<u>NEW ISSUE</u>
BOOK-ENTRY-ONLY

Rating: Moody's – "Aa3"
(See "MISCELLANEOUS-Rating")

OFFICIAL STATEMENT

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

$8,835,000
DYER COUNTY, TENNESSEE
General Obligation Refunding Bonds, Series 2019

Dated: May 31, 2019 Due: June 1 (as shown below)

The $8,835,000 General Obligation Refunding Bonds, Series 2019 (the "Bonds") of Dyer County, Tennessee (the "County" or the "Issuer") are issuable in fully registered form in denominations of $5,000 and authorized integral multiples thereof. The Bonds will be issued in book-entry-only form and registered in the name of Cede & Co., as nominee of The Depository Trust Company, New York, New York ("DTC"). DTC will act as securities depository of the Bonds. So long as Cede & Co. is the registered owner of the Bonds, as the nominee for DTC, principal and interest with respect to the Bonds shall be payable to Cede & Co., as nominee for DTC, which will, in turn, remit such principal and interest to the DTC participants for subsequent disbursements to the beneficial owners of the Bonds. Individual purchases of the Bonds will be made in book-entry-only form, in denominations of $5,000 or integral multiples thereof and will bear interest at the annual rates as shown below. Interest on the Bonds is payable semi-annually from the date thereof commencing on December 1, 2019 and thereafter on each June 1 and December 1 by check or draft mailed to the owners thereof as shown on the books and records of Regions Bank, Nashville, Tennessee, the registration and paying agent (the "Registration Agent"). In the event of discontinuation of the book-entry system, principal of and interest on the Bonds are payable at the designated corporate trust office of the Registration Agent.

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

The Bonds are not subject to optional redemption prior to maturity.

Due (June 1)	Amount	Interest Rate	Yield	CUSIP**
2020	$ 1,500,000	5.00%	1.56%	267507KU4
2021	1,550,000	5.00	1.59	267507KV2
2022	1,610,000	5.00	1.63	267507KW0
2023	1,005,000	5.00	1.67	267507KX8
2024	1,030,000	5.00	1.73	267507KY6
2025	1,060,000	5.00	1.77	267507KZ3
2026	1,080,000	5.00	1.81	267507LA7

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

The Bonds are offered when, as and if issued, subject to the approval of the legality thereof by Glankler Brown, PLLC, Memphis, Tennessee, Bond Counsel, whose opinion will be delivered with the Bonds. Certain legal matters will be passed upon for the County by Wilkerson & Gauldin, counsel to the County. It is expected that the Bonds will be available for delivery through the facilities of Depository Trust Company in New York, New York, on or about May 31, 2019.

Cumberland Securities Company, Inc.
Municipal Advisor

April 24, 2019

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

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

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

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

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

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

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

DYER COUNTY, TENNESSEE

OFFICIALS

County Mayor	Chris Young
County Clerk	Diane Moore
Finance and Budget Director	Amy C. Perkins
Director of Schools	Dr. Larry Lusk
County Trustee	Nancy Broadstone
County Attorney	J. Michael Gauldin

BOARD OF COUNTY COMMISSIONERS

James T. Cobb	Terry McCreight
Brandon Dodds	Steve Moore
Tonya C. Fuller-McKellar	Pam Newell
Rusty Grills	Kim Peckenpaugh
Debbie Bradshaw Hart	Debra Roberson
Jimmy Hester	Steve Sartin
Hunter Jackson	Larry Shawver
Dob Johnson	Doug Singleteary
Robert Kirby	John Uitendaal
Mark Korn	Greg Vestal

UNDERWRITER

BNY Mellon Capital Markets, LLC
New York, New York

BOND REGISTRATION AND PAYING AGENT

Regions Bank
Nashville, Tennessee

BOND COUNSEL

Glankler Brown, PLLC
Memphis, Tennessee

MUNICIPAL ADVISOR

Cumberland Securities Company, Inc.
Knoxville, Tennessee

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SUMMARY STATEMENT

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

The Issuer	Dyer County, Tennessee (the "County" or "Issuer"). See the section entitled "Supplemental Information Statement" for more information.
Securities Offered	$8,835,000 General Obligation Refunding Bonds, Series 2019 (the "Bonds") of the County, dated May 31, 2019. The Bonds will mature each June 1 beginning June 1, 2020 through June 1, 2026, inclusive. See the section entitled "SECURITIES OFFERED – Authority and Purpose".
Security	The Bonds shall be payable from unlimited ad valorem taxes to be levied on all taxable property within the territorial limits of the County. For the prompt payment of principal and interest on the Bonds, the full faith and credit of the Issuer are irrevocably pledged.
Purpose	The Bonds are being issued for (i) the purpose of refinancing, in whole or in part, certain Outstanding Debt (as defined herein) of the County; and (ii) payment of the costs related to the issuance and sale of the Bonds. See the section entitled "SECURITIES OFFERED - Authority and Purpose" contained herein.
Optional Redemption	The Bonds are not subject to optional redemption prior to maturity.
Tax Matters	In the opinion of Bond Counsel, based on existing law and assuming compliance with certain tax covenants of the County, interest on the Bonds is excluded from gross income for federal income tax purposes and is not an item of tax preference in calculating the alternative minimum tax. For an explanation of certain tax consequences under federal law which may result from the ownership of the Bonds, see the discussion under the heading "LEGAL MATTERS – Tax Matters" herein. Under existing law, the Bonds and the income therefrom will be exempt from all state, county and municipal taxation in the State of Tennessee, except Tennessee franchise and excise taxes. (See "LEGAL MATTERS -Tax Matters" herein.)
Bank Qualification	The Bonds will be treated as "qualified tax-exempt obligations" within the meaning of Section 265 of the Internal Revenue Code of 1986, as amended. See the section entitled "LEGAL MATTERS - Tax Matters" for additional information.
Rating	Moody's Investors Service: "Aa3". See the section entitled "MISCELLANEOUS - Rating" for more information.
Underwriter	BNY Mellon Capital Markets, LLC, New York, New York.
Municipal Advisor	Cumberland Securities Company, Inc., Knoxville, Tennessee. See the section entitled "MISCELLANEOUS - Municipal Advisor; Related Parties; Other", herein.
Bond Counsel	Glankler Brown, PLLC, Memphis, Tennessee.
Book-Entry-Only	The Bonds will be issued under the Book-Entry System except as otherwise described herein. For additional information, see the section entitled "BASIC DOCUMENTATION - Book-Entry System"

Registration and Paying Agent .... Regions Bank, Nashville, Tennessee (the "Registration Agent").

General .... The Bonds are being issued in full compliance with applicable provisions of Title 9, Chapter 21, *Tennessee Code Annotated*, as supplemented and revised. See the section entitled SECURITIES OFFERED herein. The Bonds will be issued with CUSIP numbers and delivered through the facilities of the Depository Trust Company, New York, New York.

Disclosure .... In accordance with Rule 15c2-12 promulgated under the Securities Exchange Act of 1934 as amended, the County will provide the Municipal Securities Rulemaking Board ("MSRB") through the operation of the Electronic Municipal Market Access system ("EMMA") and the State Information Depository ("SID"), if any, annual financial statements and other pertinent credit or event information, including Comprehensive Annual Financial Reports, see the section entitled "MISCELLANEOUS-Continuing Disclosure."

Other Information .... The information in this *Official Statement* is deemed "final" within the meaning of Rule 15c2-12 promulgated under the Securities Exchange Act of 1934 as of the date which appears on the cover hereof. For more information concerning the County or this *Official Statement* contact The Honorable Chris Young, County Mayor, 1 Veteran Square, Dyersburg, TN 38024, Telephone: (731) 286-7800; or the County's Municipal Advisor, Cumberland Securities Company, Inc., Telephone: (865) 988-2663.

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

	2014	**2015**	**2016**	**2017**	**2018**
Beginning Fund Balance	$19,689,119	$19,669,380	$19,474,254	$18,922,501	$19,861,358
Revenues	11,497,062	12,138,530	11,286,651	14,230,345	13,993,727
Expenditures	11,633,071	12,517,487	11,874,706	13,330,934	13,333,311
Excess (Deficiency) of Revenues Over Expenditures	(136,009)	(378,957)	(588,055)	899,411	660,416
Notes Issued	-	-	-	-	-
Capital Leases Issued	103,231	71,223	-	-	-
Insurance Recovery	13,039	112,608	36,302	39,446	265,117
Transfers In	-	-	-	-	-
Transfers Out	-	-	-	-	-
Ending Fund Balance	**$19,669,380**	**$19,474,254**	**$18,922,501**	**$19,861,358**	**$20,786,891**

Source: Comprehensive Annual Financial Reports of the County.

$8,835,000
DYER COUNTY, TENNESSEE
General Obligation Refunding Bonds, Series 2019

SECURITIES OFFERED

AUTHORITY AND PURPOSE

This *Official Statement* which includes the Summary Statement and appendices, is furnished in connection with the offering by Dyer County, Tennessee (the "County" or "Issuer") of its $8,835,000 General Obligation Refunding Bonds, Series 2019 (the "Bonds").

The Bonds are authorized to be issued pursuant to the provisions of Title 9, Chapter 21, *Tennessee Code Annotated*, as supplemented and amended, and other applicable provisions of law and pursuant to the bond resolution (the "Resolution") duly adopted by the County Commission of the County on April 15, 2019.

The Bonds are being issued for (i) the purpose of refinancing, in whole or in part, certain Outstanding Debt (as defined herein) of the County; and (ii) payment of the costs related to the issuance and sale of the Bonds. See the section entitled "SECURITIES OFFERED - Authority and Purpose" contained herein.

REFUNDING PLAN

The County is proposing to issue the Bonds to refinance the County's outstanding: (1) General Obligation Refunding Bonds, Series 2009A, dated June 04, 2009, maturing June 1, 2020 through June 1, 2022 in the outstanding principal amount of $3,305,000 (the "Series 2009A Bonds") and (2) General Obligation Refunding Bonds, Series 2009B, dated July 28, 2009, maturing June 1, 2020 through June 1, 2026 in the outstanding principal amount of $6,455,000 (the "Series 2009B Bonds") (collectively, the "Outstanding Debt"). The Outstanding Debt will be called for redemption on June 1, 2019.

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

DESCRIPTION OF THE BONDS

The Bonds will be initially dated and bear interest from May 31, 2019. Interest on the Bonds will be payable semi-annually on June 1 and December 1, commencing December 1, 2019. The Bonds are issuable in book-entry only form in $5,000 denominations or integral multiples thereof as shall be requested by each respective registered owner.

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

SECURITY

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

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

The Bonds will not be obligations of the State of Tennessee.

QUALIFIED TAX-EXEMPT OBLIGATIONS

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

OPTIONAL REDEMPTION OF THE BONDS

The Bonds are not subject to optional redemption prior to maturity.

PAYMENT OF BONDS

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

BASIC DOCUMENTATION

REGISTRATION AGENT

The Bond Registration and Paying Agent, Regions Bank, Nashville, Tennessee, its successor (the "Registration Agent") or the County will make all interest payments with respect to the Bonds on each interest payment date directly to Cede & Co., as nominee of DTC, the registered owner as shown on the Bond registration records maintained by the Registration Agent, except as described in the following section entitled "Book-Entry-Only System".

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

BOOK-ENTRY-ONLY SYSTEM

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

So long as Cede & Co. is the registered owner of the Bonds, as nominee of DTC, references herein to the Bondholders, Holders or Registered Owners (as herein after defined) of the Bonds shall mean Cede & Co. and shall not mean the Beneficial Owners, as herein after defined, of the Bonds.

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

DTC and its Participants. DTC, the world's largest securities depository, is a limited-purpose trust company organized under the New York Banking Law, a "banking organization" within the meaning of the New York Banking Law, a member of the Federal Reserve System, a "clearing corporation" within the meaning of the New York Uniform Commercial Code, and a "clearing agency" registered pursuant to the provisions of Section 17A of the Securities Exchange Act of 1934. DTC holds and provides asset servicing for over 3.5 million issues of

U.S. and non-U.S. equity issues, corporate and municipal debt issues, and money market instruments (from over 100 countries) that DTC's participants ("Direct Participants") deposit with DTC. DTC also facilitates the post-trade settlement among Direct Participants of sales and other securities transactions in deposited securities, through electronic computerized book-entry-only transfers and pledges between Direct Participants' accounts. This eliminates the need for physical movement of securities certificates. Direct Participants include both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, clearing corporations, and certain other organizations. DTC is a wholly-owned subsidiary of the Depository Trust & Clearing Corporation ("DTCC"). DTCC is the holding company for DTC, National Securities Clearing Corporation and Fixed Income Clearing Corporation, all of which are registered clearing agencies. DTCC is owned by the users of its regulated subsidiaries. Access to the DTC system is also available to others such as both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, and clearing corporations that clear through or maintain a custodial relationship with a Direct Participant, either directly or indirectly ("Indirect Participants"). DTC has a S&P Rating of AA+. The DTC rules applicable to its Participants are on file with the U.S. Securities and Exchange Commission. More information about DTC can be found at www.dtcc.com.

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

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

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

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

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

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

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

DISCONTINUANCE OF BOOK-ENTRY-ONLY SYSTEM

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

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

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

DISPOSITION OF BOND PROCEEDS

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

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

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

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DISCHARGE AND SATISFACTION OF BONDS

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

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

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

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

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

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

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

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

REMEDIES OF BONDHOLDERS

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

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

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

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LEGAL MATTERS

LITIGATION

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

TAX MATTERS

Federal

General. Glankler Brown, PLLC, Memphis, Tennessee, is Bond Counsel for the Bonds. Their opinion under existing law, relying on certain statements by the County and assuming compliance by the County with certain covenants, is that interest on the Bonds:

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

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

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

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

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

Bond Counsel is not responsible for updating its opinion in the future. It is possible that future events or changes in applicable law could change the tax treatment of the interest on the

Bonds or affect the market price of the Bonds. See also "CHANGES IN FEDERAL AND STATE LAW" below in this heading.

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

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

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

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

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

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

State Taxes

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

CHANGES IN FEDERAL AND STATE TAX LAW

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

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

CLOSING CERTIFICATES

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

APPROVAL OF LEGAL PROCEEDINGS

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

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MISCELLANEOUS

RATING

Moody's Investors Service ("Moody's") has given the Bonds the rating of "Aa3".

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

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

COMPETITIVE PUBLIC SALE

The Bonds will be offered for sale at competitive public bidding on April 24, 2019. Details concerning the public sale were provided to potential bidders and others in the *Preliminary Official Statement* that was dated April 16, 2019.

The successful bidder for the Bonds was an account led by BNY Mellon Capital Markets, New York, New York (the "Underwriters") who contracted with the County, subject to the conditions set forth in the Official Notice of Sale and Bid Form to purchase the Bonds at a purchase price of $9,839,780.09 (consisting of the par amount of the Bonds, plus an reoffering premium of $1,022,101.35, and less an underwriter's issue discount of $17,321.26) or 111.373% of par plus accrued interest, if any, to the date of delivery.

MUNICIPAL ADVISOR; RELATED PARTIES; OTHER

Municipal Advisor. Cumberland Securities Company, Inc., Knoxville, Tennessee, has served as Municipal Advisor (the "Municipal Advisor") to the County for purposes of assisting with the development and implementation of a bond structure in connection with the issuance of the Bonds. The Municipal Advisor has not been engaged by the County to compile, create, or interpret any information in the PRELIMINARY OFFICIAL STATEMENT and OFFICIAL STATEMENT relating to the County, including without limitation any of the County's financial and operating data, whether historical or projected. Any information contained in the PRELIMINARY OFFICIAL STATEMENT and OFFICIAL STATEMENT concerning the

County, any of its affiliates or contractors and any outside parties has not been independently verified by the Municipal Advisor, and inclusion of such information is not, and should not be construed as, a representation by the Municipal Advisor as to its accuracy or completeness or otherwise. The Municipal Advisor is not a public accounting firm and has not been engaged by the County to review or audit any information in the PRELIMINARY OFFICIAL STATEMENT and OFFICIAL STATEMENT in accordance with accounting standards.

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

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

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

Bond Counsel. From time to time, Glankler Brown, PLLC has represented the Bank on legal matters unrelated to the County and may do so again in the future.

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

ADDITIONAL DEBT

The County has not authorized any additional debt at this time. However, the County has ongoing needs that may or may not require the issuance of additional debt.

DEBT LIMITATIONS

Pursuant to Title 9, Chapter 21, Part 1 *Tennessee Code Annotated*, as amended, there is no limit on the amount of bonds that may be issued when the County uses the statutory authority granted therein to issue bonds. (see DEBT STRUCTURE - Indebtedness and Debt Ratios for additional information.)

DEBT RECORD

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

CONTINUING DISCLOSURE

The County will at the time the Bonds are delivered execute a Continuing Disclosure Certificate under which it will covenant for the benefit of holders and Beneficial Owners of the Bonds to provide certain financial information relating to the County by not later than twelve months after the end of each fiscal year commencing with the fiscal year ending June 30, 2019 (the "Annual Report"), and to provide notice of the occurrence of certain significant events not later than ten business days after the occurrence of the events and notice of failure to provide any required financial information of the County. The issuer will provide notice in a timely manner to the MSRB of a failure by the County to provide the annual financial information on or before the date specified in the continuing disclosure agreement. The Annual Report and notices described above will be filed by the County with the Municipal Securities Rulemaking Board ("MSRB") at www.emma.msrb.org and with any State Information Depository which may be established in Tennessee (the "SID"). The specific nature of the information to be contained in the Annual Report or the notices of events is summarized below. These covenants have been made in order to assist the Underwriters in complying with Securities Exchange Act Rule 15c2-12(b), as it may be amended from time to time (the "Rule 15c2-12").

Five-Year History of Filing. While it is believed that all appropriate filings were made with respect to the ratings of the County's outstanding bond issues, some of which were insured by the various municipal bond insurance companies, no absolute assurance can be made that all such rating changes of the bonds or various insurance companies which insured some transaction were made or made in a timely manner as required by SEC Rule 15c2-2. The County does not deem any of the forgoing omissions to be material, and therefore, in the judgment of the County, for the past five years, the County has complied in all material respects with its existing continuing disclosure agreements in accordance with Rule 15c2-12.

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

1. Summary of bonded indebtedness as of the end of such fiscal year as shown on page B-10;

2. The indebtedness and debt ratio as of the end of such fiscal year, together with information about the property tax base as shown on pages B-11 and B-12;

3. Information about the Bonded Debt Service Requirements – General Fund and General Debt Service Fund as of the end of such fiscal year as shown on page B-13;

4. The fund balances and retained earnings for the fiscal year as shown on page B-15;

5. Summary of Revenues, Expenditures and Changes in Fund Balances - General Fund for the fiscal year as shown on page B-16;

6. The estimated assessed value of property in the County for the tax year ending in such fiscal year and the total estimated actual value of all taxable property for such year as shown on page B-23;

7. Property tax rates and tax collections of the County for the tax year ending in such fiscal year as well as the uncollected balance for such fiscal year as shown on page B-23; and

8. The ten largest taxpayers as shown on page B-24.

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

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

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

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

3. The following are the Listed Events:

   a. Principal and interest payment delinquencies;

   b. Non-payment related defaults, if material;

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

   d. Unscheduled draws on credit enhancements reflecting financial difficulties;

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

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

   g. Modifications to rights of Bondholders, if material;

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

   i. Defeasances;

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

   k. Rating changes;

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

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

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

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

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

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

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

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

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

(c) The amendment or waiver does not, in the opinion of nationally recognized Bond Counsel, materially impair the interests of the Holders or beneficial owners of the Bonds.

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

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

ADDITIONAL INFORMATION

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

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

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

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

The County has deemed this OFFICIAL STATEMENT as "final" as of its date within the meaning of Rule 15c2-12.

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CERTIFICATION OF ISSUER

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

/s/ Chris Young
County Mayor

ATTEST:

/s/ Diane Moore
County Clerk

APPENDIX A

PROPOSED FORM OF LEGAL OPINION

[LETTERHEAD OF GLANKLER BROWN, PLLC]

May 31, 2019

Board of County Commissioners
of Dyer County, Tennessee
1 Veteran Square
Dyersburg, Tennessee 38024

Re: $8,835,000 General Obligation Refunding Bonds, Series 2019 of Dyer County, Tennessee

Ladies and Gentlemen:

We have acted as bond counsel in connection with the issuance by Dyer County, Tennessee (the “County”), of $8,835,000 aggregate principal amount of its General Obligation Refunding Bonds, Series 2019 dated as of the date hereof (the "Bonds"). We have examined the law and such certified proceedings and other papers as we deem necessary to render this opinion.

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

We have not been engaged or undertaken to review the accuracy, completeness or sufficiency of the Official Statement or other offering material published and distributed in connection with the sale of the Bonds or any other information concerning the financial condition of the County which may have been provided to the purchasers of the Bonds, and we express no opinion relating thereto.

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

1. The Bonds have been authorized and issued in accordance with the Constitution and statutes of the State of Tennessee and constitute the valid and binding general obligations of the County for the payment of which the County has irrevocably pledged its full faith and credit. The Bonds are payable as to both principal and interest from ad valorem taxes to be levied, as necessary, upon all taxable property within the County without limitation as to rate or amount.

2. Interest on the Bonds (including any original issue discount properly allocable to an owner thereof) (a) is excluded from gross income for federal income tax purposes and (b) is not an item of tax preference for purposes of the federal alternative minimum tax. The opinion set forth in clause (a) above is subject to the condition that the County comply with all requirements of the Internal Revenue Code of 1986, as amended, that must be satisfied subsequent to the issuance of the Bonds in order that interest thereon be (or continue to be) excluded from gross income for federal income tax purposes. Failure to comply with certain of such requirements could cause the interest on the Bonds to be so included in gross income retroactive to the date of issuance of the Bonds. The County has covenanted to comply with all such requirements. Except as set forth in this Paragraph 2 and in Paragraph 4 below, we express no opinion regarding other federal tax consequences arising with respect to the Bonds.

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

4. The Bonds have been designated, or are deemed designated, by the County as "qualified tax-exempt obligations" pursuant to Section 265(b)(3) of the Code.

To the extent constitutionally applicable, the rights of the holders of the Bonds and the enforceability thereof are subject to bankruptcy, insolvency, reorganization, moratorium and other similar laws affecting creditors' rights heretofore or hereinafter enacted. Also, the enforcement of bondholder rights may be subject to the exercise of judicial discretion in appropriate cases.

Very truly yours,

APPENDIX B

SUPPLEMENTAL INFORMATION STATEMENT

GENERAL INFORMATION

LOCATION

Dyer County (the "County") is located in the northwestern part of Tennessee and is approximately 78 miles north of Memphis and 45 miles northwest of Jackson. The County is bounded by Lake and Obion Counties to the north, Gibson and Crocket Counties to the east, Lauderdale County to the south and the Mississippi River / Missouri state line to the west. The City of Dyersburg (the "City") is the county seat of the County. The Cities of Newbern and Trimble are the other incorporated cities in the County.

GENERAL

Dyer County has an equal blend of agriculture and industry, with local farms producing great quantities of soybeans, wheat, corn and cotton. Turnip greens, spinach, tomatoes, lima beans and field peas are also grown in quantity. Approximate land area is 337,280 acres. About 75% of Dyer County's acreage is available for agricultural purposes. Livestock and dairy products contribute to farm income. The County's industrial support capabilities are among the most extensive in the region, equivalent to approximately twice those services offered in similarly sized communities.

Dyersburg was designated a Micropolitan Statistical Area (the "mSA") in 2004. An mSA is defined by the U.S. Census Bureau as a non-urban community that is anchored by a town of no more than 50,000 residents. According to the 2010 US Census the County had a population of 38,335 and the City had a population of 17,145.

In 2014 Dyersburg Micropolitan placed 8th out of 576 recognized mSA's in the country based on the number of industries that it has attracted as well as expansions under taken by industries that already call Dyersburg home. The ranking is the highest Dyersburg has ever received in the annual listing and it is also the highest ranking for any Tennessee mSA.

TRANSPORTATION

Roadways. The County is served by U.S. Highways 51 and 412 and State Highways 77, 78, 104, 210 and 211. U.S. Highway 412 is a four-lane connector between I-40 at Jackson, Tennessee and I-155 at Dyersburg. Interstate I-155 provides 25 miles of interstate linkage from I-55 in Missouri to State Highway 51 north of Dyersburg. Interstate I-40 is located about 46 miles south of the County. The Mississippi River Bridge, a quarter-of-a-mile structure located near the City and Caruthersville, Missouri, is the only river bridge between Memphis, Tennessee and Cairo, Illinois. The proposed Interstate 69 from Canada to Mexico has been approved in Congress and will go past Dyersburg and Memphis. See "RECENT DEVELOPMENTS" for more information.

River Ports. The Mississippi River is located 13 miles west of Dyersburg via State Route 20 and I-155; easily accessible to Mississippi River ports at Caruthersville, Missouri, Hickman, Kentucky, and Memphis, Tennessee with barge loading and unloading locally. The Port of Cates Landing on the Mississippi is a natural slackwater port 29 miles northwest of the County in Lake

County that has recently been approved by the U.S. Corps of Engineers. It is a joint project between Lake, Obion and Dyer Counties. It is the only port that is not protected by a levee between Memphis and Illinois since it is above a 100-year-flood plain of the Mississippi. The port became operational in 2013. The Port of Cate Landing has been designated a foreign trade zone.

The 2,320-mile-long Mississippi River is part of the Missouri-Mississippi river system, which is the largest river system in North America. The River borders Lake, Obion, Dyer, Lauderdale, Tipton and Shelby Counties in the state. Channelization of the Mississippi River to a 9-foot minimum navigable depth from its junction in Minnesota to the Gulf of Mexico gives the County the benefits of year round, low cost water transportation. The Lower Mississippi, below St. Louis, is only constrained by levees and directed by numerous wing dams which make it relatively free-flowing compared to the Upper Mississippi which has a series 29 locks and dams.

Railways and Bus Service. Dyer County is served by Amtrak along the Illinois Central mainline, with daily service to Chicago and New Orleans. Departure and arrival is located at the Historic Newbern Depot in downtown Newbern. Trailways Bus Line operates daily service through Dyersburg en route to Chicago, Memphis and many other destinations.

Airport. Dyersburg Municipal Airport is a full service airport. Two lighted runways are 5,700 and 4,000 feet in length. The Dyersburg Airport was taken over by the City of Dyersburg in 2012. In 2014 a new $3.7 million runway resurfacing was completed (See "RECENT DEVELOPMENTS" for more information). The nearest commercial airport is Memphis International, 78 miles southwest, and McKellar Airport, 45 miles southeast of Dyersburg at Jackson. In 2015 the Airport received the Award of Excellence for the Most Improved Airport by the Tennessee Aeronautics Commission.

Source: Dyersburg Dyer County Chamber of Commerce.

EDUCATION

There are two school systems in the County. The *Dyer County School System* serves a 530-square mile area that includes the cities of Dyersburg, Newbern, and Trimble. The County's school system operates eight schools - five elementary, two middle schools, and one high school. The fall 2017 enrollment was 3,843 students with 231 teachers. In 2019 the school system incorporated a new mobile lab unit for its STEM Program. The mobile unit will provide roughly 1,500 county students in grades K-5 with an opportunity to learn fundamental engineering and science concepts and critical thinking skills while working in a team environment.

The *Dyersburg City School System* operates four schools - two elementary, one middle school and one high school. The fall 2017 enrollment was 2,525 students with 182 teachers.

Source: Tennessee Department of Education.

Dyersburg State Community College is an accredited public comprehensive community college that operates within the governance of the Tennessee Board of Regents. Founded in 1967, Dyersburg State is located on a 100-acre campus in Dyer County, Tennessee and serves the educational needs of a seven-county area of Northwest Tennessee: Lake, Obion, Dyer, Gibson, Lauderdale, Crockett and Tipton Counties. The fall of 2017 semester had an enrollment of 2,860 students. Dyersburg State also offers increased access to education via technology-assisted instruction, distance learning and course offerings at convenient locations in three other campuses in Obion, Gibson and Tipton Counties.

Source: Dyersburg State Community College and Tennessee Higher Education Commission.

The Tennessee College of Applied Technology - Newbern. The Tennessee College of Applied Technology - Newbern (the "TCAT-N") is part of a statewide system of 26 vocational-technical schools. The TCAT-N meets a Tennessee mandate that no resident is more than 50 miles from a vocational-technical shop. The institution's primary purpose is to meet the occupational and technical training needs of the citizens including employees of existing and prospective businesses and industries in the region. The TCAT-N serves the northwest region of the state including Dyer, Lake and Obion Counties. The TCAT-N began operations in 1965, and the main campus is located in Dyer County. Fall 2016 enrollment was 614 students.

Source: Tennessee Technology Center at Newbern and Tennessee Higher Education Commission.

There are other institutes of higher learning in the area including the University of Tennessee at Memphis and the University of Tennessee at Martin. In nearby Jackson, linked by the four-lane US Highway 412, are three four-year universities: Union University, a Baptist college, Lambuth, a Methodist college and Lane College. Each institution offers a variety of courses and degrees ranging from vocational and technical training to nursing, education, business, and engineering degrees.

MEDICAL

The *Dyersburg Regional Medical Center* (the "DRMC") is a 225 bed, acute care hospital located in Dyersburg. The medical center serves the citizens of Dyer, Lake, and Lauderdale Counties, comprising a population of about 75,000 people. DRMC offers 24-hour emergency care and includes a fast-track service for those patients seeking non-emergency care. DRMC offers a full range of services including intensive care, medical/surgical care, orthopedics, gastroenterology, OB/GYN, urology, E.N.T., endocrinology, and diagnostic imaging.

In 2018 West Tennessee Healthcare purchased the hospital from Tennova Healthcare, along with two other Tennova hospitals in Jackson and Martin, for $67 million.

West Tennessee Healthcare is a not-for-profit organization. Totally self-supporting, without need for local tax support, all revenues generated provide for overhead costs including employee expense, debt service, purchase of technology, renovation, expansion, creation of new services, and, most importantly, maintaining the low-cost structure. West Tennessee Healthcare operates seven hospitals. Approximately 7,000 employees make up West Tennessee Healthcare, the majority of whom staff Jackson-Madison County General Hospital.

Source: Jackson-Madison Co. General Hospital.

MANUFACTURING AND COMMERCE

The Dyersburg / Dyer County mSA was named the top Micropolitan Statistical Area in the State for 2013 and 2014 and was listed in the top ten nationwide of mSA's for 2013 and 2014. The ranking is based on the number of industries attracted to the area and industry expansions that already base their facility in the area. In 2013 483 new jobs from new and existing facilities were added in the County with $25.9 million in new capital investments. In 2014, 388 new jobs from new and existing facilities were crated with $62.5 million in new capital investments.

The County is the regional retail, medical, employment and cultural center for more than 300,000 people who live in 10 counties in a tri-state area that includes Tennessee, Missouri and Arkansas. A bridge across the Mississippi River links Dyer County with Interstate 55, a major north/south highway in the center of the country. The County is also with a day's drive of 76 percent of the county's major markets.

Dyer County has several full service Industrial Parks. Dyersburg Industrial Park has 603 acres with 150 acres currently available for development and Newbern Industrial Park that has 57 acres, 14 of which are available for development. Blankenship Property, a private development, is located within the city limits of Dyersburg adjacent to the Newbern Industrial Park and has 140 acres currently available for development. The North Industrial Park, recently built across Interstate I55 from Dyersburg Industrial Park by the County and City, added another 247 acres for industrial development.

The Dyersburg Rail Site, which is located near the Port of Cates Landing, was certified in 2013 as a Select Tennessee Certified Sites. This recognizes select industrial parks, sites and other areas as having met international standards by leading site-selection firms.

The Port of Cates Landing is a natural slackwater port four miles northeast of Tiptonville in Lake County (and 29 miles north of Dyersburg) that is a joint project of Lake, Obion and Dyer Counties and the U.S. Corps of Engineers. R.J. Corman Railroad Group of Nicholasville, KY has been awarded the contract as port operator (See "RECENT DEVELOPMENTS" for more information).

Construction of the 420-acre, $35 million port became operational in 2013. There is room for an industrial park at the site, and the port is expected to bring 1,700 jobs to the region and retain 2,293 related jobs. In late 2010 a federal grant of $13 million was awarded to the port to complete construction and infrastructure. In addition to the construction at the river an upgrade of the local roads and rail lines was also completed. Construction on the $9.6 million facility was completed in 2012.

The Northwest Tennessee Port is an intermodal freight transfer facility and potential industrial park complex designed to exploit the unique geography and existing river, rail and highway transportation assets already in place. The River Port is comprised of a river terminal and includes a cross-dock, and trans-load facility that is designed to handle, Barge to Rail, Barge to Truck and Truck to Rail.

The site of a proposed Industrial Park is comprised of the adjacent 350 acres of flat lands north of the City of Tiptonville. The optimum use envisioned for the Park is one which would exploit the River, and the proximity to I-55, I-24 as well as the planned I-69 corridor, and the main line Canadian National Railway. The benefit of the Port to the City of Dyersburg lies in the fact that all southern highway access to the Port and all Railroad access to the Port runs through the City of Dyersburg. The City anticipates a significant economic boast resulting from the commencement of the Port operations.

Source: Dyersburg Dyer County Chamber of Commerce and the State Gazette.

Major Employers located in Dyer County, Tennessee

Company	Product	Employees
ERMCO	Distribution Transformers	900
Hillshire Brands	Meat Processing	700
NSK	Automotive manufacturing	650
City of Dyersburg	Government	365
Dyersburg School System	Education	339
Norteck (NORDYNE) Global HVAC	HVAC	331
SR Products	Automotive Components	298
Hexpol	Custom Mix Rubber	220
Ford Asphalt Plant	Hot Mix	210
Dot Foods	Food Redistribution	240
Heckethorn Manufacturing	Exhaust System Clamps	200
Caterpillar Precision Machined*	Machined Clutch Housing	155
Eaton Global Hoses	Rubber Industrial Hoses	147
Firestone Industrial Products	Metal Stamping & Brazing	130
PolyOne	Custom Mix, Plastics, Sponge Rubber	110
Royal Building Products	Vinyl Siding	92
Colonial DPP	Diversified Polymer Products	88
Burks Beverage	Bottled Soft Drinks	86
Bennett's	Tools & Dies	65
City of Newbern	Government	57
Impressive Manufacturing	Metal Fabrication	55
Cupples J&J Co.	Machine Shop	50

** Caterpillar closed at the end of 2018.*
Source: West Tennessee Industrial Association and the State Gazette - 2018.

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EMPLOYMENT INFORMATION

Unemployment in the Dyersburg mSA and Dyer County as of February 2019 stood at 4.3%, representing 15,890 persons employed out of a labor force of 16,610. The chart below depicts unemployment trends in the County:

Unemployment

	Annual Average **2013**	Annual Average **2014**	Annual Average **2015**	Annual Average **2016**	Annual Average **2017**
National	7.4%	6.2%	5.3%	4.9%	4.4%
Tennessee	7.8%	6.6%	5.6%	4.7%	3.7%
Dyersburg mSA & Dyer County	**10.50%**	**8.20%**	**7.20%**	**6.20%**	**4.80%**
Index vs. National	142	132	136	127	109
Index vs. State	135	124	129	132	130

Source: Tennessee Department of Labor and Workforce Development.

ECONOMIC DATA

Per Capita Personal Income

	2013	**2014**	**2015**	**2016**	**2017**
National	$44,826	$47,025	$48,940	$49,831	$51,640
Tennessee	$39,549	$40,977	$42,810	$43,932	$45,517
Dyersburg mSA & Dyer County	**$36,279**	**$36,828**	**$37,606**	**$37,995**	**$39,328**
Index vs. National	81	78	77	76	76
Index vs. State	92	90	88	86	86

Source: Bureau of Economic Analysis.

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Social and Economic Characteristics

	National	Tennessee	Dyer County	Dyersburg
Median Value Owner Occupied Housing	$193,500	$151,700	$98,100	$99,900
% High School Graduates or Higher Persons 25 Years Old and Older	87.30%	86.50%	83.5%	82.6%
% Persons with Income Below Poverty Level	12.30%	15.00%	17.3%	21.9%
Median Household Income	$57,652	$48,708	$44,386	$36,820

Source: U.S. Census Bureau State & County QuickFacts - 2017.

RECREATION

With an abundance of lakes, rivers, and wildlife areas, Tennessee is the perfect home for outdoor enthusiasts. Dyersburg is 22 miles south of Reelfoot Lake and Wildlife Refuge. Water sports, fishing and wildlife appreciation are popular forms of recreation in the area. Each April, Dyersburg comes alive with the annual Dogwood Festival and the Dogwood Dash. The festival includes a golf tournament, beauty pageants, a chili cook-off, a car show, and other activities. The Dogwood Dash - a youth run, a health walk, and 5K and 10K races - attracts hundreds of participants from across the country.

Reelfoot Lake State Park. Reelfoot Lake State Park is located in 22 miles north of Dyersburg in Lake and Obion Counties. It contains about 25,000 acres, 15,000 of which are water. The area is said to be the greatest hunting and fishing preserve in the nation. Park naturalists conduct daily American bald eagle tours in the winter when the birds make their seasonal homes there. The park also harbors almost every other kind of shore and wading bird. At least a thousand pairs of birds, including anhingas, cormorants, great blue herons, and common egrets nested in the crowns of cypress trees, some more than 100 feet tall. The park has a museum, an auditorium, a Conference Center, a Visitor Center and a motel. Reelfoot Lake offers a large variety of motels, inns and restaurants. The park also features campgrounds, swimming pools, fishing, boating and picnic areas.

Historians record that Reelfoot Lake was created by a series of severe earthquakes during the bitter cold winter of 1811-12. Landslides swept down the bluffs, large areas of land were uplifted and still larger areas sank. As the land subsided the water poured over in one of the large sunken areas and filled the basin. The large pool gradually grew placid and Reelfoot Lake was born. Practically every variety of fish known from Yellowstone to Pennsylvania was swept into the basin. Cypress trees and willow flourished, and one of the world's greatest natural fish hatcheries resulted.

Source: Tennessee State Parks.

RECENT DEVELOPMENTS

Caterpillar. Caterpillar closed its plant in Dyersburg in 2018, resulting in a loss of 140 jobs. The Dyersburg facility assembled transmissions used in construction and mining machines.

Develey Mustard Corp. Develey Mustard Corp. opened its first North American facility in 2017 in an existing $1.3 million, 100,000-square-foot building in Dyersburg. The $20 million facility created 150 jobs. Develey, headquartered in Germany, is a leading producer of mustards, dressings and sauces in Europe, exporting to over 50 countries worldwide.

Dot Foods. The nation's largest food redistributor, Dot Foods, hired 50 more employees in 2018, after hiring 50 additional employees in 2016. Forty of those new hires were drivers to increase coverage from 4.8 million miles to over 6 million miles in over a 10-state delivery area. Also in early 2015 Dot Foods opened a new, 166,000-square-foot, $24 million facility in Dyersburg, bringing 157 new jobs. In mid-2015 the facility hired an additional 45 employees. Dot Foods averages approximately $4.5 billion in annual sales and employs close to 4,000 full-time employees.

Dyersburg Commerce Industrial Park. In 2015 a $2 million, 750,000-gallon ground-storage water tank located in the Dyersburg Commerce Industrial Park. The tank will be an asset in attracting new industry to the park.

Dyersburg Electric Power Board (the "DES"). The DES Rhea building was demolished, and a new facility was constructed in 2017. The new facility is used for equipment storage and office / training spaces.

Frazier Industrial Company. The structural storage racking system manufacturer invested $17.4 million in a new facility in Dyersburg that employees 120 people. The 175,000-square-foot facility was completed in 2018.

Full Throttle Distillery. The Full Throttle Distillery opened a 9,000-square-foot moonshine distillery in Trimble (located in both Dyer and Obion Counties). Construction was completed in 2014 in an old cotton gin. The facility features a new diner and a retail store. The grand opening featured a free three-day event that was filled with live music, a car show, food vendors and a concert from a country music star.

Hastings Entertainment. After operating in Dyer County for almost 20 years, Hastings Entertainment closed its doors permanently in 2016, as the corporation filed of Chapter 11 bankruptcy and was sold. The store provided a large array of books, music, movies, and novelty items.

Interstate 69 Project. The proposed north-south highway corridor between Canada and Mexico will go past Dyersburg and Memphis. There are already service-related businesses expressing interest in coming to Dyersburg once the interstate is completed. It is estimated that 63 percent of the truck traffic between Canada and Mexico will go through West Tennessee on I-69. Completion of the corridor in Tennessee could cost in excess of $800 million. The economic potential of this interstate's location in West Tennessee is very promising. One study has shown I-69 would produce about $1.57 for every dollar invested.

Love's Travel Stop. In 2016 Love's Travel Stop opened on Highway 78 in Dyersburg. The 10-acre site accommodates 77 car parks and 89 truck parks, a convenience store, gift shop, tire care facility for trucks and also a Hardee's restaurant. The project cost $9-$11 million. It employs seven salaried management personnel with 30-35 full-time employees.

NORDYNE. In 2014 the NORDYNE company moved production from one of its Missouri facilities to the Dyersburg plant. The $40 million expansion was completed in 2015. NORDYNE is an HVAC manufacturer with seven locations in North America.

NSK Steering Systems. NSK Steering, a leading global manufacturer of automotive steering systems and its components, occupy a 100,000 square-foot building in the Dyersburg North Industrial Park. In 2015 NSK completed a $700,000 expansion to its office space and additional manufacturing lines. In 2013 the company finished construction on an additional 100,000 square-foot, $30 million expansion that employed an additional 300 workers. The company is headquartered in Japan and has sales operation in 25 countries supplying steering systems and components to companies such as Toyota, Honda, Mercedes and Nissan. The Dyersburg operation became operational in the fall of 2007.

Port of Cates Landing. In 2017 the state awarded $840,000 to the Port for the purchase of right-of-way land for the adjacent rail spur and for the purchase of a 200-ton crane. Cost of the rail spur is expected to be $12-$15 million. The spur will add additional transportation capabilities to the port by connecting the port to the Canadian National Rail Line. The port currently has river and highway access. There is no projected completion date as of yet.

Rough Country. Dyersburg-based Rough Country has expanded to a fifth facility within the County in the old Briggs and Stratton building in Newbern. The facility was operational in August 2014. This adds to the existing facilities in Dyersburg and Yorkville. Rough Country produces automotive lift kits in all three facilities. The company, which started in 1992, distributes to 100 countries and currently has 168 workers employed.

Royal Building Products. The PVC pipe production company, Royal Building Products, invested $24 million in new equipment at its Newbern facility in 2015. This created 85 new jobs.

Sun Products Corporation. The Sun Products Corporation closed its Dyersburg manufacturing facility in late 2015. The company marketed laundry and household care products. A total of 175 employees were laid off. The Dyersburg plan was built by Clorox in the late 1980's and was acquired by Huish Detergents in 1995. The plant was then part of a merger that created Sun Products in 2008.

Source: The State Gazette, and NORDYNE.

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DYER COUNTY, TENNESSEE

Summary of Long Term Indebtedness

AMOUNT ISSUED		PURPOSE	DUE DATE	INTEREST RATE(S)	As of June 30, 2018 OUTSTANDING (1)
$ 19,910,000		General Obligation Bonds, Series 2009A	June 1, 2022	Fixed	$ 4,305,000
10,330,000		General Obligation Bonds, Series 2009B	June 1, 2026	Fixed	7,020,000
8,960,000		Qualified School Construction Bonds, Series 2009	Sept 15, 2026	Fixed	4,568,367
5,673,000	(2)	Qualified School Construction Bonds, Series 2010	Sept 15, 2027	Fixed	3,242,769
5,815,000		General Obligation Refunding Bonds, Series 2015	June 1, 2026	Fixed	4,430,000
9,975,000		General Obligation Refunding Bonds, Series 2016	June 1, 2029	Fixed	9,885,000
$ 60,663,000		**EXISTING LONG TERM INDEBTEDNESS**			$ 33,451,136
$ 8,835,000		General Obligation Refunding Bonds, Series 2019	June 1, 2026	Fixed	$ 8,835,000
(30,240,000)		Less: Bonds Being Refunded or Paid with Cash			(11,325,000)
$ 39,258,000		**NET LONG TERM INDEBTEDNESS**			$ 30,961,136

Notes:

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

(2) The original federal subsidy on the Qualified School Construction Bonds, Series 2010 has been reduced by 6.2% for the federal fiscal year ending September 30, 2019 as a result of the sequestration by the Budget Control Act of 2011. After October 1, 2019, the sequestration rate will be subject to change.

Debt Record: There is no record of a default of paying principal and interest on any debt for information available.

DYER COUNTY, TENNESSEE

INDEBTEDNESS AND DEBT RATIOS

INTRODUCTION

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

INDEBTEDNESS	**Fiscal Year Ending June 30**					**After Issuance**
	2014	**2015**	**2016**	**2017**	**2018**	**2019**
TAX SUPPORTED						
General Obligation Bonds and Notes (3)	$45,546,598	$ 42,807,088	$ 38,447,587	$ 36,346,549	$ 33,451,136	$ 30,961,136
TOTAL TAX SUPPORTED	$45,546,598	$42,807,088	$38,447,587	$36,346,549	$33,451,136	$30,961,136
TOTAL DEBT	$45,546,598	$42,807,088	$38,447,587	$36,346,549	$33,451,136	$30,961,136
Less: Revenue Supported Debt	$0	$0	$0	$0	$0	$0
Less: Debt Service Funds	(1,979,879)	(1,738,941)	(1,919,913)	(1,567,680)	(1,294,087)	(1,294,087)
NET DIRECT DEBT	$43,566,719	$41,068,147	$36,527,674	$34,778,869	$32,157,049	$29,667,049
PROPERTY TAX BASE						
Estimated Actual Value	$2,189,989,203	$2,265,478,773	$2,283,858,708	$2,384,023,626	$2,414,118,595	$2,414,118,595
Appraised Value	2,189,989,203	$2,265,478,773	2,168,523,843	2,263,630,433	2,276,755,247	2,276,755,247
Assessed Value	638,298,132	$658,538,536	$663,832,253	657,000,629	660,092,808	660,092,808

	Fiscal Year Ending June 30					After Issuance
DEBT RATIOS	**2014**	**2015**	**2016**	**2017**	**2018**	**2019**
TOTAL DEBT to Estimated Actual Value	2.08%	1.89%	1.68%	1.52%	1.39%	1.28%
TOTAL DEBT to Appraised Value	2.08%	1.89%	1.77%	1.61%	1.47%	1.36%
TOTAL DEBT to Assessed Value	7.14%	6.50%	5.79%	5.53%	5.07%	4.69%
NET DIRECT DEBT to Estimated Actual Value	1.99%	1.81%	1.60%	1.46%	1.33%	1.23%
NET DIRECT DEBT to Appraised Value	1.99%	1.81%	1.68%	1.54%	1.41%	1.30%
NET DIRECT DEBT to Assessed Value	6.83%	6.24%	5.50%	5.29%	4.87%	4.49%
PER CAPITA RATIOS						
POPULATION (1)	37,935	37,893	37,708	37,463	37,463	37,463
PER CAPITA PERSONAL INCOME (2)	$36,828	$37,606	$37,995	$39,328	$39,328	$39,328
Estimated Actual Value to POPULATION	$57,730	$59,786	$60,567	$63,637	$64,440	$64,440
Assessed Value to POPULATION	$16,826	$17,379	$17,605	$17,537	$17,620	$17,620
Total Debt to POPULATION	$1,201	$1,130	$1,020	$970	$893	$826
Net Direct Debt to POPULATION	$1,148	$1,084	$969	$928	$858	$792
Total Debt Per Capita as a percent of PER CAPITA PERSONAL INCOME	3.26%	3.00%	2.68%	2.47%	2.27%	2.10%
Net Direct Debt Per Capita as a percent of PER CAPITA PERSONAL INCOME	3.12%	2.88%	2.55%	2.36%	2.18%	2.01%

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

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

(3) Includes the 50% guarantee by Dyer County, Tennessee of the debt payments on a spec building built in one of the local industrial park. When the spec building is sold the debt will be retired.

DYER COUNTY, TENNESSEE

General Obligation Debt Service - General Debt Service Fund

F.Y. Ended	Existing General Obligation Debt As of June 30, 2018				Less: Bonds Being Refunded or Paid with Cash			General Obligation Refunding Bonds, Series 2019			% 2019 Principal	Total Bonded Debt Service Requirements (1)				% All Principal
6/30	Principal	Interest and Fees (2)	Est. Rebate	TOTAL	Principal	Interest	TOTAL	Principal	Interest (3)	TOTAL	Repaid	Principal	Interest	Est. Rebate	TOTAL	Repaid
2019	$ 3,018,076	$ 1,159,119	$ (135,744)	$ 4,041,451	$ (1,565,000)	$ (213,703)	$ (1,778,703)	$ -	$ -	$ -	0.00%	$ 1,453,076	$ 945,416	$ (135,744)	$ 2,262,748	4.69%
2020	3,138,076	1,086,663	(135,744)	4,088,995	(1,665,000)	(375,750)	(2,040,750)	1,500,000	442,977	1,942,977		2,973,076	1,153,890	(135,744)	3,991,222	
2021	3,193,076	1,005,723	(135,744)	4,063,055	(1,700,000)	(316,410)	(2,016,410)	1,550,000	366,750	1,916,750		3,043,076	1,056,063	(135,744)	3,963,395	
2022	3,248,076	931,223	(135,744)	4,043,555	(1,745,000)	(253,510)	(1,998,510)	1,610,000	289,250	1,899,250		3,113,076	966,963	(135,744)	3,944,295	
2023	3,303,076	853,113	(135,744)	4,020,445	(1,125,000)	(187,200)	(1,312,200)	1,005,000	208,750	1,213,750	64.12%	3,183,076	874,663	(135,744)	3,921,995	44.46%
2024	3,363,076	782,813	(135,744)	4,010,145	(1,150,000)	(142,200)	(1,292,200)	1,030,000	158,500	1,188,500		3,243,076	799,113	(135,744)	3,906,445	
2025	3,448,076	710,813	(135,744)	4,023,145	(1,175,000)	(96,200)	(1,271,200)	1,060,000	107,000	1,167,000		3,333,076	721,613	(135,744)	3,918,945	
2026	3,569,227	636,613	(135,744)	4,070,096	(1,200,000)	(49,200)	(1,249,200)	1,080,000	54,000	1,134,000	100.00%	3,449,227	641,413	(135,744)	3,954,896	
2027	2,645,377	426,125	(22,624)	3,048,878	-	-	-	-	-	-		2,645,377	426,125	(22,624)	3,048,878	
2028	2,240,000	90,500	-	2,330,500	-	-	-	-	-	-		2,240,000	90,500	-	2,330,500	92.62%
2029	2,285,000	45,700	-	2,330,700	-	-	-	-	-	-		2,285,000	45,700	-	2,330,700	100.00%
	$33,451,136	$ 7,728,405	$ (1,108,576)	$40,070,965	$(11,325,000)	$ (1,634,173)	$(12,959,173)	$ 8,835,000	$ 1,627,227	$ 10,462,227		$ 30,961,136	$ 7,721,459	$ (1,108,576)	$ 37,574,019	

NOTES:

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

(2) The original federal subsidy on the Qualified School Construction Bonds, Series 2010 has been reduced by 6.2% for the federal fiscal year ending September 30, 2019 as a result of the sequestration by the Budget Control Act of 2011. After October 1, 2019, the sequestration rate will be subject to change.

(3) Average Coupon 5.00%.

DYER COUNTY, TENNESSEE

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

	2014	2015	2016	2017	2018
Revenues:					
Local Taxes	$ 5,968,168	$ 6,014,850	$ 6,294,332	$ 7,211,971	$ 7,188,888
Licenses and Permits	80,591	156,610	127,866	127,235	133,996
Fines, forfeitures & penalties	169,869	157,983	167,205	143,434	193,799
Charges for current services	124,136	32,523	246,236	295,025	284,241
Other local revenue	233,939	209,795	373,580	297,222	568,528
Fees Recv'd from County Officials	1,556,327	1,594,011	1,636,637	1,661,809	1,705,447
State of Tennessee	3,040,957	3,652,561	2,197,866	4,136,628	3,599,063
Federal Government	292,290	273,232	218,594	309,107	285,105
Other Governments & Citizens Groups	30,785	46,965	24,335	47,914	34,660
Total Revenues	$ 11,497,062	$ 12,138,530	$ 11,286,651	$ 14,230,345	$ 13,993,727
Expenditures:					
General government	$ 2,525,367	$ 3,063,613	$ 1,740,970	$ 3,428,162	$ 1,850,573
Finance	1,122,157	1,075,349	1,151,543	1,413,277	1,210,640
Administration of Justice	1,347,592	1,358,849	1,348,907	1,392,382	1,388,217
Public Safety	4,811,735	4,919,934	5,272,403	5,314,724	5,775,483
Public Health & Welfare	543,968	672,098	680,714	654,105	652,792
Social, Cultural & Recreational Service:	684,735	690,320	696,538	742,320	815,133
Agricultural & Natural Resources	207,316	211,346	204,399	208,973	208,732
Other Operations	302,747	304,812	151,970	176,991	1,431,741
Debt Service	87,454	221,166	627,262	-	-
Capital Projects	-	-	-	-	-
Total Expenditures	$ 11,633,071	$ 12,517,487	$ 11,874,706	$ 13,330,934	$ 13,333,311
Excess (Deficiency) of Revenues Over Expenditures	$ (136,009)	$ (378,957)	$ (588,055)	$ 899,411	$ 660,416
Other Sources & Uses:					
Notes Issued	$ -	$ -	$ -	$ -	$ -
Capital Leases Issued	103,231	71,223	-	-	-
Insurance Recovery	13,039	112,608	36,302	39,446	265,117
Operating Transfers In	-	-	-	-	-
Operating Transfers Out	-	-	-	-	-
Total Sources & Uses	$ 116,270	$ 183,831	$ 36,302	$ 39,446	$ 265,117
Net Change in Fund Balances	$ (19,739)	$ (195,126)	$ (551,753)	$ 938,857	$ 925,533
Fund Balance July 1	19,689,119	19,669,380	19,474,254	18,922,501	19,861,358
Prior Period Adjustment	-	-	-	-	-
Fund Balance June 30	**$ 19,669,380**	**$ 19,474,254**	**$ 18,922,501**	**$ 19,861,358**	**$ 20,786,891**

Source: Comprehensive Annual Financial Reports for Dyer County, Tennessee.

FINANCIAL INFORMATION

BASIS OF ACCOUNTING AND PRESENTATION

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

All Proprietary Funds, Nonexpendable Trust Funds and Pension Trust Funds are accounted for on a flow of economic resources measurement focus. With this measurement focus, all assets and all liabilities associated with the operation of these funds are included on the balance sheet. Fund equity (i.e., net total assets) is segregated into contributed capital and fund balance components. Proprietary fund type operating statements present increases (e.g., revenues) and decreases (e.g., expenses) in net total assets. Basis of accounting refers to when revenues and expenditures are recognized in the accounts and reported in the financial statements. Basis of accounting relates to the timing of the measurement made, regardless of the measurement focus applied.

All governmental funds and, expendable trust funds are accounted for using a current financial resource measurement focus. Revenues are recognized when they become measurable and available as a net current asset. Expenditures are generally recognized when the related fund liability is incurred. Exceptions to this general ruling include: (1) sick pay which is not accrued or vested, and (2) principal and interest on general long-term debt which is recognized when due.

All proprietary funds are accounted for using the accrual basis of accounting, whereby revenues are recognized when they are earned and expenses are recognized when they are incurred.

BUDGETARY PROCESS

The County is required by State statute to adopt annual operating budgets. The general fund, special revenue funds, and debt service funds are budgeted on a basis so that current available funds are sufficient to meet current expenditures. Expenditures and encumbrances may not legally exceed initial or revised appropriations authorized by the County Commission. Unencumbered appropriations at the end of each fiscal year lapse.

The County's budgetary basis of accounting are consistent with generally accepted accounting principles (GAAP) except where encumbrances are treated as budgeted expenditures.

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FUND BALANCES, NET ASSETS AND RETAINED EARNINGS

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

	For the Fiscal Year Ended June 30,				
Fund Type	**2014**	**2015**	**2016**	**2017**	**2018**
Governmental Funds:					
General	$19,669,380	$19,474,254	$18,922,501	$19,861,358	$20,786,891
Highway/Public Works	2,843,242	3,374,139	3,760,889	4,134,576	4,045,029
General Debt Service	1,979,879	1,738,941	1,919,913	1,567,680	1,294,087
Other Governmental	93,964	89,817	97,963	132,911	81,866
Total	**$24,586,465**	**$24,677,151**	**$24,701,266**	**$25,696,525**	**$26,207,873**
Proprietary Net Assets:					
Worker's Compensation	$684,507	$680,427	$689,438	$687,108	$631,032

Source: Comprehensive Annual Financial Reports and Auditors Reports for Dyer County, Tennessee.

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DYER COUNTY, TENNESSEE

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

	2014	2015	2016	2017	2018
Revenues:					
Local Taxes	$ 5,968,168	$ 6,014,850	$ 6,294,332	$ 7,211,971	$ 7,188,888
Licenses and Permits	80,591	156,610	127,866	127,235	133,996
Fines, forfeitures & penalties	169,869	157,983	167,205	143,434	193,799
Charges for current services	124,136	32,523	246,236	295,025	284,241
Other local revenue	233,939	209,795	373,580	297,222	568,528
Fees Recv'd from County Officials	1,556,327	1,594,011	1,636,637	1,661,809	1,705,447
State of Tennessee	3,040,957	3,652,561	2,197,866	4,136,628	3,599,063
Federal Government	292,290	273,232	218,594	309,107	285,105
Other Governments & Citizens Groups	30,785	46,965	24,335	47,914	34,660
Total Revenues	$ 11,497,062	$ 12,138,530	$ 11,286,651	$ 14,230,345	$ 13,993,727
Expenditures:					
General government	$ 2,525,367	$ 3,063,613	$ 1,740,970	$ 3,428,162	$ 1,850,573
Finance	1,122,157	1,075,349	1,151,543	1,413,277	1,210,640
Administration of Justice	1,347,592	1,358,849	1,348,907	1,392,382	1,388,217
Public Safety	4,811,735	4,919,934	5,272,403	5,314,724	5,775,483
Public Health & Welfare	543,968	672,098	680,714	654,105	652,792
Social, Cultural & Recreational Services	684,735	690,320	696,538	742,320	815,133
Agricultural & Natural Resources	207,316	211,346	204,399	208,973	208,732
Other Operations	302,747	304,812	151,970	176,991	1,431,741
Debt Service	87,454	221,166	627,262	-	-
Capital Projects	-	-	-	-	-
Total Expenditures	$ 11,633,071	$ 12,517,487	$ 11,874,706	$ 13,330,934	$ 13,333,311
Excess (Deficiency) of Revenues Over Expenditures	$ (136,009)	$ (378,957)	$ (588,055)	$ 899,411	$ 660,416
Other Sources & Uses:					
Notes Issued	$ -	$ -	$ -	$ -	$ -
Capital Leases Issued	103,231	71,223	-	-	-
Insurance Recovery	13,039	112,608	36,302	39,446	265,117
Operating Transfers In	-	-	-	-	-
Operating Transfers Out	-	-	-	-	-
Total Sources & Uses	$ 116,270	$ 183,831	$ 36,302	$ 39,446	$ 265,117
Net Change in Fund Balances	$ (19,739)	$ (195,126)	$ (551,753)	$ 938,857	$ 925,533
Fund Balance July 1	19,689,119	19,669,380	19,474,254	18,922,501	19,861,358
Prior Period Adjustment	-	-	-	-	-
Fund Balance June 30	**$ 19,669,380**	**$ 19,474,254**	**$ 18,922,501**	**$ 19,861,358**	**$ 20,786,891**

Source: Comprehensive Annual Financial Reports for Dyer County, Tennessee.

DYER COUNTY, TENNESSEE

Five Year Summary of Local Option Sales Tax and Wheel Tax Colletctions

For the Fiscal Year Ended June 30

	2014	2015	2016	2017	2018
Local Option Sales Tax					
Rate (Percent of retail sales) Distribution	2.75%	2.75%	2.75%	2.75%	2.75%
Debt Service Fund	$ 105,541	$ 76,040	$ 64,248	$ 64,866	$ 82,727
Education Fund	3,779,278	3,803,597	3,975,100	4,017,677	4,261,211
Cities Portion of County Sales Tax	3,286,105	3,554,199	3,734,257	3,802,923	3,833,423
City School	4,655,074	4,850,740	4,978,519	5,145,407	5,116,770
Total Amount Collected	**$ 11,825,998**	**$ 12,284,576**	**$ 12,752,124**	**$ 13,030,873**	**$ 13,294,131**
% of Increase (Decrease)	2.39%	3.88%	3.81%	2.19%	2.02%
Wheel Tax					
Rate Per Vehicle	$ 60	$ 60	$ 60	$ 60	$ 60
General Purpose School Fund	$ 888,345	$ 906,471	$ 917,452	$ 911,295	$ 926,332
School Transportation	268,150	271,103	271,469	273,799	269,613
City School	631,170	629,780	620,870	640,232	601,478
Total Amount Collected	**$ 1,787,665**	**$ 1,807,354**	**$ 1,809,791**	**$ 1,825,326**	**$ 1,797,423**
% of Increase (Decrease)	0.24%	1.10%	0.13%	0.86%	-1.53%

Source: Comprehensive Annual Financial Reports for Dyer County, Tennessee.

INVESTMENT AND CASH MANAGEMENT PRACTICES

Investment of idle County operating funds is controlled by State statute and local policies. Generally, such policies limit investment instruments to direct U. S. Government obligations, those issued by U.S. Agencies or Certificates of Deposit. Unless deposited in a financial institution participating in the State Consolidated Collateral Pool, all demand deposits or Certificates of Deposit must be secured by similar grade collateral (such as direct U. S. Government obligations, those issued by U.S. Agencies or Certificates of Deposit) pledged at 105% of market value for amounts in excess of that guaranteed through federally sponsored insurance programs. Deposits with savings and loan associations must be collateralized as outlined above, by an irrevocable letter of credit issued by the Federal Home Loan Bank or by providing notes secured by the first mortgages or first deeds for trust upon residential property in the state equal to at least 150 percent of the amount of uninsured deposits.

All collateral must be held in a third party escrow account for the benefit of the County. For reporting purposes, all investments are stated at cost which approximates market value. The County Trustee is responsible for the administration of all County investments.

Prevailing State law does not allow cities or counties in the State to invest in reverse repurchase agreements or unusual “derivative" products.

REAL PROPERTY ASSESSMENT, TAX LEVY AND COLLECTION PROCEDURES

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

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

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

(a) Public Utility Property (which includes all property of every kind used or held for use in the operation of a public utility, such as railroad companies, certain telephone companies, freight and private car companies, street car companies, power companies, express companies and other public utility companies), to be assessed at 55% of its value;

(b) Industrial and Commercial Property (which includes all property of every kind used or held for use for any commercial, mining, industrial, manufacturing, business or similar purpose), to be assessed at 40% of its value;

(c) Residential Property (which includes all property which is used or held for use for dwelling purposes and contains no more than one rental unit), to be assessed at 25% of its value; and
(d) Farm Property (which includes all real property used or held for use in agriculture), to be assessed at 25% of its value.

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

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

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

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

County Taxation of Property

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

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

Assessment of Property

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

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

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

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

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

The State Board of Equalization has jurisdiction over the valuation, classification and assessment of all properties in the State. The State Board of Equalization is authorized to create an assessment appeals commission to hear and act upon taxpayer complaints. The action of the State

Board of Equalization is final and conclusive as to all matters passed upon by the Board, subject to judicial review consisting of a new hearing in chancery court.

Periodic Reappraisal and Equalization

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

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

Valuation for Property Tax Purposes

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

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

Certified Tax Rate

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

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

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

Tax Freeze for the Elderly Homeowners

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

Tax Collection and Tax Lien

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

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

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Assessed Valuations. According to the Tax Aggregate Report, property in the County reflected a ratio of appraised value to true market value of 0.9431. The following table shows pertinent data for tax year 2017[1].

Class	**Estimated Assessed Valuation**	**Assessment Rate**	**Estimated Appraised Value**
Public Utilities	$ 45,678,009	55%	$ 104,616,255
Commercial and Industrial	155,147,480	40%	411,269,953
Personal Tangible Property	69,650,494	30%	245,738,330
Residential and Farm	389,616,825	25%	1,652,494,057
Total	**$660,092,808**		**$2,414,118,595**

[1] The tax year coincides with the calendar year, so tax year 2017 for example is actually fiscal year 2017-2018.
Source: 2017 Tax Aggregate Report for Tennessee and the County.

The estimated assessed value of property in the County for the fiscal year ending June 30, 2018 (tax year 2017) is $660,092,808 compared to $657,000,629 for the fiscal year ending June 30, 2017 (tax year 2016). The estimated actual value of all taxable property for tax year 2017 is $2,414,118,595 compared to $2,384,023,626 for tax year 2016.

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

PROPERTY TAX RATES AND COLLECTIONS				**Fiscal Yr Collections**		**Aggregate Uncollected Balance**	
Tax Year[2]	**Assessed Valuation**	**Tax Rates**	**Taxes Levied**	**Amount**	**Pct**	**As of June 30, 2018 Amount**	**Pct**
2014	$658,538,536	$2.50	$16,471,268	$15,726,812	95.5%	N/A	
2015	663,832,253	2.53	16,652,068	16,038,436	96.3%	N/A	
2016	657,000,629	2.645	17,374,952	16,809,015	96.7%	N/A	
2017	660,092,808	2.645	17,586,629	17,269,116	98.2%	$317,513	1.8%
2018	631,518,589	2.645	16,716,574	**IN PROGRESS**			

[2] The tax year coincides with the calendar year, so tax year 2018 for example is actually fiscal year 2018-2019.

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

	Taxpayer	Business Type	Assessment*	Taxes Paid
1.	Wal-Mart	Retail	$4,298,583	$586,051
2.	Electric Research	Manufacturing	15,315914	405,106
3.	Illinois Central RR	Public Utility	11,943,808	315,914
4.	Seigel-Robert Inc	Manufacturing	12,983,157	284,999
5.	Dyersburg Hospital Corp	Hospital	9,903,901	261,959
6.	Hillshire	Manufacturing	9,297,780	245,926
7.	PolyOne Corp	Manufacturing	3,663,947	96,911
8.	Nordyne	Manufacturing	3,969,348	96,261
9.	Hexpool	Manufacturing	3,436,256	90,889
10.	Trunkline Gas company, LLC	Manufacturing	3,284,025	86,862
	TOTAL		**$78,066,719**	**$2,470878**

Source: The County.

* These lists does not contain the Public Utility Assessments.

PENSION PLANS

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

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

UNFUNDED ACCRUED LIABILITY FOR POST-EMPLOYMENT BENEFITS OTHER THAN PENSIONS

GASB Statement 45 establishes standards for the measurement, recognition, and display of Other Post-Employment Benefits ("OPEB") in the financial reports of state and local government employers. GASB 45 requires the recognition of the accrued liability for the respective year, plus the disclosure of the total unfunded liability. Cash funding of the unfunded liability is not required.

For more information, see the Notes to the General Purpose Financial Statements located herein.

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APPENDIX C

GENERAL PURPOSE FINANCIAL STATEMENTS

DYER COUNTY, TENNESSEE

COMPREHENSIVE ANNUAL FINANCIAL REPORT

FOR THE FISCAL YEAR ENDED

JUNE 30, 2018

The General Purpose Financial Statements are extracted from the Financial Statements with Report of Certified Public Accountants of Dyer County for the fiscal year ended June 30, 2018 which is available upon request from the County.

ANNUAL FINANCIAL REPORT

DYER COUNTY, TENNESSEE

FOR THE YEAR ENDED JUNE 30, 2018

TENNESSEE
COMPTROLLER
OF THE TREASURY

DIVISION OF LOCAL GOVERNMENT AUDIT

ANNUAL FINANCIAL REPORT

DYER COUNTY, TENNESSEE

FOR THE YEAR ENDED JUNE 30, 2018

COMPTROLLER OF THE TREASURY
JUSTIN P. WILSON

DIVISION OF LOCAL GOVERNMENT AUDIT
JAMES R. ARNETTE
Director

LEE ANN WEST, CPA, CGFM
Audit Manager

AMANDA MARCH, CPA, CFE
PATRICIA AVERY
ELISHA CROWELL, CISA, CFE
State Auditors

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

DYER COUNTY, TENNESSEE
TABLE OF CONTENTS

Summary of Audit Findings

Annual Financial Report
Dyer County, Tennessee
For the Year Ended June 30, 2018

Scope

We have audited the basic financial statements of Dyer County as of and for the year ended June 30, 2018.

Results

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

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

Findings

The following are summaries of the audit findings:

OFFICE OF COUNTY MAYOR

- A truck was donated to the City of Trimble without approval from the County Commission
- The office had deficiencies in purchasing procedures.

OFFICE OF CIRCUIT AND GENERAL SESSIONS COURTS CLERK

- Unclaimed funds were not reported and paid to the state.
- The office did not implement adequate controls to protect its information resources.
- The office did not review its software audit logs.

OFFICE OF SHERIFF

- Some receipts were not issued at the time of collection, and some funds were not deposited within three days of collection.
- The office had accounting deficiencies.

OFFICES OF CIRCUIT AND GENERAL SESSIONS COURTS CLERK AND SHERIFF

- Duties were not segregated adequately.

Introductory Section

Dyer County Officials
June 30, 2018

Officials

Chris Young, County Mayor
Jeff Jones, Road Supervisor
Larry Lusk, Director of Schools
Nancy Broadstone, Trustee
Sheila Holmes, Assessor of Property
Diane Moore, County Clerk
Tom Jones, Circuit and General Sessions Courts Clerk
Steve Walker, Clerk and Master
Danny Fowlkes, Register of Deeds
Jeff Box, Sheriff

Board of County Commissioners

John Uitendaal, Chairman
Jeff Branham, III
James T. Cobb
Brandon Dodds
Rusty Grills
Debbie Bradshaw Hart
Jimmy Hester
Dob Johnson
Robert Kirby
Terry McCreight
Steve Moore
Pamela Newell
Kim Peckenpaugh
Debra Roberson
Steve Sartin
Larry Shawver
Doug Singleteary
Benny Spain
Vernita Turner
Greg Vestal

Board of Education

LeAnn Childress, Chairman
Keith Anderson
Sherrell Armstrong
Steve Dodds
Carol Feather
Jeremy Gatlin
William May
Mike McLaughlin
Wade Newbill
Maria Starks

Audit Committee

John Uitendaal, Chairman
Brandon Dodds
Debbie Bradshaw Hart
Jimmy Hester
Debra Roberson

Financial Section

Tennessee Comptroller of the Treasury

Justin P. Wilson
Comptroller

Jason E. Mumpower
Chief of Staff

Independent Auditor's Report

Dyer County Mayor and
Board of County Commissioners
Dyer County, Tennessee

To the County Mayor and Board of County Commissioners:

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of Dyer County, Tennessee, as of and for the year ended June 30, 2018, and the related notes to the financial statements, which collectively comprise the county's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor

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considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of Dyer County, Tennessee, as of June 30, 2018, and the respective changes in financial position and, where applicable, cash flows thereof and the respective budgetary comparison for the General and Highway/Public Works funds for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Change in Accounting Principle

As described in Note V.B., Dyer County has adopted the provisions of Governmental Accounting Standards Board (GASB) Statement No. 75, Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions. Our opinion is not modified with respect to this matter.

Emphasis of Matter

We draw attention to Note I.D.9 to the financial statements, which describes a restatement reducing the beginning net position of the discretely presented Dyer County School Department by $1,946,762 on the Government-wide Statement of Activities. This restatement was necessary because of the transitional requirements of GASB Statement No. 75, Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions. Our opinion is not modified with respect to this matter.

Other Matters

Required Supplementary Information

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

Accounting principles generally accepted in the United States of America require that the schedule of changes in the county's net pension liability and related ratios, schedules of county and school contributions, schedules of school's proportionate share of the net pension asset or liability, and schedule of changes in the total other postemployment benefits liability and related ratios on pages 84-91 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Supplementary and Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise Dyer County's basic financial statements. The combining and individual nonmajor fund financial statements, budgetary comparison schedules of nonmajor governmental funds and the General Debt Service Fund, combining and individual fund financial statements of the Dyer County School Department (a discretely presented component unit), miscellaneous schedules and the other information such as the introductory section and management's corrective action plan are presented for purposes of additional analysis and are not a required part of the basic financial statements. The schedule of expenditures of federal awards is also presented for purposes of additional analysis as required by *Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, and is not a required part of the basic financial statements.

The combining and individual nonmajor fund financial statements, budgetary comparison schedules of nonmajor governmental funds and the General Debt Service Fund, combining and individual fund financial statements of the Dyer County School Department (a discretely presented component unit), schedule of expenditures of federal awards, and miscellaneous schedules are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining and individual nonmajor fund financial statements, budgetary comparison schedules of nonmajor governmental funds and the General Debt Service Fund, combining and individual fund financial statements of the Dyer County School Department (a discretely presented component unit), schedule of expenditures of federal awards, and miscellaneous schedules are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

The introductory section and management's corrective action plan have not been subjected to the auditing procedures applied in the audit of the basic financial statements, and accordingly, we do not express an opinion or provide any assurance on them.

Other Reporting Required by *Government Auditing Standards*

In accordance with Government Auditing Standards, we have also issued our report dated October 10, 2018, on our consideration of Dyer County's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of Dyer County's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Dyer County's internal control over financial reporting and compliance.

Very truly yours,

Justin P. Wilson
Comptroller of the Treasury
Nashville, Tennessee

October 10, 2018

JPW/kp

BASIC FINANCIAL STATEMENTS

Exhibit A

Dyer County, Tennessee
Statement of Net Position
June 30, 2018

	Primary Government Governmental Activities	Component Unit Dyer County School Department
ASSETS		
Cash	$ 1,716	$ 880
Equity in Pooled Cash and Investments	25,980,998	7,357,825
Accounts Receivable	59,520	10,571
Due from Other Governments	1,808,530	1,902,930
Property Taxes Receivable	10,909,515	5,010,198
Allowance for Uncollectible Property Taxes	(164,882)	(75,720)
Accrued Interest Receivable	102,541	0
Net Pension Asset - Teacher Retirement Plan	0	53,707
Net Pension Asset - Teacher Legacy Pension Plan	0	118,946
Capital Assets:		
Assets Not Depreciated:		
Land	3,782,569	1,374,381
Construction in Progress	0	159,435
Assets Net of Accumulated Depreciation:		
Buildings and Improvements	8,719,794	43,280,103
Infrastructure	9,636,237	212,423
Other Capital Assets	2,984,855	4,298,761
Total Assets	$ 63,821,393	$ 63,704,440
DEFERRED OUTFLOWS OF RESOURCES		
Deferred Amount on Refunding	$ 860,404	$ 0
Pension Changes in Experience	62,642	73,591
Pension Changes in Investment Earnings	805	18,056
Pension Other Deferrals	62,582	1,293,705
Pension Contributions After Measurement Date	60,668	1,259,791
OPEB Contributions After Measurement Date	0	216,318
Total Deferred Outflows of Resources	$ 1,047,101	$ 2,861,461
LIABILITIES		
Accounts Payable	$ 8,162	$ 245,319
Accrued Payroll	0	25,957
Payroll Deductions Payable	5,920	893,841
Accrued Interest Payable	60,399	0
Other Collections	49	0
Health Insurance Payments	10,260	0
Cafeteria Salaries and Benefits	0	28,118
Contracts Payable	865,221	0
Noncurrent Liabilities:		
Due Within One Year	3,018,076	5,500
Due in More Than One Year	30,942,802	6,954,934
Total Liabilities	$ 34,910,889	$ 8,153,669

(Continued)

Exhibit A

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

	Primary Government: Governmental Activities	Component Unit: Dyer County School Department
DEFERRED INFLOWS OF RESOURCES		
Deferred Current Property Taxes	$ 10,332,747	$ 4,745,317
Pension Changes in Experience	38,275	2,459,725
Pension Changes in Investment Earnings	0	2,890
OPEB Changes in Assumptions	0	332,563
Total Deferred Inflows of Resources	$ 10,371,022	$ 7,540,495
NET POSITION		
Net Investment in Capital Assets	$ 20,491,894	$ 49,325,103
Restricted for:		
General Government	59,873	0
Finance	79,089	0
Administration of Justice	345,252	0
Public Safety	35,196	0
Highway/Public Works	3,813,901	0
Education	0	6,872
Support Services	0	37,811
Operation of Non-instructional Services	0	1,077,549
Debt Service	882,592	0
Pensions	0	172,653
Unrestricted	(6,121,214)	251,749
Total Net Position	$ 19,586,583	$ 50,871,737

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

Exhibit B

Dyer County, Tennessee
Statement of Activities
For the Year Ended June 30, 2018

		Program Revenues			Net (Expense) Revenue and Changes in Net Position	
Functions/Programs	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Primary Government Total Governmental Activities	Component Unit Dyer County School Department
Primary Government:						
Governmental Activities:						
General Government	$ 1,978,804	$ 313,893	$ 23,390	$ 1,000,000	$ (641,521)	$ 0
Finance	1,816,673	1,002,870	0	0	(813,803)	0
Administration of Justice	1,439,040	833,917	15,643	0	(589,480)	0
Public Safety	6,295,401	2,001,732	94,554	18,711	(4,180,404)	0
Public Health and Welfare	825,734	11,526	429,709	0	(384,499)	0
Social, Cultural, and Recreational Services	840,450	0	567,369	0	(273,081)	0
Agriculture and Natural Resources	210,000	0	0	0	(210,000)	0
Highways	4,495,861	50,649	2,501,777	734,155	(1,209,280)	0
Education	106,808	80,000	0	0	(26,808)	0
Interest on Long-term Debt	1,230,626	0	297,260	0	(933,366)	0
Total Primary Government	$ 19,239,397	$ 4,294,587	$ 3,929,702	$ 1,752,866	$ (9,262,242)	$ 0
Component Unit:						
Dyer County School Department	$ 35,678,060	$ 694,873	$ 5,079,958	$ 0	$ 0	$ (29,903,229)
Total Component Unit	$ 35,678,060	$ 694,873	$ 5,079,958	$ 0	$ 0	$ (29,903,229)

(Continued)

Exhibit B

Dyer County, Tennessee
Statement of Activities (Cont.)

		Program Revenues			Net (Expense) Revenue and Changes in Net Position	
					Primary Government	Component Unit
Functions/Programs	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Total Governmental Activities	Dyer County School Department
General Revenues:						
Taxes:						
Property Taxes Levied for General Purposes					$ 8,242,268	$ 4,802,900
Property Taxes Levied for Debt Service					2,204,511	0
Local Option Sales Taxes					83,147	4,291,211
Wheel Tax					0	1,195,945
Litigation Tax					275,695	0
Business Tax					476,925	0
Wholesale Beer Tax					71,705	0
Interstate Telecommunications Tax					0	29,319
Grants and Contributions Not Restricted to Specific Programs					1,342,655	20,896,750
Unrestricted Investment Income					291,987	83,961
Miscellaneous					442,656	80,673
Total General Revenues					$ 13,431,549	$ 31,380,759
Change in Net Position					$ 4,169,307	$ 1,477,530
Net Position, July 1, 2017					15,417,276	51,340,969
Restatement - See Note I.D.9.					0	(1,946,762)
Net Position, June 30, 2018					$ 19,586,583	$ 50,871,737

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

Exhibit C-1

Dyer County, Tennessee
Balance Sheet
Governmental Funds
June 30, 2018

	Major Funds			Nonmajor Funds	
	General	Highway / Public Works	General Debt Service	Other Govern-mental Funds	Total Governmental Funds
ASSETS					
Cash	$ 0	$ 0	$ 0	$ 1,716	$ 1,716
Equity in Pooled Cash and Investments	20,213,466	3,887,965	1,173,696	72,064	25,347,191
Accounts Receivable	59,520	0	0	0	59,520
Due from Other Governments	568,468	1,219,614	13,586	6,862	1,808,530
Due from Other Funds	1,716	0	0	4,198	5,914
Property Taxes Receivable	6,719,983	1,889,123	2,300,409	0	10,909,515
Allowance for Uncollectible Property Taxes	(101,562)	(28,552)	(34,768)	0	(164,882)
Accrued Interest Receivable	0	0	102,541	0	102,541
Total Assets	$ 27,461,591	$ 6,968,150	$ 3,555,464	$ 84,840	$ 38,070,045
LIABILITIES					
Accounts Payable	$ 4,129	$ 0	$ 0	$ 1,258	$ 5,387
Payroll Deductions Payable	2,465	3,455	0	0	5,920
Contracts Payable	0	865,221	0	0	865,221
Due to Other Funds	4,198	0	0	1,716	5,914
Other Collections	49	0	0	0	49
Health Insurance Payments	10,252	8	0	0	10,260
Total Liabilities	$ 21,093	$ 868,684	$ 0	$ 2,974	$ 892,751
DEFERRED INFLOWS OF RESOURCES					
Deferred Current Property Taxes	$ 6,364,709	$ 1,789,248	$ 2,178,790	$ 0	$ 10,332,747
Deferred Delinquent Property Taxes	219,653	61,725	75,167	0	356,545
Other Deferred/Unavailable Revenue	69,245	203,464	7,420	0	280,129
Total Deferred Inflows of Resources	$ 6,653,607	$ 2,054,437	$ 2,261,377	$ 0	$ 10,969,421

(Continued)

Exhibit C-1

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

	Major Funds			Nonmajor Funds	
FUND BALANCES	General	Highway / Public Works	General Debt Service	Other Govern-mental Funds	Total Governmental Funds
Restricted:					
Restricted for General Government	$ 59,873	$ 0	$ 0	$ 0	$ 59,873
Restricted for Finance	79,089	0	0	0	79,089
Restricted for Administration of Justice	307,713	0	0	37,539	345,252
Restricted for Public Safety	15,191	0	0	20,005	35,196
Restricted for Highways/Public Works	0	3,548,712	0	0	3,548,712
Committed:					
Committed for Public Health and Welfare	0	0	0	24,322	24,322
Committed for Highways/Public Works	0	496,317	0	0	496,317
Committed for Debt Service	0	0	1,294,087	0	1,294,087
Unassigned	20,325,025	0	0	0	20,325,025
Total Fund Balances	$ 20,786,891	$ 4,045,029	$ 1,294,087	$ 81,866	$ 26,207,873
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	$ 27,461,591	$ 6,968,150	$ 3,555,464	$ 84,840	$ 38,070,045

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

Exhibit C-2

Dyer County, Tennessee
Reconciliation of the Balance Sheet of Governmental Funds to the Statement of Net Position
June 30, 2018

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

Total fund balances - balance sheet - governmental funds (Exhibit C-1)		$ 26,207,873
(1) Capital assets used in governmental activities are not financial resources and therefore are not reported in the governmental funds.		
Add: land	$ 3,782,569	
Add: buildings and improvements net of accumulated depreciation	8,719,794	
Add: infrastructure net of accumulated depreciation	9,636,237	
Add: other capital assets net of accumulated depreciation	2,984,855	25,123,455
(2) Internal service funds are used by management to charge the costs of workers' compensation benefits to individual funds. The assets and liabilities of the internal service fund are included in governmental activities in the statement of net position.		631,032
(3) Long-term liabilities are not due and payable in the current period and therefore are not reported in the governmental funds.		
Less: other loans payable	$ (7,811,136)	
Less: bonds payable	(25,640,000)	
Less: accrued interest on bonds	(60,399)	
Less: other deferred revenue - premium on debt	(367,232)	
Add: deferred amount on unamortized debt discount	24,590	
Add: deferred amount on refunding	860,404	
Less: net pension liability - agent plan	(167,100)	(33,160,873)
(4) Amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be amortized and recognized as components of pension expense in future years.		
Add: deferred outflows of resources related to pensions	$ 186,697	
Less: deferred inflows of resources related to pensions	(38,275)	148,422
(5) Other long-term assets are not available to pay for current-period expenditures and therefore are deferred in the governmental funds.		636,674
Net position of governmental activities (Exhibit A)		$ 19,586,583

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

Exhibit C-3

Dyer County, Tennessee
Statement of Revenues, Expenditures,
and Changes in Fund Balances
Governmental Funds
For the Year Ended June 30, 2018

	Major Funds			Nonmajor Funds	
	General	Highway / Public Works	General Debt Service	Other Governmental Funds	Total Governmental Funds
Revenues					
Local Taxes	$ 7,188,888	$ 1,786,060	$ 3,335,446	$ 88,371	$ 12,398,765
Licenses and Permits	133,996	0	0	0	133,996
Fines, Forfeitures, and Penalties	193,799	0	0	26,734	220,533
Charges for Current Services	284,241	0	0	1,510	285,751
Other Local Revenues	568,528	83,214	239,041	1,836	892,619
Fees Received From County Officials	1,705,447	0	0	0	1,705,447
State of Tennessee	3,599,063	3,200,770	0	36,831	6,836,664
Federal Government	285,105	0	256,547	0	541,652
Other Governments and Citizens Groups	34,660	0	0	0	34,660
Total Revenues	$ 13,993,727	$ 5,070,044	$ 3,831,034	$ 155,282	$ 23,050,087
Expenditures					
Current:					
General Government	$ 1,850,573	$ 0	$ 0	$ 0	$ 1,850,573
Finance	1,210,640	0	0	0	1,210,640
Administration of Justice	1,388,217	0	0	898	1,389,115
Public Safety	5,775,483	0	0	72,616	5,848,099
Public Health and Welfare	652,792	0	0	132,813	785,605
Social, Cultural, and Recreational Services	815,133	0	0	0	815,133
Agriculture and Natural Resources	208,732	0	0	0	208,732
Other Operations	1,431,741	0	0	0	1,431,741
Highways	0	5,221,433	0	0	5,221,433
Debt Service:					
Principal on Debt	0	0	2,895,413	0	2,895,413
Interest on Debt	0	0	1,118,752	0	1,118,752
Other Debt Service	0	0	90,462	0	90,462
Total Expenditures	$ 13,333,311	$ 5,221,433	$ 4,104,627	$ 206,327	$ 22,865,698

(Continued)

Exhibit C-3

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

	Major Funds			Nonmajor Funds	
	General	Highway / Public Works	General Debt Service	Other Govern-mental Funds	Total Governmental Funds
Excess (Deficiency) of Revenues Over Expenditures	$ 660,416	$ (151,389)	$ (273,593)	$ (51,045)	$ 184,389
Other Financing Sources (Uses)					
Insurance Recovery	$ 265,117	$ 61,842	$ 0	$ 0	$ 326,959
Total Other Financing Sources (Uses)	$ 265,117	$ 61,842	$ 0	$ 0	$ 326,959
Net Change in Fund Balances	$ 925,533	$ (89,547)	$ (273,593)	$ (51,045)	$ 511,348
Fund Balance, July 1, 2017	19,861,358	4,134,576	1,567,680	132,911	25,696,525
Fund Balance, June 30, 2018	$ 20,786,891	$ 4,045,029	$ 1,294,087	$ 81,866	$ 26,207,873

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

Exhibit C-4

Dyer County, Tennessee
Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances of Governmental Funds to the Statement of Activities
For the Year Ended June 30, 2018

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

Net change in fund balances - total governmental funds (Exhibit C-3)		$ 511,348
(1) Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of these assets is allocated over their useful lives and reported as depreciation expense. The difference between capital outlays and depreciation is itemized as follows:		
Add: capital assets purchased in the current period	$ 2,616,929	
Less: current-year depreciation expense	(1,947,644)	669,285
(2) The net effect of various miscellaneous transactions involving capital assets (sales, trade-ins, and donations) is to decrease net position.		
Less: proceeds received from the disposal of capital assets		(4,279)
(3) Internal service funds are used by management to charge the costs of workers' compensation benefits to individual funds. The net revenue (expense) of certain activities of the internal service fund is reported with governmental activities in the statement of activities.		(56,076)
(4) Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.		
Add: deferred delinquent property taxes and other deferred June 30, 2018	$ 636,674	
Less: deferred delinquent property taxes and other deferred June 30, 2017	(394,491)	242,183
(5) The issuance of long-term debt (e.g., bonds) provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net position. Also, governmental funds report the effect of premiums, discounts, and similar items when debt is first issued, whereas, these amounts are deferred and amortized in the statement of activities. This amount is the net effect of these differences in the treatment of long-term debt and related items.		
Add: principal payments on other loans	$ 860,413	
Add: principal payments on bonds	2,035,000	
Less: change in deferred amount on refunding debt	(114,338)	
Add: change in premium on debt issuances	40,713	
Less: change in discount on debt issuances	(3,113)	2,818,675
(6) Some expenses reported in the statement of activities do not require the use of current financial resources and therefore are not reported as expenditures in the governmental funds.		
Change in accrued interest payable	$ 5,577	
Change in net pension liability - agent plan	(31,912)	
Change in deferred outflows related to pensions	(24,318)	
Change in deferred inflows related to pensions	38,824	(11,829)
Change in net position of governmental activities (Exhibit B)		$ 4,169,307

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

Exhibit C-5

Dyer County, Tennessee
Statement of Revenues, Expenditures, and Changes
in Fund Balance - Actual and Budget
General Fund
For the Year Ended June 30, 2018

	Actual	Budgeted Amounts Original	Budgeted Amounts Final	Variance with Final Budget - Positive (Negative)
Revenues				
Local Taxes	$ 7,188,888	$ 7,171,581	$ 7,171,581	$ 17,307
Licenses and Permits	133,996	128,500	128,500	5,496
Fines, Forfeitures, and Penalties	193,799	153,450	163,450	30,349
Charges for Current Services	284,241	225,300	225,300	58,941
Other Local Revenues	568,528	225,440	568,614	(86)
Fees Received From County Officials	1,705,447	1,585,000	1,622,650	82,797
State of Tennessee	3,599,063	2,326,521	3,478,380	120,683
Federal Government	285,105	361,800	365,300	(80,195)
Other Governments and Citizens Groups	34,660	22,500	22,500	12,160
Total Revenues	$ 13,993,727	$ 12,200,092	$ 13,746,275	$ 247,452
Expenditures				
General Government				
County Commission	$ 110,805	$ 112,116	$ 112,116	$ 1,311
Board of Equalization	1,345	3,000	3,000	1,655
Other Boards and Committees	3,300	3,500	3,500	200
County Mayor/Executive	224,467	227,715	228,004	3,537
County Attorney	29,900	51,293	36,293	6,393
Election Commission	242,176	281,671	276,671	34,495
Register of Deeds	178,630	213,487	195,750	17,120
Planning	127,473	138,614	137,614	10,141
County Buildings	779,644	682,292	816,515	36,871
Other General Administration	119,549	157,262	153,762	34,213
Preservation of Records	33,284	55,000	59,950	26,666
Finance				
Accounting and Budgeting	168,867	171,411	171,411	2,544
Property Assessor's Office	299,251	315,266	313,266	14,015
Reappraisal Program	52,013	55,649	55,649	3,636
County Trustee's Office	234,326	251,633	246,896	12,570
County Clerk's Office	398,211	444,014	442,277	44,066
Other Finance	57,972	76,190	83,496	25,524
Administration of Justice				
Circuit Court	457,946	467,702	475,965	18,019
General Sessions Court	214,147	216,154	216,154	2,007
Drug Court	54,554	60,000	60,000	5,446
Chancery Court	337,567	341,746	350,659	13,092
Juvenile Court	263,826	305,994	305,694	41,868
Other Administration of Justice	60,177	68,080	68,080	7,903
Public Safety				
Sheriff's Department	2,696,298	2,400,813	2,698,643	2,345
Drug Enforcement	9,365	10,883	10,883	1,518
Jail	2,347,815	2,353,062	2,413,540	65,725
Workhouse	371,691	377,672	389,872	18,181
Fire Prevention and Control	304,355	297,255	318,159	13,804
Disaster Relief	28,723	49,188	49,188	20,465
County Coroner/Medical Examiner	8,005	13,000	13,000	4,995
Other Public Safety	9,231	10,442	10,442	1,211

(Continued)

Exhibit C-5

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

	Actual	Budgeted Amounts Original	Budgeted Amounts Final	Variance with Final Budget - Positive (Negative)
Expenditures (Cont.)				
Public Health and Welfare				
Local Health Center	$ 87,122	$ 102,572	$ 102,572	$ 15,450
Rabies and Animal Control	94,750	94,750	94,750	0
Alcohol and Drug Programs	1,502	16,272	16,272	14,770
Crippled Children Services	1,240	1,240	1,240	0
Other Local Health Services	131,728	139,735	164,100	32,372
General Welfare Assistance	78,378	88,298	88,298	9,920
Aid to Dependent Children	115,045	160,200	160,200	45,155
Other Local Welfare Services	50,081	76,300	76,300	26,219
Sanitation Education/Information	92,731	97,063	97,063	4,332
Other Public Health and Welfare	215	0	600	385
Social, Cultural, and Recreational Services				
Adult Activities	50,527	51,422	51,422	895
Senior Citizens Assistance	503,756	388,769	520,769	17,013
Libraries	144,500	144,500	144,500	0
Parks and Fair Boards	2,295	2,295	2,295	0
Other Social, Cultural, and Recreational	114,055	115,946	115,946	1,891
Agriculture and Natural Resources				
Agricultural Extension Service	128,892	160,200	160,200	31,308
Soil Conservation	33,141	32,874	33,174	33
Flood Control	46,699	33,619	48,619	1,920
Other Operations				
Industrial Development	1,032,475	50,000	1,035,000	2,525
Veterans' Services	20,543	20,925	20,925	382
Miscellaneous	378,723	329,000	398,100	19,377
Total Expenditures	$ 13,333,311	$ 12,318,084	$ 14,048,794	$ 715,483
Excess (Deficiency) of Revenues Over Expenditures	$ 660,416	$ (117,992)	$ (302,519)	$ 962,935
Other Financing Sources (Uses)				
Insurance Recovery	$ 265,117	$ 0	$ 264,700	$ 417
Transfers In	0	146,000	146,000	(146,000)
Total Other Financing Sources	$ 265,117	$ 146,000	$ 410,700	$ (145,583)
Net Change in Fund Balance	$ 925,533	$ 28,008	$ 108,181	$ 817,352
Fund Balance, July 1, 2017	19,861,358	19,040,852	19,040,852	820,506
Fund Balance, June 30, 2018	$ 20,786,891	$ 19,068,860	$ 19,149,033	$ 1,637,858

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

Dyer County, Tennessee
Statement of Revenues, Expenditures, and Changes
in Fund Balance - Actual (Budgetary Basis) and Budget
Highway/Public Works Fund
For the Year Ended June 30, 2018

	Actual (GAAP Basis)	Less: Encumbrances 7/1/2017	Add: Encumbrances 6/30/2018	Actual Revenues/ Expenditures (Budgetary Basis)	Budgeted Amounts Original	Budgeted Amounts Final	Variance with Final Budget - Positive (Negative)
Revenues							
Local Taxes	$ 1,786,060	$ 0	$ 0	$ 1,786,060	$ 1,759,205	$ 1,759,205	$ 26,855
Other Local Revenues	83,214	0	0	83,214	67,949	67,949	15,265
State of Tennessee	3,200,770	0	0	3,200,770	2,368,850	2,895,845	304,925
Total Revenues	$ 5,070,044	$ 0	$ 0	$ 5,070,044	$ 4,196,004	$ 4,722,999	$ 347,045
Expenditures							
Highways							
Administration	$ 177,786	$ 0	$ 0	$ 177,786	$ 206,029	$ 206,029	$ 28,243
Highway and Bridge Maintenance	3,453,018	0	0	3,453,018	3,230,186	3,735,286	282,268
Operation and Maintenance of Equipment	538,670	0	0	538,670	684,422	632,422	93,752
Other Charges	138,951	0	0	138,951	177,500	207,500	68,549
Employee Benefits	208,806	0	0	208,806	294,500	246,500	37,694
Capital Outlay	704,202	(693,702)	108,381	118,881	572,718	964,713	845,832
Total Expenditures	$ 5,221,433	$ (693,702)	$ 108,381	$ 4,636,112	$ 5,165,355	$ 5,992,450	$ 1,356,338
Excess (Deficiency) of Revenues Over Expenditures	$ (151,389)	$ 693,702	$ (108,381)	$ 433,932	$ (969,351)	$ (1,269,451)	$ 1,703,383
Other Financing Sources (Uses)							
Insurance Recovery	$ 61,842	$ 0	$ 0	$ 61,842	$ 0	$ 0	$ 61,842
Total Other Financing Sources	$ 61,842	$ 0	$ 0	$ 61,842	$ 0	$ 0	$ 61,842
Net Change in Fund Balance	$ (89,547)	$ 693,702	$ (108,381)	$ 495,774	$ (969,351)	$ (1,269,451)	$ 1,765,225
Fund Balance, July 1, 2017	4,134,576	(693,702)	0	3,440,874	2,516,528	2,516,528	924,346
Fund Balance, June 30, 2018	$ 4,045,029	$ 0	$ (108,381)	$ 3,936,648	$ 1,547,177	$ 1,247,077	$ 2,689,571

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

Exhibit D-1

Dyer County, Tennessee
Statement of Net Position
Proprietary Fund
June 30, 2018

	Governmental Activities - Internal Service Fund
	Workers' Compensation Fund
ASSETS	
Current Assets:	
Equity in Pooled Cash and Investments	$ 633,807
Total Assets	$ 633,807
LIABILITIES	
Accounts Payable	$ 2,775
Total Liabilities	$ 2,775
NET POSITION	
Unrestricted	$ 631,032
Total Net Position	$ 631,032

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

Exhibit D-2

Dyer County, Tennessee
Statement of Revenues, Expenses, and Changes in Net Position
Proprietary Fund
For the Year Ended June 30, 2018

		Governmental Activities - Internal Service Fund
		Workers' Compensation Fund
Operating Revenues		
Self-Insurance Premiums	$	161,203
Total Operating Revenues	$	161,203
Operating Expenses		
Workers' Compensation Insurance	$	103,122
Other Self-Insured Claims		114,157
Total Operating Expenses	$	217,279
Operating Income (Loss)	$	(56,076)
Change in Net Position	$	(56,076)
Net Position, July 1, 2017		687,108
Net Position, June 30, 2018	$	631,032

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

Exhibit D-3

Dyer County, Tennessee
Statement of Cash Flows
Proprietary Fund
For the Year Ended June 30, 2018

	Governmental Activities - Internal Service Fund	
	Workers' Compensation Fund	
Cash Flows from Operating Activities		
Receipts from Self-Insurance Premiums	$	161,203
Payments for Workers' Compensation Insurance		(100,347)
Payments for Claims		(114,157)
Net Cash Provided By (Used In) Operating Activities	$	(53,301)
Net Decrease in Cash	$	(53,301)
Cash, July 1, 2017		687,108
Cash, June 30, 2018	$	633,807
Reconciliation of Operating Income (Loss) to Net Cash Provided By (Used In) Operating Activities		
Operating Income (Loss)	$	(56,076)
Increase (Decrease) in Accounts Payable		2,775
Net Cash Provided By (Used In) Operating Activities	$	(53,301)
Reconciliation of Cash With the Statement of Net Position		
Cash Per Net Position	$	633,807
Cash, June 30, 2018	$	633,807

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

Exhibit E

Dyer County, Tennessee
Statement of Fiduciary Assets and Liabilities
Fiduciary Funds
June 30, 2018

	Agency Funds
ASSETS	
Cash	$ 2,098,328
Equity in Pooled Cash and Investments	228,448
Due from Other Governments	1,140,201
Property Taxes Receivable	2,518,413
Allowance for Uncollectible Property Taxes	(38,062)
Total Assets	$ 5,947,328
LIABILITIES	
Due to Other Taxing Units	$ 3,844,117
Due to Litigants, Heirs, and Others	2,103,211
Total Liabilities	$ 5,947,328

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

DYER COUNTY, TENNESSEE
Index of Notes to the Financial Statements

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Dyer County's financial statements are presented in accordance with generally accepted accounting principles (GAAP). The Governmental Accounting Standards Board (GASB) is responsible for establishing GAAP for state and local governments.

The following are the more significant accounting policies of Dyer County:

A. Reporting Entity

Dyer County is a public municipal corporation governed by an elected 20-member board. As required by GAAP, these financial statements present Dyer County (the primary government) and its component units. The financial statements of the Dyer County Emergency Communications District, a component unit requiring discrete presentation, were excluded from this report due to materiality calculations; therefore, the effect of this omission did not affect the independent auditor's opinion thereon. The component units discussed below are included in the county's reporting entity because of the significance of their operational or financial relationships with the county.

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

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

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

The Dyer County School Department does not issue separate financial statements from those of the county. Therefore, basic financial statements of the School Department are included in this report as listed in the table of contents. Complete financial statements of the Dyer County Emergency Communications District can be obtained from its administrative office at the following address:

Administrative Office:

Dyer County Emergency Communications District
P.O. Box 367
Dyersburg, TN 38024

B. Government-wide and Fund Financial Statements

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

The Statement of Activities demonstrates the degree to which the direct expenses of a given function are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function. Program revenues include (1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function, and (2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function. Taxes and other items not properly included among program revenues are reported instead as general revenues.

Dyer County issues all debt for the discretely presented Dyer County School Department. There were no debt issues contributed by the county to the School Department during the year ended June 30, 2018.

Separate financial statements are provided for governmental funds, the proprietary fund (internal service), and fiduciary funds. The internal service fund is reported with the governmental activities in the government-wide financial statements, and the fiduciary funds are excluded from the government-wide financial statements. Major individual governmental funds are reported as separate columns in the fund financial statements.

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

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

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

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

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

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

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

Dyer County reports the following major governmental funds:

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

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

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

Additionally, Dyer County reports the following fund types:

Internal Service Fund – The Workers' Compensation Fund is used to account for the self-insured workers' compensation programs managed by the county for the primary government and the discretely presented Dyer County School Department. Premiums charged to the various funds are placed in this fund for the payment of claims of employees.

Agency Funds – These funds account for local sales taxes received by the state to be forwarded to the various cities in Dyer County, assets held in a custodial capacity for two watershed districts, the city school system's share of educational revenues, amounts collected in an agency capacity by the constitutional officers, and restricted revenues held for the benefit of the Office of District Attorney General. Agency funds are custodial in nature (assets equal liabilities) and do not involve measurement of results of operations. They do, however, use the accrual basis of accounting to recognize receivables and payables.

The discretely presented Dyer County School Department reports the following major governmental funds:

General Purpose School Fund – This fund is the primary operating fund for the School Department. It is used to account for general operations of the School Department.

School Transportation Fund – This special revenue fund is used to account for the transportation of students in the school system. Local taxes are the foundational revenues of this fund.

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

Proprietary funds distinguish operating revenues and expenses from nonoperating items. The county has one proprietary fund, an internal service fund, used to account for the workers' compensation program. Operating revenues and expenses generally result from providing services in connection with the fund's principal ongoing operations. The principal operating revenues of the internal service fund are charges for services. Operating expenses for the internal service fund include workers' compensation claims and administrative charges.

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

1. Deposits and Investments

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

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

The county trustee maintains a cash and internal investment pool that is used by all funds and the discretely presented Dyer County School Department. Each fund's portion of this pool is displayed on the balance sheets or statements of net position as Equity in Pooled Cash and Investments. Most income from these pooled investments is assigned to the General Debt Service Fund. Dyer County and the School Department have adopted a policy of reporting U.S. Treasury obligations, U.S. agency obligations, and repurchase agreements with maturities of one year or less when purchased on the balance sheet at amortized cost. Certificates of deposit are reported at cost. Investments in the State Treasurer's Investment Pool are reported at amortized cost using a stable net asset value. State statutes require the state treasurer to administer the pool under the same terms and conditions, including collateral requirements, as prescribed for other funds invested by the state treasurer. All other investments are reported at fair value.

2. **Receivables and Payables**

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

Property taxes receivable are shown with an allowance for uncollectibles. The allowance for uncollectible property taxes is equal to .79 percent of total taxes levied.

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

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

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

3. Capital Assets

Governmental funds do not capitalize the cost of capital outlays; these funds report capital outlays as expenditures upon acquisition.

Capital assets, which include property, plant, equipment, and infrastructure assets (e.g., roads, bridges, and similar items), are reported in the governmental column in the government-wide financial statements. Capital assets are defined by the government as assets with an initial, individual cost of more than $15,000 and an estimated useful life of more than one year. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at acquisition value at the date of donation.

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

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

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

Assets	Years
Buildings and Improvements	20 - 50
Other Capital Assets	3 - 15
Infrastructure:	
Roads	5 - 10
Bridges	20 - 50

4. Deferred Outflows/Inflows of Resources

In addition to assets, the Statement of Net Position will sometimes report a separate section for deferred outflows of resources. Deferred outflows of resources represent a consumption of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/expenditure) until then. The government has items that qualify for reporting in this category. Accordingly, the items are reported in the government-wide Statement of Net Position. These items are for the deferred charge on refunding, pension changes in experience and in investment earnings, pension changes in proportion of net pension liability (asset), and employer contributions made to the pension and OPEB plans after the measurement date.

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

5. **Compensated Absences**

The general policy of Dyer County does not allow employees to accumulate vacation days beyond the employee's anniversary date. The discretely presented Dyer County School Department allows employees to accumulate a limited amount of earned but unused vacation benefits, which will be paid to employees upon separation from service. All vacation leave is accrued when incurred in the government-wide statements for the School Department. A liability for vacation benefits is reported in governmental funds only if they have matured, for example, as a result of employee resignations and retirements.

The granting of sick leave has no guaranteed payment attached and therefore is not required to be accrued or recorded.

6. **Long-term Obligations**

In the government-wide financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities Statement of Net Position. Debt premiums and discounts are deferred and are amortized over the life of the new debt using the straight-line method. Debt issuance costs are expensed in the period incurred. In refunding transactions, the difference between the reacquisition price and the net carrying amount of the old debt is reported as a deferred outflow of resources or a deferred inflow of resources and recognized as a component of interest expense in a systematic and rational manner over the remaining life of the refunded debt or the life of the new debt issued, whichever is shorter.

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

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

7. <u>Net Position and Fund Balance</u>

In the government-wide financial statements and the proprietary fund (internal service fund) in the fund financial statements, equity is classified as net position and displayed in three components:

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

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

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

As of June 30, 2018, Dyer County had $29,021,136 in outstanding debt issued for capital purposes for the discretely presented Dyer County School Department. In accordance with state statutes, certain county school debt proceeds must be shared with other public school systems in the county (City of Dyersburg School System) based on the average daily attendance proration. This debt is a liability of Dyer County, but the capital assets acquired are reported in the financial statements of the School Department and the City of Dyersburg School System. Therefore, Dyer County has incurred a liability, significantly decreasing its unrestricted net position with no corresponding increase in the county's capital assets.

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

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

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

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

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

Assigned Fund Balance – includes amounts that are constrained by the county's intent to be used for specific purposes but are neither restricted nor committed (excluding stabilization arrangements). The County Commission has by resolution authorized the county's Budget Committee to make assignments for the general government. The Board of Education makes assignments for the School Department.

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

8. **Stabilization Arrangement**

Dyer County sold its hospital in a prior year. The County Commission adopted a resolution to retain the principal intact and appropriate the interest income earned on the investment of these funds annually through the budgetary process. The principal balance in this stabilization arrangement totaled $18,000,000 at June 30, 2018, and is included in the General Fund's unassigned fund balance account since this arrangement does not meet the criteria for restricted or committed fund balance as defined by GASB Statement No. 54.

9. **Restatement**

In prior years, the government was required to recognize a liability for its other postemployment benefits plan under Governmental Accounting Standards Board (GASB) Statement No. 45. As of July 1, 2017, Dyer County has adopted the provisions of GASB Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*. A restatement reducing the beginning net position of the Discretely Presented Dyer County School Department totaling $1,946,762 has been recognized to account for the transitional requirements.

E. Pension Plans

Primary Government

For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of Dyer County's participation in the Public Employee Retirement Plan of the Tennessee Consolidated Retirement System (TCRS), and additions to/deductions from Dyer County's fiduciary net position have been determined on the same basis as they are reported by the TCRS for the Public Employee Retirement Plan. For this purpose, benefits (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms of the Public Employee Retirement Plan of TCRS. Investments are reported at fair value.

Discretely Presented Dyer County School Department

For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the Teacher Retirement Plan and the Teacher Legacy Pension Plan in the Tennessee Consolidated Retirement System, and additions to/deductions from fiduciary net position have been determined on the same basis as they are reported by the TCRS. For this purpose, benefits (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms of the Teacher Retirement Plan and the Teacher Legacy Pension Plan. Investments are reported at fair value.

II. RECONCILIATION OF GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS

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

Primary Government

Exhibit C-2 includes explanations of the nature of individual elements of items required to reconcile the balance sheet of governmental funds with the government-wide Statement of Net Position.

Discretely Presented Dyer County School Department

Exhibit J-3 includes explanations of the nature of individual elements of items required to reconcile the balance sheet of governmental funds with the government-wide Statement of Net Position.

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

Primary Government

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

Discretely Presented Dyer County School Department

Exhibit J-5 includes explanations of the nature of individual elements of items required to reconcile the net change in fund balances – total governmental funds with the change in net position of governmental activities reported in the government-wide Statement of Activities.

III. STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY

Budgetary Information

Annual budgets are adopted on a basis consistent with generally accepted accounting principles (GAAP) for all governmental funds except the Constitutional Officers - Fees Fund (special revenue fund), which is not budgeted. All annual appropriations lapse at fiscal year end.

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

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

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

At June 30, 2018, Dyer County and the Dyer County School Department reported the following significant encumbrances:

Fund	Amount
Primary Government:	
Highway/Public Works	$ 108,381
Total	$ 108,381
Discretely Presented School Department:	
General Purpose School	$ 460,649
School Transportation	207,998
Nonmajor Governmental	119,894
Total	$ 788,541

IV. DETAILED NOTES ON ALL FUNDS

A. Deposits and Investments

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

Deposits

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

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

Investments

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

Investment Balances. As of June 30, 2018, Dyer County had the following investments carried at fair value within the fair value hierarchy established by generally accepted accounting principles. Separate disclosures concerning pooled investments cannot be made for Dyer County and the discretely presented Dyer County School Department since both pool their deposits and investments through the county trustee.

Investment	Maturities	Fair Value
Municipal Bonds	7-1-19 to 10-1-32	$ 8,083,467
Federal Home Loan Bank	11-9-32	851,490
Federal Farm Credit Bank	8-9-27 to 12-22-32	1,440,452
Total		$ 10,375,409

Investment by fair value level	Fair Value 6-30-18	Fair Value Measurement Using Quoted Prices in Active Markets for Identical Assets (Level 1)
Municipal Bonds	$ 8,083,467	8,083,467
Federal Home Loan Bank	851,490	851,490
Federal Farm Credit Bank	1,440,452	1,440,452
Total	$ 10,375,409	$ 10,375,409

Fair value investments classified at Level 1 of the fair value hierarchy are valued using prices quoted in active markets for those securities. Fair value investments classified as Level 2 of the fair value hierarchy are valued using the active market rates for the underlying securities. Fair value investments classified as Level 3 of the fair value hierarchy are valued using non-observable inputs.

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

Credit Risk. Credit risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligations. State statutes limit the ratings of certain investments as previously explained. Dyer County has no investment policy that would further limit its investment choices. Dyer County investments in municipal bonds were rated from AAA to A2 by Moody's

Investor's Service and from AAA to A+ by Standard and Poor's ratings. Dyer County's investments in the Federal Home Loan Bank and Federal Farm Credit Bank were rated AAA by Moody's Investor's Service and AA+ by Standard and Poor's ratings.

Concentration of Credit Risk. Concentration of credit risk is the risk of loss attributed to the magnitude of the county's investment in a single issuer. Dyer County places no limit on the amount the county may invest in one issuer. More than five percent of the county's investments are in municipal bonds, Federal Home Loan Bank, and Federal Farm Credit Bank. These investments are 78, eight, and 14 percent, respectively, of the county's total investments.

B. Capital Assets

Capital assets activity for the year ended June 30, 2018, was as follows:

Primary Government - Governmental Activities:

	Balance 7-1-17	Increases	Decreases	Balance 6-30-18
Capital Assets Not Depreciated:				
Land	$ 3,656,702	$ 125,867	$ 0	$ 3,782,569
Total Capital Assets Not Depreciated	$ 3,656,702	$ 125,867	$ 0	$ 3,782,569
Capital Assets Depreciated:				
Buildings and Improvements	$ 13,291,993	$ 338,135	$ 0	$ 13,630,128
Infrastructure	25,406,325	1,999,211	0	27,405,536
Other Capital Assets	8,704,321	153,716	(185,506)	8,672,531
Total Capital Assets Depreciated	$ 47,402,639	$ 2,491,062	$ (185,506)	$ 49,708,195
Less Accumulated Depreciation For:				
Buildings and Improvements	$ 4,567,431	$ 342,903	$ 0	$ 4,910,334
Infrastructure	16,719,876	1,049,423	0	17,769,299
Other Capital Assets	5,313,585	555,318	(181,227)	5,687,676
Total Accumulated Depreciation	$ 26,600,892	$ 1,947,644	$ (181,227)	$ 28,367,309
Total Capital Assets Depreciated, Net	$ 20,801,747	$ 543,418	$ (4,279)	$ 21,340,886
Governmental Activities Capital Assets, Net	$ 24,458,449	$ 669,285	$ (4,279)	$ 25,123,455

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

Governmental Activities:

General Government	$	158,358
Finance		2,460
Administration of Justice		3,350
Public Safety		421,373
Public Health and Welfare		32,615
Social, Cultural, and Recreational Services		15,905
Highways		1,313,583
Total Depreciation Expense - Governmental Activities	$	1,947,644

Discretely Presented Dyer County School Department - Governmental Activities

	Balance 7-1-17	Increases	Decreases	Balance 6-30-18
Capital Assets Not Depreciated:				
Land	$ 1,374,381	$ 0	$ 0	$ 1,374,381
Construction in Progress	1,338,572	159,435	(1,338,572)	159,435
Total Capital Assets Not Depreciated	$ 2,712,953	$ 159,435	$ (1,338,572)	$ 1,533,816
Capital Assets Depreciated:				
Buildings and Improvements	$ 57,318,519	$ 2,624,482	$ (32,757)	$ 59,910,244
Infrastructure	265,528	0	0	265,528
Other Capital Assets	7,776,632	717,580	(327,238)	8,166,974
Total Capital Assets Depreciated	$ 65,360,679	$ 3,342,062	$ (359,995)	$ 68,342,746
Less Accumulated Depreciation For:				
Buildings and Improvements	$ 15,502,668	$ 1,157,501	$ (30,028)	$ 16,630,141
Infrastructure	26,552	26,553		53,105
Other Capital Assets	3,635,145	548,726	(315,658)	3,868,213
Total Accumulated Depreciation	$ 19,164,365	$ 1,732,780	$ (345,686)	$ 20,551,459
Total Capital Assets Depreciated, Net	$ 46,196,314	$ 1,609,282	$ (14,309)	$ 47,791,287
Governmental Activities Capital Assets, Net	$ 48,909,267	$ 1,768,717	$ (1,352,881)	$ 49,325,103

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

Governmental Activities:

Instruction	$ 1,069,096
Support Services	577,289
Operation of Non-instructional Services	86,395
Total Depreciation Expense - Governmental Activities	$ 1,732,780

C. **Construction Commitments**

At June 30, 2018, the School Department's General Purpose School Fund had uncompleted construction contracts of approximately $225,064 for school renovations and improvements. Funding has been received for these future expenditures.

D. **Interfund Receivables, Payables, and Transfers**

The composition of interfund balances as of June 30, 2018, was as follows:

Due to/from Other Funds:

Receivable Fund	Payable Fund	Amount
General	Nonmajor governmental	$ 1,716
Nonmajor governmental	General	4,198

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

Interfund Transfers:

Interfund transfers for the year ended June 30, 2018, consisted of the following amount:

Discretely Presented Dyer County School Department

	Transfer In
Transfer Out	General Purpose School Fund
Nonmajor governmental fund	$ 23,682

Transfers are used to move revenues from the fund that statute or budget requires to collect them to the fund that statute or budget requires to expend them.

E. Long-term Obligations

Primary Government

General Obligation Bonds and Other Loans

Dyer County issues general obligation bonds and other loans to provide funds for the acquisition and construction of major capital facilities for the primary government and the discretely presented School Department. In addition, general obligation bonds have been issued to refund other general obligation bonds.

General obligation bonds and other loans are direct obligations and pledge the full faith and credit of the government. General obligation bonds and other loans outstanding were issued for original terms of up to 17 years for bonds and up to 16 years for other loans. Repayment terms are generally structured with increasing amounts of principal maturing as interest requirements decrease over the term of the debt. All bonds and other loans included in long-term debt as of June 30, 2018, will be retired from the General Debt Service Fund.

General obligation bonds and other loans outstanding as of June 30, 2018, for governmental activities are as follows:

Type	Interest Rate		Final Maturity		Original Amount of Issue		Balance 6-30-18
General Obligation Refunding Bonds	2 to 4	%	6-1-29	$	15,790,000	$	14,315,000
School Refunding Bonds	2 to 4.1		6-1-26		30,240,000		11,325,000
Other Loans	0 to 1.515		9-15-26		14,633,000		7,811,136

In the 2009-10 year, Dyer County entered into a loan agreement with the Tennessee State School Bond Authority. This loan agreement represents $8,960,000 in Qualified School Construction Bonds, which were issued through the Tennessee State School Bond Authority. The county pays interest of 1.515 percent on its share of the bonds and also pays a monthly administrative fee to the Tennessee School Bond Authority. The administrative fee totals $747 per month. The county and the other borrowers of the bond proceeds are required to comply with federal regulations established for the Qualified School Construction Bond program. Failure to comply with those requirements may result in the loss of the tax credit status on the bonds. This would result in further charges to the borrowers including the requirement to pay the tax-credit rate (5.86 percent) in addition to the 1.515 percent for a total rate of 7.375 percent.

During the 2010-11 year, Dyer County entered into a loan agreement with the Tennessee State School Bond Authority. Under this loan agreement, the authority loaned Dyer County $5,673,000 for construction of the Newbern Grammar School. This loan earns interest monthly based upon the local government investment pool rate, which is netted against the annual principal payment. The county pays an annual administrative fee of $378 under this agreement. The loan retirement schedule also includes equal monthly payments of interest; however, the county will semi-annually receive a federal interest subsidy, which will offset these payments resulting in a zero percent interest rate.

The annual requirements to amortize the bonds and other loans outstanding as of June 30, 2018, including interest payments and other loan fees, are presented in the following tables:

Year Ending	Bonds		
June 30	Principal	Interest	Total
2019	$ 2,105,000	$ 734,850	$ 2,839,850
2020	2,225,000	662,394	2,887,394
2021	2,280,000	581,454	2,861,454
2022	2,335,000	506,954	2,841,954
2023	2,390,000	428,844	2,818,844
2024-2028	12,020,000	1,082,432	13,102,432
2029	2,285,000	45,700	2,330,700
Total	$ 25,640,000	$ 4,042,628	$ 29,682,628

Year Ending	Other Loans			
June 30	Principal	Interest	Other Fees	Total
2019	$ 913,076	$ 410,771	$ 13,498	$ 1,337,345
2020	913,076	410,771	13,498	1,337,345
2021	913,076	410,771	13,498	1,337,345
2022	913,076	410,771	13,498	1,337,345
2023	913,076	410,771	13,498	1,337,345
2024-2027	3,245,756	1,518,653	45,779	4,810,188
Total	$ 7,811,136	$ 3,572,508	$ 113,269	$ 11,496,913

There is $1,294,087 available in the General Debt Service Fund to service long-term debt. Bonded debt per capita totaled $669, based on the 2010 federal census. Total debt per capita, including bonds, other loans, and unamortized debt premiums and discounts, totaled $882, based on the 2010 federal census.

Changes in Long-term Obligations

Long-term obligations activity for the year ended June 30, 2018, was as follows:

Governmental Activities:

	Bonds	Other Loans	Net Pension Liability - Agent Plan
Balance, July 1, 2017	$ 27,675,000	$ 8,671,549	$ 135,188
Additions	0	0	423,776
Reductions	(2,035,000)	(860,413)	(391,864)
Balance, June 30, 2018	$ 25,640,000	$ 7,811,136	$ 167,100
Balance Due Within One Year	$ 2,105,000	$ 913,076	$ 0

Analysis of Noncurrent Liabilities Presented on Exhibit A:

Total Noncurrent Liabilities, June 30, 2018	$ 33,618,236
Add: Unamortized Premium on Debt	367,232
Less: Unamortized Discount on Debt	(24,590)
Less: Balance Due Within One Year	(3,018,076)
Noncurrent Liabilities - Due in More Than One Year - Exhibit A	$ 30,942,802

The net pension liability will be paid from the employing funds, primarily the General and Highway/Public Works funds.

Defeasance of Prior Debt

In the prior year, Dyer County defeased certain outstanding general obligation bonds by placing the proceeds of new bonds into an irrevocable trust to provide for all future debt service payments on the old bonds until they are called on June 1, 2019. The trustee is empowered and required to pay all principal and interest on the defeased bonds as originally scheduled. Accordingly, the trust accounts and the defeased bonds are not included in the county's financial statements. At June 30, 2018, the following outstanding bonds are considered defeased:

	Amount
School Refunding Bonds, Series 2009A	$ 9,200,000

Discretely Presented Dyer County School Department

Changes in Long-term Obligations

Long-term obligations activity for the discretely presented Dyer County School Department, for the year ended June 30, 2018, was as follows:

Governmental Activities:

	Compensated Absences	Other Postemployment Benefits*
Balance, July 1, 2017	$ 112,963	$ 6,744,688
Additions	108,577	666,083
Reductions	(111,543)	(560,334)
Balance, June 30, 2018	$ 109,997	$ 6,850,437
Balance Due Within One Year	$ 5,500	$ 0

*Restated Balance - See Note I.D.9.

Analysis of Noncurrent Liabilities Presented on Exhibit A:

Total Noncurrent Liabilities, June 30, 2018	$ 6,960,434
Less: Balance Due Within One Year	(5,500)
Noncurrent Liabilities - Due in More Than One Year - Exhibit A	$ 6,954,934

Compensated absences and the other postemployment benefits liability will be paid from the employing funds, primarily the General Purpose School Fund.

F. On-Behalf Payments – Discretely Presented Dyer County School Department

The State of Tennessee pays health insurance premiums for retired teachers on-behalf of the Dyer County School Department. These payments are made by the state to the Local Education Group Insurance Plan and the Medicare Supplement Plan. Both plans are administered by the State of Tennessee and reported in the state's Comprehensive Annual Financial Report. Payments by the state to the Local Education Group Insurance Plan and the Medicare Supplement Plan for the year ended June 30, 2018, were $94,592 and $29,463, respectively. The School Department has recognized these on-behalf payments as revenues and expenditures in the General Purpose School Fund.

V. OTHER INFORMATION

A. Risk Management

Dyer County carries commercial insurance for active employee's health insurance. Pre-65 age retirees are not allowed to remain in the program. Settled claims have not exceeded this commercial insurance coverage in any of the past three fiscal years.

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

The county and the discretely presented Dyer County School Department have chosen to fund risks associated with employee on-the-job injuries through the Workers' Compensation Fund. The Workers' Compensation Fund is accounted for as an internal service fund in which assets are set aside for claim settlements. The county is self-insured to a limit of $50,000 for a single occurrence. The county carries Occupational Accident Insurance through a commercial insurance carrier for on-the-job injuries that exceed the single occurrence limit.

All full-time employees of the primary government and the discretely presented School Department are eligible to participate in the Workers' Compensation Fund. Premium charges are allocated to the General, Highway/Public Works, and General Purpose School funds. These charges are based on the current year's commercial insurance premium prorated to the funds based on the percentage of the prior-year's claims. Liabilities of the fund are reported when losses are probable and the amounts of the losses can be reasonably estimated. The Workers' Compensation Fund establishes claims liabilities based on estimates of the ultimate cost of claims that have been reported. Claims liabilities include incremental claim adjustment expenditures/expenses, if any. In addition, estimated recoveries, if any, on settled claims have been deducted from the liability for unpaid claims. The process used to compute claims liabilities does not necessarily result in an exact amount. Changes in the balance of claims liabilities during the past three fiscal years for the Workers' Compensation Fund are as follows:

Workers' Compensation Fund

	Beginning of Fiscal Year Liability	Current Year Claims and Estimates	Payments	Balance at Fiscal Year-end
2015-16	$ 0	$ 111,168	$ 111,168	$ 0
2016-17	0	163,546	163,546	0
2017-18	0	217,279	217,279	0

The discretely presented Dyer County School Department participates in the Local Education Group Insurance Fund (LEGIF), a public entity risk pool established to provide a program of health insurance coverage for employees of local education agencies. In accordance with Section 8-27-301, *Tennessee Code Annotated* (*TCA*), all local education agencies are eligible to participate. The LEGIF is included in the Comprehensive Annual Financial Report of the State of Tennessee, but the state does not retain any risk for losses by this fund. Section 8-27-303, *TCA*, provides for the LEGIF to be self-sustaining through member premiums.

The discretely presented Dyer County School Department carries commercial insurance for the risks of losses to which it is exposed. These risks include general liability, property, and casualty losses. Settled claims have not exceeded this commercial coverage in any of the past three years.

B. Accounting Changes

Provisions of Governmental Accounting Standards Board (GASB) Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*; Statement No. 81, *Irrevocable Split-Interest Agreements;* Statement No. 85, *Omnibus 2017*; and Statement No. 86, *Certain Debt Extinguishment Issues* became effective for the year ended June 30, 2018.

GASB Statement No. 75, establishes accounting and reporting requirements for postemployment benefits other than pensions (other postemployment benefits or OPEB), which are included in the general purpose financial reports of state and local governmental OPEB plans. This statement replaces GASB Statements No. 45 and No. 57. The scope of this statement establishes standards for recognizing and measuring liabilities, deferred outflows of resources, deferred inflows of resources, and expense/expenditures. For defined benefit OPEB, this statement identifies the methods and assumptions that are required to be used to project benefit payments, discount projected benefit payments to their actuarial present value, and attribute that present value to periods of employee service. Note disclosure and required supplementary information requirements about defined benefit OPEB also are addressed.

GASB Statement No. 81, establishes accounting and financial reporting guidance for irrevocable split-interest agreements in which a government is a beneficiary.

GASB Statement No. 85, addresses practice issues that have been identified during implementation and application of certain GASB Statements. This statement addresses a variety of topics including issues related to blending component units, goodwill, fair value measurement and application, and postemployment benefits (pensions and other postemployment benefits [OPEB]).

GASB Statement No. 86, establishes guidance for transactions in which cash and other monetary assets acquired with only existing resources—resources other than the proceeds of refunding debt—are placed in an irrevocable trust for the sole purpose of extinguishing debt. This statement also provides guidance for accounting and financial reporting for prepaid insurance on debt that is extinguished and notes to financial statements for debt that is defeased in substance.

C. Contingent Liabilities

The county attorney advised that there were no pending lawsuits, unasserted claims, or assessments that would materially affect the county or School Department's financial statements.

D. Joint Ventures

The McIver's Grant Public Library Board is a joint venture in which the county and the City of Dyersburg participate in the operation of the library facility. The board comprises 14 members, seven of whom are appointed by the Dyer County Commission and seven are appointed by the City of Dyersburg. The library generates its operating revenue from appropriations from the county and city, fines, interest, and copy fees. Dyer County contributed $104,188 to the operations of the board during the year ended June 30, 2018. Dyer County is responsible for funding 50 percent of any deficits from operations; however, the county and city do not retain an equity interest in the library. Complete financial statements for the McIver's Grant Public Library can be obtained from its administrative office at the following address:

Administrative Office:

McIver's Grant Public Library
410 West Court Street
Dyersburg, TN 38024

Dyer County is a participant with Obion and Lake counties in a multi-county entity known as the Northwest Tennessee Regional Port Authority. This entity was created to operate and maintain a port to be located in Lake County on the

Mississippi River. A board is appointed by the participating counties with the mayors of each county serving as ex-officio members. The board comprises eight members, four of whom are appointed by the Lake County Commission, two by the Obion County Commission, and two by the Dyer County Commission. Dyer County has control over budgeting and financing the joint venture only to the extent of representation by the two board members appointed. Their administrative office can be contacted at P.O. Box 267, Dyersburg, TN 38025.

Dyer County is a participant with Lake County and the cities of Tiptonville, Ridgely, and Dyersburg in an entity known as the TennKen Railroad Authority. The governing board for the authority consists of the mayors of both counties and all three cities. This entity was created to facilitate active involvement by all affected local governments in Tennessee regarding a section of railroad track commonly known as the TennKen Railroad. The TennKen Railroad is owned by the Hickman River City Development Corporation (HRCDC), a public entity chartered in Kentucky. The HRCDC had previously purchased the line from Illinois Central Railroad to ensure rail access to the river port in Hickman, Kentucky. All funding for the TennKen Railroad Authority comes from the State of Tennessee through the Tennessee Department of Transportation as grants, which are used for the maintenance and rehabilitation of the TennKen Railroad track and the necessary engineering services for said maintenance and rehabilitation. The Lake County Mayor's Office handles the administration of these grant funds and passes them through to the HRCDC for disbursement.

E. Retirement Commitments

1. Tennessee Consolidated Retirement System (TCRS)

Primary Government

General Information About the Pension Plan

Plan Description. Certain county employees are provided a defined benefit pension plan (Dyer County Judges, Executives, and Officials Plan) through the Public Employee Retirement Plan, an agent multiple-employer pension plan administered by the TCRS. The primary government employees comprise 100 percent of the Dyer County Judges, Executives, and Officials Plan. The TCRS was created by state statute under *Tennessee Code Annotated* (*TCA*), Title 8, Chapters 34-37. The TCRS Board of Trustees is responsible for the proper operation and administration of the TCRS. The Tennessee Treasury Department, an agency in the legislative branch of state government, administers the plans of the TCRS. The TCRS issues a publicly available financial report that can be obtained at www.treasury.tn.gov/tcrs.

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

Member and beneficiary annuitants are entitled to an automatic cost of living adjustment (COLA) after retirement. A COLA is granted each July for annuitants retired prior to the second of July of the previous year. The COLA is based on the change in the consumer price index (CPI) during the prior calendar year, capped at three percent, and applied to the current benefit. No COLA is granted if the change in the CPI is less than one-half percent. A one percent COLA is granted if the CPI change is between one-half percent and one percent. A member who leaves employment may withdraw their employee contributions plus any accumulated interest.

Employees Covered by Benefit Terms. At the measurement date of June 30, 2017, the following employees were covered by the benefit terms:

Inactive Employees or Beneficiaries Currently Receiving Benefits	10
Inactive Employees Entitled to But Not Yet Receiving Benefits	1
Active Employees	10
Total	21

Contributions. Contributions for employees are established in the statutes governing the TCRS and may only be changed by the Tennessee General Assembly. Employees contribute five percent of salary. Dyer County makes employer contributions at the rate set by the Board of Trustees as determined by an actuarial valuation. For the year ended June 30, 2018, the employer contribution for Dyer County was $60,668 based on a rate of 6.9 percent of covered payroll. By law, employer contributions are required to be paid. The TCRS may intercept Dyer County's state shared taxes if required employer contributions are not remitted. The employer's actuarially determined contributions (ADC) and member contributions are expected to finance the costs of benefits earned by members during the year, the cost of administration, as well as an amortized portion of any unfunded liability.

Net Pension Liability (Asset)

Dyer County's net pension liability (asset) was measured as of June 30, 2017, and the total pension liability (asset) used to calculate net pension liability (asset) was determined by an actuarial valuation as of that date.

Actuarial Assumptions. The total pension liability as of the June 30, 2017, actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	2.5%
Salary Increases	Graded Salary Ranges from 8.72% to 3.46% Based on Age, Including Inflation, Averaging 4%
Investment Rate of Return	7.25%, Net of Pension Plan Investment Expenses, Including Inflation
Cost of Living Adjustment	2.25%

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

The actuarial assumptions used in the June 30, 2017, actuarial valuation were based on the results of an actuarial experience study performed for the period July 1, 2012, through June 30, 2016. The demographic assumptions were adjusted to more closely reflect actual and expected future experience.

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

investment policy target asset allocation for each major class are summarized in the following table:

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

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

Changes of Assumptions. In 2017, the following assumptions were changed: decreased inflation rate from three percent to 2.5 percent; decreased the investment rate of return from 7.5 percent to 7.25 percent; decreased the cost-of-living adjustment from 2.5 to 2.25 percent; decreased salary growth graded ranges from an average of 4.25 percent to an average of four percent; and modified the mortality assumptions.

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

Changes in the Net Pension Liability (Asset)

	Increase (Decrease)		
	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability (Asset) (a)-(b)
Balance, July 1, 2016	$ 2,749,115	$ 2,613,927	$ 135,188
Changes for the Year:			
Service Cost	$ 78,890	$ 0	$ 78,890
Interest	205,183	0	205,183
Differences Between Expected and Actual Experience	44,981	0	44,981
Changes in Assumptions	93,873	0	93,873
Contributions-Employer	0	58,261	(58,261)
Contributions-Employees	0	42,218	(42,218)
Net Investment Income	0	291,385	(291,385)
Benefit Payments, Including Refunds of Employee Contributions	(184,452)	(184,452)	0
Administrative Expense	0	(849)	849
Other Changes	0	0	0
Net Changes	$ 238,475	$ 206,563	$ 31,912
Balance, June 30, 2017	$ 2,987,590	$ 2,820,490	$ 167,100

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

Dyer County	1% Decrease 6.25%	Current Discount Rate 7.25%	1% Increase 8.25%
Net Pension Liability (Asset)	$ 492,956	$ 167,100	$ (112,330)

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

Pension Expense. For the year ended June 30, 2018, Dyer County recognized pension expense of $77,976.

Deferred Outflows of Resources and Deferred Inflows of Resources. For the year ended June 30, 2018, Dyer County reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference Between Expected and Actual Experience	$ 62,642	$ 38,275
Net Difference Between Projected and Actual Earnings on Pension Plan Investments	805	0
Changes in Assumptions	62,582	0
Contributions Subsequent to the Measurement Date of June 30, 2017 (1)	60,668	N/A
Total	$ 186,697	$ 38,275

(1) The amount shown above for "Contributions Subsequent to the Measurement Date of June 30, 2017," will be recognized as a reduction (increase) to net pension liability (asset) in the following measurement period.

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

Year Ending June 30		Amount
2019	$	28,685
2020		73,658
2021		5,123
2022		(19,712)
2023		0
Thereafter		0

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

Discretely Presented Dyer County School Department

Certified Employees

Teacher Retirement Plan

General Information About the Pension Plan

Plan Description. Teachers of the Dyer County School Department with membership in the TCRS before July 1, 2014, are provided with pensions through the Teacher Legacy Pension Plan, a cost-sharing multiple-employer pension plan administered by the TCRS. The Teacher Legacy Pension Plan is closed to new membership. Teachers with membership in the TCRS after June 30, 2014, are provided with pensions through a legally separate plan referred to as the Teacher Retirement Plan, a cost-sharing multiple-employer pension plan administered by the TCRS. The TCRS was created by state statute under *Tennessee Code Annotated (TCA)*, Title 8, Chapters 34-37. The TCRS Board of Trustees is responsible for the proper operation and administration of all employer pension plans in the TCRS. The Tennessee Treasury Department, an agency in the legislative branch of state government, administers the plans of the TCRS. The TCRS issues a publicly available financial report that can be obtained at www.treasury.tn.gov/tcrs.

Benefits Provided. TCA, Title 8, Chapters 34-37 establish the benefit terms and can be amended only by the Tennessee General Assembly. Members are eligible to retire with an unreduced benefit at age 65 with five years of service credit or pursuant to the rule of 90 in which the member's age and service credit total 90. Benefits are determined by a formula using the member's highest five consecutive year average compensation and the member's years of service credit. A reduced early retirement benefit is available to vested members at age 60 or pursuant to the rule of 80. Members are vested with five years of service credit.

Service related disability benefits are provided regardless of length of service. Five years of service is required for non-service related disability eligibility. The service related and non-service related disability benefits are determined in the same manner as a service retirement benefit but are reduced ten percent and include projected service credits. A variety of death benefits is available under various eligibility criteria. Member and beneficiary annuitants are entitled to an automatic cost of living adjustment (COLA) after retirement. A COLA is granted each July for annuitants retired prior to the second of July of the previous year. The COLA is based on the change in the consumer price index (CPI) during the prior calendar year, capped at three percent, and applied to the current benefit. No COLA is granted if the change in the CPI is less than one-half percent. A one percent COLA is granted if the CPI change is between one-half percent and one percent. Members who leave employment may withdraw their employee contributions, plus any accumulated interest. Under the Teacher Retirement Plan, benefit terms and conditions, including COLA, can be adjusted on a prospective basis. Moreover, there are defined cost controls and unfunded liability controls that provide for the adjustment of benefit terms and conditions on an automatic basis.

Contributions. Contributions for teachers are established in the statutes governing the TCRS and may only be changed by the Tennessee General Assembly or by automatic cost controls set out in law. Teachers are required to contribute five percent of their salary to the plan. The Local Education Agencies (LEAs) make employer contributions at the rate set by the Board of Trustees as determined by an actuarial valuation. Per the statutory provisions governing TCRS, the employer contribution rate cannot be less than four percent, except in years when the maximum funded level, approved by the TCRS Board of Trustees, is reached. By law, employer contributions for the Teacher Retirement Plan are required to be paid. The TCRS may intercept the state shared taxes of the sponsoring governmental entity of the LEA if the required employer contributions are not remitted. Employer contributions for the year ended June 30, 2018, to the Teacher Retirement Plan were $75,715, which is four percent of covered payroll. The employer rate, when combined with member contributions, is expected to finance the costs of benefits earned by members during the year, the cost of administration, as well as an amortized portion of any unfunded liability.

Pension Liabilities (Assets), Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions

Pension Liabilities (Assets). At June 30, 2018, the School Department reported a liability (asset) of ($53,707) for its proportionate share of the net pension liability (asset). The net pension liability (asset) was measured as of June 30, 2017, and the total pension liability (asset) used to calculate the net pension liability (asset) was determined by an actuarial valuation as of that date. The School Department's proportion of the net pension liability (asset) was based on the School Department's share of contributions to the pension plan relative to the contributions of all participating LEAs. At the measurement date of June 30, 2017, the School Department's proportion was .203568 percent. The proportion as of June 30, 2016, was .213858 percent.

Pension Expense. For the year ended June 30, 2018, the School Department recognized pension expense of $24,442.

Deferred Outflows of Resources and Deferred Inflows of Resources. For the year ended June 30, 2018, the School Department reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference Between Expected and Actual Experience	$ 1,882	$ 4,039
Net Difference Between Projected and Actual Earnings on Pension Plan Investments	0	2,890
Changes in Assumptions	4,719	0
Changes in Proportion of Net Pension Liability (Asset)	1,341	0
LEA's Contributions Subsequent to the Measurement Date of June 30, 2017 (1)	75,715	N/A
Total	$ 83,657	$ 6,929

The School Department's employer contributions of $75,715, reported as pension related deferred outflows of resources subsequent to the measurement date, will be recognized as an increase of net pension asset in the year ending June 30, 2019. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year Ending June 30	Amount
2019	$ (176)
2020	(176)
2021	(341)
2022	(1,085)
2023	278
Thereafter	2,513

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

Actuarial Assumptions. The total pension liability in the June 30, 2017, actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	2.5%
Salary Increases	Graded Salary Ranges from 8.72% to 3.46% Based on Age, Including Inflation, Averaging 4%
Investment Rate of Return	7.25%, Net of Pension Plan Investment Expenses, Including Inflation
Cost of Living Adjustment	2.25%

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

The actuarial assumptions used in the June 30, 2017, actuarial valuation were based on the results of an actuarial experience study performed for the period July 1, 2012, through June 30, 2016. The demographic assumptions were adjusted to more closely reflect actual and expected future experience.

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

investment policy target asset allocation for each major class are summarized in the following table:

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

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

Changes of Assumptions. In 2017, the following assumptions were changed: decreased inflation rate from three percent to 2.5 percent; decreased the investment rate of return from 7.5 percent to 7.25 percent; decreased the cost-of-living adjustment from 2.5 percent to 2.25 percent; decreased salary growth graded ranges from an average of 4.25 percent to an average of four percent; and modified the mortality assumptions.

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

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

School Department's Proportionate Share of the Net Pension Liability (Asset)	1% Decrease 6.25%	Current Discount Rate 7.25%	1% Increase 8.25%
Net Pension Liability (Asset)	$ 10,715	$ (53,707)	$ (100,964)

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

Teacher Legacy Pension Plan

General Information About the Pension Plan

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

Benefits Provided. TCA, Title 8, Chapters 34-37 establish the benefit terms and can be amended only by the Tennessee General Assembly. Members of the Teacher Legacy Pension Plan are eligible to retire with an unreduced benefit at age 60 with five years of service credit or after 30 years of service credit regardless of age. Benefits are determined by a formula using the member's highest five consecutive year average compensation and the member's years of service credit. A reduced early retirement benefit is available to vested members at age 55. Members are vested with five years of service credit. Service related disability benefits are provided regardless of length of service. Five years of service is required for non-service related disability eligibility. The service related and non-service related disability benefits are determined in the same manner as a service retirement benefit but are reduced ten percent and include projected service credits. A variety of death benefits is available under various eligibility criteria. Member and beneficiary annuitants are entitled to an automatic cost of living adjustment (COLA) after retirement. A COLA is granted each July for annuitants retired prior to the second of July of the previous year. The COLA is based on the change in the consumer price index (CPI) during the prior calendar year, capped at three percent, and applied to the current benefit. No COLA is granted if the change in the CPI is less than one-half percent. A one percent COLA is granted if the CPI change is between one-half and one percent. A member who leaves employment may withdraw their employee contributions, plus any accumulated interest. Under the Teacher Legacy Pension Plan, benefit terms and conditions, including COLAs can be adjusted on a prospective basis. Moreover, there are defined cost controls and unfunded liability controls that provide for the adjustment of benefit terms and conditions on an automatic basis.

Contributions. Contributions for teachers are established in the statutes governing the TCRS and may only be changed by the Tennessee General Assembly. Teachers are required to contribute five percent of their salaries. The Local Education Agencies (LEAs) make employer contributions at the rate set by the Board of Trustees as determined by an actuarial valuation. By law, employer contributions for the Teacher Legacy Pension Plan are required to be paid. The TCRS may intercept the state shared taxes of the sponsoring governmental entity of the LEA if the required employer contributions are not remitted. Employer contributions by the Dyer County School Department for the year ended June 30, 2018, to the Teacher Legacy Pension Plan were $1,184,076, which is 9.08 percent of covered payroll. The employer rate, when combined with member contributions, is expected to finance the costs of benefits earned by members during the year, the cost of administration, as well as an amortized portion of any unfunded liability.

Pension Liabilities (Assets), Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions

Pension Liability (Assets). At June 30, 2018, the School Department reported a liability (asset) of ($118,946) for its proportionate share of the net pension liability (asset). The net pension liability (asset) was measured as of June 30, 2017, and the total pension liability used to calculate the net pension liability (asset) was determined by an actuarial valuation as of that date. The School Department's proportion of the net pension liability (asset) was based on the School Department's long-term share of contributions to the pension plan relative to the contributions of all participating LEAs. At the measurement date of June 30, 2017, the School Department's proportion was .363547 percent. The proportion measured at June 30, 2016, was .342013 percent.

Pension Expense. For the year ended June 30, 2018, the School Department recognized pension expense of $87,085.

Deferred Outflows of Resources and Deferred Inflows of Resources. For the year ended June 30, 2018, the School Department reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference Between Expected and Actual Experience	$ 71,709	$ 2,455,686
Changes in Assumptions	1,007,408	0
Net Difference Between Projected and Actual Earnings on Pension Plan Investments	18,056	0
Changes in Proportion of Net Pension Liability (Asset)	280,237	0
LEA's Contributions Subsequent to the Measurement Date of June 30, 2017	1,184,076	N/A
Total	$ 2,561,486	$ 2,455,686

The School Department's employer contributions of $1,184,076 reported as pension related deferred outflows of resources subsequent to the measurement date, will be recognized as an increase in net pension liability (asset) in the year ending June 30, 2019. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year Ending June 30	Amount
2019	$ (765,413)
2020	451,432
2021	(220,831)
2022	(543,464)
2023	0
Thereafter	0

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

Actuarial Assumptions. The total pension liability in the June 30, 2017, actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	2.5%
Salary Increases	Graded Salary Ranges from 8.72% to 3.46% Based on Age, Including Inflation, Averaging 4%
Investment Rate of Return	7.25%, Net of Pension Plan Investment Expenses, Including Inflation
Cost of Living Adjustment	2.25%

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

The actuarial assumptions used in the June 30, 2017, actuarial valuation were based on the results of an actuarial experience study performed for the period July 1, 2012, through June 30, 2016. The demographic assumptions were adjusted to more closely reflect actual and expected future experience.

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

investment policy target asset allocation for each major class are summarized in the following table:

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

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

Changes of Assumptions. In 2017, the following assumptions were changed: decreased inflation rate from three percent to 2.5 percent; decreased the investment rate of return from 7.5 percent to 7.25 percent; decreased the cost-of-living adjustment from 2.5 percent to 2.25 percent; decreased salary growth graded ranges from an average of 4.25 percent to an average of four percent; and modified the mortality assumptions.

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

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

School Department's Proportionate Share of the Net Pension Liability (Asset)	1% Decrease 6.25%	Current Discount Rate 7.25%	1% Increase 8.25%
Net Pension Liability (Asset)	$ 10,672,892	$ (118,946)	$ (9,039,112)

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

2. **Deferred Compensation**

The Dyer County Highway Department offers its employees a deferred compensation plan established pursuant to IRC Section 457. The Highway/Public Works Fund will match employee contributions up to 2.5 percent of gross payroll. All costs of administering and funding this program are the responsibility of plan participants. The Section 457 plan assets remain the property of the contributing employees and are not presented in the accompanying financial statements. IRC Section 457 establishes participation, contribution, and withdrawal provisions for the plan.

Teachers hired after July 1, 2014, by the School Department are required to participate in a hybrid pension plan consisting of a defined benefit portion, which is detailed in the pensions footnote above and is managed by the Tennessee Consolidated Retirement System, and a defined contribution portion which is placed into the state's 401 (K) plan and is managed by the employee. The defined contribution portion of the plan requires that the School Department contribute five percent of each teacher's salary into their deferred compensation plan. In addition, teachers are required to contribute two percent of their salaries into this deferred compensation plan, unless they opt out of the employee portion. During the year the School Department contributed $92,208 and teachers contributed $1,684 to this deferred compensation pension plan.

F. **<u>Other Postemployment Benefits (OPEB)</u>**

The discretely presented Dyer County School Department provides OPEB benefits to it retirees under the state administered public entity risk pool. For reporting purposes the plan is considered a single employer defined benefit OPEB plan based on criteria in Statement No. 75 of the Governmental Accounting Standards Board (GASB). The plan is funded on a pay-as-you-go basis and there are no assets accumulating in a trust that meets the criteria of paragraph 4 of GASB Statement No. 75.

OPEB Provided through State Administered Public Entity Risk Pool

The School Department provides healthcare benefits to its employees under the Local Education Plan (LEP) until they reach Medicare eligibility. The certified employees of the School Department may then join the Tennessee Plan - Medicare (TNM) which provides supplemental medical insurance for retirees with Medicare. However, the School Department does not provide any subsidy (direct or indirect) to this plan and therefore does not recognize any OPEB liability associated with the TNM.

The School Department's total OPEB liability was measured as of June 30, 2017, and was determined by an actuarial valuation as of that date.

Actuarial Assumptions and other inputs. The total OPEB liability in the June 30, 2017, actuarial valuation of each plan was determined using the following actuarial assumptions and other inputs, applied to all periods included in the measurement, unless otherwise specified:

Actuarial Cost Method	Entry Age Normal
Inflation	2.25%
Salary Increases	Salary increases used in the July 1, 2017 TCRS actuarial valuation; 3.44% to 8.2%, including inflation
Discount Rate	3.56%
Healthcare Cost Trend Rates	Based on the Getzen Model, with trend starting at 7.5% for the 2018 calendar year, and gradually decreasing 33-year period to an ultimate trend of rate of 3.53 percent with .18% added to approximate the effect of the excise tax
Retirees Share of Benefit Related Cost	Discussed below

The discount rate was 3.56 percent, based on the daily rate of Fidelity's 20-Year Municipal GO AA index closest to but not later than the measurement date.

Mortality rates were based on the results of a statewide experience study undertake on behalf of the Tennessee Consolidated Retirement System (TCRS). These mortality rates were used in the July 1, 2017, actuarial valuation of the TCRS.

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

Changes in Assumptions. The discount rate changed from 2.92 percent as of the beginning of the measurement period to 3.56 percent as of the measurement date of June 30, 2017.

Closed Local Education (LEP) OPEB Plan (Discretely Presented School Department)

Plan description. Employees of the Dyer County School Department who were hired prior to July 1, 2015, are provided with pre-65 retiree health insurance benefits through the closed Local Education Plan (LGP) administered by the Tennessee Department of Finance and Administration. All eligible pre-65 retired teachers, support staff, and disability participants of local education agencies, who choose coverage, participate in the LEP. This plan is closed to the employees of all participating employers that were hired on or after July 1, 2015.

Benefits provided. The Dyer County School Department offers the LEP to provide health insurance coverage to eligible pre-65 retirees, support staff, and disabled participants of local education agencies. Retirees are required to discontinue coverage under the LEP upon obtaining Medicare eligibility. Insurance coverage is the only postemployment benefit provided to retirees. An insurance committee created in accordance with *TCA* 8-27-301 establishes and amends the benefit terms of the LEP. All members have the option of choosing between the premier preferred provider organization (PPO), standard PPO, limited PPO or the wellness health savings consumer-driven health plan (CDHP) for healthcare benefits. Retired plan members of the LEP receive the same plan benefits as active employees at a blended premium rate that considers the cost of all participants. This creates an implicit subsidy for retirees. Participating employers determine their own policy related to direct subsidies provided for retiree premiums. During the year, Dyer County provided direct subsidies of $245 to $440 per month toward the cost of the insurance plan selected by the retiree. The state, as a governmental non-employer contributing entity, provides a direct subsidy for eligible retirees' premiums based on years of service. Therefore, retirees with 30 or more years of service will receive 45%; 20 but less than 30 years, 35%; and less than 20 years, 20% of the scheduled premium. No subsidy is provided for enrollees of the health savings CDHP.

Employees Covered by Benefit Terms

At the measurement date of June 30, 2017, the following employees were covered by the benefit terms:

	School Department
Inactive Employees or Beneficiaries Currently Receiving Benefits	23
Inactive Employees Entitled to But Not Yet Receiving Benefits	0
Active Employees	456
Total	479

A state insurance committee, created in accordance with *TCA* 8-27-301, establishes the required payments to the LEP by member employers and employees through the blended premiums established for active and retired employees. Claims liabilities of the plan are periodically computed using actuarial and statistical techniques to establish premium rates. Administrative costs are allocated to plan participants. Employers contribute towards employee costs based on their own developed policies. During the current reporting period, the School Department paid $216,318 to the LEP for OPEB benefits as they came due.

Changes in the Collective Total OPEB Liability

	Share of Collective Liability		
	Dyer County School Department 75.243%	State of TN 24.757%	Total OPEB Liability
Balance July 1, 2017	$ 6,744,688	$ 2,219,162	$ 8,963,850
Changes for the Year:			
Service Cost	$ 458,583	$ 150,885	$ 609,468
Interest	207,500	68,273	275,773
Changes in Benefit Terms	0	0	0
Difference between Expected and Actuarial Experience	0	0	0
Changes in Assumption and Other Inputs	(366,155)	(120,474)	(486,629)
Benefit Payments	(194,179)	(63,890)	(258,069)
Net Changes	$ 105,749	$ 34,794	$ 140,543
Balance June 30, 2018	$ 6,850,437	$ 2,253,956	$ 9,104,393

The Dyer County School Department has a special funding situation related to benefits paid by the State of Tennessee for its eligible retired employees participating in the LEP. The Dyer County School Department's proportionate share of the collective total OPEB Liability was based on a projection of the employers' long-term share of benefit payments to the OPEB plan relative to the projected share of benefit payments of all participating employers and nonemployer contributing entities, actuarially determined. The School Department recognized $208,105 in revenue for subsidies provided by nonemployer contributing entities for benefits paid by the LEP for School Department retirees.

During the year, the Dyer County School Department's proportionate share of the collective OPEB Liability was 75.243% and the State of Tennessee's Share was 24.757%.

OPEB Expense and Deferred Outflows of Resources and Deferred Inflows of Resources. For the year ended June 30, 2018, the School Department recognized OPEB expense of $840,596, including the state's share of the expense. At June 30, 2018, the School Department reported deferred outflows of resources and deferred inflows of resources related to its proportionate share of OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference Between Expected and Actual Experience	$ 0	$ 0
Changes of Assumptions/Inputs	0	332,563
Changes in Proportion and Differences Between Amounts Paid as Benefits Came Due and Proportionate Share Amounts Paid by the Employee and Nonemployer Contributors As Benefits Came Due	0	0
Benefits Paid After the Measurement Date	216,318	0
Total	$ 216,318	$ 332,563

Amounts reported as deferred inflows and deferred outflows of resources (excluding benefits paid after the measurement date) related to OPEB will be recognized in OPEB expense as follows:

Year Ending June 30	School Department
2019	$ (33,592)
2020	(33,592)
2021	(33,592)
2022	(33,592)
2023	(33,592)
Thereafter	(164,603)

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

Sensitivity of proportionate share of the collective total OPEB liability to changes in the discount rate. The following presents the School Department's proportionate share of the collective total OPEB liability related to the LEP, as well as what the proportionate share of the collective total OPEB liability would be if it were calculated using a discount rate that is one percentage point lower or one percentage point higher than the current discount rate.

Discount Rate	1% Decrease 2.56%	Current Discount Rate 3.56%	1% Increase 4.56%
Proportionate Share of the Collective Total OPEB Liability	$ 7,426,964	$ 6,850,437	$ 6,302,532

Sensitivity of proportionate share of the collective total OPEB liability to changes in the healthcare cost trend rate. The following presents the School Department's proportionate share of the collective total OPEB liability related to the LEP, as well as what the proportionate share of the collective total OPEB liability would be if it were calculated using a healthcare cost trend rate that is one percentage point lower or one percentage point higher than the current healthcare cost trend rate.

Healthcare Cost Trend Rate	1% Decrease 6.5 to 2.71%	Current Rate 7.5 to 3.71%	1% Increase 8.5 to 4.71%
Proportionate Share of the Collective Total OPEB Liability	$ 5,939,003	$ 6,850,437	$ 7,944,075

G. Purchasing Laws

Office of County Mayor

Purchasing procedures for the County Mayor's Office are governed by the County Purchasing Law of 1983, Sections 5-14-201 through 5-14-206, *Tennessee Code Annotated* (*TCA*). This act provides for all purchases exceeding $10,000 to be competitively bid through newspaper advertisement.

Office of Road Supervisor

Chapter 421, Private Acts of 1929, as amended, and the Uniform Road Law, Section 54-7-113, *TCA*, govern purchasing procedures for the Highway Department. These statutes provide for the road supervisor to make all purchases and for competitive bids to be solicited through public advertisement on all purchases exceeding $10,000.

Office of Director of Schools

Purchasing procedures for the discretely presented Dyer County School Department are governed by purchasing laws applicable to schools as set forth in Section 49-2-203, *TCA*, which provides for the county Board of Education, through its executive committee (director of schools and chairman of the Board of Education), to make all purchases. This statute also requires competitive bids to be solicited through newspaper advertisement on all purchases exceeding $10,000.

Copies of the complete financial statements of the County for the current Fiscal Year are available at https://www.comptroller.tn.gov/office-functions/la/reports/audit-reports.html.