239	4.72%
2021	843,000	531,329	1,374,329	
2022	864,000	502,741	1,366,741	
2023	895,000	473,424	1,368,424	
2024	875,000	446,628	1,321,628	23.31%
2025	895,000	425,428	1,320,428	
2026	920,000	403,728	1,323,728	
2027	940,000	381,378	1,321,378	
2028	965,000	358,528	1,323,528	
2029	985,000	334,483	1,319,483	48.47%
2030	1,015,000	309,650	1,324,650	
2031	1,040,000	278,088	1,318,088	
2032	1,075,000	245,750	1,320,750	
2033	1,115,000	211,150	1,326,150	
2034	1,145,000	175,250	1,320,250	77.30%
2035	1,185,000	138,375	1,323,375	
2036	1,220,000	100,200	1,320,200	
2037	1,260,000	60,900	1,320,900	
2038	580,000	20,300	600,300	100.00%
	$ 18,699,000	$ 5,960,564	$ 24,659,564	

NOTES:

(1) The above figures do not include short-term notes outstanding, if any. For more information, see the notes to the Financial Statements in the CAFR. Additionally, does not include any debt currently estimated to be outstanding in the amount $2,137,360 backed by the County and issued for the benefit of the Tellico Area Service System ("TASS"), a self-supporting water system for residential and commercial properties located in Monroe and Loudon Counties.

(2) The County budgets to account for interest rate and/or basis risk.

LOUDON COUNTY, TENNESSEE
BONDED DEBT SERVICE REQUIREMENTS - RURAL SCHOOL

F.Y. Ended 6/30	Existing Debt - Rural Schoo As of June 30, 2019			Rural School Refunding Bonds, Series 2020A			% 2020A Principal Repaid	Less: Refunded Debt			Total Bonded Debt Service Requirements (1)			% All Principal Repaid
	Principal	Interest (2)	TOTAL	Principal	Interest (3)	TOTAL		Principal	Interest	TOTAL	Principal	Interest (2)	TOTAL	
2020	$ 3,615,000	$ 1,478,975	$ 5,093,975	$ -	$ -	$ -	0.00%	$ -	$ -	$ -	$ 3,615,000	$ 1,478,975	$ 5,093,975	7.86%
2021	3,730,600	1,361,875	5,092,475	1,655,000	572,440	2,227,440		(1,350,000)	(885,550)	(2,235,550)	4,035,600	1,048,765	5,084,365	
2022	3,820,000	1,256,525	5,076,525	1,655,000	549,210	2,204,210		(1,400,000)	(839,550)	(2,239,550)	4,075,000	966,185	5,041,185	
2023	3,910,000	1,141,375	5,051,375	1,655,000	522,730	2,177,730		(1,425,000)	(791,050)	(2,216,050)	4,140,000	873,055	5,013,055	
2024	3,010,000	1,021,050	4,031,050	1,650,000	494,595	2,144,595	25.06%	(1,450,000)	(741,050)	(2,191,050)	3,210,000	774,595	3,984,595	41.47%
2025	3,125,000	911,100	4,036,100	1,650,000	465,720	2,115,720		(1,500,000)	(689,550)	(2,189,550)	3,275,000	687,270	3,962,270	
2026	1,990,000	794,663	2,784,663	1,650,000	436,020	2,086,020		(1,500,000)	(635,550)	(2,135,550)	2,140,000	595,133	2,735,133	
2027	2,025,000	729,138	2,754,138	1,650,000	404,670	2,054,670		(1,525,000)	(581,050)	(2,106,050)	2,150,000	552,758	2,702,758	
2028	2,060,000	660,638	2,720,638	1,650,000	371,670	2,021,670		(1,550,000)	(525,050)	(2,075,050)	2,160,000	507,258	2,667,258	
2029	2,125,000	589,368	2,714,368	1,650,000	336,195	1,986,195	56.31%	(1,600,000)	(467,550)	(2,067,550)	2,175,000	458,013	2,633,013	67.34%
2030	2,165,000	526,193	2,691,193	1,650,000	299,070	1,949,070		(1,625,000)	(418,550)	(2,043,550)	2,190,000	406,713	2,596,713	
2031	2,205,000	460,863	2,665,863	1,650,000	259,470	1,909,470		(1,650,000)	(367,800)	(2,017,800)	2,205,000	352,533	2,557,533	
2032	2,370,000	391,275	2,761,275	1,650,000	218,220	1,868,220		(1,800,000)	(314,863)	(2,114,863)	2,220,000	294,633	2,514,633	
2033	2,415,000	314,775	2,729,775	1,650,000	176,145	1,826,145		(1,825,000)	(255,463)	(2,080,463)	2,240,000	235,458	2,475,458	
2034	2,480,000	234,188	2,714,188	1,645,000	133,245	1,778,245	87.54%	(1,875,000)	(194,050)	(2,069,050)	2,250,000	173,383	2,423,383	91.48%
2035	2,530,000	151,488	2,681,488	1,645,000	89,653	1,734,653		(1,900,000)	(131,013)	(2,031,013)	2,275,000	110,128	2,385,128	
2036	1,950,000	67,163	2,017,163	1,645,000	45,238	1,690,238	100.00%	(1,950,000)	(67,163)	(2,017,163)	1,645,000	45,238	1,690,238	100.00%
	$ 45,525,600	$ 12,090,648	$ 57,616,248	$ 26,400,000	$ 5,374,290	$ 31,774,290		$ (25,925,000)	$ (7,904,850)	$ (33,829,850)	$ 46,000,600	$ 9,560,088	$ 55,560,688	

NOTES:

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

(2) The County budgets to account for interest rate and/or basis risk.

(3) Estimated Interest rates. Estimated Average Coupon 3.00%.

FINANCIAL INFORMATION

BASIS OF ACCOUNTING AND PRESENTATION

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

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

FUND BALANCES, NET ASSETS AND RETAINED EARNINGS

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

	For the Fiscal Year Ended June 30,				
Fund Type	**2015**	**2016**	**2017**	**2018**	**2019**
Governmental Funds:					
General	$ 7,332,558	$ 7,434,184	$ 7,211,683	$ 7,472,649	$ 7,781,901
Highway / Public Works	1,152,903	1,274,567	1,213,964	1,753,852	736,338
Education Debt Service[1]	8,929,155	8,905,731	8,584,130	8,186,755	8,003,479
Other Governmental	4,783,631	4,074,724	3,904,329	12,269,745	12,346,071
Total	**$22,198,247**	**$21,689,206**	**$20,914,106**	**$29,683,001**	**$28,867,789**

Source: Comprehensive Annual Financial Reports for the County.

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LOUDON 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	$ 9,671,906	$ 10,573,783	$ 11,191,085	$ 11,998,261	$ 12,290,556
Licenses and Permits	562,093	686,128	736,789	858,508	817,144
Fines and Forfeits	428,042	435,025	404,478	420,577	425,394
Charges for Current Services	77,435	76,250	87,328	118,209	118,116
Other Local Revenues	209,815	204,731	232,457	207,595	367,475
Fees Recv'd from County Officials	2,234,734	2,277,511	2,323,750	2,585,055	2,465,707
State of Tennessee	1,931,236	1,705,707	1,657,088	1,805,248	1,506,133
Federal Government	105,317	225,296	260,944	252,154	215,107
Other Governments & Citizens Groups	69,393	84,149	83,118	104,031	53,120
Total Revenues	$ 15,289,971	$ 16,268,580	$ 16,977,037	$ 18,349,638	$ 18,258,752
Expenditures and Other Uses:					
General Government	$ 2,994,920	$ 3,065,792	$ 3,293,973	$ 3,079,676	$ 3,201,567
Finance	2,199,914	2,285,025	2,337,640	2,337,275	2,463,124
Administration of Justice	1,717,094	1,870,129	1,917,882	2,903,347	2,245,146
Public Safety	6,911,387	7,251,799	7,655,759	7,941,800	8,112,445
Public Health & Welfare	700,089	677,876	704,558	668,312	676,899
Social, Cultural, & Recreational Services	202,150	242,895	261,766	241,396	257,225
Agricultural & Natural Resources	167,384	139,841	186,955	178,338	186,764
Other Operations	699,031	708,730	723,978	756,721	794,884
Debt Service	47,634	43,465	47,322	48,483	43,054
Capital Projects	-	-	-	-	-
Total Expenditures	$ 15,639,603	$ 16,285,552	$ 17,129,833	$ 18,155,348	$ 17,981,108
Excess of Revenues & Over (under) Expenditures	$ (349,632)	$ (16,972)	$ (152,796)	$ 194,290	$ 277,644
Other Financing Sources (Uses):					
Debt Proceeds	$ -	$ -	$ 20,075	$ -	$ -
Insurance Recovery	12,902	18,598	66,443	22,811	31,608
Interfund Transfers - In	-	100,000	16,555	75,150	-
Interfund Transfers - Out	(400,000)	-	(172,778)	(31,285)	-
Total Other Financing Sources (Uses)	$ (387,098)	$ 118,598	$ (69,705)	$ 66,676	$ 31,608
Excess of Revenue & Other Sources over (Under) Expenditures & Other Sources	$ (736,730)	$ 101,626	$ (222,501)	$ 260,966	$ 309,252
Fund Balance July 1	$ 8,069,288	$ 7,332,558	$ 7,434,184	$ 7,211,683	$ 7,472,649
Prior Period Adjustment	-	-	-	-	-
Fund Balance June 30	**$ 7,332,558**	**$ 7,434,184**	**$ 7,211,683**	**$ 7,472,649**	**$ 7,781,901**

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

INVESTMENT AND CASH MANAGEMENT PRACTICES

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

REAL PROPERTY ASSESSMENT, TAX LEVY AND COLLECTION PROCEDURES

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

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

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

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

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

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

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

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

County Taxation of Property

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

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

Assessment of Property

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

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

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

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

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

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

Periodic Reappraisal and Equalization

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

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

Valuation for Property Tax Purposes

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

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

Certified Tax Rate

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

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

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

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

Tax Freeze for the Elderly Homeowners

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

Tax Collection and Tax Lien

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

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

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Assessed Valuations. According to the Tax Aggregate Report for Tennessee, property in the County reflected a ratio of appraised value to true market value of 1.00. The following table shows pertinent data for tax year 2018[1].

Class	Estimated Assessed Valuation	Assessment Rate	Estimated Appraised Value
Public Utilities	$ 38,727,615	55%	$ 88,723,058
Commercial and Industrial	302,710,340	40%	756,807,800
Personal Tangible Property	102,964,315	30%	343,214,143
Residential and Farm	53,684,000	25%	238,807,803
Total	**$1,808,334,020**		**$6,644,289,001**

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

1 The tax year coincides with the calendar year, therefore tax year 2018 is actually fiscal year 2018 -2019.

The estimated assessed value of property in the County for the fiscal year ending June 30, 2019 (tax year 2018) is $1,808,334,020 compared to $1,770,502,792 for the fiscal year ending June 30, 2018 (tax year 2017). The estimated actual value of all taxable property for tax year 2018 is $6,644,289,001 compared to $6,502,020,519 for tax year 2017.

Property Tax Rates and Collections. The following table shows the property tax rates and collections of the County for tax years 2014 through 2018 as well as the aggregate uncollected balances for each fiscal year ending June 30.

PROPERTY TAX RATES AND COLLECTIONS				Fiscal Yr Collections		Aggregate Uncollected Balance	
Tax Year[2]	Assessed Valuation	Tax Rates	Taxes Levied	Amount	Pct	as of June 30, 2018 Amount	Pct
2014	$1,694,622,051	$1.8587	$30,101,047	$29,499,026	98.0%	N/A	
2015	1,722,128,731	1.8587	31,412,444	31,052,204	98.9%	N/A	
2016	1,760,118,871	1.8587	31,310,641	31,167,194	99.5%	N/A	
2017	1,770,502,792	1.8035	30,553,118	30,937,844	98.8%	$384,726	1.3%
2018	1,780,250,547	1.8035	31,194,525	**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, 2018 (tax year 2017), the ten largest taxpayers in the County are as follows:

	Taxpayer	Business Type	Assessment	Taxes Paid
1.	Kimberly Clark Corporation	Paper Mill	$116,911,857	$869,519
2.	DuPont Tate & Lyle	Synthetic Fibers	28,116,665	267,228
3.	Viskase Corporation	Cellulose	22,579,145	122,164
4.	Malibu Boats LLC	Boats	15,153,455	81,988
5.	American Honda Motor	Automotive Parts	8,952,120	161,451
6.	WindRiver	Land Developer	7,456,865	134,486
7.	The Cove at Creekwood	Housing	6,739,880	102,406
8.	Norfolk Southern	Railroad	4,971,478	87,891
9.	State Retirement System	Retail	4,951,880	75,239
10.	Fort Loudon Electric	Electric	4,814,446	86,829
	TOTAL		**$220,647,791**	**$1,989,201**

Source: The County.

LOCAL OPTION SALES TAX

Fiscal Year	County	General Purpose School	LE Schools	Cities	Total
2014	$ 914,001	$3,205,125	$1,660,198	$3,908,755	$ 9,688,079
2015	1,004,527	3,366,725	1,755,448	4,109,689	10,236,389
2016	1,077,402	3,625,440	1,899,243	4,450,406	11,052,491
2017	993,810	3,991,541	2,018,779	4,968,000	11,972,130
2018	1,137,335	4,194,716	2,106,178	5,084,051	12,522,280

Source: The County.

PENSION PLANS

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 the district participate in the TCRS as individual entities and are liable for all costs associated with the operation and administration of their plan. Benefit improvements are not applicable to a political subdivision unless approved by the chief governing body.

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

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APPENDIX C

GENERAL PURPOSE FINANCIAL STATEMENTS

OF

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

ANNUAL FINANCIAL REPORT

LOUDON COUNTY, TENNESSEE

FOR THE YEAR ENDED JUNE 30, 2019

TENNESSEE
COMPTROLLER
OF THE TREASURY

DIVISION OF LOCAL GOVERNMENT AUDIT

ANNUAL FINANCIAL REPORT

LOUDON 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
ROBERT ANDERSON, CPA, CGFM
Senior Auditors

AMY MOORE, CGFM
ANGIE COLLINS, CPA, CFE, CGFM
ANDREW HUGHETT
DOUG SANDIDGE, CISA, CFE
State Auditors

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

LOUDON COUNTY, TENNESSEE
TABLE OF CONTENTS

Summary of Audit Findings

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

Scope

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

Results

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

Our audit resulted in no findings.

INTRODUCTORY SECTION

Loudon County Officials
June 30, 2019

Officials

Rollen Bradshaw, County Mayor
Eddie Simpson, Highway Superintendent
Michael Garren, Interim Director of Schools
George Miller, II, Trustee
Michael Campbell, Assessor of Property
Carrie McKelvey, County Clerk
Stephen Harrelson, Circuit, General Sessions, and Juvenile Courts Clerk
Lisa Niles, Clerk and Master
Tracie Littleton, Register of Deeds
Tim Guider, Sheriff
Tracy Blair, Director of Accounts and Budgets
Susan Huskey, Purchasing Agent

Board of County Commissioners

Henry Cullen, Chairman
Harold Duff
Julia Hurley
Matthew Tinker
Bill Satterfield
Michael Waller
David Meers
Van Shaver
Kelly Littleton-Brewster
Gary Whitfield

Board of Education

Craig Simon, Chairman
Kimberly Bridges
Scott Newman
Bobby Johnson, Jr.
Kenny Ridings
Brian Brown
William Jenkins
Philip Moffett
Zack Cusick
Gary Ubben

Audit Committee

Matthew Tinker, Chairman
Van Shaver
Gary Whitfield
Charlie Bettis

FINANCIAL SECTION

JUSTIN P. WILSON
Comptroller

JASON E. MUMPOWER
Deputy Comptroller

Independent Auditor's Report

Loudon County Mayor and
Board of County Commissioners
Loudon 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 Loudon County, Tennessee, as of and for the year ended June 30, 2019, and the related notes to the financial statements, which collectively comprise the county's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

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

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estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of Loudon County, Tennessee, as of June 30, 2019, and the respective changes in financial position thereof and the respective budgetary comparison for the General and Highway/Public Works funds for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

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

Accounting principles generally accepted in the United States of America require that the schedule of changes in the county's net pension liability and related ratios, schedules of county and school contributions, schedule of school's proportionate share of the net pension liability, and schedule 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 Loudon County's basic financial statements. The combining and individual nonmajor fund financial statements, budgetary comparison schedules of nonmajor governmental funds and the Education Debt Service and the General Capital Projects funds, combining and individual fund financial statements of the Loudon County School Department (a discretely presented component unit), miscellaneous schedules and the other information such as the introductory 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 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 Education Debt Service and General Capital Projects funds, combining and individual fund financial statements of the Loudon 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 Education Debt Service and General Capital Projects funds, combining and individual fund financial statements of the Loudon 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 has not been subjected to the auditing procedures applied in the audit of the basic financial statements, and accordingly, we do not express an opinion or provide any assurance on it.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated February 10, 2020, on our consideration of Loudon 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 Loudon 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 Loudon County's internal control over financial reporting and compliance.

Very truly yours,

Justin P. Wilson
Comptroller of the Treasury
Nashville, Tennessee

February 10, 2020

JPW/tg

BASIC FINANCIAL STATEMENTS

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

	Primary Government	Component Unit
	Governmental Activities	Loudon County School Department
ASSETS		
Cash	$ 5,920	$ 159,917
Equity in Pooled Cash and Investments	28,934,536	9,133,034
Accounts Receivable	241,413	9,392
Due from Other Governments	2,419,063	1,210,090
Due from Component Units	580	0
Property Taxes Receivable	17,646,448	10,184,257
Allowance for Uncollectible Property Taxes	(278,784)	(164,522)
Prepaid Items	249,474	38,797
Net Pension Asset - Agent Plan	348,873	116,974
Net Pension Asset - Teacher Retirement Plan	0	190,863
Net Pension Asset - Teacher Legacy Plan	0	1,713,632
Restricted Assets:		
Amounts Accumulated for Pension Benefits	0	94,330
Capital Assets:		
Assets Not Depreciated:		
Land	5,915,130	3,946,406
Construction in Progress	11,052,505	0
Assets Net of Accumulated Depreciation:		
Buildings and Improvements	10,416,459	74,293,787
Other Capital Assets	2,633,308	1,300,290
Infrastructure	22,143,477	89,360
Total Assets	$ 101,728,402	$ 102,316,607
DEFERRED OUTFLOWS OF RESOURCES		
Accumulated Decrease in Fair Value of Hedging Derivatives	$ 368,832	$ 0
Deferred Amount on Refunding	28,352	0
Pension Changes in Experience	380,935	484,917
Pension Changes in Assumptions	427,849	1,164,537
Pension Changes in Proportion	0	109,922
Pension Contributions after Measurement Date	1,006,727	2,166,653
OPEB Changes in Assumption	947,901	100,651
OPEB Changes in Proportion	0	32,022
OPEB Contributions after Measurement Date	0	247,461
Total Deferred Outflows of Resources	$ 3,160,596	$ 4,306,163
LIABILITIES		
Accounts Payable	$ 525,571	$ 371,744
Accrued Payroll	181,623	2,545
Accrued Interest Payable	148,909	0
Payroll Deductions Payable	127,835	1,377,213
Contracts Payable	1,234,436	0
Retainage Payable	64,220	0
Due to Primary Government	0	580
Due to State of Tennessee	9,120	0
Due to Litigants, Heirs, and Others	3,959	0
Derivative - Interest Rate Swap	368,832	0
Other Current Liabilities	43,772	14,872
Noncurrent Liabilities:		
Due Within One Year - Debt	4,497,300	0
Due Within One Year - Other	560,074	0
Due in More Than One Year - Debt	61,520,344	0
Due in More than One Year - Other	12,520,192	4,268,170
Total Liabilities	$ 81,806,187	$ 6,035,124

(Continued)

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

	Primary Government Governmental Activities	Component Unit Loudon County School Department
DEFERRED INFLOWS OF RESOURCES		
Deferred Current Property Taxes	$ 17,085,425	$ 9,849,211
Pension Changes in Experience	153,294	2,370,825
Net Pension Changes in Investment Earnings	151,592	434,566
PensionChanges in Proportion	0	2,174
OPEB Changes in Experience	1,153,995	891,177
OPEB Changes in Assumptions	491,775	193,744
Total Deferred Inflows of Resources	$ 19,036,081	$ 13,741,697
NET POSITION		
Net Investment in Capital Assets	$ 40,033,509	$ 79,629,843
Restricted for:		
General Government	41,909	0
Finance	51,909	0
Administration of Justice	358,920	0
Public Safety	603,926	0
Social, Cultural, and Recreational	246,503	0
Highways	880,544	0
Education	0	322,316
Pensions	348,873	2,115,799
Debt Service	1,805,713	0
Capital Projects	430,657	2,633,997
Unrestricted	(40,755,733)	2,143,994
Total Net Position	$ 4,046,730	$ 86,845,949

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

Exhibit B

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

Functions/Programs	Expenses	Program Revenues: Charges for Services	Program Revenues: Operating Grants and Contributions	Program Revenues: Capital Grants and Contributions	Net (Expense) Revenue and Changes in Net Position: Primary Government Total Governmental Activities	Net (Expense) Revenue and Changes in Net Position: Component Unit Loudon County School Department
Primary Government:						
Governmental Activities:						
General Government	$ 4,273,238	$ 1,154,468	$ 159,786	$ 0	$ (2,958,984)	$ 0
Finance	2,474,072	1,454,524	0	0	(1,019,548)	0
Administration of Justice	2,259,957	1,157,750	10,485	0	(1,091,722)	0
Public Safety	8,700,127	292,465	172,235	0	(8,235,427)	0
Public Health and Welfare	1,611,068	164,986	349,992	0	(1,096,090)	0
Social, Cultural, and Recreational Services	657,168	10,323	115,470	0	(531,375)	0
Agriculture and Natural Resources	187,752	0	0	0	(187,752)	0
Highways	6,115,253	6,075	2,253,258	1,268,588	(2,587,332)	0
Education	89,951	0	0	0	(89,951)	
Interest on Long-term Debt	2,201,630	0	203,472	0	(1,998,158)	0
Total Primary Government	$ 28,570,216	$ 4,240,591	$ 3,264,698	$ 1,268,588	$ (19,796,339)	$ 0
Component Unit:						
Loudon County School Department	$ 44,969,673	$ 511,532	$ 5,437,942	$ 0	$ 0	$ (39,020,199)
Total Component Unit	$ 44,969,673	$ 511,532	$ 5,437,942	$ 0	$ 0	$ (39,020,199)

(Continued)

Exhibit B

Loudon County, Tennessee
Statement of Activities (Cont.)

Functions/Programs	Expenses	Program Revenues: Charges for Services	Program Revenues: Operating Grants and Contributions	Program Revenues: Capital Grants and Contributions	Net (Expense) Revenue and Changes in Net Position: Primary Government Total Governmental Activities	Net (Expense) Revenue and Changes in Net Position: Component Unit Loudon County School Department
General Revenues:						
Taxes:						
Property Taxes Levied for General Purposes					$ 9,886,129	$ 10,383,941
Property Taxes Levied for Public Library					321,594	0
Property Taxes Levied for Highway/Public Works					572,425	0
Property Taxes Levied for General Debt Service					1,172,862	0
Property Taxes Levied for Education Debt Service					4,383,030	0
Property Taxes Levied for Capital Projects					171,401	0
Property Taxes Levied for Highway Capital Projects					294,195	0
Sales Taxes					1,276,863	4,308,907
Hotel/Motel Tax					497,189	0
Business Tax					632,815	0
Litigation Tax					550,120	0
Mineral Severence Tax					59,514	0
Adequate Facilities/Development Tax					0	881,144
Other Local Taxes					103,494	0
Bank Excise Tax					34,674	0
Mixed Drink Tax					34,494	0
Grants and Contributions Not Restricted to Specific Programs					1,866,068	23,657,846
Unrestricted Investment Income					612,721	94,404
Gain on Investments					0	4,762
Miscellaneous					392,794	89,949
Revenue from Joint Ventures					25,470	0
Gain on Fire Damage to Courthouse					696,038	0
Total General Revenues					$ 23,583,890	$ 39,420,953
Change in Net Position					$ 3,787,551	$ 400,754
Net Position, July 1, 2018					259,179	86,445,195
Net Position, June 30, 2019					$ 4,046,730	$ 86,845,949

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

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

	Major Funds				Nonmajor Funds	
	General	Highway / Public Works	Education Debt Service	General Capital Projects	Other Govern-mental Funds	Total Governmental Funds
ASSETS						
Cash	$ 970	$ 500	$ 0	$ 0	$ 4,450	$ 5,920
Equity in Pooled Cash and Investments	6,817,460	610,283	7,995,008	9,855,790	3,655,995	28,934,536
Accounts Receivable	136,384	48,660	0	0	56,369	241,413
Due from Other Governments	1,653,284	545,523	0	36,312	183,944	2,419,063
Due from Other Funds	11,660	0	0	0	4,892	16,552
Due from Component Units	580	0	0	0	0	580
Property Taxes Receivable	11,047,675	576,875	3,503,833	172,515	2,345,550	17,646,448
Allowance for Uncollectible Property Taxes	(170,028)	(9,333)	(63,007)	(2,794)	(33,622)	(278,784)
Prepaid Items	243,613	0	0	0	5,861	249,474
Total Assets	$ 19,741,598	$ 1,772,508	$ 11,435,834	$ 10,061,823	$ 6,223,439	$ 49,235,202
LIABILITIES						
Accounts Payable	$ 266,336	$ 246,390	$ 0	$ 0	$ 12,845	$ 525,571
Accrued Payroll	155,445	15,915	0	0	10,263	181,623
Payroll Deductions Payable	115,071	9,163	0	0	3,601	127,835
Contracts Payable	0	0	0	1,234,436	0	1,234,436
Retainage Payable	0	0	0	64,220	0	64,220
Due to Other Funds	4,892	0	0	209	11,451	16,552
Due to State of Tennessee	9,120	0	0	0	0	9,120
Due to Litigants, Heirs, and Others	0	0	0	0	3,959	3,959
Other Current Liabilities	43,772	0	0	0	0	43,772
Total Liabilities	$ 594,636	$ 271,468	$ 0	$ 1,298,865	$ 42,119	$ 2,207,088

(Continued)

Exhibit C-1

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

	Major Funds				Nonmajor Funds	
	General	Highway / Public Works	Education Debt Service	General Capital Projects	Other Govern-mental Funds	Total Governmental Funds
DEFERRED INFLOWS OF RESOURCES						
Deferred Current Property Taxes	$ 10,710,435	$ 557,854	$ 3,368,678	$ 166,818	$ 2,281,640	$ 17,085,425
Deferred Delinquent Property Taxes	137,975	7,878	63,677	2,358	24,574	236,462
Other Deferred/Unavailable Revenue	516,651	198,970	0	18,156	104,661	838,438
Total Deferred Inflows of Resources	$ 11,365,061	$ 764,702	$ 3,432,355	$ 187,332	$ 2,410,875	$ 18,160,325
FUND BALANCES						
Nonspendable:						
Prepaid Items	$ 243,613	$ 0	$ 0	$ 0	$ 5,861	$ 249,474
Restricted:						
Restricted for General Government	41,909	0	0	0	0	41,909
Restricted for Finance	51,909	0	0	0	0	51,909
Restricted for Administration of Justice	337,545	0	0	0	21,375	358,920
Restricted for Public Safety	36,529	0	0	0	551,255	587,784
Restricted for Social, Cultural, and Recreational Services	0	0	0	0	236,229	236,229
Restricted for Highways/Public Works	0	717,010	0	0	0	717,010
Restricted for Debt Service	0	0	7,700,961	0	1,837,797	9,538,758
Restricted for Capital Projects	0	0	0	7,012,312	428,299	7,440,611
Committed:						
Committed for Public Safety	36,373	0	0	0	0	36,373
Committed for Public Health and Welfare	87,408	0	0	0	433,638	521,046
Committed for Social, Cultural, and Recreational Services	0	0	0	0	10,960	10,960
Committed for Other Operations	0	0	0	0	81,724	81,724
Committed for Highways/Public Works	0	19,328	0	0	0	19,328
Committed for Debt Service	0	0	302,518	0	163,307	465,825
Committed for Capital Projects	0	0	0	1,563,314	0	1,563,314

(Continued)

Exhibit C-1

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

	Major Funds				Nonmajor Funds	
	General	Highway / Public Works	Education Debt Service	General Capital Projects	Other Govern-mental Funds	Total Governmental Funds
FUND BALANCES (Cont.)						
Assigned:						
Assigned for General Government	$ 3,551,106	$ 0	$ 0	$ 0	$ 0	$ 3,551,106
Assigned for Finance	10,854	0	0	0	0	10,854
Assigned for Administration of Justice	67,598	0	0	0	0	67,598
Assigned for Public Safety	119,189	0	0	0	0	119,189
Unassigned	3,197,868	0	0	0	0	3,197,868
Total Fund Balances	$ 7,781,901	$ 736,338	$ 8,003,479	$ 8,575,626	$ 3,770,445	$ 28,867,789
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	$ 19,741,598	$ 1,772,508	$ 11,435,834	$ 10,061,823	$ 6,223,439	$ 49,235,202

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

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

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

Total fund balances - balance sheet - governmental funds (Exhibit C-1)		$ 28,867,789
(1) Capital assets used in governmental activities are not financial resources and therefore are not reported in the governmental funds.		
Add: land	$ 5,915,130	
Add: construction in progress	11,052,505	
Add: infrastructure net of accumulated depreciation	22,143,477	
Add: buildings and improvements net of accumulated depreciation	10,416,459	
Add: other capital assets net of accumulated depreciation	2,633,308	52,160,879
(2) Long-term liabilities are not due and payable in the current period and therefore are not reported in the governmental funds.		
Less: notes payable	$ (174,000)	
Less: bonds payable	(57,215,000)	
Less: other loans payable	(6,911,577)	
Less: accrued interest on notes, bonds, and other loans	(148,909)	
Less: unamortized premium on debt	(1,717,067)	
Add: deferred amount on refunding	28,352	
Less: net OPEB liability	(12,514,700)	
Less: compensated absences payable	(565,566)	(79,218,467)
(3) 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 pension and OPEB expense in future years:		
Add: deferred outflows of resources related to pensions	$ 1,815,511	
Less: deferred inflows of resources related to pensions	(304,886)	
Add: deferred outflows related to OPEB	947,901	
Less: deferred inflows related to OPEB	(1,645,770)	812,756
(4) Net pension assets of the agent plan are not current financial resources and therefore are not reported in the governmental funds.		348,873
(5) Other long-term assets are not available to pay for current-period expenditures and therefore are deferred in the governmental funds.		1,074,900
Net position of governmental activities (Exhibit A)		$ 4,046,730

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

Exhibit C-3

Loudon 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	Highway / Public Works	Education Debt Service	General Capital Projects	Other Governmental Funds	Total Governmental Funds
Revenues						
Local Taxes	$ 12,290,556	$ 651,208	$ 4,554,248	$ 507,660	$ 2,786,329	$ 20,790,001
Licenses and Permits	817,144	0	0	0	0	817,144
Fines, Forfeitures, and Penalties	425,394	0	0	0	75,870	501,264
Charges for Current Services	118,116	0	0	0	11,443	129,559
Other Local Revenues	367,475	34,534	195,552	196,554	206,738	1,000,853
Fees Received From County Officials	2,465,707	0	0	0	0	2,465,707
State of Tennessee	1,506,133	2,978,246	0	0	71,121	4,555,500
Federal Government	215,107	535,695	0	495	5,892	757,189
Other Governments and Citizens Groups	53,120	0	150,490	0	241,860	445,470
Total Revenues	$ 18,258,752	$ 4,199,683	$ 4,900,290	$ 704,709	$ 3,399,253	$ 31,462,687
Expenditures						
Current:						
General Government	$ 3,201,567	$ 0	$ 0	$ 0	$ 0	$ 3,201,567
Finance	2,463,124	0	0	0	1,551	2,464,675
Administration of Justice	2,245,146	0	0	0	0	2,245,146
Public Safety	8,112,445	0	0	0	137,456	8,249,901
Public Health and Welfare	676,899	0	0	0	832,845	1,509,744
Social, Cultural, and Recreational Services	257,225	0	0	0	351,825	609,050
Agriculture and Natural Resources	186,764	0	0	0	0	186,764
Other Operations	794,884	0	0	3,408	8,813	807,105
Highways	0	5,238,487	0	0	0	5,238,487
Debt Service:						
Principal on Debt	43,054	0	3,455,300	0	831,000	4,329,354
Interest on Debt	0	0	1,538,315	0	448,212	1,986,527
Other Debt Service	0	0	89,951	136,301	232,993	459,245

(Continued)

Exhibit C-3

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

	Major Funds				Nonmajor Funds	
	General	Highway / Public Works	Education Debt Service	General Capital Projects	Other Govern-mental Funds	Total Governmental Funds
Expenditures (Cont.)						
Capital Projects	$ 0	$ 0	$ 0	$ 10,008,736	$ 297,598	$ 10,306,334
Total Expenditures	$ 17,981,108	$ 5,238,487	$ 5,083,566	$ 10,148,445	$ 3,142,293	$ 41,593,899
Excess (Deficiency) of Revenues Over Expenditures	$ 277,644	$ (1,038,804)	$ (183,276)	$ (9,443,736)	$ 256,960	$ (10,131,212)
Other Financing Sources (Uses)						
Bonds Issued	$ 0	$ 0	$ 0	$ 8,010,000	$ 0	$ 8,010,000
Premiums on Debt Sold	0	0	0	79,178	0	79,178
Proceeds from Sale of Capital Assets	0	61,290	0	204,456	65,493	331,239
Insurance Recovery	31,608	0	0	849,000	14,975	895,583
Transfers In	0	0	0	40,000	125,000	165,000
Transfers Out	0	(40,000)	0	0	(125,000)	(165,000)
Total Other Financing Sources (Uses)	$ 31,608	$ 21,290	$ 0	$ 9,182,634	$ 80,468	$ 9,316,000
Net Change in Fund Balances	$ 309,252	$ (1,017,514)	$ (183,276)	$ (261,102)	$ 337,428	$ (815,212)
Fund Balance, July 1, 2018	7,472,649	1,753,852	8,186,755	8,836,728	3,433,017	29,683,001
Fund Balance, June 30, 2019	$ 7,781,901	$ 736,338	$ 8,003,479	$ 8,575,626	$ 3,770,445	$ 28,867,789

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

Loudon 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)		$ (815,212)
(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	$ 10,398,148	
Less: current-year depreciation expense	(1,874,900)	8,523,248
(2) The net effect of various miscellaneous transactions involving capital assets (sales, trade-ins, and donations) is to increase net position.		
Less: book value of capital assets disposed		(193,805)
(3) Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.		
Less: deferred delinquent property taxes and other deferred June 30, 2018	$ (1,013,292)	
Add: deferred delinquent property taxes and other deferred June 30, 2019	1,074,900	61,608
(4) The issuance of long-term debt (e.g., notes, other loans, bonds) provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net position. Also, governmental funds report the effect of premiums, discounts, and similar items when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities. This amount is the effect of these differences in the treatment of long-term debt and related items.		
Add: principal payments on notes	$ 41,000	
Add: principal payments on other loans	1,383,354	
Add: principal payments on bonds	2,905,000	
Add: change in unamortized premium on debt issues	100,756	
Less: change in deferred charge on refunding debt	(17,793)	
Less: bond proceeds	(8,010,000)	(3,597,683)
(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	$ (7,950)	
Change in compensated absences payable	(2,694)	
Change in net pension asset - agent plan	432,039	
Change in deferred outflows related to pensions	193,081	
Change in deferred inflows related to pensions	33,066	
Change in net OPEB liability	(688,001)	
Change in deferred outflows related to OPEB	947,901	
Change in deferred inflows related to OPEB	(1,098,047)	(190,605)
Change in net position of governmental activities (Exhibit B)		$ 3,787,551

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

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

	Actual (GAAP Basis)	Less: Encumbrances 7/1/2018	Add: Encumbrances 6/30/2019	Actual Revenues/ Expenditures (Budgetary Basis)	Budgeted Amounts Original	Budgeted Amounts Final	Variance with Final Budget - Positive (Negative)
Revenues							
Local Taxes	$ 12,290,556	$ 0	$ 0	$ 12,290,556	$ 11,851,977	$ 12,029,981	$ 260,575
Licenses and Permits	817,144	0	0	817,144	849,760	825,330	(8,186)
Fines, Forfeitures, and Penalties	425,394	0	0	425,394	426,313	426,313	(919)
Charges for Current Services	118,116	0	0	118,116	87,000	119,790	(1,674)
Other Local Revenues	367,475	0	0	367,475	145,522	216,638	150,837
Fees Received From County Officials	2,465,707	0	0	2,465,707	2,527,730	2,373,250	92,457
State of Tennessee	1,506,133	0	0	1,506,133	1,151,003	1,046,420	459,713
Federal Government	215,107	0	0	215,107	38,185	213,622	1,485
Other Governments and Citizens Groups	53,120	0	0	53,120	46,000	47,000	6,120
Total Revenues	$ 18,258,752	$ 0	$ 0	$ 18,258,752	$ 17,123,490	$ 17,298,344	$ 960,408
Expenditures							
General Government							
County Commission	$ 205,296	$ (50,347)	$ 50,000	$ 204,949	$ 191,638	$ 216,902	$ 11,953
Board of Equalization	1,334	0	0	1,334	2,600	2,600	1,266
Beer Board	2,682	0	0	2,682	7,000	7,000	4,318
Other Boards and Committees	5,850	0	0	5,850	7,150	7,150	1,300
County Mayor/Executive	211,428	0	0	211,428	246,461	239,008	27,580
Personnel Office	35,334	0	0	35,334	44,905	44,932	9,598
County Attorney	142,905	(3,500)	682	140,087	155,000	170,000	29,913
Election Commission	384,374	(52,089)	0	332,285	367,150	365,566	33,281
Register of Deeds	296,931	0	528	297,459	304,090	304,887	7,428
Planning	120,383	0	4,425	124,808	150,192	133,020	8,212
Codes Compliance	232,813	0	0	232,813	250,427	251,769	18,956
Geographical Information Systems	67,391	0	0	67,391	68,447	68,889	1,498
County Buildings	1,218,103	(2,495)	3,000	1,218,608	1,304,630	1,282,812	64,204
Other General Administration	276,743	0	0	276,743	304,000	287,083	10,340
Finance							
Accounting and Budgeting	651,497	(1,086)	7,866	658,277	675,054	677,339	19,062
Purchasing	247,041	(1,239)	1,788	247,590	259,847	258,355	10,765

(Continued)

Exhibit C-5

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

	Actual (GAAP Basis)	Less: Encumbrances 7/1/2018	Add: Encumbrances 6/30/2019	Actual Revenues/ Expenditures (Budgetary Basis)	Budgeted Amounts Original	Budgeted Amounts Final	Variance with Final Budget - Positive (Negative)
Expenditures (Cont.)							
Finance (Cont.)							
Property Assessor's Office	$ 424,031	$ (9,898)	$ 1,200	$ 415,333	$ 469,138	$ 446,789	$ 31,456
County Trustee's Office	362,303	0	0	362,303	378,213	380,194	17,891
County Clerk's Office	621,619	(1,950)	0	619,669	621,402	643,288	23,619
Data Processing	156,633	0	0	156,633	165,313	168,670	12,037
Administration of Justice							
Circuit Court	427,942	(13,334)	14,306	428,914	451,260	452,613	23,699
General Sessions Court	663,503	(7,806)	9,997	665,694	719,001	716,755	51,061
General Sessions Judge	489,229	0	0	489,229	485,215	499,692	10,463
Chancery Court	258,833	(914)	42,700	300,619	267,206	312,319	11,700
Juvenile Court	309,606	(1,907)	0	307,699	320,114	330,218	22,519
Judicial Commissioners	60,672	0	595	61,267	66,133	66,133	4,866
Other Administration of Justice	12,532	0	0	12,532	18,760	18,760	6,228
Courtroom Security	1,444	0	0	1,444	24,878	11,340	9,896
Victim Assistance Programs	21,385	0	0	21,385	22,000	22,000	615
Public Safety							
Sheriff's Department	4,405,842	(10,123)	5,729	4,401,448	4,640,110	4,679,671	278,223
Special Patrols	3,810	(3,112)	10,275	10,973	20,000	20,000	9,027
Traffic Control	6,945	0	0	6,945	22,500	22,500	15,555
Administration of the Sexual Offender Registry	0	0	0	0	1,500	1,500	1,500
Jail	2,537,683	0	0	2,537,683	2,641,414	2,633,545	95,862
Rural Fire Protection	245,000	(60,000)	95,000	280,000	280,000	280,000	0
Civil Defense	208,175	(2,571)	7,600	213,204	206,924	212,339	(865)
Other Emergency Management	33,845	(5,430)	585	29,000	0	29,000	0
County Coroner/Medical Examiner	129,645	0	0	129,645	89,000	139,000	9,355
Other Public Safety	541,500	0	0	541,500	541,500	541,500	0
Public Health and Welfare							
Local Health Center	33,697	0	0	33,697	41,918	41,397	7,700
Rabies and Animal Control	386,070	(802)	0	385,268	441,065	482,392	97,124
Other Local Health Services	257,132	0	0	257,132	366,700	413,600	156,468

(Continued)

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

	Actual (GAAP Basis)	Less: Encumbrances 7/1/2018	Add: Encumbrances 6/30/2019	Actual Revenues/ Expenditures (Budgetary Basis)	Budgeted Amounts Original	Budgeted Amounts Final	Variance with Final Budget - Positive (Negative)
Expenditures (Cont.)							
Social, Cultural, and Recreational Services							
Adult Activities	$ 3,000	$ 0	$ 0	$ 3,000	$ 3,000	$ 3,000	$ 0
Senior Citizens Assistance	254,225	0	0	254,225	255,448	267,288	13,063
Agriculture and Natural Resources							
Agricultural Extension Service	164,636	(1,082)	0	163,554	170,031	174,802	11,248
Soil Conservation	16,668	0	0	16,668	20,797	20,797	4,129
Flood Control	2,000	0	0	2,000	2,000	2,000	0
Storm Water Management	3,460	0	0	3,460	4,000	3,460	0
Other Operations							
Tourism	144,185	0	0	144,185	127,600	148,480	4,295
Industrial Development	166,429	0	0	166,429	166,430	166,430	1
Housing and Urban Development	6,750	0	0	6,750	6,750	6,750	0
Veterans' Services	46,149	(448)	0	45,701	55,518	58,680	12,979
Contributions to Other Agencies	80,600	0	0	80,600	78,100	80,600	0
Employee Benefits	832	0	0	832	2,500	2,500	1,668
Miscellaneous	349,939	0	0	349,939	330,000	346,000	(3,939)
Principal on Debt							
General Government	43,054	0	0	43,054	50,000	43,054	0
Total Expenditures	$ 17,981,108	$ (230,133)	$ 256,276	$ 18,007,251	$ 18,912,029	$ 19,206,368	$ 1,199,117
Excess (Deficiency) of Revenues Over Expenditures	$ 277,644	$ 230,133	$ (256,276)	$ 251,501	$ (1,788,539)	$ (1,908,024)	$ 2,159,525
Other Financing Sources (Uses)							
Insurance Recovery	$ 31,608	$ 0	$ 0	$ 31,608	$ 0	$ 24,402	$ 7,206
Total Other Financing Sources	$ 31,608	$ 0	$ 0	$ 31,608	$ 0	$ 24,402	$ 7,206

(Continued)

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

	Actual (GAAP Basis)	Less: Encumbrances 7/1/2018	Add: Encumbrances 6/30/2019	Actual Revenues/ Expenditures (Budgetary Basis)	Budgeted Amounts Original	Budgeted Amounts Final	Variance with Final Budget - Positive (Negative)
Net Change in Fund Balance	$ 309,252	$ 230,133	$ (256,276)	$ 283,109	$ (1,788,539)	$ (1,883,622)	$ 2,166,731
Fund Balance, July 1, 2018	7,472,649	(230,133)	0	7,242,516	4,911,783	4,911,783	2,330,733
Fund Balance, June 30, 2019	$ 7,781,901	$ 0	$ (256,276)	$ 7,525,625	$ 3,123,244	$ 3,028,161	$ 4,497,464

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

Exhibit C-6

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

	Actual (GAAP Basis)	Less: Encumbrances 7/1/2018	Add: Encumbrances 6/30/2019	Actual Revenues/ Expenditures (Budgetary Basis)	Budgeted Amounts Original	Budgeted Amounts Final	Variance with Final Budget - Positive (Negative)
Revenues							
Local Taxes	$ 651,208	$ 0	$ 0	$ 651,208	$ 629,847	$ 641,347	$ 9,861
Other Local Revenues	34,534	0	0	34,534	36,721	58,576	(24,042)
State of Tennessee	2,978,246	0	0	2,978,246	3,702,167	3,315,672	(337,426)
Federal Government	535,695	0	0	535,695	1,569,618	1,550,384	(1,014,689)
Total Revenues	$ 4,199,683	$ 0	$ 0	$ 4,199,683	$ 5,938,353	$ 5,565,979	$ (1,366,296)
Expenditures							
Highways							
Administration	$ 816,303	$ 0	$ 0	$ 816,303	$ 823,867	$ 825,463	$ 9,160
Highway and Bridge Maintenance	1,615,545	(2,210)	0	1,613,335	640,560	1,861,779	248,444
Operation and Maintenance of Equipment	282,105	0	0	282,105	314,000	350,685	68,580
Other Charges	170,194	(300)	0	169,894	183,400	183,900	14,006
Employee Benefits	474,452	0	0	474,452	443,325	494,157	19,705
Capital Outlay	1,879,888	(1,242,832)	5,000	642,056	3,376,037	2,004,943	1,362,887
Total Expenditures	$ 5,238,487	$ (1,245,342)	$ 5,000	$ 3,998,145	$ 5,781,189	$ 5,720,927	$ 1,722,782
Excess (Deficiency) of Revenues Over Expenditures	$ (1,038,804)	$ 1,245,342	$ (5,000)	$ 201,538	$ 157,164	$ (154,948)	$ 356,486
Other Financing Sources (Uses)							
Proceeds from Sale of Capital Assets	$ 61,290	$ 0	$ 0	$ 61,290	$ 0	$ 0	$ 61,290
Transfers Out	(40,000)	0	0	(40,000)	(40,000)	(40,000)	0
Total Other Financing Sources	$ 21,290	$ 0	$ 0	$ 21,290	$ (40,000)	$ (40,000)	$ 61,290
Net Change in Fund Balance	$ (1,017,514)	$ 1,245,342	$ (5,000)	$ 222,828	$ 117,164	$ (194,948)	$ 417,776
Fund Balance, July 1, 2018	1,753,852	(1,245,342)	0	508,510	1,063,522	1,063,522	(555,012)
Fund Balance, June 30, 2019	$ 736,338	$ 0	$ (5,000)	$ 731,338	$ 1,180,686	$ 868,574	$ (137,236)

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

Exhibit D

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

	Agency Funds
ASSETS	
Cash	$ 576,727
Equity in Pooled Cash and Investments	4,037,013
Accounts Receivable	30,766
Due from Other Governments	1,299,479
Taxes Receivable	5,002,526
Allowance for Uncollectible Taxes	(80,813)
Total Assets	$ 10,865,698
LIABILITIES	
Accounts Payable	$ 2,554
Due to Other Taxing Units	6,426,131
Due to Litigants, Heirs, and Others	576,727
Due to Joint Ventures	3,860,286
Total Liabilities	$ 10,865,698

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

LOUDON COUNTY, TENNESSEE
Index of Notes to the Financial Statements

Index of Notes to the Financial Statements (Cont.)

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

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Loudon 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 Loudon County:

A. Reporting Entity

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

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

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

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

The Loudon 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 Loudon County Emergency Communications District can be obtained from its administrative office at the following address:

Administrative Office:

Loudon County Emergency
Communications District
500 John Parris Drive
Loudon, TN 37774

B. <u>Government-wide and Fund Financial Statements</u>

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

Loudon County issues all debt for the discretely presented Loudon County School Department. There were no debt issues 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 funds), 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. <u>Measurement Focus, Basis of Accounting, and Financial Statement Presentation</u>

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting, as are the proprietary 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 Loudon County are organized into funds, each of which is considered to be a separate accounting entity. Each fund is accounted for by providing a separate set of self-balancing accounts that constitute its assets, deferred outflow of resources, liabilities, deferred inflow of resources, fund equity, revenues, and expenditures/expenses. Funds are organized into three major categories: governmental, proprietary, and fiduciary. An emphasis is placed on major funds within the governmental category. The school department reports one proprietary fund, an internal service fund. It has no enterprise funds to report.

Separate financial statements are provided for governmental funds, the proprietary fund, 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 fund 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. Loudon 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 adequate facilities taxes, 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.

The proprietary fund and fiduciary funds financial statements are reported using the economic resources measurement focus (except for agency funds, which have no measurement focus) and the accrual basis of accounting. Revenues are recognized when earned, and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows.

Loudon County reports the following major governmental funds:

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

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

Education Debt Service Fund – This fund accounts for resources accumulated and payments made for principal and interest on debt issued by Loudon County that is subsequently contributed to the discretely presented Loudon County School Department for construction and renovation projects.

General Capital Projects Funds – 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, Loudon County reports the following fund type:

Agency Funds – These funds account for amounts collected in an agency capacity by the constitutional officers, local sales taxes received by the state to be forwarded to the various cities in Loudon County, the city school system's share of educational revenues, and assets held in a custodial capacity for joint ventures. 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 Loudon 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 resources provided to the school department for building construction, renovations, and other capital outlays.

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

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

Internal Service Fund – The Employee Dental and Vision Insurance Fund is used to account for the school department's self-insured dental health and vision programs.

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. Operating revenues and expenses generally result from providing services in connection with the fund's principal ongoing operations. The principal operating revenues of the internal service fund are charges for services. Operating expenses for the internal service fund consist of dental and vision claims.

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 of the school department's internal service fund (the Employee Dental and Vision Insurance Fund), cash includes demand deposits.

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; the State Treasurer's Intermediate Term investment Fund: 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 Loudon 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 pooled investments is allocated to various funds based on their cash balances at the time the income is received. Loudon 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 Pool 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 that is representative of lending/borrowing arrangements outstanding at the end of the fiscal year is referred to as either due to/from other funds (i.e., the current portion of interfund loans) or as advances to/from other funds(i.e., the non-current portion of interfund loans). All other outstanding balances between funds are reported as due to/from other funds.

All property taxes receivable are shown with an allowance for uncollectibles. The allowance for uncollectible property taxes is equal to .82 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. Due to litigants, heirs, and others in the nonmajor governmental funds represents law enforcement seizures awaiting disposition.

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.

3. Prepaid Items

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items in both the government-wide and fund financial statements. The cost of prepaid items is recorded as an expenditure when consumed rather than when purchased. 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 System (TCRS) for the benefit of the discretely presented Loudon 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 Loudon County School Department to fund retirement benefits upon approval of the TCRS Board of Directors. To date, the Loudon 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 of more than two years. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at acquisition value at the date of donation.

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

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

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

Assets	Years
Buildings and Improvements	40 - 65
Other Capital Assets	3 - 15
Infrastructure	30 - 50

6. Deferred Outflows/Inflows of Resources

In addition to assets, the Statement of Net Position will sometimes report a separate section for deferred outflows of resources. Deferred outflows of resources represent a consumption of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/expenditure) until then. The government has items that qualify for reporting in this category. Accordingly, the items are reported in the government-wide Statement of Net Position. These items are for pension changes in experience, pension changes in assumptions, employer contributions made to the pension plan after the measurement date, pension other deferrals, OPEB contributions after the measurement date, OPEB changes in assumptions, OPEB changes in proportion, accumulated decrease in the fair value of hedging derivatives, and deferred charges on refundings.

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, etc.) until that time. The government has items that qualify for reporting in this category. Accordingly, the items are reported in the government-wide Statement of Net Position and the governmental funds balance sheet. These items are from the following sources: current and delinquent property taxes, pension changes in experience, pension changes in proportion, pension changes in investment earnings, OPEB changes in assumptions, OPEB changes in experience, and various receivables for revenues, which do not meet the availability criteria in governmental funds.

7. Compensated Absences

It is the primary government's policy to permit employees to accumulate earned but unused vacation and sick pay benefits. School department employees must use their vacation benefits within the year earned. There is no liability for unpaid accumulated sick leave since the primary government and the school department do not have a policy to pay any amounts when employees separate from service with the government. All vacation pay is accrued when incurred in the government-wide financial statements for the county. 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 applicable governmental activities Statement of Net Position. Debt premiums and discounts are deferred and are amortized over the life of the new debt using the straight-line method. Debt issuance costs are expensed in the period incurred. In refunding transactions, the difference between the reacquisition price and the net carrying amount of the old debt is reported as 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 fund 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 for the primary government reports $4,768,954 of restricted net position, of which $462,192 is restricted by enabling legislation. The government-wide Statement of Net Position for the school department reports $5,072,112 of restricted net position, of which $2,633,997 is restricted by enabling legislation.

As of June 30, 2019, Loudon County had $45,525,600 in outstanding debt for capital purposes for the discretely presented Loudon County School Department. This debt is a liability of Loudon County, but the capital assets acquired are reported in the financial statements of the school department. Therefore, Loudon County has incurred a liability significantly decreasing its unrestricted net position with no corresponding increase in the county's capital assets.

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

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

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

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

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

Assigned Fund Balance – includes amounts that are constrained by the county's intent to be used for specific purposes but are neither restricted nor committed (excluding stabilization arrangements). The county commission makes assignments for the general government. The Board of Education makes assignments for the school department. Assigned fund balance in the General Fund consists of amounts assigned for encumbrances ($256,276) and fund balance appropriated for use in the 2019-2020 budget ($3,492,471). Assigned fund balance in the General Purpose School Fund consists of amounts assigned for encumbrances ($224,818) and fund balance appropriated for use in the 2019-2020 budget ($1,914,832).

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

E. Pension Plans

Primary Government

For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of Loudon County's participation in the Public Employee Retirement Plan of the Tennessee Consolidated Retirement System (TCRS), and additions to/deductions from Loudon 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 Loudon County School Department

For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the Teacher Retirement Plan and the Teacher Legacy Pension Plan in the Tennessee

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

F. Other Postemployment Benefit (OPEB) Plans

Primary Government

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

Discretely Presented Loudon County School Department

For purposes of measuring the net OPEB liability, deferred outflows of resources and deferred inflows of resources related to OPEB, and OPEB expense, have been determined on the same basis as they are reported by the discretely presented Loudon 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 Loudon County School Department

Exhibit I-3 includes explanations of the nature of individual elements of items required to reconcile the balance sheet of governmental funds to 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 Loudon County School Department

Exhibit I-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 Loudon 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 Loudon County Commission may transfer appropriations between major categories. During the year, several supplementary appropriations were necessary.

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

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

Funds		Amount
Primary Government:		
General	$	256,276
Highway/Public Works		5,000
General Capital Projects		6,592,216
Nonmajor Governmental		70,347
School Department:		
General Purpose School		224,818
Nonmajor Governmental		154

B. Fund Deficit

The School Federal Projects Fund of the discretely presented school department had a deficit in unassigned fund balance of $3,929 at June 30, 2019. This deficit is expected to be liquidated upon the receipt of federal funds subsequent to year-end.

C. Suspension of Director of Schools

On June 13, 2019, the Loudon County Board of Education voted to suspend Director of Schools, Jason Vance, with pay, and appointed Michael Garren as interim Director of Schools. See Note V.K. for further information on this suspension and the buyout of Jason Vance's employment contract subsequent to the fiscal year end.

D. Settlement with Deutsche Bank Regarding Derivative Contracts

During April 2019, Loudon County received $150,490 in a settlement with Deutsche Bank regarding the bank's role in derivative contracts (interest rate swap agreements) affecting Loudon County for the period January 1, 2005 through December 31, 2010. The settlement is the result of an investigation by attorneys general of 44 states and the District of Columbia into the manipulation of benchmark interest rates, including the London Interbank Offered Rate (LIBOR), and instruments referencing those rates as potential violations of various state and federal antitrust laws, unfair and deceptive acts and practices laws, false claims statutes, securities laws, fraud statutes, and common law. Further details of that settlement and investigation are available at http://www.deutschebanksagliborsettlement.com/

E. School Cafeteria Investigation

An investigative report was issued by the Comptroller of the Treasury, Division of Investigations on August 23, 2019, concerning allegations of malfeasance related to the National School Lunch Program at Eaton Elementary School. The report disclosed that during the period August 8, 2017 to May 18, 2018, Loudon County Schools inappropriately claimed and received $1,500 for meals reflected as served to absent students. Both the cafeteria manager's and cafeteria cashier's employment were terminated as a result of these false meal claims. School officials have contacted the United States Department of Agriculture to report the event and determine what resolution they require. The investigative report can be found at www.comptroller.tn.gov/ia.

IV. DETAILED NOTES ON ALL FUNDS

A. Deposits and Investments

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

Deposits

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

For deposits with financial institutions that do not participate in the bank collateral pool, state statutes require that all deposits be collateralized with collateral whose 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. Other than the TCRS Stabilization Trust discussed below, the county had no pooled and nonpooled investments as of June 30, 2019.

TCRS Stabilization Trust

Legal Provisions. The Loudon 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 Loudon 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 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 Loudon 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	$ 29,243
Developed Market International Equity	N/A	N/A	13,206
Emerging Market International Equity	N/A	N/A	3,773
U.S. Fixed Income	N/A	N/A	18,866
Real Estate	N/A	N/A	9,433
Short-term Securities	N/A	N/A	943
Investments at Amortized Cost using the NAV:			
Private Equity and Strategic Lending	N/A	N/A	18,866
Total			$ 94,330

		Fair Value Measurements Using			Amortized Cost
Investment by Fair Value Level	Fair Value 6-30-19	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)	NAV
U.S. Equity	$ 29,243	$ 29,243	$ 0	$ 0	$ 0
Developed Market International Equity	13,206	13,206	0	0	0
Emerging Market International Equity	3,773	3,773	0	0	0
U.S. Fixed Income	18,866	0	18,866	0	0
Real Estate	9,433	0	0	9,433	0
Short-term Securities	943	0	943	0	0
Private Equity and Strategic Lending	18,866	0	0	0	18,866
Total	$ 94,330	$ 46,222	$ 19,809	$ 9,433	$ 18,866

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 Loudon 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 Loudon 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. Loudon 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 Loudon 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. Derivative Instrument

At June 30, 2019, Loudon County had the following derivative instrument outstanding:

Instrument	Type	Objective	Original Notional Amount	Effective Date	Maturity Date	Terms
$12.5M Swap	Pay fixed interest rate swap	Variable to synthetic fixed rate swap	$12,500,000	12-1-09	6-1-25	Pay 3.13% receive 59% of LIBOR plus 35 basis points

The fair value balance and notional amount of the derivative instrument outstanding at June 30, 2019, classified by type, and the changes in fair value using a pay fixed, receive percentage of LIBOR pricing model (Level 2 inputs of the GAAP fair value hierarchy) of such derivative instruments for the year then ended as reported in the 2019 financial statements is as follows:

Type	Changes in Fair Value Classification	Changes in Fair Value Amount	Fair Value at June 30, 2019 Classification	Fair Value at June 30, 2019 Amount	6-30-19 Notional Amount
Governmental Activities					
Cash Flow Hedge:					
Pay fixed interest rate swap:					
$12.5M Swap	Deferred Outflow	$ (68,115)	Debt	$ (368,832)	$ 5,980,000
Total		$ (68,115)		$ (368,832)	$ 5,980,000

Derivative Swap Agreement Detail

Under its loan agreement, the Public Building Authority of Blount County, Tennessee (the authority), at the request of the county, has entered into an interest rate swap agreement for all of the outstanding Local Government Improvement Bonds, Series IV-H-1.

Objective of the interest rate swap. To protect against the potential of rising interest rates and to balance its mixture of variable and fixed rate debt, the county requested the authority, on its behalf, to enter into an interest rate swap in connection with its $12.5 million Series IV-H-1 variable-rate bonds. The intention of the swap was to effectively change the county's variable interest rate on the bonds to a synthetic fixed rate. The Series IV-H-1 bonds have since been refunded with a portion of the proceeds of the Series E-3-C bonds, and the interest rate swap is now associated with the Series E-3-C bonds.

Terms. Under the swap, the authority pays the counterparty a fixed payment of 3.13 percent and receives a variable payment computed as 59 percent of the three-month London Interbank Offered Rate (LIBOR) plus 35 basis points. The swap had a notional amount of $12.5 million, and the associated variable-rate bond had a $12.5 million principal amount. At no time will the notional amount on the interest rate swap agreement exceed the outstanding principal of the Series E-3-C Bonds. The bonds' variable-rates have historically approximated the Securities Industry and Financial Markets Association (the "SIFMA"). The bonds and the related swap agreement mature on June 1, 2025. As of June 30, 2019, rates were as follows:

	Terms	Rates
Interest rate swap:		
Fixed payment to counterparty	Fixed	3.13 %
Variable payment from counterparty	% of LIBOR	-1.77
Net interest rate swap payments		1.36 %
Variable-rate bond coupon payments		2.23
Synthetic interest rate on bonds		3.59 %

Fair value. As of June 30, 2019, the swap had a negative fair value of $368,832. The negative fair value of the swap may be countered by reductions in total interest payments required under the variable-rate bond, creating lower synthetic rates. Because the rates on the government's variable-rate bonds adjust to changing interest rates, the bonds do not have a corresponding fair value increase. The fair value model calculates future cash flows by projecting forward rates and then discounts those cash flows at their present value.

Credit risk. As of June 30, 2019, the county was not exposed to credit risk because the swap had a negative fair value. However, should interest rates change and the fair value of the swap becomes positive, the county would be exposed to credit risk in the amount of the swap agreement's fair value. The swap counterparty, Raymond James Financial Products ("RJFP", formerly Morgan Keegan Financial Products) was rated "Baa1/BBB+" by Moody's and Standard and Poor's as of June 30, 2019, with its Credit Support Provider, Deutsche Bank, rated A3/BBB+/BBB+ by Moody's, Standard and Poor's, and Fitch, respectively.

Basis risk. As noted above, the swap exposes the county to basis risk should the rate on the bonds increase to above 59 percent of LIBOR plus 35 basis points, thus increasing the synthetic rate on the bonds. If a change occurs that results in the rate on the bonds to be below 59 percent of LIBOR plus 35 basis points, then the synthetic rate on the bonds will decrease.

Termination risk. The swap agreement contract uses the International Swap Dealers Association Master Agreement, which includes standard termination events, such as failure to pay and bankruptcy. The Schedule to the Master Agreement includes an "additional termination provision." The authority or the counterparty may terminate the swap if the other party fails to perform under the terms of the contract. If the swap is terminated, the variable-rate bond would no longer carry a synthetic interest rate. Also, if at the time of termination the swap has a negative fair value, the authority would be liable to the counterparty for a payment equal to the swap's fair value. Likewise, if the swap has a positive fair value at termination, the counterparty would be liable to the authority for a payment equal to the swap's fair value.

Swap payments and associated debt. As of June 30, 2019, debt service requirements of the variable-rate debt and net swap payments, assuming current interest rates remain the same, for their term were as follows. As rates vary, variable-rate bond interest payments and net swap payments will vary.

Fiscal Year Ending June 30	Variable Rate Bonds Principal	Interest	Net Interest Rate Swap Payment	Total
2020	$ 855,000	$ 133,270	$ 81,638	$ 1,069,908
2021	910,000	114,216	69,965	1,094,181
2022	965,000	93,935	57,542	1,116,477
2023	1,020,000	72,430	44,368	1,136,798
2024	1,085,000	49,698	30,444	1,165,142
2025	1,145,000	25,517	15,631	1,186,148
Total	$ 5,980,000	$ 489,066	$ 299,588	$ 6,768,654

C. Capital Assets

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

Primary Government

Governmental Activities:

	Balance 7-1-18	Increases	Decreases	Balance 6-30-19
Capital Assets Not Depreciated:				
Land	$ 5,915,130	$ 0	$ 0	$ 5,915,130
Construction in Progress	1,710,664	9,341,841	0	11,052,505
Total Capital Assets Not Depreciated	$ 7,625,794	$ 9,341,841	$ 0	$ 16,967,635
Capital Assets Depreciated:				
Buildings and Improvements	$ 14,869,172	$ 0	$ 0	$ 14,869,172
Infrastructure	49,096,941	0	0	49,096,941
Other Capital Assets	9,328,848	1,056,307	(659,850)	9,725,305
Total Capital Assets Depreciated	$ 73,294,961	$ 1,056,307	$ (659,850)	$ 73,691,418
Less Accumulated Depreciation For:				
Buildings and Improvements	$ 4,195,664	$ 257,049	$ 0	$ 4,452,713
Infrastructure	25,965,135	988,329	0	26,953,464
Other Capital Assets	6,928,520	629,522	(466,045)	7,091,997
Total Accumulated Depreciation	$ 37,089,319	$ 1,874,900	$ (466,045)	$ 38,498,174
Total Capital Assets Depreciated, Net	$ 36,205,642	$ (818,593)	$ (193,805)	$ 35,193,244
Governmental Activities Capital Assets, Net	$ 43,831,436	$ 8,523,248	$ (193,805)	$ 52,160,879

The above table does not include capital assets of a hospital facility titled to Loudon County but used in the operations of Fort Loudoun Medical Center. The construction of that facility was funded by Fort Loudoun Medical Center and, pursuant to an agreement with the county, the facility was titled to the county and leased to Fort Loudoun Medical Center. Those assets are used pursuant to a lease agreement by Fort Loudoun Medical Center for a nominal rental of $100 per year. The lease is further discussed in Note IV.H.

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

Governmental Activities:

General Government	$ 190,692
Finance	12,560
Administration of Justice	12,916
Public Safety	416,612
Public Health and Welfare	77,828
Social, Cultural, and Recreational Services	30,529
Highways/Public Works	1,133,763
Total Depreciation Expense - Governmental Activities	$ 1,874,900

Discretely Presented Loudon County School Department

Governmental Activities:

	Balance 7-1-18	Increases	Decreases	Balance 6-30-19
Capital Assets Not Depreciated:				
Land	$ 3,946,406	$ 0	$ 0	$ 3,946,406
Construction in Progress	38,439	685,132	(723,571)	0
Total Capital Assets Not Depreciated	$ 3,984,845	$ 685,132	$ (723,571)	$ 3,946,406
Capital Assets Depreciated:				
Buildings and Improvements	$ 96,093,484	$ 723,571	$ 0	$ 96,817,055
Infrastructure	96,087	0	0	96,087
Other Capital Assets	2,448,078	91,930	0	2,540,008
Total Capital Assets Depreciated	$ 98,637,649	$ 815,501	$ 0	$ 99,453,150
Less Accumulated Depreciation For:				
Buildings and Improvements	$ 20,666,353	$ 1,856,915	$ 0	$ 22,523,268
Infrastructure	4,805	1,922	0	6,727
Other Capital Assets	1,047,872	191,846	0	1,239,718
Total Accumulated Depreciation	$ 21,719,030	$ 2,050,683	$ 0	$ 23,769,713
Total Capital Assets Depreciated, Net	$ 76,918,619	$ (1,235,182)	$ 0	$ 75,683,437
Governmental Activities Capital Assets, Net	$ 80,903,464	$ (550,050)	$ (723,571)	$ 79,629,843

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

Governmental Activities:

Instruction	$ 64,106
Support Services	1,972,888
Operation of Non-instructional Services	13,689
Total Depreciation Expense - Governmental Activities	$ 2,050,683

D. Asset Impairment and Insurance Recoveries

Primary Government

The Loudon County Courthouse suffered massive fire damage on April 23, 2019, and is no longer useable for county office space. The courthouse was built in 1872 and was fully depreciated with a carrying value of $0 at the time of the fire. The only offices housed in the facility at the time of the fire were those of the Circuit Court Clerk, Clerk and Master, and Soil Conservation. Those offices have been relocated. Expenses of the primary government governmental activities for cleanup and office relocation costs related to fire, smoke, and water damage amounted to $152,962 and have been reported net of associated insurance recoveries of $849,000, resulting in a gain of $696,038.

Discretely Presented School Department

Program expenses of the discretely presented Loudon County School Department include $868,269 in repair and restoration costs related to wind and hail damage to school buildings resulting from storms in Loudon County. These expenses have been reported net of associated insurance recoveries of $853,611.

E. Construction Commitments

At June 30, 2019, the General Capital Projects Fund had uncompleted contracts of $6,484,562 for the expansion of the justice center. Funding was obtained for these future expenditures through a debt issue in fiscal year 2018-2019.

F. Interfund Receivables, Payables, and Transfers

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

Due to/from Other Funds:

Receivable Fund	Payable Fund		Amount
Primary Government:			
General	General Capital Projects	$	209
"	Nonmajor governmental		11,451
Nonmajor governmental	General		4,892
Discretely Presented School Department:			
Nonmajor governmental	General Purpose School		6,575

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

Due to/from Primary Government and Component Unit:

Receivable Fund	Payable Fund	Amount
	Component Unit:	
Primary Government:	School Department:	
General	General Purpose School	$ 580

Interfund Transfers:

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

Primary Government

	Transfers In	
Transfers Out	General Capital Projects Fund	Nonmajor Governmental Funds
Highway/Public Works Fund	$ 40,000	$ 0
Nonmajor governmental funds	0	125,000
Total	$ 40,000	$ 125,000

The Highway/Public Works Fund transferred $40,000 to the General Capital Projects fund for highway capital purchases. Within the nonmajor governmental funds, the Courthouse/Jail Maintenance Fund transferred $125,000 to the General Debt Service Fund for future debt service for the jail project.

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

G. Payables

The total of $3,959 in the nonmajor governmental funds Due to Litigants, Heirs, and Others account represents deposits from law enforcement seizures pending disposition by the Tennessee Department of Safety.

H. Hospital Lease Agreement

During June 2002, Loudon County entered into an agreement with Fort Sanders Medical Center (Covenant Health) to acquire a certificate of need from the Tennessee Health Facility Commission. Covenant Health agreed to build and operate a facility under a future lease agreement with Loudon County. The facility was completed and ownership was transferred to Loudon County. Loudon County has leased the facility to Fort Loudoun Medical Center, of which Covenant Health is the sole member. Fort Loudoun Medical Center has entered into an agreement to lease the property from Loudon County for a period of 20 years, commencing October 4, 2004, for a nominal annual charge of $100. The agreement provides for two renewal terms for five years each at the option of Fort Loudoun Medical Center. This lease agreement also includes provisions for Fort Loudoun Medical Center to expend additional amounts during the original lease term for capital outlay, recruitment, and/or other community benefits projects.

I. Long-term Debt

Primary Government

General Obligation Bonds, Notes, and Other Loans

General Obligation Bonds – Loudon 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 25 years. Repayment terms are generally structured with increasing amounts of principal maturing as interest requirements decrease over the term of the debt. All bonds included in long-term debt as of June 30, 2019, will be retired from the General Debt Service and Education Debt Service funds.

Direct Borrowing and Direct Placements – Loudon 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 ten years for notes and 17 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 General Fund and the Debt Service Funds.

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

Type	Interest Rate	Final Maturity	Original Amount of Issue	Balance 6-30-19
General Obligation Bonds	1.4 to 5 %	6-1-38	$ 69,875,000	$ 56,650,000
General Obligation Bonds - Refunding	2.8	4-1-20	2,600,000	565,000
Direct Borrowing and Direct Placement:				
Capital Outlay Notes	2.88	2-1-23	400,000	174,000
Other Loans - City of Loudon	0	N/A	475,000	75,977
Other Loans - PBA Variable Rate	variable	6-1-25	14,835,000	6,285,000
Loan Agreement - State School Bond Authority (QZABs)	0	12-1-20	4,129,500	550,600

Loudon County has entered into various loan agreements with Public Building Authorities (PBAs) to finance capital projects for the county and the discretely presented Loudon County School Department. The following table summarizes PBA loan agreements outstanding at June 30, 2019:

Description	Original Amount of Loan Agreement	Outstanding Principal 6-30-19	Interest Type	Variable Interest Rates as of 6-30-19	Other Fees on Variable Rate Debt
Blount County					
Public Building Authority:					
School Projects-Refunding	$ 12,265,000	$ 6,010,000	Variable	2.23 (1)	0.11
Various Purposes-Refunding	2,570,000	275,000	Variable	2.26	0.11
Total		$ 6,285,000			

(1) In addition to the interest requirements on this refunding debt, the county is also obligated for payments under a swap agreement that was entered into in connection with the refunded debt. See Note IV.B. Derivative Instruments.

Loudon County has also entered into the following agreement with the City of Loudon to provide funding for infrastructure improvements for a business development. The agreement is reflected as other loans in this report.

Description	Original Amount of Loan Agreement	Outstanding Principal 6-30-19	Interest Rates
City of Loudon			
Highlands Business Center	$ 475,000	$ 75,977	0 %

Under the agreement, the county must pay its incremental tax revenues (excess of current taxes over base year amounts), from properties within the development toward the retirement of this obligation. The maximum amount the county is required to pay is $475,000 (with no interest accruing and no stated maturity date). During the year, the county paid $43,054 under the agreement.

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

Year Ending	Bonds		
June 30	Principal	Interest	Total
2020	$ 3,045,000	$ 1,753,003	$ 4,798,003
2021	3,340,000	1,650,678	4,990,678
2022	3,670,000	1,559,003	5,229,003
2023	3,735,000	1,459,228	5,194,228
2024	2,795,000	1,361,828	4,156,828
2025-2029	14,880,000	5,509,259	20,389,259
2030-2034	17,025,000	3,101,805	20,126,805
2035-2038	8,725,000	507,825	9,232,825
Total	$ 57,215,000	$ 16,902,629	$ 74,117,629

Year Ending	Notes - Direct Placement		
June 30	Principal	Interest	Total
2020	$ 42,000	$ 5,011	$ 47,011
2021	43,000	3,802	46,802
2022	44,000	2,563	46,563
2023	45,000	1,296	46,296
Total	$ 174,000	$ 12,672	$ 186,672

Year Ending	Other Loans - PBA and QZAB - Direct Placement			
June 30	Principal	Interest	Other Fees	Total
2020	$ 1,410,300	$ 221,969	$ 6,851	$ 1,639,120
2021	1,190,300	184,885	5,613	1,380,798
2022	970,000	152,037	4,616	1,126,653
2023	1,025,000	117,214	3,559	1,145,773
2024	1,090,000	80,416	2,442	1,172,858
2025	1,150,000	41,285	1,253	1,192,538
Total	$ 6,835,600	$ 797,806	$ 24,334	$ 7,657,740

Annual requirements for the $75,977 other loan payable for the Highlands Business Center project are not included in the schedule since the loan is to be repaid with tax increment revenues only, and there is no defined payment schedule.

Interest requirements in the above schedule include the synthetic rate the county is obligated for under a swap agreement. See Note IV.B. Derivative Instrument.

There is $10,004,583 available in the debt service funds to service long-term debt. Bonded debt per capita totaled $376, based on the 2010 federal census for residents living inside the Lenoir City School District and $1,352 for residents living outside of the school district. Total debt per capita, including bonds, notes, other loans, and unamortized premium on debt, totaled $395 for residents living inside the Lenoir City School District and $1,569 for residents living outside of the school district.

Changes in Long-term Debt

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

	Bonds	Notes - Direct Placement
Balance, July 1, 2018	$ 52,110,000	$ 215,000
Additions	8,010,000	0
Reductions	(2,905,000)	(41,000)
Balance, June 30, 2019	$ 57,215,000	$ 174,000
Balance Due Within One Year	$ 3,045,000	$ 42,000

	Other Loans City of Loudon - Direct Placement	Other Loans PBA & QZAB - Direct Placement
Balance, July 1, 2018	$ 119,031	$ 8,175,900
Additions	0	0
Reductions	(43,054)	(1,340,300)
Balance, June 30, 2019	$ 75,977	$ 6,835,600
Balance Due Within One Year	$ 0	$ 1,410,300

Analysis of Noncurrent Liabilities for Debt Presented on Exhibit A:

Total Noncurrent Liabilities - Debt, June 30, 2019	$ 64,300,577
Less: Balance Due Within One Year - Debt	(4,497,300)
Add: Unamortized Premium on Debt	1,717,067
Noncurrent Liabilities - Due in More Than One Year - Debt - Exhibit A	$ 61,520,344

On June 24, 2019, the Loudon County Commission authorized the issuance of general obligation bonds not to exceed $7,000,000 for construction of a new courthouse annex. As of the date of this report, no further action has been taken to issue the bonds.

J. Long-term Obligations

Primary Government

Changes in Long-term Obligations

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

		Compensated Absences	Other Postemployment Benefits	Net Pension Liability
Balance, July 1, 2018	$	562,872 $	11,826,699 $	83,166
Additions		560,074	1,786,048	0
Reductions		(557,380)	(1,098,047)	(83,166)
Balance, June 30, 2019	$	565,566 $	12,514,700 $	0
Balance Due Within One Year	$	560,074 $	0 $	0

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

Analysis of Other Noncurrent Liabilities Presented on Exhibit A:

Total Noncurrent Liabilities, June 30, 2019	$ 13,080,266
Less: Balance Due Within One Year - Other	(560,074)
Noncurrent Liabilities - Due in More Than One Year - Other - Exhibit A	$ 12,520,192

Discretely Presented Loudon County School Department

Changes in Long-term Obligations

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

		Other Postemployment Benefits	Net Pension Liability - Agent Plan
Balance, July 1, 2018	$	4,920,372 $	27,149
Additions		217,681	0
Reductions		(869,883)	(27,149)
Balance, June 30, 2019	$	4,268,170 $	0
Balance Due Within One Year	$	0 $	0

K. Pledges of Future Revenues

Tax Incremental Revenues Pledged for Retirement of County Debt

As discussed in Note IV.I., Loudon County has pledged incremental real and personal property tax revenues from the Highland Business Center development toward the retirement of a loan agreement entered into between the county and the City of Loudon. The principal amount of this outstanding loan at June 30, 2019, was $75,977.

L. On-Behalf Payments – Discretely Presented Loudon County School Department

The State of Tennessee pays health insurance premiums for retired teachers on-behalf of the Loudon 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, were $126,464. The school department has recognized these on-behalf payments as revenues and expenditures in the General Purpose School Fund.

V. OTHER INFORMATION

A. Risk Management

Loudon County School Department has established the Employee Dental and Vision Insurance Fund for risks associated with the employees' dental and vision plans. The Employee Dental and Vision Insurance Fund is accounted for as an internal service fund where assets are set aside for claim settlements.

All full-time employees of the Loudon County School Department are eligible to participate. A premium charge is allocated to each fund that accounts for full-time employees. This charge is based on actuarial estimates of the amounts needed to pay prior- and current-year claims. Liabilities of this fund are reported when it is probable that a loss has occurred and the amount of the loss can be reasonably estimated. The Employee Dental and Vision Insurance Fund establishes claims liabilities based on estimates of the ultimate cost of claims that have been reported but not settled and of claims that have been incurred but not reported. Claims liabilities include incremental claim adjustment expenditures/expenses, if any. In addition, estimated recoveries, if any, on settled claims have been deducted from the liability for unpaid claims. The process used to compute claims liabilities does not necessarily result in an exact amount. Changes in the balance of claims liabilities during the past two fiscal years are as follows:

	Beginning of Fiscal Year Liability	Current-year Claims and Estimates	Payments	Balance at Fiscal Year-end
2017-2018	$15,493	$395,088	($394,535)	$16,046
2018-2019	16,046	413,070	(414,244)	14,872

The primary government provides health, dental, and vision coverage through commercial insurance. Settled claims have not exceeded this commercial coverage in any of the past three fiscal years.

The discretely presented Loudon 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.

Loudon County and the discretely presented Loudon County 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 the TN-RMT provides for it to be self-sustaining through member premiums.

B. Accounting Changes

Provisions of Governmental Accounting Standards Board (GASB) Statement No. 83, *Certain Asset Retirement Obligations*; Statement No. 88, *Certain Disclosures Related to Debt, Including Direct Borrowing and Direct Placements* became effective for the year ended June 30, 2019. In addition, Loudon 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

Loudon County is contingently liable for a State of Tennessee revolving loan agreement of a joint venture, Tellico Area Services System (TASS). Loudon County would become liable for this loan agreement in the event of default by TASS. As of June 30, 2019, future principal and interest requirements were $2,137,360 and $185,689.

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

D. Changes in Administration

On August 31, 2018, Darlene Russell left the Office of County Clerk and was succeeded by Carrie McKelvey. On November 30, 2018, Lisa Niles left the Office of Circuit and General Sessions Courts Clerk and was succeeded by Stephen Harrelson, and Fred Chaney left the Office of Clerk and Master and was succeeded by Lisa Niles.

On June 13, 2019, the Board of Education suspended, with pay, Director of Schools Jason Vance and appointed Michael Garren as interim director. See Note V.K. for further discussion.

E. Joint Ventures

The Loudon County Solid Waste Disposal Commission (LCSWDC) is a joint venture formed by an interlocal governmental agreement between Loudon County, the City of Loudon, and Lenoir City. The joint venture operates the Loudon County regional landfill. The LCSWDC is governed by a seven-member board appointed by the participating governments.

The Center Executive Board is a joint venture formed by an interlocal agreement between Loudon County and Lenoir City. The purpose of the board is to provide operation and maintenance for the Career Center Building jointly owned by Loudon County and Lenoir City. The Center Executive Board members are approved by the city and county legislative bodies. The interlocal agreement calls for any excess revenue over the operational and maintenance cost to be remitted back to the county and city based on the percentage of prior construction costs provided by each entity. However, the county and city may be required to compensate the federal government for its fair share based on contributions made by federal grants. The financial transactions of this joint venture are channeled through the county Trustee's Office, and the county accounts for these transactions in an agency fund.

The Tellico Area Services System (TASS), a regional water, sewer, and solid waste system is jointly owned by Monroe and Loudon counties. TASS comprises the county Boards of Public Utilities of each of the counties. Loudon County has control over budgeting and financing the joint venture only to the extent of representation by its county Board of Public Utility. As discussed in Note V.C., Loudon County is contingently liable for certain debt issued by the county on behalf of this joint venture.

The Ninth Judicial District Drug Task Force (DTF) is a joint venture formed by an interlocal agreement between the district attorney general of the Ninth Judicial District; Roane, Loudon, Meigs, and Morgan counties; and various cities within these counties. The purpose of the DTF is to provide multi-jurisdictional law enforcement to promote the investigation and prosecution of drug-related activities. Funds for the operations of the DTF come primarily from federal grants, drug fines, and the forfeiture of drug-related assets to the DTF. The DTF is overseen by the district attorney general and is governed by a board of directors, which includes the district attorney general, sheriffs, and police chiefs of participating law enforcement agencies within each judicial district. Loudon County made no contributions to the DTF for the year ended June 30, 2019.

The Loudon County Economic Development Agency, Inc., was designated to function as the Joint Economic and Community Development Board under Public Chapter 1101. The agency is responsible for coordinating governmental and private industrial development and economic development activities in Loudon County. The agency is a joint venture between Loudon County and the cities of Loudon and Lenoir City, and Lenoir City Industrial Committee of 100, in which each provide financial support. The agency is governed by an eight-member board comprising one member from the three governments and the remaining members from other various community organizations. Loudon County provided the agency $162,545 in financial support during the 2018-19 year.

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

Administrative Offices:

Loudon County Solid Waste Disposal Commission
101 Mulberry Street, Suite 102
Loudon, TN 37774

Tellico Area Services System
P.O. Box 277
Vonore, TN 37885-0277

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

Loudon County Economic Development Agency, Inc.
274 Blair Bend Drive
Loudon, TN 37774

F. Jointly Governed Organization

Loudon County, Monroe County, and various city school systems jointly govern the Little Tennessee Valley Educational Cooperative. The cooperative was established pursuant to an agreement between the participating governments and is governed by a board of control consisting of the director of schools of each participating government, one representative appointed by the county commission or City Council of each participating government, and one member appointed by the Board of Education of each participating government. The cooperative was organized in order to combine resources to provide services for special education programs such as the Birth-to-Three program for handicapped children, a child development program for language and behaviorally delayed older students, and an occupational and physical therapy program, as well as psychological services. The cooperative provides educational services on a contractual basis to the various school systems. The systems may, but are not required to contract for these services.

G. Retirement Commitments

1. Tennessee Consolidated Retirement System (TCRS)

Primary Government

General Information About the Pension Plan

Plan Description. Employees of Loudon County and non-certified employees of the discretely presented Loudon 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 74.89 percent, the non-certified employees of the discretely presented school department comprise 25.11 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	236
Inactive Employees Entitled to But Not Yet Receiving Benefits	433
Active Employees	357
Total	1,026

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. Loudon 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 Loudon County was $1,332,833 based on a rate of 9.71 percent of covered payroll for general employees and 13.21 percent of covered payroll for public safety officers. By law, employer contributions are required to be paid. The TCRS may intercept Loudon 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)

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

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

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

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

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

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

Asset Class	Percentage Long-term Expected Real Rate of Return		Percentage Target Allocations	
U.S. Equity	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 Loudon 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	$ 43,746,141	$ 43,635,826	$ 110,315
Changes for the Year:			
Service Cost	$ 1,180,630	$ 0	$ 1,180,630
Interest	3,188,872	0	3,188,872
Differences Between Expected and Actual Experience	536,079	0	536,079
Changes in Assumptions	0	0	0
Contributions-Employer	0	1,277,244	(1,277,244)
Contributions-Employees	0	617,873	(617,873)
Net Investment Income	0	3,621,037	(3,621,037)
Benefit Payments, Including Refunds of Employee Contributions	(1,884,649)	(1,884,649)	0
Administrative Expense	0	(34,411)	34,411
Other Changes	0	0	0
Net Changes	$ 3,020,932	$ 3,597,094	$ (576,162)
Balance, June 30, 2018	$ 46,767,073	$ 47,232,920	$ (465,847)

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

		Total Pension Liability	Plan Fiduciary Net Position	Net Pension Liability (Asset)
Primary Government	74.89%	$ 35,023,861	$ 35,372,734	$ (348,873)
School Department	25.11%	11,743,212	11,860,186	(116,974)
Total		$ 46,767,073	$ 47,232,920	$ (465,847)

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

	1% Decrease 6.25%	Current Discount Rate 7.25%	1% Increase 8.25%
Net Pension Liability	$ 5,732,373	$ (465,847)	$ (5,592,982)

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

Pension Expense. For the year ended June 30, 2019, Loudon County recognized pension expense of $463,182.

Deferred Outflows of Resources and Deferred Inflows of Resources. For the year ended June 30, 2019, Loudon 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	$ 508,659	$ 204,692
Net Difference Between Projected and Actual Earnings on Pension Plan Investments	0	202,419
Changes in Assumptions	571,303	0
Contributions Subsequent to the Measurement Date of June 30, 2018 (1)	1,332,833	N/A
Total	$ 2,412,795	$ 407,111

(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	$ 1,815,511	$ 304,886
School Department	597,284	102,225
Total	$ 2,412,795	$ 407,111

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

Year Ending June 30	Amount
2020	$ 540,672
2021	191,697
2022	(75,073)
2023	15,554
2024	0
Thereafter	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, Loudon County reported a payable of $188,985 for the outstanding amount of contributions due to the pension plan at year end.

<u>Discretely Presented Loudon County School Department</u>

<u>Non-certified Employees</u>

General Information About the Pension Plan

Plan Description. As noted above under the primary government, employees of Loudon County and non-certified employees of the discretely presented Loudon 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 74.89 percent and the non-certified employees of the discretely presented school department comprise 25.11 percent of the plan based on contribution data.

Certified Employees

Teacher Retirement Plan

General Information About the Pension Plan

Plan Description. Teachers of the Loudon 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 $84,690, which is 1.94 percent of covered payroll. In addition, employer contributions of $90,219 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 ($190,863) 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 .420840 percent. The proportion as of June 30, 2017, was .449860 percent.

Pension Expense. For the year ended June 30, 2019, the school department recognized pension expense of $65,820.

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

	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference Between Expected and Actual Experience	$ 10,810	$ 7,602
Net Difference Between Projected and Actual Earnings on Pension Plan Investments	0	10,781
Changes in Assumptions	9,004	0
Changes in Proportion of Net Pension Liability (Asset)	7,823	0
LEA's Contributions Subsequent to the Measurement Date of June 30, 2018	84,690	N/A
Total	$ 112,327	$ 18,383

The school department's employer contributions of $84,690, 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	$	(757)
2021		(1,099)
2022		(2,635)
2023		182
2024		1,618
Thereafter		11,945

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

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

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

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

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

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

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

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

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

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

School Department's Proportionate Share of the Net Pension Liability (Asset)	1% Decrease 6.25%	Current Discount Rate 7.25%	1% Increase 8.25%
Net Pension Liability	$ 29,508	$ (190,863)	$ (353,224)

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 Loudon County School Department reported a payable of $65,368 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 Loudon 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 Loudon County School Department for the year ended June 30, 2019, to the Teacher Legacy Pension Plan were $1,755,857, 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 ($1,713,632) 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 .486977 percent. The proportion measured at June 30, 2017, was .485341 percent.

Pension Expense. For the year ended June 30, 2019, the school department recognized (negative) pension expense of ($450,168).

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	$ 346,383	$ 2,311,825
Changes in Assumptions	1,012,079	0
Net Difference Between Projected and Actual Earnings on Pension Plan Investments	0	372,958
Changes in Proportion of Net Pension Liability (Asset)	102,099	2,174
LEA's Contributions Subsequent to the Measurement Date of June 30, 2018	1,755,857	N/A
Total	$ 3,216,418	$ 2,686,957

The school department's employer contributions of $1,755,857 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	$ 393,622
2021	(506,885)
2022	(955,820)
2023	(157,312)
2024	0
Thereafter	0

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

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

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

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

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

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

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

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

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

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

School Department's Proportionate Share of the Net Pension Liability (Asset)	1% Decrease 6.25%	Current Discount Rate 7.25%	1% Increase 8.25%
Net Pension Liability	$ 13,209,752	$ (1,713,632)	$ (14,060,653)

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 Loudon County School Department reported a payable of $409,786 for the outstanding amount of contributions due to the pension plan at year end.

2. Deferred Compensation

Teachers hired after July 1, 2014, by the discretely presented Loudon County 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 into 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 of the employee portion. During the year, the Loudon County School Department contributed $213,317 and teachers contributed $122,010 to this deferred compensation pension plan.

H. Other Postemployment Benefits (OPEB)

Primary Government

Plan Description. Loudon County participates in a commercial postemployment benefits plan administered by United Health Care for its pre-65 retirees and through Humana for its post-65 retirees. Employees are eligible for OPEB benefits if they retire at any age with at least 30 years of service or if they are over the age 60 and have at least 5 years of service. For accounting purposes, the plan is a single-employer defined benefit OPEB plan. Benefits are established and amended by the county commission. The plan is funded on a pay-as-you-go basis and no assets are accumulated in a trust that meets the criteria of paragraph 4 of GASB Statement 75.

Benefits Provided. The United Health Care portion of the plan provides healthcare and life insurance benefits for retirees until they are Medicare eligible. Post-65 benefits are provided through the Humana portion of the plan. Spouse benefits are provided while the retiree is eligible for coverage. Surviving spouse benefits are not provided. The benefit terms provide for the county to pay 50 percent of the medical premiums for pre-65 retirees and 100% of the Humana premium for post-65 retirees. Post-65 retirees pay the Medicare Part B premium. The county pays 50% of life insurance premiums.

Employees Covered by Benefit Terms

As of July 1, 2019, the following employees were covered by the benefit terms:

Inactive Employees or Beneficiaries Currently Receiving Benefits	51
Inactive Employees Entitled to But Not Yet Receiving Benefits	0
Active Employees	222
Total	273

Total OPEB Liability

The county's total OPEB liability of $12,514,700 was measured as of June 30, 2019, and was determined by an actuarial valuation as of July 1, 2018, and updated to the measurement date.

Actuarial Assumptions and Other Inputs. The total OPEB liability 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
Salary Increases	3.5%
Payroll Growth Rate	2.5%
Inflation	2%
Discount Rate	3.50%
Healthcare Cost Trend Rates	9% in 2018 with an ultimate rate of 5% by 2022
Retirees share of Benefit-related Cost	Discussed under Benefits Provided

The discount rate was based on the Bond Buyer's 20-year bond index.

The mortality rates are from the RPH-2014 Total Dataset mortality table projected with projection scale MP-2018.

The actuarial assumptions used in the June 30, 2018, valuation were based on plan data and costs presented by the county with concurrence by the actuary.

Changes in the Total OPEB Liability

	Total OPEB Liability
Balance July 1, 2018	$ 11,826,699
Changes for the Year:	
Service Cost	$ 756,915
Interest	444,584
Changes in Benefit Terms	0
Difference between Expected and Actuarial Experience	(1,282,217)
Changes in Assumption and Other Inputs	1,053,224
Benefit Payments	(284,505)
Net Changes	$ 688,001
Balance June 30, 2019	$ 12,514,700

Changes in assumptions and other inputs reflect a change in the discount rate from 3.87 percent in 2018 to 3.5 percent in 2019, the mortality projections scale was updated from the SOA MP-2016 scale to the SOA MP-2018 scale, and the trend rate was reset to 9 percent in 2018, grading down to 5 percent in 2022.

OPEB Expense and Deferred Outflows of Resources and Deferred Inflows of Resources. For the year ended June 30, 2019, the county recognized OPEB expense of $1,122,652. At June 30, 2019, the county 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	$ 1,153,995
Changes of Assumptions/Inputs	947,901	491,775
Net Difference Between Projected and Actual Investments	0	0
Total	$ 947,901	$ 1,645,770

Amounts reported as deferred outflows and deferred outflows of resources related to OPEB will be recognized in OPEB expense as follows:

Year Ending June 30	Amount
2020	$ (78,847)
2021	(78,847)
2022	(78,847)
2023	(78,847)
2024	(78,847)
Thereafter	(303,634)

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

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

	1% Decrease 2.50%	Current Discount Rate 3.50%	1% Increase 4.50%
Total OPEB Liability	$ 13,899,223	$ 12,514,700	$ 10,100,158

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% decreasing to 4%)	Current Trend Rate (8% decreasing to 5%)	1% Increase (9% decreasing to 6%)
Total OPEB Liability	$ 10,497,681	$ 12,514,700	$ 15,170,417

Discretely Presented Loudon County School Department

The discretely presented Loudon 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 Loudon 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.

The post-65 certified retirees of Loudon County School Department may 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 6.75% for the 2019 calendar year, and gradually decreasing 32-year period to an ultimate 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, 2017 Pension Actuarial Valuation of the Tennessee Consolidated Retirement System (TCRS). These assumptions were developed by TCRS based on the results of an actuarial experience study for the period July 1, 2012 - June 30, 2016. The demographic assumptions were adjusted to more closely reflect actual and expected future experience. Mortality tables are used to measure the probabilities of participants dying before and after retirement. The mortality rates employed in this valuation are taken from the RP-2014 Healthy Participant Mortality Table for Annuitants for non-disabled post-retirement mortality, with mortality improvement projected to all future years using Scale MP-2016. Post-retirement tables are Blue Collar and adjusted with a 2 percent load for males and a -3 percent load for females. Mortality rates for impaired lives are the same as those used by TCRS and are taken from a gender distinct table published in the IRS Ruling 96-7 for disabled lives with a 10 percent load.

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

Benefits Provided. The Loudon County School Department offers the LEP to provide health insurance coverage to eligible pre-65 retirees, support staff, and disabled participants of local education agencies. Retirees are required to discontinue coverage under the LEP upon obtaining Medicare eligibility. Insurance coverage is the only postemployment benefit provided to retirees. An insurance committee created in accordance with *TCA* 8-27-301 establishes and amends the benefit terms of the LEP. All members have the option of choosing between the premier preferred provider organization (PPO), standard PPO, limited PPO or the wellness health savings consumer-driven health plan (CDHP) for healthcare benefits. Retired plan members of the LEP receive the same plan benefits as active employees at a blended premium rate that considers the cost of all participants. This creates an implicit subsidy for retirees. Participating employers determine their own policy related to direct subsidies provided for retiree premiums. Loudon County School Department provides a direct subsidy $150 per month for certified retirees with 30 years of service. The school department does not provide a direct subsidy for noncertified retirees. 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	37
Inactive Employees Entitled to But Not Yet Receiving Benefits	0
Active Employees	427
Total	464

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 $247,461 to the LEP for OPEB benefits as they came due.

Changes in the Collective Total OPEB Liability

	Share of Collective Liability		
	Loudon County School Department 68.6098%	State of TN 31.3902%	Total OPEB Liability
Balance July 1, 2017	$ 4,920,372	$ 2,319,461	$ 7,239,833
Changes for the Year:			
Service Cost	$ 253,631	$ 116,041	$ 369,672
Interest	181,277	82,937	264,214
Changes in Benefit Terms	(1,701)	(778)	(2,479)
Difference between Expected and Actuarial Experience	(985,984)	(451,105)	(1,437,089)
Changes in Assumption and Other Inputs	111,359	50,948	162,307
Change in Proportion	46,863	(46,863)	0
Benefit Payments	(257,647)	(117,878)	(375,525)
Net Changes	$ (652,202)	$ (366,698)	$ (1,018,900)
Balance June 30, 2018	$ 4,268,170	$ 1,952,763	$ 6,220,933

The Loudon 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 Loudon 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 $145,636 in revenue for subsidies provided by nonemployer contributing entities for benefits paid by the LEP for school department retirees.

During the year, the Loudon County School Department’s proportionate share of the collective OPEB liability was 68.6098 percent and the State of Tennessee’s share was 31.3902 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 $474,809, 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	$ 891,177
Changes of Assumptions/Inputs	100,651	193,744
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	32,022	0
Benefits Paid After the Measurement Date of June 30, 2018	247,461	0
Total	$ 380,134	$ 1,084,921

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	$ (104,035)
2021	(104,035)
2022	(104,035)
2023	(104,035)
2024	(104,035)
Thereafter	(432,073)

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%
Porportionate Share of the Collective Total OPEB Liability	$ 4,589,395	$ 4,268,170	$ 3,964,784

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	$ 3,790,633	$ 4,268,170	$ 4,837,665

I. **Office of Director of Accounts and Budgets**

Loudon County operates under the provisions of the Fiscal Control Acts of 1957, which provide for a central system of accounting and budgeting covering all funds of the county. These funds are maintained in the Office of Central Accounting and Budgeting under the supervision of the director of accounts and budgets.

J. **Purchasing Laws**

Purchasing procedures for the Offices of County Mayor, Director of Schools, and Highway Superintendent are governed by the County Purchasing Law of 1957, Section 5-14-101, et seq., *Tennessee Code Annotated* (*TCA*). Purchasing procedures for the highway dDepartment are also governed by provisions of the Uniform Road Law, Section 54-7-113, *TCA*. These statutes provide for a purchasing agent and require competitive bids on all purchases exceeding $25,000.

K. Subsequent Events

On June 13, 2019, the Loudon County Board of Education voted to suspend Director of Schools Jason Vance with pay. On July 17, 2019, the board approved a mediation agreement for the buyout of Vance's employment contract which called for Vance to resign his position on July 18, 2019. Payments by the board and its insurance carrier under the agreement are expected to total approximately $448,192 and consist of the following: (1) $303,012 to be paid by the board to Vance over a 36-month period in-lieu of wages; (2) $72,000 to be paid by the board to Vance over a 36-month period for various disputed claims; (3) $50,000 to be paid by the board's insurance carrier to Vance in a one-time payment for various disputed claims; and (4) payroll taxes expected to be paid to the federal government by the board over a 36-month period totaling approximately $23,180.

On July 17, 2019, Interim Director of Schools Mike Garren was appointed director of schools.

Subsequent to June 30, 2019, Loudon County approved the issuance of $6,500,000 of bonds for the benefit of Tellico Areas Services System, a joint venture of Loudon and Monroe Counties. The authorizing resolution calls for those bonds to be payable solely from revenues of the joint venture.

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.