OFFICIAL STATEMENT

<u>NEW ISSUE</u> Rating: S&P Global Ratings – "A+"
BOOK-ENTRY-ONLY (See "MISCELLANEOUS-Rating" herein)

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

$9,055,000
CAMPBELL COUNTY, TENNESSEE
General Obligation Refunding Bonds, Series 2017

Dated: May 19, 2017. Due: June 1, as shown below.

The $9,055,000 General Obligation Refunding Bonds, Series 2017 (the "Bonds") are issuable in fully registered form in denominations of $5,000 and authorized integral multiples thereof. The Bonds will be issued in book-entry-only form and registered in the name of Cede & Co., as nominee of The Depository Trust Company, New York, New York ("DTC"). DTC will act as securities depository of the Bonds. So long as Cede & Co. is the registered owner of the Bonds, as the nominee for DTC, principal and interest with respect to the Bonds shall be payable to Cede & Co., as nominee for DTC, which will, in turn, remit such principal and interest to the DTC participants for subsequent disbursements to the beneficial owners of the Bonds. Individual purchases of the Bonds will be made in book-entry-only form, in denominations of $5,000 or integral multiples thereof and will bear interest at the annual rates as shown below. Interest on the Bonds is payable semi-annually from the date thereof commencing on December 1, 2017 and thereafter on each June 1 and December 1 by check or draft mailed to the owners thereof as shown on the books and records of Regions Bank, Nashville, Tennessee, the registration and paying agent (the "Registration Agent"). In the event of discontinuation of the book-entry-only system, principal of and interest on the Bonds are payable at the designated corporate trust office of the Registration Agent.

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

The Bonds maturing June 1, 2023 and thereafter are subject to optional redemption prior to maturity on or after June 1, 2022.

Maturity (June 1)	Amount	Interest Rate	Yield	CUSIPS **	Maturity (June 1)	Amount	Interest Rate	Yield		CUSIPS **
2018	$ 155,000	3.00%	0.90%	134303 SW7	2023	$ 125,000	2.00%	1.70%	c	134303 TB2
2019	190,000	3.00	1.00	134303 SX5	2024	175,000	2.00	1.80	c	134303 TC0
2020	2,240,000	3.00	1.20	134303 SY3	2025	225,000	2.00	2.00		134303 TD8
2021	2,260,000	3.00	1.30	134303 SZ0	2026	1,425,000	2.125	2.125		134303 TE6
2022	2,260,000	3.00	1.50	134303 TA4						

c = Yield to call June 1, 2022.

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

The Bonds are offered when, as and if issued, subject to the approval of the legality thereof by Bass, Berry & Sims PLC, Knoxville, Tennessee, Bond Counsel, whose opinion will be delivered with the Bonds. Certain legal matters will be passed upon for the County by Joseph G. Coker, Esq., 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 19, 2017.

Cumberland Securities Company, Inc.
Financial Advisor

April 27, 2017

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

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

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

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

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

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

CAMPBELL COUNTY, TENNESSEE

OFFICIALS

E.L. Morton	*County Mayor*
Jeffrey D. Marlow	*Finance Director*
Alene Baird	*County Clerk*
Joseph G. Coker	*County Attorney*

COUNTY COMMISSIONERS

N. Marie Ayers	Cliff Jennings
Charles Baird	Dewayne Kitts
Forster Baird	Clifford Kohlymeryer
Johnny Bruce	Sue Nance
Ralph Davis	Lawrence Orick
Carl Douglas	Scott Stanfield
Whit Goins	Lonnie Welden
Robert Higginbotham	

UNDERWRITER

Wells Fargo Bank National Association
Charlotte, North Carolina

BOND REGISTRAR AND PAYING AGENT

Regions Bank
Nashville, Tennessee

BOND COUNSEL

Bass, Berry & Sims PLC
Knoxville, Tennessee

FINANCIAL ADVISOR

Cumberland Securities Company, Inc.
Knoxville, Tennessee

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SUMMARY STATEMENT

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

The Issuer	Campbell County, Tennessee (the "County" or "Issuer"). See APPENDIX B contained herein.
Securities Offered..........................	$9,055,000 General Obligation Refunding Bonds, Series 2017 (the "Bonds") of the County, dated the date of issuance May 19, 2017. The Bonds mature each June 1 beginning June 1, 2018 through June 1, 2026, inclusive. See the section entitled "SECURITIES OFFERED" herein for additional information.
Security..	The Bonds are payable from unlimited *ad valorem* taxes to be levied on all taxable property within the County. For the prompt payment of principal of and interest on the Bonds, the full faith and credit of the County are irrevocably pledged.
Purpose	The Bonds are being issued for the purpose of (i) refinancing, in whole or in part, the outstanding bonds of the County, as described herein; and (ii) payment of the costs related to the issuance and sale of the bonds. See the section entitled "SECURITIES OFFERED - Authority and Purpose" contained herein.
Optional Redemption	The Bonds maturing June 1, 2023 and thereafter are subject to optional redemption prior to maturity on or after June 1, 2022. See the section entitled "SECURITIES OFFERED – Optional Redemption".
Tax Matters....................................	In the opinion of Bond Counsel, based on existing law and assuming compliance with certain tax covenants of the County, interest on the Bonds is excluded from gross income for federal income tax purposes and is not an item of tax preference for purposes of the federal alternative minimum tax imposed on individuals and corporations; however, such interest is taken into account in determining adjusted current earnings of certain corporations for purposes of the alternative minimum tax on corporations. For an explanation of certain tax consequences under federal law which may result from the ownership of the Bonds, see the discussion under the heading "LEGAL MATTERS – Tax Matters" herein. Under existing law, the Bonds and the income therefrom will be exempt from all state, county and municipal taxation in the State of Tennessee, except Tennessee franchise and excise taxes. (See "LEGAL MATTERS -Tax Matters" herein.)
Bank Qualification.......................	The Bonds will be treated as "qualified tax-exempt obligations" within the meaning of Section 265 of the Internal Revenue Code of 1986, as amended. See the section entitled "LEGAL MATTERS - Tax Matters" for additional information.
Rating...	S&P Global Ratings: "A+". See the section entitled "MISCELLANEOUS - Rating" for more information.
Financial Advisor	Cumberland Securities Company, Inc., Knoxville, Tennessee. See the section entitled "MISCELLANEOUS-Financial Advisor; Related parties; Other" herein.
Underwriter....................................	Wells Fargo Bank, National Association, Charlotte, North Carolina.
Bond Counsel	Bass, Berry & Sims PLC, Knoxville, Tennessee.

Book-Entry Only	The Bonds will be issued under the Book-Entry-Only System except as otherwise described herein. For additional information, see the section entitled "BASIC DOCUMENTATION - Book-Entry-Only System"
Registration Agent	Regions Bank, Nashville, Tennessee.
General	The Bonds are being issued in full compliance with applicable provisions of Title 9, Chapter 21, *Tennessee Code Annotated*, as supplemented and revised. See "SECURITIES OFFERED" herein. The Bonds will be issued with CUSIP numbers and delivered through the facilities of The Depository Trust Company, New York, New York.
Disclosure	In accordance with Rule 15c2-12 promulgated under the Securities Exchange Act of 1934 as amended, the County will provide the Municipal Securities Rulemaking Board (the "MSRB") through the operation of the Electronic Municipal Market Access system ("EMMA") and the State Information Depository ("SID"), if any, annual financial statements and other pertinent credit or event information, including Comprehensive Annual Financial Reports, see the section entitled "MISCELLANEOUS-Continuing Disclosure."
Other Information	The information in this *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. For more information concerning the County or this *Official Statement* contact E.L. Morton, County Mayor, P.O. Box 435, Jacksboro, Tennessee 37757, Telephone: (423) 562-2526; or the County's Financial Advisor, Cumberland Securities Company, Inc., Telephone: (865) 988-2663.

GENERAL FUND BALANCES
For the Fiscal Year Ended June 30

	2012	2013	2014	2015	2016
Beginning Fund Balance	$3,825,519	$3,557,005	$3,906,536	$3,798,927	$4,119,842
Revenues	13,247,805	13,244,015	12,714,622	13,975,875	15,087,927
Expenditures	13,668,967	13,055,066	13,023,368	13,784,768	14,358,656
Other Financing Sources:					
Insurance Recovery	7,606	928	12,503	11,312	21,448
Transfers In	144,942	159,654	126,750	118,496	102,401
Transfers Out	-	-	(38,116)	-	-
Note Proceeds	-	-	-	-	-
Net Change in Fund Balances	(268,614)	349,531	(107,609)	320,915	853,120
Ending Fund Balance	**$3,557,005**	**$3,906,536**	**$3,798,927**	**$4,119,842**	**$4,972,962**

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

$9,055,000
CAMPBELL COUNTY, TENNESSEE
General Obligation Refunding Bonds, Series 2017

SECURITIES OFFERED

AUTHORITY AND PURPOSE

This OFFICIAL STATEMENT which includes the Summary Statement hereof and appendices hereto, is furnished in connection with the offering by Campbell County, Tennessee (the "County") of $9,055,000 General Obligation Refunding Bonds, Series 2017 (the "Bonds").

The Bonds are authorized to be issued pursuant to the provisions of Sections 9-21-101 et. seq., *Tennessee Code Annotated*, and other applicable provisions of law and pursuant to a resolution duly adopted by the Board of Commissioners of the County on April 17, 2017 (the "Resolutions").

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

REFUNDING PLAN

The County is proposing to refinance the County's outstanding General Obligation Bonds, Series 2008A, dated April 23, 2008, maturing June 1, 2018 and thereafter (the "Outstanding 2008A Bonds") and its General Obligation Bonds, Series 2009A, dated April 15, 2009, maturing June 1, 2020 through June 1, 2022, inclusive (the "Outstanding Series 2009A Bonds") (collectively, the "Outstanding Bonds"). The Outstanding Series 2008A Bonds will be called for redemption on June 1, 2017 at par plus accrued interest and the Outstanding Series 2009A Bonds will be called for redemption on June 1, 2018 at par plus accrued interest.

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

DESCRIPTION OF THE BONDS

The Bonds will be dated and bear interest from their date of issuance and delivery May 19, 2017. Interest on the Bonds will be payable semi-annually on June 1 and December 1, commencing December 1, 2017. The Bonds are issuable in book-entry-only form in $5,000 denominations or integral multiples thereof as shall be requested by each respective registered owner.

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

SECURITY

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

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

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

QUALIFIED TAX-EXEMPT OBLIGATIONS

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

OPTIONAL REDEMPTION OF THE BONDS

The Bonds maturing June 1, 2023 and thereafter are subject to optional redemption prior to maturity on or after June 1, 2022 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.

NOTICE OF REDEMPTION

Notice of call for redemption 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.

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

BOOK-ENTRY-ONLY SYSTEM

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

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

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

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

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

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

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

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

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

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

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

DISCONTINUANCE OF BOOK-ENTRY-ONLY SYSTEM

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

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

Indirect Participants or the Beneficial Owners or (iii) any other action taken by DTC or its partnership nominee as owner of the Bonds.

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

DISPOSITION OF BOND PROCEEDS

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

(a) an amount, which together with investment earnings thereon and other legally available funds of the County, if any, will be sufficient to pay principal of, premium, if any, and interest on the Outstanding Bonds until and through the redemption date therefor shall be transferred to the escrow agent under the refunding escrow agreement to be deposited to the escrow fund established thereunder to be held and applied as provided therein or with respect to the Outstanding Bonds to be held to the earliest optional redemption date; and

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

DISCHARGE AND SATISFACTION OF BONDS

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

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

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

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

and if the County shall also pay or cause to be paid all other sums payable hereunder by the County with respect to such Bonds, or make adequate provision therefor, and by resolution of the Governing

Body instruct any such Escrow Agent to pay amounts when and as required to the Registration Agent for the payment of principal of and interest on such Bonds when due, then and in that case the indebtedness evidenced by such Bonds shall be discharged and satisfied and all covenants, agreements and obligations of the County to the holders of such Bonds shall be fully discharged and satisfied and shall thereupon cease, terminate and become void.

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

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

REMEDIES OF BONDHOLDERS

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

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

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

LEGAL MATTERS

LITIGATION

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

TAX MATTERS

Federal

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

- is excluded from a bondholder's federal gross income under the Internal Revenue Code of 1986, as amended (the “Code”),
- is not a preference item for a bondholder under the federal alternative minimum tax, and
- is included in the adjusted current earnings of a corporation under the federal corporate alternative minimum tax.

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

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

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

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

Bond Counsel is not responsible for updating its opinion in the future. It is possible that future events or changes in applicable law could change the tax treatment of the interest on the Bonds or affect the market price of the Bonds. See also "Changes in Federal and State Law" below in this heading.

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

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

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

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

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

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

State Taxes

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

CHANGES IN FEDERAL AND STATE TAX LAW

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

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

CLOSING CERTIFICATES

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

APPROVAL OF LEGAL PROCEEDINGS

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

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MISCELLANEOUS

RATING

S&P Global Ratings ("S&P") has given the Bonds the rating of "A+".

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

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

COMPETITIVE PUBLIC SALE

The Bonds were offered for sale at competitive public bidding on April 27, 2017. Details concerning the public sale were provided to potential bidders and others in the *Preliminary Official Statement* that was dated April 18, 2017.

The successful bidder for the Bonds was an account led by Wells Fargo Bank National Association, Charlotte, North Carolina (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 $9,455,655.92 (consisting of the par amount of the Bonds, plus a reoffering premium of $448,380.75 and less an underwriter's discount of $47,724.83) or 104.425% of par.

FINANCIAL ADVISOR; RELATED PARTIES; OTHER

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

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

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

Cumberland Securities Company, Inc. distributed the *Preliminary Official Statement*, in final form, and the *Official Statement*, in final form on behalf of the County and will be compensated and/or reimbursed for such distribution and other such services.

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

ADDITIONAL DEBT

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

DEBT LIMITATIONS

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

DEBT RECORD

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

CONTINUING DISCLOSURE

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

Five-Year History of Filing. In the past five years, the County has filed its Annual Reports at www.emma@msrb.org under the base CUSIP Number 134303 which is the base CUSIP Number for the County; however, the County inadvertently failed to also file such Annual Reports under the CUSIP Number of certain conduit issuers of bonds for which the County was an obligated person. The County has now additionally filed its Annual Reports for all outstanding bonds for which it is an obligated person under the conduit issuer's CUSIP Number. While it is believed that all appropriate filings were made with respect to the ratings of the County's outstanding bond issues, some of which were insured by the various municipal bond insurance companies, no absolute assurance can be made that all such rating changes of the bonds or various insurance companies which insured some transaction were made or made in a timely manner as required by Rule 15c2-12. The County does not deem any of the forgoing omissions to be material, and therefore, in the judgment of the County, for the past five years, the County has complied in all material respects with its existing continuing disclosure agreements in accordance with Rule 15c2-12.

Content of Annual Report. The County's Annual Report shall contain or incorporate by reference the General Purpose Financial Statements of the County for the fiscal year, prepared in accordance with generally accepted accounting principles, provided, however, if the County's audited financial statements are not available by the time the Annual Report is required to be filed, the Annual Report shall contain unaudited financial statements in a format similar to the financial statements contained herein, and the audited financial statements shall be filed on a timely basis 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 Obligation as of the end of such fiscal year as shown on page B-11;

4. The Fund Balances and Retained Earnings for the fiscal year as shown on page B-12;

5. Summary of Revenues, Expenditures and Changes in Fund Balances - General Fund for the fiscal year as shown on page B-13;

6. The estimated assessed value of property in the County for the tax year ending in such fiscal year and the total estimated actual value of all taxable property for such year as shown on page B-19;

7. Property tax rates and tax collections of the County for the tax year ending in such fiscal year as well as the uncollected balance for such fiscal year as shown on page B-20; and

8. The ten largest taxpayers as shown on page B-20.

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

Reporting of Significant Events. The County will file notice regarding material events with the MSRB and the SID, if any, as follows:

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

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

3. The following are the Listed Events:

   a. Principal and interest payment delinquencies;

   b. Non-payment related defaults, if material;

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

   d. Unscheduled draws on credit enhancements reflecting financial difficulties;

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

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

   g. Modifications to rights of Bondholders, if material;

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

   i. Defeasances;

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

   k. Rating changes;

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

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

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

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

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

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

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

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

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

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

ADDITIONAL INFORMATION

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

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

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

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

The County has deemed this OFFICIAL STATEMENT as “final” as of its date within the meaning of 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

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 Campbell County, Tennessee (the "Issuer") of the $9,055,000 General Obligation Refunding Bonds, Series 2017 (the "Bonds") dated May 19, 2017. We have examined the law and such certified proceedings and other papers as we deemed necessary to render this opinion.

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

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

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

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

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

4. Interest on the Bonds is excluded from gross income for federal income tax purposes and is not an item of tax preference for purposes of the federal alternative minimum tax imposed on individuals and corporations; however, for purposes of computing the alternative minimum tax imposed on certain corporations, such interest is taken into account in determining adjusted current earnings. The opinion set forth in the preceding sentence is subject to the condition that the Issuer comply with all requirements of the Internal Revenue Code of 1986, as amended, that must be satisfied subsequent to the issuance of the Bonds in order that interest thereon be, or continue to be, excluded from gross income for federal income tax purposes. Failure to comply with certain of such requirements could cause interest on the Bonds to be so included in gross income retroactive to the date of issuance of the Bonds. The Issuer has covenanted to comply with all such requirements. Except as set forth in this Paragraph 4 and Paragraph 6 below, we express no opinion regarding 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.

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

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

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

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

Yours truly,

APPENDIX B

SUPPLEMENTAL INFORMATION STATEMENT

GENERAL INFORMATION

LOCATION

Campbell County (the "County") is located in the northeastern portion of the State of Tennessee between the Cumberland Mountains and foothills of the Great Smoky Mountains. Claiborne County and Union County make up the eastern border of Campbell County. To the south, the County is bordered by Anderson County and to the west by Scott County. The State of Kentucky makes up the northern border of Campbell County. The Town of Jacksboro serves as the county seat and is located 35 miles northeast of Knoxville. The City of LaFollette is another incorporated city in the County.

GENERAL

The County has a land area of approximately 447 square miles or 286,080 acres. The principal industries in the County are light manufacturing in general and involve metal components and fabrication in specific. The textile industry also retains a solid position in the County's employment structure. Natural resources composed of our timber, coal limestone, and iron ore are economic staples and vital to the employment base. Twenty-eight percent (28%) of the land area is devoted to farming, with primary agricultural interests being cattle, swine, tobacco, potatoes, hay and corn.

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

The County is also part of the Knoxville-Sevierville-Harriman Combined Statistical Area (the "CSA"). According to the 2010 Census, the CSA had a population of 1,056,442. The CSA includes Roane, Anderson, Blount, Knox, Loudon, Union, Grainger, Hamblen, Jefferson, Campbell, Cocke and Sevier Counties. The City of Knoxville is the largest city in the CSA with a population of 178,874 according to the 2010 Census. The Town of Jacksboro has a population of 12,020 according to the 2010 Census. The County has a population of 40,716, according to the 2010 Census.

TRANSPORTATION

Transportation facilities are provided by the CSX Railway, U.S. Highway 25-W, State and County Highways 63 and 90, and by Interstate Highway 75, which traverses the County. Campbell County also is served by its own airport with an asphalt runway of over 3,500 feet in length. The nearest commercial airport is the McGhee Tyson Airport 41 miles away in Knoxville.

EDUCATION

The Campbell County Board of Education operates thirteen schools: eight elementary schools, two middle schools, two high schools and an adult high school in the County. The school system had a fall 2015 enrollment of 5,744 with about 391 teachers.

Source: Tennessee Department of Education.

Campbell County has many opportunities for higher education. Lincoln Memorial University is only 30 miles away in Harrogate, and the University of Tennessee-Knoxville campus is only a brief drive down Interstate I-75 South (35 miles).

The Tennessee Technology Center at Jacksboro. The Tennessee Technology Center at Jacksboro is part of a statewide system of 26 vocational-technical schools. The Tennessee Technology Center meets a Tennessee mandate that no resident is more than 50 miles from a vocational-technical shop. The institution's primary purpose is to meet the occupational and technical training needs of the citizens including employees of existing and prospective businesses and industries in the region. The Technology Center at Jacksboro serves the northeast region of the state including Campbell and Union Counties. The Technology Center at Jacksboro began operations in 1967, and the main campus is located in Campbell County. Fall 2014 enrollment was 325 students.

Source: Tennessee Technology Centers.

Roane State Community College Campbell County Branch. 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 2016 enrollment was about 5,636 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.

HEALTHCARE

There are two hospitals that serve the County. *Jellico Community Hospital*, opened since 1974, operates as a nonprofit acute care facility with 54 beds under the direction of the Adventist Health System.

LaFollette Medical Center is part of the Tennova Healthcare system and is located in Lafollette. It has 66 beds with 116 doctors and just recently finished a $5 million renovation and expansion project. The hospital offers a full array of medical services such as a 24-hour emergency department, general surgery and state-of-the-art diagnostic equipment like MRI, CT, nuclear medicine, x-ray and mammography.

Source: Knoxville News Sentinel.

MANUFACTURING AND COMMERCE

Campbell County is home to several industrial parks. Campbell County Industrial Park Jacksboro consists of a total of 120,000 square feet on 20 acres. Campbell County Industrial Park Mueller Building consists of a total of 63,000 square feet on 12 acres. The Hollingsworth Industrial Park is located near Jacksboro, and the Oswego Industrial Park is located near Jellico in the northern area of the County. The City of Caryville has two industrial parks complete with infrastructure. The Collins Industrial Park is located adjoining Interstate 75 on 20 acres and the McGee Industrial Park near Highway 25W and Interstate 75. The City of LaFollette also has a fifteen-acre industrial site available for private development.

In addition to existing Industrial Parks, Campbell County has two new parks each within five minutes of access to Interstate 75. These parks have elaborate infrastructure in place to include roads, natural gas, electrical service, water and sewage. Both are within corporate limits and are served with fire and police protection.

Campbell County also has sites available in the Oswego Industrial Park, near Jellico, TN and supports marketing efforts by the City of LaFollette in promoting their business park property.

The following is a list of the larger employers located in the City and the County:

Company	Product	Employment
Campbell County School System*	Education	411
WalMart	Retail	330
A & S Building Systems	Prefabricated Steel Buildings	300
Campbell County Government	County Government	290
LaFollette Medical Center	Medical Center	275
Advance Food	Frozen Food Processor	225
Camel Manufacturing	Canvas	183
Jellico Community Hospital	Medical Center	175
B/S/H Home Appliance Corp.	Barbeque Equipment	125
Natural Sorb	Defense Dept. Sewn Products	110
Masco Corp.	Refrigeration	95
Muller Gas	Gas Burners	87
City of Lafollette	Government	84
Matix Corp.	Automotive Parts	80

* Includes Teachers and Administrators only.
Source: Department of Economic Development.

EMPLOYMENT INFORMATION

For the month of January 2017, the unemployment rate for the County stood at 8.5% with 13,710 persons employed out of a labor force of 14,980.

The Knoxville MSA's unemployment for January 2017was at 5.4% with 390,200 persons employed out of a labor force of 412,560. As of January 2017, the unemployment rate in the Knoxville-Sevierville-Harriman CSA stood at 6.0%, representing 497,220 persons employed out of a workforce of 529,200.

Unemployment

	Annual Average **2011**	Annual Average **2012**	Annual Average **2013**	Annual Average **2014**	Annual Average **2015**
National	8.9%	8.1%	7.4%	6.2%	5.3%
Tennessee	9.2%	8.0%	8.2%	6.7%	5.8%
Campbell County	**11.5%**	**10.5%**	**10.8%**	**9.4%**	**8.1%**
Index vs. National	129	129	146	152	153
Index vs. State	125	130	132	140	140
Knoxville MSA	**7.3%**	**6.6%**	**6.9%**	**6.2%**	**5.4%**
Index vs. National	82	81	93	100	102
Index vs. State	79	82	84	93	93
Knoxville-Sevierville-Harriman CSA	**8.3%**	**7.5%**	**7.7%**	**6.5%**	**6.5%**
Index vs. National	93	93	104	105	123
Index vs. State	90	94	94	97	112

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

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ECONOMIC DATA

Per Capita Personal Income

	2011	2012	2013	2014	2015
National	$42,453	$44,267	$44,462	$46,414	$48,112
Tennessee	$37,452	$38,771	$38,806	$40,233	$42,094
Campbell County	**$28,008**	**$28,944**	**$29,353**	**$29,636**	**$30,981**
Index vs. National	66	65	66	64	64
Index vs. State	75	75	76	74	74
Knoxville MSA	**$36,331**	**$37,981**	**$37,764**	**$39,188**	**$40,870**
Index vs. National	86	86	85	84	85
Index vs. State	97	98	97	97	97
Knoxville-Sevierville-Harriman CSA	**$34,882**	**$36,329**	**$36,275**	**$37,595**	**$39,187**
Index vs. National	82	82	82	81	81
Index vs. State	93	94	93	93	93

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

Social and Economic Characteristics

	National	Tennessee	Campbell County	LaFollette
Median Value Owner Occupied Housing	$178,600	$142,100	$89,400	$73,800
% High School Graduates or Higher Persons 25 Years Old and Older	86.70%	85.50%	72.2%	70.1%
% Persons with Income Below Poverty Level	13.50%	16.70%	26.2%	31.9%
Median Household Income	$53,889	$45,219	$32,028	$25,330

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

RECREATION

There are several parks in the County. Each of these parks makes available the full menu of traditional, recreational activities. There are also numerous privately operated recreational facilities available that include sites such as Deerfield, with its own landing strip providing visitors the opportunity to fly in and taxi to their own condo or take their golf cart to the first hole to tee off.

Chuck Swan Wildlife Management Area. Chuck Swan encompasses 24,444 acres of Union and Campbell counties in the ridge and valley section of East Tennessee. The area is located between the Clinch River arm and the Powell River arm of Norris Lake. The property is jointly managed by TWRA and the Tennessee Division of Forestry (TDF). The area has a fifty-yard and a one hundred-yard firing range. Camping is permitted in three designated campgrounds on the area located near the checking station.

Source: Tennessee Wildlife Resources Agency.

Cove Lake State Park. Located in Campbell County, Cove Lake's 673 acres are situated in a beautiful mountain valley setting on the eastern edge of the Cumberland Mountains. Year-round fishing is permitted on 210-acre Cove Lake. There are scenic nature trails and bike trails leading through the open grasslands and woodlands. In the winter, several hundred Canada Geese make this lakeshore their feeding ground. Nearby is the Devil's Race Track whose steep pinnacle rock affords a panoramic view. The park has an indoor pavilion, a restaurant, a swimming pool and many campsites and picnic areas. The Cumberland Trail State Park, the state's only linear park, can be accessed from Cove Lake. The number of visitors in 2015 was over 560,000.

Source: Tennessee State Parks.

Cumberland Gap National Historical Park. Cumberland Gap National Historical Park is a total of 20,463 acres and includes sections in southeastern Kentucky, northeastern Tennessee, and southwestern Virginia. In Tennessee, it is located in Campbell County. This mountain pass on the Wilderness Road, explored by Daniel Boone, developed into a main artery of the great trans-Allegheny migration for settlement of "the Old West" and an important military objective in the Civil War. Visitors to Cumberland Gap can journey back into history by participating in activities including nature hikes, Appalachian music and Saturday evening campfire programs. On a daily basis, visitors can enjoy self-guided hikes, spend time in the visitor center museum and movie theater, or join park rangers on guided tours.

Source: National Park Service.

Cumberland Trail State Park. The Cumberland Trail is the state's only linear park. Opened in 2016, the trail is 300 miles long and cuts through 11 Tennessee counties from the Cumberland Gap National Historic Park on the Tennessee-Virginia-Kentucky border, to the Signal Point near Chattanooga. The trail is divided into 15 segments. It can be accessed in Campbell County through Cove Lake State Park in Caryville. The Cumberland Trail wanders among the remnants of the Cumberland Mountains that once rose as high as the Rockies. The trail represented a barrier to all who dared push through storied gaps westward onto and over the Cumberland plateau. It now provides a linkage north to south, forming natural connections and opportunities for scenic vistas and curious geological formations.

Source: Tennessee State Parks.

Indian Mountain State Park. Indian Mountain State Park is a multi-use facility in Campbell County near Tennessee's northern border at the base of Indian Mountain. The park has only 200 acres but over 297,000 people visit on average each year. In addition to providing camping and recreation opportunities, the 200-acre park is unique in that it was developed on reclaimed strip mine land. Park visitors can enjoy fishing at the two small lakes, picnicking, camping, and two walking trails. The number of visitors in 2015 was over 380,000.

Source: Tennessee State Parks.

Norris Dam, Reservoir and State Park. Tennessee Valley Authority's ("TVA") Norris Dam, the first dam TVA built, is located in neighboring Anderson County on the Clinch River. Norris Reservoir extends 73 miles up the Clinch River and 56 miles up the Powell from Norris Dam. It covers 5 counties: Anderson, Campbell, Union, Claiborne and Grainger Counties. Norris provides 809 miles of shoreline and 33,840 acres of water surface. It is the largest reservoir on a tributary of the Tennessee River. Norris Reservoir is an important component of the system TVA set up to reduce the risks of these disasters. The area around the Clinch River receives more than 45 inches of rain a year. In the past, floodwaters on the Clinch sometimes inundated areas hundreds of miles downstream. The recreational use of Norris Reservoir exceeds that of any other tributary reservoir in the TVA river system. Water sports at Norris include boating, water skiing, swimming, and excellent fishing. The number of visitors in 2015 was over 88,000.

The town of Norris, built to house workers on the dam, was a planned community that became a model for others throughout the nation. It was sold to private owners in 1948. In the 1930s, TVA established demonstration public parks at several locations on Norris Reservoir, including Cove Lake, Big Ridge, and the area around Norris Dam. These parks later became the nucleus of Tennessee's state park system. Norris Dam State Park has 4,000 acres located in Anderson County.

Source: Tennessee Valley Authority and Knoxville News Sentinel.

RECENT DEVELOPMENTS

PACA Body Armor. In March of 2012 PACA Body Armor closed the facility in Jacksboro. About 90 employees were laid off. The company was founded in 1975 and is based in Florida.

Source: WBIR, Knoxville, TN.

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CAMPBELL COUNTY, TENNESSEE
SUMMARY OF BONDED INDEBTEDNESS

General Obligation Bonds

Amount Issued		Purpose	Due Date	Interest Rate(s)	As of June 30, 2016 Outstanding (1)
$ 500,000		Capital Outlay Notes, Series 2008	Nov. 2020	Fixed	$ 187,498
3,025,000		General Obligation Bonds, Series 2008A	June 2027	Fixed	2,675,000
8,200,000		General Obligation Refunding Bonds, Series 2008B	June 2026	Fixed	8,050,000
10,375,000		General Obligation Refunding Bonds, Series 2009A	June 2022	Fixed	8,375,000
5,500,000		General Obligation Bonds, Series 2010A (Federally Taxable Build America Bonds)	June 2030	Fixed	5,375,000
10,125,000		General Obligation Bonds, Series 2010B (Federally Taxable Build America Bonds)	June 2031	Fixed	10,075,000
2,000,000		General Obligation Bonds, Series 2011	June 2032	Fixed	1,975,000
6,460,000		General Obligation Refunding Bonds, Series 2014	June 2019	Fixed	3,770,000
4,160,000	(2)	General Obligation Bonds, Series 2012	May 2027	Fixed	3,480,000
1,387,088	(2)	Loan Agreement, Series 2012 (EESI)	June 2022	Zero	809,138
1,670,000	(2)	General Obligation Bonds, Series 2013 (Taxable)	June 2028	Fixed	1,385,000
500,000		Capital Outlay Note, Series 2013-A	June 2019	Fixed	300,000
100,000		Capital Outlay Note, Series 2014-A	May 2017	Fixed	33,332
$ 53,902,088		EXISTING BONDED DEBT			$ 46,489,968
$ 9,055,000		General Obligation Refunding Bonds, Series 2017	June 2026	Fixed	9,055,000
(9,175,000)		Less: Bonds Being Refunded			(9,175,000)
$ 53,782,088		NET GENERAL OBLIGATION BONDED DEBT			$ 46,369,968

NOTES:

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

(2) Payable by the school department.

CAMPBELL COUNTY, TENNESSEE

Indebtedness and Debt Ratios

INTRODUCTION

The information set forth in the following table is based upon information derived in part from the Annual Financial Report and the table should be read in conjunction with those statements. The table does not include future funding plans whether disclosed or not in this document.

	For Fiscal Year Ended June 30					After Issuance
INDEBTEDNESS	**2012**	**2013**	**2014**	**2015**	**2016**	**2017**
TAX SUPPORTED						
General Obligation Bonds & Notes	$53,936,255	$53,662,761	$50,887,386	$49,040,230	$46,489,968	$46,369,968
TOTAL TAX SUPPORTED	$53,936,255	$53,662,761	$50,887,386	$49,040,230	$46,489,968	$46,369,968
REVENUE SUPPORTED	$0	$0	$0	$0	$0	$0
TOTAL REVENUE SUPPORTED	$0	$0	$0	$0	$0	$0
TOTAL DEBT	$53,936,255	$53,662,761	$50,887,386	$49,040,230	$46,489,968	$46,369,968
Less: Revenue Supported Debt	$0	$0	$0	$0	$0	$0
Less: Debt Service Fund	(1,968,032)	(1,919,192)	(1,959,410)	(1,458,958)	(1,697,550)	(1,697,550)
NET DIRECT DEBT	$51,968,223	$51,743,569	$48,927,976	$47,581,272	$44,792,418	$44,672,418

PROPERTY TAX BASE						
Estimated Actual Value	$2,832,509,777	$2,835,027,994	$2,817,864,123	$2,707,664,661	$2,732,126,322	$2,732,126,322
Appraised Value	2,832,509,777	2,835,027,994	2,817,864,123	2,707,664,661	2,732,126,322	2,732,126,322
Assessed Value	784,023,085	786,991,598	781,136,785	750,246,012	758,120,883	758,120,883

	For Fiscal Year Ended June 30					After Issuance
DEBT RATIOS	**2012**	**2013**	**2014**	**2015**	**2016**	**2017**
TOTAL DEBT to Estimated Actual Value	1.90%	1.89%	1.81%	1.81%	1.70%	1.70%
TOTAL DEBT to Appraised Value	1.90%	1.89%	1.81%	1.81%	1.70%	1.70%
TOTAL DEBT to Assessed Value	6.88%	6.82%	6.51%	6.54%	6.13%	6.12%
NET DIRECT DEBT to Estimated Actual Value	1.83%	1.83%	1.74%	1.76%	1.64%	1.64%
NET DIRECT DEBT to Appraised Value	1.83%	1.83%	1.74%	1.76%	1.64%	1.64%
NET DIRECT DEBT to Assessed Value	6.63%	6.57%	6.26%	6.34%	5.91%	5.89%
PER CAPITA RATIOS						
POPULATION (1)	40,420	40,238	39,918	39,752	39,752	39,752
PER CAPITA PERSONAL INCOME (2)	$28,944	$29,353	$29,636	$30,981	$30,981	$30,981
Estimated Actual Value to POPULATION	$70,077	$70,456	$70,591	$68,114	$68,729	$68,729
Assessed Value to POPULATION	$19,397	$19,558	$19,569	$18,873	$19,071	$19,071
Total Debt to POPULATION	$1,334	$1,334	$1,275	$1,234	$1,170	$1,166
Net Direct Debt to POPULATION	$1,286	$1,286	$1,226	$1,197	$1,127	$1,124
Total Debt Per Capita as a percent of PER CAPITA PERSONAL INCOME	4.61%	4.54%	4.30%	3.98%	3.77%	3.77%
Net Direct Debt Per Capita as a percent of PER CAPITA PERSONAL INCOME	4.44%	4.38%	4.14%	3.86%	3.64%	3.63%

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

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

CAMPBELL COUNTY, TENNESSEE

Debt Service Schedule - Includes Notes Supported by School Department

F.Y. Ended 6/30	Existing Debt (1) As of June 30, 2016 Principal	Interest	Rebate	TOTAL	Less: Bonds Being Refunded Principal	Interest	TOTAL
2017	$ 2,508,707	$ 1,981,253	$ (300,554)	$ 4,189,406	$ -	$ -	$ -
2018	2,630,375	1,900,181	(300,001)	4,230,555	(50,000)	(372,000)	(422,000)
2019	2,815,375	1,809,226	(299,448)	4,325,153	(75,000)	(369,500)	(444,500)
2020	2,785,375	1,711,528	(298,895)	4,198,008	(2,125,000)	(365,750)	(2,490,750)
2021	2,974,538	1,612,321	(298,342)	4,288,517	(2,275,000)	(280,000)	(2,555,000)
2022	3,095,598	1,506,896	(297,484)	4,305,010	(2,375,000)	(189,000)	(2,564,000)
2023	2,900,000	1,395,164	(296,539)	3,998,625	(75,000)	(94,000)	(169,000)
2024	3,210,000	1,288,379	(295,594)	4,202,785	(125,000)	(91,000)	(216,000)
2025	3,390,000	1,165,486	(294,649)	4,260,837	(175,000)	(85,938)	(260,938)
2026	3,455,000	1,035,424	(293,704)	4,196,720	(1,500,000)	(78,850)	(1,578,850)
2027	3,505,000	884,186	(274,489)	4,114,697	(400,000)	(16,600)	(416,600)
2028	3,305,000	710,618	(224,702)	3,790,916	-	-	-
2029	3,325,000	530,943	(163,710)	3,692,233	-	-	-
2030	3,450,000	347,568	(100,579)	3,696,989	-	-	-
2031	2,360,000	156,380	(34,713)	2,481,667	-	-	-
2032	780,000	31,200	-	811,200	-	-	-
	$ 46,489,968	$ 18,066,750	$ (3,773,403)	$ 60,783,316	$ (9,175,000)	$ (1,942,638)	$ (11,117,638)

F.Y. Ended 6/30	General Obligation Refunding Bonds, Series 2017 Principal	Gross Interest (2)	TOTAL	% Principal 2017 Bonds Repaid	Total Bonded Debt Service Requirements (1) Principal	Interest	Rebate	TOTAL	% Principal All Debt Repaid
2017	$ -	$ -	$ -	0.00%	$ 2,508,707	$ 1,981,253	$ (300,554)	$ 4,189,406	5.41%
2018	155,000	262,396	417,396		2,735,375	1,790,576	(300,001)	4,225,950	
2019	190,000	249,281	439,281		2,930,375	1,689,007	(299,448)	4,319,934	
2020	2,240,000	243,581	2,483,581		2,900,375	1,589,359	(298,895)	4,190,839	
2021	2,260,000	176,381	2,436,381	53.51%	2,959,538	1,508,702	(298,342)	4,169,898	30.27%
2022	2,260,000	108,581	2,368,581		2,980,598	1,426,478	(297,484)	4,109,591	
2023	125,000	40,781	165,781		2,950,000	1,341,945	(296,539)	3,995,406	
2024	175,000	38,281	213,281		3,260,000	1,235,660	(295,594)	4,200,066	
2025	225,000	34,781	259,781		3,440,000	1,114,330	(294,649)	4,259,681	
2026	1,425,000	30,281	1,455,281	100.00%	3,380,000	986,855	(293,704)	4,073,151	64.79%
2027	-	-	-		3,105,000	867,586	(274,489)	3,698,097	
2028	-	-	-		3,305,000	710,618	(224,702)	3,790,916	
2029	-	-	-		3,325,000	530,943	(163,710)	3,692,233	
2030	-	-	-		3,450,000	347,568	(100,579)	3,696,989	
2031	-	-	-		2,360,000	156,380	(34,713)	2,481,667	98.32%
2032	-	-	-		780,000	31,200	-	811,200	100.00%
	$ 9,055,000	$ 1,184,346	$ 10,239,346		$ 46,369,968	$ 17,308,458	$ (3,773,403)	$ 59,905,024	

NOTES:

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

(1) Average Coupon 2.6616%.

FINANCIAL INFORMATION

INTRODUCTION

As required by generally accepted accounting principles (GAAP), all County funds and account groups are organized according to standards established by the Government Accounting Standards Board (GASB). The County's financial reporting system is designed to provide timely, accurate feedback on the County's overall financial position and includes, at a minimum, quarterly reports to the County Commission. All County financial statements are audited annually by independent certified public accountants.

FUND BALANCES AND RETAINED EARNINGS

The County maintains fund balances or retained earnings in most major operating funds. Additionally, several reserves have been established to address specific needs of the County.

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

	For the Fiscal Year Ended June 30				
Fund Type	**2012**	**2013**	**2014**	**2015**	**2016**
Governmental Funds:					
General	$ 3,557,005	$ 3,906,536	$ 3,798,927	$4,119,842	$ 4,972,962
Highway/Public Works	575,047	951,413	1,294,227	927,932	1,508,062
General Debt Service	1,968,032	1,919,192	1,959,410	1,458,958	1,697,550
Other Governmental	12,358,720	6,234,391	4,118,867	2,403,231	3,130,907
Total	**$18,458,804**	**$13,011,532**	**$11,171,431**	**$8,909,963**	**$11,309,481**

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

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CAMPBELL COUNTY, TENNESSEE

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

	For Fiscal Year Ending June 30,				
	2012	**2013**	**2014**	**2015**	**2016**
Revenues:					
Local taxes	$ 6,793,230	$ 6,768,331	$ 6,754,626	$ 8,128,723	$ 8,580,079
Licenses and Permits	146,943	183,347	154,986	120,181	173,100
Fines, Forfeitures and penalties	236,113	243,122	284,903	209,171	222,829
Charges for current services	366,088	331,422	188,879	146,781	157,125
Other Local Revenues	77,402	135,393	108,582	92,786	124,037
Fees Received From County Officials	1,692,565	1,712,907	1,692,473	1,697,688	1,763,471
State of Tennessee	3,330,813	3,410,807	2,995,506	3,084,563	3,166,880
Federal Government	269,744	102,334	139,277	71,218	521,835
Other Govmt & Citizens Groups	334,907	356,352	395,390	424,764	378,571
Total Revenues	$ 13,247,805	$ 13,244,015	$ 12,714,622	$ 13,975,875	$ 15,087,927
Expenditures and Other Uses:					
General government	$ 1,802,294	$ 1,512,176	$ 1,421,934	$ 1,565,328	$ 1,473,916
Finance	2,530,186	2,452,313	2,498,741	2,523,274	2,452,091
Administration of Justice	1,214,102	1,215,996	1,245,407	1,245,447	1,229,611
Public Safety	6,296,739	6,158,320	5,934,537	6,524,968	7,263,706
Public Health & Welfare	1,011,255	965,917	1,022,612	1,056,723	1,033,359
Social, Cultural, & Recreational Services	219,839	194,674	194,201	182,850	166,995
Agricultural & Natural Resources	53,506	51,501	44,434	49,810	45,615
Other Operations	527,626	504,169	661,502	636,368	693,363
Debt Service	10,818	-	-	-	-
Capital Projects	2,602	-	-	-	-
Total Expenditures	$ 13,668,967	$ 13,055,066	$ 13,023,368	$ 13,784,768	$ 14,358,656
Excess (Deficiency) of Revenues					
Over Expenditures	$ (421,162)	$ 188,949	$ (308,746)	$ 191,107	$ 729,271
Other Sources / Uses:					
Note Proceeds	$ -	$ -	$ 100,000	$ -	$ -
Insurance Recovery	7,606	928	12,503	11,312	21,448
Operating transfers in	144,942	159,654	126,750	118,496	102,401
Operating Transfers out	-	-	(38,116)	-	-
Total Expenditures & Other uses	$ 152,548	$ 160,582	$ 201,137	$ 129,808	$ 123,849
Net Change in Fund Balances	$ (268,614)	$ 349,531	$ (107,609)	$ 320,915	$ 853,120
Fund Balance July 1	3,825,619	3,557,005	3,906,536	3,798,927	4,119,842
Residual Equity Transfers	-	-	-	-	-
Fund Balance June 30	**$ 3,557,005**	**$ 3,906,536**	**$ 3,798,927**	**$ 4,119,842**	**$ 4,972,962**

Source: Comprehensive Annual Financial Report for Campbell County, Tennessee

BASIS OF ACCOUNTING AND PRESENTATION

All governmental funds are accounted for using the modified accrual basis of accounting. Revenues are recognized when they become measurable and available as a net current asset. Expenditures are generally recognized when the related fund liability is incurred. Exceptions to this general ruling include: (1) sick pay which is not accrued, (2) principal and interest on general long-term debt which is recognized when due, and (3) inventory purchases which are not recognized until the inventory item has been used.

BUDGETARY PROCESS

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

INVESTMENT AND CASH MANAGEMENT PRACTICES

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

REAL PROPERTY ASSESSMENT, TAX LEVY AND COLLECTION PROCEDURES

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

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

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

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

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

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

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

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

County Taxation of Property

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

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

Assessment of Property

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

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

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

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

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

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

Periodic Reappraisal and Equalization

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

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

Valuation for Property Tax Purposes

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

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

Certified Tax Rate

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

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

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

Tax Freeze for the Elderly Homeowners

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

Tax Collection and Tax Lien

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

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

Assessed Valuations. According to the Tax Aggregate Report, property in the County reflected a ratio of appraised value to true market value of 1.00. The table on the following page shows pertinent data for tax year 2015[1].

Class	Estimated Assessed Valuation	Assessment Rate	Estimated Actual Valuation
Public Utilities	$ 32,202,145	55%	$ 73,727,998
Commercial and Industrial	147,490,680	40%	368,726,700
Personal Tangible Property	36,060,683	30%	120,202,124
Residential and Farm	542,367,375	25%	2,169,469,500
Total	**$758,120,883**		**$2,732,126,322**

Source: 2015 Tax Aggregate Report of Tennessee and the County.

The estimated assessed value of property in the County for the fiscal year ending June 30, 2016 (tax year 2015) is $758,120,883 compared to $750,246,012 for the fiscal year ending June 30, 2015 (tax year 2014). The estimated actual value of all taxable property for tax year 2015 is $2,732,126,322 compared to $2,707,664,661 for tax year 2014.

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[1] The tax year coincides with the calendar year; therefore tax year 2015 is actually fiscal year 2015-2016.

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

PROPERTY TAX RATES AND COLLECTIONS				**Fiscal Yr Collections**		**Aggregate Uncollected Balance**	
Tax Year	**Assessed Valuation**	**Tax Rates**	**Taxes Levied**	**Amount**	**Pct**	**As of June 30, 2016 Amount**	**Pct**
2012	$780,380,896	$1.76	$13,869,333	$12,467,584	89.9%	N/A	
2013	781,136,785	1.76	13,749,836	12,433,254	90.4%	N/A	
2014	750,246,012	1.99	14,877,516	13,623,420	91.6%	N/A	
2015	758,120,883	2.25	16,977,369	15,624,621	92.0%	1,352,748	8.0%
2016	759,435,314	2.25	17,024,569	**IN PROGRESS**			

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

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

	Taxpayer	**Business Type**	**Assessment**	**Taxes Paid**
1.	CSX	Railroad	$ 8,469,152	$ 190,556
2.	Haskel Ayers, etc.	Real Estate	8,427,385	189,643
3.	Norfolk Southern	Railroad	6,639,645	149,391
4.	Tennova/LaFollette Med.	Medical	6,562,334	147,653
5.	Walmart	Retail	5,199,915	116,998
6.	Bell South	Telecommunications	4,471,753	100,615
7.	BSH	Manufacturing	4,223,266	95,023
8.	Woodson's Cash Stores	Retail	3,489,570	78,438
9.	Campos	Manufacturing	3,447,919	77,577
10.	Matix	Manufacturing	3,034,757	68,283
	TOTAL		**$53,965,696**	**$1,214,177**

Source: The County.

PENSION PLANS

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

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

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APPENDIX C

GENERAL PURPOSE FINANCIAL STATEMENTS

OF

CAMPBELL COUNTY, TENNESSEE

FOR THE FISCAL YEAR ENDED

JUNE 30, 2016

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

ANNUAL FINANCIAL REPORT

CAMPBELL COUNTY, TENNESSEE

FOR THE YEAR ENDED JUNE 30, 2016

TENNESSEE
COMPTROLLER
OF THE TREASURY

DIVISION OF LOCAL GOVERNMENT AUDIT

ANNUAL FINANCIAL REPORT

CAMPBELL COUNTY, TENNESSEE

FOR THE YEAR ENDED JUNE 30, 2016

COMPTROLLER OF THE TREASURY
JUSTIN P. WILSON

DIVISION OF LOCAL GOVERNMENT AUDIT
JAMES R. ARNETTE
Director

MARK TREECE, CPA, CGFM
Audit Manager

AMY SOSVILLE, CPA
Auditor 4

ANDREW WAY, CPA
STEPHEN ALRED
JAKE ROGERS
ISABELLA DANIELS
DOUG SANDIDGE, CISA, CFE
State Auditors

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

CAMPBELL COUNTY, TENNESSEE
TABLE OF CONTENTS

Summary of Audit Findings

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

Scope

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

Results

Our report on the financial statements of Campbell County is unmodified.

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

Findings

The following is a summary of the audit findings:

OFFICE OF TRUSTEE

- The trustee did not require a depository to adequately collateralize funds.

OFFICES OF COUNTY CLERK AND REGISTER OF DEEDS

- Duties were not segregated adequately.

INTRODUCTORY SECTION

Campbell County Officials
June 30, 2016

Officials

E.L. Morton, County Mayor
Ron Dilbeck, Road Superintendent
Larry Nidiffer, Director of Schools
Monty Bullock, Trustee
Brandon Partin, Assessor of Property
Alene Baird, County Clerk
Bobby Vann, Circuit and General Sessions Courts Clerk
Dennis Potter, Clerk and Master
Dormas Miller, Register of Deeds
Robbie Goins, Sheriff
Jeff Marlow, Director of Finance

Board of County Commissioners

E.L. Morton, County Mayor, Chairman
Whit Goins
Sue Nance
Dewayne Kitts
Clifford Kohlymer
Johnny Bruce
Lonnie Welden
Forster Baird
Charles Baird
Marie Ayers
Robert Higginbotham
Lawrence Orick
Scott Stanfield
Ralph Davis
Cliff Jennings
Carl Douglas

Board of Education

Mike Orick, Chairman
Wallace Goins
Johnny Byrge
J.L. Collins
Faye Heatherly
Clint Bane
Danny Wilson
Crystal Creekmore
Homer Rutherford
Sharon Ridenour

Financial Management Committee

Lawrence Orick, Chairman
E.L. Morton, County Mayor
Ron Dilbeck, Road Superintendent
Larry Nidiffer, Director of Schools
Marie Ayers
Johnny Bruce
Dewayne Kitts

Campbell County Officials (Cont.)

Audit Committee

Robert Wormsley
James Cotton
Charles Baird

FINANCIAL SECTION

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

Independent Auditor's Report

Campbell County Mayor and
Board of County Commissioners
Campbell 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 Campbell County, Tennessee, as of and for the year ended June 30, 2016, and the related notes to the financial statements, which collectively comprise the county's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of Campbell County, Tennessee, as of June 30, 2016, 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.

Change in Accounting Principle

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

Emphasis of Matter

We draw attention to Note I.D.9 to the financial statements, which describes an adjustment to increase the beginning Governmental Activities net position of the primary government by $913,011. This adjustment was necessary because certain costs associated with the construction of a justice center and a railroad spur had not been capitalized in prior years. Our opinion is not modified with respect to this matter.

Other Matters

Required Supplementary Information

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

Accounting principles generally accepted in the United States of America require that the schedule of changes in the county's net pension liability and related ratios, schedule of county contributions, schedule of school's proportionate share of the net pension liability, and schedule of funding progress - other postemployment benefits plans on pages 87-94 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 Campbell County's basic financial statements. The introductory section, combining and individual nonmajor fund financial statements, budgetary comparison schedules of nonmajor governmental funds and the General Debt Service Fund, combining and individual fund financial statements of the Campbell County School Department (a discretely presented component unit), and miscellaneous schedules are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The combining and individual nonmajor fund financial statements, budgetary comparison schedules of nonmajor governmental funds and the General Debt Service Fund, combining and individual fund financial statements of the Campbell County School Department (a discretely presented component unit), 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, based on our audit and the procedures performed as described above, the combining and individual nonmajor fund financial statements, budgetary comparison schedules of nonmajor governmental funds and the General Debt Service Fund, combining and individual fund financial statements of the Campbell County School Department (a discretely presented component unit), 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, 2017, on our consideration of Campbell County's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with Government Auditing Standards in considering Campbell County's internal control over financial reporting and compliance.

Very truly yours,

Justin P. Wilson
Comptroller of the Treasury
Nashville, Tennessee

February 10, 2017

JPW/kp

BASIC FINANCIAL STATEMENTS

Exhibit A

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

	Primary Government Governmental Activities	Component Unit Campbell County School Department
ASSETS		
Cash	$ 4,632	$ 31,723
Equity in Pooled Cash and Investments	10,661,110	6,114,400
Inventories	28,353	0
Accounts Receivable	914,764	37,883
Allowance for Uncollectible	(29,270)	0
Due from Other Governments	1,894,233	990,015
Due from Component Units	20,920	0
Property Taxes Receivable	11,987,032	6,293,509
Allowance for Uncollectible Property Taxes	(694,388)	(308,564)
Net Pension Asset - Agent Plan	606,751	276,953
Net Pension Asset - Teacher Retirement Plan	0	12,364
Prepaid Items	34,892	0
Capital Assets:		
Assets Not Depreciated:		
Land	2,128,410	1,284,425
Construction in Progress	1,742,654	56,264
Assets Net of Accumulated Depreciation:		
Buildings and Improvements	22,818,512	47,511,557
Other Capital Assets	2,225,353	1,314,312
Infrastructure	37,947,034	0
Total Assets	$ 92,290,992	$ 63,614,841
DEFERRED OUTFLOWS OF RESOURCES		
Deferred Charge on Refunding	$ 37,263	$ 0
Pension Changes in Experience	0	168,936
Pension Contributions After Measurement Date	562,091	2,011,645
Pension Other Deferrals	0	327,872
Total Deferred Outflows of Resources	$ 599,354	$ 2,508,453
LIABILITIES		
Accounts Payable	$ 151,413	$ 118,975
Accrued Payroll	83,020	16,378
Contracts Payable	415,391	0
Retainage Payable	43,192	0
Accrued Interest Payable	220,986	0
Payroll Deductions Payable	209,050	555,679
Due to Primary Government	0	20,920
Other Collections	74,222	0
Noncurrent Liabilities:		
Due Within One Year	2,944,759	0
Due in More Than One Year	45,625,624	6,228,139
Total Liabilities	$ 49,767,657	$ 6,940,091

(Continued)

Exhibit A

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

	Primary Government	Component Unit
	Governmental Activities	Campbell County School Department
DEFERRED INFLOWS OF RESOURCES		
Deferred Current Property Taxes	$ 10,747,967	$ 5,788,498
Pension Changes in Experience	365,768	3,447,466
Pension Changes in Investment Earnings	314,300	1,501,528
Pension Other Deferrals	0	140,481
Total Deferred Inflows of Resources	$ 11,428,035	$ 10,877,973
NET POSITION		
Net Investment in Capital Assets	$ 52,671,944	$ 50,166,558
Restricted for:		
General Government	27,751	0
Administration of Justice	126,177	0
Public Safety	134,368	0
Public Health and Welfare	1,115,266	0
Other Operations	201,678	0
Highways	388,055	0
Education	0	881,064
Capital Projects	616,955	0
Other Purposes	606,751	0
Unrestricted	(24,194,291)	(2,742,392)
Total Net Position	$ 31,694,654	$ 48,305,230

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

Exhibit B

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

		Program Revenues			Net (Expense) Revenue and Changes in Net Position	
					Primary Government	Component Unit
Functions/Programs	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Total Governmental Activities	Campbell County School Department
Primary Government:						
Governmental Activities:						
General Government	$ 2,695,482	$ 787,814	$ 68,978	$ 215,956	$ (1,622,734)	$ 0
Finance	2,401,656	1,032,644	0	0	(1,369,012)	0
Administration of Justice	1,315,465	1,019,082	9,000	0	(287,383)	0
Public Safety	7,763,681	1,266,691	299,179	151,304	(6,046,507)	0
Public Health and Welfare	6,153,189	2,628,239	865,706	662,809	(1,996,435)	0
Social, Cultural, and Recreational Services	190,886	435	39,671	1,152	(149,628)	0
Agriculture and Natural Resources	45,615	0	0	0	(45,615)	0
Highways	5,882,897	107,837	2,208,797	0	(3,566,263)	0
Education	53,451	49,126	0	0	(4,325)	0
Interest on Long-term Debt	1,914,849	0	0	0	(1,914,849)	0
Total Primary Government	$ 28,417,171	$ 6,891,868	$ 3,491,331	$ 1,031,221	$ (17,002,751)	$ 0
Component Unit:						
Campbell County School Department	$ 48,126,354	$ 206,772	$ 8,042,987	$ 0	$ 0	$ (39,876,595)
Total Component Unit	$ 48,126,354	$ 206,772	$ 8,042,987	$ 0	$ 0	$ (39,876,595)

(Continued)

Exhibit B

Campbell County, Tennessee
Statement of Activities (Cont.)

		Program Revenues			Net (Expense) Revenue and Changes in Net Position	
					Primary Government	Component Unit
Functions/Programs	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Total Governmental Activities	Campbell County School Department
General Revenues:						
Taxes:						
Property Taxes Levied for General Purposes					$ 7,269,861	$ 4,534,441
Property Taxes Levied for Solid Waste					1,813,739	0
Property Taxes Levied for Ambulance Service					128,925	0
Property Taxes Levied for Economic Development					224,445	0
Property Taxes Levied for Highways					816,956	0
Property Taxes Levied for Debt Service					915,141	0
Property Taxes Levied for Capital Projects					1,317,956	0
Local Option Sales Taxes					1,359,244	3,399,463
Other Local Taxes:						
Hotel/Motel Tax					319,184	0
Wheel Tax					0	1,459,950
Litigation Taxes					315,433	0
Business Tax					305,089	0
Mineral Severance Tax					75,564	0
Wholesale Beer Tax					100,088	0
Other Local Taxes					227,442	3,988
Grants and Contributions Not Restricted to Specific Programs					4,459,244	29,804,435
Unrestricted Investment Income					56,777	0
Miscellaneous					122,756	205,132
Total General Revenues					$ 19,827,844	$ 39,407,409
Change in Net Position					$ 2,825,093	$ (469,186)
Net Position July 1, 2015					27,956,550	48,774,416
Prior-period Adjustment See - Note I.D.9.					913,011	0
Net Position, June 30, 2016					$ 31,694,654	$ 48,305,230

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

Exhibit C-1

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

	Major Funds			Nonmajor Funds	
	General	Highway / Public Works	General Debt Service	Other Govern-mental Funds	Total Governmental Funds
ASSETS					
Cash	$ 711	$ 0	$ 0	$ 3,921	$ 4,632
Equity in Pooled Cash and Investments	4,363,764	1,289,292	1,575,784	3,432,270	10,661,110
Inventories	0	28,353	0	0	28,353
Accounts Receivable	118,451	24,047	0	772,266	914,764
Allowance for Uncollectibles	0	0	0	(29,270)	(29,270)
Due from Other Governments	743,831	380,142	279,201	491,059	1,894,233
Due from Other Funds	4,074	0	0	1,350	5,424
Due from Component Units	20,920	0	0	0	20,920
Property Taxes Receivable	7,436,538	433,415	1,083,190	3,033,889	11,987,032
Allowance for Uncollectible Property Taxes	(416,492)	(34,939)	(57,508)	(185,449)	(694,388)
Prepaid Items	0	0	0	34,892	34,892
Total Assets	$ 12,271,797	$ 2,120,310	$ 2,880,667	$ 7,554,928	$ 24,827,702
LIABILITIES					
Accounts Payable	$ 65,552	$ 2,338	$ 0	$ 83,523	$ 151,413
Accrued Payroll	63,399	0	0	19,621	83,020
Payroll Deductions Payable	125,885	30,541	0	52,624	209,050
Contracts Payable	0	0	0	415,391	415,391
Retainage Payable	0	0	0	43,192	43,192
Due to Other Funds	1,350	0	0	4,074	5,424
Other Collections	0	0	0	74,222	74,222
Total Liabilities	$ 256,186	$ 32,879	$ 0	$ 692,647	$ 981,712

(Continued)

Exhibit C-1

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

	Major Funds			Nonmajor Funds	
	General	Highway / Public Works	General Debt Service	Other Govern-mental Funds	Total Governmental Funds
DEFERRED INFLOWS OF RESOURCES					
Deferred Current Property Taxes	$ 6,704,986	$ 363,067	$ 984,838	$ 2,695,076	$ 10,747,967
Deferred Delinquent Property Taxes	286,878	32,242	37,190	139,645	495,955
Other Deferred/Unavailable Revenue	50,785	184,060	161,089	896,653	1,292,587
Total Deferred Inflows of Resources	$ 7,042,649	$ 579,369	$ 1,183,117	$ 3,731,374	$ 12,536,509
FUND BALANCES					
Nonspendable:					
Inventory	$ 0	$ 28,353	$ 0	$ 0	$ 28,353
Prepaid Items	0	0	0	34,892	34,892
Restricted:					
Restricted for General Government	27,751	0	0	0	27,751
Restricted for Administration of Justice	126,177	0	0	0	126,177
Restricted for Public Safety	22,797	0	0	111,571	134,368
Restricted for Public Health and Welfare	44,947	0	0	993,328	1,038,275
Restricted for Other Operations	0	0	0	185,022	185,022
Restricted for Highways/Public Works	0	171,753	0	0	171,753
Restricted for Capital Projects	0	0	0	262,514	262,514
Committed:					
Committed for General Government	11,474	0	0	0	11,474
Committed for Public Health and Welfare	2,500	0	0	542,192	544,692
Committed for Social, Cultural, and Recreational Services	64,254	0	0	0	64,254
Committed for Highways/Public Works	85,217	1,307,956	0	0	1,393,173
Committed for Education	519,843	0	0	0	519,843
Committed for Debt Service	0	0	1,697,550	0	1,697,550
Committed for Capital Projects	0	0	0	717,596	717,596

(Continued)

Exhibit C-1

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

	Major Funds			Nonmajor Funds	
FUND BALANCES (Cont.)	General	Highway / Public Works	General Debt Service	Other Govern-mental Funds	Total Governmental Funds
Committed (Cont.):					
Committed for Other Purposes	$ 640,042	$ 0	$ 0	$ 283,792	$ 923,834
Assigned:					
Assigned for General Government	350,009	0	0	0	350,009
Unassigned	3,077,951	0	0	0	3,077,951
Total Fund Balances	$ 4,972,962	$ 1,508,062	$ 1,697,550	$ 3,130,907	$ 11,309,481
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	$ 12,271,797	$ 2,120,310	$ 2,880,667	$ 7,554,928	$ 24,827,702

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

Exhibit C-2

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

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

Total fund balances - balance sheet - governmental funds (Exhibit C-1)		$ 11,309,481
(1) Capital assets used in governmental activities are not financial resources and therefore are not reported in the governmental funds.		
Add: land	$ 2,128,410	
Add: construction in progress	1,742,654	
Add: infrastructure net of accumulated depreciation	37,947,034	
Add: buildings and improvements net of accumulated depreciation	22,818,512	
Add: other capital assets net of accumulated depreciation	2,225,353	66,861,963
(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	$ (520,830)	
Less: other loans payable	(809,138)	
Less: bonds payable	(45,160,000)	
Add: deferred amount on refunding	37,263	
Less: compensated absences payable	(479,178)	
Less: other postemployment benefits liability	(1,024,000)	
Less: accrued interest on bonds, notes, and other loans	(220,986)	
Less: unamortized premium on debt	(577,237)	(48,754,106)
(3) Other long-term assets are not available to pay for current-period expenditures and therefore are deferred in the governmental funds.		1,788,542
(4) Amounts reported as deferred outflows of resources and deferred inflows or resources related to pensions will be amortized and recognized as components of pension expense in future years:		
Add: deferred outflows of resources related to pensions	562,091	
Less: deferred inflows of resources related to pensions	(680,068)	(117,977)
(5) Net pension assets of the agent plan are not current financial resources and therefore are not reported in the governmental funds.		606,751
Net position of governmental activities (Exhibit A)		$ 31,694,654

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

Exhibit C-3

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

	Major Funds			Nonmajor Funds	
	General	Highway / Public Works	General Debt Service	Other Govern-mental Funds	Total Governmental Funds
Revenues					
Local Taxes	$ 8,580,079	$ 967,929	$ 2,497,848	$ 3,600,658	$ 15,646,514
Licenses and Permits	173,100	0	0	0	173,100
Fines, Forfeitures, and Penalties	222,829	0	0	155,753	378,582
Charges for Current Services	157,125	440	0	2,579,823	2,737,388
Other Local Revenues	124,037	277,355	120,456	220,246	742,094
Fees Received From County Officials	1,763,471	0	0	0	1,763,471
State of Tennessee	3,166,880	2,161,642	0	373,759	5,702,281
Federal Government	521,835	120,410	280,497	724,849	1,647,591
Other Governments and Citizens Groups	378,571	10,000	1,981,325	105,154	2,475,050
Total Revenues	$ 15,087,927	$ 3,537,776	$ 4,880,126	$ 7,760,242	$ 31,266,071
Expenditures					
Current:					
General Government	$ 1,473,916	$ 0	$ 0	$ 88,170	$ 1,562,086
Finance	2,452,091	0	0	121	2,452,212
Administration of Justice	1,229,611	0	0	77,671	1,307,282
Public Safety	7,263,706	0	0	123,174	7,386,880
Public Health and Welfare	1,033,359	0	0	4,501,903	5,535,262
Social, Cultural, and Recreational Services	166,995	0	0	0	166,995
Agriculture and Natural Resources	45,615	0	0	0	45,615
Other Operations	644,997	0	0	199,699	844,696
Highways	3,516	3,032,086	0	0	3,035,602
Support Services	44,850	0	0	0	44,850
Debt Service:					
Principal on Debt	0	0	2,538,709	0	2,538,709
Interest on Debt	0	0	2,063,329	0	2,063,329

(Continued)

Exhibit C-3

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

	Major Funds			Nonmajor Funds	
	General	Highway / Public Works	General Debt Service	Other Governmental Funds	Total Governmental Funds
Expenditures (Cont.)					
Debt Service (Cont.)					
Other Debt Service	$ 0	$ 0	$ 39,496	$ 0	$ 39,496
Capital Projects	0	0	0	1,949,158	1,949,158
Total Expenditures	$ 14,358,656	$ 3,032,086	$ 4,641,534	$ 6,939,896	$ 28,972,172
Excess (Deficiency) of Revenues Over Expenditures	$ 729,271	$ 505,690	$ 238,592	$ 820,346	$ 2,293,899
Other Financing Sources (Uses)					
Insurance Recovery	$ 21,448	$ 82,096	$ 0	$ 2,075	$ 105,619
Transfers In	102,401	0	0	128,800	231,201
Transfers Out	0	(7,656)	0	(223,545)	(231,201)
Total Other Financing Sources (Uses)	$ 123,849	$ 74,440	$ 0	$ (92,670)	$ 105,619
Net Change in Fund Balances	$ 853,120	$ 580,130	$ 238,592	$ 727,676	$ 2,399,518
Fund Balance, July 1, 2015	4,119,842	927,932	1,458,958	2,403,231	8,909,963
Fund Balance, June 30, 2016	$ 4,972,962	$ 1,508,062	$ 1,697,550	$ 3,130,907	$ 11,309,481

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

Exhibit C-4

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

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

Net change in fund balances - total governmental funds (Exhibit C-3)		$ 2,399,518
(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	$ 667,372	
Less: current-year depreciation expense	(3,153,854)	(2,486,482)
(2) Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.		
Add: deferred delinquent property taxes and other deferred June 30, 2016	$ 1,788,542	
Less: deferred delinquent property taxes and other deferred June 30, 2015	(1,917,968)	(129,426)
(3) The issuance of long-term debt (e.g., bonds, notes, other loans) provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net position. Also, governmental funds report the effect of premiums, discounts, and similar items when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities. This amount is the effect of these difference in the treatment of long-term debt and related items:		
Add: change in premium on debt issuances	$ 140,887	
Add: principal payments on bonds	2,100,000	
Add: principal payments on notes	300,001	
Add: principal payments on other loans	138,708	
Less: change in deferred amount of refunding debt	(1,938)	2,677,658
(4) Some expenses reported in the statement of activities do not require the use of current financial resources and therefore are not reported as expenditures in the governmental funds.		
Change in accrued interest payable	$ 7,593	
Change in compensated absences payable	(28,644)	
Change in net pension liability/asset	(483,682)	
Change in deferred outflows related to pensions	25,098	
Change in deferred inflows related to pensions	929,460	
Change in other postemployment benefits liability	(86,000)	363,825
Change in net position of governmental activities (Exhibit B)		$ 2,825,093

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

Exhibit C-5

Campbell County, Tennessee
Statement of Revenues, Expenditures, and Changes
in Fund Balance - Actual (Budgetary Basis) and Budget
General Fund
For the Year Ended June 30, 2016

	Actual (GAAP Basis)	Less: Encumbrances 7/1/2015	Add: Encumbrances 6/30/2016	Actual Revenues/ Expenditures (Budgetary Basis)	Budgeted Amounts Original	Budgeted Amounts Final	Variance with Final Budget - Positive (Negative)
Revenues							
Local Taxes	$ 8,580,079	$ 0	$ 0	$ 8,580,079	$ 8,291,921	$ 8,583,286	$ (3,207)
Licenses and Permits	173,100	0	0	173,100	159,180	129,770	43,330
Fines, Forfeitures, and Penalties	222,829	0	0	222,829	218,610	223,470	(641)
Charges for Current Services	157,125	0	0	157,125	81,527	149,863	7,262
Other Local Revenues	124,037	0	0	124,037	53,825	96,125	27,912
Fees Received From County Officials	1,763,471	0	0	1,763,471	1,683,955	1,697,455	66,016
State of Tennessee	3,166,880	0	0	3,166,880	3,558,524	3,185,568	(18,688)
Federal Government	521,835	0	0	521,835	70,284	563,286	(41,451)
Other Governments and Citizens Groups	378,571	0	0	378,571	401,907	405,307	(26,736)
Total Revenues	$ 15,087,927	$ 0	$ 0	$ 15,087,927	$ 14,519,733	$ 15,034,130	$ 53,797
Expenditures							
General Government							
County Commission	$ 247,669	$ (15,239)	$ 16,073	$ 248,503	$ 260,664	$ 272,581	$ 24,078
Board of Equalization	4,035	0	0	4,035	4,085	4,085	50
Other Boards and Committees	0	0	0	0	2,000	2,000	2,000
County Mayor/Executive	261,065	(23,276)	2,495	240,284	254,202	269,402	29,118
County Attorney	51,272	0	0	51,272	52,641	52,322	1,050
Election Commission	302,729	(8,383)	19,605	313,951	402,744	386,036	72,085
Register of Deeds	273,524	(9,484)	3,751	267,791	280,192	279,016	11,225
County Buildings	215,871	(14,061)	16,247	218,057	256,914	249,564	31,507
Other Facilities	85,926	(712)	755	85,969	93,029	92,610	6,641
Preservation of Records	31,825	0	20,266	52,091	13,486	55,886	3,795
Finance							
Accounting and Budgeting	834,415	(1,893)	1,153	833,675	858,448	854,675	21,000
Central Services	369,124	(886)	11,414	379,652	363,643	391,964	12,312
Property Assessor's Office	395,017	(8,584)	32,364	418,797	421,982	424,117	5,320
Reappraisal Program	30,029	0	0	30,029	30,093	30,093	64
County Trustee's Office	325,684	(1,461)	1,098	325,321	333,388	332,061	6,740
County Clerk's Office	497,822	(6,664)	7,803	498,961	513,259	511,613	12,652

(Continued)

Exhibit C-5

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

	Actual (GAAP Basis)	Less: Encumbrances 7/1/2015	Add: Encumbrances 6/30/2016	Actual Revenues/ Expenditures (Budgetary Basis)	Budgeted Amounts Original	Budgeted Amounts Final	Variance with Final Budget - Positive (Negative)
Expenditures (Cont.)							
Administration of Justice							
Circuit Court	$ 628,596	$ (3,128)	$ 1,788	$ 627,256	$ 616,343	$ 637,059	$ 9,803
General Sessions Court	233,054	(857)	264	232,461	236,157	235,519	3,058
Chancery Court	319,842	(1,748)	106	318,200	325,125	324,587	6,387
District Attorney General	29,960	0	0	29,960	27,653	30,050	90
Office of Public Defender	17,559	0	3,145	20,704	20,740	20,740	36
Other Administration of Justice	600	0	0	600	600	600	0
Public Safety							
Sheriff's Department	2,167,550	(3,326)	19,551	2,183,775	2,178,920	2,216,307	32,532
Special Patrols	493,856	(9,484)	12,745	497,117	538,279	531,483	34,366
Traffic Control	3,678	(2,445)	90	1,323	1,809	72,284	70,961
Administration of the Sexual Offender Registry	3,874	(78)	485	4,281	5,100	6,150	1,869
Jail	3,758,822	(75,926)	48,275	3,731,171	4,010,605	4,001,280	270,109
Juvenile Services	34,604	(114)	0	34,490	28,027	35,427	937
Commissary	0	0	0	0	100	100	100
Fire Prevention and Control	125,472	0	0	125,472	157,450	140,380	14,908
Civil Defense	84,508	(2,074)	1,001	83,435	57,555	96,204	12,769
Rescue Squad	60,302	0	0	60,302	62,540	60,500	198
Other Emergency Management	188,456	0	0	188,456	188,456	188,456	0
County Coroner/Medical Examiner	86,103	(5,161)	3,150	84,092	88,695	89,723	5,631
Other Public Safety	256,481	(500)	19,666	275,647	295,822	343,635	67,988
Public Health and Welfare							
Local Health Center	74,150	(7,620)	52,562	119,092	57,359	180,994	61,902
Rabies and Animal Control	154,968	(592)	191	154,567	137,021	157,312	2,745
Dental Health Program	3,263	(166)	8	3,105	7,740	7,740	4,635
Alcohol and Drug Programs	7,269	0	0	7,269	6,765	8,500	1,231
Crippled Children Services	2,764	0	0	2,764	2,764	2,764	0
Other Local Health Services	687,759	0	0	687,759	714,912	729,591	41,832
Appropriation to State	24,033	0	104	24,137	24,500	24,500	363
General Welfare Assistance	5,950	(750)	400	5,600	9,400	9,400	3,800

(Continued)

Exhibit C-5

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

	Actual (GAAP Basis)	Less: Encumbrances 7/1/2015	Add: Encumbrances 6/30/2016	Actual Revenues/ Expenditures (Budgetary Basis)	Budgeted Amounts Original	Budgeted Amounts Final	Variance with Final Budget - Positive (Negative)
Expenditures (Cont.)							
Public Health and Welfare (Cont.)							
Sanitation Education/Information	$ 73,203 $	0 $	556 $	73,759 $	96,776 $	89,333 $	15,574
Social, Cultural, and Recreational Services							
Senior Citizens Assistance	53,352	0	0	53,352	50,919	56,245	2,893
Libraries	38,000	0	0	38,000	38,000	38,000	0
Other Social, Cultural, and Recreational	75,643	(5,033)	1,015	71,625	100,707	100,069	28,444
Agriculture and Natural Resources							
Agricultural Extension Service	45,615	0	237	45,852	52,346	52,346	6,494
Other Operations							
Airport	67,405	0	0	67,405	92,240	92,240	24,835
Veterans' Services	144,160	(393)	1,205	144,972	149,982	149,344	4,372
Contributions to Other Agencies	78,050	0	0	78,050	86,050	86,050	8,000
Employee Benefits	344,689	0	0	344,689	265,892	397,419	52,730
Miscellaneous	10,693	0	0	10,693	12,188	88,568	77,875
Highways							
Employee Benefits	3,516	0	0	3,516	0	3,516	0
Support Services							
Board of Education	44,850	0	0	44,850	0	44,850	0
Total Expenditures	$ 14,358,656 $	(210,038) $	299,568 $	14,448,186 $	14,886,307 $	15,557,290 $	1,109,104
Excess (Deficiency) of Revenues Over Expenditures	$ 729,271 $	210,038 $	(299,568) $	639,741 $	(366,574) $	(523,160) $	1,162,901
Other Financing Sources (Uses)							
Insurance Recovery	$ 21,448 $	0 $	0 $	21,448 $	0 $	9,588 $	11,860
Transfers In	102,401	0	0	102,401	94,794	102,401	0
Total Other Financing Sources	$ 123,849 $	0 $	0 $	123,849 $	94,794 $	111,989 $	11,860

(Continued)

Exhibit C-5

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

	Actual (GAAP Basis)	Less: Encumbrances 7/1/2015	Add: Encumbrances 6/30/2016	Actual Revenues/ Expenditures (Budgetary Basis)	Budgeted Amounts Original	Budgeted Amounts Final	Variance with Final Budget - Positive (Negative)
Net Change in Fund Balance	$ 853,120	$ 210,038	$ (299,568)	$ 763,590	$ (271,780)	$ (411,171)	$ 1,174,761
Fund Balance, July 1, 2015	4,119,842	(210,038)	0	3,909,804	3,351,373	3,351,373	558,431
Fund Balance, June 30, 2016	$ 4,972,962	$ 0	$ (299,568)	$ 4,673,394	$ 3,079,593	$ 2,940,202	$ 1,733,192

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

Exhibit C-6

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

	Actual (GAAP Basis)	Less: Encumbrances 7/1/2015	Add: Encumbrances 6/30/2016	Actual Revenues/ Expenditures (Budgetary Basis)	Budgeted Amounts Original	Budgeted Amounts Final	Variance with Final Budget - Positive (Negative)
Revenues							
Local Taxes	$ 967,929	$ 0	$ 0	$ 967,929	$ 898,089	$ 893,659	$ 74,270
Licenses and Permits	0	0	0	0	250	250	(250)
Charges for Current Services	440	0	0	440	440	440	0
Other Local Revenues	277,355	0	0	277,355	560,993	299,993	(22,638)
State of Tennessee	2,161,642	0	0	2,161,642	2,877,494	2,900,124	(738,482)
Federal Government	120,410	0	0	120,410	700,537	798,323	(677,913)
Other Governments and Citizens Groups	10,000	0	0	10,000	0	10,000	0
Total Revenues	$ 3,537,776	$ 0	$ 0	$ 3,537,776	$ 5,037,803	$ 4,902,789	$ (1,365,013)
Expenditures							
Highways							
Administration	$ 196,986	$ (217)	$ 331	$ 197,100	$ 199,139	$ 198,820	$ 1,720
Highway and Bridge Maintenance	1,356,266	(20,516)	20,057	1,355,807	1,451,750	1,391,767	35,960
Operation and Maintenance of Equipment	629,436	(10,289)	18,538	637,685	1,051,598	681,553	43,868
Quarry Operations	230,967	(6,007)	3,164	228,124	241,242	309,321	81,197
Other Charges	148,784	(1,334)	4,419	151,869	139,366	154,876	3,007
Employee Benefits	119,088	(77)	473	119,484	120,612	133,202	13,718
Capital Outlay	350,559	(81,271)	136,570	405,858	1,902,745	2,131,410	1,725,552
Total Expenditures	$ 3,032,086	$ (119,711)	$ 183,552	$ 3,095,927	$ 5,106,452	$ 5,000,949	$ 1,905,022
Excess (Deficiency) of Revenues Over Expenditures	$ 505,690	$ 119,711	$ (183,552)	$ 441,849	$ (68,649)	$ (98,160)	$ 540,009
Other Financing Sources (Uses)							
Insurance Recovery	$ 82,096	$ 0	$ 0	$ 82,096	$ 0	$ 37,167	$ 44,929
Transfers Out	(7,656)	0	0	(7,656)	0	(7,656)	0
Total Other Financing Sources	$ 74,440	$ 0	$ 0	$ 74,440	$ 0	$ 29,511	$ 44,929

(Continued)

Exhibit C-6

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

	Actual (GAAP Basis)	Less: Encumbrances 7/1/2015	Add: Encumbrances 6/30/2016	Actual Revenues/ Expenditures (Budgetary Basis)	Budgeted Amounts Original	Budgeted Amounts Final	Variance with Final Budget - Positive (Negative)
Net Change in Fund Balance	$ 580,130	$ 119,711	$ (183,552)	$ 516,289	$ (68,649)	$ (68,649)	$ 584,938
Fund Balance, July 1, 2015	927,932	(119,711)	0	808,221	865,671	865,671	(57,450)
Fund Balance, June 30, 2016	$ 1,508,062	$ 0	$ (183,552)	$ 1,324,510	$ 797,022	$ 797,022	$ 527,488

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

Exhibit D

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

	Agency Funds
ASSETS	
Cash	$ 1,971,265
Due from Other Governments	654,829
Total Assets	$ 2,626,094
LIABILITIES	
Due to Other Taxing Units	$ 654,829
Due to Litigants, Heirs, and Others	1,971,265
Total Liabilities	$ 2,626,094

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

CAMPBELL COUNTY, TENNESSEE
Index of Notes to the Financial Statements

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CAMPBELL COUNTY, TENNESSEE
NOTES TO THE FINANCIAL STATEMENTS
For the Year Ended June 30, 2016

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Campbell 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 Campbell County:

A. Reporting Entity

Campbell County is a public municipal corporation governed by an elected 15-member board. As required by GAAP, these financial statements present Campbell County (the primary government) and its component units. The financial statements of the Campbell County Emergency Communications District, a component unit requiring discrete presentation, were excluded from this report due to materiality calculations; therefore, the effect of the 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 Campbell County School Department operates the public school system in the county, and the voters of Campbell 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 Campbell County Emergency Communications District provides a simplified means of securing emergency services through a uniform emergency number for the residents of Campbell County, and the Campbell 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 Campbell County Emergency Communications District were not material to the component units' opinion unit and therefore have been omitted from this report.

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

Administrative Office:

Campbell County Emergency Communications District
P.O. Box 344
1111 Jacksboro Pike
LaFollette, TN 37766

B. Government-wide and Fund Financial Statements

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

Campbell County issues all debt for the discretely presented Campbell County School Department. There were no debt issues contributed by the county to the School Department during the year ended June 30, 2016.

Separate financial statements are provided for governmental funds and fiduciary funds. The fiduciary funds are excluded from the government-wide financial statements. Major individual governmental funds are reported as separate columns in the fund financial statements.

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

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

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

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

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

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

Campbell County reports the following major governmental funds:

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

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

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

Additionally, Campbell County reports the following fund types:

Capital Projects Funds – These funds are used to account for and report financial resources that are restricted, committed, or assigned to expenditures for capital outlays, including the acquisition or construction of capital facilities and other capital assets.

Agency Funds – These funds account for amounts collected in an agency capacity by the constitutional officers and local sales taxes received by the state to be forwarded to the various cities in Campbell County. 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 Campbell 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.

School Federal Projects Fund – This special revenue fund is used to account for restricted federal revenues, which must be expended on specific education programs.

Central Cafeteria Fund – This special revenue fund is used to account for transactions related to school food services. Charges for services and federal grants are the foundational revenues of this fund.

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

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

1. Deposits and Investments

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

The county trustee maintains a cash and internal investment pool that is used by all funds and the discretely presented Campbell County School Department. Each fund's portion of this pool is displayed on the balance sheets or statements of net position as Equity in Pooled Cash and Investments. Most income from these pooled investments is assigned to the General Debt Service Fund. Campbell County and the School Department have adopted a policy of reporting U.S. Treasury obligations, U.S. agency obligations, and repurchase agreements with maturities of one year or less when purchased on the balance sheet at amortized cost. Certificates of deposit are reported at cost. Investments in the State Treasurer's Investment Pool are reported at amortized cost using a Stable Net Asset Value. State statutes require the state treasurer to administer the pool under the same terms and conditions, including collateral requirements, as prescribed for other funds invested by the state treasurer. All other investments are reported at fair value. No investments required to be reported at fair value were held at the balance sheet date.

2. **Receivables and Payables**

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

All ambulance and property taxes receivables are shown with an allowance for uncollectibles. Ambulance receivables allowance for uncollectibles is based on historical collection data. The allowance for uncollectible property taxes is equal to 2.95 percent of total taxes levied.

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

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

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

Most payables are disaggregated on the face of the financial statements. Other collections in the Drug Control Fund totaling $74,222 represent confiscated funds awaiting court orders for 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. Inventories and Prepaid Items

Inventories of Campbell County are recorded at cost, determined on the first-in, first-out method. Inventories of governmental funds are recorded as expenditures when consumed rather than when purchased. Inventories are offset in the nonspendable fund balance account in governmental funds.

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

4. 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 estimated fair market value at the date of donation.

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

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

Property, plant, equipment, and infrastructure of 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	7 - 40
Other Capital Assets	5 - 15
Infrastructure:	
Roads	20 - 50
Bridges	40

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

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

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

6. **Compensated Absences**

It is the county's policy to permit employees to accumulate earned but unused vacation and sick pay benefits. The School Department does not have a policy to permit employees to accumulate earned but unused vacation. There is no liability for unpaid accumulated sick leave since neither Campbell County nor the School Department has 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.

7. 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 amortized over the life of the new debt using the straight-line method. Debt issuance costs are expensed in the period incurred. In refunding transactions, the difference between the reacquisition price and the net carrying amount of the old debt is reported as a deferred outflow of resources or a deferred inflow of resources and recognized as a component of interest expense in a systematic and rational manner over the remaining life of the refunded debt or the life of the new debt issued, whichever is shorter.

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

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

8. Net Position and Fund Balance

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

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

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.

Restricted for Other Purposes in the governmental activities of the primary government ($606,751) and a portion of the Restricted for Education in the discretely presented School Department ($289,317) is attributable to net pension assets of the agent and cost-sharing pension plans.

As of June 30, 2016, Campbell County had $32,520,469 in outstanding debt for capital purposes for the discretely presented Campbell County School Department. This debt is a liability of Campbell County, but the capital assets acquired are reported in the financial statements of the School Department. Therefore, Campbell 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 has authorized the county's Budget/Finance Committee to make assignments for the general government. The Board of Education makes assignments for the School Department. Assigned fund balance in the General Fund represents amounts assigned for encumbrances ($299,568) and amounts appropriated for use in the 2016-2017 budget ($50,441). Assigned fund balance in the School Department's General Purpose School Fund represents amounts assigned for encumbrances ($79,994) and amounts appropriated for use in the 2016-2017 budget ($316,677).

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.

9. Prior-period Adjustment

Capital assets of the primary government were restated by $913,011 from the prior year because $598,993 of engineering costs of the justice center and $314,018 of construction costs for a railroad spur in an industrial park had been expensed rather than capitalized in prior years.

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 Campbell County's participation in the Public Employee Retirement Plan of the Tennessee Consolidated Retirement System (TCRS), and additions to/deductions from Campbell 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 Campbell 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.

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 Campbell 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 with the government-wide Statement of Net Position.

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

Primary Government

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

Discretely Presented Campbell 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, and the Other Capital Projects Fund, which adopts project length budgets. All annual appropriations lapse at fiscal year-end.

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

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

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

At June 30, 2016, Campbell County and the Campbell County School Department reported the following significant encumbrances:

Funds	Description	Amount
Primary Government		
Major Fund:		
Highway/Public Works	Equipment	$ 91,069
Nonmajor Fund:		
General Capital Projects	Railroad Spur	103,776
"	Fire Truck Pumper Tanker	241,745
School Department		
Major Fund:		
Central Cafeteria	Equipment	234,377

B. The County Had Deposits Exposed to Custodial Risk

The trustee did not require one depository holding county funds to pledge adequate securities to protect funds that exceeded Federal Deposit Insurance Corporation (FDIC) coverage. The June 30, 2016, deposits at this depository exceeded FDIC coverage and collateral securities pledged by $56,322. Section 5-8-201, *Tennessee Code Annotated*, requires any bank that is a depository of county funds to deposit in an escrow account in a second bank collateral security equal to 105 percent of such county funds. Pledged collateral for the depository at June 30, 2016, was $135,532 below the required 105 percent threshold.

IV. DETAILED NOTES ON ALL FUNDS

A. Deposits and Investments

Campbell County and the Campbell 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.

Custodial Credit Risk. Custodial credit risk is the risk that in the event of a bank failure, Campbell County's deposits may not be returned to it. Campbell County does not have a formal policy that limits custodial credit risk for deposits. As of June 30, 2016, bank balances of $56,322 were uninsured and uncollateralized. This entire amount was in the pooled bank balance. Uninsured and uncollateralized deposits are a violation of state statute.

Investments

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

The county had no pooled and nonpooled investments as of June 30, 2016.

B. Capital Assets

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

Primary Government

Governmental Activities:

	*Restated Balance 7-1-15	Increases	Decreases	Balance 6-30-16
Capital Assets Not Depreciated:				
Land	$ 2,121,410	$ 7,000	$ 0	$ 2,128,410
Construction in Progress	14,479,538	217,633	(12,954,517)	1,742,654
Total Capital Assets Not Depreciated	$ 16,600,948	$ 224,633	$ (12,954,517)	$ 3,871,064
Capital Assets Depreciated:				
Buildings and Improvements	$ 15,023,211	$ 13,050,354	$ 0	$ 28,073,565
Roads and Bridges	79,888,487	0	0	79,888,487
Other Capital Assets	8,426,129	346,902	(142,859)	8,630,172
Total Capital Assets Depreciated	$ 103,337,827	$ 13,397,256	$ (142,859)	$ 116,592,224
Less Accumulated Depreciated For:				
Buildings and Improvements	$ 4,603,267	$ 651,786	$ 0	$ 5,255,053
Roads and Bridges	39,944,241	1,997,212	0	41,941,453
Other Capital Assets	6,042,822	504,856	(142,859)	6,404,819
Total Accumulated Depreciation	$ 50,590,330	$ 3,153,854	$ (142,859)	$ 53,601,325
Total Capital Assets Depreciated, Net	$ 52,747,497	$ 10,243,402	$ 0	$ 62,990,899
Governmental Activities Capital Assets, Net	$ 69,348,445	$ 10,468,035	$ (12,954,517)	$ 66,861,963

*See Note I.D.9 for prior-period adjustment.

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

Governmental Activities:

General Government	$	340,000
Finance		27,035
Administration of Justice		5,758
Public Safety		385,559
Public Health and Welfare		259,316
Social, Cultural, and Recreational Services		319
Highways/Public Works		2,135,867
Total Depreciation Expense - Governmental Activities	$	3,153,854

Discretely Presented Campbell County School Department

Governmental Activities:

	Balance 7-1-15	Increases	Decreases	Balance 6-30-16
Capital Assets Not Depreciated:				
Land	$ 1,139,425	$ 145,000	$ 0	$ 1,284,425
Construction in Progress	9,386	56,340	(9,462)	56,264
Total Capital Assets Not Depreciated	$ 1,148,811	$ 201,340	$ (9,462)	$ 1,340,689
Capital Assets Depreciated:				
Buildings and Improvements	$ 82,841,869	$ 117,024	$ 0	$ 82,958,893
Other Capital Assets	4,203,622	372,352	(49,768)	4,526,206
Total Capital Assets Depreciated	$ 87,045,491	$ 489,376	$ (49,768)	$ 87,485,099
Less Accumulated Depreciated For:				
Buildings and Improvements	$ 33,172,805	$ 2,274,531	$ 0	$ 35,447,336
Other Capital Assets	2,998,571	244,842	(31,519)	3,211,894
Total Accumulated Depreciation	$ 36,171,376	$ 2,519,373	$ (31,519)	$ 38,659,230
Total Capital Assets Depreciated, Net	$ 50,874,115	$ (2,029,997)	$ (18,249)	$ 48,825,869
Governmental Activities Capital Assets, Net	$ 52,022,926	$ (1,828,657)	$ (27,711)	$ 50,166,558

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

Governmental Activities:

Instruction	$ 35,062
Support Services	2,427,525
Operation of Non-instructional Services	56,786
Total Depreciation Expense - Governmental Activities	$ 2,519,373

C. Construction Commitments

At June 30, 2016, the Other Capital Projects Fund had uncompleted construction contracts of approximately $1,149,515 for airport improvement projects ($422,589), a waterline at Adams Hollow Road ($218,779), a trailhead and courthouse improvement project ($264,499), and a contamination cleanup project at Brownfields ($243,648). Funding is being provided by state and federal grants for the future expenditures of these projects.

The General Capital Projects Fund had an uncompleted construction contract of $103,776 for a railroad spur at June 30, 2016. Funding is being provided by a federal grant for these future expenditures.

D. Interfund Receivables, Payables, and Transfers

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

Due to/from Other Funds:

Receivable Fund	Payable Fund	Amount
Primary Government:		
General	Nonmajor governmental	$ 4,074
Nonmajor governmental	General	1,350
Discretely Presented School Department:		
General Purpose School	School Federal Projects	1,132
School Federal Projects	General Purpose School	16,542

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 Units:

Receivable Fund	Payable Fund		Amount
Primary Government:	Component Unit:		
	School Department:		
General	General Purpose School	$	20,920

Interfund Transfers:

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

Primary Government

	Transfers In	
Transfers Out	General Fund	Nonmajor Governmental Funds
Highway/Public Works Fund	$ 7,656	$ 0
Nonmajor governmental funds	94,745	128,800
Total	$ 102,401 $	$ 128,800

Discretely Presented Campbell County School Department

	Transfers In
Transfers Out	General Purpose School Fund
School Federal Projects Fund	$ 1,132
Total	$ 1,132

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

E. Long-term Obligations

Primary Government

General Obligation Bonds, Notes, and Other Loans

Campbell County issues general obligation bonds and other loans 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 debt. Capital outlay notes are also issued to fund capital facilities and other capital outlay purchases, such as equipment.

General obligation bonds, capital outlay notes, and other loans are direct obligations and pledge the full faith and credit of the government. General obligation bonds, capital outlay notes, and other loans outstanding were issued for original terms of up to 21 years for bonds, up to 12 years for notes, and up to ten 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 bonds, notes, and other loans included in long-term debt as of June 30, 2016, will be retired from the General Debt Service Fund.

General obligation bonds, capital outlay notes, and other loans outstanding as of June 30, 2016, for governmental activities are as follows:

Type	Interest Rate	Final Maturity	Original Amount of Issue	Balance 6-30-16
General Obligation Bonds	1 to 5.8 %	6-1-32	$ 26,480,000	$ 24,965,000
General Obligation Bonds - Refunding	2 to 4	6-1-26	25,035,000	20,195,000
Capital Outlay Notes	1.53 to 4.23	11-15-20	1,100,000	520,830
Other Loans - Fixed Rate	0	5-1-22	1,387,088	809,138

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

Year Ending June 30	Bonds Principal	Bonds Interest	Bonds Total
2017	$ 2,195,000	$ 1,967,881	$ 4,162,881
2018	2,350,000	1,890,952	4,240,952
2019	2,535,000	1,803,760	4,338,760
2020	2,605,000	1,709,325	4,314,325
2021	2,815,000	1,611,880	4,426,880
2022-2026	15,935,000	6,391,349	22,326,349
2027-2031	15,945,000	2,629,696	18,574,696
2032	780,000	31,195	811,195
Total	$ 45,160,000	$ 18,036,038	$ 63,196,038

Year Ending June 30	Notes Principal	Notes Interest	Notes Total
2017	$ 174,999	$ 13,373	$ 188,372
2019	141,667	9,228	150,895
2019	141,667	5,466	147,133
2020	41,667	2,203	43,870
2021	20,830	441	21,271
Total	$ 520,830	$ 30,711	$ 551,541

Year Ending June 30	Other Loans Principal	Other Loans Interest	Other Loans Total
2017	$ 138,708	$ 0	$ 138,708
2018	138,708	0	138,708
2019	138,708	0	138,708
2020	138,708	0	138,708
2021	138,708	0	138,708
2022	115,598	0	115,598
Total	$ 809,138	$ 0	$ 809,138

There is $1,697,550 available in the General Debt Service Fund to service long-term debt. Debt per capita, including bonds, notes, and other loans totaled $1,142, based on the 2010 federal census.

Changes in Long-term Obligations

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

Governmental Activities:

	Bonds	Notes
Balance, July 1, 2015	$ 47,260,000	$ 820,831
Additions	0	0
Reductions	(2,100,000)	(300,001)
Balance, June 30, 2016	$ 45,160,000	$ 520,830
Balance Due Within One Year	$ 2,195,000	$ 174,999

	Other Loans	Compensated Absences	Other Postemployment Benefits
Balance, July 1, 2015	$ 947,846	$ 450,534	$ 938,000
Additions	0	417,353	155,000
Reductions	(138,708)	(388,709)	(69,000)
Balance, June 30, 2016	$ 809,138	$ 479,178	$ 1,024,000
Balance Due Within One Year	$ 138,708	$ 436,052	$ 0

Analysis of Noncurrent Liabilities Presented on Exhibit A:

Total Noncurrent Liabilities, June 30, 2016	$ 47,993,146
Less: Balance Due Within One Year	(2,944,759)
Add: Unamortized Premium on Debt	577,237
Noncurrent Liabilities - Due in More Than One Year - Exhibit A	$ 45,625,624

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

Discretely Presented Campbell County School Department

Changes in Long-term Obligations

Long-term obligations activity for the discretely presented Campbell County School Department for the year ended June 30, 2016, was as follows:

Governmental Activities:

	Other Postemployment Benefits	Net Pension Liability (Asset) Teacher Legacy Plan*
Balance, July 1, 2015	$ 5,478,685	$ (78,520)
Additions	1,144,231	7,126,563
Reductions	(605,278)	(6,837,542)
Balance, June 30, 2016	$ 6,017,638	$ 210,501
Balance Due Within One Year	$ 0	$ 0

* - The Teacher Legacy Plan had a net pension asset balance on July 1, 2015.

Analysis of Noncurrent Liabilities Presented on Exhibit A:

Total Noncurrent Liabilities, June 30, 2016	$ 6,228,139
Less: Balance Due Within One Year	0
Noncurrent Liabilities - Due in More Than One Year - Exhibit A	$ 6,228,139

Other postemployment benefits and net pension liability will be paid from the employing funds, primarily the General Purpose School and School Federal Projects funds.

F. Other Commitments

During the year, the School Department paid $1,981,325 to the primary government's General Debt Service Fund to be applied toward the retirement of school related debt. By resolution, the Campbell County Board of Education has committed future contributions of $1,250,000 per fiscal year to the primary government's General Debt Service Fund through the year ending June 30, 2026, to provide funds for the retirement of current and future debt issued for school purposes. Also by resolution, the Campbell County Board of Education has committed an amount equal to the annual debt service requirements of the outstanding Energy Efficient Incentive School Loans. The annual requirements are $138,708 per fiscal year through the year ending June 30, 2022.

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

The State of Tennessee pays health insurance premiums for retired teachers on-behalf of the Campbell County School Department. These payments are made by the state to the Local Education Group Insurance Plan and the

Medicare Supplement Plan. Both of these plans are 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 and the Medicare Supplement Plan for the year ended June 30, 2016, were \$226,354 and \$71,300, respectively. 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

Primary Government

The county is exposed to various risks related to general liability, property, casualty, and workers' compensation losses. The county joined the Local Government Property and Casualty Fund (LGPCF), which is a public entity risk pool established by the Tennessee County Services Association, an association of member counties. The county pays an annual premium to the LGPCF for its general liability, property, casualty, and workers' compensation insurance coverage. The creation of the LGPCF provides for it to be self-sustaining through member premiums. The LGPCF reinsures through commercial insurance companies for claims exceeding \$100,000 for each insured event.

The county also continues to carry commercial health and accident insurance for its employees. Settled claims have not exceeded commercial insurance coverage in any of the past three fiscal years.

Discretely Presented Campbell County School Department

For its certified teachers, the 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.

The School Department continues to carry commercial health and accident insurance for its noncertified employees. Settled claims have not exceeded commercial insurance coverage in any of the past three fiscal years.

The School Department is exposed to various risks related to general liability, property, casualty, and workers' compensation losses. The School Department joined the Tennessee Risk Management Trust (TN-RMT), which is a public entity risk pool created under the auspices of the Tennessee Tort Liability Act to provide governmental insurance coverage. The School Department pays an annual premium to the TN-RMT for its 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. 72, *Fair Value Measurement and Application*; Statement No. 73, *Accounting and Financial Reporting for Pensions and Related Assets that are not within the Scope of GASB Statement No. 68, and Amendments to Certain Provisions of GASB Statements No. 67 and No. 68*; Statement No. 76, *The Hierarchy of Generally Accepted Accounting Principles for State and Local Governments*; and Statement No. 79, *Certain External Investment Pools and Pool Participants* became effective for the year ended June 30, 2016.

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

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

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

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

C. Subsequent Events

On July 29, 2016, Campbell County issued Capital Outlay Note Series 2016A for $500,000 to be used for electric system improvements.

D. Contingent Liabilities

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

E. Joint Ventures

The Campbell County Library Board is a joint venture in which the county participates with the cities of LaFollette, Jacksboro, Caryville, and Jellico to operate the library system within the county. Representatives from the four cities and the county comprise the Campbell County Library Board and have equal representation on the board. Campbell County contributed $38,000 to the operation of the Library Board during the year ended June 30, 2016.

The Eighth Judicial District Drug Task Force (DTF) is a joint venture formed by an interlocal agreement between the district attorney general of the Eighth Judicial District: Scott, Campbell, Fentress, Claiborne, and Union 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 the board of directors including the district attorney general, sheriffs, and police chiefs of participating law enforcement agencies within each judicial district. Campbell County made no contributions to the DTF for the year ended June 30, 2016.

Campbell County does not have an equity interest in any of the above-noted joint ventures. Complete financial statements for the Campbell County Library Board and the Eighth Judicial DTF can be obtained from their respective administrative offices at the following addresses:

Administrative Offices:

Campbell County Library Board
P.O. Box 75
Jacksboro, TN 37757

Office of District Attorney General
Eighth Judicial District Drug Task Force
P.O. Box 10
Huntsville, TN 37756

F. Jointly Governed Organization

The Northeast Tennessee Railroad Authority was incorporated in June 2005 as a public authority created by the Tennessee State Legislature. The purpose of the rail authority is to preserve and enhance the railroad system serving Anderson, Campbell, and Scott counties in Tennessee, to secure economic benefits for these counties. The rail authority is governed by a board of directors, which includes the mayor for each of the three counties served by the rail authority. Campbell County did not contribute to the operations of the Northeast Tennessee Railroad Authority for the year ended June 30, 2016. Complete financial statements for the rail authority can be obtained from its administrative office at P.O. Box 180, Huntsville, TN 37756.

G. Retirement Commitments

1. Tennessee Consolidated Retirement System (TCRS)

Primary Government

General Information About the Pension Plan

Plan Description. Employees of Campbell County and non-certified employees of the discretely presented Campbell 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 68.66 percent and the non-certified employees of the discretely presented School Department comprise 31.34 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/tcrs.

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

Member and beneficiary annuitants are entitled to an automatic cost of living adjustment (COLA) after retirement. A COLA is granted each July for annuitants retired prior to the second of July of the previous year. The COLA is based on the change in the consumer price index

(CPI) during the prior calendar year, capped at three percent, and applied to the current benefit. No COLA is granted if the change in the CPI is less than one-half percent. A one percent COLA is granted if the CPI change is between one-half percent and one percent. A member who leaves employment may withdraw their employee contributions plus any accumulated interest.

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

Inactive Employees or Beneficiaries Currently Receiving Benefits	285
Inactive Employees Entitled to But Not Yet Receiving Benefits	436
Active Employees	491
Total	1,212

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 their salary. Campbell County makes employer contributions at the rate set by the Board of Trustees as determined by an actuarial valuation. For the year ended June 30, 2015, the Actuarial Determined Contribution (ADC) for Campbell County was $784,124 based on a rate of 6.09 percent of covered payroll. By law, employer contributions are required to be paid. The TCRS may intercept Campbell 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)

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

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

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

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

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

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

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

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

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

Changes in the Net Pension Liability (Asset)

	Increase (Decrease)		
	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability (a)-(b)
Balance, July 1, 2014	$ 36,660,985	$ 38,787,414	$ (2,126,429)
Changes for the year:			
Service Cost	$ 1,073,494	$ 0	$ 1,073,494
Interest	2,761,396	0	2,761,396
Differences Between Expected and Actual Experience	(282)	0	(282)
Contributions-Employer	0	784,124	(784,124)
Contributions-Employees	0	643,784	(643,784)
Net Investment Income	0	1,188,288	(1,188,288)
Benefit Payments, Including Refunds of Employee Contributions	(1,831,737)	(1,831,737)	0
Administrative Expense	0	(24,313)	24,313
Other Changes	0	0	0
Net Changes	$ 2,002,871	$ 760,146	$ 1,242,725
Balance, June 30, 2015	$ 38,663,856	$ 39,547,560	$ (883,704)

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

		Total Pension Liability	Plan Fiduciary Net Position	Net Pension Liability (Asset)
Primary Government	68.66%	$ 26,546,604	$ 27,153,355	$ (606,751)
School Department	31.34%	12,117,252	12,394,205	(276,953)
Total		$ 38,663,856	$ 39,547,560	$ (883,704)

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

Campbell County	1% Decrease 6.5%	Current Discount Rate 7.5%	1% Increase 8.5%
Net Pension Liability	$ 4,006,111	$ (883,704)	$ (4,921,633)

Pension Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions

Negative Pension Expense. For the year ended June 30, 2016, Campbell County recognized negative pension expense of $121,371.

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

	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference Between Expected and Actual Experience	$ 0	$ 532,724
Net Difference Between Projected and Actual Earnings on Pension Plan Investments	1,363,770	1,821,532
Contributions Subsequent to the Measurement Date of June 30, 2015 (1)	811,447	N/A
Total	$ 2,175,217	$ 2,354,256

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

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

	Deferred Outflows of Resources	Deferred Inflows of Resources
Primary Government	$ 1,498,455	$ 1,616,432
School Department	676,762	737,824
Total	$ 2,175,217	$ 2,354,256

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
2017	$ (443,789)
2018	(443,789)
2019	(443,789)
2020	340,887
2021	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, 2016, Campbell County reported a payable of $127,407 for the outstanding amount of contributions to the pension plan required at the year ended June 30, 2016.

Discretely Presented Campbell County School Department

Non-certified Employees

General Information About the Pension Plan

Plan Description. As noted above under the primary government, employees of Campbell County and non-certified employees of the discretely presented Campbell 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 68.66 percent and the non-certified employees of the discretely presented School Department comprise 31.34 percent of the plan based on contribution data.

Certified Employees

Teacher Retirement Plan

General Information About the Pension Plan

Plan Description. Teachers of the Campbell 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 publically available financial report that can be obtained at www.treasury.tn.gov/tcrs.

Benefits Provided. TCA, Title 8, Chapters 34-37 establish the benefit terms and can be amended only by the Tennessee General Assembly. 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, 2016, to the Teacher Retirement Plan were $50,470, which is four 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 Liabilities (Assets). At June 30, 2016, the Campbell County School Department reported an asset of $12,364 for its proportionate share of the net pension asset. The net pension asset was measured as of June 30, 2015, and the total pension liability used to calculate the net pension asset was determined by an actuarial valuation as of that date. The Campbell County School Department's proportion of the net pension asset was based on the Campbell County 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, 2015, the Campbell County School Department's proportion was .307335 percent.

Pension Expense. For the year ended June 30, 2016, the Campbell County School Department recognized pension expense of $16,203.

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

	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference Between Expected and Actual Experience	$ 0	$ 4,024
Net Difference Between Projected and Actual Earnings on Pension Plan Investments	999	0
LEA's Contributions Subsequent to the Measurement Date of June 30, 2015	50,470	N/A
Total	$ 51,469	$ 4,024

The Campbell County School Department's employer contributions of $50,470, reported as pension related deferred outflows of resources subsequent to the measurement date, will be recognized as a decrease (increase) of net pension liability (asset) in the year ending June 30, 2017. 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
2017	$ (86)
2018	(86)
2019	(86)
2020	(86)
2021	(335)
Thereafter	(2,347)

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, 2015, actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

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

Mortality rates are customized based on the June 30, 2012, actuarial experience study and some included adjustment for expected future improvement in life expectancy.

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

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

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

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

Discount Rate. The discount rate used to measure the total pension liability was 7.5 percent. The projection of cash flows used to determine the discount rate assumes that employee contributions will be made at the current rate and that contributions from 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 inve9stments 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 Campbell County School Department's proportionate share of the net pension liability (asset) calculated using the discount rate of 7.5 percent, as well as what the Campbell County School Department's proportionate share of the net pension liability (asset) would be if it was calculated using a discount rate that is one percentage point lower (6.5%) or one percentage point higher (8.5%) than the current rate:

School Department's Proportionate Share of the Net Pension Liability (Asset)		1% Decrease 6.5%		Current Discount Rate 7.5%		1% Increase 8.5%
Net Pension Liability	$	2,192	$	(12,364)	$	(23,040)

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, 2016, the Campbell County School Department reported a payable of $11,166 for the outstanding amount of contributions to the pension plan required for the year ended June 30, 2016.

Teacher Legacy Pension Plan

General Information About the Pension Plan

Plan Description. Teachers of the Campbell 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 publically available financial report that can be obtained at www.treasury.tn.gov/tcrs.

Benefits Provided. TCA, Title 8, Chapters 34-37 establish the benefit terms and can be amended only by the Tennessee General Assembly. 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 Campbell County School Department for the year ended June 30, 2016, to the Teacher Legacy Pension Plan were $1,711,819, which is 9.04 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, 2016, the Campbell County School Department reported a liability of $210,501 for its proportionate share of the net pension liability (asset). The net pension liability (asset) was measured as of June 30, 2015, and the total pension liability used to calculate the net pension liability (asset) was determined by an actuarial valuation as of that date. The Campbell County School Department's proportion of the net pension liability (asset) was based on the Campbell County 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, 2015, the Campbell County School Department's proportion was .513877 percent. The proportion measured at June 30, 2014, was .483214 percent

Negative Pension Expense. For the year ended June 30, 2016, the Campbell County School Department recognized negative pension expense of $140,238.

Deferred Outflows of Resources and Deferred Inflows of Resources. For the year ended June 30, 2016, the Campbell County 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	$ 168,936	$ 3,276,486
Net Difference Between Projected and Actual Earnings on Pension Plan Investments	3,800,997	5,160,060
Changes in Proportion of Net Pension Liability (Asset)	327,872	140,481
LEA's Contributions Subsequent to the Measurement Date of June 30, 2015	1,711,819	N/A
Total	$ 6,009,624	$ 8,577,027

The Campbell County School Department's employer contributions of $1,711,819 reported as pension related deferred outflows of resources subsequent to the measurement date, will be recognized as a decrease (increase) in net pension liability (asset) in the year ending June 30, 2017. 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
2017	$ (1,353,803)
2018	(1,353,803)
2019	(1,353,803)
2020	366,217
2021	(584,032)
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, 2015, actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

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

Mortality rates are customized based on the June 30, 2012, actuarial experience study and some included adjustments for expected future improvement in life expectancy.

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

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

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

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

Discount Rate. The discount rate used to measure the total pension liability was 7.5 percent. The projection of cash flows used to determine the discount rate assumes that employee contributions will be made at the current rate and that contributions from 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 Campbell County School Department's proportionate share of the net pension liability (asset) calculated using the discount rate of 7.5 percent, as well as what the Campbell County School Department's proportionate share of the net pension liability (asset) would be if it was calculated using a discount rate that is one percentage point lower (6.5%) or one percentage point higher (8.5%) than the current rate:

School Department's Proportionate Share of the Net Pension Liability (Asset)	1% Decrease 6.5%	Current Discount Rate 7.5%	1% Increase 8.5%
Net Pension Liability	$ 14,351,279	$ 210,501	$ (11,496,395)

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

The Campbell County School Department reported a payable of $168,621 for the outstanding amount of contributions to the pension plan required at the year ended June 30, 2016.

2. **Deferred Compensation**

Teachers hired after July 1, 2014, by the discretely presented School Department are required to participate in a hybrid pension plan (Teacher Retirement Plan) administered by the Tennessee Consolidated Retirement System. This hybrid pension plan requires that the teachers contribute five percent of their salaries into a deferred compensation plan managed by the hybrid plan pursuant to IRC Section 401(k). As part of their employment package, the School Department has assumed all costs of funding this program on-behalf of the plan participants. The Section 401(k) plan assets remain the property of the participating teachers and are not presented in the accompanying financial statements. IRC Section 401(k), establishes participating, contribution, and withdrawal provisions for the plans. During the year, the School Department contributed $62,888 to the 401(k) portion of the Teacher Retirement Plan on-behalf of the plan participants.

H. Other Postemployment Benefits (OPEB)

Primary Government

Plan Description

Campbell County participates in a commercial postemployment benefits plan administered by Blue Cross Blue Shield for medical benefits for retirees and their beneficiaries. For accounting purposes, the plan is a single-employer defined benefit OPEB plan. Benefits are established and amended by an insurance committee established by the County Commission.

The county has committed $725,259 in the General Fund to be used for funding a portion of the county's OPEB liability. These funds do not qualify as OPEB plan assets and therefore are not reported as such in the financial statements of this report.

Funding Policy

The premium requirements of plan members are established and may be amended by the insurance committee. The plan is purchased commercially and financed on a pay-as-you-go basis. Claims liabilities of the plan are periodically computed using actuarial and statistical techniques to establish premium rates. The county develops its own contribution policy in terms of subsidizing active employees or retired employees' premiums. Eligible employees must be age 55 with ten years of service or any age with 25 years of service until attainment of age 65 when they become eligible for Medicare. Campbell County pays from 60 to 75 percent of the costs of benefits depending upon years of service. The retiree's spouse is eligible for coverage until the spouse reaches age 65. During the year ended June 30, 2016, the county contributed $69,000 for postemployment benefits.

Annual OPEB Cost and Net OPEB Obligation

ARC	$ 156,000
Interest on the NOPEBO	38,000
Adjustment to the ARC	(39,000)
Annual OPEB cost	$ 155,000
Amount of contribution	(69,000)
Increase/decrease in NOPEBO	$ 86,000
Net OPEB obligation, 7-1-15	938,000
Net OPEB obligation, 6-30-16	$ 1,024,000

Fiscal Year Ended	Plan		Annual OPEB Cost	Percentage of Annual OPEB Cost Contributed			Net OPEB Obligation at Year End
6-30-14	Campbell County	$	139,000	43.8	%	$	853,000
6-30-15	"		149,000	42.9			938,000
6-30-16	"		155,000	44.5			1,024,000

Funded Status and Funding Progress

The funded status of the plan as of July 1, 2014, was as follows:

Actuarial valuation date		7-1-14
Actuarial accrued liability (AAL)	$	1,154,000
Actuarial value of plan assets	$	0
Unfunded actuarial accrued liability (UAAL)	$	1,154,000
Actuarial value of assets as a % of the AAL		0%
Covered payroll (active plan members)	$	6,670,000
UAAL as a % of covered payroll		17%

Actuarial valuations involve estimates of the value of reported amounts and assumptions about the probability of events far into the future, and actuarially determined amounts are subject to continual revision as actual results are compared to past expectations and new estimates are made about the future. The Schedule of Funding Progress, presented as required supplementary information following the notes to the financial statements, presents multi-year trend information about whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liability for benefits.

Actuarial Methods and Assumptions

Calculations are based on the types of benefits provided under the terms of the substantive plan at the time of each valuation and on the pattern of sharing of costs between the employer and plan members to that point. Actuarial calculations reflect a long-term perspective. Consistent with that perspective, actuarial methods and assumptions used include techniques that are designed to reduce short-term volatility in actuarial accrued liabilities and the actuarial value of assets.

In the July 1, 2014, actuarial valuation, the entry age normal method was used. The actuarial assumptions included a four percent investment rate of return (net of administrative expenses) and an annual healthcare cost trend rate of five percent. The unfunded actuarial accrued liability is being amortized on an open basis over a 30-year period beginning with June 30, 2009.

Discretely Presented Campbell County School Department

Plan Description

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

Also, the Campbell County School Department participates in the primary government's commercial postemployment benefits plan as described above for non-teachers. Numbers for the primary government and the School Department have been separately reported for the commercial plan. The county has committed $519,843 in the General Fund to be used for funding a portion of the School Department's OPEB liability. These funds do not qualify as OPEB plan assets and therefore are not reported as such in the financial statements of this report.

Funding Policy

Local Education Group Insurance Plan

The premium requirements of plan members are established and may be amended by the insurance committee. The plan is self-insured and financed on a pay-as-you-go basis with the risk shared equally among the participants. Claims liabilities of the plan are periodically computed using actuarial and statistical techniques to establish premium rates. The employers in the plan develop their own contribution policy in terms of subsidizing active employees or retired employees' premiums since the committee is not prescriptive on that issue. The state provides a partial subsidy to Local Education Agency pre-65 teachers and a full subsidy based on years of service for post-65 teachers in the Medicare Supplement Plan. The required contribution rate for teachers ranges from zero to 35 percent based on the years of service and type of coverage. During the year ended June 30, 2016, the discretely presented Campbell County School Department contributed $515,278 for postemployment benefits related to this plan.

Campbell County Commercial Plan

Funding requirements for the county's commercial postemployment plan are described in the primary government section of this note. During the year ended June 30, 2016, the Campbell County School Department contributed $90,000 for postemployment benefits related to this plan.

Annual OPEB Cost and Net OPEB Obligation

	County Commercial Plan	Local Education Group Plan	Total
ARC	$ 140,000	$ 1,006,000	$ 1,146,000
Interest on the NOPEBO	15,000	191,406	206,406
Adjustment to the ARC	(16,000)	(192,175)	(208,175)
Annual OPEB cost	$ 139,000	$ 1,005,231	$ 1,144,231
Amount of contribution	(90,000)	(515,278)	(605,278)
Increase/decrease in NOPEBO	$ 49,000	$ 489,953	$ 538,953
Net OPEB obligation, 7-1-15	374,525	5,104,160	5,478,685
Net OPEB obligation, 6-30-16	$ 423,525	$ 5,594,113	$ 6,017,638

Fiscal Year Ended	Plans	Annual OPEB Cost	Percentage of Annual OPEB Cost Contributed	Net OPEB Obligation at Year End
6-30-14	Local Education Group	$ 965,615	62.5 %	$ 4,620,778
6-30-15	"	992,761	51.3	5,104,160
6-30-16	"	1,005,231	51.3	5,594,113
6-30-14	County Commercial	111,000	22.9	325,525
6-30-15	"	135,000	63.7	374,525
6-30-16	"	139,000	64.8	423,525

Funded Status and Funding Progress

The funded status of the plans as of the latest actuarial date, was as follows:

	Campbell County Plan	Local Education Group Plan
Actuarial valuation date	7-1-14	7-1-15
Actuarial accrued liability (AAL)	$ 1,285,000	$ 10,278,000
Actuarial value of plan assets	$ 0	$ 0
Unfunded actuarial accrued liability (UAAL)	$ 1,285,000	$ 10,278,000
Actuarial value of assets as a % of the AAL	0%	0%
Covered payroll (active plan members)	$ 3,306,000	$ 15,376,520
UAAL as a % of covered payroll	39%	67%

Actuarial valuations involve estimates of the value of reported amounts and assumptions about the probability of events far into the future, and actuarially determined amounts are subject to continual revision as actual results are compared to past expectations and new estimates are made about the future. The Schedule of Funding Progress, presented as required supplementary information following the notes to the financial statements, presents multi-year trend information about whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liability for benefits.

Actuarial Methods and Assumptions

Calculations are based on the types of benefits provided under the terms of the substantive plan at the time of each valuation and on the pattern of sharing of costs between the employer and plan members to that point. Actuarial calculations reflect a long-term perspective. Consistent with that perspective, actuarial methods and assumptions used include techniques that are designed to reduce short-term volatility in actuarial accrued liabilities and the actuarial value of assets.

Local Education Group Insurance Plan

In the July 1, 2015, actuarial valuation for the Local Education Group Plan, the projected unit credit actuarial cost method was used. The actuarial assumptions included a 3.75 percent investment rate of return (net of administrative expenses) and an annual healthcare cost trend rate of 6.5 percent initially. The trend rate will decrease to six percent in fiscal year 2016 and then will be reduced by decrements to an ultimate rate of 4.7 percent by fiscal year 2050. Both rates include a 2.5 percent inflation assumption. The unfunded actuarial accrued liability is being amortized as a level percentage of payroll on a closed basis over a 30-year period beginning with July 1, 2007. Payroll is assumed to grow at a rate of three percent.

Campbell County Commercial Plan

Actuarial assumptions for the county's commercial postemployment plan are described in the primary government section of this note.

I. Office of Central Accounting, Budgeting, and Purchasing

Office of Director of Finance

Campbell County operates under the provisions of the County Financial Management System of 1981. This act provides for a central system of accounting, budgeting, and purchasing for all county departments. The act also provides for the creation of a Finance Department operated under the direction of the finance director.

J. Purchasing Law

Purchasing procedures for the Offices of County Mayor, Road Superintendent, and Director of Schools are governed by provisions of the County Financial Management System of 1981, which provide for purchases to be made by the purchasing agent under the supervision of the Financial Management Committee. The director of finance serves as the purchasing agent for the county. The committee established a policy that purchases exceeding $10,000 are to be made on a competitive bid basis.