

PRELIMINARY OFFICIAL STATEMENT DATED JANUARY 28, 2016

NEW ISSUE-BOOK-ENTRY ONLY

**RATINGS: Aa1/AA+/AA+
Moody's/Standard & Poor's/Fitch Ratings
(See "Ratings" herein)**

In the opinion of Locke Lord LLP, Bond Counsel, based upon an analysis of existing law and assuming, among other matters, compliance with certain covenants, interest on the Bonds is excluded from gross income for federal income tax purposes under the Internal Revenue Code of 1986. Interest on the Bonds is not a specific preference item for purposes of the federal individual or corporate alternative minimum taxes, although such interest is included in adjusted current earnings when calculating corporate alternative minimum taxable income. Bond Counsel is further of the opinion that under existing law and regulations, interest on the Bonds is exempt from all state, county and municipal taxation within the State of Tennessee, except for inheritance, transfer and estate taxes and except to the extent such interest may be included within the measure of corporate privilege taxes. Bond Counsel expresses no opinion regarding any other tax consequences related to the ownership or disposition of, or the accrual or receipt of interest on, the Bonds. See "TAX MATTERS" herein.

**Official Statement
Relating to the Issuance of
Shelby County, Tennessee
\$73,325,000*
General Obligation Refunding Bonds
2016 Series A**

DATED: Date of Delivery

DUE: April 1, as shown on inside cover

The \$73,325,000* General Obligation Refunding Bonds, 2016 Series A (the "Bonds") of Shelby County, Tennessee (the "County") are issued in fully registered form without coupons. The Bonds will be registered in the name of Cede & Co., as nominee of The Depository Trust Company, New York, New York ("DTC"). DTC will act as securities depository of the Bonds. So long as Cede & Co. is the registered owner of the Bonds, as the nominee for DTC, principal and interest shall be payable to Cede & Co., as nominee for DTC, which will, in turn, remit such principal and interest to the DTC participants for subsequent disbursements to the beneficial owners of the Bonds. Individual purchases of Bonds by the public may be made through the DTC participants in principal amounts of \$5,000 or integral multiples thereof. Beneficial Owners of the Bonds will not receive physical delivery of Bond certificates. See "The Bonds - Book-Entry System" herein. Interest on the Bonds is payable at the rates specified on the inside cover on April 1 and October 1, commencing October 1, 2016, to the registered owners as of the close of business on the 15th day of the calendar month next preceding an interest payment date.

The Bonds are subject to redemption at the option of the County prior to maturity as described herein.

The Bonds are being issued to provide funds, together with other available funds of the County as described herein: (i) to refund all or a portion of certain series of general obligation bonds previously issued by the County; and (ii) to pay costs of issuance on the Bonds. The Bonds are general obligations of the County, and the full faith, credit and unlimited taxing power of the County are pledged to the payment on the Bonds without limitation as to rate or amount. See "The Bonds – Security and Remedies" herein. The County has never defaulted on its bonds or notes.

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

The Bonds will be offered when, as and if issued and received by the Underwriters and subject to the receipt of the approving legal opinion of Locke Lord LLP, West Palm Beach, Florida, Bond Counsel, (See, "LEGAL OPINIONS" herein), and certain legal matters and other conditions will be passed upon for the County by J. Ross Dyer, Esquire, County Attorney. Certain legal matters will be passed upon for the Underwriters by Charles E. Carpenter, A Professional Corporation, Memphis, Tennessee, Counsel to the Underwriters. Public Financial Management, Inc. and ComCap Advisors, a division of Community Capital, Memphis, Tennessee are serving as Co-Financial Advisors. It is anticipated that delivery of the Bonds will be made on or about February 26, 2016 through the facilities of DTC in New York, New York.

Raymond James

Duncan-Williams

Goldman, Sachs & Co.

Siebert Brandford Shank & Co., L.L.C.

This Official Statement is dated _____.

* Preliminary, subject to change.

**Official Statement
Relating to the Issuance of
Shelby County, Tennessee**

\$73,325,000*
General Obligation Refunding Bonds
2016 Series A

MATURITY SCHEDULE

<u>Due April 1</u>	<u>Principal Amount</u>	<u>Interest Rate</u>	<u>Yield</u>	<u>Initial CUSIP NO.**</u>
2017				
2018				
2019				
2020				
2021				
2022				
2023				
2024				
2025				
2026				
2027				
2028				
2029				
2030				

* Preliminary, subject to change.

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^c Yield calculated to the first optional redemption date of _____.

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SHELBY COUNTY, TENNESSEE, FINANCIAL STATEMENTS

DATED JUNE 30, 2015Appendix A

This Official Statement has been prepared only in connection with the initial offering and sale of the Bonds and may not be reproduced or used in whole or in part for any other purpose. This Official Statement is not to be construed as a contract with the purchasers of the Bonds.

No broker, dealer, salesman or any other person has been authorized to give any information or to make any representation other than those contained in the Official Statement in connection with the offering contained herein; and if given or made, such information or representations must not be relied upon. The Official Statement does not constitute an offer of the securities offered hereby to any person in any jurisdiction where such offer or solicitation of such offer would be unlawful. The information set forth herein has been obtained from the County and other sources that are believed to be reliable, but the accuracy or completeness of the information is not guaranteed by and is not to be construed as a representation by the Underwriters, Financial Advisors or the County. The delivery of the Official Statement at any time does not imply that information herein is correct as of any time subsequent to its date.

The Bonds have not been registered under the Securities Act of 1933, as amended, nor has the Resolution (as defined herein) been qualified under the Trust Indenture Act of 1939, as amended, in reliance upon exemptions contained in such as defined herein acts.

The Underwriters have provided the following sentence for inclusion in this Official Statement: *The Underwriters have reviewed the information in this Official Statement in accordance with, and as part of, their respective responsibilities to investors under the federal securities laws as applied to the facts and circumstances of this transaction, but the Underwriters do not guarantee the accuracy or completeness of such information.*

This Official Statement is not to be construed as a contract with the purchaser of the Bonds. Statements contained in this Official Statement which involve estimates, forecasts, or matters of opinion, whether or not expressly so described herein, are intended solely as such, and are not to be construed as a representation of fact. This Official Statement contains "forward-looking" statements within the meaning of Section 21E of the Securities Exchange Act of 1934, as amended. Such statements may involve known and unknown risks, uncertainties and other factors which may cause the actual results, performance and achievements to be different from future results, performance and achievements expressed or implied by such forward-looking statements. Investors are cautioned that the actual results could differ materially from those set forth in the forward-looking statements.

The information and expressions of opinions contained herein are subject to change without notice, and neither the delivery of this Official Statement nor any sale made hereunder will, under any circumstances, create any implication that there has been no change in the affairs of the County since the date hereof. For purposes of compliance with Rule 15c2-12 of the United States Securities and Exchange Commission, as amended, and in effect on the date hereof, this Preliminary Official Statement constitutes an official statement of the County that has been deemed final by the County as of its date except for the omission of no more than the information permitted by Rule 15c2-12.

IN CONNECTION WITH THIS OFFERING, THE UNDERWRITERS MAY OVERALLOT OR EFFECT TRANSACTIONS WHICH STABILIZE OR MAINTAIN THE MARKET PRICE OF THE BONDS AT A LEVEL ABOVE THAT WHICH MIGHT OTHERWISE PREVAIL IN THE OPEN MARKET; SUCH STABILIZING, IF COMMENCED, MAY BE DISCONTINUED AT ANY TIME.

THIS OFFICIAL STATEMENT IS BEING PROVIDED TO PROSPECTIVE PURCHASERS EITHER IN BOUND PRINTED FORM ("ORIGINAL BOUND FORMAT") OR IN ELECTRONIC FORMAT ON THE FOLLOWING WEBSITE: www.munideals.com. THIS OFFICIAL STATEMENT SHOULD BE RELIED UPON ONLY IF IT IS IN ITS ORIGINAL BOUND FORMAT OR AS PRINTED IN ITS ENTIRETY DIRECTLY FROM SUCH WEBSITE.

This Official Statement has been prepared by the Shelby County in connection with the original offering for sale by the County of the Bonds referred to above. See the "Introduction" for a discussion of the County's Supplemental Information Statement, which is to be used as Part II of this Official Statement. Questions regarding information in this Official Statement should be directed to Michael A. Swift, Director of Administration and Finance, Shelby County Government, Suite 1100, 160 N. Main Street, Memphis, Tennessee 38103 (901/222-2249).

**Official Statement
Relating to the Issuance of
Shelby County, Tennessee**

**\$73,325,000*
General Obligation Refunding Bonds
2016 Series A**

COUNTY OFFICIALS

MARK H. LUTTRELL, JR., MAYOR

HARVEY KENNEDY, CHIEF ADMINISTRATIVE OFFICER

BOARD OF COUNTY COMMISSIONERS

TERRY ROLAND, CHAIRMAN

WALTER BAILEY, JR.
STEVE BASAR
MARK BILLINGSLEY
WILLIE BROOKS
MELVIN BURGESS
GEORGE CHISM

VAN TURNER, CHAIRMAN, PRO TEMPORE

JUSTIN FORD
EDDIE S. JONES
REGINALD MILTON
DAVID REAVES
HEIDI SHAFER

ADMINISTRATIVE

MICHAEL A. SWIFT..... Director of Administration and Finance
MARTHA LOTT..... Director of Community Services
RICHARD S. COPELAND Director of Planning and Development
ALISA R. HAUSHALTER Director of Health Services
THOMAS E. NEEDHAM Director of Public Works
WILLIAM GUPTON..... Director of Corrections
J. ROSS DYER County Attorney
JOHN HALBERT..... Chief Information Officer
DALE A. LANE Director of Office of Preparedness

BOND COUNSEL

Locke Lord LLP
West Palm Beach, Florida

FINANCIAL ADVISORS

Public Financial Management, Inc.
Memphis, Tennessee

ComCap Advisors, a division of Community Capital
Memphis, Tennessee

* Preliminary, subject to change.

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This Summary Statement is not intended to be complete. Before purchasing the Bonds, the investors should refer to the Official Statement in its entirety to obtain information essential to making an informed investment decision.

SUMMARY OF THE OFFERING

THE BONDS.....	The \$73,325,000* General Obligation Refunding Bonds, 2016 Series A (the "Bonds") of Shelby County, Tennessee (the "County"). See "The Bonds" herein.
BOOK ENTRY SYSTEM	The Bonds will be registered in the name of Cede & Co., as nominee of The Depository Trust Company, New York, New York ("DTC"). DTC will act as securities depository of the Bonds. So long as Cede & Co. is the registered owner of the Bonds, as the nominee for DTC, principal and interest shall be payable to Cede & Co., as nominee for DTC, which will, in turn, remit such principal and interest to the DTC participants for subsequent disbursements to the beneficial owners of the Bonds. Individual purchases of Bonds by the public may be made through the DTC participants in principal amounts of \$5,000 or integral multiples thereof. Beneficial Owners of the Bonds will not receive physical delivery of Bond certificates. See "The Bonds - Book-Entry System" herein.
DENOMINATION.....	Fully registered bonds, \$5,000 or any integral multiple thereof.
DATE OF ISSUE; DELIVERY	The Bonds will be delivered on or about February 26, 2016 and will be dated the delivery date.
PRINCIPAL PAYMENTS.....	Principal on the Bonds is payable on April 1, ____ through April 1, ____.
INTEREST PAYMENTS	Interest on the Bonds is payable on April 1 and October 1, commencing October 1, 2016.
OPTIONAL REDEMPTION	The Bonds maturing on or before April 1, 20__ are not subject to redemption prior to maturity. The Bonds maturing on or after April 1, 20__ shall be subject to redemption prior to maturity on and after April 1, 20__ in whole or in part at any time and in any order of maturity selected by the County and by lot within a maturity (if less than a full maturity is to be redeemed) at a price equal to par plus accrued interest to the redemption date.
PURPOSE	The Bonds are being issued to provide funds, together with other available funds of the County: (i) to refund all or a portion of certain series of general obligation bonds previously issued by the County, and (ii) to pay costs of issuance on the Bonds. See "Plan of Refunding" herein.
SECURITY.....	The Bonds will be direct general obligations of Shelby County, Tennessee. The full faith, credit and taxing power of the Shelby County, Tennessee, are irrevocably pledged for the prompt payment of the principal of and interest on the Bonds. See, "The Bonds – Securities and Remedies" herein.
BOND COUNSEL.....	Locke Lord LLP, West Palm Beach, Florida.

* Preliminary, subject to change.

TAX STATUS.....	In the opinion of Locke Lord LLP, Bond Counsel, based upon an analysis of existing law and assuming, among other matters, compliance with certain covenants, interest on the Bonds is excluded from gross income for federal income tax purposes under the Internal Revenue Code of 1986. Interest on the Bonds is not a specific preference item for purposes of the federal individual or corporate alternative minimum taxes, although such interest is included in adjusted current earnings when calculating corporate alternative minimum taxable income. Bond Counsel is further of the opinion that under existing law and regulations, interest on the Bonds is exempt from all state, county and municipal taxation within the State of Tennessee, except for inheritance, transfer and estate taxes and except to the extent such interest may be included within the measure of corporate privilege taxes. Bond Counsel expresses no opinion regarding any other tax consequences related to the ownership or disposition of, or the accrual or receipt of interest on, the Bonds. See "TAX MATTERS" herein.
FINANCIAL ADVISORS	Public Financial Management, Inc. and ComCap Advisors, a division of Community Capital LLC.
PAYING AGENT AND REGISTRAR.....	Shelby County Trustee
VERIFICATION AGENT... ..	The Arbitrage Group, Inc.
ESCROW AGENT	Regions Bank, Nashville, Tennessee
FINANCIAL STATEMENTS.....	Independent auditors have audited financial statements for the years ended June 30, 2011 through June 30, 2015. Certain information presented herein is derived from these audited financial statements.

**Official Statement
Relating to the Issuance of
Shelby County, Tennessee
\$73,325,000*
General Obligation Refunding Bonds
2016 Series A**

INTRODUCTION

This OFFICIAL STATEMENT which includes the cover page, the exhibits, and the appendices attached hereto contains information concerning the \$73,325,000* General Obligation Refunding Bonds, 2016 Series A (the "Bonds") of Shelby County, Tennessee (the "County"), a political subdivision of the State of Tennessee.

Part II of this Official Statement is the Supplemental Information Statement of the County. The following appendix is attached to Part II hereof: APPENDIX A – Shelby County, Tennessee, Financial Statements, dated June 30, 2015.

THE BONDS

Description of the Bonds

The Bonds will be dated their date of delivery. The Bonds will be issued under and subject to the terms and conditions contained in a resolution adopted by the Board of County Commissioners of the County on November 18, 2015 (the "Resolution") and pursuant to the laws of the State of Tennessee as described below in "The Bonds – Authority for the Issuance of the Bonds". The Bonds will be issued as fully registered bonds without coupons, in the denomination of principal amounts of \$5,000 or integral multiples thereof. Interest on all Bonds will be calculated on the basis of a 360-day year of twelve 30-day months.

The Bonds will be dated, will mature and will bear interest, all as set forth on the inside cover of this Official Statement. Interest on the Bonds will be payable semiannually on April 1 and October 1 of each year, commencing October 1, 2016. The Bonds will be initially registered only in the name of Cede & Co., as nominee of the Depository Trust Company, New York, New York ("DTC"), which will act as securities depository for the Bonds. The County Trustee of the County will act as Paying Agent and will make all interest payments with respect to the Bonds directly to registered owners as shown on the Bond registration records as of the close of business on the fifteenth day of the month next preceding an interest payment date (the "Regular Record Date"). See, "The Bonds – Book-Entry System" below.

The Bonds are being issued to provide funds, together with other legally available funds of the County: (i) to refund all or a portion of certain series of general obligation bonds previously issued by the County; and (ii) to pay costs of issuance on the Bonds. See, "PLAN OF REFUNDING".

* Preliminary, subject to change.

Book-Entry System

The description which follows of the procedures and record keeping with respect to beneficial ownership interests in the Bonds, payment of interest and principal on the Bonds to Direct Participants, Indirect Participants or Beneficial Owners (as such terms are defined in this Official Statement) of the Bonds, confirmation and transfer of beneficial ownership interests in the Bonds and other related transactions by and between DTC, the Direct Participants, the Indirect Participants and Beneficial Owners of the Bonds is based solely on information furnished by DTC on its website for inclusion in this Official Statement. Accordingly, the County cannot make any representations concerning these matters.

The Depository Trust Company ("DTC"), New York, NY, will act as securities depository for the Bonds. The Bonds will be issued as fully registered bonds, registered in the name of Cede & Co. (DTC's partnership nominee) or such other name as may be requested by an authorized representative of DTC. One fully registered Bond certificate will be issued for each maturity of the Bonds, each in the aggregate principal amount of such maturity of such Bonds, and will be deposited with DTC.

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

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

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

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

Redemption notices shall be sent to DTC. If less than all of the Bonds are being redeemed, DTC's practice is to determine by lot the amount of the interest of each Direct Participant in such issue to be redeemed.

Neither DTC nor Cede & Co. (nor any other DTC nominee) will consent or vote with respect to Bonds unless authorized by a Direct Participant in accordance with DTC's MMI Procedures. Under its usual procedures, DTC mails an Omnibus Proxy to the County as soon as possible after the record date. The Omnibus Proxy assigns Cede & Co.'s consenting or voting rights to those Direct Participants to whose accounts the Bonds are credited on the record date (identified in a listing attached to the Omnibus Proxy).

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

The information in this section concerning DTC and DTC's book-entry system has been obtained from sources that the County believes to be reliable, but the County takes no responsibility for the accuracy of such information.

THE COUNTY AND THE UNDERWRITERS WILL NOT HAVE ANY RESPONSIBILITY OR OBLIGATION TO THE PARTICIPANTS OR THE BENEFICIAL OWNERS WITH RESPECT TO (1) THE ACCURACY OF ANY RECORDS MAINTAINED BY DTC OR ANY PARTICIPANT, (2) THE PAYMENT BY DTC OR ANY PARTICIPANT OF ANY AMOUNT DUE TO ANY BENEFICIAL OWNER IN RESPECT OF THE PRINCIPAL AMOUNT OF OR INTEREST ON THE BONDS, (3) THE DELIVERY BY DTC OR ANY PARTICIPANT OF ANY NOTICE TO ANY BENEFICIAL OWNER WHICH IS PERMITTED OR REQUIRED TO BE GIVEN TO BONDHOLDERS UNDER THE TERMS OF THE BOND ORDINANCE, OR (4) ANY CONSENT GIVEN OR OTHER ACTION TAKEN BY CEDE & CO., AS THE NOMINEE OF DTC, AS REGISTERED OWNER. SO LONG AS CEDE & CO. IS THE REGISTERED OWNER OF THE BONDS, AS NOMINEE OF DTC, REFERENCES IN THIS OFFICIAL STATEMENT TO THE BONDHOLDERS OR REGISTERED HOLDERS OF THE BONDS SHALL MEAN CEDE & CO. AND SHALL NOT MEAN THE BENEFICIAL OWNERS OF THE BONDS.

Discontinuance of Book-Entry System

DTC may discontinue providing its services as depository with respect to the Bonds at any time by giving reasonable notice to the County or the Paying Agent and Registrar. Under such circumstances, in the event that a successor securities depository is not obtained, Bond certificates are required to be printed and delivered. The County may decide to discontinue use of the system of book-entry transfers through DTC (or a successor securities depository). In that event, Bond certificates will be printed and delivered. In either of the situations described in this paragraph, definitive replacement Bonds shall be issued only upon surrender to the County or an agent appointed by the County of the Bonds by DTC, accompanied by registration instructions for the definitive replacement Bonds from DTC. The County shall not be liable for any delay in delivery of such instructions and conclusively may rely on and shall be protected in relying on such instruction of DTC.

Optional Redemption

The Bonds maturing on or before April 1, 20__ are not subject to redemption prior to maturity. The Bonds maturing on or after April 1, 20__ shall be subject to redemption prior to maturity on and after April 1, 20__ in whole or in part at any time and in any order of maturity selected by the County and by lot within a maturity (if less than a full maturity is to be redeemed) at a price equal to par plus accrued interest to the redemption date.

Notice of Redemption

Notice of any redemption of the Bonds shall specify the Bonds to be redeemed, the redemption date and the place where the amount due will be payable. Such notice shall also state that upon the date fixed for redemption the principal amount thereof plus the premium, if any, due on the redemption date together with the accrued interest thereon shall become due and payable. The County shall cause the Registrar for the Bonds to mail a copy of such notice at least 30 days before the redemption date to the registered owners of the Bonds at their address appearing on the registration books as of the 45th day preceding the date fixed for redemption. As long as a book-entry system is

used to determine ownership of the Bonds, the County shall send notice of redemption to DTC. Any failure of DTC to mail such notice to any DTC participant will not affect the sufficiency or the validity of the redemption of the Bonds.

Authority for Issuance of the Bonds

The County, pursuant to Section 9-21-101 through 9-21-916, of the Tennessee Code Annotated ("T.C.A.") has the power and is authorized to issue, by resolution, general obligation refunding bonds to refund outstanding obligations lawfully issued, and to secure such bonds as provided in Section 9-21-101, *et seq.*, of the T.C.A. and Section 9-21-915 of the T.C.A.

Security and Remedies

The Bonds will be direct general obligations of the County and the County has pledged its full faith, credit and unlimited taxing power to the punctual payment of the principal of and interest on the Bonds. A tax sufficient to pay when due such principal and interest shall be levied annually and assessed, collected and paid, in like manner with the other taxes of the County and shall be in addition to all the other taxes authorized or limited by law. It shall be the duty of the Board of County Commissioners of Shelby County, Tennessee (the "Board") to include in the annual levy a tax sufficient to pay the principal of and interest on the Bonds as the same become due. When any part of the principal of or interest on the Bonds shall not be paid when due, there shall be levied and assessed by said Board and collected by the proper collecting officers at the first assessment, levy and collection of taxes in the County, after such omission or failure, a tax sufficient to pay the same.

Any owner or owners of the Bonds, including a trustee or trustees for holders of the Bonds, shall have the right, in addition to all other rights: (a) by mandamus or other suit, action or proceeding in any court of competent jurisdiction to enforce his or their rights against the County and the Board and any officer, agent or employee of the County, including, but not limited to, the right to require the County and its Board and any proper officer, agent or employee of the County to assess, levy and collect taxes to carry out any agreement as to, or pledge of, such taxes and to require the County and Board and any officer, agent or employee of the County to carry out any other covenants and agreements and to perform its and their duties under the provisions of the T.C.A. and (b) by action or suit in equity to enjoin any acts or things which may be unlawful or a violation of the rights of such owner or owners of the Bonds.

SHORT TERM DEBT FINANCING

From time to time, the County has issued capital outlay notes to fund its capital improvement budget. The County currently has outstanding in a commercial paper format \$30 million of a \$120 million authorization of Extendible Municipal Commercial Paper (EMCP). The EMCP is designed to be refinanced with the proceeds of long-term debt. The EMCP is a direct obligation of the County, to which is pledged the taxing power of the County as to all taxable property in the County.

FUTURE LONG-TERM DEBT ISSUANCE

The County expects to issue approximately \$150 million in long term general obligation bonds in total over the next three fiscal years beginning in fiscal year 2017. This includes the take out of the \$30 million EMCP currently outstanding.

PLAN OF REFUNDING

The Bonds are being issued to refund the following maturities of the County’s General Obligation Variable Rate Demand Public Improvement and School Bonds, 2004 Series B (the “Refunded Bonds”) set forth in the table below. The County will select the specific Refunded Bonds (which may include all or portion of the series of general obligation bonds listed in the table below) at or about the time of the sale of the Bonds. Such selection will be based, in part, upon market conditions existing at that time. Accordingly, no assurance can be given as to the Refunded Bonds finally selected until the sale of the Bonds.

<u>Series</u>	<u>Date of Maturity</u>	<u>Interest Rate</u>	<u>Par Amount *</u>	<u>Redemption Date</u>	<u>Redemption Price</u>
2004 Series B					
TERM	4/1/2024	Variable	\$ 13,295,000	3/7/2016	100%
	4/1/2025	Variable	21,500,000	3/7/2016	100%
	4/1/2026	Variable	13,775,000	3/7/2016	100%
	4/1/2027	Variable	15,150,000	3/7/2016	100%
	4/1/2028	Variable	16,665,000	3/7/2016	100%
	4/1/2029	Variable	18,335,000	3/7/2016	100%
	4/1/2030	Variable	20,165,000	3/7/2016	100%
			<u>\$118,885,000</u>		

* Preliminary, subject to change.

The Refunded Bonds will be called for redemption on the redemption dates and at the redemption prices as stated in the table above, plus accrued interest to the respective redemption dates. Such designations for redemption will be irrevocable upon issuance of the Bonds.

Pursuant to the Resolution authorizing the Bonds, the County will enter into an Escrow Deposit Agreement (the “Escrow Agreement”) with Regions Bank (the “Escrow Agent”). Proceeds of the Bonds and other available funds of the County will be deposited into an escrow fund (the “Escrow Fund”), held in cash and will be used to pay (i) the respective redemption prices of the Refunded Bonds on their respective redemption dates and (ii) the interest on the Refunded Bonds due on and prior to such redemption dates.

The County will obtain verification of sufficiency of the amounts and Government Obligations deposited in the Escrow Fund for the Refunded Bonds from The Arbitrage Group, Inc. (See “VERIFICATION OF DEFEASANCE”).

The cost of terminating the interest rate swap agreement related to the 2004 Series B Refunded Bonds will be paid from an equity contribution of the County. See, “Estimated Sources and Uses of Funds.”

ESTIMATED SOURCES AND USES OF FUNDS

Par Amount of Bonds Premium Equity Contribution Total Sources	_____ \$	_____ -	_____ \$	Deposit to Escrow Fund Underwriters' Discount Cost of Issuance ⁽¹⁾ 2004B Swap Termination Fees Total Uses	_____ \$	_____ -
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⁽¹⁾ Includes fees for the financial advisors, bond counsel, rating agencies, printing, and other expenses associated with issuance of the Bonds.

INVESTMENT CONSIDERATIONS

General

Attention should be given to the investment considerations described below, which, among others, could affect the ability of the County to pay principal of and interest on the Bonds, and which could also affect the marketability of or the market price for the Bonds.

The purchase of the Bonds involves certain investment considerations that are discussed throughout this Official Statement. Certain of these investment considerations are set forth in this section for convenience and are not intended to be a comprehensive compilation of all possible investment considerations nor a substitute for an independent evaluation of the information presented in this Official Statement. Each prospective purchaser of any Bonds should read this Official Statement in its entirety and consult such prospective purchaser's own investment and/or legal advisor for a more complete explanation of the matters that should be considered when purchasing an investment such as the Bonds.

Ratings

There is no assurance that the ratings assigned to the Bonds at the time of issuance (see "Ratings") will not be lowered or withdrawn at any time, the effect of which could adversely affect the market price for and marketability of the Bonds.

Secondary Market Prices

No assurance can be given that a secondary market for any of the Bonds will be available, and no assurance can be given that the initial offering prices for the Bonds will continue for any period of time. The Bonds may not constitute a liquid investment, and there is no assurance that a liquid secondary market will exist for the Bonds in the event an owner thereof determines to solicit purchasers of the Bonds. Even if a liquid secondary market exists, there can be no assurance as to the price for which the Bonds may be sold. Such price may be lower than that paid by the current owner of the Bonds, depending on existing market conditions and other factors.

**LONG-TERM DEBT SUMMARY
(As of June 30, 2015)**

	<u>Shelby County</u>
Direct GO Bonded Debt	\$ 1,027,665,876
Other Obligations ⁽¹⁾	<u>115,684,175</u>
Total Direct GO Bonded Debt and Other Obligations	1,143,350,051
Underlying Bonded Debt ⁽²⁾	<u>1,318,037,083</u>
Total Direct and Underlying Bonded Debt and Other Obligations	<u>\$ 2,461,387,134</u>

⁽¹⁾ Includes the County's portion of the Port Commission Development Revenue Bonds, Series 2011 payable from non-ad valorem taxes, the Special General Obligation School Refunding Bonds, 2012 Series B payable from local option sales taxes, and the County's proportionate share of Qualified School Construction Bonds issued by the Tennessee State School Bond Authority in 2009 and 2010. See "Contracts and Other Long-Term Obligations" in Part II herein. See pages D-15 and D-25 in the Shelby County 2015 CAFR for additional information.

⁽²⁾ The Underlying Bonded Debt, which is as of June 30, 2015, including gross debt for Arlington, Bartlett, Collierville, Germantown, Lakeland, Memphis and Millington.

**DEBT RATIOS
(As of June 30, 2015)**

	<u>Debt Per Capita (a)</u>	<u>Debt % Assessed Valuation (b)</u>	<u>Debt % Appraised Valuation (c)</u>
Total Countywide Bonded Indebtedness			
Total Direct GO Bonded Debt	\$1,095	5.72%	1.72%
Total Direct GO Bonded Debt and Other Obligations	\$1,218	6.36%	1.91%
Total Direct GO Bonded Debt, Other Obligations and Underlying Bonded Debt	\$2,622	13.70%	4.11%

(a) Shelby County Population (Per Year 2014 U.S. Bureau of Census):

938,803

(b) 2015 Assessed Valuation:

\$ 17,966,889,260

(c) 2015 Appraised Valuation:

\$ 59,884,233,964

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SHELBY COUNTY, TENNESSEE
LONG-TERM DEBT SERVICE REQUIREMENTS
(As of June 30, 2015; in thousands of dollars) ^{(1) (2) (3)}

Fiscal Year Ending June 30	Existing Debt Service			Less: Refunded Bonds			This Issue			Existing & New Debt Service			% Of Principal Retired
	Principal	Interest	Total	Principal	Interest	Total	Principal	Interest	Total	Principal	Interest	Total	
2016	\$ 96,514	\$ 55,668	\$ 152,183										
2017	89,254	57,048	146,302										
2018	93,476	45,741	139,218										
2019	89,631	41,690	131,322										
2020	87,576	37,750	125,326										
2021	85,254	33,876	119,130										
2022	82,231	30,218	112,450										
2023	80,981	26,807	107,789										
2024	78,581	23,385	101,967										
2025	77,071	19,910	96,981										
2026	66,351	16,642	82,993										
2027	53,761	13,238	66,999										
2028	38,224	7,752	45,976										
2029	37,818	5,847	43,665										
2030	33,290	4,123	37,413										
2031	26,645	2,537	29,182										
2032	7,688	1,481	9,168										
2033	8,018	1,047	9,064										
2034	8,368	595	8,962										
2035	1,278	123	1,400										
2036	1,340	59	1,399										
Total ⁽¹⁾	\$ 1,143,350	\$ 425,539	\$ 1,568,889	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	

(1) Totals may not add up due to rounding.

(2) This schedule includes capital appreciation bonds. The accrued interest on these bonds is not recognized or payable until each prospective maturity date.

(3) Includes the 2009 Qualified School Construction Loan, 2010 Qualified School Construction Loan & 2011 Port Commission Loan which are not direct obligations backed by the County's full faith and credit and the unlimited taxing power of the County. However, the County has agreed to provide funds for the payment of principal and interest for said obligations. See "Contracts and Other Obligations" in Part II herein.

RATINGS

Moody's Investors Service ("Moody's"), Standard & Poor's Ratings Group ("Standard & Poor's") and Fitch Ratings have assigned ratings of Aa1, AA+, and AA+ respectively, to the Bonds. Further explanation of the significance of these ratings may be obtained from Moody's, Standard & Poor's and Fitch Ratings. The ratings, including any related outlook with respect to potential changes in such ratings, reflect only the respective views of the rating agencies, and an explanation of the significance of such ratings may be obtained from the rating agencies furnishing the ratings. Generally, a rating agency bases its rating on the information and materials furnished to it and on investigations, studies, and assumptions of its own. Any ratings are not a recommendation to buy, sell or hold the Bonds. The County furnished to each rating agency certain information and materials, some of which may not be included in this Official Statement. There is no assurance that any such ratings will not be withdrawn or revised downward by Moody's, Standard & Poor's and Fitch. Such action, if taken, could have an adverse effect on the market price of the Bonds. The County makes no representation as to the appropriateness of the ratings.

Additionally, due to the ongoing uncertainty regarding the debt of the United States of America, including without limitation, the general economic conditions in the country, and other political and economic developments that may affect the financial condition of the United States government, the United States debt limit, and the bond ratings of the United States and its instrumentalities, obligations issued by state and local governments, such as the Bonds, could be subject to a rating downgrade. Furthermore, if a significant default or other financial crisis should occur in the affairs of the United States or of any of its agencies or political subdivisions, then such event could also adversely affect the market for and ratings, liquidity, and market value of outstanding debt obligations, such as the Bonds.

CONTINUING DISCLOSURE

(a) *Disclosure of Annual Information.* The County has agreed in the Resolution, in accordance with the provisions of Rule 15c2-12 in effect from time to time and applicable to the Bonds (the "Rule"), promulgated by the Securities and Exchange Commission (the "Commission") pursuant to the Securities Exchange Act of 1934, to provide or cause to be provided to the Municipal Securities Rulemaking Board ("MSRB") in an electronic format prescribed by the MSRB and such other municipal securities information repository as may be required by law or applicable regulation, from time to time (each such information repository, a "MSIR"), within 180 days following the end of each Fiscal Year of the County commencing with the Fiscal Year ending June 30, 2016, annual financial information and operating data concerning the County, consistent with the financial information and operating data included in this Official Statement as customarily set forth in the County's comprehensive annual financial report, and, if not included with the annual financial information, then, when and if available, audited financial statements prepared in accordance with generally accepted accounting principles applicable to the County. If audited financial statements are not available at the time of required filings as set forth above, unaudited financial information shall be filed pending the availability of audited financial statements. (The information required to be disclosed in this paragraph (a) shall be referred to herein as the "Annual Report").

The County reserves the right to modify from time to time the specific types of information provided or the format of the presentation of such information, to the extent necessary or appropriate in the judgment of the County; provided that the County agrees that any such modification will be done in a manner consistent with the Rule.

(b) *Disclosure of Certain Events.* The County has agreed to provide or cause to be provided to each MSIR in the appropriate format required by law or applicable regulation, in a timely manner not in excess of ten (10) business days after the occurrence of the event, notice of the occurrence of any of the following events with respect to the Bonds:

- (1) principal and interest payment delinquencies;
- (2) non-payment related defaults, if material;
- (3) unscheduled draws on debt service reserves reflecting financial difficulties;
- (4) unscheduled draws on credit enhancements reflecting financial difficulties;
- (5) substitution of credit facility providers, or their failure to perform;
- (6) adverse tax opinions, the issuance by the Internal Revenue Service of proposed or final determinations of taxability, Notices of Proposed Issue (IRS Form 5701-TEB) or other material notices or determinations with respect to the tax status of the Bonds, or other material events affecting the tax status of the Bonds;
- (7) modifications to rights of holders of the Bonds, if material;
- (8) Bond calls, if material, and tender offers;
- (9) defeasances;

- (10) release, substitution, or sale of any property securing repayment of the Bonds, if material;
- (11) rating changes;
- (12) bankruptcy, insolvency, receivership or similar event of the County (which is considered to occur when any of the following occur: the appointment of a receiver, fiscal agent or similar officer for the County in a proceeding under the U.S. Bankruptcy Code or in any other proceeding under state or federal law in which a court or governmental authority has assumed jurisdiction over substantially all of the assets or business of the County, or if such jurisdiction has been assumed by leaving the existing governing body and officials or officers in possession but subject to the supervision and orders of a court or governmental authority, or the entry of an order confirming a plan of reorganization, arrangement or liquidation by a court or governmental authority having supervision or jurisdiction over substantially all of the assets or business of the County);
- (13) the consummation of a merger, consolidation, or acquisition involving the County or the sale of all or substantially all of the assets of the County, other than in the ordinary course of business, the entry into a definitive agreement to undertake such an action or the termination of a definitive agreement relating to any such actions, other than pursuant to its terms, if material; and
- (14) the appointment of a successor or additional trustee or the change of name of a trustee, if material.

(c) *Notice of Failure.* The County agrees to provide or cause to be provided, in a timely manner, to each MSIR notice of a failure by the County to provide the Annual Report described in subsection (a) above on or prior to the date set forth therein.

(d) *Termination.* The County reserves the right to terminate its obligation to provide the Annual Report and notices of material events, as set forth above, if and when the County no longer remains an obligated person with respect to the Bonds within the meaning of the Rule (either by the redemption in full or legal defeasance of all such Bonds). If the County believes such condition exists, the County will provide notice of such termination to each MSIR.

(e) *Undertaking for Benefit of Holders and Beneficial Owners.* The County agrees that its undertaking pursuant to the Rule described herein is intended to be for the benefit of the holders and beneficial owners of the Bonds and shall be enforceable by any holder or beneficial owner; provided that the right to enforce the provisions of the undertaking shall be limited to a right to obtain specific enforcement of the County's obligations thereunder and any failure by the County to comply with the provisions of this undertaking shall not be an event of default with respect to the Bonds.

(f) *Voluntary Disclosure Shall Not Bind County.* Any voluntary inclusion by the County of supplemental information in its comprehensive annual financial report that is not required by the Resolution shall not expand the obligations of the County under the Resolution and the County shall have no obligation to update such supplemental information or include it in any subsequent report.

(g) *Third Parties.* The covenants described herein are solely for the benefit of the holders and beneficial owners of the Bonds and shall not create any rights in any other parties.

(h) *Amendments Waiver.* Notwithstanding any other provision of the Resolution, the County may amend the provisions of the Resolution described under this caption "Continuing Disclosure" and any such provision may be waived, provided that the following conditions are satisfied:

- (1) The amendment or waiver 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 the County or the type of business conducted by the County;
- (2) 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
- (3) The amendment or waiver does not materially impair the interests of holders and beneficial owners as determined either by parties unaffiliated with the County or an obligated person (such as Bond Counsel), or by an approving vote of the holders of at least a majority in aggregate principal amount of the then outstanding Bonds pursuant to the terms of the Resolution.

In the event of any such amendment or waiver of a provision described above, the County shall describe such amendment or waiver 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 annual financial information or operating data being presented by the County. In addition, if the amendment or waiver relates to the accounting principles to be followed in preparing financial statements, (i) notice of such change shall be given in the same manner as set forth in subsection (b) and (ii) the Annual Report for the year in which the change is made must 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.

To the County's knowledge, after due inquiry, during the previous five years, the County has not failed to comply, in all material respects, with its previous continuing disclosure undertakings. During this period, the County has consistently posted its annual comprehensive annual financial reports ("CAFRs") containing required financial information to the Electronic Municipal Market Access ("EMMA") portal on a timely basis. Note that the format of data tables relative to local tax revenues contained in the CAFRs has varied from prior Official Statements. For Fiscal Year 2015 and following fiscal years, the County is including two additional tables setting forth local tax revenues by source in the same format as appeared in earlier Official Statements. Also, there have been instances in the past five years in which information provided to EMMA was not linked to all related bond CUSIP numbers, which the County has requested its dissemination agent to correct through EMMA.

LITIGATION

At the time of original delivery of the Bonds, there will also be furnished to the Underwriters a certificate of certain officers of the County stating that except as disclosed in the Official Statement there is no litigation then pending, or to their knowledge threatened, affecting the validity of the Bonds or the power of the County to levy and collect ad valorem taxes to pay them.

MLGW

The City of Memphis filed suit against Shelby County on November 4, 2011, requesting declaratory and other relief, alleging that under state law and prior agreements that it has overpaid the County \$87,140,000 for payment in lieu of taxes ("PILOT") that the City received from its utility, Memphis Light Gas and Water, between 1981 and 2000. *City of Memphis, Tennessee v. Shelby County, Tennessee, Chancery Court Cause No. CH-11-1817-2*. In its lawsuit, the City acknowledged that it owes the County over \$6,300,000 for past due PILOT payments for fiscal years 2010 and 2011.

The County answered the complaint denying liability based on the City's failure to comply with the applicable state laws requiring PILOT payment distribution to the County, and raised defenses relating to the statute of limitations and the equitable doctrines of laches and estoppel. In addition, the County filed a counterclaim for damages in the amount exceeding \$60,000,000 for PILOT payments that the City failed to pay to the County as required by state law for fiscal years 2000 through 2011.

A mediated settlement was reached for fiscal years 2010 and 2011 pursuant to which the City agreed to pay the County \$7,109,267. On February 5, 2014, the Chancery Court issued its decision holding that no amounts were owed by either party to the other for fiscal years prior to 2010. The Court ruled that the County is owed both electric and gas PILOT payments for fiscal year 2012 and thereafter. The City appealed the Chancery Court decision, the Court of Appeals affirmed the Chancery Court ruling that no amounts were owed by either party to the other for fiscal years prior to 2010 and affirmed the Chancery Court's declaratory and injunctive relief regarding the manner and method of calculating and distributing PILOT payments going forward. See, *City of Memphis v. Shelby County*, 469 S.W.3d 531, 2015 WL 739849 (Tenn. Ct. App. 2015). The Tennessee Supreme Court denied the City's appeal on August 14, 2015, and the Chancery Court ruling is now final. Based on the Chancery Court's ruling, as affirmed by the Court of Appeals, on September 28, 2015 the County filed a Second Amended Complaint for Declaratory Judgment and Unjust Enrichment (Case No. CH-15-0123-2) seeking, *inter alia*, to recover approximately \$44.6 Million Dollars in aggregate PILOT payments improperly made to the City during Fiscal Years 2012, 2013, 2014 and 2015 based on the method of calculation previously determined by the Chancery Court and affirmed by the Court of Appeals. This case is currently pending before the Chancery Court.

Other Litigation

The County is a defendant in various other lawsuits arising in the ordinary course of operations from those seeking awards for property damage and personal injury, contesting its taxing authority, and questioning certain personnel practices and policies. Although the outcome of these lawsuits is not presently determinable, it is the opinion of the County's administration that the ultimate disposition of these matters will not materially affect the financial condition of the County. Under the Tennessee Governmental Tort Liability Act, §§ 29-20-101 through 29-20-408 of the Tennessee Code Annotated (the "Act"), all governmental entities in Tennessee are immune from suit for any injury which may result from the activities of such governmental entities when engaged in the exercise and discharge of any function, except within the limits provided in the Act. Pursuant to the Act there are limits for liability for governmental entities for bodily injury or death of any one person in any one accident, occurrence or act, unless and to the extent insurance is provided. The County is self-insured within these limits.

TAX MATTERS

In the opinion of Locke Lord LLP, Bond Counsel to the County ("Bond Counsel"), based upon an analysis of existing laws, regulations, rulings, and court decisions, and assuming, among other matters, compliance with certain covenants, interest on the Bonds is excluded from gross income for federal income tax purposes under Section 103 of the Internal Revenue Code of 1986 (the "Code"). Bond Counsel is of the further opinion that interest on the Bonds is not a specific preference item for purposes of the federal individual or corporate alternative minimum taxes, although Bond Counsel observes that such interest is included in adjusted current earnings when calculating corporate alternative minimum taxable income. Bond Counsel expresses no opinion regarding any other federal tax consequences arising with respect to the ownership or disposition of, or the accrual or receipt of interest on, the Bonds.

The Code imposes various requirements relating to the exclusion from gross income for federal income tax purposes of interest on obligations such as the Bonds. Failure to comply with these requirements may result in interest on the Bonds being included in gross income for federal income tax purposes, possibly from the date of original issuance of the Bonds. The County has covenanted to comply with such requirements to ensure that interest on the Bonds will not be included in federal gross income. The opinion of Bond Counsel assumes compliance with these covenants.

Bond Counsel will also opine that under existing law and regulations interest on the Bonds is exempt from all state, county and municipal taxation within the State of Tennessee, except for inheritance, transfer and estate taxes and except to the extent such interest may be included within the measure of corporate privilege taxes. A complete copy of the proposed form of the opinion of Bond Counsel is set forth in Exhibit A hereto.

To the extent the issue price of any maturity of the Bonds is less than the amount to be paid at maturity of such Bonds (excluding amounts stated to be interest and payable at least annually over the term of such Bonds), the difference constitutes "original issue discount," the accrual of which, to the extent properly allocable to each owner thereof, is treated as interest on the Bonds which is excluded from gross income for federal income tax purposes. For this purpose, the issue price of a particular maturity of the Bonds is the first price at which a substantial amount of such maturity of the Bonds is sold to the public (excluding bond houses, brokers, or similar persons or organizations acting in the capacity of underwriters, placement agents or wholesalers). The original issue discount with respect to any maturity of the Bonds accrues daily over the term to maturity of such Bonds on the basis of a constant interest rate compounded semiannually (with straight-line interpolations between compounding dates). The accruing original issue discount is added to the adjusted basis of such Bonds to determine taxable gain or loss upon disposition (including sale, redemption, or payment on maturity) of such Bonds. Bondholders should consult their own tax advisors with respect to the tax consequences of ownership of Bonds with original issue discount, including the treatment of purchasers who do not purchase such Bonds in the original offering to the public at the first price at which a substantial amount of such Bonds is sold to the public.

Bonds purchased, whether at original issuance or otherwise, for an amount greater than the stated principal amount to be paid at maturity of such Bonds, or, in some cases, at the earlier redemption date of such Bonds ("Premium Bonds"), will be treated as having amortizable bond premium for federal income tax purposes. No deduction is allowable for the amortizable bond premium in the case of obligations, such as the Premium Bonds, the interest on which is excluded from gross income for federal income tax purposes. However, a Bondholder's basis in a Premium Bond will be reduced by the amount of amortizable bond premium properly allocable to such Bondholder. Holders of Premium Bonds should consult their own tax advisors with respect to the property treatment of amortizable bond premium in their particular circumstances.

Bond Counsel has not undertaken to determine (or to inform any person) whether any actions taken (or not taken) or events occurring (or not occurring) after the date of issuance of the Bonds may adversely affect the value of, or the tax status of interest on, the Bonds.

Prospective Beneficial Owners should be aware that from time to time legislation is or may be proposed which, if enacted into law, could result in interest on the Bonds being subject directly or indirectly to federal income taxation, or otherwise prevent Beneficial Owners from realizing the full benefit provided under current federal tax law of the exclusion of interest on the Bonds from gross income. To date, no such legislation has been enacted into law. However, it is not possible to predict whether any such legislation will be enacted into law. Further, no assurance can be given that any pending or future legislation, including amendments to the Code, if enacted into law, or any proposed legislation, including amendments to the Code, or any future judicial, regulatory or administrative interpretation or development with respect to existing law, will not adversely affect the market value and marketability of, or the tax status of interest on, the Bonds. Prospective Beneficial Owners are urged to consult their own tax advisors with respect to any such legislation, interpretation or development.

Although Bond Counsel is of the opinion that interest on the Bonds is excluded from gross income for federal income tax purposes, the ownership or disposition of, or the accrual or receipt of interest on, the Bonds may otherwise affect the federal or state tax liability of a Bondholder. Among other possible consequences of ownership or disposition of, or the accrual or receipt of interest on, the Bonds, the Code requires recipients of certain social security and certain railroad retirement benefits to take into account receipts or accruals of interest on the Bonds in determining the portion of such

benefits that are included in gross income. The nature and extent of all such other tax consequences will depend upon the particular tax status of the Bondholder or the Bondholder's other items of income, deduction or exclusion. Bond Counsel expresses no opinion regarding any such other tax consequences, and Bondholders should consult with their own tax advisors with respect to such consequences.

LEGAL OPINIONS

The validity of the Bonds will be approved by the legal opinion of Locke Lord LLP, West Palm Beach, Florida, Bond Counsel to the County. For the proposed form of Bond Counsel opinion relating to the Bonds, see Exhibit A. Certain legal matters will be passed upon for the County by J. Ross Dyer, Esquire, County Attorney, and for the Underwriters by Charles E. Carpenter, A Professional Corporation, Memphis, Tennessee, counsel to the Underwriters.

FORWARD LOOKING STATEMENTS

The statements contained in this Official Statement, and in any other information provided that are not purely historic, are forward-looking statements, including statements regarding the expectations, hopes, intentions, or strategies regarding the future.

Readers should not place undue reliance on forward-looking statements. All forward-looking statements included in this Official Statement are based on information available on the date hereof, and assumes no obligation to update any such forward-looking statements.

The forward-looking statements herein are necessarily based on various assumptions and estimates and are inherently subject to various risks and uncertainties, including risks and uncertainties relating to the possible invalidity of the underlying assumptions and estimates and possible changes or developments in social, economic, business, industry, market, legal and regulatory circumstances and conditions and actions taken or omitted to be taken by third parties, including customers, suppliers, business partners and competitors, and legislative, judicial and other governmental authorities and officials. Assumptions related to the foregoing involve judgments with respect to, among other things, future economic, competitive, and market conditions and future business and policy decisions, all of which are difficult or impossible to predict accurately and, therefore, there can be no assurance that the forward-looking statements included in this Official Statement would prove to be accurate.

UNDERWRITING

Raymond James, Duncan-Williams, Inc., Goldman, Sachs & Co. and Siebert Brandford Shank & Co., (the "Underwriters") have entered into a Bond Purchase Agreement with the County (the "Bond Purchase Agreement") pursuant to which the Underwriters have agreed to jointly and severally purchase the Bonds at a price equal to [\$_____] (representing the principal amount of the Bonds of [\$_____] minus an underwriting discount of [\$_____], [plus/minus a [net] bond premium/original issue discount of [\$_____]]). The Bond Purchase Agreement provides that the obligations of the Underwriters to accept delivery of the Bonds are subject to various conditions of the Bond Purchase Agreement, but the Underwriters will be obligated to purchase all of the Bonds, if any are purchased. The Underwriters reserve the right to join with dealers and other underwriters in offering the Bonds to the public.

The following paragraphs have been provided by and are being included in this Official Statement at the request of the Underwriters. The County does not assume any responsibility for the accuracy or completeness of such statements or information and makes not representations with respect thereto:

Certain of the Underwriters and their respective affiliates are full-service financial institutions engaged in various activities that may include securities trading, commercial and investment banking, advisory, brokerage, and asset management. In the ordinary course of business, certain of the Underwriters and their respective affiliates may actively trade debt and, if applicable, equity securities (or related derivative securities) and provide financial instruments (which may include bank loans, credit support or interest rate swaps). Certain of the Underwriters and their respective affiliates may engage in transactions for their own accounts involving the securities and instruments made the subject of this securities offering or other offering of the County. Certain of the Underwriters and their respective affiliates may make a market in

credit default swaps with respect to municipal securities in the future. Certain of the Underwriters and their respective affiliates may also communicate independent investment recommendations, market color or trading ideas and publish independent research views in respect of this securities offering or other offerings of the County.

Siebert Brandford Shank & Co, L.L.C., one of the Underwriters, has entered into separate agreements with Muriel Siebert & Co., and Credit Suisse Securities (USA) for the retail distribution of certain securities offerings, at the original issue prices. Pursuant to these distribution agreements, if applicable to the Series 2015 Bonds, Muriel Siebert & Co. and/or Credit Suisse Securities (USA), as the case may be, will purchase the Series 2015 Bonds at the original issue price less the selling concession with respect to any Series 2015 Bonds that such entity sells. Siebert Brandford Shank & Co, L.L.C. will share a portion of its underwriting compensation with Muriel Siebert & Co. and/or Credit Suisse Securities (USA).

INDEPENDENT AUDITORS

An electronic link to the County's comprehensive annual financial statements as of the fiscal year ended June 30, 2015 is included herein and such financial statements have been audited by Watkins & Uiberall, PLLC and Banks, Finley, White & Co., Certified Public Accountants, independent auditors, as stated in its report.

Watkins & Uiberall, PLLC and Banks, Finley, White & Co., Certified Public Accountants have not been engaged to perform and have not performed, since the date of its report included herein, any procedure on the financial statements addressed in that report and has not performed any procedures relating to this Official Statement.

VERIFICATION OF DEFASANCE

The Arbitrage Group, Inc., a firm of independent public accountants, will deliver to the County, on or before the settlement date of the Bonds, its attestation report indicating that it has examined, in accordance with standards established by the American Institute of Certified Public Accountants, the information and assertions provided by the County and its representatives. Included in the scope of its examination will be a verification of the mathematical accuracy of (a) the mathematical computations of the adequacy of the cash and the maturing principal of and interest on, the funds deposited in the Escrow Fund to pay, when due, the maturing principal of, interest on and related call premium requirements of the Refunded Bonds; and (b) the mathematical computations supporting the conclusion of Bond Counsel that the Bonds are not "arbitrage bonds" under the Code and the regulations promulgated thereunder.

The examination performed by The Arbitrage Group, Inc. will be solely based upon data, information and documents provided to The Arbitrage Group, Inc. by the County and its representatives. The verification report of its examination will state that The Arbitrage Group, Inc. has no obligation to update such report because of events occurring, or data or information coming to their attention, subsequent to the date of the report.

FINANCIAL ADVISORS

This Official Statement has been prepared under the direction of the Shelby County Government by the Director of Administration and Finance and with the assistance of ComCap Advisors, a division of Community Capital, Memphis, Tennessee and Public Financial Management, Inc., Memphis, Tennessee, (collectively, the Financial Advisors), employed by the County to perform professional services in the capacity of financial advisors. The Financial Advisors have provided advice on the plan of financing and structure of the issue, reviewed and commented on certain legal and disclosure documents, and drafted certain portions of the Offering Statement based upon information provided by the County.

The information set forth in this Official Statement has been obtained from the County and other sources which are believed to be reliable. The Financial Advisors have not verified the factual information contained herein but have relied on the County's data and the County's Certificate as to the Offering Statement. As such, the Financial Advisors do not guarantee the accuracy of the factual information contained herein.

MISCELLANEOUS

The information contained in this Official Statement involving matters of opinion or of estimates, whether or not so expressly stated, are set forth as such and not as representation of fact, and no representation is made that any of the estimates will be realized. The information and expressions of opinion in this Official Statement are 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.

The County has deemed this Preliminary Official Statement final as its date within the meaning of the SEC Rule 15c2-12 (b)(1), except for the omission of certain pricing and other information permitted to be omitted pursuant to the Rule.

Approved by Resolution of the Board of County Commissioners of Shelby County, Tennessee, on November 18, 2015.

/s/
TERRY ROLAND
Chairman, Board of County Commissioners

/s/
MARK H. LUTTRELL, JR.
Mayor

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EXHIBIT A
FORM OF OPINION OF BOND COUNSEL

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FORM OF OPINION OF BOND COUNSEL

Upon delivery of the Bonds, Locke Lord LLP, West Palm Beach, Florida proposes to render its final approving opinion with respect to such Bonds in substantially the following form set forth below:

Board of County Commissioners _____, 2016
 Shelby County, Tennessee
 The Honorable Mayor and Commissioners:

We have examined certified copies of the proceedings of the Board of County Commissioners of Shelby County, Tennessee (the "County"), and other proofs submitted to us relative to the issuance and sale of:

\$73,325,000*
SHELBY COUNTY, TENNESSEE
General Obligation Refunding Bonds
2016 Series A
Dated: Date of Delivery

("The Bonds") lettered R and numbered from 1 consecutively upwards, in registered form in the denomination of \$5,000 or any integral multiple thereof, bearing interest from their date and payable semiannually on April 1 and October 1 of each year, commencing October 1, 2016 at the interest rates per annum and maturing on April 1 of each year, in the years and amounts as follows:

Due April 1	Principal Amount	Interest Rate
2017		
2018		
2019		
2020		
2021		
2022		
2023		
2024		
2025		
2026		
2027		
2028		
2029		
2030		

* Preliminary, subject to change.

The Bonds maturing on or before April 1, 20__ are not subject to redemption prior to maturity. The Bonds maturing on or after April 1, 20__ shall be subject to redemption prior to maturity on and after April 1, 20__ in whole or in part at any time and in any order of maturity selected by the County and by lot within a maturity (if less than a full maturity is to be redeemed) at a price equal to par plus accrued interest to the redemption date.

The Bonds, recite that they are issued under the Constitution and statutes of the State of Tennessee, including Sections 9-21-901 through 9-21-916 of the Tennessee Code Annotated, and pursuant to the resolution (the "Resolution") adopted by the Board of County Commissioners of the County for the purpose of providing moneys, together with other available funds of the County, to refund certain outstanding obligations lawfully issued and to pay the costs of issuance.

We have examined the Constitution and statutes of the State of Tennessee and certified copies of the proceedings of the Board of County Commissioners of the County authorizing the issuance of the Bonds and such other papers, instruments, and documents in this matter, as we have deemed necessary or advisable.

We have also examined Bond No. R-1 as executed.

In our opinion, the Bonds have been authorized and issued in accordance with the Constitution and statutes of the State of Tennessee, and constitute valid and legally binding obligations of the County, and the County has the power and is obligated to levy ad valorem taxes for the payment of the Bonds and the interest thereon upon all property within the County subject to taxation by the County, without limitation of rate or amount.

It is to be understood that the rights of the holders of the Bonds and the enforceability thereof may be subject to judicial discretion, the exercise of sovereign police powers of the State of Tennessee and the constitutional powers of the United States of America and to valid bankruptcy, insolvency, reorganization and moratorium and other laws for the relief of debtors.

The County has entered into certain covenants with the owners of the Bonds, for the terms of which reference is made to the Resolution.

Interest on the Bonds is excluded from the gross income of the owners of the Bonds for federal incomes tax purposes. In addition, interest on the Bonds is not a specific preference item for purposes of the federal individual or corporate alternative minimum taxes. However, such interest is included in adjusted current earnings when calculating corporate alternative minimum taxable income. In rendering the opinions set forth in this paragraph, we have assumed compliance by the County with all requirements of the Internal Revenue Code of 1986 that must be satisfied subsequent to the issuance of the Bonds in order that interest thereon be, and continue to be, excluded from gross income for federal income tax purposes. The County has covenanted to comply with all such requirements. Failure by the County to comply with certain of such requirements may cause interest on the Bonds to become included in gross income for federal income tax purposes retroactive to the date of issuance of the Bonds. We express no opinion regarding any other federal tax consequences arising with respect to the Bonds.

It is also our opinion that under existing laws and regulations interest on the Bonds is exempt from all state, county and municipal taxation within the State of Tennessee, except for inheritance, transfer and estate taxes and except to the extent such interest may be included within the measure of corporate privilege taxes.

This opinion is expressed as of the date hereof, and we neither assume nor undertake any obligation to update, revise, supplement or restate this opinion to reflect any action taken or omitted, or any facts or circumstances or changes in law or in the interpretation thereof, that may hereafter arise or occur, or for any other reason.

Respectfully yours,

PART II

SUPPLEMENTAL INFORMATION STATEMENT

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TABLE OF CONTENTS

If this Supplemental Information Statement is used as a Part II of any Official Statement prepared by the County to offer and sell securities, this Table of Contents will relate only to that Part II. A separate Table of Contents will be included at the front of Part I of the Official Statement for that part.

Part II

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No person, except as noted on the cover page, has been authorized by the County to give any information or to make any representations not contained in this Supplemental Information Statement or any supplement which may be issued hereto, and if given or made, such other information or representations must not be relied upon as having been authorized.

The information, estimates, and expressions of opinion in this Supplemental Information Statement are subject to change without notice. The delivery of this Supplemental Information Statement shall not, under any circumstances, create any implication that there has been no material change in the affairs of the County since the date of this Supplemental Information Statement.

**SHELBY COUNTY GOVERNMENT
SUPPLEMENTAL INFORMATION STATEMENT**

In addition to providing audited financial information as of and for the year ended June 30, 2015, Shelby County, Tennessee (the "County") intends that this Supplemental Information Statement will be used, together with information to be specifically provided by the County for that purpose, in connection with the offering and issuance by the County of its Bonds. Except of otherwise described in Part I of the Official Statement under the heading "CONTINUING DISCLOSURE" the County undertakes no obligation to update the information contained in this Supplemental Information Statement.

The County has prepared a comprehensive annual financial report containing additional financial statements for fiscal year ended June 30, 2015, in addition to other information for the periods covered by this Supplemental Information Statement.

Please contact Mr. Michael A. Swift, Director of Administration and Finance, Shelby County Government, Suite 1100, 160 N. Main Street, Memphis, Tennessee, 38103 (901/222-2249) for questions regarding information in this Supplemental Information Statement.

**The date of this Supplemental Information Statement is June 30, 2015.
(Unless otherwise stated herein)**

THE GOVERNMENT OF SHELBY COUNTY, TENNESSEE

The County was established in 1819 and covers 783 square miles in southwest Tennessee. Of this, 317 square miles are within the city limits of Memphis (the "City of Memphis" or the "City"). The County has jurisdiction over all unincorporated areas of the County and provides some major services within the City of Memphis, such as supplemental funding for Regional One Health (Regional One), a complex of health care facilities aimed primarily at the needy.

The County is governed by a mayor-commissioner form of government under a Home Rule Charter that went into effect on October 1, 1986. Each serves a 4-year term. The Mayor is the County's chief executive officer ("Mayor") and oversees the operation of seven divisions - Administration and Finance; Community Services; Corrections; Health Services; Information Technologies; Planning and Development; and Public Works. The Mayor must sign all contracts.

The 13-member Board of County Commissioners of Shelby County (the "Board of County Commissioners"), the legislative branch of the government, is responsible for reviewing and approving the administration's programs and budgets.

Together the Administration and Board of County Commissioners are responsible for governing the most populous of Tennessee's 95 counties, with a personnel staff of approximately 5,198 people and have the direct duty of providing services for 938,803 citizens according to the U.S. Bureau of Census.

Administration

The following are brief personal resumes of County Administration Officials:

Mark H. Luttrell, Mayor of Shelby County – Mayor Mark H. Luttrell, Jr. took office as Shelby County Mayor on October 1, 2010 and was re-elected in August, 2014. Mayor Luttrell received a Bachelor of Arts degree from Union University and a Masters in Public Administration from the University of Memphis. Mayor Luttrell began his career as a teacher of history at Bradford County High School in Starke, Florida. He later served two years in the Army, stationed in Louisiana, Texas and Germany. Upon returning to Memphis, Mayor Luttrell began his career in criminal justice at the Shelby County Penal Farm serving as the vocational training director. He joined the United States Bureau of Prisons in 1977 and served with that organization until his retirement in 1999. He also served as warden of federal prisons in Texarkana, Texas, Manchester, Kentucky and Memphis, Tennessee. He was then appointed Director of the Shelby County Division of Corrections and served there until his election as Sheriff in 2002 and again in 2006. During his tenure, the Shelby County Jail men's and women's divisions were removed from federal court oversight and went on to receive national accreditation by the American Corrections Association. The jail medical units also received separate national accreditation certifications. Additionally, the law enforcement division of the Sheriff's Office was also accredited by the Commission on Accreditation of Law Enforcement Agencies. As sheriff, he graduated from the FBI National Executive Institute (NEI) and in 2009 was named "Sheriff of the Year" by the National Sheriffs' Association. He was also selected as Lawman of the Year for the Kiwanis' Louisiana, Mississippi, and Tennessee Districts. He is a member of the Germantown Kiwanis Club and serves as a board member of the Memphis-Shelby Crime Commission, Operation Safe Community, Memphis Second Chance, University of Memphis Arts and Sciences Advisory and the Union University Alumni Advisory Board. Mayor Luttrell is a Leadership Memphis graduate and a distinguished recipient of the Outstanding Alumni Award of the University of Memphis, College of Arts and Sciences.

Harvey Kennedy, Chief Administrative Officer – Mr. Kennedy assumed his role as Chief Administrative Officer on September 1, 2010. Mr. Kennedy attended the University of Texas at El Paso receiving a Bachelors of Business Administration – Accounting degree. After two years in business in El Paso, Texas, Mr. Kennedy was accepted into Naval Officer Candidate School in Newport, Rhode Island and began a naval career that would span 25 years both in the United States and overseas. He received a Masters Degree in Financial Management from the Naval Postgraduate School in Monterey, California. During his tenure, Mr. Kennedy served as comptroller, personnel manager, and contracting officer on four separate occasions. His last duty station was Commander of the Defense Distribution Depot in Memphis, Tennessee. He retired in 1993 with the rank of Captain in the Supply Corps. During his career, he was decorated many times with awards including the Defense Superior Service Award, Meritorious Service Medal three times, Navy Commendation and Navy Achievement Medals, and numerous unit awards. Upon retirement from the Navy, Mr. Kennedy embarked upon a career with Shelby County Government serving four years as Finance Manager at the Correction Center. He later assumed the role of Administrator of Finance and Administration for five years until his appointment as Chief Administrative Officer for the Shelby County Sheriff, a role he held for eight years.

Michael A. Swift, Director of Administration and Finance – Mr. Swift is the Division Director for Administration and Finance. Prior to assuming this role, he served as the Deputy Director from 2007 to 2010. In that role, his areas of responsibility included finance, information technologies, employee benefits and risk management. He also served as Finance Administrator for Shelby County, a position he assumed in 1999. From 1991 to 1999, Mr. Swift served Shelby County as the Chief Administrative Officer for the Shelby County Trustee. Prior to joining Shelby County, he worked for

Coopers & Lybrand, Certified Public Accountants, for eleven years where his clients included Shelby County, City of Memphis, Memphis City Schools and a broad array of corporate clients. He also spent six years in private industry primarily as Vice President-Finance and Controller of a health care company. Mr. Swift is a graduate of the University of Missouri with a Bachelor of Science degree in Business Administration with a major in Accounting. He is a Certified Public Accountant. Mr. Swift is a member of the Government Finance Officers Association and has served as a member of the Board of the Cook Convention Center. In 2015, Mr. Swift was named "CFO of the Year" by the *Memphis Business Journal*.

Martha Lott, Director of Community Services – Ms. Lott joined Shelby County Government as Director of the Division of Community Services in October 2014. She has 34 years of combined service with the City of Memphis (19 yrs.) and Shelby County Government (15 yrs.) She received a Bachelor of Science in Criminal Justice from the University of Southern Mississippi (1980). Ms. Lott began her career as a City of Memphis Police Officer in 1980-1995. She then transferred to Shelby County Government as the Grants Manager in 1995-2002. While working for the County she also held the titles of Shelby County E-Government Manager 2002-2004 and the Memphis Metropolitan Planning Organization Administrator 2004-2010. From 2010 to 2014, she served as the Director of General Services with the City of Memphis. While in the role of Grants Manager Ms. Lott was instrumental working with federal, state, and local officials in securing Homeland Security and Metropolitan Planning grant funds that were to be rescinded. She was instrumental in restructuring the Division of General Services for the City of Memphis.

Richard S. Copeland, Director of Planning and Development – Mr. Copeland assumed his position as Director of Planning and Development in January 2004. He oversees the joint agency of the City of Memphis and Shelby County that provides guidance and direction in the adoption of policies and regulations to encourage long-range community development. Prior to his appointment, Mr. Copeland worked for Butler, Snow, O'Mara, Stevens and Cannada, PLLC. His previous positions include Assistant Director of the Tennessee Technology Development Corporation, Chief Operating Officer of Global Associates LLC, Chief Operating Manager of Compass Intervention Center LLC and President and Treasurer of Franklin American Insurance Corporation. From 1975 to 1990, he served Shelby County Government as Assistant to the Chairman of the Shelby County Commission, Assistant County Attorney and Assistant Chief Administrative Officer. Mr. Copeland holds a Bachelor of Science degree from the University of Tennessee at Martin and received his Juris Doctor degree from the University of Memphis. His memberships include the Memphis, Tennessee and American Bar Associations.

William Gupton, Director of Corrections – Mr. Gupton joins Shelby County Government from the State of Tennessee where he has served as Assistant Commissioner of Rehabilitative Services for the Tennessee Department of Correction. Prior to his appointment in 2011, he served as the Director of Substance Abuse Treatment Programs. From 2006 to 2009, he was a Program Manager with Corrections Corporation of America (CCA). From 2003 to 2006, he was the Director of Substance Abuse Services for the Tennessee Department of Correction. Mr. Gupton began his professional career with Centerstone Community Mental Health Center and worked at Centerstone for nine plus years. His duties as Program Coordinator included overall responsibility for the sub-contracted State post-release substance abuse program for inmates on parole from TDOC, The Co-occurring Disorder Program, and the Family Outreach and Intervention Program. Mr. Gupton left Centerstone in 1999 and went to work for the Davidson County Drug Court as Director of the residential treatment facility located in Nashville, Tennessee. Under the leadership of Judge Seth Norman, this innovative court-based residential treatment program was designed as an alternative to the prison substance abuse treatment program for convicted felons in Davidson County. He is a graduate of Tennessee State University (Nashville) with a B.S. in Business Administration. He is a licensed Alcohol and Drug Therapist (LADAC) State of Tennessee #787. He is presently pursuing a Master's degree in Public Administration from Tennessee State University.

Alisa R. Haushalter, Director of Health Services - Ms. Haushalter was appointed the new Director of Health Services in January 2016. Ms. Haushalter has over 30 years of public health leadership experience having served most recently as Senior Director for the Department of Population Health, Project Director for the Center for Medicare and Medicaid Innovation Grant and Director for the Department of Healthcare Engagement for Nemours Health and Prevention Services in Newark, DE. From 1983 to 2013, Ms Haushalter was employed in various positions with the Metro Public Health Department in Nashville, Tennessee which included Director of the Bureau of Population, Project Director for Communities Putting Prevention to Work, Director of Health Promotions, and Director of Tuberculosis Elimination, among other positions. Ms Haushalter received an Associate Degree in Nursing from Belmont University, a Masters of Science in Nursing Degree in Family Practice from Vanderbilt University, both in Nashville, Tennessee, and a Doctor of Nursing Practice in Public Health Nursing Leadership from the University of Tennessee Health Science Center in Memphis Tennessee. Ms Haushalter has also served on the faculties of Tennessee State University, Southeastern National Tuberculosis Training Center, Meharry Medical College and Vanderbilt University School of Nursing. She is a member of the American Public Health Association, National Association of City and County Health Officials and Doctor of Nursing Practice, Inc. She is also a licensed registered Nurse in the State of Tennessee.

Thomas E. Needham, Director, Division of Public Works – Mr. Needham assumed his position as Director of Public Works in September 2010. From 2006 – 2009, he was the Chief Operating Officer for SR Eilers, Inc. He practiced engineering in the State of Tennessee as design engineer, project manager, construction manager, personnel management, including training, and overall management of an architectural/engineering firm. He is a professional engineer in the states of Tennessee, Kansas, North Carolina and Mississippi. He has held a number of positions in professional memberships, including but not limited to, Past President of ACEC of Tennessee 1996-1997; Past National Director for American Companies of Engineering Consultants, Tennessee 2003-2005; and Past President of Tennessee Society of Professional Engineers.

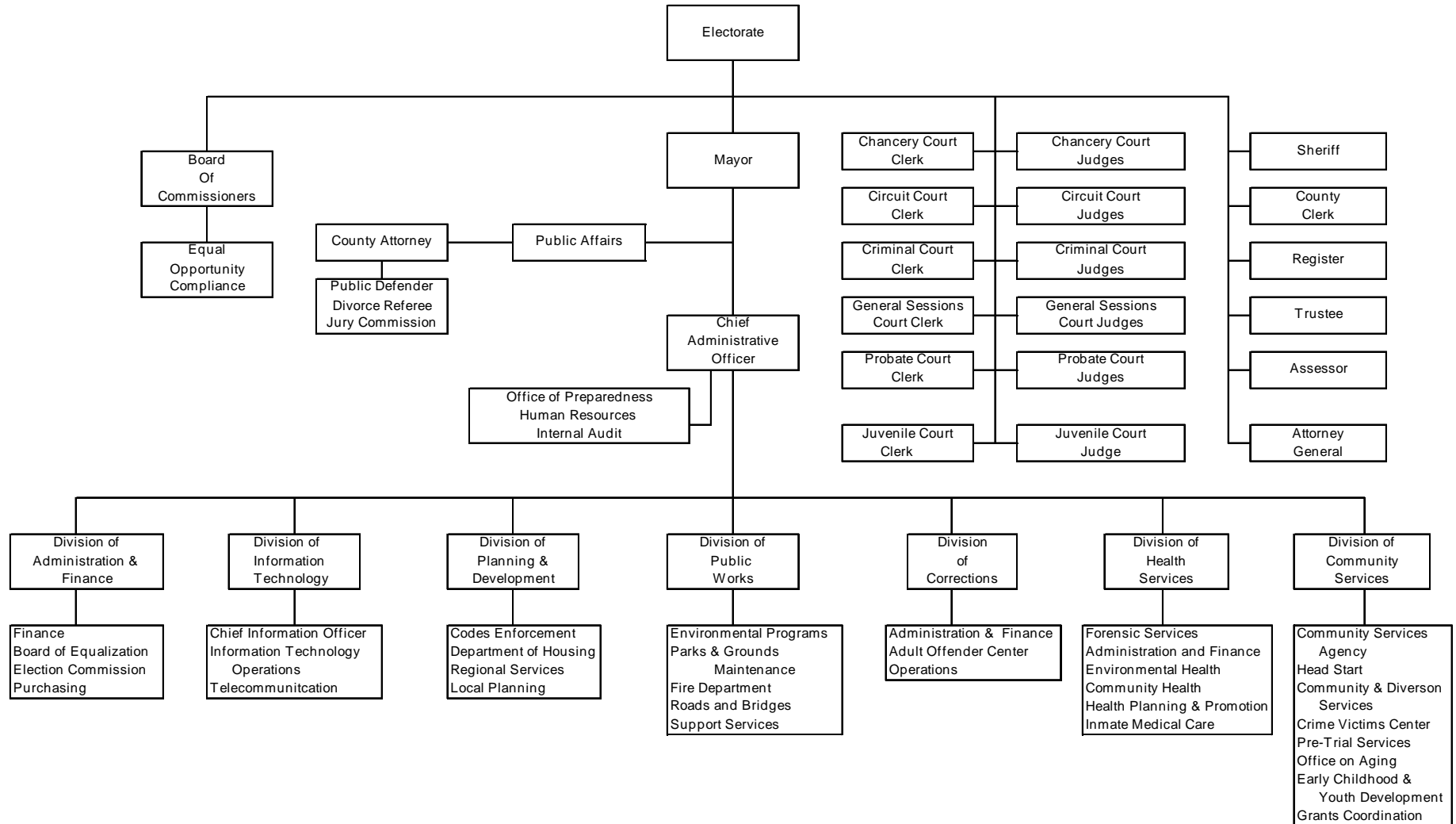
J. Ross Dyer, County Attorney – Mr. Dyer is a licensed attorney and member of the Tennessee Bar, admitted to practice law in Tennessee State Courts, the U.S. District Courts for the Western and Middle Districts of Tennessee, and the U.S. 6th Circuit Court of Appeals. Mr. Dyer received his Juris Doctorate from Cumberland Law School and his Bachelors of Business Administration from Millsaps College. Prior to assuming the role as County Attorney, Mr. Dyer served as an Assistant Attorney General with the Tennessee Attorney General's Office. In 2004, he was named the Manager and Supervising Attorney for the Attorney General's satellite office in Memphis and was named Senior Counsel in 2005. His practice consisted of litigation in both the State trial and appellate courts, as well as the Federal district courts. Mr. Dyer has served on a number of civic boards, has been active in professional organizations, and has presented numerous seminars concerning legal writing, ethics, and professionalism. Currently, he serves as the Chairman of the Board for Christ Community Health Services. In 2011, Mr. Dyer was submitted to the Governor as a finalist to fill a vacancy on the Tennessee Court of Criminal Appeals.

John Halbert, Jr., Chief Information Officer – Mr. Halbert assumed his position as Chief Information Officer in January 2012. Most of his professional IT career has been with a single organization, Jefferson County, AL. He was with Jefferson County for over 20 years. His last held position with Jefferson County was the Deputy Chief Information Officer; however he served as Acting Chief Information Officer for 18 months. During his long history with Jefferson County, he served in positions such as Senior Systems Analyst, Systems Analyst, Economic Development Officer, Geographic Information Systems Manager and Assistant Director. His skills include, but are not limited to, strategic planning, project management, needs assessment, budget administration, contract management and negotiations, technical support, policy and procedure development, and regulatory compliance.

Dale A. Lane, Director of the Office of Preparedness – Mr. Lane assumed his position as Director of the Shelby County Office of Preparedness on October 16, 2014. He has worked over 25 years for the County primarily in law enforcement. He oversees homeland security and emergency management activities for the County. Mr. Lane began his public safety career in 1987 as a patrol officer with the Millington Police Department. In January 1989 he joined the Shelby County Sheriff's Office as a patrol officer and progressed through the ranks to Chief Inspector. As a Sheriff's Deputy, Director Lane held command positions in Homeland Security, S.W.A.T., and the Patrol Field Bureau. In 2004 he was selected as a member of the Governor's Law Enforcement Counter-Terrorism Support Element. He also served on the FBI's Terrorism Working Group and was an associate member of the Joint Terrorism Task Force (JTTF). Director Lane holds a Master of Science Degree from the University of Arkansas in Operations Management. He is a graduate of the FBI National Academy in Quantico, VA. The FBI National Academy is considered an international leader in law enforcement management training. He has also completed the United States Secret Service National Threat Assessment training in Washington D.C. Director Lane has received the following awards: VFW Law Enforcement Officer of the Year, Optimist Club Officer of the Year, Southwest Tennessee C.C. Alumnus of the Year, Governor's/Infraguard Meritorius Service, and the Outstanding Performance Award from the Shelby County Deputy Sheriff's Association.

Shelby County Government Organizational Chart

As of June 30, 2015



Financial Management System

Division of Administration and Finance

The Division of Administration and Finance (the "Division") is the unit responsible for all fiscal affairs, financial management, purchasing and related systems of the County. The Director of the Division is charged with overall County financial policy and reports directly to the Chief Administrative Officer. He is the primary administrative officer responsible for budgeting, accounting, financial reporting, debt policy, and financial support systems.

The Director is appointed by the County Mayor.

Fiscal Year

The County operates on a fiscal year, which commences July 1 and ends June 30.

Financial Reporting

The County maintains a financial reporting system, which provides timely and accurate reports of revenues, expenditures, and financial status. The County's financial statements are audited annually by independent certified accountants as required by law. The report of such accountants with respect to the County's Financial Statements for the fiscal year ended June 30, 2015, are referenced in Appendix A of this Official Statement.

The Board of Education

The policy making body of the Shelby County school system is the Board of Education, which is composed of nine (9) members. The Board of Education appoints the system superintendent for a four-year term. The school board establishes educational policies and approves the budget for submission to the Board of County Commissioners for final appropriation. It has no separate taxing or bonding authority. All tax allocations must be set by the Board of County Commissioners and bonds are sold by the County for school capital purposes. All funds appropriated by the County must be distributed to the County school system and the newly formed municipal school districts on an average daily attendance basis.

Merger of the County School System and the City of Memphis School System; New Municipal School Districts

The Memphis City Schools ("MCS") and Shelby County Schools systems merged at the beginning of the 2013-2014 school year after the surrender by the MCS of its Charter on February 11, 2011 and a subsequent voter referendum.

Effective July 1, 2014, each of the municipalities in the County except Memphis created its own school system separate and apart from the Shelby County system. (The City of Memphis remains within the Shelby County Schools system). The Shelby County Schools system has entered into an agreement with each of the municipal school systems to transfer substantially all school facilities located in the municipalities to the municipal school systems; in exchange, the municipal school districts have agreed to pay a specified dollar amount annually for twelve years to the Shelby County Schools, which will be applied to reduce a portion of the Shelby County Schools' unfunded retiree health and life insurance liabilities incurred as of May 31, 2014.

Property taxes of the County collected for school operations and maintenance are allocated to both the Shelby County Schools and municipal school districts based on the student average daily attendance of the respective school districts pursuant to T.C.A. Section 49-3-315. Beginning in school year 2015-2016, the County is also required to allocate to the municipal school districts a portion of the proceeds of its school bonds issued for capital projects and payable from County-wide taxes on a similar basis under T.C.A. Section 49-3-1003.

Labor Relations

In a Policy Statement issued by the County Mayor and approved by the Board of County Commissioners on June 14, 1979, some County administrative employees were given the right to join or to refrain from joining, through an orderly process, a bona-fide organization for purposes of representation in matters of collective bargaining. Secret ballot elections may be provided in accordance with this Policy Statement, similar to the procedures followed by the National Labor Relations Board, but in keeping with the law of the State of Tennessee applicable to labor unions in public employment.

As of June 30, 2015, there were approximately 5,198 persons employed as permanent/durational full-time employees by the County. Of this total, 2,239 fall under the jurisdiction of the County Mayor in the Administrative function; 1,833 are responsible to the County Sheriff; and 1,126 employees are responsible to other elected officials of the County.

Within the County Mayor's area of responsibility, approximately 628 employees are represented by several labor organizations including the International Brotherhood of Electrical Workers Union, Local #474, whose two memorandums of understanding have been extended until March 31, 2019 (Support Services) and March 31, 2016 (Craft, Trade, and Labor); the International Firefighters Association, Local #2585, whose memorandum of understanding has been extended until August 31, 2016; the American Federation of State, County and Municipal Employees, Local #1733 for Correction Officers agreement has been extended until March 31, 2017.

Within the County Sheriff's area of responsibility, approximately 440 employees are represented by the Deputy Sheriff's Association, Local #58. This agreement was extended to August 31, 2015 and has not yet been extended or renegotiated. Approximately 815 Deputy Jailers are represented by AFSCME #1733 whose memorandum has been extended until December 31, 2015. A unit of approximately 69 employees in Records and Information, and Maintenance is represented by IBEW #474 and has a memorandum of understanding, which has been extended until March 31, 2017.

PROPERTY TAX

Assessments

All real estate and personal property, including some utilities not under the jurisdiction of the Tennessee Comptroller of the Treasury, Office of State Assessed Properties (OSAP) are assessed by the County Assessor of Property. Utilities and Carriers (railroads, truck lines, airlines, bus lines, etc.) are assessed by the OSAP, and some intangible personal property assessments related to banks are assessed by the State Division of Property Assessments.

Appraised values approximate market value. The ratios of assessment under the Property Assessment and Classification Act of 1973, provides for assessing farm and residential real property at 25% of the current market value, commercial and industrial real property at 40% of the current market value, personal property at 30% of the current market value and real and personal property and public utilities at 55% of the current value with corresponding reductions in tax rates.

New appraisal changes in real estate occur only for new construction. Reappraisal does not occur based on property sales. Personal property assessments are made annually based upon returns submitted by the taxpayers and are, therefore, maintained on a current basis. Appraisals by the OSAP for utilities and carriers are made annually based upon returns and are also maintained at current market value. The County, as required by State law, plans to revise all assessments every four years in the future based on current market values. The next County-wide reappraisal will occur for the 2017 tax year (collections in FY 2018).

Real estate and personal property are assessed by the County Assessor of Property at the percent of total actual value indicated. All assessments may be appealed for review by the Shelby County Board of Equalization and the State Board of Equalization.

Public Utilities are assessed by the OSAP and are automatically reviewed by the State Board of Equalization. These assessments include real estate and personal property on the basis of location and usage. Currently, under a ruling by the State Board of Equalization, the appraised value of public utilities is being reduced by multiplying it by a factor computed by dividing the appraised valuation for tax purposes of all real property within the County by the current market value. The assessed value is based on this reduced appraised value.

**TAX RATE DISTRIBUTION
(For Fiscal Years Ended June 30) ⁽¹⁾**

	<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>	<u>2011</u>
General Government	\$ 1.45	\$ 1.45	\$ 1.36	\$ 1.36	\$ 1.33
Schools ⁽²⁾	2.14	2.14	1.91	1.91	1.90
Principal and Interest	0.78	0.79	0.75	0.75	0.79
Total Direct Tax Rate	\$ 4.37	\$ 4.38	\$ 4.02	\$ 4.02	\$ 4.02
Special General Obligation School Bonds ⁽³⁾	-	0.04	0.04	0.04	0.04
Total Tax Rate	<u>\$ 4.37</u>	<u>\$ 4.42</u>	<u>\$ 4.06</u>	<u>\$ 4.06</u>	<u>\$ 4.06</u>

Source: Shelby County 2015 CAFR

⁽¹⁾ All property within the County was reappraised for the tax levy in fiscal 2014 and 2010.

⁽²⁾ Under State law, the County is required to allocate property taxes between the Shelby County Schools and other municipal school systems based upon the ratio of average daily attendance of each system. From 2011 to 2013, a portion of the funds were allocated to Memphis City Schools and a portion to County schools. As a result of the merger of Memphis City Schools and Shelby County Schools in July 2013, all of the tax rate was allocated to Shelby County Schools in FY2014. In FY2015, six municipalities formed municipal school systems and property taxes are allocated based on average daily attendance with approximately 80% allocated to the Shelby County Schools and the remainder to the municipal school systems.

⁽³⁾ The Special General Obligation School Bonds Tax is applicable to those properties that were located outside the boundaries of the Board of Education of the City of Memphis, which is generally that portion of Shelby County outside of the City of Memphis. The tax rate is no longer in effect as of FY2015 as the local option sales tax will be used to pay the remaining balance of the Special General Obligation School Bonds.

TAX RATE LIMITATIONS

The ad valorem (real estate and personal property) tax levy is without legal limit. All prior limitations and restrictions, whether restrictive as to total dollar amount or restrictive as to specific uses or a combination of the two, have been repealed.

**TEN LARGEST TAXPAYERS
2015 Assessments**

	<u>Assessment</u>	<u>% of Total</u>
Federal Express Corporation	\$ 734,388,695	4.09%
Bellsouth Telecommunications Inc.	120,490,733	0.67%
AT&T Mobility LLC	65,960,941	0.37%
Belz Investco GP	63,567,345	0.35%
AMISUB (SFH) Inc.	64,702,465	0.36%
G&I VII Retail Carriage LLC (and related divs)	60,166,600	0.33%
Kroger Companies	58,437,820	0.33%
Galleria at Wolfchase, LLC	58,329,440	0.32%
Lightman Michael A (and affiliated LPs)	55,338,335	0.31%
Boyle Investment Co.	<u>46,110,715</u>	<u>0.26%</u>
Taxpayers	1,327,493,089	7.39%
Balance of Assessed Valuation	<u>16,639,396,171</u>	<u>92.61%</u>
Total Assessed Valuation	\$ 17,966,889,260	100.00%

Source: Shelby County 2015 CAFR, Shelby County Assessor and Trustee Offices.

**SHELBY COUNTY, TENNESSEE
PROPERTY TAX LEVIES AND COLLECTIONS
LAST TEN FISCAL YEARS**

Fiscal Year Ended June 30,	Tax Year	Original Taxes Levied for the Fiscal Year	Collected within the Fiscal Year of the Levy			Total Collections to Date			
			Amount	Percentage of Original Levy	Collection in Subsequent Years	Adjusted Tax Levy	Amount	Percentage of Adjusted Levy	Percentage of Original Levy
2006 (a)	2005	\$ 694,476,293	\$ 645,263,773	92.91%	\$ 31,318,132	\$ 677,111,387	\$ 676,581,905	99.92%	97.42%
2007	2006	711,047,486	666,613,568	93.75%	32,453,596	699,733,885	699,067,164	99.90%	98.32%
2008	2007	721,760,505	676,692,968	93.76%	34,047,996	711,865,780	710,740,964	99.84%	98.47%
2009	2008	736,461,361	684,698,542	92.97%	41,116,158	727,818,605	725,814,700	99.72%	98.55%
2010 (a)	2009	791,055,910	719,276,815	90.93%	34,083,436	756,501,081	753,360,251	99.58%	95.23%
2011	2010	776,865,051	713,667,892	91.87%	28,869,754	747,774,894	742,537,646	99.30%	95.58%
2012	2011	764,302,988	710,934,070	93.02%	28,200,706	747,408,237	739,134,776	98.89%	96.71%
2013	2012	760,525,341	713,245,234	93.94%	24,191,410	747,071,511	737,436,644	98.71%	96.96%
2014 (a)	2013	798,327,814	741,958,610	92.94%	19,181,091	774,504,978	761,139,701	98.27%	95.34%
2015	2014	783,507,158	750,097,124	95.74%	N/A	778,641,703	750,097,124	96.33%	95.74%

Source: Shelby County 2015 CAFR, Shelby County Assessor and Trustee Offices.
(a) The effect of property reappraisals are reflected in FY2006, 2010, and 2014 amounts.

**SHELBY COUNTY, TENNESSEE
 ASSESSED AND ESTIMATED VALUE OF TAXABLE PROPERTY
 LAST TEN FISCAL YEARS**

Fiscal Year	Tax Year	Residential Property	Commercial Property	Personal Property	Public Utilities (b)	Total Taxable Assessed Value (a)	Total Direct Tax Rate	Estimated Actual Taxable Value	Assessed Value as a Percentage of Actual Value (c)
2006 (d)	2005	\$ 9,425,210,140	\$ 5,471,742,335	\$ 1,289,881,700	\$ 1,033,424,138	\$ 17,220,258,313	4.04	\$ 57,726,276,478	29.83%
2007	2006	9,695,032,075	5,441,266,015	1,326,178,545	1,040,281,497	17,502,758,132	4.04	58,862,669,304	29.73%
2008	2007	10,018,623,775	5,439,860,370	1,286,578,685	975,529,145	17,720,591,975	4.04	59,900,899,755	29.58%
2009	2008	10,259,997,845	5,530,133,410	1,402,492,320	896,680,554	18,089,304,129	4.04	61,383,315,080	29.47%
2010 (d)	2009	10,954,449,590	6,285,548,950	1,468,617,700	948,762,385	19,657,378,625	4.02	66,374,654,928	29.62%
2011	2010	10,794,438,245	6,116,755,995	1,388,887,495	1,012,006,455	19,312,088,190	4.02	65,216,500,736	29.61%
2012	2011	10,721,303,794	5,828,574,575	1,380,179,795	1,069,425,931	18,999,484,095	4.02	64,287,973,983	29.55%
2013	2012	10,649,905,970	5,660,543,555	1,438,945,120	1,098,465,902	18,847,860,547	4.02	63,834,911,731	29.53%
2014 (d)	2013	9,588,110,655	5,919,308,700	1,533,153,805	1,125,314,171	18,165,887,331	4.38	60,586,935,365	29.98%
2015	2014	9,553,959,920	5,650,054,415	1,473,774,000	1,289,100,925	17,966,889,260	4.37	59,884,233,964	30.00%

(a) Assessed value is the most current tax year value prepared by the County Property Assessor as of year-end.

(b) Public Utilities information is based on information received from the State of Tennessee Comptroller of the Treasury Assessments.

(c) The State of Tennessee tax statutes classify property as follows for computing assessed valuations:

Real Estate-Residential and Farms	25% of actual value
Real Estate-Commercial and Industrial	40% of actual value
Personal Property-Commercial and Industrial	30% of actual value
Public Utilities	55% of actual value

(d) Property reappraisals were implemented in FY 2006, 2010, and 2014.

Source: Shelby County 2015 CAFR, Shelby County Assessor and Trustee Offices.

UNDERLYING DEBT

The following table of jurisdictions with boundaries within the County's boundaries is based upon information received by the County from the sources specified in the notes to the table. It does not include authorized but unissued indebtedness of those jurisdictions, according to the information that the County has received. The County has not assumed responsibility to verify any information received by it.

<u>Subdivision</u>	<u>Underlying Indebtedness</u> ⁽¹⁾
City of Memphis	\$ 1,208,825,000
City of Germantown	21,405,000
City of Bartlett	29,887,676
City of Collierville	29,910,313
City of Lakeland	7,739,466
Town of Arlington	13,830,628
Town of Millington	6,439,000
Total	<u>\$ 1,318,037,083</u>

Sources: Shelby County 2015 CAFR

⁽¹⁾ The Audited Underlying Bonded Indebtedness, which is as of June 30, 2015, includes Gross Debt for Memphis, Germantown, Bartlett, Collierville, Lakeland, Arlington and Millington.

CONTRACTS AND OTHER LONG-TERM OBLIGATIONS

Leases

The County has capital leases related to the acquisition of three Emergency One C550 Typhoon Pumper trucks and a Ferrara Inferno Aerial Ladder truck for the Fire Services Funds, a business-type activity. The Ferrara truck was purchased for a total cost of \$584,925. The net book value of the Ferrara Inferno Aerial Ladder truck is \$375,327. The amortization of these leased assets is included as part of depreciation expense. The total remaining balance on the capital leases is \$69,152.

The County has entered into a capital lease agreement with the State of Tennessee for a new Regional Forensic Center. The State issued bonds in March 2013 for long term funding of construction costs. The lease agreement provides that the County's lease payments will be the amount required funding debt service requirements for \$8,000,000 of the bonds issued by the State. The remaining amount owed for this lease is included in the long term debt from the County. The estimated annual capital lease cost, including interest, will be approximately \$400,000 to \$515,000 per year. As of June 30, 2015, the remaining principal balance for this lease is \$6,131,862.

Arena

The construction of the FedEx Forum (the "Arena"), an 18,200 seat state of the art multipurpose sports, entertainment and public assembly facility with suites, loge boxes and other premium seating, was completed in September 2004 and funded, in part, with the issuance of \$202,290,000 revenue bonds by the Memphis Shelby County Sports Authority (the "Authority") in 2002. In 2007, the Series 2002A and Series 2002B Bonds were refunded, in part, by the \$187,335,000 Series 2007 Series A, B, C and D Bonds. On July 9, 2009, the 2007 Series A and B Bonds were currently refunded by the Authority's Revenue Refunding Bonds, 2009 Series A and B. As of June 30, 2015, the Sports Authority had \$188,730,000 of senior lien bonds outstanding.

Pursuant to an interlocal agreement, in the event the revenues pledged to the support of the Bonds shall prove to be insufficient to pay debt service on such Bonds in any bond year (ending on October 31), the County and the City of Memphis, Tennessee (the "City"), pursuant to the provisions of Section 7-67-116 of the Tennessee Code Annotated, have covenanted to timely appropriate from legally available non-ad valorem revenues, not later than October 31 of the fiscal year ending June 30 following the date of such deficit, sufficient moneys to replenish draws ("Debt Service Reserve Fund Replenishment Obligations") from the Debt Service Reserve Fund used to make scheduled debt service on the Bonds in the prior year.

The obligation of the County and the City to replenish draws on the Debt Service Reserve Fund relating to the Bonds shall be apportioned on the following basis: 50% County, and 50% City, and shall not be joint. The maximum amount of the County's or City's Debt Service Reserve Fund Replenishment Obligation, respectively, under the Interlocal Agreement is the debt service payments on not to exceed \$115,000,000 of the Authority's Bonds, which is approximately one-half (1/2) of the authorized Bonds. The obligation to replenish the Debt Service Reserve Fund is not a general obligation of the County or the City. Financial statements for the Memphis and Shelby County Sports Authority, Inc. may be obtained from the Shelby County Finance Department, 160 N Main Street, 8th Floor, and Memphis, Tennessee 38103.

Also pursuant to the same interlocal agreement, the County collects and remits certain revenues. During the year ended June 30, 2015, the County transferred to the Sports Authority for debt service purposes the amount of \$1,882,369 from car rental taxes and \$8,155,563 from hotel/motel taxes.

Electrolux

The Memphis and Shelby County Port Commission issued Development Revenue Bonds, Series 2011, ("2011 Port Bonds") in the aggregate amount of \$40,795,000 to pay the costs of acquisition and construction of the infrastructure improvements and development of the proposed appliance manufacturing and assembly facility, warehouse and distribution facility, and regional headquarters facility, to be located within the Port Commission's boundaries and jurisdiction.

Pursuant to an Interlocal Agreement, the County and the City, pursuant to provisions of the Constitution and Laws of the State of Tennessee including particularly, Chapter 500 and 529 of the Private Acts of 1947 of the State of Tennessee, have covenanted to timely appropriate from legally available non-ad valorem revenues sufficient moneys to pay scheduled debt service on the 2011 Port Bonds. Also under the Interlocal agreement, the County and the City have agreed to pay the costs of administration of the 2011 Port Bonds, including the fees and expenses of the Trustee and Paying Agent.

The obligation of the County and the City to support the payment of debt service on the 2011 Port Bonds is apportioned on the following basis: 50% County, and 50% City, and is not a joint obligation. The maximum amount of the County's or City's support obligation, respectively, under the Interlocal Agreement is the debt service on not to exceed \$22,000,000 of the principal amount of the 2011 Port Bonds. The obligation to support the payment of debt service on the 2011 Port Bonds is not a general obligation of the County or the City. As of June 30, 2015, the County's principal obligation is \$18,542,500.

Qualified School Construction Bonds - 2009

In 2009, the State of Tennessee (the "State") issued Qualified School Construction Bonds (Tax Credit Bonds), Series 2009 ("Series 2009 QSCB Bonds") through the Tennessee State School Bond Authority ("Authority") specifically for school construction bond projects to certain cities, towns, counties, metropolitan governments and special districts. The County entered into a loan agreement (the "2009 Loan Agreement") with the Authority to borrow a portion of the Series 2009 QSCB Bond proceeds in the principal amount of \$55,120,000.

The Series 2009 QSCB Bonds were issued by the State pursuant to the provisions of the Tennessee State School Bond Authority Act, Title 49, Chapter 3, Part 12, Tennessee Code Annotated, as amended and a bond resolution and under the provisions of the American Recovery and Reinvestment Act of 2009 and as defined in Section 54F of the Internal Revenue Code of 1986, as amended (the "Code").

Pursuant to the 2009 Loan Agreement, the County agreed to pay its proportionate share of the principal, plus interest at a supplemental coupon rate (the initial tax credit rate) together with additional interest at a conversion coupon rate if the Series 2009 QSCB Bonds are converted to interest bearing bonds, and its share of administrative expenses, investment losses and other costs ("Loan Payments"). The County, pursuant to Section 49-3-1206(e)(1) of the Tennessee Code Annotated, as amended, has pledged to such payments its full faith and credit and unlimited taxing power. In

addition, the County pledged its Unobligated State-Shared Taxes (as defined in the 2009 Loan Agreement) to the extent necessary and available, to provide for the loan payments and authorized the Authority to direct such Unobligated State-Shared Taxes be withheld by the State and paid to the Authority to the extent any such payment of the County under the 2009 Loan Agreement with respect to such payment is delinquent. As of June 30, 2015, the County's principal obligation under the 2009 Loan Agreement was \$38,209,607.

Qualified School Construction Bonds - 2010

In 2010, the State issued Qualified School Construction Bonds (Federally Taxable-Direct Subsidy Bonds), Series 2010 ("Series 2010 QSCB Bonds") through the Authority specifically for school construction bond projects to certain cities, towns, counties, metropolitan governments and special districts. The County entered into a loan agreement (the "2010 Loan Agreement") with the Authority to borrow a portion of the Series 2010 QSCB Bond proceeds in the principal amount of \$67,260,000.

The Series 2010 QSCB Bonds were issued pursuant to the provisions of the Tennessee State School Bond Authority Act, Title 49, Chapter 3, Part 12, Tennessee Code Annotated, as amended and a bond resolution, and are subject to certain requirements of the American Recovery and Reinvestment Act of 2009 as amended and the Code and other applicable law.

Pursuant to the 2010 Loan Agreement, the County agreed to pay its proportionate share of the principal of, interest on, administrative expenses and investment losses, if any, and, pursuant to Section 49-3-1206(e)(1) of the Tennessee code Annotated, as amended, pledged to such payments its full faith and credit and unlimited taxing power. In addition, the County pledged its unobligated state-shared taxes (as defined in the 2010 Loan Agreement) to the extent necessary and available, to provide for the payment of the principal of, interest on and premium, if any, and authorized the Authority to direct such Unobligated State-Shared Taxes be withheld by the State and paid to the Authority to the extent any such payment of the County under the 2010 Loan Agreement with respect to such payment is delinquent. As of June 30, 2015, the County's principal obligation under the 2010 Loan Agreement was \$50,822,068.

Interest Rate Swaps

In fiscal years 2005 and 2006, the County authorized the execution and delivery of certain interest rate swap agreements with Goldman Sachs Mitsui Marine Derivative Products, L.P. ("GSMMDP"), Morgan Keegan Financial Products, Inc. ("MKFP", now Raymond James Financial Products, Inc.) and Loop Financial Products I, LLC ("Loop"). An aggregate notional amount of approximately \$318,310,000 is outstanding at November 5, 2014. The County's three outstanding swaps are outlined below:

On February 14, 2006 the County entered into two (2) swaps relative to the County's General Obligation Variable Rate Demand Public Improvement and School Bonds, 2006 Series B. One swap (the "2006B GSMMDP Swap") is with GSMMDP in the original notional amount of \$119,590,000, and the second swap (the "2006B MKFP Swap") is with MKFP in the notional amount of \$40,000,000. Under the terms of both swaps, the County pays a fixed rate of 3.503% until March 1, 2016 and 4.43% thereafter, and receives a variable rate equal to the SIFMA Index. The termination of both swaps is March 31, 2031. As of November 5, 2014, the notional amounts of the 2006B GSMMDP Swap and the 2006B MKFP Swap are \$119,590,000 and \$40,000,000, respectively.

On June 23, 2005 the County entered into a swap (the "Loop Swap") relative to the County's General Obligation Variable Rate Demand Refunding Bonds, 2008 Series A with Loop in the original notional amount of \$121,485,000. Under the terms of the swap, the County pays a fixed rate of 4.66% and receives a variable rate payment equal to the SIFMA Index. The termination of the swap is March 1, 2022. Upon issuance of the 2009 Series A General Obligation Refunding Bonds on April 2, 2009, the Loop Swap was assigned to the 2004 Series B Bonds. As of June 30, 2015, the swap has a notional amount of \$86,920,000.

The foregoing Loop Swap will be terminated simultaneously with the issuance of the Bonds.

Compensated Absence Liabilities

Governmental Accounting Standards Board (GASB) Statements 16 and 34 require recognition in the Countywide Statement of Net Assets of the liability for vacation and sick pay which has been earned and is reasonably expected to be paid to existing employees. The County has estimated its obligations for compensated absence liabilities to be \$25,970,739 as of June 30, 2015.

**PERCENTAGE OF ANNUAL DEBT SERVICE FOR GENERAL
BONDED DEBT TO TOTAL GENERAL EXPENDITURES
2006 - 2015**

<u>Fiscal Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total Debt Service</u>	<u>Total General Governmental Expenditures</u>	<u>Percentage of Debt Service to Total Expenditures</u>
2006	\$ 66,121,117	\$ 69,970,010	\$ 136,091,127	\$ 1,045,252,923	13.02%
2007	80,044,550	68,490,832	148,535,382	1,087,011,305	13.66%
2008	87,915,650	77,293,351	165,209,001	1,156,569,859	14.28%
2009	92,193,150	84,094,531	176,287,681	1,095,691,284	16.09%
2010	100,395,000	69,936,730	170,331,730	1,056,468,709	16.12%
2011	107,763,833	72,637,411	180,401,244	1,092,583,575	16.51%
2012	97,608,385	82,830,811	180,439,196	1,096,207,352	16.46%
2013	88,600,728	84,363,521	172,964,249	1,101,423,559	15.70%
2014	98,305,618	67,496,876	165,802,494	1,067,157,323	15.54%
2015	93,691,014	63,778,052	157,469,066	1,041,620,289	15.12%

Source: Shelby County 2015 CAFR and Shelby County Finance Department.

GENERAL OBLIGATION BOND AUTHORIZATION

General obligation bonds, other than general obligation bonds that refund other general obligation bonds, are authorized on behalf of the County by an initial resolution of the Board of County Commissioners. The initial resolution must be published one time in a newspaper of general circulation in the County. Unless 10% of the registered voters of the County protest the issuance of the bonds within twenty days of publication, the general obligation bonds may be issued as authorized.

DEBT LIMIT

Section 9-21-103, of the T.C.A. provides that bonds issued under Chapter 21 of Title 9 of the T.C.A. may be issued "without regard to any limit on indebtedness...."

**PRINCIPAL OF OUTSTANDING GENERAL OBLIGATION DEBT
PAST FIVE FISCAL YEARS
(As of June 30) ⁽¹⁾**

	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>
Long Term Debt:					
General Obligation	\$ 422,608,769	\$ 340,091,445	\$ 306,724,579	\$ 251,559,124	\$ 202,059,538
School Bonds	<u>1,192,498,927</u>	<u>1,115,661,785</u>	<u>1,067,311,537</u>	<u>1,017,631,941</u>	<u>941,290,513</u>
Total GO Indebtedness	<u>\$1,615,107,696</u>	<u>\$1,455,753,230</u>	<u>\$1,374,036,116</u>	<u>\$1,269,191,065</u>	<u>\$1,143,350,051</u>

Source: Shelby County Finance Department

⁽¹⁾ Includes direct general obligation debt and other obligations of the County.

**PERCENTAGE OF GENERAL BONDED DEBT TO APPRAISED
AND ASSESSED VALUE**
(In thousands of dollars)

	Fiscal Year ended June 30				
	2011	2012	2013	2014	2015
Long Term Debt:					
Appraised property valuation	\$ 65,216,501	\$ 64,287,974	\$ 63,834,912	\$ 60,586,935	\$ 59,884,234
Assessed valuation	19,312,088	18,999,484	18,847,861	18,165,887	17,966,889
Total general obligation debt	1,615,108	1,455,753	1,374,036	1,269,191	1,143,350
Less: Self-Supporting debt	53,965	-	-	-	-
Net debt	\$ 1,561,143	\$ 1,455,753	\$ 1,374,036	\$ 1,269,191	\$ 1,143,350
Total G.O.bonded debt to appraised	2.48%	2.26%	2.15%	2.09%	1.91%
Net bonded debt to appraised valuation	2.39%	2.26%	2.15%	2.09%	1.91%
Total G.O.bonded debt to assessed	8.36%	7.66%	7.29%	6.99%	6.36%
Net bonded debt to assessed valuation	8.08%	7.66%	7.29%	6.99%	6.36%

Source: Shelby County 2015 CAFR and Shelby County Finance Department.

OTHER POST-EMPLOYMENT BENEFITS

Retired employees of the County and former employees receiving long-term disability benefits through the County's program may participate in postemployment benefits (health and life insurance) through the Shelby County OPEB Trust (Trust). The Trust is a single-employer defined benefit plan. The benefits provided are health insurance and life insurance.

For information relating to the System's pension obligations, see Note IV. (O), D-32 to the County's Comprehensive Annual Financial Report for the fiscal year ended June 30, 2015. <http://shelbycountyttn.gov/DocumentCenter/View/22726>.

THE SHELBY COUNTY RETIREMENT SYSTEM

The Shelby County Retirement System (the System) is a single employer defined benefit public employee retirement system established by Shelby County, Tennessee. The System is administered by a board, the majority of whose members are nominated by the Shelby County Mayor, subject to approval by the Shelby County Board of Commissioners. The System issues a publicly available financial report that includes financial statements and required supplementary information. Pursuant to Section 9-3-505 of the Tennessee Code Annotated, the County is making payments to its pension plan in amounts equal to at least 100% of the Actuarially Determined Contribution.

For information relating to the System's pension obligations, see Note IV. (P), D-34 to the County's Comprehensive Annual Financial Report for the fiscal year ended June 30, 2015. <http://shelbycountyttn.gov/DocumentCenter/View/22726>.

SHELBY COUNTY, TENNESSEE
SHELBY COUNTY POST-EMPLOYMENT TRUST FUNDS
(A COMPONENT OF SHELBY COUNTY, TENNESSEE)
STATEMENT OF PLAN NET ASSETS*
June 30, 2015

Assets:	
Cash and cash equivalents	\$ 5,274,008
Investments	
Domestic equity	69,119,143
International equity	30,847,404
Fixed income	37,354,686
Global low-volatility equity	7,582,824
Hedge funds	-
Private real estate and infrastructure	4,971,034
Alternative investments	20,741,918
Limited Partnership interests	-
Master limited partnerships	16,656,797
Short-term investments	6,415,979
Accounts receivable	63,059
Accrued interest and dividends receivable	-
Due from brokers - investment sales	-
	<hr/>
Total Assets	<u><u>\$ 199,026,852</u></u>
Deferred outflows of resources:	
Fair value of hedging derivatives	-
Total deferred inflows of resources	<hr/>
Liabilities:	
Accounts payable	\$ 1,169,725
Due to brokers and others	-
Total Liabilities	<u><u>\$ 1,169,725</u></u>
Net assets held in trust for pension and other postemployment benefits	<u><u>\$ 197,857,127</u></u>

* Post Employment Trust Funds include both the Retirement System and Other Post-Employment Benefits Trust Fund. Additional information can be found in the County's Annual Financial Statements, Notes, and Supplementary Information for FY 2015.

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STATEMENT OF CHANGES IN PLAN NET ASSETS
For the Year Ended June 30, 2015

STATEMENT OF CHANGES IN PLAN NET ASSETS

Additions:

Contributions:	
Employer contributions	\$ 31,445,399
Member contributions	4,984,144
Other revenue	-
Total contributions	<u>36,429,543</u>

Investment income:

Net change in fair value of investments	(1,502,096)
Interest income	177,854
Dividend income	3,034,873
Other income	-
Total investment income	<u>1,710,631</u>

Less investment management expenses (333,357)

Net investment income (loss)	<u>1,377,274</u>
Net additions	<u>37,806,817</u>

Deductions:

Benefit payments	17,094,301
Administrative expenses	450,148
Refund of member contributions	-
Total deductions	<u>17,544,449</u>

Change in net assets 20,262,368

Net assets held in trust for benefits

June 30, 2014	<u>177,594,759</u>
June 30, 2015	<u>\$ 197,857,127</u>

Source: Shelby County 2015 CAFR. For information relating to the County's pension obligations, see the County's Annual Financial Statements, Notes, and Supplementary Information for the fiscal year ending June 30, 2015.

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BUDGETING AND APPROPRIATIONS PROCEDURES

The formal budgetary process is preceded by a goal-setting workshop for senior administrative management. After identifying and prioritizing general goals and objectives, specific strategies and action plans for implementation are prepared at the division management level. This planning process serves as the basis for formulation of departmental budgets. These budgets are reviewed by the respective division directors and a combined division budget is prepared incorporating administrative review changes at that level.

Division budgets are submitted to the Chief Administrative Officer for a final level of administrative review. Subsequent to necessary revisions and a final executive review by the Mayor, a consolidated budget for the County Administration is prepared.

Elected officials submit their respective budgets to the budget office to be included in a consolidated budget document that is presented to the Budget and Finance Committee of the Board of County Commissioners.

The Budget and Finance Committee conducts public review meetings and recommends revisions to the consolidated budget. The revised consolidated budget is presented for approval to the Board of County Commissioners. The legislative body is responsible for final approval of the consolidated budget and sets the property tax rate.

BUDGET FOR THE FISCAL YEAR ENDING JUNE 30, 2016

<u>General Fund Revenue</u>	<u>FY16</u>
Property Taxes	\$ 250,825,000
Other Local Taxes	31,730,000
State Revenue	21,506,302
Federal and Local Revenue	8,262,293
Charges for Services	3,654,518
Fines, Fees and Permits	63,907,000
Other Revenue	283,000
Investment Income	393,399
Total Revenue	<u>\$ 380,561,512</u>
<u>General Fund Expenditures</u>	
General Government	\$ 23,157,554
Planning & Development	347,861
Public Works	21,126,116
Health Services	26,009,170
Hospitals (Regional One)	27,408,000
Community Services	8,708,383
Sheriff	164,829,607
Judicial	63,854,459
Other Elected Officials	31,672,421
Total Expenditures	<u>\$ 367,113,571</u>
<u>Other Financing Sources (Uses)</u>	
Transfers In	\$ 1,805,608
Transfer Out	(15,853,549)
Other Sources	-
Sale of Capital Assets	600,000
Insurance Recoveries	-
Total Financing Sources	<u>\$ (13,447,941)</u>
Net Change in Fund Balance	<u>\$ -</u>

Source: Shelby County Adopted Budget, Fiscal Year 2016.

GENERAL FUND
Revenues, Expenditures, and Changes in Fund Balance
Years Ended June 30, 2011 – 2015

	2015	2014	2013	2012	2011
Revenue					
Property Taxes	\$ 252,568,769	\$ 246,933,780	\$ 243,102,953	\$ 242,951,328	\$ 240,027,270
Other Local Taxes	32,350,888	34,048,774	30,987,178	28,298,234	36,481,924
State Revenue	20,557,390	19,588,987	19,448,536	17,552,358	17,585,648
Federal and Local Revenue	7,258,449	11,270,945	7,576,952	3,962,131	4,508,066
Charges for Services	3,753,188	3,360,557	3,429,291	3,689,455	3,720,574
Fines, Fees, and Permits	64,200,149	64,612,993	63,598,248	65,071,272	64,386,433
Other Revenue	815,236	272,660	425,433	347,711	1,067,862
Investment Income	382,755	371,433	360,385	477,788	407,728
Total Revenue	<u>\$ 381,886,824</u>	<u>\$ 380,460,129</u>	<u>\$ 368,928,976</u>	<u>\$ 362,350,277</u>	<u>\$ 368,185,505</u>
Expenditures					
General Government	27,044,572	29,336,358	29,855,473	28,976,053	28,268,211
Hospital	26,816,000	26,816,000	26,816,000	26,816,000	36,816,000
Planning and Development	342,510	335,351	326,534	336,901	363,064
Public Works	19,280,451	18,695,710	19,405,051	19,373,602	19,275,332
Health Service	25,050,299	24,898,776	23,696,210	24,438,584	24,708,153
Community Services	8,148,112	8,424,102	7,966,582	8,690,998	8,083,943
Law Enforcement	156,278,726	155,727,953	150,850,753	149,358,174	142,512,918
Judicial	67,435,886	65,921,980	62,917,241	62,599,182	60,638,382
Other Elected Officials	29,320,545	25,209,151	26,523,356	24,840,139	25,038,082
Total Expenditures	<u>\$ 359,717,101</u>	<u>\$ 355,365,381</u>	<u>\$ 348,357,200</u>	<u>\$ 345,429,633</u>	<u>\$ 345,704,085</u>
Excess (Deficiency) of Revenue over (under) Expenditures	<u>22,169,723</u>	<u>25,094,748</u>	<u>20,571,776</u>	<u>16,920,644</u>	<u>22,481,420</u>
Other Financing Sources (Uses)					
Other - Net					
Total Other Financing Sources (Uses)	<u>(16,814,065)</u>	<u>(17,467,034)</u>	<u>(17,711,728)</u>	<u>(10,888,037)</u>	<u>(13,771,949)</u>
Net Change in Fund Balances	5,355,658	7,627,714	2,860,048	6,032,607	8,709,471
Beginning Fund Balance	<u>103,387,753</u>	<u>95,760,039</u>	<u>92,899,991</u>	<u>86,867,384</u>	<u>78,157,913</u>
Ending Fund Balance	<u>\$ 108,743,411</u>	<u>\$ 103,387,753</u>	<u>\$ 95,760,039</u>	<u>\$ 92,899,991</u>	<u>\$ 86,867,384</u>

Source: Shelby County CAFR for fiscal years 2011 - 2015.

SPECIAL REVENUE FUNDS
Revenues, Expenditures, and Changes in Fund Balances
Years Ended June 30, 2011 – 2015

	2015	2014	2013	2012	2011
Revenue					
Property Taxes	\$ 372,756,577	\$ 363,926,777	\$ 341,416,694	\$ 341,359,961	\$ 344,434,029
Other Local Taxes	25,671,562	36,800,279	35,131,157	34,269,556	21,536,285
State Revenue	60,710,857	63,139,071	71,617,735	71,612,975	86,646,656
Federal and Local Revenue	19,736,610	41,847,536	52,810,292	55,216,063	52,106,810
Charges for Services	1,876,503	2,287,438	1,943,661	5,088,031	4,949,073
Fines, Fees, and Permits	6,530,519	6,343,352	6,420,731	5,684,851	6,889,032
Other Revenue	3,320,286	8,585,756	15,784,533	3,892,607	3,221,608
Investment Income	162,728	173,070	177,898	164,106	160,379
Total Revenue	<u>\$ 490,765,642</u>	<u>\$ 523,103,279</u>	<u>\$ 525,302,701</u>	<u>\$ 517,288,150</u>	<u>\$ 519,943,872</u>
Expenditures					
General Government	16,699,699	16,614,451	22,644,626	15,824,138	21,943,531
Hospital	-	-	-	-	-
Planning and Development	7,377,356	7,460,868	6,937,177	6,503,208	6,335,038
Public Works	20,033,415	16,556,748	13,875,965	17,177,861	21,391,353
Corrections	1,380,175	971,686	1,285,105	1,388,314	1,458,284
Health Service	27,385,315	28,687,885	27,058,302	28,148,384	28,240,858
Community Services	28,212,617	60,580,656	70,000,386	61,109,323	74,835,379
Law Enforcement	3,910,875	3,813,119	6,123,789	4,116,077	4,387,760
Judicial	5,138,086	5,094,763	5,032,399	4,921,485	4,523,078
Other Elected Officials	136,904	180,621	207,840	306,760	454,862
Education	383,088,000	384,764,432	361,288,000	361,288,000	361,288,000
Debt Service	-	-	-	-	-
Capital Outlay: Capital Projects	-	-	-	-	-
Total Expenditures	<u>\$ 493,362,442</u>	<u>\$ 524,725,229</u>	<u>\$ 514,453,589</u>	<u>\$ 500,783,550</u>	<u>\$ 524,858,143</u>
Excess (Deficiency) of Revenue & Other Sources over (under) Expenditures & Other Uses	<u>(2,596,800)</u>	<u>(1,621,950)</u>	<u>10,849,112</u>	<u>16,504,600</u>	<u>(4,914,271)</u>
Other Financing Sources (Uses)					
Other - Net					
Total Other Financing Sources (Uses)	<u>4,039,181</u>	<u>7,627,730</u>	<u>6,250,852</u>	<u>(1,836,667)</u>	<u>(5,715,064)</u>
Net Change in Fund Balances	1,442,381	6,005,780	17,099,964	14,667,933	(10,629,335)
Beginning Fund Balance	<u>38,301,618</u>	<u>32,295,838</u>	<u>15,195,874</u>	<u>527,941</u>	<u>11,157,276</u>
Ending Fund Balance	<u>\$ 39,743,999</u>	<u>\$ 38,301,618</u>	<u>\$ 32,295,838</u>	<u>\$ 15,195,874</u>	<u>\$ 527,941</u>

Source: Shelby County CAFR for fiscal years 2011 - 2015.

DEBT SERVICE FUND
Revenues, Expenditures, and Changes in Fund Balance
Years Ended June 30, 2011 – 2015

	2015	2014	2013	2012	2011
Revenue					
Property Taxes	\$ 136,836,915	\$ 138,029,247	\$ 137,625,912	\$ 137,757,439	\$ 147,047,410
Other Local Taxes	47,942,527	35,195,483	29,209,204	25,076,111	35,372,934
State Revenue	-	67,436	-	-	-
Federal and Local Revenue	1,115,919	1,204,036	1,304,602	1,304,602	3,538,587
Charges for Services	225,750	225,749	156,625	233,000	136,000
Fines, Fees, and Permits	-	-	-	-	-
Other Revenue	614,370	717,739	742,828	744,636	812,339
Investment Income	1,306,293	1,058,206	822,927	442,667	467,758
Total Revenue	<u>\$ 188,041,774</u>	<u>\$ 176,497,896</u>	<u>\$ 169,862,098</u>	<u>\$ 165,558,455</u>	<u>\$ 187,375,028</u>
Expenditures					
Community Services	267,565	271,500	302,450	276,850	310,500
Debt Service	161,545,109	167,442,452	174,445,374	169,731,593	183,240,991
Total Expenditures	<u>161,812,674</u>	<u>167,713,952</u>	<u>174,747,824</u>	<u>170,008,443</u>	<u>183,551,491</u>
Excess (Deficiency) of Revenue over (under) Expenditures	<u>\$ 26,229,100</u>	<u>\$ 8,783,944</u>	<u>\$ (4,885,726)</u>	<u>\$ (4,449,988)</u>	<u>\$ 3,823,537</u>
Other Financing Sources (Uses)					
Other - Net					
Total Other Financing Sources (Uses)	<u>(22,087,256)</u>	<u>(6,280,000)</u>	<u>(1,418,019)</u>	<u>(12,293,567)</u>	<u>1,462,186</u>
Net Change in Fund Balances	4,141,844	2,503,944	(6,303,745)	(16,743,555)	5,285,723
Beginning Fund Balance	<u>87,271,602</u>	<u>84,767,658</u>	<u>91,071,403</u>	<u>107,814,958</u>	<u>102,529,235</u>
Ending Fund Balance	<u>\$ 91,413,446</u>	<u>\$ 87,271,602</u>	<u>\$ 84,767,658</u>	<u>\$ 91,071,403</u>	<u>\$ 107,814,958</u>

Source: Shelby County CAFR for fiscal years 2011 - 2015.

**ECONOMIC AND DEMOGRAPHIC INFORMATION
PERTAINING TO
SHELBY COUNTY, TENNESSEE**

Introduction

Shelby County is the largest county in the State of Tennessee with Memphis as the County seat. The County is located in the southwest corner of Tennessee on the east bank of the Mississippi River and is the hub of the 105 county Mid-South Region. Contained within the County's 783 square miles are seven incorporated cities, which include Arlington, Bartlett, Collierville, Germantown, Lakeland, Memphis, and Millington.

Population

The County's population over the last several years is shown in the table below.

**POPULATION: COUNTY, STATE AND NATION
(In Thousands)**

	<u>2014</u>	<u>2013</u>	<u>2012</u>	<u>2011</u>	<u>2010</u>
Shelby County	939	939	940	934	929
Tennessee	6,549	6,497	6,455	6,398	6,357
United States	318,857	316,498	314,112	311,722	309,347

Source: U.S. Census Bureau, Annual Estimate of Residents Population, Release Date: June 2015.

The breakdown of population by age group is shown below.

2014 POPULATION BY AGE GROUP: COUNTY, STATE AND NATION

	<u>Shelby County</u>	<u>Tennessee</u>	<u>United States</u>
Under 19 years	28.1%	25.3%	25.8%
20 to 24 years	7.6%	7.1%	7.2%
25 to 34 years	14.3%	13.1%	13.6%
35 to 44 years	12.9%	12.8%	12.7%
45 to 54 years	13.2%	13.7%	13.6%
55 years & over	23.9%	27.9%	27.1%

Source: U.S. Census Bureau, Population Division, Release Date: June 2015.

Income and Buying Power

**PER CAPITA PERSONAL INCOME:
SHELBY COUNTY, TENNESSEE, SOUTHEAST REGION AND UNITED STATES**

	<u>2013</u>	<u>2012</u>	<u>2011</u>	<u>2010</u>	<u>2009</u>
Shelby County	\$ 43,210	\$ 42,909	\$ 40,756	\$ 39,360	\$ 38,684
Tennessee	39,312	39,137	37,323	35,601	34,468
Southeast Region ⁽¹⁾	39,466	39,476	38,190	36,504	35,697
United States	44,438	44,266	42,453	40,277	39,376

Source: U.S. Bureau of Economic Analysis, Last update: September 2015.

⁽¹⁾ Southwest Region includes Alabama, Arkansas, Florida, Georgia, Kentucky, Louisiana, Mississippi, North Carolina, South Carolina, Tennessee, Virginia and West Virginia.

Employment

Employment and unemployment trends in the County from 2005 to 2014 are presented below.

LABOR FORCE TRENDS

(In Thousands)

<u>Year</u>	<u>Employed</u>	<u>Unemployed</u>	<u>Shelby County</u>	<u>Tennessee</u>	<u>USA</u>
2014	392.1	30.6	7.2%	6.6%	6.1%
2013	387.4	41.4	9.7%	8.2%	7.4%
2012	395.8	39.4	9.1%	8.0%	8.1%
2011	394.3	44.1	9.9%	9.3%	8.9%
2010	389.1	43.3	10.0%	9.7%	9.6%
2009	390.1	44.1	10.1%	10.5%	9.3%
2008	408.5	30.9	7.0%	6.7%	5.8%
2007	417.5	23.4	5.3%	4.9%	4.6%
2006	415.4	25.3	5.7%	5.2%	4.6%
2005	407.4	27.1	6.2%	5.6%	5.1%

Source: U.S. Bureau of Labor Statistics, December 2014.

The major areas of employment in the metropolitan area are services, governmental services and retail trade. Comparatively, both the State of Tennessee and the United States show a heavier concentration in manufacturing than does the County, but they also display higher employment in services and governmental services.

Principal Industries

The industrial economy of Shelby County and the City of Memphis encompasses many industries. Twenty major industrial groups and over 425 sub-groups, as classified by the Bureau of the Budget, are listed in the Directory of Memphis Manufacturers. Major industries include: chemicals, electronics, foods and beverages, paper products, hardwood lumber products, pharmaceuticals, medical devices, soybean and cotton oil derivatives and fertilizers.

A partial list of manufacturing or processing plants in the area is listed below:

Company	Line of Business
Barr Brands International Inc.	Environmental Services and Paint Manufacturer
Bryce Corp.	Flexible Packaging
Buckman	Specialty Chemicals for Industrial Use
Competition Cams Inc.	Automotive Products
Charms, a Division of Tootsie Roll Industries	Hard Candy Manufacturer
Cummins Inc.	New & Remanufactured Diesel Components
DuPont Protein Solutions	Isolated Soy Protein
Electrolux	Appliance Manufacturing
Hershey Co. (The)	Candy, Mints & Gum Manufacturer
Hino Motors Manufacturing USA Inc.	Truck Parts Manufacturing
K.T.G.(USA) Inc.	Manufacturer of Paper Goods
Kellogg Co.	Waffles/Cereal
Lucite International Inc.	Methacrylate, Spa and Bath Sheets
Medegen Medical Products (formerly Medical Action)	Patient Bedside Products
MicroPort Orthopedics Inc.	OrthoRecon Products; Knee and Hip Implants
Mueller Industries Inc.	Tube & Fittings Manufacturer
Nucor Steel Memphis Inc.	Steel Manufacturer
Riviana Foods Inc.	Processed and Packaged Rick Products
Smith & Nephew Inc.	Orthopedic Medical Devices
Thomas & Betts Corp., a member of ABB Group	Electrical Connectors & Components
Unilever	Breyers Ice Cream, Klondike Bars, Popsicles
UTC-Carrier Corp.	Split System Condensing Units & Heat Pumps
Valero Memphis Refinery	Gasoline, Diesel Fuel, Jet Fuel
Wright Medical Technology, Inc.	Orthopedic Implants

Source: Memphis Area Manufacturing Companies, *Book of Lists 2015-2016, Memphis Business Journal*.

The following table presents employers with 2,000 or more employees from all sectors in the metropolitan area.

LARGEST EMPLOYERS, 2,000 OR MORE

Company Name	Local Employees
Federal Express Corporation	30,000
Shelby County Schools	14,500
United States Government	13,100 *
Tennessee State Government	12,700 *
Methodist Le Bonheur Healthcare	10,784
Naval Support Activity Mid-South	7,500
Baptist Memorial Health Care Corp.	6,654
Memphis City Government	6,476
Wal-Mart Stores, Inc.	5,300
Shelby County Government	5,194
The Kroger Co.	4,705
Desoto County School District	4,155
St. Jude Children's Research Hospital	3,825
University of Tenn. Health Science Center	3,709
Technicolor	3,500
Century Management Inc.	3,000
Memphis Light, Gas & Water	2,662
XPO Logistics Supply Chain (formerly New Breed Logistics)	2,650
The University of Memphis	2,400
Regional One Health	2,367
Veterans Affairs Medical Center	2,293
First Horizon National Corp.	2,200
ServiceMaster Global Holdings Inc.	2,001
AutoZone Inc.	2,000
International Paper Co.	2,200

Source: Book of Lists 2015-2016, *Memphis Business Journal*.

* Estimated.

SHELBY COUNTY BUILDING PERMITS Total Building Permits ⁽¹⁾

Year	Total Number Issued	Valuation (in \$000)
2005	11,602	\$ 1,475,285
2006	10,448	1,591,352
2007	8,465	1,607,594
2008	6,127	1,116,213
2009	5,974	835,758
2010	6,738	842,590
2011	6,133	751,702
2012	7,055	1,267,770
2013	6,748	1,011,308
2014	6,495	1,099,217

Source: Shelby County Building Department, October 2015.

The County implemented a new system to track Building Permits in 2002.

⁽¹⁾ Totals do not include building permits of incorporated areas within the County except the City of Memphis.

Financial Institutions

There are more than thirty-four financial institutions operating in the County. The following table provides a listing of the banks operating in the County:

SHELBY COUNTY BANKS (In thousands of dollars)

Bank Name	Location of Corporate Headquarters	Number of Local Offices	Total Local Deposits
Bancorpsouth Bank	MS	7	225,349
Bank of America N.A.	NC	15	1,109,728
Bank of Bartlett	TN	8	302,597
BankTennessee	TN	5	188,118
Brighton Bank	TN	2	12,185
Cadence Bank, N.A.	AL	4	129,273
Citizens Savings B&T Co	TN	1	7,405
Commercial Bank & Trust Co.	TN	3	174,648
Community Bank North MS	MS	1	2,839
Evolve Bank & Trust	AR	1	155,346
Financial Federal Bank	TN	1	280,566
First Alliance Bank	TN	3	94,255
FirstBank	TN	3	43,192
First Capital Bank	TN	2	202,054
First Citizens National Bank	TN	4	199,087
First State Bank	TN	2	43,566
First Tennessee Bank NA	TN	33	7,614,857
Iberiabank	LA	7	361,547
Independent Bank	TN	10	767,240
INSOUTH Bank	TN	2	63,814
Landmark Community Bank	TN	4	551,190
Magna Bank	TN	5	447,654
Metropolitan Bank	MS	3	536,946
Paragon Bank	TN	4	238,583
Patriot Bank	TN	3	144,600
Regions Bank	AL	37	3,889,301
Renasant Bank	MS	4	258,635
SunTrust Bank	GA	26	2,651,269
The Fort Sill National Bank	OK	6	4,163
Tri-State Bank of Memphis	TN	3	112,102
Triumph Bank	TN	4	425,953
Trust Company Bank	TN	1	12,506
Trustmark National Bank	MS	10	433,295
Wells Fargo Bank NA	SD	7	438,565
Total		231	\$ 22,122,428

Source: FDIC; as of June 30, 2015.

The Economy

In recent years, the economy of the County has experienced notable success in attracting new businesses along with the continued growth of existing businesses. This success is due in large part to the County's location near the geographic center of the nation combined with excellent transportation facilities. Also, the County benefits from serving as the trade center for the surrounding area.

Trade Area

Trade and retail facilities in the County are extensive and serve a trade area of 105 counties, with a radius of roughly 200 miles east and west and a longer radius paralleling the Mississippi River 300 miles north and south. This trade territory includes 13 counties in Arkansas, one county in Kentucky, 41 counties in Mississippi, two counties in Missouri, and 19 counties in Tennessee.

Agribusiness

The Mid-South area, encompassing the Mississippi River Delta, is one of the richest agricultural areas in the nation. Farming is a major occupation of the region and has developed into major agribusiness activities. The 200-day growing season and favorable climate encourage the production of a variety of products. The major emphasis is on soybeans, cotton, and cattle, with additional interest in rice, corn, peaches, apples, and a variety of vegetables.

The County is the world's largest spot cotton market, with more than 40 percent of the nation's entire cotton crop traded here annually. In addition to being the leading cotton market, the County now is the nation's second largest processor of soybeans, third largest meat processor, and third largest total food processor. Also agricultural processors, packers, shippers, distributors, and merchants are becoming increasingly visible contributors to the growth of the County and its economy. Nearly every supplier of machines, equipment, chemicals, and technology to the farm and the industry levels of agribusiness utilize the County as a major sales and distribution center.

An international agricultural market center, Agricenter International, was established in 1985. The 140,000 square-foot exhibition center provides a forum for manufacturers, researchers and agribusiness organizations and producers from across the country. Facilities at Agricenter include a 1,000-acre demonstration farm, both indoor and outdoor exhibition space, and an auditorium with seating capacity of 500. Agricenter is located in the eastern section of the County about 30 minutes from downtown Memphis. It is a nonprofit entity that operates on a management contract with the Shelby County Agricenter Commission.

Tourism

The County's tourism industry has shown considerable growth since 1990. Among the principal reasons for the growth have been the investment of public funds into tourism development projects, the area's music culture and industry, and the development of casino gaming in nearby Northern Mississippi.

The County's two single largest tourist attractions draw on the area's rich music heritage. The Beale Street Historic District, located in downtown Memphis, hosts on an annual attendance of approximately three million patrons. The District was redeveloped through government and private efforts in 1983 and is on the National Register as an official historic district. Graceland, the home of the late Elvis Presley attracts more than 750,000 people every year, many who make Graceland the primary reason for their visit to the County. The mansion and related area are set up as a museum honoring the early rock and roll pioneer.

Much of the area's tourism activity is focused on downtown Memphis. Mud Island, a park and museum devoted to the history, environment and culture of the Mississippi River, is located in Memphis' harbor. The Convention Center is downtown and hosts business and other gatherings. In 2003, a \$92 million expansion to the convention center was completed, which included the construction of the Cannon Center for the Performing Arts, home to the Memphis Symphony.

The National Civil Rights Museum located at the Lorraine Motel offers a comprehensive overview of the American Civil Rights Movement in exhibit form. A trolley/bus system operates on the Main Street Mall with the principal purpose of shuttling visitors between various tourist and business locations located downtown.

In 2000, Memphis became the home of the Memphis Redbirds, a minor league baseball team, and constructed a new stadium, AutoZone Park, in the heart of downtown. In 2001, the NBA Vancouver Grizzlies were refranchised and relocated to Memphis. A new arena, the FedEx Forum, was constructed just south of Beale for the Grizzlies' use. It opened for the 2004-2005 NBA season.

In 2015, the former Pyramid Arena was repurposed into The Bass Pro Shops Outdoor World at the Pyramid. The 220,000 square foot retail space includes a hotel, bowling alley, restaurants, aquarium, indoor shooting range, duck aviary and an alligator pit.

Many other features of the County enhance its ability to attract visitors. These include Shelby Farms its 4,500-acre park system which is one of the largest urban park systems in the United States, the Memphis Zoo and Aquarium, a number of fine art galleries, Overton Square entertainment district, and the 62,000-seat Liberty Bowl Memorial stadium.

There are more than 22,000 hotel rooms available to serve the County area, including the historic Peabody Hotel, the Sheraton Memphis Downtown Hotel, the Westin Hotel, along with a number of large hotels in the eastern part of the City of Memphis and County. The Sheraton Memphis Downtown Hotel is a 600-room hotel adjacent to the Cook Convention Center, the largest hotel in Shelby County.

Economic Development of the County

One of the County's primary attractions for economic development opportunities is the combination of its central location in the United States and its excellent transportation facilities, including air, rail and water (See "Transportation and Distribution" below). Another attractive feature for certain companies is the relatively low cost of living compared with other urban areas, including real estate prices.

The County and the City of Memphis have a combined agency to promote economic development in the City and County, the Memphis-Shelby County Division of Planning and Development.

The Downtown Memphis Commission (DMC) is responsible for oversight of the Central Business District located in downtown Memphis. The DMC operates two industrial development corporations: the Center City Revenue Finance Corporation which issues mortgage revenue bonds for qualified projects and administers a payment-in-lieu-of-taxes (PILOT) program for the center city area and the Center City Development Corporation which promotes comprehensive redevelopment of the central business district. The Downtown Memphis Commission is engaged in mobilizing resources and support for downtown projects.

The Economic Development Growth Engine (EDGE) is a county-wide agency which promotes industrial or labor intensive development. It administers a separate PILOT Program that promotes business expansion and industrial development throughout the City and County.

Additional economic development efforts are led by the Memphis Area Chamber of Commerce, a private organization that receives financial support from its members. The Tennessee Department of Economic and Community Development is also active in working to attract industrial and business prospects to the areas as a part of its state-wide recruiting efforts.

Central Business District

The Central Business District encompasses all of downtown Memphis, the medical district and parkway areas of the City. Major redevelopment has been promoted with a combination of private and public investment during the past decade. The DMC coordinates all downtown revitalization among local governments and the private sector.

Residential Development

At present, there are more than 14,000 residential units, and 24,300 residents, in the Central Business District. The occupancy rate in downtown is consistently in excess of 93% for both rental and sale housing.

Office Space

The market for office space in downtown has an occupancy rate of approximately 78%. Major renovations are being made to downtown buildings that will enhance the downtown office market by providing additional Class A space in the core as well as in adjacent districts.

Transportation and Distribution

Air Service

Memphis International Airport ("Airport") is located on a 4,640-acre site on the southern outskirts of the City of Memphis. The Airport is served by five major passenger carriers: American, Delta, Frontier, Southwest, and United. Several commuter and low-cost airlines which include Allegiant, OneJet and Glo, also serve the Airport.

The Airport is operated by the Memphis-Shelby County Airport Authority ("Airport Authority") created in 1969 by official action of the City and County. The Airport Authority is governed by a seven-member Board of Commissioners, appointed by the Mayor of the City with one nominated by the Mayor of the County and all confirmed by the Memphis City Council for seven-year terms.

More than 33,000 individuals work at the Airport and include airline, Airport Authority, FAA, concessionaires and tenant employees with a total payroll in excess of \$1 billion. Passenger enplanements exceeded 1.8 million for 2014 and

aircraft movements totaled more than 186,246. All of the major air-freight carriers offer service through the International Airport to Shelby County.

A new \$121 million Consolidated Parking Facility (CPF) was recently placed in service at the Airport which consist of a seven level parking garage containing 5,700 spaces and support facilities including a parking office within the new garage and two toll plazas, rental car facilities inside the garage (occupying the first two levels); a quick turnaround surface lot and renovations and rehabilitation to the existing garage.

Terminal improvements were also completed to expand and reconfigure the existing Terminal B checkpoint to accommodate enhanced security scanning equipment as required by the Transportation Security Administration as well as various projects to extend the useful life of the Terminal complex.

The \$80 million demolition to the apron area is scheduled for completion in early 2016. The project consists of replacement of apron concrete surrounding the three passenger terminals, improvements to existing underground hydrant fuel piping and control stations, and removal of a portion of Concourse A.

Federal Express is headquartered in Shelby County. The main sorting facility is located just off of the Memphis International Airport runways. FedEx has completed several major expansion and improvement projects at its airport hub operations in recent years, and employment has increased. The company also has two major facilities in the County outside its airport operations. There is a 500,000-square-foot technology complex in Collierville, in the southeastern part of the County, where about 3,000 employees are located, including programmers, software developers, and support staff. The Company also has a new headquarters office complex in a nearby area of the County to accommodate and consolidate certain operations.

MEMPHIS INTERNATIONAL AIRPORT AVIATION ACTIVITIES

MEMPHIS INTERNATIONAL AIRPORT AVIATION ACTIVITIES

	<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>	<u>2011</u>
Enplaned Passengers By Airline Type					
Major/National	1,128,865	1,067,114	1,210,562	1,513,999	1,777,672
Regional/Commuter	736,788	719,910	1,079,634	1,845,306	2,567,356
Non-Scheduled	7,340	8,408	6,765	6,070	8,143
Total	1,872,993	1,795,432	2,296,961	3,365,375	4,353,171
Aircraft Total Movements ⁽¹⁾	186,218	186,246	205,770	241,966	283,138
Aircraft Landed Weight (in thousand pound units)	24,921,008	24,922,007	24,835,830	25,127,920	25,685,445
Per Thousand Pounds of Cargo Handled 2015:					
	<u>Domestic</u>	<u>International</u>	<u>Air Mail</u>	<u>Total</u>	
Cargo - Enplaned	4,631,734.4	197,172.0	1,861.8	4,830,768.2	
Cargo - Deplaned	4,300,874.4	328,301.8	911.1	4,630,087.3	
Total Cargo Handled 2015	8,932,608.8	525,473.8	2,772.9	9,460,855.5	
Total Cargo Handled 2014	8,809,325.8	566,813.8	13,920.2	9,390,059.8	
Increase (Decrease) (2015 vs. 2014)	123,283.0	(41,340.0)	(11,147.3)	70,795.7	
Percent Increase (Decrease)	1.40%	(7.29%)	(80.08%)	0.75%	

Source: Memphis-Shelby County Airport Authority, Calendar Year Statistics
<http://www.flymemphis.com>

⁽¹⁾ Excludes Military and General Aviation activity.

Water

The Mississippi River ranks third in length, fourth in drainage area and fifth in volume in the world. Among the world's ten largest rivers, reaching from the Gulf of Mexico deep into the heartlands of the United States, the Mississippi River system encompasses about 8,900 miles of navigable inland waterways. This system has also helped make Memphis a close neighbor of the agricultural Midwest and the industrial East and West Coasts. The waterways allow for barge service to New Orleans and other Gulf Ports along the Gulf Intercoastal Waterway. This intracoastal waterways system of approximately 1,173 miles connects Florida and Texas and has offered Memphis' industry unprecedented growth opportunities. There is an abundance of usable industrially zoned land in the County, much of which is located where industry may utilize the water and the low-cost transportation of the Mississippi River. The Mississippi River provides extraordinary opportunities for the attraction of industries. Lying just off of the river, McKellar Lake, President's Island, Frank Pidgeon, and Rivergate Industrial Parks are excellent industrial locations. All of them front or are near a stillwater harbor that has a minimum depth of twelve feet.

In terms of freight handled, Memphis is the third largest shallow draft river port in the U.S. and second largest inland shallow draft river port on the Mississippi River. The Memphis port provides favorable transportation rates for waterborne movements and excellent port facilities that interconnect with other modes of transportation. The port handles more than 14 million tons of barge driven cargo each year. The navigation channel is maintained by the U.S. Army Corps of Engineers.

Total tonnage shipped through the Port of Memphis between 2004-2013 is presented in the table below.

TOTAL TONNAGE PORT OF MEMPHIS (2004-2013)

<u>Year</u>	<u>Total Tonnage</u>
2013	14,243,251
2012	13,564,063
2011	12,611,541
2010	12,155,049
2009	13,980,433
2008	16,361,042
2007	18,825,124
2006	19,100,259
2005	17,094,876
2004	17,520,436

Source: Waterborne Commerce Statistics of the United States; <http://www.iwr.usace.army.mil/ndc/index.htm>.

Two still-water harbors in the Memphis area provide shelter from the river current. Wolf River Harbor is the original harbor, located in north Memphis; and McKellar Lake is a \$50 million, man-made harbor just south of the Central Business District. Public facilities include three public terminals; LASH service; roll-on, roll-off service; bulk loading facilities to barges; bulk sacking facilities; chemical fertilizer storage tanks; heavy lifts up to 100 tons (CBI Nuclear heavy lift to 1200T); two boat/barge repair facilities; and six grain elevators.

Most major common carrier barge lines provide service to the Memphis Port including American Commercial Barge Lines, Federal Barge Lines, Ohio Barge Lines, Sioux City and New Orleans Barge Lines, DRAVO-Mechling Corporation, Riverway Barge Corporation, and Valley Barge Lines.

Rail

Six Class One railroads operate out of the County with competitive freight service to all principal cities in the U.S. and direct, on-line service to 35 states. Serving the County area are the Norfolk Southern Railroad, Burlington Northern, Seaboard System, St. Louis-Southwestern Railway Lines, and the Union Pacific System. Eighteen other rail carriers maintain off-duty offices in the County for the development and coordination of traffic over their lines. The rail lines offer a variety of modern, specialized equipment and services, including piggy-back and containerized freight.

Highway

The County is connected to the rest of the nation by eight federal, three interstate, and seven state highway systems. These highways combined with a circumferential expressway and two highway bridges crossing the Mississippi River make all parts of Memphis readily accessible to its surrounding communities.

Public Transit

The Memphis Area Transit Authority ("MATA") provides public mass transportation in the City, and the portions of the City of Bartlett and Lakeland (Paratransit Service), City of Germantown, and unincorporated Shelby County, Tennessee. A contract service is also operated in the City of West Memphis, Arkansas. MATA provides fixed route bus and paratransit services throughout the service area, and rail trolley service in the downtown area. Annual ridership is about 10.4 million passengers. The Fixed Route bus system operates about 7.6 million miles annually on 32 routes. Service is available 365 days per year. MATAPlus Paratransit service for individuals with disabilities operates in the same areas and the same times as Fixed Route service. Paratransit service runs about 1.7 million miles per year. The rail trolleys system operates about 450,000 miles annually on three lines in the downtown area. MATA's Trolley service operates along seven miles of track in downtown Memphis, riverfront and midtown. The Trolley shuttle service serves numerous restaurants, retail stores and attractions throughout downtown, such as a spectacular view of the Mississippi, the Cook Convention Center, Beale Street, The Orpheum Theatre, The Bass Pro Shops at the Pyramid and the National Civil Rights Museum.

Interstate Bus Lines

Continental Trailways/Greyhound Bus Lines is the major interstate bus line serving the County, offering bus service from its Memphis terminals to the continental United States and Canada and supported by three smaller lines: Bridge Transit Corp., Great Southern Coaches, MegaBus and Gulf Transport Co.

Utilities

Memphis Light, Gas and Water Division

The Memphis Light, Gas and Water Division ("MLGW") is a municipally owned utility which distributes electric power and natural gas throughout the City of Memphis and the County, as well as, water within the City of Memphis and certain adjacent areas. MLGW was created by an amendment to the Charter of the City by Chapter 381 of the Private Acts of the General Assembly, adopted March 9, 1939. MLGW is managed by its board, which consists of five members nominated by the City of Memphis Mayor and approved by the Council. Board members serve for three-year terms. MLGW has control over the administration of its activities in connection with MLGW's business affairs. It operates as three separate divisions (Electric, Gas, and Water), for accounting and financial purposes. MLGW's fiscal year is the calendar year.

MLGW is committed to purchase almost all of its power from Tennessee Valley Authority ("TVA") under a contract, subject to termination by either MLGW or TVA, on not less than ten years' prior written notice.

MLGW contracts with Texas Gas Transmission Corporation to receive gas from Texas and Louisiana fields. MLGW also purchases gas from various suppliers on the "spot market".

Memphis water is provided through an excellent artesian water supply. The water is soft bicarbonate, low in sulphate and chlorides, and contains no organic matter or harmful bacteria. It is aerated, filtered, chlorinated and fluoridated. There are nine pumping stations in Memphis, each adjacent to its well field.

Education

Shelby County Schools

As of July 1, 2014, the County has seven (7) separate school districts. The school districts are: Arlington Community Schools, Bartlett City Schools, Collierville Schools, Germantown Municipal School District, Lakeland School System, Millington Municipal Schools and Shelby County Schools (collectively, the "School Districts"). Each School District has a board composed of five members except Millington Municipal Schools which has a board composed of seven members and Shelby County Schools which has a board composed of nine (9) members. See "Merger of the County School System and the City of Memphis School System; New Municipal School Districts" on page II-5.

All School Districts are approved by the Tennessee State Department of Education. The School Districts within Shelby County and the number of schools within their jurisdiction are shown in the table below:

	Number of Schools By Type:			
	Elem	Middle	High	Total
Arlington Community Schools (ACS)	2	1	1	4
Bartlett City Schools (BCS)	6	3	2	11
Collierville Schools	5	2	1	8
Germantown Municipal School District	3	1	1	5
Lakeland School System ⁽¹⁾	1	0	0	1
Millington Municipal Schools	2	1	1	4
Shelby County Schools	92	35	31	158
Total Schools in Shelby County	111	43	37	191

Source: Websites for each individual school district.

(1) Through an inter-local agreement, Lakeland middle and high school students attend schools in the ACS and BCS districts.

There are also approximately 136 private schools in the County.

Colleges and Universities

Memphis is home to more than 60,600 students enrolled in more than 20 local colleges, universities, and technical institutions. The following is a partial list.

- | | |
|--|---|
| Baptist College of Health Sciences | Mid-South Christian College |
| Bethel University | Mid-South Community College |
| Christian Brothers University | Northwest Mississippi Junior College |
| Concorde Career College | Rhodes College |
| Harding University Graduate School of Religion | Southern College of Optometry |
| ITT Technical Institute | Southwest Tennessee Community College |
| LeMoyne-Owen College | Tennessee College of Applied Technology- Memphis |
| Memphis College of Art | University of Memphis |
| Memphis School of Preaching | University of Mississippi – DeSoto |
| Memphis Theological Seminary | University of Tennessee Health Science Center – Memphis |
| Methodist Hospital School of Medical Sciences | William R. Moore College of Technology |
| Mid-America Baptist Theological Seminary | |

Source: Book of Lists 2015-16, *Memphis Business Journal*.

Medical Facilities

Shelby County, encompassing one of the most comprehensive collections of health care centers in the nation, has 21 hospitals providing over 4,000 beds and numerous other health care facilities. The health care industry contributes over \$10.4 billion to the economy annually.

Regional One Health (“Regional One”) is a private hospital owned by a not-for-profit corporation, which receives annual appropriations from the County. Much of its debt funding is also provided through the County. With more than 15,000 admissions and over 124,000 outpatient visits per year, the hospital trains approximately 750 medical students, residents, and fellows annually in connection with the University of Tennessee Medical Units. The hospital has the only accredited skin bank in the State and the Diggs-Kraus Sickle Cell Research Center.

Regional One’s Centers of Excellence include the Elvis Presley Memorial Trauma Center, which is the only Level 1 trauma center in the region and the third busiest in the nation; the Firefighters Regional Burn Center, the only full-service center in a 150-mile radius; the Sheldon B. Korones Newborn Center (an intensive care unit for premature and distressed newborns), the only Level IV center in West Tennessee; the Wound Care Center, which specializes in the treatment of chronic non-healing wounds; and High Risk Obstetrics.

Baptist Memorial HealthCare Corp. (“Baptist”) is the largest private hospital in Shelby County, based on the number of admissions. At its various facilities, it provides a broad array line of medical and surgical treatments. Its parent organization, headquartered in the County, owns and manages hospitals located throughout the Mid-South. The Baptist Memorial Hospital-Memphis campus is the flagship hospital of the Baptist Memorial Health Care System. Also located within Baptist, is a 30-bed Restorative Care Hospital and the Baptist Heart Institute, dedicated to providing leading-edge cardiovascular research and treatment for heart patients as well as a clinical research center, dedicated to providing care for clinical research patients. Baptist Memphis is one of Tennessee’s highest volume hospitals.

The emergency department has 31 treatment suites staffed by 24-hour-a-day emergency physicians for the treatment of adults with a separate, dedicated five-room pediatric treatment area staffed around the clock with in-house pediatric emergency physicians. Baptist also operates the Plaza Diagnostic Pavilion, an outpatient facility that handles outpatient visits and centralizes many of the hospital’s outpatient services.

Baptist Memorial Hospital for Women is the only freestanding women’s hospital in Memphis and one of only a handful of such hospitals in the country. Opened in 2001, Baptist Women’s Hospital offers labor and delivery, gynecological surgery, a newborn intensive care unit (NICU) and the Comprehensive Breast Center and is a regional referral center for high-risk pregnancies, mammography diagnostics and urogynecology.

Designed to meet the needs of women at every stage of their lives, the 140-bed hospital is located adjacent to the Baptist Memorial Hospital-Memphis campus and has a 24-hour maternity ambulance entrance, 23 labor and delivery suites and 48 mother/baby rooms with a well-baby nursery.

Methodist Health Systems (“Methodist”) is one of Tennessee’s largest healthcare providers. Methodist has six hospitals in the region, as well as LeBonheur Children’s Medical Center. Methodist also operates rural health clinics and home health agencies. Methodist provides strategic medical care through the development of specialized Centers of Excellence in the regional hospitals that focus resources on major disease areas. LeBonheur has a dominant market share in the pediatric healthcare market and operates clinics and outpatient facilities in various locations.

St. Jude Children’s Research Hospital (“St. Jude”) was founded by the late actor, Danny Thomas. Located in Downtown Memphis, St. Jude is the world’s leading childhood cancer research center and one of the only institutions devoted solely to the study of catastrophic childhood illnesses, with its primary focus on leukemia and solid tumors. The hospital serves approximately 7,800 active patients annually. The hospital also has 78 beds for patients requiring hospitalization during treatment. St. Jude has treated children from all 50 states and from around the world, all with no charge to the patient.

U. S. Government

Navy Memphis Complex at Millington – The U.S. Navy operates several key offices and commands at its complex in north Shelby County within the city limits of Millington. There are a total of more than 6,000 civilian and military employees at the facility. The major offices that were relocated to the complex in 1999 include:

- The headquarters of the Bureau of Naval Personnel
- The Naval Recruiting Command
- The Navy Personnel Research and Development Center

Also, the Department of Defense has located a satellite office of the Defense Finance and Accounting Service and the headquarters of the U.S. Army Corps of Engineers Finance and Accounting Office at the Millington complex.

Internal Revenue Service - The Internal Revenue Service Center serves a six-state area and is the only one of the 10 facilities in the country to be designated as a computer center, a customer service site and a submission-processing site. Its employment varies from 2,300 to 4,200 during the year, peaking during tax season. The local payroll is in excess of \$90 million.

Libraries

The Memphis Library System has 18 branches throughout the area, and an annual circulation of about four million books. The Memphis library system houses five million volumes. The Benjamin L Hooks Central Library serves as the flagship information hub of the Mid-South. Situated in the middle of the City, the 330,000 square-foot facility is larger and more accessible to all residents. Each incorporated municipality in Shelby County operates its own public library branch.

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APPENDIX A
SHELBY COUNTY, TENNESSEE, FINANCIAL STATEMENTS
DATED JUNE 30, 2015

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GENERAL PURPOSE FINANCIAL STATEMENTS

Audited Financial Statements of Shelby County, Tennessee (the "County") and supplementary information as of and for the fiscal year ending June 30, 2015 together with the independent auditors' report thereon from Watkins Uiberall, PLLC and Banks, Finley, White & Co: (1) have been filed with the nationally recognized municipal securities information repository, as described herein under "Continuing Disclosure," and may be obtained from them in accordance with their respective procedures, and (2) are available through the website of Shelby County's Department of Finance at <http://shelbycountyttn.gov/DocumentCenter/View/22726>.

To the extent there are any differences between the electronically posted financial statements of the County and the printed financial statements of the County, the printed version shall control.

Only the following items, each of which has been posted on the website referenced above, are described above and incorporated herein by reference:

For the Year Ended June 30, 2015

- Independent Auditors' Report, dated November 25, 2015
- Management's Discussion and Analysis
- Statement of Net Assets
- Statement of Activities
- Balance Sheet, Governmental Funds
- Reconciliation of Fund Balances of Governmental Funds to the Statement of Net Assets
- Statement of Revenues, Expenditures, and Changes in Fund Balances, Governmental Funds
- Reconciliation of Changes in Fund Balances of Governmental Funds to the Statement of Activities
- Statement of Net Assets, Proprietary Funds
- Statement of Revenues, Expenses and Changes in Fund Net Assets, Proprietary Funds
- Statement of Cash Flows, Proprietary Funds
- Statement of Fiduciary Net Assets, Fiduciary Funds
- Statement of Changes in Fiduciary Net Assets, Fiduciary Funds
- Combining Statement of Net Assets, Component Units
- Combining Statement of Activities, Component Units
- Notes to the Financial Statements
- Budgetary Comparison Schedules, General Fund
- Budgetary Comparison Schedules, Education Fund
- Budgetary Comparison Schedules, Grants Fund
- Shelby County Retirement System, Required Supplemental Information

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