NEW ISSUE
BOOK-ENTRY-ONLY

Ratings: S&P Global Rating – BAM insured "AA"
"A+" (Underlying)
(See "MISCELLANEOUS-Rating")

OFFICIAL STATEMENT

In the opinion of Bond Counsel, based on existing law and assuming compliance with certain tax covenants of the County, interest on the Bonds is excluded from gross income for federal income tax purposes and is not an item of tax preference for purposes of the federal alternative minimum tax. For an explanation of certain tax consequences under federal law which may result from the ownership of the Bonds, see the discussion under the heading "LEGAL MATTERS – Tax Matters" herein. Under existing law, the Bonds and the income therefrom will be exempt from all state, county and municipal taxation in the State of Tennessee, except Tennessee. (See "LEGAL MATTERS -Tax Matters" herein.)

$6,000,000
WARREN COUNTY, TENNESSEE
General Obligation Bonds, Series 2018

Dated: June 15, 2018. Due: June 1 (as shown below)

The $6,000,000 General Obligation Bonds, Series 2018 (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, 2018 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 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 scheduled payment of principal of and interest on the Bonds when due will be guaranteed under an insurance policy to be issued concurrently with the delivery of the Bonds by **BUILD AMERICA MUTUAL ASSURANCE COMPANY**.

BAM
BUILD AMERICA MUTUAL

The Bonds maturing on or after June 1, 2025 are subject to optional redemption prior to maturity on or after June 1, 2024 as described herein.

Due (June 1)	Amount	Interest Rate	Yield		CUSIP**	Due (June 1)	Amount	Interest Rate	Yield	CUSIP**
2022	$ 265,000	5.00%	2.10%		935205 RM8	2031	$ 360,000	3.00%	3.10%	935205 RW6
2023	280,000	3.00	2.20		935205 RN6	2032	370,000	3.00	3.15	935205 RX4
2024	290,000	5.00	2.30		935205 RP1	2033	380,000	3.125	3.20	935205 RY2
2025	300,000	3.00	2.45	c	935205 RQ9	2034	395,000	3.125	3.27	935205 RZ9
2026	310,000	3.00	2.60	c	935205 RR7	2035	405,000	3.25	3.32	935205 SA3
2027	320,000	3.00	2.70	c	935205 RS5	2036	420,000	3.25	3.37	935205 SB1
2028	330,000	3.00	2.80	c	935205 RT3	2037	435,000	3.25	3.42	935205 SC9
2029	340,000	3.00	2.90	c	935205 RU0	2038	450,000	3.375	3.46	935205 SD7
2030	350,000	3.00	3.00		935205 RV8					

c = Yield to call on June 1, 2024.

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 from the County by Larry B. Stanley, Esq., counsel to the County. It is expected that the Bonds will be available for delivery through the facilities of DTC New York, New York, on or about June 15, 2018.

Cumberland Securities Company, Inc.
Financial Advisor

May 16, 2018

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.

Build America Mutual Assurance Company (“BAM”) makes no representation regarding the Bonds or the advisability of investing in the Bonds. In addition, BAM has not independently verified, makes no representation regarding, and does not accept any responsibility for the accuracy or completeness of this Official Statement or any information or disclosure contained herein, or omitted herefrom, other than with respect to the accuracy of the information regarding BAM supplied by BAM and presented under the heading “APPENDIX D – BOND INSURANCE AND SPECIMEN MUNICIPAL BOND INSURANCE POLICY”.

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

WARREN COUNTY, TENNESSEE

OFFICIALS

Herschel Wells	*County Executive*
Linda Hillis	*Finance Director*
Lesa Scott	*County Clerk*
Larry B. Stanley	*County Attorney*

BOARD OF COUNTY COMMISSIONERS

Terry Bell	Michael Martin
Morris Bond	Carolyn Miller
Carl D. Bouldin	Charles Morgan
Carl E. Bouldin	Gary Prater
Teddy Boyd	David Rhea
Carlene Brown	Kenneth Rogers
Wayne Copeland	Scott Rubley
Randy England	Tommy Savage
Billy Earl Jones	Diane Starkey
Ron Lee	Blaine Wilcher
Gary Martin	Shane Wilcher
Ken Martin	Melissa Yancy

UNDERWRITER

Robert W. Baird & Co., Incorporated
Milwaukee, Wisconsin

BOND REGISTRATION 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	Warren County, Tennessee (the “County” or “Issuer”). See the section entitled “Supplemental Information Statement” for more information.
Securities Offered	$6,000,000 General Obligation Bonds, Series 2018 (the “Bonds”) of the County, dated the date of delivery June 15, 2018. The Bonds will mature each June 1 beginning June 1, 2022 through June 1, 2038, inclusive. See the section herein entitled “SECURITIES OFFERED – Authority and Purpose”.
Security.......................................	The Bonds shall be payable from unlimited *ad valorem* taxes to be levied on all taxable property within the County. For the prompt payment of principal of, premium, if any, and interest on the Bonds, the full faith and credit of the County are irrevocably pledged.
Purpose	The Bonds are being issued for the purposes of providing funds to finance: (i) the construction of improvements to and/or the expansion of and the purchase of equipment for jails, schools and other public buildings and facilities (the "Projects"); (ii) acquisition of all property, real and personal, appurtenant thereto or connected thereto; (iii) reimbursement to the appropriate fund of the County for prior expenditures for the foregoing costs, if applicable; and (iv) payment of costs incident to the issuance and sale of the bonds.
Optional Redemption	The Bonds are subject to optional redemption prior to maturity on or after June 1, 2024, at the redemption price of par plus accrued interest. See section entitled “SECURITIES OFFERED - Optional Redemption”.
Tax Matters.................................	In the opinion of Bond Counsel, based on existing law and assuming compliance with certain tax covenants of the County, interest on the Bonds is excluded from gross income for federal income tax purposes and is not an item of tax preference for purposes of the federal alternative minimum tax. For an explanation of certain tax consequences under federal law which may result from the ownership of the Bonds, see the discussion under the heading “LEGAL MATTERS – Tax Matters” herein. Under existing law, the Bonds and the income therefrom will be exempt from all state, county and municipal taxation in the State of Tennessee, except Tennessee franchise and excise taxes. (See “LEGAL MATTERS -Tax Matters” herein.)
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: BAM Insured “AA”. S&P Global Ratings underlying rating: “A+”. See the section entitled “MISCELLANEOUS - Rating” for more information.
Underwriter..................................	Robert W. Baird & Co., Incorporated, Milwaukee, Wisconsin.
Financial Advisor	Cumberland Securities Company, Inc., Knoxville, Tennessee. See the section entitled “MISCELLANEOUS-Financial Advisor; Related Parties; Other”, herein.
Bond Counsel	Bass, Berry & Sims PLC, Knoxville, Tennessee.
Book-Entry-Only.........................	The Bonds will be issued under the Book-Entry System except as otherwise described herein. For additional information, see the section entitled “BASIC DOCUMENTATION - Book-Entry-Only System”
Registration Agent.......................	Regions Bank, Nashville, Tennessee.

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 ("MSRB") through the operation of the Electronic Municipal Market Access system ("EMMA") and the State Information Depository ("SID") established in Tennessee, if any, annual financial statements and other pertinent credit information, including the Comprehensive Annual Financial Reports. For additional information, see the section entitled "MISCELLANEOUS - Continuing Disclosure" for additional information.

Other Information .... The information in the *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 Herschel Wells, County Executive, 201 Locust Street, Suite 1, McMinnville, TN 37110, (931) 473-2505, or the County's Financial Advisor, Cumberland Securities Company, Inc., P.O. Box 24508 Knoxville, Tennessee 37933, Telephone: (865) 988-2663.

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

	2013	**2014**	**2015**	**2016**	**2017**
Beginning Fund Balance	$ 4,147,395	$ 4,687,700	$ 5,247,179	$ 4,876,853	$ 5,316,617
Revenues	11,850,888	12,556,894	11,624,842	12,432,778	14,056,587
Expenditures	11,445,583	11,997,415	11,995,272	12,185,220	12,738,158
Other Financing Sources:					
Transfers In	-	-	104	-	-
Transfers Out	-	-	-	-	-
Notes Proceeds	135,000	-	-	192,206	-
Sale of Assets	-	-	-	-	1,060
Net Change in Fund Balances	540,305	559,479	(370,320)	439,764	1,319,489
Ending Fund Balance	**$ 4,687,700**	**$ 5,247,179**	**$ 4,876,853**	**$ 5,316,617**	**$ 6,636,106**

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

$6,000,000
WARREN COUNTY, TENNESSEE
General Obligation Bonds, Series 2018

SECURITIES OFFERED

AUTHORITY AND PURPOSE

This *Official Statement*, which includes the Summary Statement and appendices, is furnished in connection with the offering by Warren County, Tennessee (the “County” or “Issuer”) of $6,000,000 General Obligation Bonds, Series 2018 (the “Bonds”).

The Bonds are authorized to be issued pursuant to the provisions of Title 9, Chapter 21, *Tennessee Code Annotated*, as supplemented and amended, and other applicable provisions of law and pursuant to the bond resolution (the “Resolution”) duly adopted by the County Commission of the County on February 20, 2018.

The Bonds are being issued for the purposes of providing funds to finance: (i) the construction of improvements to and/or the expansion of and the purchase of equipment for jails, schools and other public buildings and facilities (the "Projects"); (ii) acquisition of all property, real and personal, appurtenant thereto or connected thereto; (iii) reimbursement to the appropriate fund of the County for prior expenditures for the foregoing costs, if applicable; and (iv) payment of costs incident to the issuance and sale of the bonds.

DESCRIPTION OF THE BONDS

The Bonds will be dated and bear interest from their date of issuance and delivery June 15, 2018. Interest on the Bonds will be payable semi-annually on June 1 and December 1, commencing December 1, 2018. The Bonds are issuable in book-entry-only form in $5,000 denominations or integral multiples thereof as shall be requested by each respective registered owner.

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

SECURITY

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

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

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

MUNICIPAL BOND INSURANCE

The scheduled payment of the principal of and interest on the Bonds when due will be guaranteed under a municipal bond insurance policy to be issued simultaneously with the delivery of the Bonds by Build America Mutual Assurance Company. ("BAM"). See "APPENDIX D - BOND INSURANCE AND SPECIMEN MUNICIPAL BOND INSURANCE POLICY."

OPTIONAL REDEMPTION

The Bonds maturing June 1, 2025 and thereafter are subject to optional redemption prior to maturity on or after June 1, 2024 in whole or in art at any time at a redemption price of par plus accrued interest.

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

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

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

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 effect the redemption with the Registration Agent no later than the redemption date ("Conditional Redemption"). As long as DTC, or a successor Depository, is the registered owner of the Bonds, all redemption notices shall be mailed by the Registration Agent to DTC, or such successor Depository, as the registered owner of the Bonds, as and when above provided, and neither the County nor the Registration Agent shall be responsible for mailing notices of redemption to DTC Participants or Beneficial Owners. Failure of DTC, or any successor Depository, to provide notice to any DTC Participant or Beneficial Owner will not affect the validity of such redemption. The Registration Agent shall mail said notices as and when directed by the County pursuant to written instructions from an authorized representative of the Municipality (other than for a mandatory sinking fund redemption, notices of which shall be given on the dates provided herein) given at least forty-five (45) days prior to the redemption date (unless a shorter notice period shall be satisfactory to the Registration Agent). From and after the redemption date, all Bonds called for redemption shall cease to bear interest if funds are available at the office of the Registration Agent for the payment thereof and if notice has been duly provided as set forth herein. In the case of a Conditional Redemption, the failure of the Municipality to make funds available in part or in whole on or before the redemption date shall not constitute an event of default, and the Registration Agent shall give immediate notice to the Depository or the affected Bondholders that the redemption did not occur and that the Bonds called for redemption and not so paid remain outstanding.

PAYMENT OF BONDS

The Bonds will bear interest from their date or from the most recent interest payment date to which interest has been paid or duly provided for, on the dates provided herein, such interest being computed upon the basis of a 360-day year of twelve 30-day months. Interest on each Bond shall be paid by check or draft of the Bond Registrar 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 Bond Registrar.

(The remainder of this page left blank intentionally.)

BASIC DOCUMENTATION

REGISTRATION AGENT

The Bond Registrar, 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 Bond Registrar, 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 Standard & Poor's rating of AA+. The DTC Rules applicable to its Participants are on file with the Securities and Exchange Commission. More information about DTC can be found at www.dtcc.com.

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

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

Notices. Conveyance of notices and other communications by DTC to Direct Participants, by Direct Participants to Indirect Participants, and by Direct Participants and Indirect Participants to Beneficial Owners will be governed by arrangements among them, subject to any statutory or regulatory requirements as may be in effect from time to time. Beneficial Owners of Bonds may wish to take certain steps to augment the transmission to them of notices of significant events with respect to the Bonds, such as redemptions, tenders, defaults, and proposed amendments to the

Security documents. For example, Beneficial Owners of Bonds may wish to ascertain that the nominee holding the Bonds f or their benefit has agreed to obtain and transmit notices to Beneficial Owners. In the alternative, Beneficial Owners may wish to provide their names and addresses to the registrar and request that copies of notices be provided directly to them.

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

NONE OF THE ISSUER, THE UNDERWRITER, THE BOND COUNSEL, THE 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 Bond Registrar 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 Bond Registrar 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 Bond Registrar, please refer to the Resolution. Also, please see the section entitled "SECURITIES OFFERED – Redemption."

DISPOSITION OF BOND PROCEEDS

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

(a) all accrued interest, if any, shall be deposited to the appropriate fund of the County to be used to pay interest on the Bonds on the first interest payment date following delivery of the Bonds; and

(b) the remainder of the proceeds of the sale of the Bonds shall be deposited with a financial institution regulated by the Federal Deposit Insurance Corporation or similar federal agency in a special fund to be known as the 2018 Construction Fund (the "Construction Fund") to be kept separate and apart from all other funds of the County. The County shall disburse funds in the Construction Fund to pay costs of issuance of the Bonds, including necessary legal, accounting and fiscal expenses, printing, engraving, advertising and similar expenses, administrative and clerical costs, Registration Agent fees and other necessary miscellaneous expenses incurred in connection with the issuance and sale of the Bonds. The remaining funds in the Construction Fund shall be disbursed solely to pay the costs of the Project. Money in the Construction Fund shall be secured in the manner prescribed by applicable statutes relative to the securing of public or trust funds, if any, or, in the absence of such a statute, by a pledge of readily marketable securities having at all times a market value of not less than the amount in said Construction Fund. Money in the Construction Fund shall be expended only for the purposes authorized by the Resolution. Any funds remaining in the Construction Fund after completion of the Project and payment of authorized expenses shall be paid to the County Trustee and shall be used to pay principal of and interest on the Bonds. Moneys in the Construction Fund shall be invested at the direction of the County Trustee in such investments as shall be permitted by applicable law.

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DISCHARGE AND SATISFACTION OF BONDS

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

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

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

(c) By delivering such Bonds to the Registration Agent for cancellation by it;

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

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

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

County, as received by the Registration Agent. For the purposes hereof, Defeasance Obligations shall mean direct obligations of, or obligations, the principal of and interest on which are guaranteed by, the United States of America, or any agency thereof, 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 herein, which bonds or other obligations shall not be subject to redemption prior to their maturity other than at the option of the registered owner thereof.

REMEDIES OF BONDHOLDERS

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

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

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

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LEGAL MATTERS

LITIGATION

There are no claims against the County, including claims in litigation, which, in the opinion of the County, would materially affect the County's financial position as it relates to its ability to make payments on the Bonds. There are no suits threatened or pending challenging the legality or validity of the Bonds or the right of the County to sell or issue the Bonds.

TAX MATTERS

Federal

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

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

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

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

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

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

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

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

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

Original Issue Discount. A Bond will have "original issue discount" if the price paid by the original purchaser of such Bond is less than the principal amount of such Bond. Bond Counsel's opinion is that any original issue discount on these Bonds as it accrues is excluded from a bondholder's federal gross income under the Internal Revenue Code. The tax accounting treatment of 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 Executive acting in his official capacity to the effect that to the best of his knowledge and belief, and after reasonable investigation, (a) neither the

Official Statement, in final form, nor any amendment or supplement thereto, contains any untrue statements of material fact or omits to state any material fact necessary to make statements therein, in light of the circumstances in which they are made, misleading, (b) since the date of the *Official Statement*, in final form, no event has occurred which should have been set forth in such a memo or supplement, (c) there has been no material adverse change in the operation or the affairs of the County since the date of the *Official Statement*, in final form, and having attached thereto a copy of the *Official Statement*, in final form, and (d) there is no litigation of any nature pending or threatened seeking to restrain the issuance, sale, execution and delivery of the Bonds, or contesting the validity of the Bonds or any proceeding taken pursuant to which the Bonds were authorized; (ii) certificates as to the delivery and payment, signed by the County Executive acting in his official capacity, evidencing delivery of and payment for the Bonds; (iii) a signature identification and incumbency certificate, signed by the County Executive and County Clerk acting in their official capacities certifying as to the due execution of the Bonds; and, (iv) a Continuing Disclosure Certificate regarding certain covenants of the County concerning the preparation and distribution of certain annual financial information and notification of certain material events, if any.

APPROVAL OF LEGAL PROCEEDINGS

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

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MISCELLANEOUS

RATING

S&P Global Ratings ("S&P") has assigned its municipal bond rating of "AA" (Stable Outlook) to the Bonds with the understanding that upon delivery of the Bonds, a policy guaranteeing the payment when due of the principal of and interest on the Bonds will be issued by Build America Mutual. Such rating reflects only the views of such organization and explanations of the significance of such rating should be obtained from such agency. Additionally, S&P has assigned the Bonds an underlying 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 May 16, 2018. Details concerning the public sale were provided to potential bidders and others in the *Preliminary Official Statement* that was dated May 11, 2018.

The successful bidder for the Bonds was an account led by Robert W. Baird & Co., Incorporated, Milwaukee, Wisconsin (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 $5,968,161.95 (consisting of the par amount of the Bonds, plus a net reoffering premium of $62,818.20, and less an underwriter's discount of $72,856.25 and a bond insurance premium paid by the Underwriter of $21,800.00) or 99.469% 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 affiliated 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 also a wholly-owned subsidiary of Regions Financial Corporation. The Bank provides, among other services, commercial banking, investments and corporate trust services to private parties and to State and local jurisdictions, including serving as registration, paying agent or filing agent related to debt offerings. The Bank will receive compensation for its role in serving as Registration and Paying Agent for the Bonds. In instances where the Bank serves the County in other normal commercial banking capacities, it will be compensated separately for such services.

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

Bond Counsel. From time to time, Bass, Berry & Sims PLC has represented the Bank on legal matters unrelated to the County and may do so again in the future.

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

ADDITIONAL DEBT

The County has authorized an additional $6,500,000 debt at this time to fund improvements to the jail and schools. Additionally, the County has ongoing needs that may or may not require the issuance of debt.

DEBT LIMITATIONS

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

DEBT RECORD

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

CONTINUING DISCLOSURE

The County will at the time the Bonds are delivered execute a Continuing Disclosure Certificate under which it will covenant for the benefit of holders and beneficial owners of the Bonds to provide certain financial information and operating data relating to the County by not later than twelve months after the end of each fiscal year commencing with the fiscal year ending June 30, 2018 (the "Annual Report"), and to provide notice of the occurrence of certain significant events not later than ten business days after the occurrence of the events and notice of failure to provide any required financial information of the County. The issuer will provide notice in a timely manner to the MSRB of a failure by the County to provide the annual financial information on or before the date specified in the continuing disclosure agreement. The Annual Report (and audited financial statements if filed separately) and notices described above will be filed by the County with the Municipal Securities Rulemaking Board ("MSRB") at www.emma.msrb.org and with any State Information Depository which may be established in Tennessee (the "SID"). The specific nature of the information to be contained in the Annual Report or the notices of events is summarized below. These covenants have been made in order to assist the Underwriters in complying with Securities Exchange Act Rule 15c2-12(b), as it may be amended from time to time (the "Rule 15c2-12"). The District is in compliance with the undertakings required under the Rule.

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

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

1. Summary of bonded indebtedness as of the end of such fiscal year as shown on page B-8;

2. The indebtedness and debt ratio 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 Fund and General Debt Service Fund as of the end of such fiscal year as shown on page B-11;

4. The fund balances, net assets 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;

8. Property tax rates and tax collections of the County for the tax year ending in such fiscal year as well as the uncollected balance for such fiscal year as shown on page B-19; and

9. 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 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 ISSUER

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

/s/ Herschel Wells
County Executive

ATTEST:

/s/ Lisa Hillis
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 Warren County, Tennessee (the "Issuer") of the $6,000,000 General Obligation Bonds, Series 2018 (the "Bonds") dated June 15, 2018. We have examined the law and such certified proceedings and other papers as we deemed necessary to render this opinion.

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

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

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

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

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

4. Interest on the Bonds is excluded from gross income for federal income tax purposes and is not an item of tax preference for purposes of the federal alternative minimum tax. The opinion set forth in the preceding sentence is subject to the condition that the Issuer comply with all requirements of the Internal Revenue Code of 1986, as amended, that must be satisfied subsequent to the issuance of the Bonds in order that interest thereon be, or continue to be, excluded from gross income for federal income tax purposes. Failure to comply with certain of such requirements could cause interest on the Bonds to be so included in gross income retroactive to the date of issuance of the Bonds. The Issuer has covenanted to comply with all such requirements. Except as set forth in this Paragraph 4 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,

Bass, Berry & Sims

APPENDIX B

SUPPLEMENTAL INFORMATION STATEMENT

GENERAL INFORMATION

LOCATION

Warren County (the "County") lies along the western foothills of the Cumberland Mountains in the central portion of the State of Tennessee. The County is bordered to the north by DeKalb and White Counties. Van Buren County provides the County's eastern border, while Sequatchie and Grundy Counties make up the County's southern border. To the west, the County is bordered by Cannon and Coffee Counties. The City of McMinnville (the "City") serves as the county seat. The City is located 69 miles northwest of Chattanooga, 126 miles southwest of Knoxville and 72 miles southeast of Nashville. Other incorporated cities and towns in the County include Centertown, Morrison and Viola. According to the 2010 US Census the County had a population of 39,839 and the McMinnville had a population of 14,537.

GENERAL

Approximate land area of the County measures 283,520 acres or 431 square miles, with 78.0% of the land devoted to farming. Leading crops include corn, various kinds of hay, and Irish and sweet potatoes.

Dubbed the "Nursery Capital of the World," Warren County is home to more than 400 nurserymen culturing more than 1,500 varieties of ornamental plants on 30,000 acres. The only nursery crops research station in the State can also be found in the County. Here, researchers identify and test all new plants with the potential of going to market and affecting the nursery industry, overall.

The County has also been called the "Cradle of the Plant Kingdom" since the area has naturally occurring flora of more than 150 cultivable species as compared to 90 species for the entire continent of Europe. The area has been involved in the production and marketing of cultured plants for over 50 years.

TRANSPORTATION

Transportation for the County is provided by a variety of sources. CSX Transportation and Caney Fork & Western provide the County's rail services. The County is served by U.S. Highway 70 and State Highways 8, 30 55, 56, and 108, with Interstate 24 and 40 lying within a thirty-minute drive of the County. Four motor freight carriers maintain routes throughout the County, and there are two distribution terminals based in McMinnville.

Private air service is provided by the McMinnville - Warren County Airport which has a 5,000-foot lighted runway. The closest full-service commercial airport is located in Nashville.

EDUCATION

The *Warren County School System* serves the County with eleven total schools, which include eight elementary schools, one middle school, one senior high school and an Alternative

Learning Center. The fall 2016 enrollment was 6,684 students with 503 teachers using computer labs, Internet connections, and distance learning capabilities. In addition, there are four private elementary schools, a state funded vocational school and two colleges which operate off-campus centers offering associate degrees.

Source: Tennessee Department of Education.

Motlow State Community College McMinnville Center. The McMinnville Campus offers both basic educational classes and career-oriented educational classes. Students can complete an Associate of Arts or Associate of Science degree in General Studies or an Associate of Applied Science degree in Business Technology at the McMinnville location. Motlow College maintains a close, positive working relationship with area business and industry by working side-by-side to provide training, facilities and guidance to employees, employers and managers throughout the area.

Motlow State Community College is an accredited public comprehensive community college that had a fall 2016 enrollment of 5,851 students. The College was founded in 1969 and is located in Tullahoma in Coffee County, Tennessee. The associate degree program offers students an opportunity to earn an Associate of Arts or Associate of Science degree designed for transfer to a four-year-college or university. Motlow State has offices and classrooms in Fayetteville, McMinnville and Smyrna.

Source: Motlow State Community College.

The Tennessee Technology Center at McMinnville. The Tennessee Technology Center at McMinnville 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 McMinnville serves the central region of the state including Warren, Dekalb, White and Van Buren Counties. The Technology Center at McMinnville began operations in 1966, and the main campus is located in Warren County. Fall 2015 enrollment was 581 students.

Source: Tennessee Technology Center at McMinnville.

Universities with a 100-mile radius include: Tennessee Technological University, Cookeville; Middle Tennessee State University, Murfreesboro; David Lipscomb, Belmont College, Tennessee State University and Vanderbilt University, Nashville; and the University of the South, Sewanee.

MEDICAL FACILITIES

River Park Hospital provides the region with a 125-bed facility offering the latest in technology, and is affiliated with Capella Healthcare. Originally opened in 1970, a new facility was built in 1996 that increased the size to 200,000 square-feet on 14.2 acres. This hospital has over four hundred employees and a medical staff of over forty active physicians and additional specialty physicians. The hospital offers many of the same services that larger metropolitan area facilities provide. Some of the services include: same day surgery, lithotripsy, laser surgery, a rehabilitation unit, sports medicine, life-flight access, labor and delivery suites, inpatient dialysis, cardiac services, neurology, and more. In 2007, River Park opened the Middle Tennessee Surgical Care, a physician-developed, free-standing ambulatory surgery center.

Source: River Park Hospital.

Immediate emergency care is provided by the Warren County Emergency Ambulance Service, Warren County Rescue Squad and the River Park Emergency Service. Mental health care needs are met through the Cheer Mental Health Center. The Warren County Public Health Department provides medical services for residents with two nursing homes and eight home health care agencies offering readily available healthcare support in a family setting.

POWER PRODUCTION

Great Falls Dam and Reservoir. Tennessee Valley Authority's ("TVA") Great Falls Dam is located about 75 miles southeast of Nashville on the Caney Fork River (south of the Center Hill Dam) along the Warren and White County line. The Caney Fork River flows into the Cumberland River, which connects to the Cumberland River and ultimately the Tennessee River. Great Falls Dam began in 1915 and completed in 1916 by the Tennessee Electric Power Company for the purpose of power generation, and it was bought by TVA in 1939. The dam is 92 feet high and stretches 800 feet across the Caney Fork River. The generating capacity of Great Falls Dam is 33,800 kilowatts of electricity. Great Falls is one of seven dams acquired by TVA from private companies, and it's the only TVA dam located outside the Tennessee River watershed.

Source: Tennessee Valley Authority.

MANUFACTURING AND COMMERCE

There are two industrial parks located within the boundaries of Warren County. Warren County's North Industrial Park contains 83 acres, and is within the city limits of McMinnville. This site is served by water, sewer, electricity, gas, rail and sits adjacent to Highway 705. The larger of the two sites, Mountain View Industrial Park, contains 525 acres and is located southwest of the city, adjacent to Highway 55. This site is also served by rail transport and all utilities. In addition, there are several existing buildings and sites available for utilization by individual prospects.

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

Major Employers in Warren County

Company	Product	Employment
Yorozu Automotive Tennessee	Stamped Auto Parts	1,909
Bridgestone	Tires	991
Warren County School System*	Education	537
Jarden Consumer (Oster Specialty)	Shearers & Clippers	315
Morrison Tool & Fabrication	Welding & Fabrication	200
City of McMinnville	Government	160
City of Lavergne	Government	150
McMinnville Mfg. Co.	Hardwood Floors	85
Cumberland Lumber & Mfg. Co.	Wood Moldings, Cabinets	83
Miniature Precision Components	Automotive Plastic	82
Tennsmith, Inc.	Fabricated Pipe	75
Metal Products Company	Sheet Metal Assembly	54

* Teachers and administrators only.
Source: Middle Tennessee Industrial Development Association - 2017.

EMPLOYMENT INFORMATION

Unemployment in the Warren County as of March 2018 stood at 3.8%, representing 16,070 persons employed out of a labor force of 16,710. The chart below depicts unemployment trends in the County from 2012 to 2016.

Unemployment

	Annual Average **2012**	Annual Average **2013**	Annual Average **2014**	Annual Average **2015**	Annual Average **2016**
National	8.1%	7.4%	6.2%	5.3%	4.9%
Tennessee	8.0%	8.2%	6.7%	5.8%	4.8%
Warren County	**9.2%**	**9.2%**	**7.0%**	**5.8%**	**4.9%**
Index vs. National	114	124	113	109	100
Index vs. State	115	112	104	100	102

Source: Tennessee Department of Labor and Workforce Development.

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ECONOMIC DATA

Warren County's relative orientation towards an agriculturally-based economy has resulted in lower per capita income averages than the average for the State of Tennessee. However, the growth rate, as depicted by the relatively constant relationship of the County's per capita income versus the State levels, has kept up with the growth in personal income throughout the State of Tennessee.

Per Capita Personal Income

	2012	2013	2014	2015	2016
National	$44,282	$44,493	$46,494	$48,451	$49,246
Tennessee	$38,778	$38,814	$40,128	$42,128	$43,326
Warren County	**$29,837**	**$30,566**	**$31,182**	**$31,927**	**$32,930**
Index vs. National	67%	69%	67%	66%	67%
Index vs. State	77%	79%	78%	76%	76%

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

Social and Economic Characteristics

	National	Tennessee	Warren County	McMinnville
Median Value Owner Occupied Housing	$184,700	$146,000	$101,800	$92,500
% High School Graduates or Higher Persons 25 Years Old and Older	87.0%	86.0%	78.6%	75.2%
% Persons with Income Below Poverty Level	12.7%	15.8%	19.4%	29.3%
Median Household Income	$55,322	$46,574	$36,245	$30,136

Source: U.S. Census Bureau State & County QuickFacts - 2016.

RECREATION

Center Hill Dam and Lake. Center Hill Dam is located in Dekalb County on the Caney Fork River. It is a concrete gravity and earth-fill type dam. The overall length of Center Hill Dam is approximately 3,950 feet and was completed in 1948. Regionally, Center Hill Dam prevents the Cumberland River from flooding Carthage and Nashville. It aids in river navigation on the Cumberland River, and it provides electrical power. The project was designed by the U.S. Army Corps of Engineers, and the dam, powerplant and reservoir are operated by the Nashville District of the Corps of Engineers. Power produced at Center Hill is sufficient to supply the needs of an average city of 125,000 people, or about 351,000,000 kilowatt-hours average per year. Three power generating units provide a total hydroelectric capability of 135,000 kilowatts.

Center Hill Lake is a 64-mile-long reservoir consisting of 415 miles of shoreline with 18,200 acres under water. The lake is in Dekalb, Putnam, White and Warren Counties. The Caney Fork River flows into the Cumberland River, which connects to the Cumberland River and ultimately the Tennessee River. It controls the runoff from a drainage area of 2,174 square miles. Center Hill Dam and Lake function to control the floodwaters of the Caney Fork River and contribute to the reduction of flood levels at municipal, industrial and agricultural areas along the Cumberland, lower Ohio and Mississippi Rivers. Picnicking, camping, boating, and fishing are all popular activities on the Lake. There are three waterfalls and many excellent places to hike, swim, and camp. The majority of the drinking water in DeKalb and Putnam Counties comes from Center Hill Lake.

Source: US Army Corps of Engineers and Center Hill Lake.

Cumberland Caverns. Located in McMinnville, Cumberland Caverns displays some of the largest underground rooms in Eastern America. More than 32 miles of Cumberland Caverns are now known. It is open daily for tours year round and offers educational tours, overnight spelunking trips, adventure trips, group tours, and banquets.

Source: Cumberland Caverns.

Great Falls Reservoir is 22 miles long along the Warren and White County line. The area surrounding Great Falls Reservoir is a scenic wilderness with numerous waterfalls, including the one that gives the reservoir its name. Whitewater rapids below the dam are world renowned for kayaking and canoeing and have been the site for national and international paddling events.

Source: Tennessee Valley Authority.

Rock Island State Park. Rock Island State Park is an 883-acre park located in Warren, White and Van Buren Counties at the confluence of the Collins and Caney Fork Rivers. The park boundaries border the banks of both Center Hill and Great Falls Lakes. Rock Island has a natural sand beach on Center Hill Lake and provides scenic overlooks, waterfalls and deep pools for fishing, rock-hopping and exploring. Historic features of the park include a 19th century textile mill and one of Tennessee's early hydroelectric plants. The park offers hiking, camping, swimming, fishing and boating as well as many campsites and cabins.

Source: Tennessee State Parks.

RECENT DEVELOPMENTS

Bridgestone America Tire Operations. Bridgestone in 2011 invested $36 million in an expansion of its Warren County plant to increase production capacity by an additional 900 truck tires per day. The expansion was completed in late 2013. In 1990 the plant was manufacturing 377 tires a day, but now with the expansion it is producing over 9,000 tires in a day. The Warren County plant opened in 1990 and in 2008 was the world’s first tire plant to earn a LEED certification. The facility is located on 906 acres that includes a nature area.

Sansin Manufacturing. A Japanize company, Sansin Manufacturing, expanded into another spec building in the Mt. View Industrial Park in early 2014. The company manufacturing automotive parts, especially exhaust systems. The company also occupies the old Carrier building. Over 150 jobs were created.

Simpkins Energy. A Nashville-based energy company opened a manufacturing facility in McMinnville. The facility opened in mid-2014 with about 30 employees. It produces natural gas compressors used to power vehicles.

Source: Southern Standard.

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WARREN COUNTY, TENNESSEE
SUMMARY OF BONDED INDEBTEDNESS

AMOUNT ISSUED	PURPOSE	DUE DATE	INTEREST RATE(S)	As of June 30, 2017 (1) OUTSTANDING
$ 6,475,000	General Obligation Refunding Bonds, Series 2010	June 2022	Fixed	$ 3,630,000
6,000,000	General Obligation Bonds, Series 2010B (Federally Taxable Build America Bonds)	June 2030	Fixed	5,055,000
9,300,000	Qualified School Construction Loan, Series 2010	2027	Fixed	5,914,886
191,405	Capital Outlay Notes, Series 2016	2018	Fixed	63,801
4,900,000	General Obligation Bonds, Series 2014	June 2025	Fixed	3,975,000
$ 26,866,405	**Total Bonded Indebtedness**			$ 18,638,687
$ 6,000,000	General Obligation Bonds, Series 2018	June 2038	Fixed	$ 6,000,000
$ 32,866,405	**Net Bonded Debt**			$ 24,638,687

NOTE:

(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.

(2) The original federal subsidy of on the General Obligation Bonds, Series 2010B (Federally Taxable Build America Bonds), dated April 15, 2010, has been reduced by 6.9% for the federal fiscal year ending September 30, 2017 as a result of the sequestration by the Budget Control Act of 2011. After October 1, 2017, the sequestration rate will be 6.6%. After October 1, 2018 the sequestration rate will be subject to change.

WARREN COUNTY, TENNESSEE
Indebtedness and Debt Ratios

INTRODUCTION

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

	For the Fiscal Year Ended June 30					After Issuance
INDEBTEDNESS	**2013**	**2014**	**2015**	**2016**	**2017**	**2018**
TAX SUPPORTED						
General Obligation Bonds & Notes	$20,987,773	$19,274,656	$22,589,925	$20,687,795	$18,638,687	$24,638,687
TOTAL TAX SUPPORTED	20,987,773	19,274,656	22,589,925	20,687,795	18,638,687	24,638,687
TOTAL DEBT	$20,987,773	$19,274,656	$22,589,925	$20,687,795	$18,638,687	$24,638,687
Less: Revenue Supported Debt	-	-	-	-	-	-
Less: Debt Service Fund	(8,660,462)	(8,265,499)	(8,786,843)	(8,954,426)	(8,701,819)	(8,701,819)
NET DIRECT DEBT	$12,327,311	$11,009,157	$13,803,082	$11,733,369	$9,936,868	$15,936,868
PROPERTY TAX BASE						
Estimated Actual Value	$ 2,315,304,087	$ 2,363,490,790	$ 2,424,457,415	$ 2,519,333,815	$ 2,528,810,627	$ 2,665,316,439
Appraised Value	2,315,304,087	2,363,490,790	2,424,457,415	2,519,333,815	2,528,810,627	2,516,858,313
Assessed Value	660,099,383	674,190,487	693,180,322	719,029,964	718,215,028	713,234,543

DEBT RATIOS	For the Fiscal Year Ended June 30					After Issuance
	2013	**2014**	**2015**	**2016**	**2017**	**2018**
TOTAL DEBT to Estimated Actual Value	0.91%	0.82%	0.93%	0.82%	0.74%	0.92%
TOTAL DEBT to Appraised Value	0.91%	0.82%	0.93%	0.82%	0.74%	0.98%
TOTAL DEBT to Assessed Value	3.18%	2.86%	3.26%	2.88%	2.60%	3.45%
NET DIRECT DEBT to Estimated Actual Value	0.53%	0.47%	0.57%	0.47%	0.39%	0.60%
NET DIRECT DEBT to Appraised Value	0.53%	0.47%	0.57%	0.47%	0.39%	0.63%
NET DIRECT DEBT to Assessed Value	1.87%	1.63%	1.99%	1.63%	1.38%	2.23%
PER CAPITA RATIOS						
POPULATION (1)	39,866	39,969	40,435	40,516	40,516	40,516
PER CAPITA PERSONAL INCOME (2)	$30,566	$31,182	$31,927	$32,930	$32,930	$32,930
Estimated Actual Value to POPULATION	$58,077.16	$59,133.10	$59,959.38	$62,181.21	$62,415.11	$65,784.29
Assessed Value to POPULATION	$16,557.95	$16,867.83	$17,143.08	$17,746.82	$17,726.70	$17,603.77
Total Debt to POPULATION	$526.46	$482.24	$558.67	$510.61	$460.03	$608.12
Net Direct Debt to POPULATION	$309.22	$275.44	$341.36	$289.60	$245.26	$393.35
Total Debt Per Capita as a percent of PER CAPITA PERSONAL INCOME	1.72%	1.55%	1.75%	1.55%	1.40%	1.85%
Net Direct Debt Per Capita as a percent of PER CAPITA PERSONAL INCOME	1.01%	0.88%	1.07%	0.88%	0.74%	1.19%

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

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

WARREN COUNTY, TENNESSEE
BONDED DEBT SERVICE REQUIREMENTS

F.Y. Ended	Existing Debt (1) As of June 30, 2017				General Obligation Bonds, Series 2018			% 2018 Principal Repaid	Total Bonded Debt Service Requirements				% All Principal Repaid
6/30	Principal	Interest	Estimated U.S. Treasury Rebate	Total	Principal	Interest (3)	Total		Principal	Interest	Estimated U.S. Treasury Rebate	Total	
2018	$ 2,084,107	$ 924,342	$ (537,769)	$ 2,470,680	$ -	$ -	$ -	0.00%	$ 2,084,107	$ 924,342	$ (537,769)	$ 2,470,680	8.46%
2019	2,065,305	877,893	(533,390)	2,409,808	-	189,249	189,249		2,065,305	1,067,142	(533,390)	2,599,056	
2020	2,110,306	826,892	(528,596)	2,408,602	-	196,906	196,906		2,110,306	1,023,798	(528,596)	2,605,508	
2021	2,165,305	773,476	(523,340)	2,415,441	-	196,906	196,906		2,165,305	970,382	(523,340)	2,612,348	
2022	2,225,306	717,497	(517,748)	2,425,055	265,000	196,906	461,906	4.42%	2,490,306	914,403	(517,748)	2,886,962	44.30%
2023	1,460,305	659,033	(511,844)	1,607,494	280,000	183,656	463,656		1,740,305	842,689	(511,844)	2,071,150	
2024	1,485,306	631,445	(505,760)	1,610,991	290,000	175,256	465,256		1,775,306	806,701	(505,760)	2,076,247	
2025	1,515,305	601,263	(499,290)	1,617,278	300,000	160,756	460,756		1,815,305	762,019	(499,290)	2,078,034	
2026	995,306	569,427	(492,361)	1,072,372	310,000	151,756	461,756		1,305,306	721,183	(492,361)	1,534,128	
2027	1,072,429	548,469	(485,026)	1,135,872	320,000	142,456	462,456	29.42%	1,392,429	690,925	(485,026)	1,598,329	76.89%
2028	504,707	119,606	(70,724)	553,589	330,000	132,856	462,856		834,707	252,462	(70,724)	1,016,445	
2029	470,000	51,577	(18,052)	503,525	340,000	122,956	462,956		810,000	174,533	(18,052)	966,481	
2030	485,000	26,432	(9,251)	502,181	350,000	112,756	462,756		835,000	139,188	(9,251)	964,937	
2031	-	-	-	-	360,000	102,256	462,256		360,000	102,256	-	462,256	
2032	-	-	-	-	370,000	91,456	461,456	58.58%	370,000	91,456	-	461,456	89.91%
2033	-	-	-	-	380,000	80,356	460,356		380,000	80,356	-	460,356	
2034	-	-	-	-	395,000	68,481	463,481		395,000	68,481	-	463,481	
2035	-	-	-	-	405,000	56,138	461,138		405,000	56,138	-	461,138	
2036	-	-	-	-	420,000	42,975	462,975		420,000	42,975	-	462,975	
2037	-	-	-	-	435,000	29,325	464,325	92.50%	435,000	29,325	-	464,325	98.17%
2038	-	-	-	-	450,000	15,188	465,188	100.00%	450,000	15,188	-	465,188	100.00%
	$ 18,638,687	$ 7,327,352	$ (5,233,152)	$ 20,732,887	$ 6,000,000	$ 2,448,593	$ 8,448,593		$ 24,638,687	$ 9,775,945	$ (5,233,152)	$ 29,181,480	

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.

(2) The original federal subsidy of on the General Obligation Bonds, Series 2010B (Federally Taxable Build America Bonds), dated April 15, 2010, has been reduced by 6.9% for the federal fiscal year ending September 30, 2017 as a result of the sequestration by the Budget Control Act of 2011. After October 1, 2017, the sequestration rate will be 6.6%. After October 1, 2018 the sequestration rate will be subject to change.

(3) Average Coupon 3.2109884%.

FINANCIAL INFORMATION

BASIS OF ACCOUNTING AND PRESENTATION

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

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

FUND BALANCES, NET ASSETS AND RETAINED EARNINGS

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

	For the Fiscal Year Ended June 30,				
Fund Type	**2013**	**2014**	**2015**	**2016**	**2017**
Governmental Funds:					
General	$4,687,700	$ 5,247,179	$ 4,876,853	$ 5,316,617	$ 6,636,106
Ambulance Service	339,931	771,600	1,130,152	1,281,545	1,442,027
Highway/Public Works	1,854,118	2,199,746	1,860,576	1,987,916	1,794,832
General Debt Service	8,660,462	8,265,499	8,786,843	8,954,426	8,701,819
Nonmajor Funds	1,076,538	1,171,747	1,367,484	1,342,835	1,215,882
TOTAL	**$16,618,749**	**$17,655,771**	**$18,021,908**	**$18,883,339**	**$19,970,666**
Proprietary Net Assets	$2,427,441	$3,803,796	$2,482,666	$3,817,249	$3,713,132

Source: Comprehensive Financial Audit Reports of the County.

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

	2013	2014	2015	2016	2017
Revenues:					
Local Taxes	$ 6,076,092	$ 7,324,537	$ 6,906,650	$ 7,330,454	$ 8,422,525
Licenses and Permits	211,337	228,440	250,106	227,401	297,552
Fines, forfeitures and penalties	258,411	291,865	322,444	362,181	363,153
Charges for current services	125,853	129,256	105,629	144,503	152,992
Other local revenue	430,268	488,638	430,971	385,413	400,294
Fees from local County Officials	855,414	737,018	820,173	806,143	958,433
State of Tennessee	2,735,284	1,921,931	1,650,767	1,803,302	1,872,307
Federal Government	932,096	1,207,142	846,848	846,396	1,028,877
Other Gov'ts and Citizens Groups	226,133	228,067	291,254	526,985	560,454
Total Revenues	$ 11,850,888	$ 12,556,894	$ 11,624,842	$ 12,432,778	$ 14,056,587
Expenses and Other Uses:					
General Government	$ 1,416,719	$ 1,371,642	$ 1,332,858	$ 1,369,414	$ 1,356,721
Finance	701,266	753,504	824,346	812,137	834,493
Administration of Justice	818,062	964,147	904,256	970,830	1,085,361
Public Safety	5,167,697	5,520,574	6,026,809	6,527,892	6,717,784
Public Health & Welfare	1,241,203	1,331,185	1,158,174	821,605	959,768
Social, Cultural, & Recreational	155,750	124,750	131,500	136,500	134,500
Agricultural & Natural Resources	183,671	196,483	196,239	203,248	213,937
Other Operations	1,761,215	1,735,130	1,421,090	1,343,594	1,435,594
Debt Service	-	-	-	-	-
Capital Projects	-	-	-	-	-
Total Expenditures	$ 11,445,583	$ 11,997,415	$ 11,995,272	$ 12,185,220	$ 12,738,158
Excess (Deficiency) of Revenues Over Expenditures	$ 405,305	$ 559,479	$ (370,430)	$ 247,558	$ 1,318,429
Other Sources & Uses:					
Lease/Note Proceeds	$ 135,000	$ -	$ -	$ 192,206	$ -
Sale of Capital Assets	-	-	-	-	1,060
Operating Transfers - In	-	-	104	-	-
Operating Transfers - Out	-	-	-	-	-
Total Expenses & Other Uses	$ 135,000	$ -	$ 104	$ 192,206	$ 1,060
Excess of Revenues & Other Financing Sources Over (under) Expenditures & Other Uses	$ 540,305	$ 559,479	$ (370,326)	$ 439,764	$ 1,319,489
Fund Balance July 1	4,147,395	4,687,700	5,247,179	4,876,853	5,316,617
Prior Period Adjustment	-	-	-	-	-
Fund Balance June 30	**$ 4,687,700**	**$ 5,247,179**	**$ 4,876,853**	**$ 5,316,617**	**$ 6,636,106**

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

INVESTMENT AND CASH MANAGEMENT PRACTICES

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

REAL PROPERTY ASSESSMENT, TAX LEVY AND COLLECTION PROCEDURES

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

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

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

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

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

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

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

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

County Taxation of Property

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

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

Assessment of Property

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

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

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

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

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

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

Periodic Reappraisal and Equalization

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

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

Valuation for Property Tax Purposes

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

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

Certified Tax Rate

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

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

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

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

Tax Freeze for the Elderly Homeowners

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

Tax Collection and Tax Lien

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

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

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Assessed Valuations. According to the Tax Aggregate Report, property in the County reflected a ratio of appraised value to true market value of 0.9443. The following table shows pertinent data for tax year 2017[1].

Class	Estimated Assessed Valuation	Assessment Rate	Estimated Appraised Value
Public Utilities	$ 32,941,882	55%	$ 75,468,229
Commercial and Industrial	149,503,320	40%	397,386,846
Personal Tangible Property	77,608,191	30%	272,812,232
Residential and Farm	453,181,150	25%	1,919,649,041
TOTAL	**$713,234,543**		**$2,665,316,439**

1 The tax year coincides with the calendar year; therefore tax year 2017 is actually fiscal year 2017-2018.
Source: 2017 Tax Aggregate Report of Tennessee and the County.

The estimated assessed value of property in the County for the fiscal year ending June 30, 2018 (tax year 2017) is $713,234,543 compared to $718,215,028 for the fiscal year ending June 30, 2017 (tax year 2016). The estimated actual value of all taxable property for tax year 2017 is $2,665,316,439 compared to $2,528,810,627 for tax year 2016.

Property Tax Rates and Collections. The following table shows the property tax rates and collections of the County for tax years 2013 through 2017 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[1]	Assessed Valuation	Tax Rates	Taxes Levied	Amount	Pct	as of June 30, 2017 Amount	Pct
2013	$674,190,487	$1.9955	$13,465,707	$13,189,626	97.9%	$45,939	0.34%
2014	693,180,322	1.9955	13,826,548	13,050,258	94.4%	84,836	0.61%
2015	719,029,964	1.9661	13,196,964	13,068,263	99.0%	137,373	1.04%
2016	718,215,028	1.9661	13,339,990	12,435,483	93.2%	761,481	6.80%
2017	713,234,543	1.9661	13,386,532	IN PROGRESS			

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1 The tax year coincides with the calendar year; therefore tax year 2017 is actually fiscal year 2017-2018.

Ten Largest Taxpayers. For the fiscal year ending June 30, 2018 (tax year 2017), the ten largest taxpayers in the County are as follows:

	Taxpayer	Business Type	Assessment	Taxes Paid
1.	Yorozu	Metal Stamping	$161,517,299	$952,677
2.	Bridgestone	Tires	In Lieu of	650,000
3.	Caney Fork Electric	Power Utility	19,379,839	381,028
4.	Ben Lomand R.T.C	Telephone Coop	12,426,269	244,313
5.	Calsonic Yorozu Corp.	Metal Stamping	6,574,425	129,259
6.	Wal-Mart	Retail	5,000,000	98,305
7.	Sunbeam Products Inc.	Retail	15,343,473	90,500
8.	Honda of America	Auto Manufacturing	11,844,869	69,865
9.	Rock Island Partners	Retail	3,026,310	59,500
10.	National Health Investors	Healthcare	2,740,680	53,885
	TOTAL		**$237,853,164**	**$2,611,760**

Source: The County.

PENSION PLANS

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

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

APPENDIX C

GENERAL PURPOSE FINANCIAL STATEMENTS

WARREN COUNTY, TENNESSEE

COMPREHENSIVE ANNUAL FINANCIAL REPORT

FOR THE FISCAL YEAR ENDED

JUNE 30, 2017

The General Purpose Financial Statements are extracted from the Financial Statements with Report of Certified Public Accountants of Warren County for the fiscal year ended June 30, 2017 which is available upon request from the County.

ANNUAL FINANCIAL REPORT

WARREN COUNTY, TENNESSEE

FOR THE YEAR ENDED JUNE 30, 2017

TENNESSEE
COMPTROLLER
OF THE TREASURY

DIVISION OF LOCAL GOVERNMENT AUDIT

WARREN COUNTY, TENNESSEE
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INTRODUCTORY SECTION

Audit Committee

Wayne Cantrell, Chairman
Emily Horton
Danny Martin
Randy England
Vacant

TENNESSEE
COMPTROLLER
OF THE TREASURY

JUSTIN P. WILSON
Comptroller

JASON E. MUMPOWER
Chief of Staff

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

To the County Executive and Board of County Commissioners:

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of Warren County, Tennessee, as of and for the year ended June 30, 2017, 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

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Supplementary and Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise Warren 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 Warren 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 schedule of expenditures of federal awards is presented for purposes of additional analysis as required by *Title 2 U.S. Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, and is also 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 Warren County School Department (a discretely presented component unit), miscellaneous schedules, and schedule of expenditures of federal awards are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining and individual nonmajor fund financial statements, budgetary comparison schedules of nonmajor governmental funds and the General Debt Service Fund, combining and individual fund financial statements of the Warren County School Department (a discretely presented component unit), miscellaneous schedules, and schedule of expenditures of federal awards 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 21, 2018, on our consideration of Warren County's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of Warren County's internal control over financial reporting or on compliance. That report is an

Basic Financial Statements

Exhibit A

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

	Primary Government: Governmental Activities	Component Unit: Warren County School Department
DEFERRED INFLOWS OF RESOURCES		
Deferred Revenue - Current Property Taxes	$ 9,861,225	$ 4,051,339
Pension Changes in Experience	916,012	5,683,740
Pension Other Deferrals	0	2,609
Total Deferred Inflows of Resources	$ 10,777,237	$ 9,737,688
NET POSITION		
Net Investment in Capital Assets	$ 35,531,022	$ 46,397,025
Restricted for:		
General Government	2,764,802	0
Administration of Justice	373,858	0
Public Safety	252,476	0
Social, Cultural, and Recreational Services	84,368	0
Highways/Public Works	695,734	0
Education	0	3,184,435
Debt Service	577,063	0
Pensions	552,010	479,948
Unrestricted	5,821,685	2,563,801
Total Net Position	$ 46,653,018	$ 52,625,209

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

Warren 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	Warren County School Department
General Revenues:						
Taxes:						
Property Taxes Levied for General Purposes					$ 9,156,950	$ 4,445,041
Property Taxes Levied for Debt Service					1,108,502	0
Local Option Sales Taxes					238,404	8,084,840
Wheel Tax					1,111,158	0
Litigation Taxes					162,411	0
Business Tax					360,374	0
Mixed Drink Tax					21,771	10,948
Wholesale Beer Tax					180,018	0
Hotel/Motel Tax					62,405	0
Mineral Severance Tax					16,549	0
Grants and Contributions Not Restricted to Specific Programs					1,361,705	36,365,263
Unrestricted Investment Earnings					206,827	9,873
Miscellaneous					39,769	89,772
Sale of Equipment					5,997	39,715
Special Item - Tax Credit on Bond Rebate					419,980	0
Total General Revenues					$ 14,452,820	$ 49,045,452
Change in Net Position					$ 2,431,723	$ 2,094,759
Net Position, July 1, 2016					44,221,295	50,530,450
Net Position, June 30, 2017					$ 46,653,018	$ 52,625,209

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

Exhibit C-1

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

	Major Funds				Nonmajor Funds	
	General	Ambulance Service	Highway / Public Works	General Debt Service	Other Govern-mental Funds	Total Governmental Funds
DEFERRED INFLOWS OF RESOURCES (Cont.)						
Other Deferred/Unavailable Revenue	$ 31,906	$ 1,264,100	$ 173,239	$ 22,944	$ 0	$ 1,492,189
Total Deferred Inflows of Resources	$ 6,559,659	$ 2,283,489	$ 755,951	$ 1,397,776	$ 643,387	$ 11,640,262
FUND BALANCES						
Restricted:						
Restricted for General Government	$ 2,756,307	$ 0	$ 0	$ 0	$ 0	$ 2,756,307
Restricted for Administration of Justice	373,858	0	0	0	0	373,858
Restricted for Public Safety	0	0	0	0	252,476	252,476
Restricted for Social, Cultural, and Recreational Services	0	0	0	0	84,368	84,368
Restricted for Other Operations	8,495	0	0	0	0	8,495
Restricted for Highways/Public Works	0	0	522,495	0	0	522,495
Restricted for Debt Service	0	0	0	621,853	0	621,853
Committed:						
Committed for General Government	0	0	0	0	16,611	16,611
Committed for Finance	0	0	0	0	133,662	133,662
Committed for Administration of Justice	0	0	0	0	81,325	81,325
Committed for Public Safety	45,401	0	0	0	0	45,401
Committed for Public Health and Welfare	7,100	1,442,027	0	0	647,440	2,096,567
Committed for Highways/Public Works	0	0	628,910	0	0	628,910
Committed for Debt Service	0	0	0	8,079,966	0	8,079,966
Assigned:						
Assigned for Highways/Public Works	0	0	643,427	0	0	643,427
Unassigned	3,444,945	0	0	0	0	3,444,945
Total Fund Balances	$ 6,636,106	$ 1,442,027	$ 1,794,832	$ 8,701,819	$ 1,215,882	$ 19,790,666
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	$ 13,698,768	$ 3,842,776	$ 2,587,192	$ 10,099,595	$ 1,978,657	$ 32,206,988

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

Exhibit C-3

Warren County, Tennessee
Statement of Revenues, Expenditures,
and Changes in Fund Balances
Governmental Funds
For the Year Ended June 30, 2017

	Major Funds				Nonmajor Funds	
	General	Ambulance Service	Highway / Public Works	General Debt Service	Other Govern-mental Funds	Total Governmental Funds
Revenues						
Local Taxes	$ 8,422,525	$ 1,111,449	$ 648,039	$ 2,617,251	$ 351,477	$ 13,150,741
Licenses and Permits	297,552	0	0	0	0	297,552
Fines, Forfeitures, and Penalties	363,153	0	0	0	123,460	486,613
Charges for Current Services	152,992	2,129,656	0	0	976,271	3,258,919
Other Local Revenues	400,294	91	7,607	197,858	67,912	673,762
Fees Received From County Officials	958,433	0	0	0	0	958,433
State of Tennessee	1,872,307	425	2,391,555	0	445,224	4,709,511
Federal Government	1,028,877	22,350	0	0	376,773	1,428,000
Other Governments and Citizens Groups	560,454	0	0	0	0	560,454
Total Revenues	$ 14,056,587	$ 3,263,971	$ 3,047,201	$ 2,815,109	$ 2,341,117	$ 25,523,985
Expenditures						
Current:						
General Government	$ 1,356,721	$ 0	$ 0	$ 0	$ 149,615	$ 1,506,336
Finance	834,493	0	0	0	443,287	1,277,780
Administration of Justice	1,085,361	0	0	0	362,189	1,447,550
Public Safety	6,717,784	76,839	0	0	93,925	6,888,548
Public Health and Welfare	959,768	3,026,650	0	0	1,042,281	5,028,699
Social, Cultural, and Recreational Services	134,500	0	0	0	0	134,500
Agriculture and Natural Resources	213,937	0	0	0	0	213,937
Other Operations	1,435,594	0	0	0	0	1,435,594
Highways	0	0	3,240,285	0	0	3,240,285
Debt Service:						
Principal on Debt	0	0	0	2,049,107	0	2,049,107
Interest on Debt	0	0	0	968,640	0	968,640
Other Debt Service	0	0	0	49,969	0	49,969

(Continued)

Exhibit C-4

Warren 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, 2017

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)		$ 907,327
(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	$ 496,851	
Less: current-year depreciation expense	(1,601,453)	(1,104,602)
(2) The net effect of various miscellaneous transactions involving capital assets (sales, trade-ins, and donations) is to decrease net position.		
Less: book value of capital assets disposed		(67,864)
(3) Revenues in the statement of activities that do not provide current financial resources are not reported in the funds.		
Add: deferred delinquent property taxes and other deferred June 30, 2017	$ 1,779,037	
Less: deferred delinquent property taxes and other deferred June 30, 2016	(1,667,797)	111,240
(4) The issuance of long-term debt (e.g., bonds, notes) 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 net effect of these differences in the treatment of long-term debt and related items:		
Add: principal payments on bonds	$ 1,985,305	
Add: principal payments on notes	63,802	
Add: change in premium on debt issuances	26,897	
Less: change in deferred amount on refunding	(2,110)	2,073,894
(5) Some expenses reported in the statement of activities do not require the use of current financial resources and therefore are not reported as expenditures in governmental funds.		
Change in accrued interest payable	$ 6,690	
Change in compensated absences payable	3,727	
Change in other postemployment benefits liability	(36,922)	
Change in net pension liability/asset	(196,690)	
Change in deferred outflows related to pensions	941,750	
Change in deferred inflows related to pensions	(102,710)	615,845
(6) The internal service fund is used by management to charge the cost of liability and workers' compensation insurance to individual funds. The net revenue of certain activities of the internal service fund is reported with governmental activities in the statement of activities.		(104,117)
Change in net position of governmental activities (Exhibit B)		$ 2,431,723

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

Exhibit C-5

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

	Actual	Budgeted Amounts Original	Budgeted Amounts Final	Variance with Final Budget - Positive (Negative)
Expenditures (Cont.)				
Public Health and Welfare				
Local Health Center	$ 85,342	$ 91,196	$ 91,196	$ 5,854
Rabies and Animal Control	106,660	103,479	110,901	4,241
Maternal and Child Health Services	20,897	31,982	42,502	21,605
Alcohol and Drug Programs	114,581	0	340,000	225,419
Other Local Health Services	501,572	676,900	737,100	235,528
Regional Mental Health Center	5,000	5,000	5,000	0
Appropriation to State	50,873	52,203	52,203	1,330
General Welfare Assistance	2,690	4,000	4,000	1,310
Other Local Welfare Services	0	0	10,000	10,000
Other Public Health and Welfare	72,153	72,400	72,400	247
Social, Cultural, and Recreational Services				
Senior Citizens Assistance	11,000	11,000	11,000	0
Libraries	116,000	116,000	116,000	0
Parks and Fair Boards	7,500	7,500	7,500	0
Agriculture and Natural Resources				
Agricultural Extension Service	117,621	121,927	121,927	4,306
Forest Service	2,000	2,000	2,000	0
Soil Conservation	94,316	93,513	94,857	541
Other Operations				
Tourism	5,000	5,000	5,000	0
Industrial Development	50,000	50,000	50,000	0
Airport	620,866	1,773,138	1,773,138	1,152,272
Veterans' Services	14,731	24,363	24,363	9,632
Other Charges	427,611	610,000	610,000	182,389
Contributions to Other Agencies	5,500	5,500	5,500	0
Employee Benefits	272,930	335,000	335,000	62,070
Miscellaneous	38,956	45,000	57,000	18,044
Total Expenditures	$ 12,738,158	$ 15,327,347	$ 15,957,314	$ 3,219,156
Excess (Deficiency) of Revenues Over Expenditures	$ 1,318,429	$ (1,955,971)	$ (2,058,971)	$ 3,377,400
Other Financing Sources (Uses)				
Proceeds from Sale of Capital Assets	$ 1,060	$ 0	$ 0	$ 1,060
Total Other Financing Sources	$ 1,060	$ 0	$ 0	$ 1,060
Net Change in Fund Balance	$ 1,319,489	$ (1,955,971)	$ (2,058,971)	$ 3,378,460
Fund Balance, July 1, 2016	5,316,617	3,102,234	3,102,234	2,214,383
Fund Balance, June 30, 2017	$ 6,636,106	$ 1,146,263	$ 1,043,263	$ 5,592,843

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

Exhibit C-7

Warren County, Tennessee
Statement of Revenues, Expenditures, and Changes
in Fund Balance - Actual and Budget
Highway/Public Works Fund
For the Year Ended June 30, 2017

	Actual	Budgeted Amounts Original	Budgeted Amounts Final	Variance with Final Budget - Positive (Negative)
Revenues				
Local Taxes	$ 648,039	$ 607,449	$ 628,449	$ 19,590
Other Local Revenues	7,607	1,000	1,000	6,607
State of Tennessee	2,391,555	3,159,151	3,159,151	(767,596)
Total Revenues	$ 3,047,201	$ 3,767,600	$ 3,788,600	$ (741,399)
Expenditures				
Highways				
Administration	$ 176,548	$ 226,833	$ 226,833	$ 50,285
Highway and Bridge Maintenance	1,845,776	1,807,390	1,957,390	111,614
Operation and Maintenance of Equipment	153,586	175,500	175,500	21,914
Other Charges	125,254	184,050	184,050	58,796
Employee Benefits	138,812	168,176	168,176	29,364
Capital Outlay	800,309	1,850,000	1,850,000	1,049,691
Total Expenditures	$ 3,240,285	$ 4,411,949	$ 4,561,949	$ 1,321,664
Excess (Deficiency) of Revenues Over Expenditures	$ (193,084)	$ (644,349)	$ (773,349)	$ 580,265
Net Change in Fund Balance	$ (193,084)	$ (644,349)	$ (773,349)	$ 580,265
Fund Balance, July 1, 2016	1,987,916	1,296,430	1,296,430	691,486
Fund Balance, June 30, 2017	$ 1,794,832	$ 652,081	$ 523,081	$ 1,271,751

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

Exhibit D-2

Warren County, Tennessee
Statement of Revenues, Expenses, and
Changes in Net Position
Proprietary Fund
For the Year Ended June 30, 2017

	Governmental Activities - Internal Service Fund Self-Insurance Fund
Operating Revenues	
Self-Insurance Premiums/Contributions	$ 734,200
Total Operating Revenues	$ 734,200
Operating Expenses	
Other Contracted Services	$ 119,440
Building and Contents Insurance	141,224
Excess Liability Insurance	93,579
Vehicle and Equipment Insurance	7,838
Workers' Compensation Insurance	96,041
Other Self-Insured Claims	387,616
Other Charges	731
Total Operating Expenses	$ 846,469
Operating Income (Loss)	$ (112,269)
Nonoperating Revenues (Expenses)	
Investment Income	$ 8,152
Total Nonoperating Revenue	$ 8,152
Change in Net Position	$ (104,117)
Net Position, July 1, 2016	3,817,249
Net Position, June 30, 2017	$ 3,713,132

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

Exhibit E

Warren County, Tennessee
Statement of Fiduciary Assets and Liabilities
Fiduciary Funds
June 30, 2017

	Agency Funds
ASSETS	
Cash	$ 1,454,341
Equity in Pooled Cash and Investments	61,882
Accounts Receivable	190
Due from Other Governments	471,894
Total Assets	$ 1,988,307
LIABILITIES	
Due to Other Taxing Units	$ 471,894
Due to Litigants, Heirs, and Others	1,494,862
Due to Joint Ventures	21,551
Total Liabilities	$ 1,988,307

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

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

Administrative Office:

Warren County Emergency Communications District
902 Bridge Builders Road
McMinnville, TN 37110

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 Warren 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 Warren 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.

Warren County issues all debt for the discretely presented Warren County School Department. There were no debt issues contributed by the county to the School Department during the year ended June 30, 2017.

Separate financial statements are provided for governmental funds, the proprietary fund (internal service), and fiduciary funds. The internal service on long-term debt are recognized as fund liabilities when due or when amounts have been accumulated in the General Debt Service Fund for payments to be made early in the following year.

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

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

Warren County reports the following major governmental funds:

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

Ambulance Service Fund – This special revenue fund accounts for transactions relating to the county-operated Ambulance Service. Property taxes and patient charges are the foundational revenues of this fund.

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

General 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, Warren County reports the following fund types:

Internal Service Fund – The Self-Insurance Fund accounts for the county's self-insurance program. Premiums charged to the various county funds are placed in this fund for the payment of claims against the county not covered by excess risk insurance coverage.

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

1. Deposits and Investments

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

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

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

2. Receivables and Payables

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

All ambulance and property tax receivables are shown with an allowance for uncollectibles. Ambulance receivables allowance for uncollectibles is based on historical collection data. The allowance for uncollectible property taxes is equal to 1.84 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 more. Capital assets are defined by the Warren County School Department as assets with an initial, individual cost of $25,000 or more. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at acquisition value at the date of donation.

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

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

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

Assets	Years
Buildings and Improvements	25 - 40
Other Capital Assets	5 - 20
Infrastructure:	
Roads	25 - 50
Bridges	75

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 and the governmental funds balance sheet. These items are for pension changes in experience, changes in investment earnings, changes in proportionate share of contributions, employer contributions made to the pension plan after the measurement date, and the deferred charge on refunding.

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, etc.) until that time. The government has items that qualify for reporting in this category. Accordingly, the items are reported 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 and the proprietary fund in the fund financial statements, equity is classified as net position and displayed in three components:

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

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

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

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

E. <u>Pension Plans</u>

<u>Primary Government</u>

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

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

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. <u>RECONCILIATION OF GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS</u>

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

<u>Primary Government</u>

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.

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, 2017, the discretely presented Warren County School Department reported the following significant encumbrances:

Funds	Description	Amount
Major Funds:		
General Purpose School	Irving College New Access Road	$ 193,899
"	Electrical and Plumbing Upgrades	288,425
"	Instructional Robotics Center	114,099
"	Vehicles	46,091
"	Gasoline and Diesel Fuel	34,157
Central Cafeteria	Equipment	38,370

B. Expenditures Exceeded Appropriations

Expenditures exceeded appropriations in 16 of 52 salary line-items of the General Purpose School Fund by amounts ranging from $184 to $103,755. The budget resolution approved by the county commission states that the salary, wages, or remuneration of each official, employee, or agent of the county shall not exceed expenditures that accompany the resolution. Therefore, salaries exceeding line-item appropriations were expenditures not approved by the county commission. These expenditures in excess of appropriations were funded by available fund balance.

IV. DETAILED NOTES ON ALL FUNDS

A. Deposits and Investments

Warren County and the Warren 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.

discretely presented Warren County School Department since both pool their deposits and investments through the county trustee.

Investment	Weighted Average Maturity (days)	Maturity	Amortized Cost
State Treasurer's Investment Pool	3 to 80	N/A	$ 13,584,033
Infinex Financial Group:			
Various Certificates of Deposit	N/A	Various	6,002,324
Total			$ 19,586,357

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

Credit Risk. Credit risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligations. State statutes limit the ratings of certain investments as previously explained. Warren County has no investment policy that would further limit its investment choices. As of June 30, 2017, Warren County's investment in the State Treasurer's Investment Pool and Infinex Financial Group were unrated.

Concentration of Credit Risk. Concentration of credit risk is the risk of loss attributed to the magnitude of the county's investment in a single issuer. Warren County places no limit on the amount the county may invest in one issuer. More than five percent of the county's investments are held by Infinex Financial Group. These investments are 30.65 percent of the county's total investments.

B. Notes Receivable

An agreement between Warren County and the West Warren-Viola Utility District requires the utility district to repay the county for principal and interest paid by the county on bonded debt for improvements made to water and sewer lines in the industrial park. The utility is required to remit 70 percent of certain industrial park revenues until this debt is repaid. As of June 30, 2017, the outstanding balance was $442,167. This amount has been reflected in the financial statements of this report as Notes Receivable – Current in the General Debt Service Fund. No funds were remitted by the district during the year examined.

Governmental Activities:

General Government	$ 43,579
Administration of Justice	9,834
Public Safety	250,672
Public Health and Welfare	257,110
Social, Cultural and Recreational Services	46,632
Highways/Public Works	993,626
Total Depreciation Expense - Governmental Activities	$ 1,601,453

Discretely Presented Warren County School Department

Governmental Activities:

	Balance 7-1-16	Increases	Decreases	Balance 6-30-17
Capital Assets Not Depreciated:				
Land	$ 1,938,806	$ 0	$ 0	$ 1,938,806
Construction in Progress	4,101,603	0	(4,101,603)	0
Total Capital Assets Not Depreciated	$ 6,040,409	$ 0	$ (4,101,603)	$ 1,938,806
Capital Assets Depreciated:				
Buildings and Improvements	$ 76,621,976	$ 4,824,274	$ 0	$ 81,446,250
Other Capital Assets	4,749,045	48,689	(868,589)	3,929,145
Total Capital Assets Depreciated	$ 81,371,021	$ 4,872,963	$ (868,589)	$ 85,375,395
Less Accumulated Depreciation For:				
Buildings and Improvements	$ 35,914,434	$ 1,636,779	$ 0	$ 37,551,213
Other Capital Assets	4,023,945	210,607	(868,589)	3,365,963
Total Accumulated Depreciation	$ 39,938,379	$ 1,847,386	$ (868,589)	$ 40,917,176
Total Capital Assets Depreciated, Net	$ 41,432,642	$ 3,025,577	$ 0	$ 44,458,219
Governmental Activities Capital Assets, Net	$ 47,473,051	$ 3,025,577	$ (4,101,603)	$ 46,397,025

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

Discretely Presented Warren County School Department

Transfers Out	Transfers In Nonmajor Governmental Funds	Purpose
Nonmajor Governmental Funds	$ 5,000	Operations

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.

F. Long-term Obligations

Primary Government

General Obligation Bonds and Notes

Warren County issues general obligation bonds to provide funds for the acquisition and construction of major capital facilities for the primary government and the discretely presented School Department. In addition, general obligation bonds have been issued to refund other general obligation bonds and other loans. Capital outlay notes are also issued to fund capital facilities and other capital outlay purchases, such as equipment.

General obligation bonds and capital outlay notes are direct obligations and pledge the full faith and credit of the government. General obligation bonds and capital outlay notes outstanding were issued for original terms of up to 20 years for bonds and up to three years for notes. Repayment terms are generally structured with increasing amounts of principal maturing as interest requirements decrease over the term of the debt. All bonds and notes included in long-term debt as of June 30, 2017, will be retired from the General Debt Service Fund.

General obligation bonds and capital outlay notes outstanding as of June 30, 2017, for governmental activities are as follows:

Type	Interest Rate	Final Maturity	Original Amount of Issue	Balance 6-30-17
General Obligation Bonds	0 to 5.45 %	6-1-30	$ 20,200,000	$ 14,944,887
General Obligation Bonds Refunding	2 to 4	6-1-22	6,475,000	3,630,000
Capital Outlay Notes	1.86	6-30-18	191,405	63,801

Governmental Activities:

	Bonds	Notes
Balance, July 1, 2016	$ 20,560,192	$ 127,603
Reductions	(1,985,305)	(63,802)
Balance, June 30, 2017	$ 18,574,887	$ 63,801
Balance Due Within One Year	$ 2,020,306	$ 63,801

	Compensated Absences	Other Postemployment Benefits
Balance, July 1. 2016	$ 285,403	$ 434,341
Additions	366,406	41,934
Reductions	(370,133)	(5,012)
Balance, June 30, 2017	$ 281,676	$ 471,263
Balance Due Within One Year	$ 183,091	$ 0

Analysis of Noncurrent Liabilities Presented on Exhibit A:

Total Noncurrent Liabilities, June 30, 2017	$ 19,391,628
Less: Balance Due Within One Year	(2,267,198)
Add: Unamortized Premium on Debt	159,364
Noncurrent Liabilities - Due in More Than One Year - Exhibit A	$ 17,283,794

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

Discretely Presented Warren County School Department

Changes in Long-term Obligations

Long-term obligations activity for the discretely presented Warren County School Department for the year ended June 30, 2017, was as follows:

property losses up to $350,000. The county carries excess commercial coverage on buildings and contents totaling $236,680,299. The county is self-insured up to the liability limits of $300,000 per person, $700,000 per occurrence for bodily injury, and $100,000 for property damage. Warren County self-insures workers' compensation losses of $500,000 per accident or disease with an aggregate liability of $1 million. The county carries commercial liability insurance coverage for losses up to $10 million, with a $350,000 deductible. Warren County maintains the Self-Insurance Fund, which is shown as an internal service fund, to account for transactions pertaining to the county's self-insured group liability and property plans. Liabilities of the fund are reported when it is probable that a loss has occurred and the amount of the loss can be reasonably estimated. The fund establishes the claims liabilities based on estimates of the ultimate cost of claims that have been incurred but not settled, and of claims that have been incurred but not reported. Claims liabilities include specific, incremental claim adjustment expenditures/expenses, if any. In addition, estimated recoveries, if any, on settled claims have been deducted from the liability for unpaid claims. The process used to compute claims liabilities does not necessarily result in an exact amount. Changes in the balance of claims liabilities during the past two fiscal years are as follows:

	Beginning of Fiscal Year Liability	Prior-period Adjustment	Current-year Claims and Estimates	Payments	Balance at Fiscal Year-end
2015-2016	$ 3,398,700	$ (1,195,449)	$ 302,040	$ (598,544)	$ 1,906,747
2016-2017	1,906,747	0	387,626	(645,532)	1,648,841

Warren County provides health insurance coverage to its employees through the Local Government Group Insurance Fund (LGGIF), a public entity risk pool established to provide a program of health insurance coverage for employees of local governments and quasi-governmental entities that was established for the primary purpose of providing services for or on behalf of state and local governments. In accordance with Section 8-27-207, *Tennessee Code Annotated (TCA)*, all local governments and quasi-governmental entities described above are eligible to participate. The LGGIF is included in the Comprehensive Annual Financial Report of the State of Tennessee, but the state does not retain any risk for losses by this fund. The state statute provides for the LGGIF to be self-sustaining through member premiums.

Discretely Presented Warren County School Department

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

Statement No. 67, and employee contributions for the purposes of applying Statement No. 68. This standard further states that an employer's expense and expenditures for employer paid member contributions should be recognized in the period for which the contribution is assessed and classified in the same manner that the employer classifies similar compensation other than pensions (for example, as salaries and wages or as fringe benefits).

C. Contingent Liabilities

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

D. Joint Ventures

The Industrial Development Board of McMinnville-Warren County is a joint venture in which the county and the City of McMinnville participate for the purpose of industrial recruitment. The Industrial Development Board is governed by a nine-member board from the private sector appointed by the participating governments. During the year ended June 30, 2017, the county paid $150,000 to the Industrial Development Board of McMinnville-Warren County.

The Warren County Joint Economic and Community Development Board is a joint venture created by an interlocal agreement between Warren County, and the cities of McMinnville, Morrison, Centertown, and Viola to foster communication relative to economic and community development between and among governmental entities, industry, and private citizens. The board is governed by a 12-member board established by the interlocal agreement. During the year ended June 30, 2017, the county did not make a contribution to the Warren County Joint Economic and Community Development Board.

Warren County is a participant with Coffee, Cannon, and Rutherford counties in a multi-county Municipal Solid Waste Planning Region. This entity was created to promote the preparation of municipal solid waste regional plans to effectively and efficiently manage solid waste. This entity is governed by a 13-member board comprising appointees from Cannon County (2), Coffee County (2), Rutherford County (3), Warren County (2), the City of Manchester (1), the City of McMinnville (1), the City of Murfreesboro (1), and the City of Woodbury (1). Funding is provided from member contributions and grants. There are no separately issued financial statements for the Municipal Solid Waste Planning Region. Rutherford County has been designated as the fiscal agent for the Planning Region and accounts for its activities through the Joint Venture Fund (agency fund), which is included in the financial statements reflected in Rutherford County's comprehensive annual financial report.

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, 2016, the following employees were covered by the benefit terms:

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, 2016, 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	%

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

		Total Pension Liability	Plan Fiduciary Net Position	Net Pension Liability (Asset)
Primary Government	56.41%	$ 25,787,828	$ 26,339,838	$ (552,010)
School Department	43.59%	19,927,166	20,353,723	(426,557)
Total		$ 45,714,994	$ 46,693,561	$ (978,567)

Sensitivity of the Net Pension Liability (Asset) to Changes in the Discount Rate. The following presents the net pension liability (asset) of Warren 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:

Warren County	1% Decrease 6.5%	Current Discount Rate 7.5%	1% Increase 8.5%
Net Pension Liability	$ 5,126,763	$ (978,567)	$ (6,044,518)

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

Pension Expense. For the year ended June 30, 2017, Warren County recognized pension expense of $986,390.

Deferred Outflows of Resources and Deferred Inflows of Resources. For the year ended June 30, 2017, Warren County reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

Year Ending June 30	Amount
2018	$ (225,633)
2019	(225,633)
2020	455,423
2021	113,275
2022	(179,712)
Thereafter	0

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

Discretely Presented Warren County School Department

Non-certified Employees

General Information About the Pension Plan

Plan Description. As noted above under the primary government, employees of Warren County and non-certified employees of the discretely presented Warren 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 56.41 percent and the non-certified employees of the discretely presented School Department comprise 43.59 percent of the plan based on contribution data.

Certified Employees

Teacher Retirement Plan

General Information About the Pension Plan

Plan Description. Teachers of the Warren 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 are not remitted. Employer contributions for the year ended June 30, 2017, to the Teacher Retirement Plan were $115,655, 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, 2017, the Warren County School Department reported an asset of $53,391 for its proportionate share of the net pension asset. The net pension asset was measured as of June 30, 2016, and the total pension liability used to calculate the net pension asset was determined by an actuarial valuation as of that date. The Warren County School Department's proportion of the net pension asset was based on the Warren 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, 2016, the Warren County School Department's proportion was .512865 percent. The revised proportion measured at June 30, 2015, was .501428 percent.

Pension Expense. For the year ended June 30, 2017, the Warren County School Department recognized pension expense of $44,673.

Deferred Outflows of Resources and Deferred Inflows of Resources. For the year ended June 30, 2017, the Warren County School Department reported deferred outflows of resources related to pensions from the following sources:

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, 2016, 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:

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	$ 25,212	$ (53,391)	$ (111,305)

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

Teacher Legacy Pension Plan

General Information About the Pension Plan

Plan Description. Teachers of the Warren County School Department with membership in the TCRS before July 1, 2014, are provided with pensions through the Teacher Legacy Pension Plan, a cost-sharing multiple-employer pension plan administered by the TCRS. The Teacher Legacy Pension Plan closed to new membership on June 30, 2014, but will continue providing benefits to existing members and retirees. Beginning July 1, 2014, the Teacher Retirement Plan became effective for teachers employed by LEAs after June 30, 2014. The Teacher Retirement Plan is a separate cost-sharing, multiple-employer defined benefit plan. The TCRS was created by state statute under *Tennessee Code Annotated (TCA)*, Title 8, Chapters 34-37. The TCRS Board of Trustees is responsible for the proper operation and administration of all employer pension plans in the TCRS. The Tennessee Treasury Department, an agency in the legislative branch of state government, administers the plans of the TCRS. The TCRS issues a publicly available financial report that can be obtained at www.treasury.tn.gov/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 was .656852 percent. The proportion measured at June 30, 2015, was .641231 percent.

Pension Expense. For the year ended June 30, 2017, the Warren County School Department recognized pension expense of $520,434.

Deferred Outflows of Resources and Deferred Inflows of Resources. For the year ended June 30, 2017, the Warren 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	$ 172,751	$ 4,969,749
Net Difference Between Projected and Actual Earnings on Pension Plan Investments	4,583,246	0
Changes in Proportion of Net Pension Laibility (Asset)	172,653	2,288
LEA's Contributions Subsequent to the Measurement Date of June 30, 2016	2,094,269	N/A
Total	$ 7,022,919	$ 4,972,037

The Warren County School Department's employer contributions of $2,094,269 reported as pension related deferred outflows of resources subsequent to the measurement date, will be recognized as an increase in net pension asset in the year ending June 30, 2018. 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
2018	$ (731,438)
2019	(731,438)
2020	1,467,142
2021	252,505
2022	(300,157)
Thereafter	0

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

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 four 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 Warren 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 Warren 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:

Section 8-27-302, *TCA*, for local education employees. Prior to reaching the age of 65, all members have the option of choosing between standard or partnership preferred provider organization (PPO) plan for health care benefits. Subsequent to age 65, members who are also in the state's retirement system may participate in a state-administered Medicare Supplement Plan that does not include pharmacy. The plans are reported in the State of Tennessee Comprehensive Annual Financial Report (CAFR). The CAFR is available on the state's website at https://www.tn.gov/finance/fa/fa-accounting-financial/fa-accfin-cafr.html.

Funding Policy

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 each plan develop a contribution policy in terms of subsidizing active employees or retired employees' premiums since the committee is not prescriptive on that issue. The state does not provide a subsidy for local government participants; however, the state does provide 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. During the year ended June 30, 2017, the county and the discretely presented School Department contributed $5,012 and $290,942, respectively, for postemployment benefits.

Annual OPEB Cost and Net OPEB Obligation

	Local Government Group Plan	Local Education Group Plan
ARC	$ 42,000	$ 334,000
Interest on the NOPEBO	16,287	87,345
Adjustment to the ARC	(16,353)	(87,696)
Annual OPEB cost	$ 41,934	$ 333,649
Amount of contribution	(5,012)	(290,942)
Increase/decrease in NOPEBO	$ 36,922	$ 42,707
Net OPEB obligation, 7-1-16	434,341	2,329,210
Net OPEB obligation, 6-30-17	$ 471,263	$ 2,371,917

In the July 1, 2015, actuarial valuation for the Local Government Plan and the Local Education 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 health care cost trend rate of six percent in fiscal year 2017, and then be reduced by decrements to an ultimate rate of 4.645 percent by fiscal year 2050. The annual health care cost trend rate for the Medicare Supplement Plan was six percent in fiscal year 2017 and then will be reduced by decrements to an ultimate rate of 4.345 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 35-year period beginning with July 1, 2007. Payroll is assumed to grow at a rate of three percent.

H. Office of Central Accounting, Budgeting, and Purchasing

Warren 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.

I. Purchasing Law

The County Financial Management System of 1981 provides for the finance director or a deputy appointed by her to serve as the county purchasing agent. The finance director serves as the purchasing agent for Warren County. All purchase orders are issued by the Finance Department. Purchases exceeding $5,000 for the Office of County Executive and the discretely presented School Department and purchases exceeding $10,000 for the Office of Superintendent of Roads are required to be competitively bid.

Copies of the complete financial statements of the County for the current Fiscal Year are available at http://www.comptroller.tn.gov/la/CountySelect.asp.

APPENDIX D

BOND INSURANCE AND SPECIMEN MUNICIPAL BOND INSURANCE POLICY

BOND INSURANCE

BOND INSURANCE POLICY

Concurrently with the issuance of the Bonds, Build America Mutual Assurance Company ("BAM") will issue its Municipal Bond Insurance Policy for the Bonds (the "Policy"). The Policy guarantees the scheduled payment of principal of and interest on the Bonds when due as set forth in the form of the Policy included as an exhibit to this Official Statement.

The Policy is not covered by any insurance security or guaranty fund established under New York, California, Connecticut or Florida insurance law.

BUILD AMERICA MUTUAL ASSURANCE COMPANY

BAM is a New York domiciled mutual insurance corporation and is licensed to conduct financial guaranty insurance business in all fifty states of the United States and the District of Columbia. BAM provides credit enhancement products solely to issuers in the U.S. public finance markets. BAM will only insure obligations of states, political subdivisions, integral parts of states or political subdivisions or entities otherwise eligible for the exclusion of income under section 115 of the U.S. Internal Revenue Code of 1986, as amended. No member of BAM is liable for the obligations of BAM.

The address of the principal executive offices of BAM is: 200 Liberty Street, 27th Floor, New York, New York 10281, its telephone number is: 212-235-2500, and its website is located at: www.buildamerica.com.

BAM is licensed and subject to regulation as a financial guaranty insurance corporation under the laws of the State of New York and in particular Articles 41 and 69 of the New York Insurance Law.

BAM's financial strength is rated "AA/Stable" by S&P Global Ratings, a business unit of Standard & Poor's Financial Services LLC ("S&P"). An explanation of the significance of the rating and current reports may be obtained from S&P at www.standardandpoors.com. The rating of BAM should be evaluated independently. The rating reflects the S&P's current assessment of the creditworthiness of BAM and its ability to pay claims on its policies of insurance. The above rating is not a recommendation to buy, sell or hold the Bonds, and such rating is subject to revision or withdrawal at any time by S&P, including withdrawal initiated at the request of BAM in its sole discretion. Any downward revision or withdrawal of the above rating may have an adverse effect on the market price of the Bonds. BAM only guarantees scheduled principal and scheduled interest payments payable by the issuer of the Bonds on the date(s) when such amounts were initially scheduled to become due and payable (subject to and in accordance with the terms of the Policy), and BAM does not guarantee the market price or liquidity of the Bonds, nor does it guarantee that the rating on the Bonds will not be revised or withdrawn.

Capitalization of BAM

BAM's total admitted assets, total liabilities, and total capital and surplus, as of March 31, 2018 and as prepared in accordance with statutory accounting practices prescribed or permitted by the New York State Department of Financial Services were $518.3 million, $97.4 million and $420.9 million, respectively.

BAM is party to a first loss reinsurance treaty that provides first loss protection up to a maximum of 15% of the par amount outstanding for each policy issued by BAM, subject to certain limitations and restrictions.

BAM's most recent Statutory Annual Statement, which has been filed with the New York State Insurance Department and posted on BAM's website at www.buildamerica.com, is incorporated herein by reference and may be obtained, without charge, upon request to BAM at its address provided above (Attention: Finance Department). Future financial statements will similarly be made available when published.

BAM makes no representation regarding the Bonds or the advisability of investing in the Bonds. In addition, BAM has not independently verified, makes no representation regarding, and does not accept any responsibility for the accuracy or completeness of this Official Statement or any information or disclosure contained herein, or omitted herefrom, other than with respect to the accuracy of the information regarding BAM, supplied by BAM and presented under the heading "BOND INSURANCE".

Additional Information Available from BAM

Credit Insights Videos**.** For certain BAM-insured issues, BAM produces and posts a brief Credit Insights video that provides a discussion of the obligor and some of the key factors BAM's analysts and credit committee considered when approving the credit for insurance. The Credit Insights videos are easily accessible on BAM's website at buildamerica.com/creditinsights/. (The preceding website address is provided for convenience of reference only. Information available at such address is not incorporated herein by reference.)

Credit Profiles. Prior to the pricing of bonds that BAM has been selected to insure, BAM may prepare a pre-sale Credit Profile for those bonds. These pre-sale Credit Profiles provide information about the sector designation (e.g. general obligation, sales tax); a preliminary summary of financial information and key ratios; and demographic and economic data relevant to the obligor, if available. Subsequent to closing, for any offering that includes bonds insured by BAM, any pre-sale Credit Profile will be updated and superseded by a final Credit Profile to include information about the gross par insured by CUSIP, maturity and coupon. BAM pre-sale and final Credit Profiles are easily accessible on BAM's website at buildamerica.com/obligor/. BAM will produce a Credit Profile for all bonds insured by BAM, whether or not a pre-sale Credit Profile has been prepared for such bonds. (The preceding website address is provided for convenience of reference only. Information available at such address is not incorporated herein by reference.)

Disclaimers. The Credit Profiles and the Credit Insights videos and the information contained therein are not recommendations to purchase, hold or sell securities or to make any investment decisions. Credit-related and other analyses and statements in the Credit Profiles and the Credit Insights videos are statements of opinion as of the date expressed, and BAM assumes no responsibility to update the content of such material. The Credit Profiles and Credit Insight videos are prepared by BAM; they have not been reviewed or approved by the issuer of or the underwriter for the Bonds, and the issuer and underwriter assume no responsibility for their content.

BAM receives compensation (an insurance premium) for the insurance that it is providing with respect to the Bonds. Neither BAM nor any affiliate of BAM has purchased, or committed to purchase, any of the Bonds, whether at the initial offering or otherwise.

BAM

MUNICIPAL BOND INSURANCE POLICY

ISSUER: [NAME OF ISSUER] Policy No: _____

MEMBER: [NAME OF MEMBER]

BONDS: $__________ in aggregate principal amount of [NAME OF TRANSACTION] [and maturing on]

Effective Date: _________

Risk Premium: $_________
Member Surplus Contribution: $_________
Total Insurance Payment: $_________

BUILD AMERICA MUTUAL ASSURANCE COMPANY ("BAM"), for consideration received, hereby UNCONDITIONALLY AND IRREVOCABLY agrees to pay to the trustee (the "Trustee") or paying agent (the "Paying Agent") for the Bonds named above (as set forth in the documentation providing for the issuance and securing of the Bonds), for the benefit of the Owners or, at the election of BAM, directly to each Owner, subject only to the terms of this Policy (which includes each endorsement hereto), that portion of the principal of and interest on the Bonds that shall become Due for Payment but shall be unpaid by reason of Nonpayment by the Issuer.

On the later of the day on which such principal and interest becomes Due for Payment or the first Business Day following the Business Day on which BAM shall have received Notice of Nonpayment, BAM will disburse (but without duplication in the case of duplicate claims for the same Nonpayment) to or for the benefit of each Owner of the Bonds, the face amount of principal of and interest on the Bonds that is then Due for Payment but is then unpaid by reason of Nonpayment by the Issuer, but only upon receipt by BAM, in a form reasonably satisfactory to it, of (a) evidence of the Owner's right to receive payment of such principal or interest then Due for Payment and (b) evidence, including any appropriate instruments of assignment, that all of the Owner's rights with respect to payment of such principal or interest that is Due for Payment shall thereupon vest in BAM. A Notice of Nonpayment will be deemed received on a given Business Day if it is received prior to 1:00 p.m. (New York time) on such Business Day; otherwise, it will be deemed received on the next Business Day. If any Notice of Nonpayment received by BAM is incomplete, it shall be deemed not to have been received by BAM for purposes of the preceding sentence, and BAM shall promptly so advise the Trustee, Paying Agent or Owner, as appropriate, any of whom may submit an amended Notice of Nonpayment. Upon disbursement under this Policy in respect of a Bond and to the extent of such payment, BAM shall become the owner of such Bond, any appurtenant coupon to such Bond and right to receipt of payment of principal of or interest on such Bond and shall be fully subrogated to the rights of the Owner, including the Owner's right to receive payments under such Bond. Payment by BAM either to the Trustee or Paying Agent for the benefit of the Owners, or directly to the Owners, on account of any Nonpayment shall discharge the obligation of BAM under this Policy with respect to said Nonpayment.

Except to the extent expressly modified by an endorsement hereto, the following terms shall have the meanings specified for all purposes of this Policy. "Business Day" means any day other than (a) a Saturday or Sunday or (b) a day on which banking institutions in the State of New York or the Insurer's Fiscal Agent (as defined herein) are authorized or required by law or executive order to remain closed. "Due for Payment" means (a) when referring to the principal of a Bond, payable on the stated maturity date thereof or the date on which the same shall have been duly called for mandatory sinking fund redemption and does not refer to any earlier date on which payment is due by reason of call for redemption (other than by mandatory sinking fund redemption), acceleration or other advancement of maturity (unless BAM shall elect, in its sole discretion, to pay such principal due upon such acceleration together with any accrued interest to the date of acceleration) and (b) when referring to interest on a Bond, payable on the stated date for payment of interest. "Nonpayment" means, in respect of a Bond, the failure of the Issuer to have provided sufficient funds to the Trustee or, if there is no Trustee, to the Paying Agent for payment in full of all principal and interest that is Due for Payment on such Bond. "Nonpayment" shall also include, in respect of a Bond, any payment made to an Owner by or on behalf of the Issuer of principal or interest that is Due for Payment, which payment has been recovered from such Owner pursuant to the United States Bankruptcy Code in accordance with a final, nonappealable order of a court having competent jurisdiction. "Notice" means delivery to BAM of a notice of claim and certificate, by certified mail, email or telecopy as set forth on the attached Schedule or other acceptable electronic delivery, in a form satisfactory to BAM, from and signed by an Owner, the Trustee or the Paying Agent, which notice shall specify (a) the person or entity making the claim, (b) the Policy Number, (c) the claimed amount, (d) payment instructions and (e) the date such claimed amount becomes or became Due for Payment. "Owner" means, in respect of a Bond, the person or entity who, at the time of Nonpayment, is entitled under the terms of such Bond to payment thereof, except that "Owner" shall not include the Issuer, the Member or any other person or entity whose direct or indirect obligation constitutes the underlying security for the Bonds.

BAM may appoint a fiscal agent (the "Insurer's Fiscal Agent") for purposes of this Policy by giving written notice to the Trustee, the Paying Agent, the Member and the Issuer specifying the name and notice address of the Insurer's Fiscal Agent. From and after the date of receipt of such notice by the Trustee, the Paying Agent, the Member or the Issuer (a) copies of all notices required to be delivered to BAM pursuant to this Policy shall be simultaneously delivered to the Insurer's Fiscal Agent and to BAM and shall not be deemed received until received by both and (b) all payments required to be made by BAM under this Policy may be made directly by BAM or by the Insurer's Fiscal Agent on behalf of BAM. The Insurer's Fiscal Agent is the agent of BAM only, and the Insurer's Fiscal Agent shall in no event be liable to the Trustee, Paying Agent or any Owner for any act of the Insurer's Fiscal Agent or any failure of BAM to deposit or cause to be deposited sufficient funds to make payments due under this Policy.

To the fullest extent permitted by applicable law, BAM agrees not to assert, and hereby waives, only for the benefit of each Owner, all rights (whether by counterclaim, setoff or otherwise) and defenses (including, without limitation, the defense of fraud), whether acquired by subrogation, assignment or otherwise, to the extent that such rights and defenses may be available to BAM to avoid payment of its obligations under this Policy in accordance with the express provisions of this Policy. This Policy may not be canceled or revoked.

This Policy sets forth in full the undertaking of BAM and shall not be modified, altered or affected by any other agreement or instrument, including any modification or amendment thereto. Except to the extent expressly modified by an endorsement hereto, any premium paid in respect of this Policy is nonrefundable for any reason whatsoever, including payment, or provision being made for payment, of the Bonds prior to maturity. This Policy is being issued under and pursuant to, and shall be construed under and governed by, the laws of the State of New York, without regard to conflict of law provisions. THIS POLICY IS NOT COVERED BY THE PROPERTY/CASUALTY INSURANCE SECURITY FUND SPECIFIED IN ARTICLE 76 OF THE NEW YORK INSURANCE LAW. THIS POLICY IS ISSUED WITHOUT CONTINGENT MUTUAL LIABILITY FOR ASSESSMENT.

In witness whereof, BUILD AMERICA MUTUAL ASSURANCE COMPANY has caused this Policy to be executed on its behalf by its Authorized Officer.

BUILD AMERICA MUTUAL ASSURANCE COMPANY

By: ____

Authorized Officer

Notices (Unless Otherwise Specified by BAM)

Email:
claims@buildamerica.com
Address:
1 World Financial Center, 27th floor
200 Liberty Street
New York, New York 10281
Telecopy:
212-962-1524 (attention: Claims)