

AGENDA

LAWRENCE COUNTY BOARD OF COMMISSIONERS  
SPECIAL SESSION  
JULY 31, 2001  
5:00 P.M.

CALL TO ORDER BY THE CHAIRMAN

ROLL CALL

INVOCATION

PLEDGE

SPECIAL CALL RESOLUTIONS TO BE ACTED UPON:

1. RESOLUTION #01073101  
Resolution authorizing the issuance of interest bearing General Obligation Capital Outlay Notes, Series 2001 of Lawrence County, Tennessee, in an aggregate principal amount of not to exceed six million four hundred twenty-five thousand dollars (\$6, 425,000); making provision for the issuance, sale and payment of said notes, establishing the terms thereof and the disposition of proceeds therefrom; and providing for the levy of tax for the payment of principal thereof, premium, if any, and interest thereon.
2. RESOLUTION #02073101  
Resolution declaring the intent of Lawrence County, Tennessee to reimburse itself for certain expenditures relating to Highway/Public Works Fund expenditures, with the proceeds of bonds or other debt obligations to be issued by Lawrence County, Tennessee,
3. RESOLUTION #03073101  
Resolution requesting the Lawrence County Board of Education to fund the New Prospect and Leoma Elementary Projects.
4. RESOLUTION #04073101  
Resolution authorizing the issuance of School Bonds, Series 2001 in the aggregate principal amount of not to exceed three million three hundred forty thousand dollars (\$3,340,000) of Lawrence County, Tennessee; making provision for the issuance, sale and payment of said bonds; establishing the terms thereof and the disposition of proceeds therefrom; and providing for the levy of tax for the payment of principal of, premium, if any, and interest on the bonds.

BOARD APPOINTMENTS:

911 BOARD-JIM TIEDJENS  
LAWRENCE CO. MUNICIPAL SOLID WASTE REGIONAL PLANNING  
BOARD-RAY BLAIR AND KENNETH JONES

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APPROVED:

STEVE HILL, COUNTY EXECUTIVE

ATTEST:

KENNETH WEATHERS, COUNTY CLERK

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COUNTY COMMISSION, LAWRENCE COUNTY  
KENNETH WEATHERS COUNTY CLERK

RESOLUTION #	CALL TO ORDER STEVE HILL ROLL CALL KENNETH WEATHERS INVOCATION Jerry Dryden PLEDGE Tim Perry	MOTION	SECOND	AYE	NAY	PASS	PRESENT	ABSENT
SPECIAL CALL RESOLUTIONS:								
	762-3716							
BAILEY, JACKIE	9th District 411 6th St L'Burg, TN 829-2358						X	
BENEFIELD, RONALD	7th District 91 Benefield Ln Ethridge 762-5501						X	
BRAZIER, OLAN	5th District 175 Reed Patch Rd L'Burg 762-3167						X	
BUIE, JIM	9th District 508 8th St L'Burg 964-3404						X	
BURNS, FRANKLIN	6th District 383 LBurg Henryville Eth. 852-2211 /62-1531							X
DOSS, BARRY	3rd District 66 Shoally Br Rd Leoma 762-7118						X	
DRYDEN, JERRY	4th District 12 Ingram Rd Leoma 852-2899						X	
GABEL, JIM	1st District 2773 Hwy 43 POBox 176 Leoma 852-2221 762-1016						X	
GOWEN, JIM	3rd District 114 Richardson RD Leoma 853-6709						X	
GREEN, ROBERT L	2nd District 404 N Military PO BX 224 Loretto 853-7221 766-1500						X	
MOORE, BOB	2nd District 11 Samuel Ln Loretto 762-5501						X	
MOORE, W. T.	5th District 305 Ford Field Rd West Point 762-8078 762-3217						X	
NIEDERGESES, MARK	4th District 4202 Marie Ln L'Burg 762-8007						X	
PERRY, TIM	6th District 1136 Eth.Red Hill Rd Ethridge 852-2870						X	
SHANNON, KEVIN	1st District 2757 Hwy 43S Leoma 829-2490						X	
TURNER, HENRY	7th District 37 Mint Spring Rd Ethridge 766-1040						X	
WOODALL, GLENN E	8th District 1401 Hart Ave L'Burg 762-7419						X	
WRAY, JOE R	8th District 1403 Beckham Ave L'Burg						X	
							17	1

Thereupon the County Executive declared a quorum. The following resolutions were had to wit:

DATE July 31, 2001

The Board of County Commissioners of Lawrence County, Tennessee, met in special session on July 31, 2001, at 5:00 p.m., at the Lawrence County Courthouse, Lawrenceburg, Tennessee, with Steve Hill, County Executive, presiding.

The following Commissioners were present: JACKIE BAILEY, RONALD BENEFIELD, OLAN BRAZIER, JIM BUIE, BARRY DOSS, JERRY DRYDEN, JIM GGABEL, JIM GOWEN, ROBERT L. GREEN, BOB MOORE, W. T. MOORE, MARK NIEDERGESES, TIM PERRY, KEVIN SHANNON, HENRY TURNER, GLENN E. WOODALL, JOE R. WRAY.

The following Commissioners were absent: FRANKLIN BURNS

There was also present Kenneth Weathers, County Clerk.

After the meeting was duly called to order, the following resolution was introduced by TIM PERRY, seconded by BARRY DOSS and after due deliberation, was adopted by the following vote:

AYE: JIM BUIE, BARRY DOSS, JERRY DRYDEN, JIM GOWEN, ROBERT L. GREEN,  
BOB MOORE, W. T. MOORE, MARK NIEDERGESES, TIM PERRY, KEVIN SHANNON.

NAY: JACKIE BAILEY, RONALD BENEFIELD, OLAN BRAZIER, JIM GABEL,  
HENRY TURNER, GLENN E. WOODALL, JOE R. WRAY.

**RESOLUTION #01073101**

A RESOLUTION AUTHORIZING THE ISSUANCE OF INTEREST BEARING GENERAL OBLIGATION CAPITAL OUTLAY NOTES, SERIES 2001 OF LAWRENCE COUNTY, TENNESSEE, IN AN AGGREGATE PRINCIPAL AMOUNT OF NOT TO EXCEED SIX MILLION FOUR HUNDRED TWENTY-FIVE THOUSAND DOLLARS (\$6,425,000); MAKING PROVISION FOR THE ISSUANCE, SALE AND PAYMENT OF SAID NOTES, ESTABLISHING THE TERMS THEREOF AND THE DISPOSITION OF PROCEEDS THEREFROM; AND PROVIDING FOR THE LEVY OF TAX FOR THE PAYMENT OF PRINCIPAL THEREOF, PREMIUM, IF ANY, AND INTEREST THEREON.

WHEREAS, under the provisions of Sections 9-21-101 et seq., Tennessee Code Annotated, subject to the approval of the State Director of Local Finance, counties in Tennessee are authorized to issue interest bearing capital outlay notes for a period of not to exceed twelve (12) years from date of issue for all county purposes for which general obligation bonds can be legally authorized and issued; and

WHEREAS, the Board of County Commissioners of Lawrence County, Tennessee (the "County") has determined that it is necessary and desirable to issue not to exceed \$6,425,000 in aggregate principal amount of capital outlay notes to provide funds for the purpose of (i) construction of roads and streets in the County, including, but not limited to, acquisition of road equipment and materials; (ii) acquisition, construction, equipping and renovation of County buildings; (iii) closure of the County's landfill; (iv) construction of a transfer station; (v) construction of extensions and improvements to waterlines; (vi) paying legal, fiscal, administrative, architectural and engineering costs incident to the foregoing; (vii) reimbursement of funds previously expended for the foregoing; and (viii) the payment of costs incident to the issuance and sale of the notes authorized herein; and

WHEREAS, it appears to the Board of County Commissioners of the County that it will be advantageous to the County to issue not to exceed \$6,425,000 in aggregate principal amount of capital outlay notes for said purposes; and

WHEREAS, it is the intention of the Board of County Commissioners of the County to adopt this resolution for the purpose of authorizing such notes, establishing the terms thereof, providing for the issuance, sale and payment of the notes and disposition of proceeds therefrom, and providing for the levy of a tax for the payment of principal thereof, premium, if any, and interest thereon.

NOW, THEREFORE, BE IT RESOLVED by the Board of County Commissioners of Lawrence County, Tennessee, as follows:

Section 1. Authority. The notes authorized by this resolution are issued pursuant to Sections 9-21-101 et seq., Tennessee Code Annotated, and other applicable provisions of law.

Section 2. Definitions. The following terms shall have the following meanings in this resolution unless the text expressly or by necessary implication requires otherwise:

- (a) "Code" shall mean the Internal Revenue Code of 1986, as amended, and all regulations promulgated or proposed thereunder;
- (b) "County" shall mean Lawrence County, Tennessee;
- (c) "Governing Body" shall mean the Board of County Commissioners of the County;

(d) "Notes" shall mean the not to exceed \$6,425,000 General Obligation Capital Outlay Notes, Series 2001, of the County, to be dated August 1, 2001, or such other date as shall be determined by the County Executive, authorized to be issued by this resolution;

(e) "Project" shall mean (i) construction of roads and streets in the County, including, but not limited to, acquisition of road equipment and materials; (ii) acquisition, construction, equipping and renovation of County buildings; (iii) closure of the County's landfill; (iv) construction of a transfer station; (v) construction of extensions and improvements to waterlines; and (vi) paying legal, fiscal, administrative, architectural and engineering costs incident to the foregoing;;

(f) "Registration Agent" shall mean Sentinel Trust Company, Nashville, Tennessee as registration agent and paying agent or any successor registration agent and paying agent appointed by the Governing Body.

**Section 3. Authorization and Terms of the Notes.** For the purpose of funding the Project, reimbursing the County for prior expenditures for the Project and paying the costs incident to the issuance and sale of the Notes as more fully set forth in Section 8 hereof, there are hereby authorized to be issued interest bearing capital outlay notes of the County in an aggregate principal amount of not to exceed \$6,425,000. Subject to the adjustments permitted in Section 7 hereof, the Notes shall be issued in fully registered form, without coupons, shall be known as "General Obligation Capital Outlay Notes, Series 2001" and shall be dated August 1, 2001, or such other date as shall be determined by the County Executive. The Notes shall bear interest at a rate or rates not to exceed six percent (6.00%) per annum, payable, subject to the adjustments permitted pursuant to Section 7 hereof, semi-annually on February 1 and August 1 until the Notes mature or are redeemed, commencing February 1, 2002. The Notes shall be issued initially in \$5,000 denominations or integral multiples thereof, as shall be requested by the original purchaser thereof. Subject to the adjustments permitted by Section 7 hereof, the Notes shall mature serially or be subject to mandatory redemption and be payable on August 1 of each year as follows (but in no event shall the Notes mature greater than twelve years from the dated date of the Notes):

<u>Year</u>	<u>Amount</u>
2002	\$425,000
2003	445,000
2004	460,000
2005	475,000
2006	495,000
2007	515,000
2008	540,000
2009	560,000
2010	585,000
2011	615,000
2012	640,000
2013	670,000

Subject to the adjustments permitted by Section 7 hereof, the Notes maturing August 1, 2002 through August 1, 2006 shall mature without option of prior redemption. If the Notes are originally sold at par, the Notes maturing August 1, 2007 and thereafter are subject to redemption prior to maturity, at the option of the County on August 1, 2006 through July 31, 2007, as a whole or in part, at the redemption price of 101% of par, plus accrued interest to the redemption date, and on August 1, 2007 and at any time thereafter, as a whole or in part, at the redemption price of 100% of par, plus accrued interest to the redemption date. If the Notes are originally sold at a discount, the Note maturing August 1, 2007 and thereafter are subject to redemption on August 1, 2006 and thereafter at any time at the redemption price

of par, plus accrued interest to the redemption date. If less than all the Notes shall be called for redemption, the maturities to be redeemed shall be designated by the Governing Body, in its discretion, and, if less than all of the Notes of a maturity shall be called for redemption, the Notes within the maturity to be redeemed shall be selected by the Registration Agent by lot or in such other random manner as the Registration Agent in its discretion shall determine.

Pursuant to Section 7 hereof, the County Executive is authorized to sell the Notes, or any maturities thereof, as term Notes ("Term Notes") with mandatory redemption requirements. In the event any or all the Notes are sold as Term Notes, the County shall redeem such Term Notes on the redemption dates corresponding to the maturity dates set forth herein in aggregate principal amounts equal to the maturity amounts set forth herein for each redemption date, as such maturity amounts may be adjusted pursuant to Section 7 hereof. Notes so redeemed shall be redeemed at a price of par plus accrued interest thereon to the date of redemption. The Term Notes to be so redeemed shall be selected by lot or in such other random manner as the Registration Agent in its discretion may determine.

Unless waived by the owners thereof, notice of call for redemption, whether optional or mandatory, shall be given by the Registration Agent not less than thirty (30) nor more than sixty (60) days prior to the date fixed for redemption by sending an appropriate notice to the registered owners of the Notes to be redeemed by first-class mail, postage prepaid, at the addresses shown on the Note 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 the redemption of any of the Notes for which proper notice was given. From and after any redemption date, all Notes 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.

The County hereby authorizes and directs the Registration Agent to maintain Note registration records with respect to the Notes, to authenticate and deliver the Notes as provided herein, either at original issuance, upon transfer, or as otherwise directed by the County, to effect transfers of the Notes, to make all payments of principal, premium, if any, and interest with respect to the Notes as provided herein, to cancel and destroy Notes which have been paid at maturity or submitted for exchange or transfer, to furnish the County at least annually a certificate of destruction with respect to Notes canceled and destroyed, and to furnish the County at least annually an audit confirmation of Notes paid, Notes outstanding and payments made with respect to interest on the Notes. The County Executive is hereby authorized to execute and the County Clerk is hereby authorized to attest such written agreement between the County and the Registration Agent as they shall deem necessary or proper with respect to the obligations, duties and rights of the Registration Agent. The payment of all reasonable fees and expenses of the Registration Agent for the discharge of its duties and obligations hereunder or under any such agreement is hereby authorized and directed.

The Notes shall be payable, as to principal, premium, if any, and interest, in lawful money of the United States of America at the office of the Registration Agent. The Registration Agent shall make all interest payments with respect to the Notes on each interest payment date directly to the registered owners as shown on the Note registration records maintained by the Registration Agent as of the close of business on the day which is fifteen days preceding the interest payment date, or the fifteenth day of the preceding month if the interest payment date is on the first day of the month, (the "Regular Record Date") by check or draft mailed to such owners at such owners' addresses shown on said Note registration records, without, except for final payment, the presentation or surrender of such registered Notes, and all such payments shall discharge the obligations of the County in respect of such Notes to the extent of the payments so made. Payment of principal of and premium, if any, on the Notes shall be made upon presentation and surrender of such Notes to the Registration Agent as the same shall become due and payable.

Any interest on any Note which is payable but is not punctually paid or duly provided for on any interest payment date (hereinafter "Defaulted Interest") shall forthwith cease to be payable to the registered owner on the relevant Regular Record Date; and, in lieu thereof, such Defaulted Interest shall be paid by the County to the persons in whose names the Notes are registered at the close of business on a date (the "Special Record Date") for the payment of such Defaulted Interest, which shall be fixed in the following manner: the County shall notify the Registration Agent in writing of the amount of Defaulted Interest proposed to be paid on each Note and the date of the proposed payment, and at the same time the County shall deposit with the Registration Agent an amount of money equal to the aggregate amount proposed to be paid in respect of such Defaulted Interest or shall make arrangements satisfactory to the Registration Agent for such deposit prior to the date of the proposed payment, such money when deposited to be held in trust for the benefit of the persons entitled to such Defaulted Interest as in this Section provided. Thereupon, not less than ten (10) days after the receipt by the Registration Agent of the notice of the proposed payment, the Registration Agent shall fix a Special Record Date for the payment of such Defaulted Interest which Date shall be not more than fifteen (15) nor less than ten (10) days prior to the date of the proposed payment to the registered owners. The Registration Agent shall promptly notify the County of such Special Record Date and, in the name and at the expense of the County, not less than ten (10) days prior to such Special Record Date, shall cause notice of the proposed payment of such Defaulted Interest and the Special Record Date thereof to be mailed, first-class postage prepaid, to each registered owner at the address thereof as it appears in the Note registration records maintained by the Registration Agent as of the date of such notice. Nothing contained in this Section or in the Notes shall impair any statutory or other rights in law or in equity of any registered owner arising as a result of the failure of the County to punctually pay or duly provide for the payment of principal of and interest on the Notes when due.

The Notes are transferable only by presentation to the Registration Agent by the registered owner, or his legal representative, duly authorized in writing, of the registered Note(s) to be transferred with the form of assignment on the reverse side thereof completed in full and signed with the name of the registered owner as it appears upon the face of the Note(s) accompanied by appropriate documentation necessary to prove the legal capacity of any legal representative of the registered owner. Upon receipt of the Note(s) in such form and with such documentation, if any, the Registration Agent shall issue a new Note or Notes to the assignee(s) in such authorized denomination(s), as requested by the registered owner requesting transfer. The Registration Agent shall not be required to transfer or exchange any Note during the period commencing on a Regular Record Date or Special Record Date and ending on the corresponding interest payment date of such Note, nor to transfer or exchange any Note after the notice calling such Note for redemption has been made, nor to transfer or exchange any Note during the period following the receipt of instructions from the County to call such Note; provided, the Registration Agent, at its option, may make transfers after any of said dates. No charge shall be made to any registered owner for the privilege of transferring any Notes, provided that any transfer tax relating to such transaction shall be paid by the owner requesting transfer. The person in whose name any Note shall be registered shall be deemed and regarded as the absolute owner thereof for all purposes and neither the County nor the Registration Agent shall be affected by any notice to the contrary whether or not any payments due on the Notes shall be overdue. Notes, upon surrender to the Registration Agent, may, at the option of the registered owner thereof, be exchanged for an equal aggregate principal amount of Notes of the same maturity in authorized denomination or denominations.

The Notes shall be signed by the County Executive and attested by the County Clerk by their manual or facsimile signatures, and shall have imprinted or impressed thereon the corporate seal of the County or a facsimile thereof.



The Registration Agent is hereby authorized to authenticate and deliver the Notes to the original purchaser thereof or as the original purchaser may designate upon receipt by the County of the proceeds of the sale thereof and to authenticate and deliver Notes in exchange for Notes of the same principal amount delivered for transfer upon receipt of the Note(s) to be transferred in proper form with proper documentation as hereinabove described. The Notes shall not be valid for any purpose unless authenticated by the Registration Agent by the manual signature of an authorized representative thereof on the certificate set forth herein on the Note form.

In case any Note shall become mutilated, or be lost, stolen, or destroyed, the County, in its discretion, shall issue, and the Registration Agent, upon written direction from the County, shall authenticate and deliver, a new Note of like tenor, amount, maturity and date, in exchange and substitution for, and upon the cancellation of, the mutilated Note, or in lieu of and substitution for such lost, stolen or destroyed Note, or if any such Note shall have matured or shall be about to mature, instead of issuing a substituted Note the County may pay or authorize payment of such Note without surrender thereof. In every case the applicant shall furnish evidence satisfactory to the County and the Registration Agent of the destruction, theft or loss of such Note, and indemnity satisfactory to the County and the Registration Agent; and the County may charge the applicant for the issue of such new Note an amount sufficient to reimburse the County for the expense incurred by it in the issue thereof.

Section 4. Source of Payment. The Notes 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 Notes, the full faith and credit of the County are hereby irrevocably pledged.

Section 5. Form of Notes. The Notes shall be in substantially the following form, the omissions to be appropriately completed when the Notes are prepared and delivered:

(Form of Note)

REGISTERED

Number \_\_\_\_\_

REGISTERED

UNITED STATES OF AMERICA  
STATE OF TENNESSEE  
COUNTY OF LAWRENCE  
GENERAL OBLIGATION CAPITAL OUTLAY NOTE, SERIES 2001

Interest Rate:

Maturity Date:

Date of Note:

CUSIP No.:

Registered Owner:

Principal Amount:

DOLLARS

KNOW ALL MEN BY THESE PRESENTS: That Lawrence County, Tennessee (the "County"), for value received hereby promises to pay to the registered owner hereof, hereinabove named, or registered assigns, in the manner hereinafter provided, the principal amount hereinabove set forth on the maturity date hereinabove set forth, and to pay interest (computed on the basis of a 360 day year of twelve 30 day months) on said principal amount at the rate of interest hereinabove set forth from the date hereof until this Note matures or is redeemed, said interest being payable on February 1, 2002, and semi-annually thereafter on February 1 and August 1. Principal hereof, premium, if any, and interest hereon are payable in lawful money of the United States of America by check or draft at Sentinel Trust Company, Nashville, Tennessee as registration and paying agent (the "Registration Agent"). The Registration Agent shall make all interest payments with respect to this Note on each interest payment date directly to the registered owner hereof shown on the Note 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 such owner's address shown on said Note registration records, without, except for final payment, the presentation or surrender of this Note, and all such payments shall discharge the obligations of the County to the extent of the payments so made. Any such interest not so punctually paid or duly provided for on any interest payment date shall forthwith cease to be payable to the registered owner on the relevant Regular Record Date; and, in lieu thereof, such defaulted interest shall be payable to the person in whose name this Note is registered at the close of business on the date (the "Special Record Date") for payment of such defaulted interest to be fixed by the Registration Agent, notice of which shall be given to the owners of the Notes of the issue of which this Note is one not less than ten (10) days prior to such Special Record Date. Payment of principal, [and premium, if any,] hereof shall be made upon presentation and surrender of this Note to the Registration Agent when due.

Reference is hereby made to the further provisions of this Note set forth on the reverse side hereof and such further provisions shall for all purposes have the same effect as if set forth on the front side hereof.

It is hereby certified, recited, and declared that all acts, conditions and things required to exist, happen and be performed precedent to and in the issuance of this Note exist, have happened and have been performed in due time, form and manner as required by law, and that the amount of this Note does not exceed any limitation prescribed by the constitution and statutes of the State of Tennessee.

IN WITNESS WHEREOF, Lawrence County, Tennessee, has caused this Note to be signed by its County Executive with his manual [facsimile] signature and attested by its County Clerk with his manual [facsimile] signature under an impression [facsimile] of the corporate seal of the County, all as of the day and date hereinabove set forth.

LAWRENCE COUNTY

BY: \_\_\_\_\_  
County Executive

(SEAL)

ATTESTED:

\_\_\_\_\_  
County Clerk

Transferable and payable at the  
principal corporate trust office of:

Sentinel Trust Company  
Nashville, Tennessee

This Note is one of the issue of Notes issued pursuant to the Resolution hereinabove described.

SENTINEL TRUST COMPANY  
Registration Agent

By: \_\_\_\_\_  
Authorized Representative

Date of Registration: \_\_\_\_\_

(Form of Reverse Side of Note)

[Notes of the issue of which this Note is one maturing August 1, 2002 through August 1, 2006, inclusive shall mature without option of prior redemption. Notes of the issue of which this Note is one maturing August 1, 2007 and thereafter are subject to redemption on August 1, 2006, or at anytime thereafter, as a whole or in part, at the redemption price of [101% of par, plus accrued interest to the redemption date and on August 1, 2007 and at any time thereafter, as a whole or in part, at the redemption price of 100% of par, plus accrued interest to the redemption date.] [Notes maturing August 1, 2007 and thereafter are subject to redemption on August 1, 2006 and at any time thereafter at the redemption price of par, plus accrued interest to the redemption date]. If less than all the Notes shall be called for redemption, the maturities to be redeemed shall be designated by the Board of County Commissioners of the County, in its discretion, and, if less than all of the Notes of a maturity shall be called for redemption, the Notes within the maturity to be redeemed shall be selected by the Registration Agent by lot or in such other random manner as the Registration Agent in its discretion shall determine.

Unless waived by the owners thereof, notice of call for redemption[, whether optional or mandatory] shall be given by the Registration Agent not less than thirty (30) days nor more than sixty (60) days prior to the date fixed for redemption by sending an appropriate notice to the registered owners of the Notes to be redeemed by first-class mail, postage prepaid, at the addresses shown on the Note 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 the redemption of any of the Notes for which proper notice was given. From and after any redemption date, all Notes 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.

The Notes of the issue of which this Note is one are transferable only by presentation to the Registration Agent by the registered owner, or his legal representative, duly authorized in writing, of the registered Note(s) to be transferred with the form of assignment on the reverse side thereof completed in full and signed with the name of the registered owner as it appears upon the face of the Note(s) accompanied by appropriate documentation necessary to prove the legal capacity of any legal representative of the registered owner. Upon receipt of the Note(s) in such form and with such documentation, if any, the Registration Agent shall issue a new Note or Notes to the assignee(s) in such authorized denomination(s), as requested by the registered owner requesting transfer. The Registration Agent shall not be required to transfer or exchange any Note during the period commencing on a Regular Record Date or Special Record Date and ending on the corresponding interest payment date of such Note, nor to transfer or exchange any Note after the notice calling such Note for redemption has been made, nor to transfer or exchange any Note during the period following the receipt of instructions from the County to call such Note; provided, the Registration Agent, at its option, may make transfers after any of said dates. No charge shall be made to any registered owner for the privilege of transferring any Notes,

provided that any transfer tax relating to such transaction shall be paid by the owner requesting transfer. The person in whose name any Note shall be registered shall be deemed and regarded as the absolute owner thereof for all purposes and neither the County nor the Registration Agent shall be affected by any notice to the contrary whether or not any payments due on the Notes shall be overdue. Notes, upon surrender to the Registration Agent, may, at the option of the registered owner thereof, be exchanged for an equal aggregate principal amount of Notes of the same maturity in authorized denomination or denominations.

This Note is one of a total authorized issue aggregating \$ \_\_\_\_\_ and issued by the County for the purpose of providing funds for the (i) construction of roads and streets in the County, including, but not limited to, acquisition of road equipment and materials; (ii) acquisition, construction, equipping and renovation of County buildings; (iii) closure of the County's landfill; (iv) construction of a transfer station; (v) construction of extensions and improvements to waterlines; (vi) paying legal, fiscal, administrative, architectural and engineering costs incident to the foregoing; (vii) reimbursement of funds previously expended for the foregoing; and (viii) the payment of costs incident to the issuance and sale of the Notes of which this Note is one, under and in full compliance with the constitution and statutes of the State of Tennessee, including Sections 9-21-101 et seq., Tennessee Code Annotated, and pursuant to a resolution (the "Resolution") duly adopted by the Board of County Commissioners of the County on the thirty-first day of July, 2001.

This Note is 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 this Note, the full faith and credit of the County are irrevocably pledged.

For a more complete statement of the general covenants and provisions pursuant to which this Note is issued, reference is hereby made to said resolution.

This Note and the income therefrom are exempt from all present state, county and municipal taxes in Tennessee except (a) inheritance, transfer and estate taxes, (b) Tennessee excise taxes on interest on the Note during the period the Note is 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 (c) Tennessee franchise taxes by reason of the inclusion of the book value of the Note 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.

(FORM OF ASSIGNMENT)

FOR VALUE RECEIVED, the undersigned sells, assigns, and transfers unto \_\_\_\_\_, whose address is \_\_\_\_\_ (Please insert Social Security or Federal Tax Identification Number \_\_\_\_\_), the within Note of Lawrence County, Tennessee and does hereby irrevocably constitute and appoint \_\_\_\_\_, attorney, to transfer the said Note on the records kept for registration thereof with full power of substitution in the premises.

Dated: \_\_\_\_\_

NOTICE: The signature to this assignment must correspond with the name of the registered owner as it appears on the face of the within Note in every particular, without alteration or enlargement or any change whatsoever.

Signature guaranteed:

NOTICE: Signature(s) must be guaranteed by a member of a medallion program acceptable to the Registration Agent.

Section 6. Levy of Tax. The County, through its Governing Body, shall annually levy and collect a tax upon all taxable property within the County, in addition to all other taxes authorized by law, sufficient to pay principal of, premium, if any, and interest on the Notes when due, and for that purpose there is hereby levied a direct tax in such amount as may be found necessary each year to pay principal of, premium, if any, and interest coming due on the Notes. Principal of, premium, if any, and interest falling due at any time when there are insufficient funds from this tax levy on hand shall be paid from the current funds of the County and reimbursement therefor shall be made out of the taxes hereby provided to be levied when the same shall have been collected. The tax herein provided may be reduced to the extent of direct appropriations from the general funds or other legally available funds of the County to the payment of debt service on the Notes.

Section 7. Sale of Notes.

(a) The Notes shall be offered for public sale as required by law, at a price of not less than ninety-nine percent (99.00%) of par, plus accrued interest, as a whole or in part from time to time as shall be determined by the County Executive, in consultation with Sentinel Trust Company, Nashville, Tennessee, the County's financial advisor. The County Executive, in consultation with Sentinel Trust Company, taking into consideration the outstanding debt of the County, the projected financing needs of the County, the debt service of the Bonds and the sources of funds available to pay such debt, is authorized to change the dated date of the Notes to a date other than their date of issuance; to cause to be sold an aggregate principal amount of Notes less than that shown in Section 3 hereof, to make corresponding adjustments to the maturity schedule as designated in Section 3 hereof, so long as the final maturity of the Notes does not exceed twelve years from the dated date of the Notes; to cause two or more serial maturities to be sold as a term Note with mandatory sinking fund payments equal to each annual serial maturity; and to adjust principal payment amounts and the redemption provisions hereof, for the purpose of obtaining the lowest possible interest cost on the Notes or otherwise, and to cause all or a portion of the Notes to be insured by a bond insurance policy issued by a nationally recognized bond insurance company to achieve the purposes set forth herein and to serve the best interest of the County. The County Executive is further authorized to sell the Notes as a single Note having annual serial installments of principal maturing and payable in the amounts and on the dates as set forth in Section 3 hereof, as may be modified as set forth in this Section 7 hereof. The County Executive is authorized to enter into an agreement with a bond insurance company providing bond insurance for the Notes on terms not inconsistent with this Resolution.

(b) The County Executive is authorized to award the Notes to the bidder whose bid results in the lowest true interest cost to the County, provided the rate on none of the Notes exceeds six percent (6.00%) per annum. The award of the Notes by the County Executive to the lowest bidder shall be binding on the County, and no further action of the Governing Body with respect thereto shall be required. The form of the Note set forth in Section 5 hereof, shall be conformed to reflect any changes made pursuant to this Section 7 hereof. The County Executive and County Clerk, or either of them, are authorized to cause the Notes to be authenticated and delivered by the Registration Agent to the successful bidder and to execute, publish, and deliver all certificates and documents including an official statement and closing certificates, as they shall deem necessary in connection with the sale and delivery of the Notes.

(c) The Notes shall not be issued until after the approval of the State Director of Local Finance shall have been obtained as required by Sections 9-21-101 et seq., Tennessee Code Annotated.

Section 8. Disposition of Note Proceeds.

(a) All accrued interest, if any, shall be deposited to the appropriate fund of the County to be used to pay interest on the Notes on the first interest payment date following delivery of the Notes.

(b) The remainder of the proceeds of the sale of the Notes shall be paid to the County Trustee to be deposited with a financial institution regulated by the Federal Deposit Insurance Corporation or similar or successor federal agency in a special fund known as the 2001 Note Construction Fund (the "Construction Fund") to be kept separate and apart from all other funds of the County. The monies in the Construction Fund shall be solely used by the County to pay other costs of the Project. Monies in the Construction Fund shall be invested in such investments as shall be permitted by applicable law and the earnings thereon shall be retained in the Construction Fund and used for the same purposes as all other funds in the Construction Fund. Funds remaining in the Construction Fund after completion of the Project and payment of costs of issuance of the Notes shall be paid to the Trustee and used to pay principal and interest on the Notes.

Section 9. Official Statement. The County Executive, working with Sentinel Trust Company, Nashville, Tennessee, the County's financial advisor, is hereby authorized to provide for the preparation and distribution of a Preliminary Official Statement describing the Notes. After bids have been received and the Notes have been awarded, the County Executive shall make such completions, omissions, insertions and changes in the Preliminary Official Statement not inconsistent with this resolution as are necessary or desirable to complete it as a final Official Statement for purposes of Rule 15c2-12(e)(3) of the Securities and Exchange Commission. The County Executive shall arrange for the delivery to the successful bidder on the Notes of a reasonable number of copies of the Official Statement within seven business days after the Notes have been awarded for delivery, by the successful bidder on the Notes, to each potential investor requesting a copy of the Official Statement and to each person to whom such bidder and members of his bidding group initially sell the Notes.

The County Executive and the County Clerk are authorized, on behalf of the County, to deem the Preliminary Official Statement and the Official Statement in final form, each to be final as of its date within the meaning of Rule 15c2-12(b)(1), except for the omission in the Preliminary Official Statement of certain pricing and other information allowed to be omitted pursuant to such Rule 15c2-12(b)(1). The distribution of the Preliminary Official Statement and the Official Statement in final form shall be conclusive evidence that each has been deemed in final form as of its date by the County except for the omission in the Preliminary Official Statement of such pricing and other information.

Section 10. Tax Covenants. The County recognizes that the purchasers and owners of the Notes will have accepted them on, and paid therefor a price that reflects, the understanding that interest thereon is excluded from gross income for purposes of federal income taxation under laws in force on the date of delivery of the Notes. In this connection, the County covenants that it shall take no action which may render the interest on any of said Notes subject to inclusion in gross income for purposes of federal income taxation. It is the reasonable expectation of the Governing Body of the County that the proceeds of the Notes will not be used in a manner which will cause the Notes to be "arbitrage bonds" within the meaning of Section 148 of the Code including any lawful regulations promulgated or proposed thereunder, and to this end the said proceeds of the Notes and other related funds established for the purposes herein set out, shall be used and spent expeditiously for the purposes described herein. The Governing Body further covenants and represents that in the event it shall be required by Section 148(f) of the Code to pay any investment proceeds of the Notes to the United States government, it will make such payments as and when required by said Section 148(f) and will take such other actions as shall be necessary or permitted to prevent the interest on the Notes from becoming taxable. The County Executive and County Clerk, or either of them, are authorized and directed to make such certifications in this regard in connection with the sale of the Notes as either or both shall deem appropriate, and such certifications shall constitute a representation and certification of the County.

Section 11. Discharge and Satisfaction of Notes. If the County shall pay and discharge the indebtedness evidenced by any of the Notes 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 Notes as and when the same become due and payable;
- (b) By depositing or causing to be deposited with any trust company or bank whose deposits are insured by the Federal Deposit Insurance Corporation and which has trust powers ("a Trustee", which Trustee may be the Registration Agent), in trust, on or before the date of maturity, sufficient money or Federal Obligations, the principal of and interest on which, when due and payable, will provide sufficient moneys to pay such Notes and to pay interest thereon when due until the maturity date;
- (c) By delivering such Notes 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 Notes, or make adequate provision therefor, and by resolution of the Governing Body instruct any such Trustee to pay amounts when and as required to the Registration Agent for the payment of principal of and interest on such Notes when due, then and in that case the indebtedness evidenced by such Notes shall be discharged and satisfied and all covenants, agreements and obligations of the County to the owners of such Notes 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 Notes 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 Federal Obligations deposited as aforesaid.

Except as otherwise provided in this Section, neither Federal Obligations nor moneys deposited with the Registration Agent pursuant to this Section nor principal or interest payments on any such Federal Obligations shall be withdrawn or used for any purpose other than, and shall be held in trust for, the payment of the principal and premium, if any, and interest on said Notes; provided that any cash received from such principal or interest payments on such Federal 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 Federal Obligations maturing at times and in amounts sufficient to pay when due the principal and interest to become due on said Notes and interest earned from such reinvestments shall be paid over to the County, as received by the Registration Agent. For the purposes of this Section, Federal 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 in this Section, which bonds or other obligations shall not be subject to redemption prior to their maturity other than at the option of the registered owner thereof.

Section 12. Continuing Disclosure. The County hereby covenants and agrees that it will provide annual financial information and material event notices as required by Rule 15c2-12 of the Securities Exchange Commission for the Notes. The County Executive is authorized to execute at the Closing of the sale of the Notes, an agreement for the benefit of and enforceable by the owners of the Notes specifying the details of the financial information and material event notices to be provided and its obligations relating thereto. Failure of the County to comply with the undertaking herein described and to be detailed in said closing agreement, shall not be a default hereunder, but any such failure shall entitle the owner or owners of any of the Notes to take such actions and to initiate such proceedings as shall be necessary and appropriate to cause the County to comply with its undertaking as set forth herein and in said agreement, including the remedies of mandamus and specific performance.

Section 13. Qualified Tax-Exempt Obligations. The Governing Body hereby designates the Notes as "qualified tax-exempt obligations", to the extent the Notes may be designated, within the meaning of and pursuant to Section 265 of the Internal Revenue Code of 1986, as amended.

Section 14. Reasonably Expected Economic Life. The "reasonably expected economic life" of the Project within the meaning of Section 9-21-101 et seq., Tennessee Code Annotated, is greater than twelve (12) years.

Section 15. Resolution a Contract. The provisions of this resolution shall constitute a contract between the County and the registered owners of the Notes, and after the issuance of the Notes, no change, variation or alteration of any kind in the provisions of this resolution shall be made in any manner until such time as the Notes and interest due thereon shall have been paid in full.

Section 16. Separability. If any section, paragraph or provision of this resolution shall be held to be invalid or unenforceable for any reason, the invalidity or unenforceability of such section, paragraph or provision shall not affect any of the remaining provisions of this resolution.

Section 17. Repeal of Conflicting Resolutions and Effective Date. All other resolutions and orders, or parts thereof, in conflict with the provisions of this resolution, are, to the extent of such conflict, hereby repealed and this resolution shall be in immediate effect from and after its adoption.



Adopted and approved this thirty-first day of July, 2001.



County Executive

ATTEST:




County Clerk

STATE OF TENNESSEE )  
                                  )  
COUNTY OF LAWRENCE )

I, Kenneth Weathers, hereby certify that I am the duly qualified and acting County Clerk of Lawrence County, Tennessee, and as such official I further certify that attached hereto is a copy of excerpts from the minutes of a special meeting of the governing body of the County held on July 31, 2001; that these minutes were promptly and fully recorded and are open to public inspection; that I have compared said copy with the original minute record of said meeting in my official custody; and that said copy is a true, correct and complete transcript from said original minute record insofar as said original record relates to not to exceed \$6,425,000 General Obligation Capital Outlay Notes, Series 2001 of said County.

WITNESS my official signature and seal of said County this 31 day of July, 2001.

  
County Clerk

(SEAL)

COUNTY COMMISSION, LAWRENCE COUNTY  
KENNETH WEATHERS COUNTY CLERK

MOTION	SECOND	AYE	NAY	PASS	PRESENT	ABSENT
<p>RESOLUTION # 01073101            Authorizing the issuance of interest bearing General Obligation Capital Outlay Notes, Series 2001 of Law Co, TN in an aggregate principal amount of not to exceed \$6,425,000 making provision for the issuance, sale &amp; payment of said notes, establishing the terms thereof and the disposition of proceeds therefrom: and providing for the levy of tax for the payment of principal thereof, premium, if any, &amp; <del>762-7118</del> <sup>762-7118</sup> thereon.</p>						
BAILEY, JACKIE 9th District 411 6th St L' Burg, TN 829-2358			X			
BENEFIELD, RONALD 7th District 91 Benefield Ln Ethridge 762-5501			X			
BRAZIER, OLAN 5th District 175 Reed Patch Rd L' Burg 762-3167						
BUJE, JIM 9th District 508 8th St L' Burg 964-3404		X				
BURNS, FRANKLIN 6th District 383 LBurg Henryville Eth. 852-2211 762-1531	X	X				X
DOSS, BARRY 3rd District 66 Shoally Br Rd Leoma 762-7118						
DRYDEN, JERRY 4th District 12 Ingram Rd Leoma 852-2899		X				
GABEL, JIM 1st District 2773 Hwy 43 POBox 176 Leoma 852-2221 762-1016			X			
GOWEN, JIM 3rd District 114 Richardson RD Leoma 853-6709		X				
GREEN, ROBERT L 2nd District 404 N Military PO BX 224 Loretto 853-7221 766-1500		X				
MOORE, BOB 2nd District 11 Samuel Ln Loretto 762-5501		X				
MOORE, W. T. 5th District 305 Ford Field Rd West Point 762-8078 762-3217		X				
NIEDERGESES, MARK 4th District 4202 Marie Ln L' Burg 762-8007		X				
PERRY, TIM 6th District 1136 Eth.Red Hill Rd Ethridge 852-2870	X	X				
SHANNON, KEVIN 1st District 2757 Hwy 43S Leoma 829-2490		X				
TURNER, HENRY 7th District 37 Mint Spring Rd Ethridge 766-1040			X			
WOODALL, GLENN E 8th District 1401 Hart Ave L' Burg 762-7419			X			
WRAY, JOE R 8th District 1403 Beckham Ave L' Burg			X			
		10	7			1

Motion carried by a roll call vote.

Total voting aye Ten (10)

Total voting nay Seven ( 7)

Total absent One ( 1)

DATE July 31, 2001

COUNTY COMMISSION, LAWRENCE COUNTY  
KENNETH WEATHERS COUNTY CLERK

RESOLUTION #	MOTION	SECOND	AYE	NAY	PASS	PRESENT	ABSENT
01073101 Amend the resolution to give the the Highway \$2,000,000.00.							
BAILEY, JACKIE 9th District 762-3716 411 6th St L'Burg, TN			X				
BENEFIELD, RONALD 7th District 829-2358 91 Benefield Ln Ethridge			X				
BRAZIER, OLAN 5th District 762-5501 175 Reed Patch Rd L'Burg				X			
BUIE, JIM 9th District 762-3167 508 8th St L'Burg				X			
BURNS, FRANKLIN 6th District 964-3404 383 LBurg Henryville Eth.							X
DOSS, BARRY 3rd District 852-2211 762-1531 66 Shoally Br Rd Leoma				X			
DRYDEN, JERRY 4th District 762-7118 12 Ingram Rd Leoma				X			
GABEL, JIM 1st District 852-2899 2773 Hwy 43 POBox 176 Leoma		X	X				
GOWEN, JIM 3rd District 852-2221 762-1016 114 Richardson RD Leoma				X			
GREEN, ROBERT L 2nd District 853-6709 404 N Military PO BX 224 Loretto				X			
MOORE, BOB 2nd District 853-7221 766-1500 11 Samuel Ln Loretto				X			
MOORE, W. T. 5th District 762-5501 305 Ford Field Rd West Point				X			
NIEDERGESES, MARK 4th District 762-8078 762-3217 4202 Marie Ln L'Burg				X			
PERRY, TIM 6th District 762-8007 1136 Fth.Red Hill Rd Ethridge				X			
SHANNON, KEVIN 1st District 852-2870 2757 Hwy 43S Leoma				X			
TURNER, HENRY 7th District 829-2490 37 Mint Spring Rd Ethridge	X		X				
WOODALL, GLENN E 8th District 766-1040 1401 Hart Ave L'Burg				X			
WRAY, JOE R 8th District 762-7419 1403 Beckham Ave L'Burg				X			
			4	13			1

**MOTION TO AMEND FAILED** by a roll call vote.

Total voting aye Four ( 4 )

Total voting nay Thirteen(13)

Total absent One ( 1 )

DATE July 31, 2001

## RESOLUTION #02073101

A RESOLUTION DECLARING THE INTENT OF LAWRENCE COUNTY, TENNESSEE TO REIMBURSE ITSELF FOR CERTAIN EXPENDITURES RELATING TO HIGHWAY/PUBLIC WORKS FUND EXPENDITURES, WITH THE PROCEEDS OF BONDS OR OTHER DEBT OBLIGATIONS TO BE ISSUED BY LAWRENCE COUNTY, TENNESSEE.

WHEREAS, it is the intention of the Board of Commissioners of Lawrence County, Tennessee (the "County") to provide funds to finance the construction of roads and streets for the County, including legal, fiscal, administrative, architectural and engineering costs incident thereto and to pay costs of issuance incidental thereto (the "Projects"); and

WHEREAS, it is the intention of the County to pay all or a portion of the costs associated with said activities by the sale of bonds or other debt obligations of the County; and

WHEREAS, it is anticipated that it will be necessary to make expenditures in payment of said costs prior to the issuance of said bonds or debt obligations; and

WHEREAS, the County wishes to state its intentions with respect to reimbursements for said expenditures in accordance with the requirements of final regulations applicable thereto promulgated by the United States Department of the Treasury.

NOW, THEREFORE, BE IT RESOLVED by the County, as follows:

Section 1. It is reasonably expected that the County will reimburse itself for certain expenditures made by the County in connection with the activities hereinabove described. The County intends to reimburse all such expenditures by issuing its capital outlay notes, bonds or other debt obligations. The expenditures made prior to the issuance of said bonds or other debt obligations are expected to be paid from the Highway/Public Works Fund and reimbursement shall be made to the Highway/Public Works Fund of the County. Debt service on the bonds or other debt obligations will be paid from a pledge of ad valorem taxes on the County.

Section 2. The maximum principal amount of bonds or other debt obligations expected to be issued to finance the activities herein above described is approximately \$6,425,000.00

Section 3. This resolution shall be placed in the minutes of the County and shall be made available for inspection by the general public at the County Clerk's office.

Section 4. It is the County's reasonable expectation that it will reimburse the original expenditures from the proceeds of bonds or other debt obligations.

Section 5. This resolution constitutes a declaration of official intent under Treas. Reg. 1.150-2.

Section 6. All resolutions or parts of resolutions in conflict herewith are hereby repealed, and this resolution shall be in immediate effect from and after its adoption.

Adopted and approved this 31 day of July, 2001.



Chairman, Board of Commissioners

ATTEST:

  
County Clerk

COUNTY COMMISSION, LAWRENCE COUNTY  
KENNETH WEATHERS COUNTY CLERK

MOTION	SECOND	AYE	NAY	PASS	PRESENT	ABSENT
RESOLUTION # 02073101 Declaring the intent of Lawrence County, TN to reimburse itself for certain expenditures relating to Highway/Public Works Fund expenditures, with the proceeds of bonds or other debt obligations to be issued by Law Co.						
BAILLY, JACKIE 9th District 762-3716 411 6th St L'Burg, TN		X				
BENEFIELD, RONALD 7th District 829-2358 91 Benefield Ln Ethridge		X				
BRAZIER, OLAN 5th District 762-5501 175 Reed Patch Rd L'Burg		X				
BUIE, JIM 9th District 762-3167 508 8th St L'Burg		X				
BURNS, FRANKLIN 6th District 964-3404 383 LBurg Henryville Eth.						X
DOSS, BARRY 3rd District 852-2211 762-1531 66 Shoally Br Rd Leoma		X				
DRYDEN, JERRY 4th District 762-7118 12 Ingram Rd Leoma		X				
GABEL, JIM 1st District 852-2899 2773 Hwy 43 POBox 176 Leoma			X			
GOWEN, JIM 3rd District 852-2221 762-1016 114 Richardson RD Leoma		X				
GREEN, ROBERT L 2nd District 853-6709 404 N Military IO BX 224 Loretto	X	X				
MOORE, BOB 2nd District 853-7221 766-1500 11 Samuel Ln Loretto		X				
MOORE, W. T. 5th District 762-5501 305 Ford Field Rd West Point	X	X				
NIEDERGESES, MARK 4th District 762-8078 762-3217 4202 Marie Ln L'Burg		X				
PERRY, TIM 6th District 762-8007 1136 Eth.Red Hill Rd Ethridge		X				
SHANNON, KEVIN 1st District 852-2870 2757 Hwy 43S Leoma		X				
TURNER, HENRY 7th District 829-2490 37 Mint Spring Rd Ethridge		X				
WOODALL, GLENN E 8th District 766-1040 1401 Hart Ave L'Burg			X			
WRAY, JOE R 8th District 762-7419 1403 Beckham Ave L'Burg			X			
		14	3			1

Motion carried with a roll call vote.

Total voting aye Fourteen (14)

Total voting nay Three (3)

Total absent One (1)

DATE July 31, 2001

**RESOLUTION #03073101**

A RESOLUTION REQUESTING THE LAWRENCE COUNTY BOARD OF EDUCATION TO FUND THE NEW PROSPECT AND LEOMA ELEMENTARY PROJECTS.

WHEREAS, the Board of County Commissioners of Lawrence County, Tennessee has determined that school bonds can be issued to fund certain projects identified by the Board of Education of Lawrence County, Tennessee; and

WHEREAS, the Board of County Commissioners agrees with the Board of Education that improvements at New Prospect and Leoma are a priority; and

WHEREAS, the Board of County Commissioners believes that improvements at New Prospect and Leoma Elementary Schools should be made to meet the immediate and future educational needs within those communities of the County.

NOW, THEREFORE, BE IT RESOLVED by the Board of County Commissioners of Lawrence County, Tennessee, as follows:

Section 1. The Board of County Commissioners of Lawrence County, Tennessee hereby agree to issue school bonds in an amount not to exceed \$3,340,000.00 in order to fund improvements primarily at the elementary school facilities of New Prospect and Leoma.

Section 2. The Board of County Commissioners hereby request that the Lawrence County Board of Education expend bond funds, immediately upon receipt, to begin building improvements at each facility, which is estimated at 11,232 gross square feet in additions, and includes, but is not limited to the following priorities, new kitchen, cafeteria, administration and guidance.

Section 3. The Board of County Commissioners hereby requests that the Lawrence County Board of Education set aside an amount of bond proceeds necessary to complete those projects before expending bond proceeds for any other projects.

This Resolution shall take effect upon its passage, the public welfare requiring it.

Passed this 31<sup>st</sup> day of July, 2001

APPROVED:

STEVE HILL, COUNTY EXECUTIVE

ATTEST:

KENNETH WEATHERS, COUNTY CLERK



AMENDED RESOLUTION NO. 03073101

A RESOLUTION REQUESTING THE LAWRENCE COUNTY BOARD OF EDUCATION  
TO FUND THE NEW PROSPECT, LEOMA ELEMENTARY,  
LORETTO HIGH SCHOOL AND SUMMERTOWN HIGH SCHOOL PROJECTS

WHEREAS, the Board of County Commissioners of Lawrence County, Tennessee, has determined that school bonds can be issued to fund certain projects identified by the Board of Education of Lawrence County, Tennessee; and

WHEREAS, the Board of County Commissioners agrees with the Board of Education that improvements at New Prospect and Leoma are a priority; and

WHEREAS, the Board of County Commissioners believes that improvements at New Prospect and Leoma Elementary Schools should be made to meet the immediate and future educational needs within those communities of the County.

NOW, THEREFORE, BE IT RESOLVED by the Board of County Commissioners of Lawrence County, Tennessee, as follows:

Section 1. The Board of County Commissioners of Lawrence County, Tennessee, hereby agree to issue school bonds in an amount not to exceed \$3,340,000.00 in order to fund improvements primarily at the elementary school facilities of New Prospect and Leoma and roof project at Loretto High School and, if funds are available, to fund installation of an air conditioning system at Summertown High School gymnasium.

Section 2. The Board of County Commissioners hereby request that the Lawrence County Board of Education expend bond funds, immediately upon receipt, to begin building improvements at each facility, which is estimated at 11,232 gross square feet in additions, and includes, but is not limited to the following priorities, new kitchen, cafeteria, administration and guidance.

Section 3. The Board of County Commissioners hereby requests that the Lawrence County Board of Education set aside an amount of bond proceeds necessary to complete those projects before expending bond proceeds for any other projects.

This Resolution shall take effect upon its passage, the public welfare requiring it.

Passed this 31st day of July, 2001.



STEVE HILL, COUNTY EXECUTIVE

ATTEST:



KENNETH WEATHERS, COUNTY CLERK

COUNTY COMMISSION, LAWRENCE COUNTY  
KENNETH WEATHERS COUNTY CLERK

RESOLUTION #	MOTION	SECOND	AYE	NAY	PASS	PRESENT	ABSENT
03073101							
Resolution requesting the Lawrence County Board of Education to fund the New Prospect and Leoma Elementary Projects.							
<b>AS AMENDED</b> to replace the roof at Loretto High School and if funds are available, to air condition Summertown High Gym							
BAILEY, JACKIE	9th District		X				
762-3716 411 6th St L'Burg, TN 829-2358							
BENEFIELD, RONALD	7th District		X				
91 Benefield Ln Ethridge 762-5501							
BRAZIER, OLAN	5th District			X			
175 Reed Patch Rd L'Burg 762-3167							
BUIE, JIM	9th District		X				
508 8th St L'Burg 964-3404							
BURNS, FRANKLIN	6th District						
383 LBurg Henryville Eth. 852-2211 762-1531							
DOSS, BARRY	3rd District		X				X
66 Shoally Br Rd Leoma 762-7118							
DRYDEN, JERRY	4th District	X	X				
12 Ingram Rd Leoma 852-2899							
GABEL, JIM	1st District						
2773 Hwy 43 POBox 176 Leoma 852-2221 762-1016							
GOWEN, JIM	3rd District		X				
114 Richardson RD Leoma 853-6709							
GREEN, ROBERT L	2nd District		X				
404 N Military IO BX 224 Loretto 853-7221 766-1500							
MOORE, BOB	2nd District		X				
11 Samuel Ln Loretto 762-5501							
MOORE, W. T.	5th District		X				
305 Ford Field Rd West Point 762-8078 762-3217							
NIEDERGESSES, MARK	4th District		X				
4202 Marie Ln L'Burg 762-8007							
PERRY, TIM	6th District		X				
1136 Eth.Red Hill Rd Ethridge 852-2870							
SHANNON, KEVIN	1st District	X	X				
2757 Hwy 43S Leoma 829-2490							
TURNER, HENRY	7th District			X			
37 Mint Spring Rd Ethridge 766-1040							
WOODALL, GLENN E	8th District			X			
1401 Hart Ave L'Burg 762-7419							
WRAY, JOE R	8th District			X			
1403 Beckham Ave L'Burg							
			12	5			1

Motion as amended carried by a roll call vote.

Total voting aye Twelve (12)

Total voting nay Five (5)

Total absent One (1)

DATE July 31, 2001

COUNTY COMMISSION, LAWRENCE COUNTY  
KENNETH WEATHERS COUNTY CLERK

MOTION	SECOND	AYE	NAY	PASS	PRESENT	ABSENT
RESOLUTION # 03073101 Amendment to the replace the roof at Loretto High School, as recommended by the Committee.						
BAILLY, JACKIE 9th District 762-3716 411 6th St L'Burg, TN 829-2358		X				
BENEFIELD, RONALD 7th District 91 Benefield Ln Ethridge 762-5501		X				
BRAZIER, OLAN 5th District 175 Reed Patch Rd L'Burg 762-3167		X				
BUIE, JIM 9th District 508 8th St L'Burg 964-3404		X				
BURNS, FRANKLIN 6th District 383 LBurg Henryville Eth. 852-2211 762-1531						X
DOSS, BARRY 3rd District 66 Shoally Br Rd Leoma 762-7118		X				
DRYDEN, JERRY 4th District 12 Ingram Rd Leoma 852-2899	X	X				
GABEL, JIM 1st District 2773 Hwy 43 POBox 176 Leoma 852-2221 762-1016		X				
GOWEN, JIM 3rd District 114 Richardson RD Leoma 853-6709		X				
GREEN, ROBERT L 2nd District 404 N Military PO BX 224 Loretto 853-7221 766-1500		X				
MOORE, BOB 2nd District 11 Samuel Ln Loretto 762-5501		X				
MOORE, W. T. 5th District 305 Ford Field Rd West Point 762-8078 762-3217		X				
NIEDERGESSES, MARK 4th District 4202 Marie Ln L'Burg 762-8007		X				
PERRY, TIM 6th District 1136 Eth.Red Hill Rd Ethridge 852-2870		X				
SHANNON, KEVIN 1st District 2757 Hwy 43S Leoma 829-2490		X				
TURNER, HENRY 7th District 37 Mint Spring Rd Ethridge 766-1040		X				
WOODALL, GLENN E 8th District 1401 Hart Ave L'Burg 762-7419			X			
WRAY, JOE R 8th District 1403 Beckham Ave L'Burg			X			
		14	3			1

Motion to amend carried by a roll call vote.

Total voting aye Fourteen (14)

Total voting nay Three (3)

Total absent One (1)

DATE \_\_\_\_\_

COUNTY COMMISSION, LAWRENCE COUNTY  
KENNETH WEATHERS COUNTY CLERK

MOTION	SECOND	AYE	NAY	PASS	PRESENT	ABSENT
RESOLUTION # 03073101 Amendment to air condition the Gym at Summertown High School if funds are available.						
		X				
BAILEY, JACKIE 9th District 762-3716 411 6th St L'Burg, TN		X				
BENEFIELD, RONALD 7th District 829-2358 91 Benefield Ln Ethridge		X				
BRAZIER, OLAN 5th District 762-5501 175 Reed Patch Rd L'Burg		X				
BUJE, JIM 9th District 762-3167 508 8th St L'Burg		X				
BURNS, FRANKLIN 6th District 964-3404 383 LBurg Henryville Eth.					X	
DOSS, BARRY 3rd District 852-2211 762-1531 66 Shoally Br Rd Leoma			X			
DRYDEN, JERRY 4th District 762-7118 12 Ingram Rd Leoma		X				
GABEL, JIM 1st District 852-2899 2773 Hwy 43 POBox 176 Leoma			X			
GOWEN, JIM 3rd District 852-2221 762-1016 114 Richardson RD Leoma		X				
GREEN, ROBERT L 2nd District 853-6709 404 N Military PO EX 224 Loretto	X	X				
MOORE, BOB 2nd District 853-7221 766-1500 11 Samuel Ln Loretto		X				
MOORE, W. T. 5th District 762-5501 305 Ford Field Rd West Point		X				
NIEDERGESSES, MARK 4th District 762-8078 762-3217 4202 Marie Ln L'Burg		X				
PERRY, TIM 6th District 762-8007 1136 Eth.Red Hill Rd Ethridge	X	X				
SHANNON, KEVIN 1st District 852-2870 2757 Hwy 43S Leoma		X				
TURNER, HENRY 7th District 829-2490 37 Mint Spring Rd Ethridge		X				
WOODALL, GLENN E 8th District 766-1040 1401 Hart Ave L'Burg			X			
WRAY, JOE R 8th District 762-7419 1403 Beckham Ave L'Burg			X			
		13	4			1

Motion to amend carried by a roll call vote.

Total voting aye Thirteen (13)

Total voting nay Four (4)

Total absent (1)

DATE July 31, 2001

The Board of County Commissioners of Lawrence County, Tennessee, met in special session on July 31, 2001, at 5:00 p.m., at the Lawrence County Courthouse, Lawrenceburg, Tennessee, with Steve Hill, County Executive, presiding.

The following Commissioners were present: JACKIE BAILEY, RONALD BENEFIELD, OLAN BRAZIER, JIM BUIE, BARRY DOSS, JERRY DRYDEN, JIM GABEL, JIM GOWEN, ROBERT L. GREEN, BOB MOORE, W. T. MOORE, MARK NIEDERGESES, TIM PERRY, KEVIN SHANNON, HENRY TURNER, GLENN E. WOODALL, JOE R. WRAY.

The following Commissioners were absent: FRANKLIN BURNS

There was also present Kenneth Weathers, County Clerk.

After the meeting was duly called to order, the following resolution was introduced by BARRY DOSS, seconded by JERRY DRYDEN and after due deliberation, was adopted by the following vote:

AYE: JACKIE BAILEY, JIM BUIE, BARRY DOSS, JERRY DRYDEN, JIM GOWEN, ROBERT L. GREEN, BOB MOORE, W. T. MOORE, MARK NIEDERGESES, TIM PERRY, KEVIN SHANNON.

NAY: RONALD BENEFIELD, OLAN BRAZIER, JIM GABEL, HENRY TURNER, GLENN E. WOODALL, JOE R. WRAY.

**RESOLUTION #04073101**

A RESOLUTION AUTHORIZING THE ISSUANCE OF SCHOOL BONDS, SERIES 2001 IN THE AGGREGATE PRINCIPAL AMOUNT OF NOT TO EXCEED THREE MILLION THREE HUNDRED FORTY THOUSAND DOLLARS (\$3,340,000) OF LAWRENCE COUNTY, TENNESSEE; MAKING PROVISION FOR THE ISSUANCE, SALE AND PAYMENT OF SAID BONDS; ESTABLISHING THE TERMS THEREOF AND THE DISPOSITION OF PROCEEDS THEREFROM; AND PROVIDING FOR THE LEVY OF TAX FOR THE PAYMENT OF PRINCIPAL OF, PREMIUM, IF ANY, AND INTEREST ON THE BONDS.

WHEREAS, under the provisions of Sections 49-3-1001 et seq., inclusive, Tennessee Code Annotated, counties in Tennessee are authorized through their respective governing bodies to issue and sell bonds of said counties for school purposes; and

WHEREAS, the Board of County Commissioners of Lawrence County, Tennessee (the "County"), has heretofore determined that it is necessary and advisable to issue not to exceed \$3,340,000 in aggregate principal amount of school bonds, to be issued in one or more emissions, for the purpose of providing funds for the acquisition of sites for school buildings and facilities; the constructing, furnishing and equipping of school buildings and facilities located in the County; the payment of architectural, engineering, legal, fiscal and administrative costs incident to the foregoing; and the payment of costs incident to the issuance and sale of the bonds authorized herein; and

WHEREAS, it is the intention of the Board of County Commissioners to adopt this resolution for the purpose of authorizing not to exceed \$3,340,000 in aggregate principal amount of said bonds, providing for the issuance, sale and payment of said bonds, establishing the terms thereof, and the disposition of proceeds therefrom, and providing for the levy of a tax for the payment of principal thereof, premium, if any, and interest thereon.

NOW, THEREFORE, BE IT RESOLVED by the Board of County Commissioners of Lawrence County, Tennessee, as follows:

Section 1. Authority. The bonds authorized by this resolution are issued pursuant to Sections 49-3-1001 et seq., inclusive, Tennessee Code Annotated, and other applicable provisions of law.

Section 2. Definitions. The following terms shall have the following meanings in this resolution unless the text expressly or by necessary implication requires otherwise:

- (a) "Bonds" shall mean not to exceed \$3,340,000 School Bonds, Series 2001, of the County, to be issued in one or more emissions, to be dated August 1, 2001, having such other series designation or such other dated date as shall be designated by the County Executive pursuant to Section 7 hereof, authorized to be issued by this resolution;
- (b) "Code" shall mean the Internal Revenue Code of 1986, as amended, and all lawful regulations promulgated or proposed thereunder;
- (c) "County" shall mean Lawrence County, Tennessee;
- (d) "Governing Body" shall mean the Board of County Commissioners of the County;

(e) "Project" shall mean the acquisition of sites for school buildings and facilities; constructing, furnishing and equipping of school buildings and facilities located in the County; and the payment of architectural, engineering, legal, fiscal and administrative costs incident to the foregoing; and

(f) "Registration Agent" shall mean Sentinel Trust Company, Nashville, Tennessee as the registration and paying agent for the Bonds or any successor designated by the Governing Body.

Section 3. Authorization and Terms of the Bonds. For the purpose of providing funds to pay the costs of the Project and to pay costs incident to the issuance and sale of the Bonds, as more fully set forth in Section 8 hereof, there are hereby authorized to be issued school bonds of the County in the aggregate principal amount not to exceed \$3,340,000. The Bonds shall be issued in one or more emissions, in fully registered form, shall be known as "School Bonds, Series 2001" or such other series designation as shall be determined by the County Executive pursuant to Section 7 hereof. Each Bond shall be dated August 1, 2001, or such other dated date as shall be established pursuant to Section 7 hereof. The Bonds shall bear interest at a rate or rates not to exceed six percent (6%) per annum, and subject to the adjustments permitted pursuant to Section 7 hereof, such interest shall be payable semi-annually on the first day of February and August in each year commencing February 1, 2002. The Bonds shall be issued initially in \$5,000 denominations or integral multiples thereof, as shall be requested by the original purchaser thereof. The Bonds shall mature serially or be subject to mandatory redemption and be payable on August 1 of each year as follows (subject to the adjustments permitted pursuant to Section 7 hereof):

<u>Maturity</u>	<u>Amount</u>
2002	\$80,000
2003	80,000
2004	85,000
2005	90,000
2006	95,000
2007	95,000
2008	100,000
2009	105,000
2010	110,000
2011	115,000
2012	120,000
2013	125,000
2014	135,000
2015	140,000
2016	145,000
2017	155,000
2018	160,000
2019	170,000
2020	180,000
2021	190,000
2022	200,000
2023	210,000
2024	220,000
2025	235,000

Subject to the adjustments permitted pursuant to Section 7 hereof, Bonds maturing August 1, 2002 through August 1, 2008, inclusive, shall mature without option of prior redemption and Bonds maturing August 1, 2009 and thereafter shall be subject to redemption prior to maturity at the option of

the County on August 1, 2008 and thereafter, as a whole or in part at any time at the redemption prices set forth below (expressed as percentages of principal amount), plus interest accrued to the redemption date:

<u>Redemption Dates</u> <u>(dates inclusive)</u>	<u>Redemption</u> <u>Price</u>
August 1, 2008 through July 31, 2009	102%
August 1, 2009 through July 31, 2010	101
August 1, 2010 and thereafter	100

If less than all the Bonds shall be called for redemption, the Governing Body, in its discretion, shall designate the maturity or maturities which will be redeemed, and, if less than all the Bonds of a single maturity shall be called for optional redemption, 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 may determine.

Pursuant to Section 7 hereof, the County Executive is authorized to sell the Bonds, or any maturities thereof, as Term Bonds (the "Term Bonds") with mandatory redemption requirements. In the event any or all the Bonds are sold as Term Bonds, the County shall redeem such Term Bonds on the redemption dates corresponding to the maturity dates set forth herein in aggregate principal amounts equal to the maturity amounts set forth herein for each redemption date, as such maturity amounts may be adjusted pursuant to Section 7 hereof. Bonds so redeemed shall be redeemed at a price of par plus accrued interest thereon to the date of redemption. The Term Bonds to be so redeemed shall be selected by lot or in such other random manner as the Registration Agent in its discretion may determine.

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

Notice of call for redemption, whether optional or mandatory, shall be given by the Registration Agent on behalf of the County not less than thirty (30) 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 Registration Agent shall mail said notices, in the case of Term Bonds with mandatory redemption requirements as and when provided herein and in the Bonds and, in the case of optional redemption, as and when directed by the County pursuant to written instructions



from an authorized representative of the County 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.

The County hereby authorizes and directs the Registration Agent to maintain Bond registration records with respect to the Bonds, to authenticate and deliver the Bonds as provided herein, either at original issuance, upon transfer, or as otherwise directed by the County, to effect transfers of the Bonds, to give all notices of redemption as required herein, to make all payments of principal and interest with respect to the Bonds as provided herein, to cancel and destroy Bonds which have been paid at maturity or upon earliest redemption or submitted for exchange or transfer, to furnish the County at least annually a certificate of destruction with respect to Bonds canceled and destroyed, and to furnish the County at least annually an audit confirmation of Bonds paid, Bonds outstanding and payments made with respect to interest on the Bonds. The County Executive is hereby authorized to execute and the County Clerk is hereby authorized to attest such written agreement between the County and the Registration Agent as they shall deem necessary or proper with respect to the obligations, duties and rights of the Registration Agent. The payment of all reasonable fees and expenses of the Registration Agent for the discharge of its duties and obligations hereunder or under any such agreement is hereby authorized and directed.

The Bonds shall be payable, principal and interest, in lawful money of the United States of America at the principal corporate trust office of the Registration Agent. The Registration Agent shall make all interest payments with respect to the Bonds on each interest payment date directly to the registered owners 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 owners at their addresses 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 County in respect of such Bonds to the extent of the payments so made. Payment of principal of on the Bonds shall be made upon presentation and surrender of such Bonds to the Registration Agent as the same shall become due and payable.

Any interest on any Bond which is payable but is not punctually paid or duly provided for on any interest payment date (hereinafter "Defaulted Interest") shall forthwith cease to be payable to the registered owner on the relevant Regular Record Date; and, in lieu thereof, such Defaulted Interest shall be paid by the County to the persons in whose names the Bonds are registered at the close of business on a date (the "Special Record Date") for the payment of such Defaulted Interest, which shall be fixed in the following manner: the County shall notify the Registration Agent in writing of the amount of Defaulted Interest proposed to be paid on each Bond and the date of the proposed payment, and at the same time the County shall deposit with the Registration Agent an amount of money equal to the aggregate amount proposed to be Paid in respect of such Defaulted Interest or shall make arrangements satisfactory to the Registration Agent for such deposit prior to the date of the proposed payment, such money when deposited to be held in trust for the benefit of the persons entitled to such Defaulted Interest as in this Section provided. Thereupon, not less than ten (10) days after the receipt by the Registration Agent of the notice of the proposed payment, the Registration Agent shall fix a Special Record Date for the payment of such Defaulted Interest which Date shall be not more than fifteen (15) nor less than ten (10) days prior to the date of the proposed payment to the registered owners. The Registration Agent shall promptly notify the County of such Special Record Date and, in the name and at the expense of the County, not less than ten (10) days prior to such Special Record Date, shall cause notice of the proposed payment of such Defaulted Interest and the Special Record Date therefor to be mailed, first class postage prepaid, to each registered owner at the address thereof as it appears in the Bond registration records maintained by the

Registration Agent as of the date of such notice. Nothing contained in this Section or in the Bonds shall impair any statutory or other rights in law or in equity of any registered owner arising as a result of the failure of the County to punctually pay or duly provide for the payment of principal of, premium, if any, and interest on the Bonds when due.

The Bonds are transferable only by presentation to the Registration Agent by the registered owner, or his legal representative duly authorized in writing, of the registered Bond(s) to be transferred with the form of assignment on the reverse side thereof completed in full and signed with the name of the registered owner as it appears upon the face of the Bond(s) accompanied by appropriate documentation necessary to prove the legal capacity of any legal representative of the registered owner. Upon receipt of the Bond(s) in such form and with such documentation, if any, the Registration Agent shall issue a new Bond or Bonds to the assignee(s) in \$5,000 denominations, or integral multiples thereof, as requested by the registered owner requesting transfer. The Registration Agent shall not be required to transfer or exchange any Bond during the period commencing on a Regular or Special Record Date and ending on the corresponding interest payment date of such Bond, nor to transfer or exchange any Bond after the notice calling such Bond for redemption has been made, nor to transfer or exchange any Bond during the period following the receipt of instructions from the County to call such Bond for redemption; provided, the Registration Agent, at its option, may make transfers after any of said dates. No charge shall be made to any registered owner for the privilege of transferring any Bond, provided that any transfer tax relating to such transaction shall be paid by the registered owner requesting transfer. The person in whose name any Bond shall be registered shall be deemed and regarded as the absolute owner thereof for all purposes and neither the County nor the Registration Agent shall be affected by any notice to the contrary whether or not any payments due on the Bonds shall be overdue. Bonds, upon surrender to the Registration Agent, may, at the option of the registered owner, be exchanged for an equal aggregate principal amount of Bonds of the same maturity in any authorized denomination or denominations.

The Bonds shall be signed by the County Executive and attested by the County Clerk by their respective manual or facsimile signatures, and shall have impressed thereon or imprinted thereon the corporate seal of the County or a facsimile thereof.

The Registration Agent is hereby authorized to authenticate and deliver the Bonds to the original purchaser thereof or as it may designate upon receipt by the County of the proceeds of the sale thereof and to authenticate and deliver Bonds in exchange for Bonds of the same principal amount delivered for transfer upon receipt of the Bond(s) to be transferred in proper form with proper documentation as hereinabove described. The Bonds shall not be valid for any purpose unless authenticated by the Registration Agent by the manual signature of an officer thereof on the certificate set forth herein on the Bond form.

In case any Bond shall become mutilated, or be lost, stolen or destroyed, the County, in its discretion, shall issue, and the Registration Agent, upon written direction from the County shall authenticate and deliver, a new Bond of like tenor, amount, maturity and date, in exchange and substitution for, and upon the cancellation of, the mutilated Bond, or in lieu of and substitution for such lost, stolen or destroyed Bond, or if any such Bond shall have matured or shall be about to mature, instead of issuing a substituted Bond the County may pay or authorize payment of such Bond without surrender thereof. In every case the applicant shall furnish evidence satisfactory to the County and the Registration Agent of the destruction, theft or loss of such Bond, and indemnity satisfactory to the County and the Registration Agent; and the County may charge the applicant for the issue of such new Bond an amount sufficient to reimburse the County for the expense incurred by it in the issue thereof.

Section 4. Source of Payment. 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 hereby irrevocably pledged.

Section 5. Form of Bonds. The Bonds shall be in substantially the following form, the omissions to be appropriately completed when the Bonds are prepared and delivered:  
(Form of Face of Bond)

REGISTERED  
Number \_\_\_\_\_

REGISTERED  
\_\_\_\_\_

UNITED STATES OF AMERICA  
STATE OF TENNESSEE  
COUNTY OF LAWRENCE  
SCHOOL BOND, SERIES 2001

Interest Rate: \_\_\_\_\_ Maturity Date: \_\_\_\_\_ Date of Bond: \_\_\_\_\_ CUSIP No.: \_\_\_\_\_

Registered Owner: \_\_\_\_\_  
Principal Amount: \_\_\_\_\_

**KNOW ALL MEN BY THESE PRESENTS:** That Lawrence County, Tennessee (the "County"), for value received hereby promises to pay to the registered owner hereof, hereinabove named, or registered assigns, in the manner hereinafter provided, the principal amount hereinabove set forth on the maturity date hereinabove set forth or earlier redemption as set forth herein, and to pay interest (computed on the basis of a 360-day year of twelve 30-day months) on said principal amount at the annual rate of interest hereinabove set forth from the date hereof until said maturity date or redemption date, said interest being payable on February 1, 2002, and semi-annually thereafter on the first day of February and August in each year until this Bond matures or is redeemed. Both principal hereof and interest hereon are payable in lawful money of the United States of America by check or draft at the principal corporate trust office of Sentinel Trust Company, Nashville, Tennessee, as registration agent and paying agent (the "Registration Agent"). The Registration Agent shall make all interest payments with respect to this Bond on each interest payment date directly to the registered owner hereof 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 such owner's address shown on said Bond registration records, without, except for final payment, the presentation or surrender of this Bond, and all such payments shall discharge the obligations of the County to the extent of the payments so made. Any such interest not so punctually paid or duly provided for on any interest payment date shall forthwith cease to be payable to the registered owner on the relevant Regular Record Date; and, in lieu thereof, such defaulted interest shall be payable to the person in whose name this Bond is registered at the close of business on the date (the "Special Record Date") for payment of such defaulted interest to be fixed by the Registration Agent, notice of which shall be given to the owners of the Bonds of the issue of which this Bond is one not less than ten (10) days prior to such Special Record Date. Payment of principal of and premium on this Bond shall be made when due upon presentation and surrender of this Bond to the Registration Agent.

Reference is hereby made to the further provisions of this Bond set forth on the reverse side hereof and such further provisions shall for all purposes have the same effect as if set forth on the front side hereof.

It is hereby certified, recited, and declared that all acts, conditions and things required to exist, happen and be performed precedent to and in the issuance of this Bond exist, have happened and have been performed in due time, form and manner as required by law, and that the amount of this Bond, together with all other indebtedness of the County, does not exceed any limitation prescribed by the constitution and statutes of the State of Tennessee.

IN WITNESS WHEREOF, the County has caused this Bond to be signed by its County Executive with his facsimile signature and attested by its County Clerk with his facsimile signature under a facsimile of the corporate seal of the County, all as of the date hereinabove set forth.

LAWRENCE COUNTY

BY: \_\_\_\_\_  
(Facsimile)  
County Executive

(FACSIMILE SEAL)

ATTESTED:

\_\_\_\_\_  
(Facsimile)  
County Clerk

Transferable and payable at the principal corporate trust office of: Sentinel Trust Company  
Nashville, Tennessee

This Bond is one of the issue of Bonds issued pursuant to the Resolution hereinabove described.

Date of Registration: \_\_\_\_\_

SENTINEL TRUST COMPANY  
Registration Agent

By: \_\_\_\_\_  
Authorized Officer

(Form of Reverse Side of Bond)

Bonds of the issue of which this Bond is one maturing August 1, 2002 through August 1, 2008, inclusive, shall mature without option of prior redemption and Bonds maturing August 1, 2009 and thereafter, shall be subject to redemption prior to maturity at the option of the County on August 1, 2008 and thereafter, as a whole or in part at any time at the redemption prices set forth below (expressed as percentages of principal amount), plus interest accrued to the redemption date:

Redemption Dates

Redemption

(dates inclusive)

Price

August 1, 2008 through July 31, 2009  
August 1, 2009 through July 31, 2010  
August 1, 2010 and thereafter

102%  
101  
100

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 of the County, in its discretion, and, if less than all of the Bonds of a maturity shall be called for redemption, the Bonds within the maturity to be redeemed shall be selected by the Registration Agent by lot or in such other random manner as the Registration Agent in its discretion shall determine.

[Subject to the credit hereinafter provided, the County shall redeem Bonds maturing \_\_\_\_\_ and \_\_\_\_\_ on the redemption dates set forth below opposite the respective maturity dates, in aggregate principal amounts equal to the respective dollar amounts set forth opposite the respective redemption dates at a price of par plus accrued interest thereon to the date of redemption. The Bonds to be so redeemed within such maturity shall be selected by lot or in such other random manner as the Registration Agent in its discretion may determine. The dates of redemption and principal amount of the Bonds to be redeemed on said dates are as follows:

<u>Maturity Date</u>	<u>Redemption Date</u>	Principal Amount of Bonds to be Redeemed
_____	_____	\$ _____
_____	_____	_____
_____	_____	\$ _____
_____	_____*	_____
_____	_____	_____

\*final maturity

At its option, to be exercised on or before the forty-fifth (45th) day next preceding any such redemption date, the County may (i) deliver to the Registration Agent for cancellation Bonds maturing \_\_\_\_\_ and \_\_\_\_\_, in any aggregate principal amount desired, and/or (ii) receive a credit in respect of its redemption obligation for any Bonds maturing \_\_\_\_\_ and \_\_\_\_\_, which prior to said date have been purchased or redeemed (otherwise than through the operation of this mandatory redemption provision) and canceled by the Registration Agent and not theretofore applied as a credit against any redemption obligation under this mandatory redemption provision. Each Bond so delivered or previously purchased or redeemed shall be credited by the Registration Agent at 100% of the principal amount thereof on the obligation of the County on such payment date and any excess shall be credited on future redemption obligations in chronological order, and the principal amount of Bonds to be redeemed by operation of this mandatory redemption shall be accordingly reduced.

Notice of call for redemption, [whether optional or mandatory], shall be given by the Registration Agent not less than thirty (30) 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 the redemption of any of the Bonds for which proper notice was given. From and after any 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.

This Bond is transferable by the registered owner hereof in person or by such owner's attorney duly authorized in writing at the principal corporate trust office of the Registration Agent set forth on the front side hereof, but only in the manner, subject to limitations and upon payment of the charges provided in the Resolution, as hereafter defined, and upon surrender and cancellation of this Bond. Upon such transfer a new Bond or Bonds of authorized denomination or denominations of the same maturity and interest rate for the same aggregate principal amount will be issued to the transferee in exchange therefor. The person in whose name this Bond is registered shall be deemed and regarded as the absolute owner thereof for all purposes and neither the County nor the Registration Agent shall be affected by any notice to the contrary whether or not any payments due on the Bond shall be overdue. Bonds, upon surrender to the Registration Agent, may, at the option of the registered owner thereof, be exchanged for an equal aggregate principal amount of the Bonds of the same maturity in authorized denomination or denominations, upon the terms set forth in the Resolution. The Registration Agent shall not be required to transfer or exchange any Bond during the period commencing on a Regular Record Date or Special Record Date and ending on the corresponding interest payment date of such Bond, nor to transfer or exchange any Bond after the notice calling such Bond for redemption has been made, nor to transfer or exchange any Bond during the period following the receipt of instructions from the County to call such Bond; provided, the Registration Agent, at its option, may make transfers after any of said dates.

This Bond is one of a total authorized issue aggregating \$\_\_\_\_\_ and issued by the County for the purpose of providing funds to purchase sites for County school buildings and facilities; to construct, furnish and equip County school buildings and facilities; to pay architectural, engineering, legal, fiscal and administrative costs incident to the foregoing; and to pay the costs incident to the issuance and sale of the Bonds, pursuant to Sections 49-3-1001 *et seq.*, Tennessee Code Annotated, and pursuant to a resolution duly adopted by the Board of County Commissioners of the County on thirty-first day of July, 2001 (the "Resolution").

This Bond is 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 this Bond, the full faith and credit of the County are irrevocably pledged. For a more complete statement of the general covenants and provisions pursuant to which this Bond is issued, reference is hereby made to said Resolution.

This Bond and the income therefrom are exempt from all present state, county and municipal taxes in Tennessee except (a) inheritance, transfer and estate taxes, (b) Tennessee excise taxes on interest on the Bond during the period the Bond is 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 (c) Tennessee franchise taxes by reason of the inclusion of the book value of the Bond 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.

(FORM OF ASSIGNMENT)

FOR VALUE RECEIVED, the undersigned sells, assigns, and transfers unto \_\_\_\_\_ whose address is \_\_\_\_\_, the  
(Please insert Federal Identification or Social Security Number of Assignee \_\_\_\_\_), the  
within Bond of Lawrence County, Tennessee, and does hereby irrevocably constitute and appoint  
\_\_\_\_\_, attorney, to transfer the said Bond on the records kept for registration thereof  
with full power of substitution in the premises.

Dated: \_\_\_\_\_

§

NOTICE: The signature to this assignment must correspond with the name of the registered owner as it appears on the face of the within Bond in every particular, without alteration or enlargement or any change whatsoever.

Signature guaranteed:

NOTICE: Signature(s) must be guaranteed by a member firm of a Medallion Program acceptable to the Registration Agent.

Section 6. Levy of Tax. The County, through its Governing Body, shall annually levy and collect a tax upon all taxable property within the County, in addition to all other taxes authorized by law, sufficient to pay principal of, premium, if any, and interest on the Bonds when due, and for that purpose there is hereby levied a direct annual tax in such amount as may be found necessary each year to pay principal, premium, if any, and interest coming due on the Bonds in said year. Principal, premium, if any, and interest falling due at any time when there are insufficient funds from this tax levy on hand shall be paid from the current funds of the County and reimbursement therefor shall be made out of the taxes hereby provided to be levied when the same shall have been collected. The tax herein provided may be reduced to the extent of any appropriations from other funds, taxes and revenues of the County to the payment of debt service on the Bonds.

Section 7. Sale of Bonds. (a) The Bonds shall be offered for public sale as required by law at a price of not less than ninety-eight and one-half percent (98.50%) of par, exclusive of original issue discount, plus accrued interest, as a whole or in part, from time to time, as shall be determined by the County Executive in consultation with the County's financial advisor, Sentinel Trust Company, Nashville, Tennessee, as further authorized herein.

(b) The County Executive is authorized to designate the series of the Bonds, or any emission thereof, to a series other than "Series 2001", to cause to be sold an aggregate principal amount of Bonds, less than that shown in Section 3 hereof, and to make corresponding adjustments to the maturity schedule designated in Section 3 hereof, so long as the total aggregate principal amount of the Bonds, or all emissions thereof, issued does not exceed the total aggregate of Bonds authorized to be issued herein, and so long as the final maturity of the Bonds, or any emission thereof, does not exceed 26 years from the dated date thereof.

(c) The County Executive, taking into consideration the outstanding debt of the County, the projected financing needs of the County, the debt service of the Bonds and the sources of funds available to pay such debt, is authorized to change the dated date of the Bonds, or any emission thereof, to a date other than August 1, 2001, to change the first interest payment date on the Bonds, or any emission thereof, to a date other than February 1, 2002, to change the first principal payment date on the Bonds, or any emission thereof, to a date other than August 1, 2002, to adjust the principal and interest payment dates, to change the County's optional redemption provisions of the Bonds, or any emission thereof, provided the redemption premium, if any, shall not exceed two percent (2%) of the par amount of the

Bonds called for redemption, to sell the Bonds, or any emission thereof, or any maturities thereof as Term Bonds with mandatory redemption requirements corresponding to the maturities set forth herein or as otherwise determined by the County Executive, as he shall deem most advantageous to the County, and to cause all or a portion of the Bonds, or any emission thereof, to be insured by a bond insurance policy issued by a nationally recognized bond insurance company to achieve the purposes set forth herein and to serve the best interests of the County.

(d) The County Executive is authorized to enter into such agreements with the bond insurance company with respect to the Bonds to the extent not inconsistent with the Resolution.

(e) The County Executive is authorized to award the Bonds to the bidder whose bid results in the lowest interest cost to the County, provided the rate or rates on none of the Bonds exceeds six percent (6%) per annum. The award of the Bonds by the County Executive to the lowest bidder shall be binding on the County, and no further action of the Governing Body with respect thereto shall be required. The form of the Bond set forth in Section 5 hereof, shall be conformed to reflect any changes made pursuant to this Section 7 hereof.

(f) The County Executive and County Clerk, or either of them, are authorized to cause the Bonds to be authenticated and delivered by the Registration Agent to the successful bidder and to execute, publish, and deliver all certificates and documents, including an official statement and closing certificates, as they shall deem necessary in connection with the sale and delivery of the Bonds. The County Executive and County Clerk are hereby authorized to enter into a contract with Sentinel Trust Company, Nashville, Tennessee, for financial advisory services in connection with the sale and issuance of the Bonds.

Section 8. Disposition of Bond Proceeds. (a) From the proceeds of the sale of the Bonds, all accrued interest 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.

(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 known as the School 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, bond insurance premiums, if any, 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 this 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 Executive in such investments as shall be permitted by applicable law. Earnings from such investments in the Construction Fund shall be transferred to the County Trustee to be deposited in the County's debt service fund, subject to any modifications by the County's Board of Education, as such modifications shall be ratified by the Governing Body.

Section 9. Official Statement. The County Executive and County Clerk, or either of them, working with the County's financial advisor, Sentinel Trust Company, are hereby authorized and directed



to provide for the preparation and distribution of a Preliminary Official Statement describing the Bonds. After bids have been received and the Bonds have been awarded, the County Executive and County Clerk, or either of them, shall make such completions, omissions, insertions and changes in the Preliminary Official Statement not inconsistent with this resolution as are necessary or desirable to complete it as a final Official Statement for purposes of Rule 15c2-12(b)(3) of the Securities and Exchange Commission. The County Executive and County Clerk, or either of them, shall arrange for the delivery to the successful bidder on the Bonds of a reasonable number of copies of the Official Statement within seven business days after the Bonds have been awarded for delivery, by the successful bidder on the Bonds, to each potential investor requesting a copy of the Official Statement and to each person to whom such bidder and members of his bidding group initially sell the Bonds.

The County Executive and County Clerk, or either of them, are authorized, on behalf of the County, to deem the Preliminary Official Statement and the Official Statement in final form, each to be final as of its date within the meaning of Rule 15c2-12(b)(1), except for the omission in the Preliminary Official Statement of certain pricing and other information allowed to be omitted pursuant to such Rule 15c2-12(b)(1). The distribution of the Preliminary Official Statement and the Official Statement in final form shall be conclusive evidence that each has been deemed in final form as of its date by the County except for the omission in the Preliminary Official Statement of such pricing and other information.

Section 10. Federal Tax Matters. The County recognizes that the purchasers and owners of the Bonds will have accepted them on, and paid therefor a price that reflects, the understanding that interest thereon is excludable from gross income for purposes of federal income taxation under laws in force on the date of delivery of the Bonds. In this connection, the County covenants that it shall take no action which may cause the interest on any of said Bonds to be included in gross income for purposes of federal income taxation. It is the reasonable expectation of the Governing Body of the County that the proceeds of the Bonds will not be used in a manner which will cause the Bonds to be "arbitrage bonds" within the meaning of Section 148 of the Code, and to this end the said proceeds of the Bonds and other related funds established for the purposes herein set out shall be used and spent expeditiously for the purposes described herein. The Governing Body further covenants and represents that in the event it shall be required by Section 148(f) of the Code to pay "rebate amount" with respect to the Bonds to the United States government, it will make such payments as and when required by said Section 148(f) and will take such other actions as shall be necessary or permitted to prevent the interest on the Bonds from being included in gross income for federal income tax purposes. The County Executive and County Clerk, or either of them, are authorized and directed to make such certifications in this regard in connection with the sale of the Bonds as either or both shall deem appropriate, and such certifications shall constitute a representation and certification of the County.

Section 11. 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 Federal Obligations, as hereafter defined, the principal of and interest on which, when due and payable, will provide sufficient moneys to pay or redeem such Bonds and to pay interest thereon when due until the maturity or redemption date (provided,

if such Bonds are to be redeemed prior to maturity thereof, proper notice of such redemption shall have been given or adequate provision shall have been made for the giving of such notice); and

(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 Federal Obligations deposited as aforesaid.

Except as otherwise provided in this Section, neither Federal Obligations nor moneys deposited with the Registration Agent pursuant to this Section nor principal or interest payments on any such Federal 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 Federal 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 Federal Obligations maturing at times and in amounts sufficient to pay when due the principal and interest to become due on said Bonds on or prior to such redemption date or maturity date thereof, as the case may be, and interest earned from such reinvestments shall be paid over to the County, as received by the Registration Agent. For the purposes of this Section, Federal 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 in this Section, which bonds or other obligations shall not be subject to redemption prior to their maturity other than at the option of the registered owner thereof.

Section 12. Continuing Disclosure. The County hereby covenants and agrees that it will provide annual financial information and material event notices if and as required by Rule 15c2-12 of the Securities Exchange Commission for the Bonds. The County Executive is authorized to execute at the Closing of the sale of the Bonds, an agreement for the benefit of and enforceable by the owners of the Bonds specifying the details of the financial information and material event notices to be provided and its obligations relating hereto. Failure of the County to comply with the undertaking herein described and to be detailed in said closing agreement, shall not be a default hereunder, but any such failure shall entitle the owner or owners of any of the Bonds to take such actions and to initiate such proceedings as shall be necessary and appropriate to cause the County to comply with its undertaking as set forth herein and in said agreement, including the remedies of mandamus and specific performances.


Section 13. Qualified Tax-Exempt Obligations. To the extent the Bonds or any emission thereof may be designated as "qualified tax-exempt obligations" within the meaning of and pursuant to Section 265 of the Code, the Governing Body hereby directs the County Executive to so designate the Bonds or any emission as "qualified tax-exempt obligations".

Section 14. Resolution a Contract. The provisions of this resolution shall constitute a contract between the County and the registered owners of the Bonds, and after the issuance of the Bonds, no change, variation or alteration of any kind in the provisions of this resolution shall be made in any manner until such time as the Bonds and interest due thereon shall have been paid in full.

Section 15. Separability. If any section, paragraph or provision of this resolution shall be held to be invalid or unenforceable for any reason, the invalidity or unenforceability of such section, paragraph or provision shall not affect any of the remaining provisions of this resolution.

Section 16. Repeal of Conflicting Resolutions and Effective Date. All other resolutions and orders, or parts thereof, in conflict with the provisions of this resolution, are, to the extent of such conflict, hereby repealed and this resolution shall be in immediate effect from and after its adoption.

Adopted and approved this thirty-first day of July, 2001.

  
County Executive

ATTEST:

  
County Clerk

(SEAL)

STATE OF TENNESSEE )  
 )

COUNTY OF LAWRENCE )

I, Kenneth Weathers, hereby certify that I am the duly qualified and acting County Clerk of Lawrence County, Tennessee, and as such official I further certify that attached hereto is a copy of excerpts from the minutes of a special meeting of the governing body of the County held on July 31, 2001; that these minutes were promptly and fully recorded and are open to public inspection; that I have compared said copy with the original minute record of said meeting in my official custody; and that said copy is a true, correct and complete transcript from said original minute record insofar as said original record relates to not to exceed \$3,340,000 in aggregate principal amount of the School Bonds, Series 2001.

WITNESS my official signature and seal of said County this 31 day of July, 2001.

  
County Clerk

COUNTY COMMISSION, LAWRENCE COUNTY  
KENNETH WEATHERS COUNTY CLERK

RESOLUTION #	MOTION		SECOND	AYE	NAY	PASS	PRESENT	ABSENT
04073101	Authorizing the issuance of School Bonds, Series 2001 in the aggregate principal amount of not to exceed \$3,340,000 of Lawrence Co, TN, making provision for the issuance, sale and payment of said bonds; establishing the terms thereof & the disposition of proceeds therefrom; premium, if any, & interest on the bonds.							
BAILLY, JACKIE	9th District	762-3716 411 6th St L'Burg, TN		X				
BENEFIELD, RONALD	7th District	829-2358 91 Benefield Ln Ethridge			X			
BRAZIER, OLAN	5th District	762-5501 175 Reed Patch Rd L'Burg			X			
BUIE, JIM	9th District	762-3167 508 8th St L'Burg		X				
BURNS, FRANKLIN	6th District	964-3404 383 LBurg Henryville Eth.						X
DOSS, BARRY	3rd District	852-2211 762-1531 66 Shoally Br Rd Leoma	X	X				
DRYDEN, JERRY	4th District	762-7118 12 Ingram Rd Leoma		X				
GABEL, JIM	1st District	852-2899 2773 Hwy 43 POBox 176 Leoma			X			
GOWEN, JIM	3rd District	852-2221 762-1016 114 Richardson RD Leoma		X				
GREEN, ROBERT L	2nd District	853-6709 404 N Military PO BX 224 Lorett		X				
MOORE, BOB	2nd District	853-7221 766-1500 11 Samuel Ln Loretto		X				
MOORE, W. T.	5th District	762-5501 305 Ford Field Rd West Point		X				
NIEDERGESSES, MARK	4th District	762-8078 762-3217 4202 Marie Ln L'Burg		X				
PERRY, TIM	6th District	762-8007 1136 Eth.Red Hill Rd Ethridge		X				
SHANNON, KEVIN	1st District	852-2870 2757 Hwy 43S Leoma		X				
TURNER, HENRY	7th District	829-2490 37 Mint Spring Rd Ethridge			X			
WOODALL, GLENN E	8th District	766-1040 1401 Hart Ave L'Burg			X			
WRAY, JOE R	8th District	762-7419 1403 Beckham Ave L'Burg			X			
				11	6			1

Motion carried with a roll call vote.

Total voting aye Eleven (11)

Total voting nay Six (6)

Total absent One (1)

DATE July 31, 2001

**NEW ISSUE**

**OFFICIAL STATEMENT**

**RATING: Moody's: "Aaa"**  
**See "Bond Rating" herein**  
**Financial Guaranty Insured**

*In the opinion of Bond Counsel, based on existing law and assuming compliance with certain covenants of the County, interest on the Bonds will be excluded from gross income for federal income tax purposes and is not an item of tax preference for purposes of the federal alternative minimum tax imposed on individuals and corporations; however, such interest is taken into account in determining the adjusted current earnings of certain corporations for purposes of the alternative minimum tax on corporations. For an explanation of certain tax consequences under federal law which may result from the ownership of the Bonds, see the discussion under the heading "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 inheritance, transfer and estate taxes, and Tennessee franchise and excise taxes.*

**\$3,340,000**  
 (Bank Qualified)

**LAWRENCE COUNTY, TENNESSEE**  
**SCHOOL BONDS, SERIES 2001**

**Dated: October 1, 2001**

**Due: October 1, as shown below**

Maturities, Amounts, Coupon Rates and Yields

Due October 1	Coupon Rate	Yield	Due October 1	Principal Amount	Coupon Rate	Yield
2002	2.200%	2.200%	2012	\$ 120,000	4.050%	4.050%
2003	2.450%	2.450%	2013	\$ 125,000	4.200%	4.200%
2004	2.750%	2.750%	2014	\$ 135,000	4.350%	4.350%
2005	3.000%	3.000%	2015	\$ 140,000	4.450%	4.450%
2006	3.250%	3.250%	2016	\$ 145,000	4.500%	4.550%
2007	3.500%	3.500%	2017	\$ 155,000	4.550%	4.600%
2008	3.700%	3.700%	2018	\$ 160,000	4.650%	4.700%
2009	3.800%	3.800%	2019	\$ 170,000	4.700%	4.750%
2010	3.900%	3.900%	2020	\$ 180,000	4.750%	4.800%
2011	3.950%	3.950%	2021	\$ 190,000	4.850%	4.875%

\$865,000 4.875% Term Bond due October 1, 2025 Yield 5.000%

The School Bonds, Series 2001 (the "Bonds") are issuable in fully registered form, in denominations of \$5,000 or any integral multiple thereof. Interest on each Bond will be paid on April 1, 2002 and semi-annually thereafter on October 1 and April 1 of each year, by check or draft mailed to the person in whose name the Bonds are registered as of the close of business on the fifteenth day of the calendar month preceding the interest payment date at the address set forth on the registration books maintained by Sentinel Trust Company, Nashville, Tennessee (the "Registration Agent"). Payment of principal, and premium, if any, on the Bonds will be made upon prior surrender and presentation of each Bond certificate to the Registration Agent.

The Bonds are issued pursuant to the authority of Sections 49-3-101 et seq., Tennessee Code Annotated and by virtue of a resolution of the Board of Commissioners of Lawrence County, Tennessee (the "County"), adopted on July 31, 2001 (the "Resolution") for the purpose of authorizing and setting forth the terms and conditions of the Bonds.

The Bonds are subject to redemption prior to maturity as set forth herein.

The Bonds shall be payable from 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 is irrevocably pledged.

The payment of principal of and interest on the Bonds when due will be guaranteed by a municipal bond insurance policy to be issued simultaneously with the delivery of the Bonds by Financial Guaranty Insurance Company.



**Financial Guaranty Insurance  
 Company**

FGIC is a registered service mark used by Financial Guaranty Insurance Company, a private company not affiliated with any U.S. Government agency.

The Bonds are being issued for the purpose of providing funds for the acquisition of sites for school buildings and facilities; the constructing, furnishing and equipping of school buildings and facilities located in the County; the payment of architectural, engineering, legal, fiscal, administrative costs incident to the foregoing; and, the payment of costs incident to the issuance and sale of the Bonds.

The Bonds are offered, when, as and if issued, subject to the receipt of the approving legal opinion of Bass, Berry & Sims PLC, Nashville, Tennessee, Bond Counsel to the County, and are expected to be available for delivery through the Depository Trust Company, New York, New York on or about October 31, 2001.

**NBC CAPITAL MARKETS GROUP, INC.**  
**UBS PAINEWEBBER, INC.**

**A. G. EDWARDS & SONS, INC.**  
**DUNCAN-WILLIAMS, INC.**

The date of this Official Statement is October 16, 2001.

*The material contained herein has been obtained from sources believed to be reliable but the accuracy and completeness of the information is not guaranteed. This Official Statement contains statements which are based on estimates, forecasts, and matters of opinion, whether or not so expressly described, and such statements are intended solely as such and not as representations of fact. All summaries of statutes, resolutions and reports contained herein are subject to all the provisions of said documents. This Official Statement is not to be construed as a contract with the purchasers of any of the Bonds herein described of Lawrence County, Tennessee.*

This Official Statement has been prepared by:

**SENTINEL TRUST COMPANY**

**Lawrence County's Financial Advisor**

Sentinel Trust Company provides fiduciary services only and does not broker, underwrite or deal in securities. Any investment interest in the Bonds herein described will be referred to the Underwriter.

---

LAWRENCE COUNTY, TENNESSEE

The Honorable Steve Hill, County Executive

Board of Commissioners

Jackie Bailey  
Ronald Benefield  
Olan Brazier  
Jim Buie  
Franklin Burns  
Barry Doss

Jerry Dryden  
Jim Gabel  
Jim Gowen  
Robert L. Green  
Bob Moore  
W. T. Moore

Mark Niedergeses  
Tim Perry  
Kevin Shannon  
Henry Turner  
Glenn Woodall  
Joe Robert Wray

County Officials

Kenneth Weathers, County Clerk  
Cynthia Benefield, County Trustee  
Charles W. Holt, Jr., County Attorney  
Gary Hampton, Director, Office of Accounts and Budgets  
Donnie Joe Brown, Superintendent of Highways

Bond Counsel

Bass, Berry & Sims PLC  
Nashville, Tennessee

Registration Agent

Sentinel Trust Company  
Nashville, Tennessee



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**The County** ..... Lawrence County, TN (the "County"). See the section entitled "THE ISSUER - The County" contained herein.

**The Bonds** ..... \$3,340,000 SCHOOL BONDS, SERIES 2001 (the "Bonds"), dated October 1, 2001 and maturing each October 1 beginning in 2002 through 2021, inclusive, and a Term Bond maturing on October 1, 2025. For a full description of the Bonds, see the section entitled "THE BONDS - Description of the Bonds" contained herein.

**Security** ..... The Bonds shall be payable from 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 is irrevocably pledged. See the section entitled "THE BONDS - Security" contained herein.

**Bond Insurance** ..... The scheduled payment of principal of and interest on the Bonds when due will be guaranteed under the insurance policy to be issued simultaneously with the delivery of the Bonds by Financial Guaranty Insurance Company. See the section entitled "OTHER MATTERS RELATING TO THE BONDS - Bond Insurance" and "Appendix C: Specimen Copy of Financial Guaranty Insurance Company - Municipal Bond New Issue Insurance Policy and Specimen Copy of Endorsement to Financial Guaranty Insurance Company Insurance Policy" contained herein.

**Bond Rating** ..... Moody's Investors Service Inc., New York, NY, upon delivery of the insurance policy to be issued on the date of delivery of the Bonds by Financial Guaranty Insurance Company, has rated the Bonds "Aaa" on an insured basis. See the section entitled "OTHER MATTERS RELATING TO THE BONDS-Bond Rating" contained herein.

**Purpose** ..... The Bonds are being issued for the purpose of providing funds for the acquisition of sites for school buildings and facilities; the constructing, furnishing and equipping of school buildings and facilities located in the County; the payment of architectural, engineering, legal, fiscal, and administrative costs incident to the foregoing; and, the payment of costs incident to the issuance and sale of the Bonds. See the section entitled "THE BONDS - Disposition of Bond Proceeds" contained herein.

**Optional Redemption** ..... The Bonds shall be subject to redemption prior to maturity on and after October 1, 2008 at redemption prices and conditions provided in the section entitled "THE BONDS - Redemption Provisions - Optional Redemption" contained herein.

**Mandatory Redemption** ... The Term Bond maturing October 1, 2025 is subject to mandatory sinking fund redemption as set forth in the section entitled "THE BONDS - Redemption Provisions - Mandatory Redemption" contained herein.

**Tax Matters** ..... In the opinion of Bond Counsel, based on existing law and assuming compliance with certain covenants of the County, interest on the Bonds will be excluded from gross income for federal income tax purposes and is not an item of tax preference for purposes of the alternative minimum tax on individuals and corporations; however, such interest is taken into account in determining the adjusted current earnings of certain corporations for purposes of the alternative minimum tax on corporations. The Bonds and the income thereon will be exempt from certain taxation in Tennessee, as more fully described in the section entitled "OTHER MATTERS RELATING TO THE BONDS - Tax Matters" and "APPENDIX A - Form of Opinion of Bond Counsel" contained herein.

**Bank Qualification** ..... The County has designated the Bonds as "qualified tax-exempt obligations" pursuant to Section 265(b)(3) of the Internal Revenue Code of 1986. See the section entitled "OTHER MATTERS RELATING TO THE BONDS - Qualified Tax-Exempt Obligations" contained herein.

**Registration Agent** ..... Sentinel Trust Company, Nashville, Tennessee (the "Registration Agent").

**Bond Counsel** ..... Bass, Berry & Sims PLC, Nashville, Tennessee.

**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 Issuer and to comply with all of the requirements of Rule 15c2-12 of the Securities and Exchange Commission, as amended. See the section entitled "OTHER MATTERS RELATING TO THE BONDS - Continuing Disclosure" contained herein.

**General** ..... The Bonds are being issued pursuant to the authority of Sections 49-3-101 et seq., Tennessee Code Annotated, and by virtue of a resolution of the Board of Commissioners of the County, adopted on July 31, 2001 for the purpose of authorizing and setting forth the terms and conditions of the Bonds. The Bonds are expected to be available for delivery on or about October 31, 2001. The Bonds will be issued with CUSIP numbers.

**Miscellaneous** ..... For additional information concerning the County or the OFFICIAL STATEMENT, contact the County Executive's Office, Lawrence County Courthouse, 240 W. Gaines Street, Lawrenceburg, Tennessee 38464, telephone: (931) 762-7700, or the County's Financial Advisor, Sentinel Trust Company, 8122 Sawyer Brown Road, Nashville, Tennessee 37221, telephone: (615) 662-5129, attention: Public Finance Department.

# OFFICIAL STATEMENT

**\$3,340,000**  
(Bank Qualified)

## LAWRENCE COUNTY, TENNESSEE SCHOOL BONDS, SERIES 2001

### INTRODUCTION

The purpose of this Official Statement is to set forth certain information concerning Lawrence County, a political subdivision of the State of Tennessee (the "County"), and its \$3,340,000 School Bonds, Series 2001 (the "Bonds"), which are being issued under the authority of Sections 49-3-101 et seq., Tennessee Code Annotated (the "Act") and pursuant to a resolution of the Board of Commissioners of the County, adopted on July 31, 2001 (the "Resolution") for the purpose of authorizing and setting forth the terms and conditions of the Bonds.

The proceeds from the sale of the Bonds will be used for the purpose of providing funds for the acquisition of sites for school buildings and facilities; the constructing, furnishing and equipping of school buildings and facilities located in the County; the payment of architectural, engineering, legal, fiscal and administrative costs incident to the foregoing; and, the payment of costs incident to the issuance and sale of the Bonds. For a more complete description of the use of Bond proceeds, see the sections entitled "THE BONDS – Disposition of Bond Proceeds" and "THE BONDS – The Project" contained herein.

### THE BONDS

#### Description of the Bonds

The Bonds shall be issued pursuant to the Act and the Resolution, as fully registered Bonds, without coupons, in denominations of \$5,000 or any integral multiple thereof. The Bonds shall be dated October 1, 2001 and will mature, subject to prior redemption, on October 1, 2002 through October 1, 2021, inclusive, and a Term Bond maturing on October 1, 2025, as set forth on the cover page. Principal and premium, if any, on the Bonds will be payable upon prior surrender and presentation at the principal corporate trust office of Sentinel Trust Company, Nashville, Tennessee (the "Registration Agent"). Interest will be paid by draft or check mailed to the person in whose name the Bond is registered on the registration books kept by the Registration Agent as of the close of business on the fifteenth day of the calendar month immediately preceding the interest payment date. The first interest payment will be made on April 1, 2002, and semi-annually thereafter on October 1 and April 1 of each year until final maturity or prior redemption.

#### 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 is irrevocably pledged.

#### Registration Provisions

Ownership of the Bonds shall be recorded on the registration books to be kept by the Registration Agent. No transfer of any Bond will be valid unless such transfer is recorded on the registration books upon presentation of an assignment duly executed by the registered holder, or his duly authorized attorney, and similarly noted on the Bond. Sentinel Trust Company will serve as Registration Agent and paying agent with respect to the Bonds.

Redemption Provisions

Optional Redemption

Bonds maturing October 1, 2002 through October 1, 2008 shall mature without option of prior redemption. Bonds maturing October 1, 2009 and thereafter shall be subject to redemption prior to maturity at the option of the County on October 1, 2008 and thereafter, as a whole or in part, at any time, at the redemption prices set forth below (expressed as percentages of principal amount) plus accrued interest to the date of redemption:

<u>Redemption Dates</u> (dates inclusive)	<u>Redemption Price</u>
October 1, 2008 through September 31, 2009	102%
October 1, 2009 through September 31, 2010	101%
October 1, 2010 and thereafter	100%

Mandatory Redemption

Subject to the credit hereinafter provided, the County shall redeem the Bonds maturing October 1, 2025 on the redemption dates set forth below opposite the respective maturity date, in aggregate principal amounts equal to the respective dollar amounts set forth below opposite the redemption dates at a price of par plus accrued interest thereon to the date of redemption. The Bonds to be so redeemed within the maturity shall be selected by lot or in such other manner as the Registration Agent in its discretion may determine. The dates and redemption amount of the Bonds to be redeemed on said dates are as follows:

<u>Maturity</u>	<u>Redemption Date</u>	<u>Principal Amount of Bonds to be Redeemed</u>
October 1, 2021	October 1, 2022	\$ 200,000
	October 1, 2023	210,000
	October 1, 2024	220,000
	October 1, 2025	235,000*

\*final maturity

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

Notice of Redemption

Notice of redemption shall be given by the Registration Agent on behalf of the County not less than thirty (30) 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 registration books kept by 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. 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.

DISPOSITION OF BOND PROCEEDS

From the proceeds of the sale of the Bonds, all accrued interest shall be deposited to the appropriate fund of the County to be used to pay interest on the Bonds on April 1, 2002.

The remainder of the proceeds of the sale of the Bonds shall be paid to the County Trustee to be deposited with a financial institution regulated by the Federal Deposit Insurance Corporation or similar or successor federal agency in a special fund known as the School Construction Fund (the "Construction Fund") to be kept separate and apart from all other funds of the County. The funds in the Construction Fund shall be disbursed solely to pay the costs of the Project (as such term is defined hereinbelow), including necessary legal, accounting, engineering, architectural and fiscal expenses, printing, engraving, advertising and similar expenses, administrative and clerical costs, rating agency fees, Registration Agency fees, bond insurance premiums, if any, and other necessary miscellaneous expenses incurred in connection with the issuance and sale of the Bonds. Any moneys remaining in the Construction Fund after completion of the Project shall be used to pay debt service on the Bonds. Moneys in the Construction Fund shall be invested as directed by the County Trustee in such investments as shall be permitted by applicable law and the earnings thereon shall be paid to the debt service fund to be used to pay interest on the Bonds, subject to any modification by the County's Board of Education, as shall be ratified by the Board of Commissioners. Uses of Bond proceeds, exclusive of accrued interest, are estimated to be as follows:

<u>Uses of Funds:</u>	
Deposit to the Construction Fund	\$3,237,299.51
Bond Insurance Premium	22,400.49
Original Issue Discount	20,369.30
Underwriter's Discount	29,730.70
Costs of Issuance	<u>30,200.00</u>
Total Uses of Funds	\$3,340,000.00

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THE ISSUER

The County

Lawrence County is located in the south-central portion of the State of Tennessee and has a population currently estimated to 40,325. Lawrenceburg, the County seat, is approximately 77 miles south of Nashville, 151 miles west of Chattanooga and 40 miles north of Florence, Alabama. The County has an approximate land area of 618 square miles, with approximately 50% being farmland, however, only about 5% of the County's population is involved in farming. In addition to raising livestock, principal crops include corn, cotton, hay and grains, potatoes and tobacco. The County provides public services including law enforcement, fire protection, highway and bridge maintenance, public education, ambulance and emergency response service and solid waste disposal. Transportation facilities are provided by U.S. Highways 43 and 64, State Highways 6, 20, and 98.

The County has five incorporated cities: Lawrenceburg, the County seat, Ethridge, Iron City, Lorretto and Saint Joseph. Lawrenceburg is the largest city in the County with a population of approximately 11,000. Population trends for the County for the past four decades is as follows:

1960 .....	28,049
1970 .....	29,097
1980 .....	34,110
1990 .....	35,303
2000 .....	39,926

Industry

The County has two industrial parks with other industrial sites located throughout the County. Leading industries and companies located in the County are as follows:

<u>Industry</u>	<u>Emp's</u>	<u>Type Business</u>
Dura Automotive	800	Automobile windows
Murray Inc.	650	Bicycles, lawnmowers
Jones Apparel Group	604	Warehouse, distribution
Graphic Packaging	319	Extruded film, printed cartons
M. Fine & Sons Mfg. Co.	200	Men's and boy's jeans
Modine Mfg. Company	200	Charge air coolers
Santini Corp.	200	Ladies' wear
Hughes-Parker Industry	173	Fixtures, metal stamping
N. American Container	130	Corrugated boxes
Perry Enterprises	95	Cheerleading uniforms
Dyna-Pak Corp.	85	Plastic trash bags
Iron City Stamping	80	Metal stamping
Wilson Casket Company	80	Metal caskets
Southend Mfg. Co.	63	Blouses and shirts
Arlington Rack & Pkg. Co	55	Industrial racks

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Employment

Employment information for Lawrence County and the State of Tennessee was supplied by the Tennessee Department of Employment Security.

Year	<u>Labor Force</u>		<u>Employed Persons</u>		<u>Unemployment Rate</u>	
	County	State	County	State	County	State
1990	15,012	2,397,000	13,638	2,272,000	9.2%	5.2%
1991	16,240	2,416,000	14,630	2,256,000	9.9%	6.6%
1992	19,590	2,454,000	18,100	2,298,000	7.6%	6.4%
1992	19,770	2,496,000	18,510	2,355,000	6.4%	5.6%
1994	21,640	2,663,200	20,200	2,535,800	6.7%	4.8%
1995	21,610	2,712,100	19,260	2,571,400	10.9%	5.2%
1996	21,990	2,776,800	19,320	2,657,300	12.1%	4.3%
1997	21,330	2,708,400	18,870	2,562,300	11.5%	5.4%
1998	21,650	2,759,500	19,730	2,643,800	8.9%	4.2%
1999	20,880	2,818,800	18,550	2,705,300	11.2%	4.0%
2000	19,780	2,798,400	17,210	2,688,200	13.0%	3.9%

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 fund types of the County. Revenues for such funds are recognized as 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, which are fully expensed at the time of payment.

Investment and Cash Management Policies

Investment of 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 United States Government obligations, those issued by United States Agencies or Certificates of Deposit. As required by prevailing statutes, all demand deposits or Certificates of Deposit are secured by collateral pledges at 110% of market value for amounts in excess of that guaranteed through federally sponsored insurance programs. Deposits with savings and loans associations must be collateralized as shown 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% 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.

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**Combined Statement of Revenues and Expenditures, All Governmental Fund Types (extracted from audited annual reports)**

	<u>FY 1998</u>	<u>FY 1999</u>	<u>FY 2000</u>	<u>FY 2001*</u>
<b>Revenues:</b>				
Local Taxes	\$14,750,981	\$15,204,037	\$17,485,856	\$17,517,522
Licenses and Permits	19,382	21,428	20,043	20,039
Forfeits and Penalties	205,747	256,079	331,189	121,720
Current Services	3,053,866	3,313,260	3,514,841	2,876,104
Other Local Revenues	853,665	883,453	895,968	787,870
State of Tennessee	21,840,671	22,296,110	23,355,382	23,474,493
Federal Government	3,030,677	3,513,140	3,683,003	3,783,864
Other Governmental Groups	76,635	71,902	81,291	2,500
Total Revenues	\$43,831,624	\$45,559,409	\$49,367,573	\$48,462,392
<b>Other Sources:</b>				
Bond/Note Proceeds	\$ 260,000	\$ 3,135,000	\$ 0	\$11,400,000
Proceeds from Refunding Bonds	9,040,000	na	na	na
Proceeds from Capitalized Lease Obligations	0	0	172,450	na
Operating Transfers	848,204	990,494	1,229,662	1,126,090
Total Revenues/Other Sources	\$53,979,828	\$49,684,903	\$50,769,685	\$60,988,482
<b>Expenditures:</b>				
General Government	\$ 6,569,534	\$ 7,145,442	\$ 7,382,837	\$ 7,927,206
Highways	3,947,719	3,365,412	3,930,283	4,318,774
Education	29,206,560	30,888,024	33,282,156	29,044,377
General Debt Service	3,183,875	3,340,722	4,315,262	3,702,871
Capital Projects	3,916,095	2,320,426	1,769,565	1,749,769
Total Expenditures	\$46,823,803	\$47,060,026	\$50,680,103	\$46,742,997
<b>Other Uses:</b>				
Payments to Refunded Bond Escrow Agent	\$ 9,230,591	\$ na	\$ na	\$ 9,800,000
Operating Transfers	1,345,426	1,713,601	1,478,733	1,869,364
Total Expenditures/Other Uses	\$57,399,820	\$48,773,627	\$52,158,836	\$58,412,361
Excess (Deficiency)	\$ (3,419,992)	\$ 911,276	\$ (1,389,151)	\$ 2,575,921
Combined Fund Balance (Beginning)	\$15,977,570	\$12,557,578	\$13,468,854	\$12,079,703
Combined Fund Balance (Ending)	\$12,557,578	\$13,468,854	\$12,079,703	\$14,655,624

\* The County's audited financial statements for the fiscal year ended June 30, 2001 have not been completed as of the date of this Official Statement. Estimated results for fiscal year 2001, as shown above, were supplied by the County and are not the result of an audit. Actual audited financial statements, when made available, may not result as shown.

**Statement of Fund Balances (extracted from audited annual reports)**

	<u>06/30/1998</u>	<u>06/30/1999</u>	<u>06/30/2000</u>	<u>06/30/2001*</u>
General Fund	\$2,011,673	\$1,074,505	\$1,761,305	\$1,982,534
Special Revenue Fund	778,933	1,315,434	983,081	899,424
Debt Service Fund	5,469,630	5,549,665	5,178,345	5,165,247
Capital Projects Fund	69,899	2,719,720	1,536,893	700,147
Expendable Trust Fund	54,574	34,858	69,556	0
General Purpose School Fund	4,172,869	2,774,672	2,550,523	\$ 980,308

\* Fund balances for the fiscal year ended June 30, 2001, as shown above, were supplied by the County and are not the result of an audit. Actual audited ending fund balances, when made available, may not result as shown.



**Statement of Proposed Operations for Fiscal Year 2002**

Fund	Actual	Transfers		Estimated	Total	Transfers		Total	Estimated
	Beginning Fund Balance	From Other Funds	To Other Funds	Revenue	Estimated Available Funds	From Other Funds	To Other Funds	Estimated Expenses	Ending Fund Balance
County General	\$ 1,982,534	\$ 697,945	\$ 697,945	\$ 6,119,221	\$ 8,799,701	\$ 697,945	\$ (359,019)	\$ 8,241,190	\$ 558,511
Hwy.'s/Public Works	477,708	0	0	3,475,744	3,953,453	0	(110,000)	3,641,452	312,001
Debt Service	5,165,247	168,333	0	4,109,527	9,443,107	168,333	0	4,140,851	5,302,256
General Purpose Sch.	980,308	0	0	29,004,444	29,984,752	0	0	28,995,929	988,823
General Capital Proj.	580,000	0	0	0	580,000	0	0	580,000	0
Industrial Developmnt.	192,217	0	0	0	192,217	0	0	92,000	100,217
Hwy. Capital Proj	120,147	0	0	0	120,147	0	0	120,147	0
Drug Control	41,148	0	0	32,971	74,119	0	0	14,388	59,731
Courthouse & Jail	24,128	0	0	12,437	36,565	0	0	12,838	23,727
Library Fund	164,223	128,514	0	104,479	397,215	128,514	0	231,437	165,779
Totals	\$ 9,727,660	\$ 994,792	\$ 994,792	\$ 42,858,823	\$ 53,581,275	\$ 994,792	\$ (469,019)	\$ 46,070,232	\$ 7,042,024

**Property Tax**

The County is authorized to levy a tax on all property within the County without limitation as to rate or amount. All real and personal property within the County is assessed in accordance with the state constitution and statutory provisions by the County Tax Assessor except most utility property, which is assessed by the State Public Service Commission. All property taxes are due on October 1 of each year based on appraisals as of January 1 of the same calendar year. All property taxes are delinquent on March 1 of the subsequent calendar year.

Title 67, Chapter 5, Part 16, Tennessee Code Annotated, as amended, mandates that after June 1, 1989, all property in the State of Tennessee will be reappraised on a continuous six (6) year cycle composed of an on-sight review of each parcel of property over a five (5) year period followed by reevaluation of all such property in the year following the completion of the review. In the second and fourth years of the review, there shall be an updating of all real property values by application of an index or indexes established for the jurisdiction by the State Board of Equalization, so as to maintain real property values at full value as defined in Title 67, Chapter 5, Part 6, Tennessee Code Annotated, as amended. The State Board of Equalization shall also consider a plan submitted by a local assessor which would have the effect of maintaining real property values at full value which may be used instead of indexing.

Title 67, Chapter 5, Part 17, Tennessee Code Annotated, as amended, provides that at such time as such reappraisal and reassessment processes are completed in a particular county, the respective governing bodies of the county and the municipalities located therein shall determine and certify a tax rate which will provide the same ad valorem tax revenue for the respective jurisdiction as was levied prior to reappraisal and reassessment. In computing the new tax rate, the estimated assessed value of all new construction and improvements placed on the tax rolls since the previous year, and the assessed value of all deletions from the previous tax roll are excluded. The new tax rate therefore, is derived from a comparison of tax revenues, tax rates and assessed values of property on the tax roll in both the year before and the year after the appraisal. The effect of the reappraisal and reassessment statutes is to adjust the property tax rate downward to prevent a taxing unit from collecting additional property tax revenues as a result of reappraisal. Once a county or municipality complies with state law and certifies a tax rate which provides the same property tax revenue as was collected before reappraisal, its governing body may vote to approve a tax rate change which would produce more or less tax revenue. The County's last reappraisal program, conducted by the State Board of Equalization, Division of Property Assessment, was completed and when into effect in 1999.

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Property Tax Base

The following information on assessed and actual property tax values for Tax Year 2001 was supplied by the 2001 Tax Aggregate Report of Tennessee.

Total Land Value	\$ 385,203,500	Total Parcels	23,799
Total Improvement Value	<u>913,246,700</u>	Total Exempt Parcels	<u>732</u>
Total Real Property Value	\$1,298,450,200	Total Taxable Parcels	23,067
Total Personal Property Value	<u>167,430,683</u>		
Appraised Value	\$1,465,880,883		
Public Utilities Value	<u>48,894,040</u>		
Total Appraised Value	\$1,514,774,923		
Total Assessed Value	\$ 430,273,878		

Property Tax Rates, Assessments, Levies and Collections

Tax Year	Tax Rate	Assessed Valuation	Taxes Levied	Uncollected Taxes Filed in Chancery Court as of 6/30/00
1990	\$ 3.21	\$ 204,573,744	\$ 6,566,817	\$ 342
1991	3.21	206,910,322	6,641,821	64
1992	2.78	243,210,442	6,761,250	21
1993	2.78	255,318,476	7,097,854	328
1994	2.78	264,712,531	7,359,008	151
1995	3.16	269,722,848	8,523,242	9,200
1996	3.16	282,360,222	8,922,583	10,589
1997	3.16	288,534,347	9,117,685	20,449
1998	2.89	400,029,580	11,560,855	83,670
1999	2.13	429,415,161	9,146,543	na
2000	2.625	430,114,288	11,290,500	na
2001	2.625	430,273,878	11,294,689	na

Property Tax Rates and Allocations

Tax Year	General Fund	Highway/ Public Works Fund		General Purpose School Fund	General Debt Service	School Cap. Projects		Ind. Devlpt Fund	Hwy. Cap. Project Fund	Total Tax Rate
		\$				Fund	Fund			
1990	\$ 1.02	\$ 0.21		\$ 1.16	\$ 0.82	\$ 0.00	\$ 0.00	\$ 0.00	\$ 0.00	\$ 3.21
1991	1.05	0.23		1.205	0.73	0.00	0.00	0.00	0.00	3.21
1992	0.95	0.23		1.10	0.50	0.00	0.00	0.00	0.00	2.78
1993	0.95	0.23		1.10	0.50	0.00	0.00	0.00	0.00	2.78
1994	1.03	0.23		1.10	0.40	0.02	0.00	0.00	0.00	2.78
1995	1.27	0.24		1.10	0.55	0.00	0.00	0.00	0.00	3.16
1996	1.19	0.32		1.10	0.55	0.00	0.00	0.00	0.00	3.16
1997	1.19	0.32		1.10	0.55	0.00	0.00	0.00	0.00	3.16
1998	1.06	0.32		1.10	0.41	0.00	0.00	0.00	0.00	2.89
1999	0.78	0.24		0.81	0.30	0.00	0.00	0.00	0.00	2.13
2000	1.00	0.25		0.96	0.30	0.00	0.00	0.055	0.06	2.265
2001	0.98	0.25		0.96	0.435	0.00	0.00	0.00	0.00	2.625

Tax Payer	Type Business	Appraised Value	Taxes Levied
Murray Ohio Manufacturing Co.	Bicycles, Power Mowers	\$26,629,800	\$279,074
Crockett Hospital	Medical Facility	7,241,100	76,031
Wal-Mart	Retail Store	7,058,500	74,114
Graphic Packaging Individual	Extruded Film, Printed Cartons	6,707,500	70,429
Santini Corp.	Commercial Real Estate	5,268,000	54,659
Dura automotive	Ladies' Wear	5,245,600	34,899
IRT Properties	Automobile Windows	5,006,600	52,569
Colony of north Carolina	Kroger Grocery Store	3,974,100	41,728
National Health	Apartment Complex	2,729,300	28,658
	Insurance Agency	2,589,500	27,190
		<u>\$72,450,000</u>	<u>\$739,351</u>

The top ten taxpayers for the 2001 tax year, as shown above, represent approximately 6.55% of the total amount of taxes levied (\$11,294,689).

**Per Capita Ratios (as of October 1, 2001, including the effect of the Bonds)**

Taxable Property:	Gross	Bonded Debt:
Assessed -----	\$10,776.78	\$1,153.91
Actual Market Value ----	\$37,939.56	\$1,024.54
Direct Gross Debt -----	\$ 46,071,000	\$ 46,071,000
Less: Debt Service Funds -----	5,165,247	
Net Direct Debt -----	\$ 40,905,753	

Overlapping Debt

	Gross Debt	Net Debt	Per Capita Net Debt
Lawrence County	\$ 46,071,000	\$ 40,905,753	\$1,024.54
City of Lawrenceburg	37,372,276	2,066,276	51.75
City of Loretto	3,090,000	45,000	1.12
City of St. Joseph	<u>570,000</u>	<u>0</u>	
Total	\$ 87,103,276	\$ 43,017,029	<u>\$1,077.41</u>

\* Direct Gross Debt, as shown above, includes the Bonds and the Series 2002 Notes. See the section entitled "Future Bonds" herein.

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Outstanding Debt (as of October 1, 2001)

<u>Description of Debt</u>	<u>Original Amount</u>	<u>Unpaid Principal</u>	<u>Coupon Rate</u>	<u>FY 2002 Debt Service</u>	<u>Final Maturity</u>
School Bonds, Series 1996, dated 11/1/96	\$ 10,000,000	\$ 9,570,000	5.000% / 5.300%	\$ 925,250	05/01/2016
School Bonds, Series 1997, dated 2/1/97	\$ 4,000,000	\$ 3,840,000	4.890%	\$ 372,776	05/01/2016
GO Capital Outlay Note, dated 8/15/97	\$ 260,000	\$ 60,000	4.900%	\$ 62,940	08/15/2002
School Refunding Bonds, Series 1998, dated 2/1/98	\$ 9,040,000	\$ 8,755,000	4.850%	\$ 854,617	02/01/2014
Road Imp. Bonds, Series 1999A and Series 1999B, dated 2/18/99	\$ 3,000,000	\$ 2,601,000	3.850% / 4.650%	\$ 328,575	02/15/2011
GO Capital Outlay Note, dated 11/9/00	\$ 1,600,000	\$ 1,600,000	5.150%	\$ 602,000	11/01/2003
GO Refunding Bonds, Series 2000, dated 12/1/00	\$ 8,300,000	\$ 8,300,000	5.050%	\$ 589,731	12/01/2025
GO Refunding Bonds, Series 2001, dated 12/1/00	\$ 1,500,000	\$ 1,500,000	5.050%	\$ 104,992	12/01/2025
GO Capital Outlay Note, Series 2001, dated 6/29/01	\$ 400,170	\$ 400,170	4.100%	\$ 141,521	12/15/2004
GO Capital Outlay Note, Series 2001A, dated 9/01/01	\$ 4,575,000	\$ 4,575,000	3.800%	\$ 86,925	09/01/2013
	\$ 38,100,170	\$ 36,626,170		\$ 3,974,441	

Outstanding Debt continued on the following page

Debt Service Requirements on Outstanding Debt

Fiscal Year	Series 1996 Bond	Series 1997 Bond	Series 1997 Note	Series 1998 Rfg Bond	Series 1999A&B Bonds	Series 2000 Note
2002	\$ 925,250	\$ 372,776	\$ 62,940	\$ 854,617	\$ 328,575	\$ 602,000
2003	928,750	373,730		938,763	328,083	574,533
2004	926,000	374,194		937,815	328,052	547,067
2005	927,250	374,169		940,655	328,423	
2006	932,250	368,476		937,040	328,139	
2007	930,750	372,898		942,213	328,176	
2008	933,000	371,407		940,687	328,605	
2009	933,165	369,426		937,708	328,367	
2010	936,185	366,956		938,272	327,308	
2011	942,385	363,998		937,140	327,555	
2012	941,505	370,551		934,310		
2013	948,080	356,369		934,782		
2014	952,270	356,944		828,315		
2015	954,075	351,785				
2016	963,495	346,137				
	<u>\$14,074,410</u>	<u>\$ 5,489,816</u>	<u>\$ 62,940</u>	<u>\$12,002,317</u>	<u>\$ 3,281,283</u>	<u>\$1,723,600</u>

Fiscal Year	Series 2000 Rfg. Bond	Series 2001 Rfg. Bond	Series 2001 GO Notes	Series 2001A GO Notes	Total Existing Debt Service	Series 2001 School Bonds	Total Anticipated New Debt Service
2002	\$ 589,731	\$ 104,992	\$ 141,521	\$ 86,925	\$ 4,069,327	\$ 71,423	\$ 4,140,750
2003	590,641	103,478	141,522	473,055	4,452,555	221,966	4,674,521
2004	581,299	106,836	141,521	471,275	4,414,059	220,106	4,634,165
2005	581,704	105,069		469,115	3,726,385	222,957	3,949,342
2006	581,604	108,175		471,480	3,727,164	225,439	3,952,603
2007	580,999	106,155		473,275	3,734,466	227,545	3,962,011
2008	579,889	104,135		469,595	3,727,318	224,339	3,951,657
2009	578,274	106,989		475,345	3,729,274	225,826	3,955,100
2010	581,027	104,716		475,430	3,729,894	226,981	3,956,875
2011	578,150	102,444		474,945	3,726,617	227,841	3,954,458
2012	579,641	105,045		478,795	3,409,847	228,425	3,638,272
2013	580,375	102,520		481,885	3,404,011	228,724	3,632,735
2014	575,477	104,869		489,120	3,306,995	228,664	2,535,664
2015	579,822	102,091			1,987,773	233,108	2,220,841
2016	578,284	104,187			1,992,103	232,056	2,224,159
2017	580,861	106,031			686,892	230,679	917,571
2018	582,429	107,623			690,052	233,890	923,942
2019	587,860	104,087			691,947	231,644	923,591
2020	587,155	105,426			692,581	233,929	926,510
2021	590,314	106,512			696,826	235,659	932,485
2022	592,210	107,346			699,556	236,776	936,332
2023	597,718	107,928			705,646	237,294	942,940
2024	601,710	108,256			709,966	237,300	947,266
2025	609,061	108,332			717,393	236,819	954,212
2026	604,897	117,904			722,801	240,728	963,529
	<u>\$14,651,132</u>	<u>\$ 2,651,146</u>	<u>\$ 424,564</u>	<u>\$ 5,790,240</u>	<u>\$ 60,151,448</u>	<u>\$ 5,600,122</u>	<u>\$ 65,751,570</u>

## THE LAWRENCE COUNTY SCHOOL SYSTEM

### Administration

The Lawrence County Board of Education (the "Board") provides administration duties and operational direction for the Lawrence County School System (the "School System"). Members of the Board are elected by the voters of the County and are currently comprised of the following members:

Elizabeth J. Bishop	Anna Laura Brown, Chairman
Steve Bonner	Jeff Clifton
Roberta Brazier	J. L. Jacobs
Jerry W. Brewer	Ted Kimbrell
	Harley Simbeck

Larry A. Morrow, Director of Schools

### Enrollment and Attendance

Total enrollment and average daily attendance for the Lawrence County School System for the prior 10 years was provided by the board and is shown in the following table:

<u>School Year</u>	<u>Total Enrollment</u>	<u>Average Daily Attendance</u>
2001/2002*	6,848	na
2000/2001	6,887	6,506
1999/2000	6,886	6,537
1998/1999	6,930	6,556
1997/1998	6,818	6,459
1996/1997	6,692	6,308
1995/1996	7,186	6,434
1994/1995	7,170	6,389
1993/1994	7,053	6,205
1992/1993	6,848	6,044
1991/1992	6,683	5,931

\* first month of the school year (September, 2001)

### Existing Facilities

The County currently operates eight (8) elementary schools, one (1) middle school and three (3) high schools.

### The Project

The Project includes (in order of need): (i) new cafeterias, kitchens, administration and guidance offices at Leoma and New Prospect Elementary Schools; (ii) a new roof for Loretto High School; (iii) an air conditioning unit for the gymnasium at Summertown High School; and (iv) the replacing of damaged panels and tiles due to the leaking roof at Loretto High School.

### Lawrence County School Department – Revenue Sources (prior years)

Approximately 60.5% of the revenues of the School System for fiscal year 2000 were provided by the State of Tennessee. Property taxes account for most of the locally generated funding.

<u>Fiscal Year</u>	<u>State Revenues</u>	<u>Federal Revenues</u>	<u>Local Revenues</u>	<u>Total Revenues</u>
2001*	\$ 20,464,691*	\$ 130,956*	\$ 8,202,235*	\$ 28,797,882*
2000	20,096,394	3,265,302	9,849,105	33,210,801
1999	19,334,237	2,961,966	9,046,784	31,342,987
1998	18,464,330	2,911,778	8,524,576	29,900,684

\* unaudited (General Purpose School Fund only)

**Lawrence County School Department – Receipts and Expenditures (Audited)**

	<u>FY 1998</u>	<u>FY 1999</u>	<u>FY 2000</u>	<u>FY 2001*</u>
Beginning Fund Balance				
Revenue – Local Sources:	\$ 7,404,459	\$ 4,172,869	\$ 2,774,672	\$ 2,550,523
Local Taxes	\$ 6,894,068	\$ 7,144,111	\$ 7,897,009	\$ 7,892,351
Licenses & Permits	2,033	2,309	1,932	2,000
Charges for Current Services	1,353,629	1,558,569	1,632,047	76,600
Other Local Revenues	<u>267,473</u>	<u>338,077</u>	<u>314,542</u>	<u>226,500</u>
Total Local Sources	\$ 8,517,203	\$ 9,043,066	\$ 9,845,530	\$ 8,197,451
Revenue – Other Sources:				
State of Tennessee	\$ 18,464,330	\$ 19,334,237	\$ 20,096,394	\$ 20,464,691
Federal Government	2,911,778	2,961,966	3,265,302	130,956
Bond & Note Proceeds	0	0	0	350,000
Operating Transfers	<u>7,373</u>	<u>3,718</u>	<u>3,575</u>	<u>0</u>
Total Other Sources	\$ 21,383,481	\$ 22,299,921	\$ 23,365,271	\$ 20,945,647
Total All Receipts	\$ 29,900,684	\$ 31,342,987	\$ 33,210,801	\$ 29,143,098
Expenditures:				
Education	\$ 29,206,560	\$ 30,888,024	\$ 33,204,018	\$ 29,042,377
Debt Service	3,640	2,000	2,000	2,000
Capital Projects	3,914,701	1,822,442	201,857	0
Operating Transfers	<u>7,373</u>	<u>28,718</u>	<u>26,575</u>	<u>390,011</u>
Total All Expenditures	\$ 33,132,274	\$ 32,741,184	\$ 33,434,950	\$ 29,434,388
Excess (Deficit)	\$ (3,231,590)	\$ (1,398,197)	\$ (224,149)	\$ (291,290)
Ending Fund Balance	\$ 4,172,869	\$ 2,774,672	\$ 2,550,523	\$ 2,259,233

\* unaudited (General Purpose School Fund only)

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## OTHER MATTERS RELATING TO THE BONDS

### Defeasance

If the County shall pay or cause to be paid to the owners of all Outstanding Bonds the principal thereof, and the redemption premium, if any, and the interest thereon, at the times and in the manner stipulated therein and in the Resolution, then the pledge of the full faith and credit of the County and the unlimited taxing power of the County, and any other rights granted or created under the Resolution for the benefit of the Owners of the Bonds so paid, shall be released, discharged and satisfied. In such event, the Registration Agent shall pay or deliver to the County all monies or securities held by the Registration Agent pursuant to the Resolution which are not required for the payment or redemption of such Bonds not therefore surrendered for such payment or redemption. If the County shall not pay or cause to be paid, at the same time, all Bonds then Outstanding, then the Registration Agent shall not, except as may herein be otherwise expressly provided, return those monies and securities which are held under the Resolution for the benefit of the Owners of the Bonds then Outstanding not so paid or caused to be paid.

Any Outstanding Bond shall, prior to maturity or redemption date thereof, be deemed to have been paid within the meaning of, and with the effect expressed in, the previous paragraph if: (1) there shall have been set aside by the County for the benefit of the Owner of such Outstanding Bond, sufficient monies or Federal Obligations, or a combination of both monies and Federal Obligations, determined in accordance with the following paragraph, to pay the principal, or redemption price, of the Bond when due, and all interest accruing on such Bond until the payment of such principal or redemption price; (2) in the event such Bond is to be redeemed prior to maturity in accordance with the optional redemption provisions of the Bonds, all actions required by the provisions of the Resolution to redeem all Outstanding Bonds shall have been taken or provided for and any notice thereof in accordance with the optional redemption provisions shall have been duly given or satisfactory provision shall have been made for the giving of such notice; (3) provision shall have been made for the payment of all fees and expenses of the Registration Agent with respect to the Bonds; and (4) all other payments required to be made under the Resolution with respect to the Bonds shall have been made or satisfactory provision made therefore.

For the purposes of the preceding paragraph, sufficient monies shall be deemed to have been set aside by the County to pay the principal of an Outstanding Bond when due, or to redeem such Outstanding Bond at the earliest possible redemption date thereof, and to pay, when due, all interest accruing on such Bond until the payment of such principal or redemption price, as applicable, only if there shall be on deposit with any trust company or bank whose deposits are insured by the Federal Deposit Insurance Corporation and which has trust powers (which may include the Registration Agent), for the benefit of the Owner of such Bond, and available for such purposes, an amount of cash and/or aggregate principal amount of Federal Obligations, maturing or redeemable at the option of the holder thereof not later than the date or dates the proceeds of such Federal Obligations are required for the principal, premium, if any, and interest payments hereinafter mentioned in this sentence; which, together with the income to be earned on such Federal Obligations until the maturity date or the earliest possible redemption date, as applicable, of such Bond, shall be sufficient to pay, when and as due, the principal of, premium, if any, and interest on, such Bond prior to and on such maturity date or such earliest possible date, as applicable. Upon the defeasance of any Outstanding Bond in accordance with this Section, the County or its designee, as applicable, shall hold in trust, for the benefit of the Owner of such Bond all such cash or Federal Obligations (as defined below) or combination of both cash and Federal Obligations, and except as herein provided shall make not other or different investment of such cash or Federal Obligations, or combination of cash and Federal Obligations, provided, subject to the provisions of the Resolution, that amounts in excess of those necessary to pay such Outstanding Bonds may be applied at the discretion of the County. For the purpose of this Section, Federal 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 in this Section.

Anything herein contained to the contrary notwithstanding, no defeasance of the Bonds, or any portion thereof, shall be made unless, in the opinion of Bond Counsel, such defeasance would not cause the Bonds, or any portion thereof, to be "arbitrage bonds," or an "arbitrage bond," as applicable, within the meaning of applicable provisions of the Code or render the interest on the Bonds, or any portion thereof, subject to federal income taxation.

Except as otherwise provided in this Section, neither Federal Obligations nor monies deposited with the Registration Agent pursuant to this Section or principal or interest payments on any such Federal Obligations shall be withdrawn or used for any purpose other than, and shall be held in trust for, the payment of the principal and premium, if any, and interest on the Bonds; provided that any cash received from such principal or interest payments on such Federal Obligations deposited with the Registration Agent, to the extent such cash will not be required at any time for such purposes, shall be paid over to the County as received by the Registration Agent.



### 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 (as defined herein), signed by the County Executive and the County Clerk acting in their official capacities to the effect that to the best of their 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 amendment or supplement, (c) there has been no material adverse change in the operation or the affairs of the County since the date of 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) a non-arbitrage certificate which supports the conclusions that based upon facts, estimates and circumstances in effect, upon delivery of the Bonds, the proceeds of the Bonds will not be used in a manner which would cause the Bonds to be arbitrage bonds; (iii) certificates as to the delivery and payment, signed by the County Trustee acting in her official capacity, evidencing delivery and payment for the Bonds; and (iv) 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.

### Future Bonds

On September 26, 2001 the County issued its \$4,575,000 General Obligation Capital Outlay Notes, Series 2001A, dated September 1, 2001 (the "Series 2001A Notes"). The resolution for the Series 2001A Notes authorizes an aggregate amount of general obligation capital outlay notes not to exceed \$6,425,000. The County plans to issue the remainder of the authorized amount of notes (\$1,850,000) sometime in early 2002.

### Litigation

There is no litigation of any nature now pending or, to the knowledge of the County, threatened to restrain or enjoin the issuance, sale or delivery of the Bonds, or in any way contesting or affecting the validity of the Bonds or any proceedings of the County taken with respect to the issuance and sale of the Bonds, the pledge or application of any monies or security provided for the payment of the Bonds or the existence or the powers of the County insofar as they relate to the authorization, sale and issuance of the Bonds or such pledge or application of monies and security.

### Approval of Legal Proceedings

All legal matters incident to the authorization, issuance, sale and delivery of the Bonds are subject to the approval of Bass, Berry & Sims PLC, Nashville, Tennessee, Bond Counsel to the County. Certain matters will be approved for the County by Charles Holt, Lawrenceburg, Tennessee, Counsel to the County.

### Tax Matters

#### Federal

In the opinion of Bass, Berry & Sims PLC, Bond Counsel, interest on the Bonds is excluded from gross income for federal income tax purposes and is not an item of tax preference for purposes of the federal alternative minimum tax imposed on individuals and corporations; however, for purposes of computing the alternative minimum tax imposed on certain corporations (as defined for federal income tax purposes), such interest is taken into account in determining adjusted current earnings. Bond Counsel's opinion is subject to the condition that the County comply with all requirements of the Code that must be satisfied subsequent to the issuance of the Bonds in order that interest thereon be, or continue to be excluded from gross income for federal income tax purposes. The County has covenanted to comply with all such requirements. 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.

Prospective purchasers of the Bonds should be aware that ownership of the Bonds may result in collateral federal income tax consequences to certain taxpayers, including, without limitation, financial institutions, property and casualty insurance companies, individual recipients of Social Security or Railroad Retirement benefits, certain S corporations with "excess passive income," foreign corporations subject to the branch profits tax and taxpayers who may be deemed to have incurred or continued indebtedness to purchase or carry the Bonds. Bond Counsel will not express any opinion as to collateral tax consequences. Prospective purchasers of the Bonds should consult their tax advisors as to collateral federal income tax consequences.

The initial public offering prices of the Bonds maturing October 1, 2016 through October 1, 2021, inclusive, and the Term Bond maturing on October 1, 2025 (the "Discount Bonds") are less than the amount payable at maturity. An amount not less than the difference between the initial public offering price of the Discount Bonds and the amount payable at maturity constitute "original issue discount", which will be excludable from gross income for federal income tax purposes. A portion of the original issue discount that accrues in each year to an owner of a Discount Bond which is a corporation will be included in the calculation of the corporation's alternative minimum tax liability. Consequently, corporate owners of the Discount Bonds should be aware that the accrual of the original issue discount in each year may result in an alternative minimum tax liability although the owners of such Discount Bonds have not received cash attributable to such original issue discount in such year.

Owners of Discount Bonds should consult their personal tax advisors with respect to the determination for federal income tax purposes of the amount of original issue discount or interest properly accruable with respect to such Discount Bonds, and with respect to the State of Tennessee and local tax consequences of holding such Discount Bonds.

#### State of Tennessee

Under existing law, the Bonds and the income therefrom are exempt from all present state, county and municipal taxes in Tennessee except (a) inheritance, transfer and estate taxes, (b) Tennessee excise taxes on interest on the Bonds during the period the 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 (c) 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.

#### 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 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.

#### Bond Rating

Moody's Investors Service, Inc. ("Moody's") which has assigned a rating to the Bonds, has done so with the understanding that, upon delivery of the Bonds, a Municipal Bond New Issue Insurance Policy (the "Policy") will be issued by Financial Guaranty Insurance Company. Such rating reflects only the views of Moody's and any desired explanation of the significance of such rating should be obtained from Moody's at the following address: Moody's Investors Service, Inc., 99 Church Street, New York, NY 10007. Generally, Moody's bases its rating on the information and materials furnished to it and on investigations, studies and assumptions of its own. There is no assurance that any such rating will continue for any given period of time or that such rating will not be revised downward or withdrawn entirely by Moody's, if in the judgment of Moody's circumstances so warrant. Any such downward revision or withdrawal of any such rating may have an adverse effect on the market price of Bonds. Moody's has assigned an underlying rating of "Baa3" to the Bonds on an uninsured basis and, on the date of delivery of the Policy, an insured rating of "Aaa".

#### Bond Insurance

Concurrently with the issuance of the Bonds, Financial Guaranty Insurance Company ("Financial Guaranty") will issue its Municipal Bond New Issue Insurance Policy for the Bonds (the "Policy"). The Policy unconditionally guarantees the payment of that portion of the principal of and interest on the Bonds which has become due for payment, but shall be unpaid by reason of nonpayment by the issuer of the Bonds (the "Issuer"). Financial Guaranty will make such payments to State Street Bank and Trust Company, N.A., or its successor as its agent (the "Fiscal Agent"), on the later of the date on which such principal and interest is due or on the business day next following the day on which Financial Guaranty shall have received telephonic or telegraphic notice, subsequently confirmed in writing, or written notice by registered or certified mail, from an owner of Bonds or the Paying Agent of the nonpayment of such amount by the Issuer. The Fiscal Agent will disburse such amount due on any Bond to its owner upon receipt by the Fiscal Agent of evidence satisfactory to the Fiscal Agent of the owner's right to receive payment of the principal and interest due for payment and evidence, including any appropriate instruments of assignment, that all of such owner's rights to payment of such principal and interest shall be vested in Financial Guaranty. The term "nonpayment" in respect of a Bond includes any payment of principal or interest made to an owner of a Bond

which has been recovered from such owner pursuant to the United States Bankruptcy Code by a trustee in bankruptcy in accordance with a final, nonappealable order of a court having competent jurisdiction.

The Policy is non-callable and the premium will be fully paid at the time of delivery of the Bonds. The Policy covers failure to pay principal of the Bonds on their respective stated maturity dates or dates on which the same shall have been duly called for mandatory sinking fund redemption, and not on any other date on which the Bonds may have been otherwise called for redemption, accelerated or advanced in maturity, and covers the failure to pay an installment of interest on the stated date for its payment.

This Official Statement contains a section regarding the ratings assigned to the Bonds and reference should be made to such section for a discussion of such ratings and the basis for their assignment to the Bonds. Reference should be made to the description of the Issuer for a discussion of the ratings, if any, assigned to such entity's outstanding parity debt that is not secured by credit enhancement.

The Policy is not covered by the Property/Casualty Insurance Security Fund specified in Article 76 of the New York Insurance Law.

Financial Guaranty is a wholly-owned subsidiary of FGIC Corporation (the "Corporation"), a Delaware holding company. The Corporation is a subsidiary of General Electric Capital Corporation ("GE Capital"). Neither the Corporation nor GE Capital is obligated to pay the debts of or the claims against Financial Guaranty. Financial Guaranty is a monoline financial guaranty insurer domiciled in the State of New York and subject to regulation by the State of New York Insurance Department. As of June 30, 2001, the total capital and surplus of Financial Guaranty was approximately \$1.181 billion. Financial Guaranty prepares financial statements on the basis of both statutory accounting principles and generally accepted accounting principals. Copies of such financial statements may be obtained by writing to Financial Guaranty at 115 Broadway, New York 10006, Attention: Communications Department (telephone number: 212-312-3000) or to the New York State Insurance Department at 25 Beaver Street, New York, New York 10004-2319, Attention: Financial Condition Property/Casualty Bureau (telephone number: 212-480-5187).

#### The Underwriter

NBC CAPITAL MARKETS GROUP, INC., Memphis, Tennessee, has agreed to purchase the Bonds from the County at a purchase price of \$3,289,900.00, consisting of the par amount of the Bonds, less underwriter's discount of \$29,730.70, less original issue discount of \$20,369.30, plus accrued interest to the date of delivery.

#### Continuing Disclosure

The County will at the time the Bonds are delivered execute a Continuing Disclosure Certificate under which it will covenant for the benefit of holders and beneficial owners of the Bonds to provide certain financial information relating to the County not later than ten months after the end of the fiscal year commencing with the fiscal year ending June 30, 2001 (the "Annual Report"), and to provide notice of the occurrence of certain enumerated events, if determined by the County to be material under applicable federal securities laws. The Annual Report (and audited financial statements if filed separately) will be filed by the County with each Nationally Recognized Municipal Securities Information Repository (the "Repositories") and any State Information Depository which may be established in Tennessee (the "SID"). If the County is unable to provide the Annual Report to the Repositories and the SID, if any, by the date set forth above for the filing of the Annual Report, notice of such failure shall be sent to the Repositories and the SID, if any, on or before such date. The notices of material events will be filed by the County with each Repository or with the Municipal Securities Rulemaking Board and any SID. The specific nature of the information to be contained in the Annual Report or the notices of material events is summarized below. These covenants have been made in order to assist the Underwriters in complying with SEC Rule 15c2-12(b) (the "Rule"). The County has never failed to comply in all material respects with any previous undertakings with regard to said Rule to provide Annual Reports or notices of material events.

Content of Annual Reports. 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 principals, 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 herein:

1. Combined Statement of Revenues and Expenditures, All Governmental Fund Types, as shown on page .....	6
2. Statement of Fund Balances, as shown on page .....	6
3. Property Tax Base, as shown on page .....	8
4. Property Tax Rates, Assessments, Levies and Collections, as shown on page .....	8
5. Property Tax Rates and Allocations, as shown on page .....	8
6. Top Ten Taxpayers, as shown on page .....	9
7. Per Capita Ratios, as shown on page .....	9
8. Overlapping Debt, as shown on page .....	9
9. Outstanding Debt, as shown on page .....	10
10. Lawrence County School Department – Revenue Sources (prior years), as shown on page .....	12
11. Lawrence County School Department – Receipts and Expenditures (Audited), as shown on page .....	13

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 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 either each Repository or the Municipal Securities Rulemaking Board and SID, if any, as follows:

1. Whenever the County obtains knowledge of the occurrence of a Listed Event (as defined in (3) below), the County shall as soon as possible determine if such event would be material under applicable Federal securities laws.
2. If the County determines that knowledge of the occurrence of a Listed Event would be material (under applicable Federal securities laws), the County shall promptly file a notice of such occurrence with either each Repository or the Municipal Securities Rulemaking Board and the SID, if any. Notwithstanding the foregoing, notice of Listed Events described in subsection (3)(h) and (i) need not be given under this subsection any earlier than the notice (if any) of the underlying event is given to holders of affected Bonds pursuant to the Resolution.
3. The following are the Listed Events:
  - a. principal and interest payment delinquencies;
  - b. non-payment related defaults;
  - 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 or events affecting the tax-exempt status of the Bonds;
  - g. modifications to rights of Bondholders;
  - h. bond calls;

- i. defeasances;
- j. release, substitution, or sale of property securing repayment of the Bonds; and
- k. rating changes.

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

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

- (a) If the amendment or waiver relates to the provisions concerning the Annual Report and Reporting of Significant Events it may only be made in connection with a change in circumstances that arises from a change in legal requirements, change in law, or change in the identity, nature or status of an obligated person with respect to the Bonds, or the type of business conducted;
- (b) The undertaking, as amended or taking into account such waiver, would, in the opinion of nationally recognized bond counsel, have complied with the requirements of the Rule at the time of the original issuance of the Bonds, after taking into account any amendments or interpretations of the Rule, as well as any change in circumstances; and
- (c) The amendment or waiver either (i) is approved by the Holders of the Bonds in the same manner as provided in the Resolution for amendments to the Resolution with the consent of holders, or (ii) does not, in the opinion of nationally recognized bond counsel, materially impair the interests of the holders or beneficial owners of the Bonds. In the event of any amendment or waiver of a provision of the Disclosure Certificate, the County shall describe such amendment in the next Annual Report, and shall include, as applicable, a narrative explanation of the reason for the amendment or waiver and its impact on the type (or, in the case of a change of accounting principles, on the presentation) of financial information or operating data being presented by the County. In addition, if the amendment relates to the accounting principles to be followed in preparing financial statements, (i) notice of such change shall be given, and (ii) the Annual Report for the year in which the change is made should present a comparison (in narrative form and also, if feasible, in quantitative form) between the financial statements as prepared on the basis of the new accounting principles and those prepared on the basis of the former accounting principles.

Default. In the event of a failure of the County to comply with any provision of the Disclosure Certificate, any holder or any beneficial owner of the Bonds 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.

#### Miscellaneous

The references, excerpts and summaries of all documents referred to herein do not purport to be complete statements of the provisions of such documents, and reference is made to all such documents for full and complete statements of all matters of fact relating to the Bonds, the security for the payment of the Bonds, and the rights of the holders thereof. Any of the estimates herein given is subject to change without notice and neither the delivery of this Official Statement nor any sale made hereunder shall, under any circumstances, create any implication that there has been no change in the affairs of the County since the date hereof. This Official Statement is deemed near final for the purposes of SEC Rule 15c2-12 (b) (1) and does not contain any untrue statement of a material fact, or omit to state a material fact which should be included herein for the purpose for which the Official Statement is to be used, or which is necessary in order to make statements herein contained, in light of the circumstances under which they were made, not misleading in any material respect.

**CERTIFICATE OF ISSUER**

I, Steve Hill, do hereby certify that I am the duly qualified and acting County Executive of Lawrence County, Tennessee, and as such official, I do hereby further certify with respect to the Official Statement issued in connection with the sale of \$3,340,000 School Bonds, Series 2001, dated October 1, 2001 of said County that to the best of my knowledge, information and belief (a) the description and statements contained in said Official Statement were at the time of the acceptance of the winning bid and are on the date hereof true and correct in all material respects; and (b) that said Official Statement did not at the time of acceptance of the winning bid and does not on the date hereof contain an untrue statement of a material fact or omit to state a material fact required to be stated where necessary to make the statements made, in light of the circumstances under which they are made, not misleading.

WITNESS my official signature this 16<sup>th</sup> day of October, 2001.

/s/ Steve Hill  
\_\_\_\_\_  
County Executive

I, Kenneth Weathers, do hereby certify that I am the duly qualified and acting County Clerk of Lawrence County, Tennessee, and as such official I do hereby further certify that Steve Hill is the duly qualified and acting County Executive of said County and that the signature appended to the foregoing certificate is the true and genuine signature of such official.

WITNESS my official signature and the seal of Lawrence County, Tennessee as of the date subscribed to the foregoing certificate.

/s/ Kenneth Weathers  
\_\_\_\_\_  
County Clerk

(SEAL)

**APPENDIX A:**

Form of Opinion of Bond Counsel

(Form of Opinion of Bond Counsel)

BASS, BERRY & SIMS PLC  
AMSOUTH CENTER  
315 DEADERICK STREET, SUITE 2700  
NASHVILLE, TENNESSEE 37238-3001

We have acted as bond counsel in connection with the issuance by Lawrence County, Tennessee (the "Issuer") of \$3,340,000 School Bonds, Series 2001, dated October 1, 2001 (the "Bonds"). We have examined the law and such certified proceedings and other papers as we deemed necessary to render this opinion.

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

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

1. The Bonds have been duly authorized, executed and issued in accordance with the constitution and laws of the State of Tennessee and constitute valid and binding obligations of the Issuer.
2. The resolution of the Board of County Commissioners of the Issuer authorizing the Bonds has been duly and lawfully adopted, is in full force and effect and is a valid and binding agreement of the Issuer enforceable in accordance with its terms.
3. The Bonds constitute general obligations of the Issuer for the payment of which the Issuer has validly and irrevocably pledged its full faith and credit. The principal of, premium, if any, 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 (including any original issue discount properly allocable to an owner thereof) is excluded from gross income for federal income tax purposes and is not an item of tax preference for purposes of the federal alternative minimum tax imposed on individuals and corporations; however, for purposes of computing the alternative minimum tax imposed on certain corporations (as defined for federal income tax purposes), such interest is taken into account in determining adjusted current earnings. The opinion set forth in the preceding sentence is subject to the condition that the Issuer comply with all requirements of the Internal Revenue Code of 1986, as amended, that must be satisfied subsequent to the issuance of the Bonds in order that interest thereon be, or continue to be, excluded from gross income for federal income tax purposes. Failure to comply with certain of such requirements could cause interest on the Bonds to be so included in gross income retroactive to the date of issuance of the Bonds. The Issuer has covenanted to comply with all such requirements. Except as set forth in this Paragraph 4 and Paragraph 6 below, we express no opinion regarding other federal tax consequences arising with respect to the Bonds.
5. Under existing law, the Bonds and the income therefrom are exempt from all present state, county and municipal taxes in Tennessee except (a) inheritance, transfer and estate taxes, (b) 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 (c) 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 resolution 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 PLC

**APPENDIX B:**

Excerpted Pages from the Audited Financial Statements of Lawrence  
County, Tennessee for the Fiscal Year ended June 30, 2000

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Combined Statement of Revenues, Expenditures and Changes in Fund Balances - Actual and Budget - General, Special Revenue and Debt Service Fund Types .....	13
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STATE OF TENNESSEE  
**COMPTROLLER OF THE TREASURY**  
DEPARTMENT OF AUDIT  
DIVISION OF COUNTY AUDIT  
SUITE 1800  
JAMES K. POLE STATE OFFICE BUILDING  
NASHVILLE, TENNESSEE 37249-0269  
PHONE (615) 741-3341

INDEPENDENT AUDITOR'S REPORT

November 13, 2000

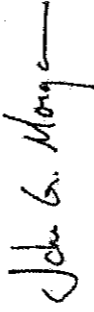
Lawrence County Executive and  
Board of County Commissioners  
Lawrence County, Tennessee

To the County Executive and County Commissioners:

1. We have audited the accompanying general purpose financial statements of Lawrence County, Tennessee, and the combining, individual fund, and account group financial statements of Lawrence County, as of and for the year ended June 30, 2000, as listed in the table of contents. These financial statements are the responsibility of Lawrence County's management. Our responsibility is to express an opinion on these financial statements based on our audit.
2. We conducted our audit in accordance with 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 of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.
3. County records do not provide for a self-balancing group of accounts for all general fixed assets, and accordingly, the financial statements referred to above do not include financial statements of the General Fixed Assets Account Group, which should be included to conform with generally accepted accounting principles. The effects on the financial statements are not reasonably determinable.
4. The financial statements of the Lawrence County Emergency Communications District, a component unit requiring discrete presentation, had not been made available by other auditors as of the date of this report. Accordingly, the general purpose financial statements referred to above do not include the Lawrence County Emergency Communications District's financial statements, which should be included to conform with generally accepted accounting principles. The effects on the financial statements are not reasonably determinable.

5. In our opinion, except for the effects of the matters discussed in paragraphs 3 and 4, the general purpose financial statements referred to above present fairly, in all material respects, the financial position of Lawrence County, Tennessee, at June 30, 2000, and the results of its operations and the cash flows of its proprietary fund types for the year then ended, in conformity with generally accepted accounting principles. Also, in our opinion, except for the effects of the matters discussed in paragraphs 3 and 4, the combining, individual fund, and account group financial statements referred to above present fairly, in all material respects, the financial position of each of the individual funds of Lawrence County, Tennessee, at June 30, 2000, and the results of operations of such funds and cash flows of its proprietary fund types for the year then ended, in conformity with generally accepted accounting principles.
6. Our audit was made for the purpose of forming an opinion on the general purpose financial statements taken as a whole and on the combining, individual fund, and account group financial statements. The accompanying financial information listed as miscellaneous schedules in the table of contents is presented for purposes of additional analysis and is not a required part of the financial statements of Lawrence County, Tennessee. The information in these schedules has been subjected to the auditing procedures applied in the audit of the general purpose, combining, and individual fund financial statements and, in our opinion, is fairly stated in all material respects in relation to the financial statements of each of the respective individual funds taken as a whole.
7. We did not audit the statistical data listed in the Statistical Section in the accompanying table of contents and, therefore, express no opinion thereon.
8. In accordance with Government Auditing Standards, we have also issued our report dated November 13, 2000, on our consideration of Lawrence County's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts, and grants. That report is an integral part of an audit performed in accordance with Government Auditing Standards and should be read in conjunction with this report in considering the results of our audit.

Very truly yours,



John G. Morgan  
Comptroller of the Treasury

JGM/yu





Lawrence County, Tennessee  
 Combined Balance Sheet - All Fund Types  
 Account Group and Discretely Presented Component Unit (Cont.)

Component Unit	Primary Government									
	Lawrence County School Department	General	Special	Debt	Capital	Projects	Enterprise	Service	Trust and Agency	General Long-term Debt
Account Group	Fiduciary Fund Type	Proprietary Fund Types		Governmental Fund Types						

\$ 45,840	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
26,076	0	0	0	0	0	0	0	0	0	0
0	0	0	0	0	0	0	0	95,835	0	0
0	0	0	0	0	0	0	0	0	69,556	0
2,180,963	1,625,414	889,665	5,110,846	1,528,774	0	0	0	0	0	2,550,523
\$ 1,761,305	\$ 983,081	\$ 6,178,345	\$ 1,596,898	\$ (2,377,292)	\$ 95,836	\$ 69,556	\$ 0	\$ 0	\$ 0	\$ 0
\$ 2,229,905	\$ 1,101,015	\$ 5,239,339	\$ 1,560,666	\$ 987,522	\$ 95,836	\$ 1,813,408	\$ 36,748,007	\$ 3,308,786		

LIABILITIES AND EQUITY (Cont.)

Fund Balances (Cont.):	
Reserved for Innovative Education Program Strategies	0
Reserved for Special Education - Grants to States	0
Other Federal Reserves	2,011
Reserved for Other General Purposes	37,145
Unreserved:	
Undesignated	1,625,414
Total Equity	1,625,414
Total Liabilities And Equity	\$ 2,229,905

The accompanying notes are an integral part of this statement.

Lawrence County, Tennessee  
 Combined Statement of Revenues, Expenditures  
 and Changes in Fund Equity  
 All Governmental Fund Types, Expendable Trust Funds  
 and Discretely Presented Component Unit  
 For the Year Ended June 30, 2000

Revenues and Other Sources	\$ 4,515,052	\$ 1,471,836	\$ 3,326,260	\$ 275,699	\$ 0	\$ 7,897,009
Local Taxes	18,111	0	0	0	0	1,932
Licenses and Permits	125,612	60,343	0	0	145,234	0
Fines, Forfeitures and Penalties	728,170	1,154,624	0	0	0	1,632,047
Charges for Current Services	218,217	143,880	98,898	109,182	11,249	314,542
Other Local Revenues	826,679	2,282,357	0	0	149,952	20,096,394
State of Tennessee	211,203	206,498	0	0	0	3,265,302
Federal Government	3,634	77,657	0	0	0	0
Other Governments and Citizens Groups	172,450	0	0	0	0	0
Other Sources:						
Proceeds from Capitalized Lease Obligations	735,460	122,980	367,647	0	0	3,575
Operating Transfers	\$ 7,554,588	\$ 5,520,175	\$ 3,792,805	\$ 384,881	\$ 306,435	\$ 33,210,801
Total Revenues and Other Sources	\$ 6,646,678	\$ 5,397,195	\$ 3,425,158	\$ 384,881	\$ 306,435	\$ 33,207,226
Total Revenues						
Expenditures and Other Uses	\$ 6,377,180	\$ 734,168	\$ 0	\$ 0	\$ 271,489	\$ 0
Current:						
General Government	0	3,930,283	0	0	0	0
Highways	0	78,138	0	0	0	0
Education	149,137	0	4,164,125	0	0	2,000
Debt Service	0	0	0	1,567,708	0	0
Capital Projects	0	0	0	0	0	201,857
Total Expenditures	\$ 6,526,317	\$ 4,742,589	\$ 4,164,125	\$ 1,567,708	\$ 271,489	\$ 33,407,875
Other Uses:						
Operating Transfers	142,451	1,109,939	0	0	248	3,575
Operating Transfers to Primary Government	0	0	0	0	0	23,500
Operating Transfers to Component Units	199,020	0	0	0	0	0
Total Expenditures and Other Uses	\$ 6,867,788	\$ 5,852,528	\$ 4,164,125	\$ 1,567,708	\$ 271,737	\$ 33,434,960
Excess of Revenues and Other Sources Over (Under) Expenditures and Other Uses	\$ 686,800	\$ (332,953)	\$ (371,920)	\$ (1,182,827)	\$ 34,698	\$ (224,149)
Fund Equity, July 1, 1999	1,074,505	1,315,434	5,549,665	2,719,720	34,658	2,774,672
Fund Equity, June 30, 2000	\$ 1,761,305	\$ 983,081	\$ 5,178,345	\$ 1,536,893	\$ 69,556	\$ 2,550,523

The accompanying notes are an integral part of this statement.

Component Unit	Primary Government			
	Fiduciary	Capital	Debt Service	General
Lawrence County	Expendable	Projects	Trust	Department
School				



Lawrence County, Tennessee  
 Combined Statement of Revenues, Expenditures and  
 Changes in Fund Balances - Actual (Budgetary Basis) and Budget  
 General, Special Revenue, Debt Service and Capital Projects Fund Types  
 For the Year Ended June 30, 2000

General Fund		Special Revenue Funds	
Actual	Variance-	Actual	Variance-
(Budgetary Basis)	Favorable or (Unfavorable) Budget	(Budgetary Basis)	Favorable or (Unfavorable) Budget
\$ 4,616,052	\$ 189,267	\$ 1,471,836	\$ 1,458,801
\$ 13,036	0	0	0
14,296	0	46,048	9,411
33,937	(44)	100,136	33,937
218,217	168,924	134,073	2,424,270
826,679	698,009	128,670	2,282,357
211,203	211,203	206,398	201,382
3,634	2,578	1,056	77,557
\$ 6,646,678	\$ 6,219,389	\$ 4,242,131	\$ 4,308,536
0	0	0	0
0	0	0	0
172,450	172,450	0	0
735,460	735,460	122,980	122,980
\$ 7,554,588	\$ 8,127,299	\$ 4,366,111	\$ 4,431,516
(66,405)	0	0	(66,405)

\$ 4,616,052	\$ 189,267	\$ 1,471,836	\$ 1,458,801
13,036	0	0	0
14,296	0	46,048	9,411
33,937	(44)	100,136	33,937
218,217	168,924	134,073	2,424,270
826,679	698,009	128,670	2,282,357
211,203	211,203	206,398	201,382
3,634	2,578	1,056	77,557
\$ 6,646,678	\$ 6,219,389	\$ 4,242,131	\$ 4,308,536
0	0	0	0
0	0	0	0
172,450	172,450	0	0
735,460	735,460	122,980	122,980
\$ 7,554,588	\$ 8,127,299	\$ 4,366,111	\$ 4,431,516
(66,405)	0	0	(66,405)

\$ 6,359,198	\$ 6,905,745	\$ 546,547	\$ 320,480	\$ 358,773	\$ 38,298
0	0	0	3,981,022	4,353,302	422,280
0	0	0	78,238	254,896	176,658
149,137	1,149,137	1,000,000	0	0	0
\$ 6,508,335	\$ 8,054,882	\$ 1,546,547	\$ 4,329,740	\$ 4,966,971	\$ 637,231
142,451	142,451	0	374,479	383,198	8,719
199,020	199,020	0	0	0	0
\$ 6,849,806	\$ 8,396,368	\$ 1,546,547	\$ 4,704,219	\$ 5,350,169	\$ 645,950
\$ 704,732	\$ (269,054)	\$ 973,636	\$ (339,108)	\$ (918,653)	\$ 679,545
1,036,299	506,845	529,454	1,192,384	523,518	668,866
\$ 1,741,081	\$ 237,791	\$ 1,503,290	\$ 853,276	\$ (895,135)	\$ 1,248,411

(Continued)

The accompanying notes are an integral part of this statement.

\$ 4,616,052	\$ 189,267	\$ 1,471,836	\$ 1,458,801
13,036	0	0	0
14,296	0	46,048	9,411
33,937	(44)	100,136	33,937
218,217	168,924	134,073	2,424,270
826,679	698,009	128,670	2,282,357
211,203	211,203	206,398	201,382
3,634	2,578	1,056	77,557
\$ 6,646,678	\$ 6,219,389	\$ 4,242,131	\$ 4,308,536
0	0	0	0
0	0	0	0
172,450	172,450	0	0
735,460	735,460	122,980	122,980
\$ 7,554,588	\$ 8,127,299	\$ 4,366,111	\$ 4,431,516
(66,405)	0	0	(66,405)

Revenues and Other Sources  
 Local Taxes  
 Licenses and Permits  
 Fines, Forfeitures and Penalties  
 Charges for Current Services  
 Other Local Revenues  
 State of Tennessee  
 Federal Government  
 Other Governments and Citizens Groups  
 Total Revenues  
 Other Sources:  
 Note Proceeds  
 Proceeds from Capitalized Lease Obligations  
 Operating Transfers  
 Total Revenues and Other Sources

Expenditures and Other Uses  
 Current:  
 General Government  
 Highways  
 Education  
 Debt Service  
 Total Expenditures  
 Other Uses:  
 Operating Transfers  
 Operating Transfers to Component Units  
 Total Expenditures and Other Uses

Excess of Revenues and Other Sources Over  
 (Under) Expenditures and Other Uses

Fund Balance, June 30, 2000

Fund Balance, July 1, 1999



LAWRENCE COUNTY, TENNESSEE  
NOTES TO THE FINANCIAL STATEMENTS  
For the Year Ended June 30, 2000

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

A. The Financial Reporting Entity

Lawrence County is a public municipal corporation governed by an elected 18-member board. As required by GAAP, these financial statements present Lawrence County (the primary government) and its component units. The component units discussed in note 1.B are included in the county's reporting entity because of the significance of their operational or financial relationships with the county.

B. Individual Component Unit Disclosures

**Blended Component Units** – There are no legally separate component units of Lawrence County which meet the criteria for being reported as part of the primary government by the blending method.

**Discretely Presented Component Units** – The following entities meet the criteria for discretely presented component units of the county. They are reported in a separate column to emphasize that they are legally separate from the county.

The Lawrence County School Department operates the public school system in the county, and its board is elected by the voters of Lawrence County. The School Department is fiscally dependent on the county because it may not issue debt without county approval, and its budget and property tax levy are subject to the County Commission's approval. The School Department's taxes are levied under the taxing authority of the county and are included as part of the county's total tax levy.

The Lawrence County Emergency Communications District provides a simplified means of securing emergency services through a uniform emergency number for the residents of Lawrence County. The governing body of the Lawrence County Emergency Communications District is appointed by Lawrence County's Board of County Commissioners. The district is funded primarily through a service charge levied on telephone services. Before the issuance of most debt instruments, the district must obtain the approval of the County Commission. The financial statements of the Lawrence County Emergency Communications District were not available in time for inclusion in this report.

The Lawrence County School Department does not issue separate financial statements from those of the county. Therefore, combining, individual fund, and account group financial statements of the Lawrence County School Department are included in the financial section of this report as listed in the table of contents. Although required by GAAP, the financial statements of the Lawrence County Emergency Communications District were not available in time for inclusion, as previously mentioned. Complete financial statements of the Lawrence County Emergency Communications District can be obtained from its administrative office at the following address:

Lawrence County Emergency Communications District  
240 West Gaines Street  
P.O. Box 691  
Lawrenceburg, TN 38464

C. Joint Venture

The Lawrenceburg-Lawrence County Airport is jointly operated by Lawrence County and the City of Lawrenceburg. The Lawrenceburg-Lawrence County Airport is governed by a six-member board comprised of three appointees from the county and three from the city. Lawrence County has control over budgeting and financing the joint venture only to the extent of representation by the three members appointed. The county and city do not retain an equity interest in the airport. Lawrence County contributed \$80,000 to the operations of the joint venture during the year ended June 30, 2000. Complete financial statements for the Lawrenceburg-Lawrence County Airport Board can be obtained from its administrative office at the following address:

Lawrenceburg-Lawrence County Airport Board  
4110 Airport Road  
Lawrenceburg, TN 38464

D. Jointly Governed Organization

The Tennessee Southern Railroad Authority (TSRA) was created by the county in conjunction with Giles and Maury Counties. The TSRA's board is comprised of the county executives, a representative appointed by the respective Boards of County Commissioners from each of the three counties, and a representative from the cities of Mt. Pleasant and Lawrenceburg. However, the counties and cities do not have any ongoing financial interest or responsibility for the entity. The majority of TSRA's funding is received from various grants from the Tennessee Department of Transportation. Lawrence County did not appropriate any funds to the authority for the year ended June 30, 2000.

E. Fund Structure and Basis of Accounting

The accounts of the county and its discretely presented component units are organized on the basis of funds and account groups, each of which is

considered a separate accounting entity. The operations of each fund are accounted for with a separate set of self-balancing accounts that comprise its assets, liabilities, fund equity, revenues, and expenditures, or expenses, as appropriate. Government resources are allocated to and accounted for in individual funds based upon the purposes for which they are to be spent and the means by which spending activities are controlled.

The various funds are grouped in the financial statements of this report into seven generic fund types and three broad fund categories as follows:

#### GOVERNMENTAL FUNDS

General Fund - The General Fund is the general operating fund of the county. It is used to account for all financial resources except those required to be accounted for in another fund.

Special Revenue Funds - Special Revenue Funds are used to account for the proceeds of specific revenue sources (other than expendable trusts or major capital projects) that are legally restricted to expenditures for specific purposes.

Debt Service Fund - The General Debt Service Fund is used to account for the accumulation of resources for, and the payment of, general long-term debt principal, interest, and related costs.

Capital Projects Funds - Capital Projects Funds are used to account for financial resources to be used for the acquisition or construction of major capital facilities (other than those financed by Proprietary Funds).

#### PROPRIETARY FUNDS

Enterprise Funds - Enterprise Funds are used to account for operations (a) that are financed and operated in a manner similar to private business enterprises - where the intent of the governing body is that the costs (expenses, including depreciation) of providing goods or services to the general public on a continuing basis be financed or recovered primarily through user charges or (b) where the governing body has decided that periodic determination of revenues earned, expenses incurred, and/or net income is appropriate for capital maintenance, public policy, management control, accountability, or other purposes. The Solid Waste Disposal Fund is accounted for as an Enterprise Fund.

Internal Service Fund - The Self-Insurance Fund is used to account for the financing of goods or services provided by one department or agency to other departments or agencies of the county, or to other governments, on a cost-reimbursed basis.

#### FIDUCIARY FUNDS

Trust and Agency Funds - Trust and Agency Funds are used to account for assets held by the county in a trustee capacity or as an agent for individuals,

private organizations, other governments, and/or other funds. These include Expendable Trust, Nonexpendable Trust, Pension Trust, and Agency Funds. The county does not have any Nonexpendable Trust or Pension Trust Funds. Expendable Trust Funds are accounted for in essentially the same manner and reported with the Governmental Funds. Agency Funds are custodial in nature (assets equal liabilities) and do not involve measurement of results of operations.

### ACCOUNT GROUPS

The General Long-Term Debt Account Groups are used by the primary government and the discretely presented Lawrence County School Department to account for general long-term debt and certain other liabilities that are not specific liabilities of Proprietary or Trust Funds. The General Long-Term Debt Account Groups are not funds. They are concerned only with the measurement of financial position and are not involved with the measurement of results of operations.

### COMPONENT UNIT

The Lawrence County School Department uses a General Fund, three Special Revenue Funds, a Capital Projects Fund, and one account group.

### BASIS OF ACCOUNTING

The accounting and financial reporting treatment applied to a fund is determined by its measurement focus. All Governmental Funds and Expendable Trust Funds are accounted for using a current financial resources measurement focus. With this measurement focus, only current assets and current liabilities generally are included on the balance sheet. Operating statements of these funds present increases (i.e., revenues and other financing sources) and decreases (i.e., expenditures and other financing uses) in net current assets.

All Proprietary Funds are accounted for on a flow of economic resources measurement focus. With this measurement focus, all assets and all liabilities associated with the operation of these funds are included on the balance sheet. Fund equity (i.e., net total assets) is segregated into contributed capital and fund balances/retained earnings components. Proprietary fund-type operating statements present increases (e.g., revenues) and decreases (e.g., expenses) in net total assets.

Basis of accounting refers to when revenues and expenditures are recognized in the accounts and reported in the financial statements. Basis of accounting relates to the timing of the measurements made, regardless of the measurement focus applied.

All Governmental Funds, Expendable Trust Funds, and Agency Funds are accounted for using the modified accrual basis of accounting. Their revenues are recognized when they become measurable and available as net current assets. Funds in which expenditures determine the eligibility for grants

recognize revenue at the time of the expenditures. Grant proceeds received prior to meeting the aforementioned revenue recognition policy are recorded as deferred revenue. Expenditures are generally recognized under the modified accrual basis of accounting when the related fund liability is incurred. Principal and interest on general 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.

The primary revenues susceptible to accrual are revenues received from the State of Tennessee. Sales taxes collected and held by the state at year-end on behalf of the county and its component units are also recognized as revenue.

All Proprietary Funds are accounted for using the accrual basis of accounting. Their revenues are recognized when they are earned, and their expenses are recognized when they are incurred.

The financial statements of the primary government's Solid Waste Disposal Fund (Enterprise Fund) and the Self-Insurance Fund (Internal Service Fund) have been prepared in conformity with all applicable GASB pronouncements, as well as the following pronouncements issued on or before November 30, 1989, unless those pronouncements conflict or contradict GASB pronouncements: Financial Accounting Standards Board Statements and Interpretations, Accounting Principles Board Opinions, and Accounting Research Bulletins of the Committee on Accounting Procedure.

#### F. Budget

The county and the Lawrence County School Department component unit are required by state statute to adopt annual budgets. The General Fund, Special Revenue Funds, and General Debt Service Fund budgets are prepared on the basis in which current available funds must be sufficient to meet current expenditures. Expenditures and encumbrances may not legally exceed appropriations authorized by the County Commission and any authorized revisions. Unencumbered appropriations lapse at the end of each fiscal year.

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

The Constitutional Officers - Fees Fund is used to account for transactions of the fee and commission accounts of the county trustee, clerks, register, and sheriff. These are separately elected or appointed officials. The trustee, county clerk, and register paid their salaries and their deputies from fees and commissions earned. Salary payments to the deputies were supported by court decrees or letters of agreement which were obtained under provisions of

Section 8-20-101, et seq., Tennessee Code Annotated. The circuit and general sessions courts clerk, clerk and master, and sheriff had all salaries and other operating expenses paid from county funds, and all fees and commissions earned were reported and paid to the county's General Fund monthly. In addition to the statutory salary, the sheriff received a training supplement of \$600 from the State of Tennessee and \$2,704 as workhouse superintendent. Transactions related to the fee and commission accounts of these officials are not subject to the budgetary control of the County Commission. Therefore, this fund is presented as a non-budgeted Special Revenue Fund.

The county's budgetary basis of accounting is consistent with generally accepted accounting principles (GAAP), except instances in which encumbrances are treated as budgeted expenditures. Therefore, actual amounts in the accompanying budgetary comparison statement are presented on this budgetary basis. A reconciliation of the differences between the budgetary basis and the GAAP basis is as follows for Lawrence County, the primary government only:

	General Fund	Special Revenue Funds
<b>Expenditures and Other Uses:</b>		
GAAP Basis - Exhibit B	\$ 6,867,788	\$ 5,852,528
Add: Current-year Reserve for Encumbrances	20,224	9,384
Less: Prior-year Reserve for Encumbrances	(38,206)	(1,995)
Less: Non-budgeted Constitutional Officers - Fees Fund	0	(1,155,698)
Budgetary Basis - Exhibit C	<u>\$ 6,849,806</u>	<u>\$ 4,704,219</u>

Capital  
Projects  
Funds

Expenditures and Other Uses:	
GAAP Basis - Exhibit B	\$ 1,567,708
Add: Current-year Reserve for Encumbrances	8,119
Budgetary Basis - Exhibit C	<u>\$ 1,575,827</u>

**G. Encumbrances**

Encumbrance accounting, under which purchase orders, contracts, and other commitments for expenditures are recorded to reserve that portion of the applicable appropriation, is employed as a formal budgetary tool by Lawrence County and the discretely presented Lawrence County School Department in the General and certain Special Revenue Funds. Encumbrances do not constitute expenditures or liabilities and are recorded as reservations of fund balance with the related expenditure being recorded in the subsequent year.



H. Taxes Receivable

Property taxes receivable on file in the Trustee's Office are presented on the balance sheet with offsetting deferred revenue-taxes to reflect amounts not available as of June 30, 2000. Property taxes collected within 30 days of year-end are immaterial for financial reporting purposes and thus are not accrued. The allowance for uncollectible taxes represents the estimated amount of the receivable which will be filed in court for collection. Delinquent taxes filed in court for collection are not included in taxes receivable since they are neither measurable nor available.

I. Other Deferred Revenues

Other deferred revenues reflected in the General Fund represent ambulance service billings that will be recognized as collected from individuals, insurance companies, and government programs.

J. Investments

The county trustee maintains a cash and internal investment pool that is used by all funds and the discretely presented Lawrence County School Department. Each fund type's portion of this pool is displayed on the combined balance sheet as Equity in Pooled Cash and Investments. Most income from these pooled investments is assigned to the General, Highway/Public Works, General Debt Service, Highway Capital Projects, and General Purpose School Funds. Lawrence County and the Lawrence County 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 and investments in the State Treasurer's Investment Pool are reported at cost. The State Treasurer's Investment Pool is not registered with the Securities and Exchange Commission (SEC) as an investment company, but nevertheless has a policy that it will, and does, operate in a manner consistent with the SEC's Rule 2a7 of the Investment Company Act of 1940. Rule 2a7 allows SEC-registered mutual funds to use amortized cost rather than fair value to report net assets to compute share prices if certain conditions are met. 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 treasurer. All other investments are reported at fair value. No investments required to be reported at fair value were held at the balance sheet date.

K. Prepaid Items

During the year, Highway/Public Works Fund payroll taxes that relate to the 2000-01 fiscal year were paid.

L. Note Receivable

The Lawrence County General Debt Service Fund had an intergovernmental long-term note receivable totaling \$67,500 at June 30, 2000. This note receivable resulted from the use of idle county funds to finance the purchase of property. The note receivable in the General Debt Service Fund represents a long-term interfund loan and is offset by a reservation of fund balance.

M. Inventories

Inventories of the Solid Waste Disposal Fund and the discretely presented Lawrence County School Department's Central Cafeteria Fund consist of expendable supplies held for consumption and are valued at cost based on the first-in, first-out (FIFO) method.

N. Fixed Assets and Long-term Liabilities

Fixed assets of the governmental fund types are recorded as expenditures when purchased. Lawrence County does not maintain a General Fixed Assets Account Group; therefore, these assets are not capitalized, as required by generally accepted accounting principles.

Long-term liabilities expected to be financed from Governmental Funds are accounted for in the General Long-Term Debt Account Group, not in the Governmental Funds. These long-term liabilities are recorded as expenditures in the Governmental Funds when paid or matured. The discretely presented Lawrence County School Department also maintains a General Long-Term Debt Account Group.

The General Long-Term Account Groups are not funds. They are concerned only with the measurement of financial position and are not involved with the measurement of results of operations.

All Proprietary Funds are accounted for on a cost of services or capital maintenance measurement focus. This means that all assets and liabilities (whether current or non-current) associated with their activity are included on their balance sheets. Their reported fund equity (net total assets) is segregated into contributed capital and fund balance/retained earnings components. Proprietary fund type operating statements present increases (revenues) and decreases (expenses) in net total assets. Depreciation of all exhaustible fixed assets used by Proprietary Funds is charged as an expense against their operations. Accumulated depreciation is reported on Proprietary Fund balance sheets. The primary government's Solid Waste Disposal Fund (Enterprise Fund) has provided for depreciation on the straight-line method, computed over the estimated useful lives of the assets, which range from five years for machinery and equipment and 20 years for building and improvements.

O. Reserves

All reserves of the Governmental Funds, including those of the discretely presented Lawrence County School Department (with the exception of the Reserve for Encumbrances and Reserve for Notes Receivable already discussed), represent unexpended revenues which are legally required to be reappropriated and expended for specific purposes in subsequent years.

The Reserve for Other General Purposes (\$37,145) reflected on the balance sheet of the General Fund represents a state grant for the matching portion of a COPS grant.

The Reserve for Other General Purposes (\$68,299) reflected on the balance sheet of the Public Library Fund represents a gift to be used for library purposes.

The Reserve for Other General Purposes (\$95,835) reflected on the balance sheet of the Internal Service Fund represents excess premiums paid by the various funds.

P. Compensated Absences

The personnel policy of the General Government and Highway Department provides for employees to earn vacation at the rate of six to 18 days per year, depending upon length of service. The policy provides for employees to carry over an amount not to exceed 50 percent (maximum of nine days) of their annual leave. The accumulated vacation days will be paid to employees upon separation of service. As noted in the Findings and Recommendations Section of this report, the Highway Department does not follow its written personnel policy, but instead pays its employees for all of their accumulated vacation days at the end of each calendar year. In the Governmental Fund types, the cost of vacation benefits is recognized when payments are made to employees. A long-term liability of \$100,602 of accrued vacation benefits at June 30, 2000, has been recorded in the General Long-term Debt Account Group of Lawrence County representing the county's commitment to fund such costs with future financial resources.

The personnel policy further provides for employees to earn sick leave at the rate of one day per month with unlimited accumulation. The granting of sick leave has no guaranteed payment attached and, therefore, is not required to be accrued or recorded.

General policy of the Lawrence County School Department provides for central office and bus/building maintenance employees to earn vacation at the rate of 12 to 18 days per year, depending upon length of service and length of contract. The policy provides for employees to carry forward to the next year any unused annual days not to exceed 20 days. A long-term liability of \$28,377 of accrued vacation benefits at June 30, 2000, has been recorded in the General Long-term Debt Account for the Lawrence County

School Department representing the School Department's commitment to fund such costs with future financial resources.

General policy of the discretely presented Lawrence County School Department for all professional personnel (teachers) permits the unlimited accumulation of unused sick leave days. Non-certified personnel are granted one day per month worked for sick leave with unlimited accumulation. The granting of sick leave has no guaranteed payment attached and therefore requires no accrual or recording in the General Long-term Debt Account Group.

Q. Interfund Transactions

Quasi-external transactions are accounted for as fund revenues and expenditures or expenses (as appropriate). Transactions that constitute reimbursements of a fund for expenditures initially made from the fund and that are properly applicable to another fund are recorded as expenditures or expenses (as appropriate) in the reimbursing fund and as reductions of expenditures or expenses in the fund that is reimbursed.

All interfund transactions, except advances, quasi-external transactions, and reimbursements, are accounted for as transfers. Nonrecurring or nonroutine transfers of equity between funds are considered residual equity transfers, and all other transfers are treated as operating transfers.

R. Statement of Cash Flows

For purposes of the Statement of Cash Flows for the primary government's Solid Waste Disposal and Self-Insurance Funds, cash includes cash on deposit with the county trustee and cash on hand.

2. OFFICE OF CENTRAL ACCOUNTING, BUDGETING, AND PURCHASING

Lawrence County operates under provisions of the Fiscal Control Acts of 1957, which provide for a system of central accounting, budgeting, and purchasing covering funds administered by the county executive and the road superintendent. These funds were maintained in the Office of Central Accounting, Budgeting, and Purchasing under the supervision of the director of accounts and budgets.

3. PURCHASING LAWS

Office of County Executive and Road Superintendent

Purchasing procedures for these offices are governed by the Fiscal Control Acts of 1957, Section 5-14-101 et seq., Tennessee Code Annotated (TCA). Purchasing procedures for the Road Department are also governed by the Uniform Road Law, Section 54-7-113, TCA. These statutes require that purchase orders be issued for all purchases and that sealed bids be solicited on purchases exceeding \$5,000. The County Commission requires three quotes for purchases estimated to be between \$2,500 and \$5,000.

Office of Director of Schools

Purchasing procedures for the discretely presented Lawrence County School Department are governed by purchasing laws applicable to schools, as set forth in Section 49-2-203, Tennessee Code Annotated, which provide for the county Board of Education, through its executive committee (director of schools and chairman of the Board of Education), to make all purchases. This statute also requires that competitive bids be solicited through newspaper advertisement on all purchases exceeding \$5,000.

4. DEPOSITS AND INVESTMENTS

The captions on the combined balance sheet related to cash and investments are as follows for Lawrence County and the discretely presented Lawrence County School Department:

	Lawrence County	Lawrence County School Department
Equity in Pooled Cash and Investments	\$ 9,126,743	\$ 2,427,372
Cash	1,101,568	3,365
Total	<u>\$ 10,228,311</u>	<u>\$ 2,430,737</u>

Lawrence County and the Lawrence 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, depositing, and investing most county funds. Each fund type's portion of this pool is displayed on the combined balance sheet as Equity in Pooled Cash and Investments. Cash reflected on the combined balance sheet represents non-pooled amounts held separately by individual funds.

Cash on the combined balance sheet includes cash on hand, demand deposits, certificates of deposit, and passbook savings accounts. Cash on the combined balance sheet is analyzed as follows:

	Lawrence County	Lawrence County School Department
Cash on Hand	\$ 4,718	\$ 0
Cash in Bank	1,096,850	3,365
Total	<u>\$ 1,101,568</u>	<u>\$ 3,365</u>

Deposits - All deposits with financial institutions must be secured by one of two methods. One method involves financial institutions that participate in the bank collateral pool administered by the state treasurer. Participating banks determine

the aggregate balance of their public fund accounts for the State of Tennessee and its political subdivisions. The amount of collateral required to secure these public deposits must equal at least 105 percent of the average daily balance of public deposits held. Collateral securities required to be pledged by the participating banks to protect their public fund accounts are pledged to the state treasurer on behalf of the bank collateral pool. The securities pledged to protect these accounts are pledged in the aggregate rather than against each individual account. The members of the pool may be required by agreement to pay an assessment to cover any deficiency. Under this additional assessment agreement, public fund accounts covered by the pool are considered to be insured for the purposes of credit risk disclosure.

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

Separate disclosures concerning carrying amounts and bank balances of pooled deposits cannot be made for Lawrence County and the discretely presented Lawrence County School Department since both pool their deposits and investments through the county trustee. The carrying amount of Lawrence County's and the Lawrence County School Department's deposits with financial institutions was \$12,430,666, and the bank balance was \$14,253,283. These deposits are categorized as follows to give an indication of the level of risk assumed at year-end. Category 1 includes deposits insured or collateralized with securities held by the entity or its agent in the entity's name. Category 2 includes deposits collateralized with securities held by the pledging financial institutions' agent or trust department in the entity's name. Category 3 includes deposits uncollateralized or collateralized with securities held by the pledging financial institution or by its trust department or agent but not in the entity's name. Category 1 deposits were \$14,253,283.

Investments - Counties are authorized to make direct investments in bonds, notes, or treasury bills of the U.S. government, and obligations guaranteed by the U.S. government, or any of its agencies; bonds of any state or political subdivision rated A or higher by any nationally recognized rating service; and the county's own legally issued bonds or notes. These investments may not have a maturity greater than two years. The county may make investments with longer maturities if various restrictions set out in state law are followed. Counties are also authorized to make investments in the State Treasurer's Investment Pool and in repurchase agreements. Repurchase agreements must be approved by the state director of Local Finance and executed in accordance with procedures established by the State Funding Board. Securities purchased under a repurchase agreement must be obligations of the U.S. government, or obligations guaranteed by the U.S. government, or any of its agencies. When repurchase agreements are executed, the purchase of the securities must be priced at least two percent below the market value of the securities on the day of purchase. The county had no pooled or non-pooled investments at June 30, 2000.

5. RETAINED EARNINGS DEFICIT

The Solid Waste Disposal Fund (Proprietary Fund) had a retained earnings deficit of \$3,168,933 at June 30, 2000. Further information relating to this deficit is included in note 18.

6. PROPERTY TAXES

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

7. FIXED ASSETS

Proprietary Fund Type Fixed Assets

A summary of proprietary fund type fixed assets at June 30, 2000, follows:

Landfill Facilities and Development Buildings and Improvements Machinery and Equipment	Enterprise Fund Solid Waste Disposal Fund
Total	\$ 82,859
Less Accumulated Depreciation	515,962
Net Fixed Assets	<u>1,077,037</u>
	\$ 1,675,858
	<u>(793,258)</u>
	<u>\$ 882,600</u>

8. COMMITMENTS

A. Committed Construction

At June 30, 2000, the Highway Department had uncompleted bridge construction projects of approximately \$8,119. Funding has been received for these future expenditures.

B. Leases

The present value of minimum lease payments under lease agreements has been recorded in the General Long-term Debt Account Group and the Solid Waste Disposal Fund (Enterprise Fund). Future minimum payments under capital leases consisted of the following at June 30, 2000:

<u>Lawrence County</u>	General Long-Term Debt	Solid Waste Disposal Fund
2000-01	\$ 61,939	\$ 52,199
2001-02	61,939	23,286
2002-03	0	9,702
<hr/>		
Total Minimum Lease Payments	\$ 123,878	\$ 85,187
Amounts Representing Interest	(7,390)	(4,321)
Present Value of Minimum Lease Payments	<u>\$ 116,488</u>	<u>\$ 80,866</u>

On December 15, 1999, Lawrence County entered into a three-year lease-purchase agreement for a Solid Waste Disposal Fund wheel loader. The terms of the agreement call for total lease payments of \$64,554 plus interest at 5.5 percent. Title to the leased equipment transfers to Lawrence County at the end of the lease period. Minimum lease payments are \$69,858, and the present value of the minimum lease payments was \$64,554 at June 30, 2000.

**9. INTERFUND RECEIVABLES AND PAYABLES**

Interfund balances of Lawrence County and the discretely presented Lawrence County School Department at June 30, 2000, were:

<u>Fund</u>	<u>Interfund Receivables</u>	<u>Interfund Payables</u>
General	\$ 45,528	\$ 0
Industrial/Economic Development	0	33,767
Constitutional Officers - Fees	0	2,538
General Debt Service	10,513	0
Central Cafeteria	170	0
Highway/Public Works	0	10,513
<hr/>		
Total	<u>\$ 56,211</u>	<u>\$ 46,818</u>

Of the above interfund receivables, \$9,223 represent funds disbursed and in transit from the Constitutional Officers - Fees Fund but not yet received by the General Fund, and \$170 disbursed and in transit from the Extended School Program Fund, but not yet received by the Central Cafeteria Fund as of June 30, 2000.

**10. LONG-TERM DEBT**

Primary Government

The following is a summary of changes in liabilities included in general long-term debt for the year ended June 30, 2000:



	Bonds	Notes	Capitalized Leases
Balance, July 1, 1999	\$ 25,115,000	\$ 3,386,700	\$ 0
Additions	0	0	172,450
Deductions	(1,600,000)	(346,200)	(55,962)
Balance, June 30, 2000	\$ 23,515,000	\$ 3,040,500	\$ 116,488

	Other Loans	Accrued Leave
Balance, July 1, 1999	\$ 10,000,000	\$ 79,930
Additions	0	20,672
Deductions	(24,583)	0
Balance, June 30, 2000	\$ 9,975,417	\$ 100,602

The additions to capitalized leases payable represent capitalized leases issued by the primary government for patrol cars. These capitalized leases will be retired from the county's General Fund.

The county issues general obligation bonds and other loans to provide funds for the acquisition and construction of major capital facilities. In addition, general obligation bonds have been issued to refund other general obligation bonds. Capital outlay notes are also issued to fund capital facilities and other capital outlay purchases, such as equipment.

General obligation bonds, other loans, and capital outlay notes are direct obligations and pledge the full faith and credit of the government. General obligation bonds, other loans, and capital outlay notes outstanding were issued for original terms of up to 20 years for bonds, up to 20 years for other loans, and up to 12 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, other loans, and notes included in the General Long-term Debt Account Group as of June 30, 2000, will be retired from the county's General and General Debt Service Funds.

General obligation bonds, other loans, capitalized leases, and capital outlay notes outstanding as of June 30, 2000, are as follows:

Purpose	Interest Rate	Amount
General Obligation Bonds	4.84 to 5.3%	\$ 14,490,000
General Obligation Bonds - Refunding	4.5 to 6	9,025,000
Other Loans	variable	9,975,417
Capital Outlay Notes	3.8 to 5.5	3,040,500
Capitalized Leases	5.5	116,488

The annual requirements to amortize all general obligation bonds, notes, and other loans outstanding as of June 30, 2000, including interest payments of \$10,559,891 (bonds) and \$816,469 (notes), are presented in the following table. Estimated

annual principal requirements for the \$9,975,417 Public Building Authority loan are also reflected in the table. The loan agreement carries a variable interest rate; therefore, interest amounts are not reflected in the table for the authority loan.

Year Ending June 30	Bonds	Notes	Other Loans	Total
2001	\$ 2,431,168	\$ 454,930	\$ 270,417	\$ 3,156,515
2002	2,234,644	387,863	500,000	3,122,507
2003	2,241,242	389,552	525,000	3,155,794
2004	2,238,009	328,052	545,000	3,111,061
2005	2,242,075	328,423	570,000	3,140,498
2006-16	22,687,753	1,968,149	7,565,000	32,220,902
<b>Total</b>	<b>\$ 34,074,891</b>	<b>\$ 3,856,969</b>	<b>\$ 9,975,417</b>	<b>\$ 47,907,277</b>

There is \$5,110,845 available in the General Debt Service Fund to service general long-term debt. General bonded debt per capita amounted to \$666, based on the 1990 federal census. Total debt per capita, including bonds, other loans, capitalized leases, and notes amounted to \$1,038, based on the 1990 federal census.

Discretely Presented Lawrence County School Department

The following is a summary of changes in liabilities included in the discretely presented Lawrence County School Department's general long-term debt for the year ended June 30, 2000:

	Notes	Accrued Leave
Balance, July 1, 1999	\$ 15,770	\$ 25,079
Additions	0	3,298
Deductions	(2,000)	0
<b>Balance, June 30, 2000</b>	<b>\$ 13,770</b>	<b>\$ 28,377</b>

The annual requirements to amortize the non-interest bearing notes outstanding as of June 30, 2000, are as follows:

Year Ending June 30	Notes
2001	\$ 2,000
2002	2,000
2003	2,000
2004	2,000
2005	2,000
2006-07	3,770
<b>Total</b>	<b>\$ 13,770</b>

**11. REVENUE ANTICIPATION NOTES**

During the period under examination, Lawrence County issued revenue anticipation notes of \$1,000,000 to provide temporary operating funds for the General Fund. These notes were retired prior to June 30, 2000, as required by state statutes, and therefore have not been reflected in the financial statements of this report.

**12. DEFEASANCE OF PRIOR DEBT**

In prior years, Lawrence County defeased certain outstanding general obligation bonds by placing the proceeds of new bonds into an irrevocable trust to provide for all future debt service payments on the old bonds. The trustee is empowered and required to pay all principal and interest on the defeased bonds as originally scheduled. Accordingly, the trust accounts and the defeased bonds are not included in the county's financial statements. At June 30, 2000, the following outstanding bonds are considered defeased:

1994 General Obligation Series \$8,425,000

**13. LITIGATION**

The county is a defendant in a class action lawsuit. The plaintiffs allege that the solid waste fees levied by Lawrence County for the 1999-2000 fiscal year were unlawfully assessed. A circuit judge has held that the resolution adopted by the county for the solid waste disposal fees was invalid. This case is currently under appeal, and a stay on the class action has been requested by the county. If the plaintiffs prevail on appeal, Lawrence County's loss could exceed \$1,000,000. As a result of the court ruling, a claims and Judgments Payable of \$1,000,000 has been reflected in the Solid Waste Disposal Fund.

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

**14. EXPENDITURES EXCEEDED APPROPRIATIONS**

Expenditures exceeded appropriations approved by the County Commission in the General Debt Service Fund by \$339,146.

Expenditures exceeded appropriations at the level of control presented in Exhibit A-1 for the General Fund and Exhibit F-3 for the General Purpose School Fund.

**15. RISK-FINANCING ACTIVITIES**

Lawrence County and the discretely presented Lawrence County School Department have chosen to establish the Self-Insurance Fund for risks associated with compensation claims due to on-the-job injuries. The Self-Insurance Fund is accounted for as an Internal Service Fund in which assets are aggregated for claim settlements. The county retains the risk of loss to a limit of \$25,000 per claim. The

county had purchased an occupational accident commercial insurance policy to cover claims over \$25,000 per occurrence or up to \$1,000,000 per accident.

Under this plan, each county department is paying into this fund a prorated share of the commercial insurance policy, as well as an amount equal to the specific medical claims and wages for employees of their respective departments. Liabilities of the fund are reported when it is probable that a loss has occurred and the amount of the loss can be reasonably estimated. The Self-Insurance Fund establishes claims liabilities based on estimates of the ultimate cost of claims that have been reported but not settled, and of claims that have been incurred but not reported. Claims liabilities include 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	Current-year Claims and Estimates	Payments	End of Fiscal Year Liability
1998-99	\$ 87,593	\$ 50,789	\$ (111,534)	\$ 26,848
1999-00	26,848	105,627	(132,475)	0

Lawrence County and the Lawrence County School Department continue to carry commercial insurance for all other risks of loss, including general liability, property, casualty, and employee health and accident. Settled claims have not exceeded this commercial coverage in any of the past three fiscal years.

#### 16. CONTINGENT LIABILITY

Lawrence County is contingently liable for the judgment assessed against the Solid Waste Disposal Fund referred to in note 13. Lawrence County would become liable for this judgment in the event the Solid Waste Disposal Fund cannot meet this obligation.

#### 17. SUBSEQUENT EVENTS

Mr. James Smith left the Office of Assessor on August 31, 2000, and was succeeded by Mr. Estes Taylor.

On October 5, 2000, Lawrence County authorized the issuance of interest-bearing general obligation capital outlay notes, series 2000, not to exceed \$1,600,000 to fund various projects.

On November 6, 2000, Lawrence County authorized the re-financing of a school bond issue.

#### 18. LANDFILL CLOSURE AND POSTCLOSURE CARE COSTS

State and federal laws and regulations require the county to place a final cover on the Lawrence County landfill site when it stops accepting waste and to perform

certain maintenance and monitoring functions at the site for 30 years after closure. Although closure and postclosure care costs will be paid only near or after the date that the landfill stops accepting waste, the Solid Waste Disposal Fund reports a portion of these closure and postclosure care costs as an operating expense in each period based on landfill capacity used as of each balance sheet date. The \$2,270,533 reported as landfill closure and postclosure care liability at June 30, 2000, represents the cumulative amount recorded to date based on the use of 89 percent of the estimated capacity of the landfill. The landfill will recognize the remaining estimated cost of closure and postclosure care of \$280,627 as the remaining estimated capacity is filled. These amounts are based on estimates of what it would cost to perform all closure and postclosure care in 2000. Actual costs may be higher due to inflation, changes in technology, or changes in regulations.

19.

#### RETIREMENT COMMITMENTS

##### Plan Description

###### General County Employees

Employees of Lawrence 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, Chapter 34-37 of Tennessee Code Annotated. State statutes are amended by the Tennessee General Assembly. Political subdivisions such as Lawrence 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.

The TCRS issues a publicly available financial report that includes financial statements and required supplementary information for the PSPP. That report may be obtained by writing to the Tennessee Treasury Department, Consolidated Retirement System, 10<sup>th</sup> Floor, Andrew Jackson Building, Nashville, TN 37243-0230 or can be accessed at [www.treasury.state.tn.us](http://www.treasury.state.tn.us).

###### Lawrence County Public Library Employees

Employees of Lawrence 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 ten 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 ten 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, Chapter 34-37 of Tennessee Code Annotated. State statutes are amended by the Tennessee General Assembly. Political subdivisions such as Lawrence 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.

The TCRS issues a publicly available financial report that includes financial statements and required supplementary information for the PSPP. That report may be obtained by writing to the Tennessee Treasury Department, Consolidated Retirement System, 10<sup>th</sup> Floor, Andrew Jackson Building, Nashville, TN 37243-0230 or can be accessed at [www.treasury.state.tn.us](http://www.treasury.state.tn.us).

### **Funding Policy**

#### General County Employees

Lawrence County requires employees to contribute 5.0 percent of earnable compensation. Lawrence County is required to contribute at an actuarially determined rate; the rate for the fiscal year ended June 30, 2000, was 4.10 percent of annual covered payroll. The contribution requirement of plan members is set by state statute. The contribution requirement for Lawrence County is established and may be amended by the TCRS Board of Trustees.

#### Lawrence County Public Library Employees

Lawrence County requires employees to contribute 5.0 percent of earnable compensation. Lawrence County is required to contribute at an actuarially determined rate; the rate for the fiscal year ended June 30, 2000, was 9.96 percent of annual covered payroll. The contribution requirement of plan members is set by state statute. The contribution requirement for Lawrence County is established and may be amended by the TCRS Board of Trustees.

### **Annual Pension Cost**

#### General County Employees

For the year ended June 30, 2000, Lawrence County's annual pension cost of \$870,847 to TCRS was equal to the county's required and actual contributions. The required contribution was determined as part of the June 30, 1997, actuarial valuation using the frozen initial liability actuarial cost method. Significant actuarial assumptions used in the valuation include (a) rate of return on investment of present and future

assets of 7.5 percent a year compounded annually, (b) projected salary increases of 5.5 percent annual rate (no explicit assumption is made regarding the portion attributable to the effects of inflation on salaries), (c) projected 4.5 percent annual increase in the Social Security wage base, and (d) projected post retirement increases of 3.0 percent annually. The actuarial value of assets was determined using techniques that smooth the effect of short-term volatility in the market value of total investments over a five-year period. Lawrence County's unfunded actuarial accrued liability is being amortized as a level dollar amount on a closed basis. The remaining amortization period at June 30, 1997, was 21 years. Required contribution rates as determined by the July 1, 1999, actuarial valuation are effective July 1, 2000.

▼ Trend Information

Fiscal Year Ended	Annual Pension Cost (APC)	Percentage of APC Contributed	Net Pension Obligation
6/30/00	\$ 370,847	100%	\$0
6/30/99	338,145	100	0
6/30/98	335,173	100	0

Lawrence County Public Library Employees

For the year ended June 30, 2000, Lawrence County's annual pension cost of \$9,005 to TCRS was equal to the county's required and actual contributions. The required contribution was determined as part of the June 30, 1997, actuarial valuation using the frozen initial liability actuarial cost method. Significant actuarial assumptions used in the valuation include (a) rate of return on investment of present and future assets of 7.5 percent a year compounded annually, (b) projected salary increases of 5.5 percent annual rate (no explicit assumption is made regarding the portion attributable to the effects of inflation on salaries), (c) projected 4.5 percent annual increase in the Social Security wage base, and (d) projected post retirement increases of 3.0 percent annually. The actuarial value of assets was determined using techniques that smooth the effect of short-term volatility in the market value of total investments over a five-year period. Lawrence County's unfunded actuarial accrued liability is being amortized as a level dollar amount on a closed basis. The remaining amortization period at June 30, 1997, was 24 years. Required contribution rates as determined by the July 1, 1999, actuarial valuation are effective July 1, 2000.

Trend Information

Fiscal Year Ended	Annual Pension Cost (APC)	Percentage of APC Contributed	Net Pension Obligation
6/30/00	\$ 9,005	100 %	\$ 0
6/30/99	8,296	100	0
6/30/98	7,774	100	0

**Required Supplementary Information**  
**Schedule of Funding Progress for Lawrence County**

General County Employees

(Dollar amounts in thousands)

Actuarial Valuation Date	Actuarial Value of Assets	Actuarial Accrued Liability (AAL)	Unfunded AAL (UAAL)	Funded Ratio	Covered Payroll	UAAL as a Percentage Of Covered Payroll ((b - a)/c)
	(a)	(b)	(b) - (a)	(a/b)	(c)	
6/30/99	\$ 13,899	\$ 14,844	\$ 945	93.63%	\$ 8,247	11.46%
6/30/97	11,087	11,264	177	98.43	6,951	2.55
6/30/95	8,159	8,680	521	93.99	6,182	8.44

Lawrence County Public Library Employees

(Dollar amounts in thousands)

Actuarial Valuation Date	Actuarial Value of Assets	Actuarial Accrued Liability (AAL)	Unfunded AAL (UAAL)	Funded Ratio	Covered Payroll	UAAL as a Percentage Of Covered Payroll ((b - a)/c)
	(a)	(b)	(b) - (a)	(a/b)	(c)	
6/30/99	\$ 143	\$ 143	\$ 0	100.00%	\$ 83	0.00%
6/30/97	98	98	0	100.00	94	0.00
6/30/95	55	60	5	92.17	97	4.84

**SCHOOL TEACHERS**

**Plan Description**

Lawrence County contributes to the State Employees, Teachers, and Higher Education Employees Pension Plan (SETHEEPP), a cost-sharing 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, to plan members and their beneficiaries. 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 who are at least 55 years of age or have 25 years of service. 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 plan on or after July 1, 1979, are vested after five years of service. Members joining prior to July 1, 1979, are 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. A cost of living adjustment (COLA) is provided to retirees each July based on the percentage change in the Consumer Price Index (CPI) during the previous calendar year. No COLA is granted if the CPI increases less than one-half percent. The annual COLA is capped at three percent.

The TCRS issues a publicly available financial report that includes financial statements and required supplementary information for the SETHHEPP. That report may be obtained by writing to the Tennessee Treasury Department, Consolidated Retirement System, 10<sup>th</sup> Floor, Andrew Jackson Building, Nashville, TN 37248-0280 or can be accessed at [www.treasury.state.tn.us](http://www.treasury.state.tn.us).

#### **Funding Policy**

Most teachers are required by state statute to contribute 5.0 percent of their salaries to the plan. The employer contribution rate for Lawrence County is established at an actuarially determined rate. The employer rate for the fiscal year ended June 30, 2000, was 5.47 percent of annual covered payroll. The employer contribution requirement for Lawrence County is established and may be amended by the TCRS Board of Trustees. The employer's contributions to TCRS for the years ended June 30, 2000, 1999, and 1998, were \$960,083, \$885,963, and \$602,090, respectively, equal to the required contributions for each year.

**APPENDIX C:**

Specimen Copy of Financial Guaranty Insurance Company --  
Municipal Bond New Issue Insurance Policy

and

Specimen Copy of Endorsement to Financial Guaranty Insurance Company  
Insurance Policy



Financial Guaranty Insurance  
Company  
115 Broadway  
New York, NY 10006  
(212) 312-3000  
(800) 352-0001

A GE Capital Company

## Municipal Bond New Issue Insurance Policy

Issuer:

Policy Number:

Bonds:

Control Number: 0010001

Premium:

Financial Guaranty Insurance Company ("Financial Guaranty"), a New York stock insurance company, in consideration of the payment of the premium, hereby agrees to the terms of this Policy, hereby unconditionally and irrevocably agrees to pay to State Street Bank and Trust Company, N.A., or its successor, as its agent (the "Fiscal Agent"), for the benefit of Bondholders, that portion of the principal and interest on the above-described debt obligations (the "Bonds") which shall become Due for Payment but shall be unpaid by reason of Nonpayment by the Issuer.

Financial Guaranty will make such payments to the Fiscal Agent on the date such principal or interest becomes Due for Payment or on the Business Day next following the day on which Financial Guaranty shall have received Notice of Nonpayment, whichever is later. The Fiscal Agent will disburse to the Bondholder the face amount of principal and interest which is then Due for Payment but is unpaid by reason of Nonpayment by the Issuer but only upon receipt by the Fiscal Agent, in form reasonably satisfactory to it, of (i) evidence of the Bondholder's right to receive payment of the principal or interest Due for Payment and (ii) evidence, including any appropriate instruments of assignment, that all of the Bondholder's rights to payment of such principal or interest Due for Payment shall thereupon vest in Financial Guaranty. Upon such disbursement, Financial Guaranty shall become the owner of the Bond, appurtenant coupon or right to payment of principal or interest on such Bond and shall be fully subrogated to all of the Bondholder's rights thereunder, including the Bondholder's right to payment thereof.

This Policy is non-cancellable for any reason. The premium on this Policy is not refundable for any reason, including the payment of the Bonds prior to their maturity. This Policy does not insure against loss of any prepayment premium which may at any time be payable with respect to any Bond.

As used herein, the term "Bondholder" means, as to a particular Bond, the person other than the Issuer who, at the time of Nonpayment, is entitled under the terms of such Bond to payment thereof. "Due for Payment" means, when referring to the principal of a Bond, 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 and means, when referring to interest on a Bond, the stated date

Financial Guaranty Insurance  
Company  
115 Broadway  
New York, NY 10006  
(212) 312-3000  
(800) 352-0001

A GE Capital Company



## Municipal Bond New Issue Insurance Policy

for payment of interest. "Nonpayment" in respect of a Bond means the failure of the Issuer to have provided sufficient funds to the paying agent for payment in full of all principal and interest Due for Payment on such Bond. "Notice" means telephonic or telegraphic notice, subsequently confirmed in writing, or written notice by registered or certified mail, from a Bondholder or a paying agent to the Bonds to Financial Guaranty. "Business Day" means any day other than a Saturday, Sunday or a day on which the Fiscal Agent is authorized by law to remain closed.

In Witness Whereof, Financial Guaranty has caused this Policy to be affixed with its corporate seal and to be signed by its duly authorized officer in full of its duty to become effective and binding upon Financial Guaranty by virtue of the countersignature of its duly authorized representative.

*Edward J. Reif*

President

Effective Date:

Authorized Representative

State Street Bank and Trust Company, N.A., acknowledges that it has agreed to perform the duties of Fiscal Agent under this Policy.

*Quincy Tom*

Authorized Officer

Financial Guaranty Insurance  
Company  
115 Broadway  
New York, NY 10006  
(212) 312-3000  
(800) 352-0001

A GE Capital Company



**Endorsement**  
To Financial Guaranty Insurance Company  
Insurance Policy

Policy Number:

Control Number: 0010001

It is further understood that the term "Nonpayment" in respect of a Bond includes any payment of principal or interest made to a Bondholder by or on behalf of the issuer of such Bond which has been recovered from such Bondholder pursuant to the United States Bankruptcy Code by a trustee in bankruptcy in accordance with a final, nonappealable order of a court having ~~competent~~ jurisdiction.

**NOTHING HEREIN SHALL BE CONSIDERED TO WAIVE, ALTER, REDUCE OR AMEND COVERAGE IN ANY OTHER SECTION OF THE POLICY. IF FOUND CONTRARY TO THE POLICY LANGUAGE, THE TERMS OF THIS ENDORSEMENT SUPERSEDE THE POLICY LANGUAGE.**

In Witness Whereof, Financial Guaranty has caused this Endorsement to be affixed with its corporate seal and to be signed by its duly authorized officer in facsimile to become effective and binding upon Financial Guaranty by virtue of the countersignature of its duly authorized representative.

*Edward F. Reif*

President

Effective Date:

Authorized Representative

Acknowledged as of the Effective Date written above:

*Quay Damm*

Authorized Officer  
State Street Bank and Trust Company, N.A., as Fiscal Agent

COUNTY COMMISSION, LAWRENCE COUNTY  
 KENNETH WEATHERS COUNTY CLERK

RESOLUTION #	911-BOARD	JIM TIEDJENS	MOTION	SECOND	AYE	NAY	PASS	PRESENT	ABSENT
		762-3716							
	BAILEY, JACKIE	9th District	411 6th St L' Burg, TN						
			829-2358						
	BENEFIELD, RONALD	7th District	91 Benefield Ln Ethridge						
			762-5501						
	BRAZIER, OLAN	5th District	175 Reed Patch Rd L' Burg						
			762-3167						
	BUIE, JIM	9th District	508 8th St L' Burg						
			964-3404						
	BURNS, FRANKLIN	6th District	383 LBurg Henryville Eth.						
			852-2211 762-1531						
	DOSS, BARRY	3rd District	66 Shoally Br Rd Leoma						
			762-7118						
	DRYDEN, JERRY	4th District	12 Ingram Rd Leoma						
			852-2899						
	GABEL, JIM	1st District	2773 Hwy 43 POBox 176 Leoma						
			852-2221 762-1016						
	GOWEN, JIM	3rd District	114 Richardson RD Leoma						
			853-6709						
	GREEN, ROBERT L	2nd District	404 N Military PO BX 224 Loretto	X					
			853-7221 766-1500						
	MOORE, BOB	2nd District	11 Samuel Ln Loretto						
			762-5501		X				
	MOORE, W. T.	5th District	305 Ford Field Rd West Point						
			762-8078 762-3217						
	NIEDERGESES, MARK	4th District	4202 Marie Ln L' Burg						
			762-8007						
	PERRY, TIM	6th District	1136 Eth.Red Hill Rd Ethridge						
			852-2870						
	SHANNON, KEVIN	1st District	2757 Hwy 43S Leoma						
			829-2490						
	TURNER, HENRY	7th District	37 Mint Spring Rd Ethridge						
			766-1040						
	WOODALL, GLENN E	8th District	1401 Hart Ave L' Burg						
			762-7419						
	WRAY, JOE R	8th District	1403 Beckham Ave L' Burg						

Motion carried by a unanimous voice vote.

DATE July 31, 2001

COUNTY COMMISSION, LAWRENCE COUNTY  
KENNETH WEATHERS COUNTY CLERK

RESOLUTION #	MOTION	SECOND	AYE	NAY	PASS	PRESENT	ABSENT
LAWRENCE CO. MUNICIPAL SOLID WASTE REGIONAL PLANNING BOARD RAY BLAIR AND KENNETH JONES							
BATLEY, JACKIE 9th District 762-3716 411 6th St L'Burg, TN 829-2358							
BENEFIELD, RONALD 7th District 91 Benefield Ln Ethridge 762-5501							
BRAZIER, OLAN 5th District 175 Reed Patch Rd L'Burg 762-3167							
BUIE, JIM 9th District 508 8th St L'Burg 964-3404							
BURNS, FRANKLIN 6th District 383 LBurg Henryville Eth. 852-2211 762-1531							
DOSS, BARRY 3rd District 66 Shoally Br Rd Leoma 762-7118							
DRYDEN, JERRY 4th District 12 Ingram Rd Leoma 852-2899							
GABEL, JIM 1st District 2773 Hwy 43 POBox 176 Leoma 852-2221 762-1016							
GOWEN, JIM 3rd District 114 Richardson RD Leoma 853-6709							
GREEN, ROBERT L 2nd District 404 N Military PO BX 224 Loretto 853-7221 766-1500							
MOORE, BOB 2nd District 11 Samuel Ln Loretto 762-5501							
MOORE, W. T. 5th District 305 Ford Field Rd West Point 762-8078 762-3217							
NIEDERGESES, MARK 4th District 4202 Marie Ln L'Burg 762-8007							
PERRY, TIM 6th District 1136 Eth.Red Hill Rd Ethridge 852-2870							
SHANNON, KEVIN 1st District 2757 Hwy 43S Leoma 829-2490							
TURNER, HENRY 7th District 37 Mint Spring Rd Ethridge 766-1040							
WOODALL, GLENN E 8th District 1401 Hart Ave L'Burg 762-7419							
WRAY, JOE R 8th District 1403 Beckham Ave L'Burg							

Motion by Robert L. Green, second by Jim Buie to appoint Ray Blair, Motion carried by a unanimous voice vote.

Motion by Robert L. Green, second by Jim Buie to appoint Kenneth Jones, Motion carried by a unanimous voice vote.

DATE July 31, 2001

COUNTY COMMISSION, LAWRENCE COUNTY  
KENNETH WEATHERS COUNTY CLERK

RESOLUTION #	ADJOURNMENT	MOTION	SECOND	AYE	NAY	PASS	PRESENT	ABSENT
	762-3716							
BAILEY, JACKIE	9th District 411 6th St L' Burg, TN 829-2358							
BENEFIELD, RONALD	7th District 91 Benefield Ln Ethridge 762-5501							
BRAZIER, OLAN	5th District 175 Reed Patch Rd L' Burg 762-3167		X					
BUJE, JIM	9th District 508 8th St L' Burg 964-3404							
BURNS, FRANKLIN	6th District 383 LBurg Henryville Eth. 852-2211 762-1531							
DOSS, BARRY	3rd District 66 Shoally Br Rd Leoma 762-7118							
DRYDEN, JERRY	4th District 12 Ingram Rd Leoma 852-2899							
GABEL, JIM	1st District 2773 Hwy 43 POBox 176 Leoma 852-2221 762-1016							
GOWEN, JIM	3rd District 114 Richardson RD Leoma 853-6709							
GREEN, ROBERT L	2nd District 404 N Military PO BX 224 Loretto 853-7221 766-1500	X						
MOORE, BOB	2nd District 11 Samuel Ln Loretto 762-5501							
MOORE, W. T.	5th District 305 Ford Field Rd West Point 762-8078 762-3217							
NIEDERGESSES, MARK	4th District 4202 Marie Ln L' Burg 762-8007							
PERRY, TIM	6th District 1136 Eth.Red Hill Rd Ethridge 852-2870							
SHANNON, KEVIN	1st District 2757 Hwy 43S Leoma 829-2490							
TURNER, HENRY	7th District 37 Mint Spring Rd Ethridge 766-1040							
WOODALL, GLENN E	8th District 1401 Hart Ave L' Burg 762-7419							
WRAY, JOE R	8th District 1403 Beckham Ave L' Burg							

Motion to adjourn carried by a unanimous voice vote.

Thereupon the County Executive declared that this meeting be in adjournment, to meet again in due time.

DATE July 31, 2001