



**ANNUAL FINANCIAL REPORT  
CHESTER COUNTY, TENNESSEE**



**FOR THE YEAR ENDED JUNE 30, 2013**



**ANNUAL FINANCIAL REPORT  
CHESTER COUNTY, TENNESSEE  
FOR THE YEAR ENDED JUNE 30, 2013**

***COMPTROLLER OF THE TREASURY  
JUSTIN P. WILSON***

***DIVISION OF LOCAL GOVERNMENT AUDIT  
JAMES R. ARNETTE  
Director***

***JAN PAGE, CPA, CFE  
Audit Manager***

***LEE ANN WEST, CPA, CGFM  
Auditor 4***

***KELSEY SCHWEITZER  
ELISHA CROWELL, CFE  
State Auditors***

**This financial report is available at [www.comptroller.tn.gov](http://www.comptroller.tn.gov)**

---



---

## CHESTER COUNTY, TENNESSEE

### TABLE OF CONTENTS

---



---

	Exhibit	Page(s)
Audit Highlights		6-7
<u>INTRODUCTORY SECTION</u>		8
Chester County Officials		9
<u>FINANCIAL SECTION</u>		10
Independent Auditor's Report		11-14
BASIC FINANCIAL STATEMENTS:		15
Government-wide Financial Statements:		
Statement of Net Position	A	16-17
Statement of Activities	B	18-19
Fund Financial Statements:		
Governmental Funds:		
Balance Sheet	C-1	20
Reconciliation of the Balance Sheet of Governmental Funds to the Statement of Net Position	C-2	21
Statement of Revenues, Expenditures, and Changes in Fund Balances	C-3	22
Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances of Governmental Funds to the Statement of Activities	C-4	23
Statements of Revenues, Expenditures, and Changes in Fund Balances – Actual and Budget:		
General Fund	C-5	24-25
Solid Waste/Sanitation Fund	C-6	26
Highway/Public Works Fund	C-7	27
Fiduciary Funds:		
Statement of Fiduciary Assets and Liabilities	D	28
Index and Notes to the Financial Statements		29-67
REQUIRED SUPPLEMENTARY INFORMATION:		68
Schedule of Funding Progress – Pension Plan – Primary Government and Discretely Presented Chester County School Department	E-1	69
Schedule of Funding Progress – Pension Plan – Discretely Presented Chester County Emergency Communications District	E-2	70
Schedule of Funding Progress – Other Postemployment Benefits Plans – Primary Government and Discretely Presented Chester County School Department	E-3	71
Notes to the Required Supplementary Information		72

	Exhibit	Page(s)
COMBINING AND INDIVIDUAL FUND FINANCIAL STATEMENTS AND SCHEDULES:		73
Nonmajor Governmental Funds:		74-75
Combining Balance Sheet	F-1	76
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances	F-2	77
Schedules of Revenues, Expenditures, and Changes in Fund Balances – Actual and Budget:		
Public Library Fund	F-3	78
Drug Control Fund	F-4	79
General Debt Service Fund	F-5	80
Education Debt Service Fund	F-6	81
Fiduciary Funds:		82
Combining Statement of Fiduciary Assets and Liabilities	G-1	83
Combining Statement of Changes in Assets and Liabilities – All Agency Funds	G-2	84
Component Unit:		
Discretely Presented Chester County School Department:		85
Statement of Activities	H-1	86
Balance Sheet – Governmental Funds	H-2	87
Reconciliation of the Balance Sheet of Governmental Funds to the Statement of Net Position	H-3	88
Statement of Revenues, Expenditures, and Changes in Fund Balances – Governmental Funds	H-4	89
Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances of Governmental Funds to the Statement of Activities	H-5	90
Schedules of Revenues, Expenditures, and Changes in Fund Balances – Actual (Budgetary Basis) and Budget:		
General Purpose School Fund	H-6	91-92
School Federal Projects Fund	H-7	93
Central Cafeteria Fund	H-8	94
Statement of Fiduciary Net Position	H-9	95
Statement of Changes in Fiduciary Net Position	H-10	96

	Exhibit	Page(s)
Miscellaneous Schedules:		97
Schedule of Changes in Long-term Note, Capital Lease, and Bonds	I-1	98
Schedule of Long-term Debt Requirements by Year	I-2	99
Schedule of Transfers – Discretely Presented Chester County School Department	I-3	100
Schedule of Salaries and Official Bonds of Principal Officials – Primary Government and Discretely Presented Chester County School Department	I-4	101
Schedule of Detailed Revenues – All Governmental Fund Types	I-5	102-105
Schedule of Detailed Revenues – All Governmental Fund Types – Discretely Presented Chester County School Department	I-6	106-107
Schedule of Detailed Expenditures – All Governmental Fund Types	I-7	108-123
Schedule of Detailed Expenditures – All Governmental Fund Types – Discretely Presented Chester County School Department	I-8	124-132
Schedule of Detailed Receipts, Disbursements, and Changes in Cash Balance – City Agency Fund	I-9	133
 <u>SINGLE AUDIT SECTION</u>		 134
 Auditor's Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance With <i>Government</i> <i>Auditing Standards</i>		    135-136
Auditor's Report on Compliance for Each Major Federal Program; Report on Internal Control Over Compliance; and Report on the Schedule of Expenditures of Federal Awards Required by OMB Circular A-133		    137-139
Schedule of Expenditures of Federal Awards and State Grants		140-141
Schedule of Audit Findings Not Corrected		142
Schedule of Findings and Questioned Costs		143-151
Auditee Reporting Responsibilities		152

***Audit Highlights***  
Annual Financial Report  
Chester County, Tennessee  
For the Year Ended June 30, 2013

***Scope***

We have audited the basic financial statements of Chester County as of and for the year ended June 30, 2013.

***Results***

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

Our audit resulted in 11 findings and recommendations, which we have reviewed with Chester County management. Detailed findings, recommendations, and management's response are included in the Single Audit section of this report.

***Findings and Best Practice***

The following are summaries of the audit findings and best practice:

**OFFICE OF COUNTY MAYOR**

- ◆ The office had deficiencies in budget operations.
- 

**OFFICES OF ROAD SUPERVISOR, DIRECTOR OF SCHOOLS, AND REGISTER OF DEEDS**

- ◆ Duties were not segregated adequately.
- 

**OFFICE OF DIRECTOR OF SCHOOLS**

- ◆ The School Federal Projects Fund had a cash overdraft of \$147,742 at June 30, 2013.
- 

**OFFICE OF TRUSTEE**

- ◆ Unauthorized securities were pledged as collateral.
  - ◆ Usernames and passwords were shared by employees.
-

## **OFFICES OF TRUSTEE, COUNTY CLERK, CLERK AND MASTER, AND REGISTER OF DEEDS**

- ◆ Multiple employees operated from the same cash drawer.
- 

## **OFFICE OF COUNTY CLERK**

- ◆ Usernames and passwords were shared by employees.
- 

## **OFFICE OF CLERK AND MASTER**

- ◆ The office had deficiencies in computer system backup procedures.
  - ◆ The office did not review its software audit logs.
- 

## **OFFICE OF SHERIFF**

- ◆ Some funds were not deposited within three days of collection.
- 

## **SOIL CONSERVATION DISTRICT**

- ◆ A former employee misappropriated at least \$47,460 from the office.
- 

## **BEST PRACTICE**

Chester County does not have a central system of accounting, budgeting, and purchasing. The Division of Local Government Audit strongly believes that a central system of accounting, budgeting, and purchasing is a best practice that should be adopted by the governing body as a means of significantly improving accountability and the quality of services provided to the citizens of Chester County.

---

---

# INTRODUCTORY SECTION

---

---

# Chester County Officials

## June 30, 2013

---

### **Officials**

Dwain Seaton, County Mayor  
Jerry King, Road Supervisor  
Cherrie Pipkin, Director of Schools  
Lance Beshires, Trustee  
Beverly Morton, Assessor of Property  
Johnny Warren Garner, County Clerk  
Keith Frye, Circuit and General Sessions Courts Clerk  
Cornelia Hall, Clerk and Master  
Judy Cranford, Register of Deeds  
Blair Weaver, Sheriff

### **Board of County Commissioners**

Dwain Seaton, County Mayor, Chairman  
Mike Alexander  
Larry Blackstock  
Jackie Butler  
Russell Clayton  
Tim Crowe  
Jerry Emerson  
Sandra Highers  
Barry Hutcherson  
Diane Jordan

Jerry Lowe  
Al McKinnon  
Joseph Melaro  
John Allen Moore  
Anthony Naylor  
Robert Richardson  
Barry Smith  
Tierra Thaxton  
John Welch

### **Board of Education**

Bob Moore, Chairman  
Dwight Bingham  
Norris Frank  
Ronald Johnson  
Samuel Jones  
Glenn Naylor

### **Audit Committee - Effective September 9, 2013**

Jerry Lowe  
Al McKinnon  
John Allen Moore  
Barry Smith

---

---

## FINANCIAL SECTION

---

---



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

Independent Auditor's Report

Chester County Mayor and  
Board of County Commissioners  
Chester 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 Chester County, Tennessee, as of and for the year ended June 30, 2013, 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 did not audit the financial statements of the Chester County Emergency Communications District, which represent 5.8 percent, 6.4 percent, and 2.8 percent, respectively, of the assets, net position, and revenues of the aggregate discretely presented component units. Those statements were audited by other auditors whose report has been furnished to us, and our opinion, insofar as it relates to the amounts included for the Chester County Emergency Communications District, is based solely on the report of the other auditors. We conducted our audit in accordance with auditing standards generally

accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

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

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

### ***Opinions***

In our opinion, based on our audit and the report of other auditors, 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 Chester County, Tennessee, as of June 30, 2013, and the respective changes in financial position and the respective budgetary comparisons for the General, Solid Waste/Sanitation, and Highway/Public Works funds for the year then ended in accordance with accounting principles generally accepted in the United States of America.

### ***Emphasis of Matter***

We draw attention to Note I.D.8. in the financial statements, which describes a restatement to the beginning net position of the government-wide financial statements totaling \$262,004. This restatement was necessary because prior to July 1, 2012, debt issuance costs were deferred and amortized over the life of the debt; however, with the implementation of Governmental Accounting Standards Board (GASB) Statement No. 65, debt issuance costs become period costs.

As described in Note V.B., Chester County has adopted the provisions of GASB Statement No. 60, *Accounting and Financial Reporting for Service Concession Arrangements*; Statement No. 61, *The Financial Reporting Entity: Omnibus (an amendment of GASB Statements No. 14 and No. 34)*; Statement No. 62, *Codification of Accounting and Financial Reporting Guidance Contained in Pre-November 30, 1989 FASB and AICPA Pronouncements*; and Statement No. 63, *Reporting Deferred Outflows, Deferred Inflows and Net Position*, which became effective for the year ended June 30, 2013. Chester County early implemented Statement No. 65, *Items Previously Reported as Assets and Liabilities*

and Statement No. 66, *Technical Corrections-2012-an amendment of GASB Statements No. 10 and No. 62*, which have an effective date of June 30, 2014.

### ***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 schedules of funding progress – pension plan and other postemployment benefits plans on pages 69-72 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 Chester County's basic financial statements. The introductory section, combining and individual nonmajor fund financial statements, budgetary comparison schedules of nonmajor governmental funds, combining and individual fund financial statements of the Chester County School Department (a discretely presented component unit), and miscellaneous schedules are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The combining and individual nonmajor fund financial statements, budgetary comparison schedules of nonmajor governmental funds, combining and individual fund financial statements of the Chester County School Department (a discretely presented component unit), and miscellaneous schedules are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting

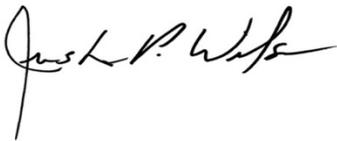
and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining and individual nonmajor fund financial statements, budgetary comparison schedules of nonmajor governmental funds, combining and individual fund financial statements of the Chester County School Department (a discretely presented component unit), and miscellaneous schedules are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

The introductory section has not been subjected to the auditing procedures applied in the audit of the basic financial statements, and accordingly, we do not express an opinion or provide any assurance on it.

**Other Reporting Required by *Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report dated January 16, 2014, on our consideration of Chester County's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Chester County's internal control over financial reporting and compliance.

Very truly yours,



Justin P. Wilson  
Comptroller of the Treasury  
Nashville, Tennessee

January 16, 2014

JPW/kp

---

---

# BASIC FINANCIAL STATEMENTS

---

---

Exhibit A

Chester County, Tennessee  
Statement of Net Position  
June 30, 2013

	Primary Government Governmental Activities	Component Units	
		Chester County School Department	Emergency Communica- tions District
<u>ASSETS</u>			
Cash	\$ 980	\$ 0	\$ 745,081
Equity in Pooled Cash and Investments	3,280,025	4,645,458	0
Accounts Receivable	40,184	1,787	25,119
Due from Other Governments	523,663	661,763	0
Due from Component Units	33,000	0	0
Property Taxes Receivable	2,849,837	1,213,250	0
Allowance for Uncollectible Property Taxes	(128,060)	(53,479)	0
Prepaid Items	0	0	11,513
Capital Assets:			
Assets Not Depreciated:			
Land	2,888,275	414,252	0
Construction in Progress	0	203,170	0
Assets Net of Accumulated Depreciation:			
Buildings and Improvements	9,639,777	8,862,079	0
Infrastructure	1,919,639	0	0
Other Capital Assets	1,587,448	1,707,524	308,853
Total Assets	<u>\$ 22,634,768</u>	<u>\$ 17,655,804</u>	<u>\$ 1,090,566</u>
<u>DEFERRED OUTFLOWS OF RESOURCES</u>			
Deferred Charge on Refunding	\$ 9,936	\$ 0	\$ 0
Total Deferred Outflows of Resources	<u>\$ 9,936</u>	<u>\$ 0</u>	<u>\$ 0</u>
<u>LIABILITIES</u>			
Accounts Payable	\$ 109,878	\$ 8,688	\$ 0
Payroll Deductions Payable	3,206	7,391	1,176
Accrued Leave	0	0	799
Cash Overdraft	0	147,742	0
Accrued Interest Payable	48,726	0	0
Due to Primary Government	0	33,000	0
Noncurrent Liabilities:			
Due Within One Year	933,732	0	0
Due in More Than One Year (net of unamortized premium on debt)	10,595,900	476,414	0
Total Liabilities	<u>\$ 11,691,442</u>	<u>\$ 673,235</u>	<u>\$ 1,975</u>
<u>DEFERRED INFLOWS OF RESOURCES</u>			
Deferred Current Property Taxes	\$ 2,530,960	\$ 1,081,298	\$ 0
Total Deferred Inflows of Resources	<u>\$ 2,530,960</u>	<u>\$ 1,081,298</u>	<u>\$ 0</u>

(Continued)

Exhibit A

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

	Primary Governmental Activities	Component Units	
		Chester County School Department	Emergency Communica- tions District
<u>NET POSITION</u>			
Net Investment in Capital Assets	\$ 6,182,392	\$ 11,187,025	\$ 308,853
Restricted for:			
General Government	424	0	0
Administration of Justice	17,885	0	0
Public Safety	252,760	0	0
Public Health and Welfare	21,227	0	0
Highway/Public Works	573,225	0	0
Capital Outlay	140,051	385,010	0
Debt Service	508,377	0	0
Education	0	42,832	0
Operation of Non-Instructional Services	0	367,162	0
Unrestricted	<u>725,961</u>	<u>3,919,242</u>	<u>779,738</u>
Total Net Position	<u>\$ 8,422,302</u>	<u>\$ 15,901,271</u>	<u>\$ 1,088,591</u>

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

Chester County, Tennessee  
 Statement of Activities  
 For the Year Ended June 30, 2013

Exhibit B

Functions/Programs	Program Revenues				Net (Expense) Revenue and Changes in Net Position			
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Primary Government		Component Units	
					Total Governmental Activities	Chester County School Department	Emergency Communications District	
<b>Primary Government:</b>								
<b>Governmental Activities:</b>								
General Government	\$ 656,035	\$ 80,953	\$ 19,764	\$ 0	\$ (555,318)	\$ 0	\$ 0	0
Finance	663,286	353,656	0	0	(309,630)	0	0	0
Administration of Justice	687,900	364,945	23,496	0	(299,459)	0	0	0
Public Safety	3,224,277	720,499	101,986	99,991	(2,301,801)	0	0	0
Public Health and Welfare	1,304,341	398,665	202,236	0	(703,440)	0	0	0
Social, Cultural, and Recreational Services	169,042	16,434	1,260	0	(151,348)	0	0	0
Agriculture and Natural Resources	71,070	0	0	0	(71,070)	0	0	0
Other Operations	137,486	0	0	0	(137,486)	0	0	0
Highways/Public Works	1,588,748	14,952	1,480,661	0	(93,135)	0	0	0
Interest on Long-term Debt	500,425	0	0	0	(500,425)	0	0	0
Other Debt Service	18,372	0	0	0	(18,372)	0	0	0
<b>Total Primary Government</b>	<b>\$ 9,020,982</b>	<b>\$ 1,950,104</b>	<b>\$ 1,829,403</b>	<b>\$ 99,991</b>	<b>\$ (5,141,484)</b>	<b>\$ 0</b>	<b>\$ 0</b>	<b>0</b>
<b>Component Units:</b>								
Chester County School Department	\$ 20,788,767	\$ 492,652	\$ 2,737,579	\$ 0	0	\$ (17,558,536)	\$ 0	0
Emergency Communications District	255,371	107,499	237,332	252,933	0	0	0	342,393
<b>Total Component Units</b>	<b>\$ 21,044,138</b>	<b>\$ 600,151</b>	<b>\$ 2,974,911</b>	<b>\$ 252,933</b>	<b>0</b>	<b>\$ (17,558,536)</b>	<b>\$ 0</b>	<b>342,393</b>

(Continued)

Exhibit B

Chester County, Tennessee  
Statement of Activities (Cont.)

Functions/Programs	Program Revenues				Net (Expense) Revenue and Changes in Net Position		
	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Expenses	Component Units		
					Primary Government Total	Chester County School Department	Emergency Communica- tions District
General Revenues:							
Taxes:							
Property Taxes Levied for General Purposes				\$ 3,897,893	\$ 1,758,707	\$ 0	0
Property Taxes Levied for Debt Service				35,031	0	0	0
Local Option Sales Taxes				817,371	758,522	0	0
Wheel Tax				751,065	0	0	0
Litigation Taxes				68,101	0	0	0
Business Tax				113,508	0	0	0
Wholesale Beer Tax				47,158	0	0	0
Other Local Taxes				8,806	1,461	0	0
Grants and Contributions Not Restricted to Specific Programs				563,414	15,124,072	0	0
Unrestricted Investment Income				36,813	34,385	4,442	4,442
Miscellaneous				37,525	87,131	2,152	2,152
Total General Revenues				\$ 6,376,685	\$ 17,764,278	\$ 6,594	6,594
Change in Net Position				\$ 1,235,201	\$ 205,742	\$ 348,987	348,987
Net Position, July 1, 2012				7,449,105	15,695,529	739,604	739,604
Restatement - See Note I.D.8.				(262,004)	0	0	0
Net Position, June 30, 2013				\$ 8,422,302	\$ 15,901,271	\$ 1,088,591	1,088,591

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

Exhibit C-1

Chester County, Tennessee  
Balance Sheet  
Governmental Funds  
June 30, 2013

	Major Funds			Nonmajor Funds	Total Governmental Funds
	General	Solid Waste / Sanitation	Highway / Public Works	Other Govern- mental Funds	
<u>ASSETS</u>					
Cash	\$ 0	\$ 0	\$ 0	\$ 980	\$ 980
Equity in Pooled Cash and Investments	1,445,573	274,074	429,079	1,131,299	3,280,025
Accounts Receivable	1,609	38,535	16	24	40,184
Due from Other Governments	79,069	38,244	289,407	116,943	523,663
Due from Other Funds	3,025	0	0	0	3,025
Due from Component Units	33,000	0	0	0	33,000
Property Taxes Receivable	2,792,443	0	32,244	25,150	2,849,837
Allowance for Uncollectible Property Taxes	(125,497)	0	(1,440)	(1,123)	(128,060)
<b>Total Assets</b>	<b>\$ 4,229,222</b>	<b>\$ 350,853</b>	<b>\$ 749,306</b>	<b>\$ 1,273,273</b>	<b>\$ 6,602,654</b>
<u>LIABILITIES</u>					
Accounts Payable	\$ 32,373	\$ 76,840	\$ 0	\$ 665	\$ 109,878
Payroll Deductions Payable	2,309	0	897	0	3,206
Due to Other Funds	0	2,033	0	992	3,025
<b>Total Liabilities</b>	<b>\$ 34,682</b>	<b>\$ 78,873</b>	<b>\$ 897</b>	<b>\$ 1,657</b>	<b>\$ 116,109</b>
<u>DEFERRED INFLOWS OF RESOURCES</u>					
Deferred Current Property Taxes	\$ 2,479,933	\$ 0	\$ 28,667	\$ 22,360	\$ 2,530,960
Deferred Delinquent Property Taxes	167,845	0	1,918	1,496	171,259
Other Deferred/Unavailable Revenue	37,515	12,706	133,732	57,727	241,680
<b>Total Deferred Inflows of Resources</b>	<b>\$ 2,685,293</b>	<b>\$ 12,706</b>	<b>\$ 164,317</b>	<b>\$ 81,583</b>	<b>\$ 2,943,899</b>
<u>FUND BALANCES</u>					
Restricted:					
Restricted for General Government	\$ 424	\$ 0	\$ 0	\$ 0	\$ 424
Restricted for Administration of Justice	17,885	0	0	0	17,885
Restricted for Public Safety	13,538	0	0	239,222	252,760
Restricted for Public Health and Welfare	9,088	0	0	0	9,088
Restricted for Highways/Public Works	0	0	439,875	0	439,875
Restricted for Capital Outlay	0	0	0	140,051	140,051
Restricted for Debt Service	0	0	0	487,377	487,377
Committed:					
Committed for Public Health and Welfare	0	259,274	0	0	259,274
Committed for Social, Cultural, and Recreational Services	0	0	0	286,112	286,112
Committed for Highways/Public Works	0	0	144,217	0	144,217
Committed for Capital Outlay	0	0	0	28,195	28,195
Committed for Debt Service	0	0	0	9,076	9,076
Unassigned	1,468,312	0	0	0	1,468,312
<b>Total Fund Balances</b>	<b>\$ 1,509,247</b>	<b>\$ 259,274</b>	<b>\$ 584,092</b>	<b>\$ 1,190,033</b>	<b>\$ 3,542,646</b>
<b>Total Liabilities, Deferred Inflows of Resources, and Fund Balances</b>	<b>\$ 4,229,222</b>	<b>\$ 350,853</b>	<b>\$ 749,306</b>	<b>\$ 1,273,273</b>	<b>\$ 6,602,654</b>

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

Exhibit C-2

Chester County, Tennessee  
Reconciliation of the Balance Sheet of Governmental Funds to the Statement of Net Position  
June 30, 2013

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)		\$	3,542,646
(1) Capital assets used in governmental activities are not financial resources and therefore are not reported in the governmental funds.			
Add: land	\$	2,888,275	
Add: buildings and improvements net of accumulated depreciation		9,639,777	
Add: infrastructure net of accumulated depreciation		1,919,639	
Add: other capital assets net of accumulated depreciation		<u>1,587,448</u>	16,035,139
(2) Long-term liabilities are not due and payable in the current period and therefore are not reported in the governmental funds.			
Less: bonds payable	\$	(11,075,000)	
Less: note payable		(134,424)	
Less: compensated absences payable		(2,300)	
Less: landfill closure/postclosure care costs		(155,644)	
Less: other postemployment benefits liability		(87,011)	
Less: accrued interest on bonds		(48,726)	
Add: deferred amount on refunding		9,936	
Less: other deferred revenue - premium on debt		<u>(75,253)</u>	(11,568,422)
(3) Other long-term assets are not available to pay for current-period expenditures and therefore are deferred in the governmental funds.			<u>412,939</u>
Net position of governmental activities (Exhibit A)		\$	<u><u>8,422,302</u></u>

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

Exhibit C-3

Chester County, Tennessee  
Statement of Revenues, Expenditures,  
and Changes in Fund Balances  
Governmental Funds  
For the Year Ended June 30, 2013

	Major Funds			Nonmajor	Total
	General	Solid Waste / Sanitation	Highway / Public Works	Other Govern- mental Funds	
<b>Revenues</b>					
Local Taxes	\$ 4,207,409	\$ 311,138	\$ 45,385	\$ 1,322,082	\$ 5,886,014
Licenses and Permits	8,682	0	0	0	8,682
Fines, Forfeitures, and Penalties	88,138	0	0	81,205	169,343
Charges for Current Services	58,357	82,041	0	16,134	156,532
Other Local Revenues	151,124	258,175	20,303	16,801	446,403
Fees Received from County Officials	645,232	0	0	0	645,232
State of Tennessee	555,658	288,564	1,459,327	78,883	2,382,432
Federal Government	98,386	0	0	99,991	198,377
Other Governments and Citizens Groups	245,913	0	0	53,886	299,799
<b>Total Revenues</b>	<b>\$ 6,058,899</b>	<b>\$ 939,918</b>	<b>\$ 1,525,015</b>	<b>\$ 1,668,982</b>	<b>\$ 10,192,814</b>
<b>Expenditures</b>					
Current:					
General Government	\$ 828,006	\$ 0	\$ 0	\$ 0	\$ 828,006
Finance	647,917	0	0	0	647,917
Administration of Justice	567,563	0	0	0	567,563
Public Safety	2,809,759	0	0	96,618	2,906,377
Public Health and Welfare	296,873	935,940	0	0	1,232,813
Social, Cultural, and Recreational Services	7,358	0	0	85,073	92,431
Agriculture and Natural Resources	56,989	0	0	0	56,989
Other Operations	137,479	3,511	0	787	141,777
Highways	0	0	1,321,528	0	1,321,528
Debt Service:					
Principal on Debt	0	34,559	47,460	800,000	882,019
Interest on Debt	0	4,960	8,537	493,051	506,548
Other Debt Service	0	0	0	14,896	14,896
Capital Projects	0	0	0	117,251	117,251
<b>Total Expenditures</b>	<b>\$ 5,351,944</b>	<b>\$ 978,970</b>	<b>\$ 1,377,525</b>	<b>\$ 1,607,676</b>	<b>\$ 9,316,115</b>
Excess (Deficiency) of Revenues Over Expenditures	\$ 706,955	\$ (39,052)	\$ 147,490	\$ 61,306	\$ 876,699
<b>Other Financing Sources (Uses)</b>					
Insurance Recovery	\$ 2,764	\$ 0	\$ 7,762	\$ 0	\$ 10,526
<b>Total Other Financing Sources (Uses)</b>	<b>\$ 2,764</b>	<b>\$ 0</b>	<b>\$ 7,762</b>	<b>\$ 0</b>	<b>\$ 10,526</b>
Net Change in Fund Balances	\$ 709,719	\$ (39,052)	\$ 155,252	\$ 61,306	\$ 887,225
Fund Balance, July 1, 2012	799,528	298,326	428,840	1,128,727	2,655,421
<b>Fund Balance, June 30, 2013</b>	<b>\$ 1,509,247</b>	<b>\$ 259,274</b>	<b>\$ 584,092</b>	<b>\$ 1,190,033</b>	<b>\$ 3,542,646</b>

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

Exhibit C-4

Chester 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, 2013

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)		\$ 887,225
<p>(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:</p>		
Add: capital assets purchased in the current period	\$ 322,245	
Less: current-year depreciation expense	<u>(889,339)</u>	(567,094)
<p>(2) The net effect of various miscellaneous transactions involving capital assets (sales, trade-ins, and donations) is to decrease net position.</p>		
Less: loss on the disposal of capital assets		(10,834)
<p>(3) Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.</p>		
Add: deferred delinquent property taxes and other deferred June 30, 2013	\$ 412,939	
Less: deferred delinquent property taxes and other deferred June 30, 2012	<u>(360,695)</u>	52,244
<p>(4) The issuance of long-term debt (e.g., bonds, notes, other loans, leases) 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.</p>		
Add: change in premium on debt issuances	\$ 11,125	
Add: principal payments on bonds	830,000	
Add: principal payments on capital lease	4,559	
Add: principal payments on note	47,460	
Less: change in deferred amount on refunding debt	<u>(3,476)</u>	889,668
<p>(5) Some expenses reported in the statement of activities do not require the use of current financial resources and therefore are not reported as expenditures in the governmental funds.</p>		
Change in accrued interest payable	\$ 6,123	
Change in compensated absences payable	(1,973)	
Change in other postemployment benefits liability	(18,932)	
Change in landfill closure/postclosure care costs	<u>(1,226)</u>	(16,008)
Change in net position of governmental activities (Exhibit B)		<u>\$ 1,235,201</u>

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

Exhibit C-5

Chester County, Tennessee  
Statement of Revenues, Expenditures, and Changes  
in Fund Balance - Actual and Budget  
General Fund  
For the Year Ended June 30, 2013

	Actual	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
		Original	Final	
<u>Revenues</u>				
Local Taxes	\$ 4,207,409	\$ 4,095,642	\$ 4,095,642	\$ 111,767
Licenses and Permits	8,682	16,000	16,000	(7,318)
Fines, Forfeitures, and Penalties	88,138	84,535	84,535	3,603
Charges for Current Services	58,357	32,300	47,300	11,057
Other Local Revenues	151,124	140,500	140,500	10,624
Fees Received from County Officials	645,232	592,000	592,000	53,232
State of Tennessee	555,658	278,580	466,576	89,082
Federal Government	98,386	43,000	75,500	22,886
Other Governments and Citizens Groups	245,913	218,500	218,500	27,413
<b>Total Revenues</b>	<b>\$ 6,058,899</b>	<b>\$ 5,501,057</b>	<b>\$ 5,736,553</b>	<b>\$ 322,346</b>
<u>Expenditures</u>				
<u>General Government</u>				
County Commission	\$ 12,887	\$ 14,342	\$ 14,342	\$ 1,455
Board of Equalization	500	1,100	1,100	600
Budget and Finance Committee	807	2,425	2,425	1,618
County Mayor/Executive	135,039	130,283	137,284	2,245
County Attorney	1,760	10,000	2,235	475
Election Commission	170,914	162,075	171,075	161
Register of Deeds	126,205	128,576	128,576	2,371
County Buildings	333,707	319,650	341,589	7,882
Other Facilities	20,045	20,600	20,600	555
Other General Administration	26,142	40,250	35,250	9,108
<u>Finance</u>				
Accounting and Budgeting	90,436	92,585	92,585	2,149
Property Assessor's Office	172,319	174,974	174,974	2,655
Reappraisal Program	13,587	15,086	15,086	1,499
County Trustee's Office	168,645	168,924	173,924	5,279
County Clerk's Office	197,791	195,329	198,329	538
Other Finance	5,139	5,000	5,500	361
<u>Administration of Justice</u>				
Circuit Court	239,662	237,098	247,094	7,432
General Sessions Court	105,417	106,590	108,590	3,173
Chancery Court	185,761	191,189	191,189	5,428
Juvenile Court	36,723	28,856	36,856	133
<u>Public Safety</u>				
Sheriff's Department	1,306,454	1,299,880	1,307,880	1,426
Drug Enforcement	933	0	933	0
Jail	1,210,084	1,149,539	1,220,539	10,455
Juvenile Services	63,239	64,069	64,069	830
Fire Prevention and Control	133,111	110,510	134,510	1,399
Civil Defense	85,779	56,605	89,105	3,326
Rescue Squad	5,700	5,700	5,700	0
County Coroner/Medical Examiner	4,459	18,000	18,000	13,541
<u>Public Health and Welfare</u>				
Local Health Center	23,992	39,520	26,539	2,547
Ambulance/Emergency Medical Services	165,113	165,113	165,113	0

(Continued)

Exhibit C-5

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

	Actual	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
		Original	Final	
<u>Expenditures (Cont.)</u>				
<u>Public Health and Welfare (Cont.)</u>				
Alcohol and Drug Programs	\$ 1,000	\$ 3,000	\$ 3,000	\$ 2,000
Other Local Health Services	42,468	29,794	42,775	307
Regional Mental Health Center	10,000	0	10,000	0
General Welfare Assistance	11,172	11,500	11,500	328
Sanitation Education/Information	42,873	39,116	43,116	243
Convenience Centers	255	0	260	5
<u>Social, Cultural, and Recreational Services</u>				
Senior Citizens Assistance	0	2,000	2,000	2,000
Other Social, Cultural, and Recreational	7,358	14,461	9,461	2,103
<u>Agriculture and Natural Resources</u>				
Agriculture Extension Service	34,259	40,545	40,545	6,286
Soil Conservation	14,830	15,096	15,096	266
Flood Control	7,900	7,900	7,900	0
<u>Other Operations</u>				
Industrial Development	7,500	7,500	7,500	0
Veterans' Services	19,197	19,476	19,476	279
Employee Benefits	12,461	3,800	12,500	39
Miscellaneous	98,321	71,500	98,365	44
Total Expenditures	\$ 5,351,944	\$ 5,219,556	\$ 5,454,485	\$ 102,541
Excess (Deficiency) of Revenues Over Expenditures				
	\$ 706,955	\$ 281,501	\$ 282,068	\$ 424,887
<u>Other Financing Sources (Uses)</u>				
Insurance Recovery	\$ 2,764	\$ 0	\$ 0	\$ 2,764
Total Other Financing Sources	\$ 2,764	\$ 0	\$ 0	\$ 2,764
Net Change in Fund Balance				
Fund Balance, July 1, 2012	\$ 709,719	\$ 281,501	\$ 282,068	\$ 427,651
Fund Balance, June 30, 2013	799,528	582,838	582,838	216,690
	\$ 1,509,247	\$ 864,339	\$ 864,906	\$ 644,341

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

Exhibit C-6

Chester County, Tennessee  
Statement of Revenues, Expenditures, and Changes  
in Fund Balance - Actual and Budget  
Solid Waste/Sanitation Fund  
For the Year Ended June 30, 2013

	Actual	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
		Original	Final	
<u>Revenues</u>				
Local Taxes	\$ 311,138	\$ 295,000	\$ 295,000	\$ 16,138
Charges for Current Services	82,041	70,250	70,250	11,791
Other Local Revenues	258,175	225,000	225,000	33,175
State of Tennessee	288,564	160,000	160,000	128,564
Total Revenues	<u>\$ 939,918</u>	<u>\$ 750,250</u>	<u>\$ 750,250</u>	<u>\$ 189,668</u>
<u>Expenditures</u>				
<u>Public Health and Welfare</u>				
Convenience Centers	\$ 338,497	\$ 369,990	\$ 369,990	\$ 31,493
Recycling Center	310,265	218,300	258,300	(51,965)
Other Waste Disposal	283,827	297,415	297,415	13,588
Postclosure Care Costs	3,351	5,000	5,000	1,649
<u>Other Operations</u>				
Other Charges	0	3,000	3,000	3,000
Miscellaneous	3,511	7,000	7,000	3,489
<u>Principal on Debt</u>				
General Government	34,559	35,523	35,523	964
<u>Interest on Debt</u>				
General Government	4,960	7,497	7,497	2,537
Total Expenditures	<u>\$ 978,970</u>	<u>\$ 943,725</u>	<u>\$ 983,725</u>	<u>\$ 4,755</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>\$ (39,052)</u>	<u>\$ (193,475)</u>	<u>\$ (233,475)</u>	<u>\$ 194,423</u>
Net Change in Fund Balance	\$ (39,052)	\$ (193,475)	\$ (233,475)	\$ 194,423
Fund Balance, July 1, 2012	<u>298,326</u>	<u>284,573</u>	<u>284,573</u>	<u>13,753</u>
Fund Balance, June 30, 2013	<u>\$ 259,274</u>	<u>\$ 91,098</u>	<u>\$ 51,098</u>	<u>\$ 208,176</u>

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

Exhibit C-7

Chester County, Tennessee  
Statement of Revenues, Expenditures, and Changes  
in Fund Balance - Actual and Budget  
Highway/Public Works Fund  
For the Year Ended June 30, 2013

	Actual	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
		Original	Final	
<u>Revenues</u>				
Local Taxes	\$ 45,385	\$ 42,900	\$ 42,900	\$ 2,485
Other Local Revenues	20,303	40,000	40,000	(19,697)
State of Tennessee	1,459,327	1,647,792	1,647,792	(188,465)
Total Revenues	\$ 1,525,015	\$ 1,730,692	\$ 1,730,692	\$ (205,677)
<u>Expenditures</u>				
<u>Highways</u>				
Administration	\$ 120,712	\$ 146,110	\$ 146,110	\$ 25,398
Highway and Bridge Maintenance	570,521	785,000	785,000	214,479
Operation and Maintenance of Equipment	292,572	337,200	337,200	44,628
Other Charges	76,083	82,250	82,250	6,167
Employee Benefits	246,641	267,000	267,000	20,359
Capital Outlay	14,999	513,132	457,135	442,136
<u>Principal on Debt</u>				
Highways and Streets	47,460	0	47,460	0
<u>Interest on Debt</u>				
Highways and Streets	8,537	0	8,537	0
Total Expenditures	\$ 1,377,525	\$ 2,130,692	\$ 2,130,692	\$ 753,167
Excess (Deficiency) of Revenues Over Expenditures	\$ 147,490	\$ (400,000)	\$ (400,000)	\$ 547,490
<u>Other Financing Sources (Uses)</u>				
Insurance Recovery	\$ 7,762	\$ 0	\$ 0	\$ 7,762
Total Other Financing Sources	\$ 7,762	\$ 0	\$ 0	\$ 7,762
Net Change in Fund Balance	\$ 155,252	\$ (400,000)	\$ (400,000)	\$ 555,252
Fund Balance, July 1, 2012	428,840	400,000	400,000	28,840
Fund Balance, June 30, 2013	\$ 584,092	\$ 0	\$ 0	\$ 584,092

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

Exhibit D

Chester County, Tennessee  
Statement of Fiduciary Assets and Liabilities  
Fiduciary Funds  
June 30, 2013

	<u>Agency Funds</u>
<u>ASSETS</u>	
Cash	\$ 198,316
Due from Other Governments	<u>135,700</u>
Total Assets	<u>\$ 334,016</u>
<u>LIABILITIES</u>	
Due to Other Taxing Units	\$ 135,700
Due to Litigants, Heirs, and Others	<u>198,316</u>
Total Liabilities	<u>\$ 334,016</u>

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

---



---

**CHESTER COUNTY, TENNESSEE**  
**Index of Notes to Financial Statements**

---



---

Note	Page(s)
<b>I. Summary of Significant Accounting Policies</b>	
A. Reporting Entity	30
B. Government-wide and Fund Financial Statements	31
C. Measurement Focus, Basis of Accounting, and Financial Statement Presentation	31
D. Assets, Liabilities, Deferred Outflows/Inflows of Resources, and Net Position/Fund Balance	
1. Deposits and Investments	34
2. Receivables and Payables	35
3. Capital Assets	36
4. Deferred Outflows/Inflows of Resources	37
5. Compensated Absences	38
6. Long-term Obligations	38
7. Net Position and Fund Balance	39
8. Restatement	40
<b>II. Reconciliation of Government-wide and Fund Financial Statements</b>	
A. Explanation of Certain Differences Between the Governmental Fund Balance Sheet and the Government-wide Statement of Net Position	40
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	41
<b>III. Stewardship, Compliance, and Accountability</b>	
A. Budgetary Information	41
B. Cash Overdraft	42
C. Expenditures Exceeded Appropriations	42
D. Deposits Exposed to Custodial Credit Risk	42
<b>IV. Detailed Notes on All Funds</b>	
A. Deposits and Investments	43
B. Capital Assets	44
C. Construction Commitments	47
D. Interfund Receivables, Payables, and Transfers	47
E. Long-term Obligations	48
F. Pledges of Future Revenues	51
G. On-Behalf Payments	51
<b>V. Other Information</b>	
A. Risk Management	52
B. Accounting Changes	53
C. Contingent Liabilities	54
D. Landfill Closure/Postclosure Care Costs	54
E. Jointly Governed Organizations	55
F. Retirement Commitments	55
G. Other Postemployment Benefits (OPEB)	58
H. Purchasing Laws	60
<b>VI. Other Notes - Discretely Presented Chester County Emergency Communications District</b>	61

**CHESTER COUNTY, TENNESSEE**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**For the Year Ended June 30, 2013**

**I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

Chester 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 Chester County:

**A. Reporting Entity**

Chester County is a public municipal corporation governed by an elected 18-member board. As required by GAAP, these financial statements present Chester County (the primary government) and its component units. 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 Chester County School Department operates the public school system in the county, and the voters of Chester 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 Chester County Emergency Communications District provides a simplified means of securing emergency services through a uniform emergency number for the residents of Chester County, and the Chester 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 Chester 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 Chester County Emergency Communications District can be obtained from its administrative office at the following address:

Administrative Office:

Chester County Emergency Communications District  
P.O. Box 34  
Henderson, TN 38340

**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 Chester 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 Chester 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.

Chester County issues all debt for the discretely presented Chester County School Department. There were no debt issues contributed by the county to the School Department during the year ended June 30, 2013.

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

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

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting, as are the

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 Chester 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 outflows of resources, liabilities, deferred inflows of resources, fund equity, revenues, and expenditures. Funds are organized into three major categories: governmental, proprietary, and fiduciary. An emphasis is placed on major funds within the governmental category. Chester County has no proprietary funds to report.

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

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they become both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the county considers revenues other than grants to be available if they are collected within 30 days after year-end. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met and the revenues are available. Chester 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 debt service funds for payments to be made early in the following year.

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

Fiduciary 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.

Chester 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.

**Solid Waste/Sanitation Fund** – This special revenue fund accounts for transactions relating to the disposal of Chester County’s solid waste. Local taxes and general service charges are the foundational revenues of this fund.

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

Additionally, Chester County reports the following fund types:

**Debt Service Funds** – These funds account for the resources accumulated and payments made for principal and interest on long-term general obligation debt of governmental funds.

**Capital Projects Fund** – The General Capital Projects Fund is used to account for financial resources to be used for the acquisition or construction of major capital facilities.

**Agency Funds** – These funds account for amounts collected in an agency capacity by the constitutional officers and local sales taxes received by the state to be forwarded to the various cities in Chester County. Agency funds are custodial in nature (assets equal liabilities) and do not involve measurement of results of operations. They do, however, use the accrual basis of accounting to recognize receivables and payables.

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

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

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

**Central Cafeteria Fund** – This special revenue fund is used to account for the cafeteria operations in each of the schools. Charges for service and federal funds are the foundational revenues for this fund.

Additionally, the Chester County School Department reports the following fund types:

**Capital Projects Fund** – The Education Capital Projects Fund is used to account for various capital projects within the School Department.

**Private Purpose Trust Fund** – The Private Purpose Trust Fund is used to account for endowments received by the School Department. Income generated from the corpus of one of the endowments is to be used to provide annual scholarships to one or more Chester County students chosen by a faculty committee at Chester County High School. The other endowment provides for scholarships to be awarded totaling \$2,500 per year until the endowment is depleted.

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

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

**1. Deposits and Investments**

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

The county trustee maintains a cash and internal investment pool that is used by all funds and the discretely presented Chester 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 primary government's Public Library and Solid Waste/Sanitation funds and the School Department's General Purpose School Fund. Chester 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 fair value. The State Treasurer's Investment Pool is not registered with the Securities and Exchange Commission (SEC) as an investment company, but nevertheless has a policy that it will, and does, operate in a manner consistent with the SEC's Rule 2a7 of the Investment Company Act of 1940. Accordingly, the pool qualifies as a 2a7-like pool and is reported at the net asset value per share (which approximates fair value) even though it is calculated using the amortized cost method. State statutes require the state treasurer to administer the pool under the same terms and conditions, including collateral requirements, as prescribed for other funds invested by the state treasurer. All other investments are reported at fair value. No investments required to be reported at fair value were held at the balance sheet date.

## **2. Receivables and Payables**

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

Property taxes receivables are shown with an allowance for uncollectibles. The allowance for uncollectible property taxes is equal to 1.97 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 primary government as assets with an initial, individual cost of \$5,000 or more and an estimated useful life of more than five years. Capital assets are defined by the discretely presented Chester County School Department as assets with an initial, individual cost of \$10,000 or more and an estimated useful life of more than seven years. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair market value at the date of donation.

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

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

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

<u>Assets</u>	<u>Years</u>
<u>Primary Government</u>	
Buildings and Improvements	30
Other Capital Assets	5 - 15
Infrastructure:	
Roads	10 - 20
Bridges	15 - 30
 <u>Discretely Presented Chester</u>	
<u>County School Department</u>	
Buildings and Improvements	25 - 40
Buses	15
Other Vehicles	7
Equipment	7

**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. This separate financial statement element, deferred outflows of resources, represents a consumption of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/expenditure) until then. The government only has one item that qualifies for reporting in this category. It is the deferred charge on refunding reported in the government-wide Statement of Net Position. A deferred charge on refunding results from the difference in the carrying value of refunded debt and its reacquisition price. This amount is deferred and amortized over the shorter of the life of the refunded or refunding debt.

In addition to liabilities, the Statement of Net Position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. The government has items that qualify for reporting in this category. Accordingly, the items are reported in the government-wide Statement of Net Position and the governmental funds balance sheet. These revenues are from the following sources: current and delinquent property taxes and various receivables for revenues, which do not meet the availability criteria in 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 policy of Chester County (with the exception of the Highway Department) does not provide for employees to receive compensation for unused accumulated vacation or sick leave days.

The policy of the Chester County Highway Department permits employees to accumulate an unlimited amount of earned but unused vacation benefits, which will be paid to employees upon separation from service. A liability for vacation pay is reported in governmental funds only if amounts have matured, for example, as a result of employee resignations and retirements.

The School Department does not have a formal leave policy; however, the general policy does not provide for employees to receive compensation for unused accumulated vacation or sick leave days.

**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 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 landfill closure/postclosure care costs, are recognized to the extent that the liabilities have matured (come due for payment) each period.

## 7. Net Position and Fund Balance

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

- a. Net investment in capital assets – Consists of capital assets, including restricted capital assets, net of accumulated depreciation and reduced by the outstanding balances of any bonds, mortgages, notes, or other borrowings that are attributable to the acquisition, construction, or improvement of those assets.
- b. Restricted net position – Consists of net position with constraints placed on the use either by (1) external groups such as creditors, grantors, contributors, or laws or regulations of other governments or (2) law through constitutional provisions or enabling legislation.
- c. Unrestricted net position – All other net position that does not meet the definition of restricted or net investment in capital assets.

As of June 30, 2013, Chester County had \$1,415,000 in outstanding debt for capital purposes of the discretely presented Chester County School Department. This debt is a liability of Chester County, but the capital assets acquired are reported in the financial statements of the School Department. Therefore, Chester 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. Restatement**

Prior to July 1, 2012, debt issuance costs were deferred and amortized over the life of the debt; however, with the implementation of GASB Statement No. 65, debt issuance costs become period costs. An adjustment to beginning net position totaling \$262,004 has been recognized for accumulated debt issuance costs on the government-wide financial statements.

**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 Chester County School Department**

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

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

##### **Primary Government**

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

### **Discretely Presented Chester County School Department**

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

## **III. STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY**

### **A. Budgetary Information**

In prior years, the budgetary statements for the General Fund and major special revenue funds were presented as required supplementary information in the financial statements of its external financial report. Effective for the year ended June 30, 2013, these budgetary statements are presented as part of the basic financial statements. This change in presentation was done to be consistent in the presentation of the information for both municipal and county governments in Tennessee.

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

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

The budgetary level of control is at the major category level established by the County Uniform Chart of Accounts, as prescribed by the Comptroller of the Treasury of the State of Tennessee. Major categories are at the department level (examples of General Fund major categories: County Commission, Board of Equalization, Budget and Finance Committee, County Mayor, 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 the GAAP basis is presented on the face of each budgetary schedule.

As of June 30, 2013, the Chester County School Department reported the following significant encumbrances:

Fund	Description	Amount
Major Fund:		
General Purpose School	School roof	\$ 120,000
"	School sports complex	1,605,330

**B. Cash Overdraft**

The discretely presented School Federal Projects Fund had a cash overdraft of \$147,742 at June 30, 2013. This cash overdraft resulted from the issuance of warrants exceeding cash on deposit with the county trustee. The cash overdraft was liquidated subsequent to June 30, 2013.

**C. Expenditures Exceeded Appropriations**

Expenditures exceeded appropriations approved by the County Commission in the Recycling Center major appropriation category (the legal level of control) of the Solid Waste/Sanitation Fund by \$51,965. Expenditures that exceed appropriations are a violation of state statutes. These expenditures in excess of appropriations were funded by available fund balance.

**D. The County Had Deposits Exposed to Custodial Credit Risk**

County funds at the trustee's depositories were secured by collateral pledged by the depositories. However, one depository had securities pledged, which included obligations of school districts and counties of other states, which are not a type of security authorized by Section 9-4-103, *Tennessee Code Annotated*. This statute requires securities to be bonds of the United States,

bonds of this state, bonds of any county of municipal corporation of this state, loans to students guaranteed 100 percent by the Tennessee Student Assistance Corporation, or an irrevocable letter of credit issued by the federal home loan bank. The depository corrected the error during December 2013, and changed the securities pledged to types authorized by state statute.

#### IV. DETAILED NOTES ON ALL FUNDS

##### A. Deposits and Investments

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

##### Deposits

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

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

**Custodial Credit Risk.** Custodial credit risk is the risk that in the event of a bank failure, Chester County's deposits may not be returned to it. Chester County does not have a formal policy that limits custodial credit risk for deposits. Separate disclosures concerning bank balances of pooled deposits cannot be made for Chester County and the discretely presented Chester County School Department since both pool their deposits and investments

through the county trustee. As of June 30, 2013, bank balances of \$432,904 were exposed to custodial credit risk as follows:

Uninsured and uncollateralized	\$ 432,904
--------------------------------	------------

The above \$432,904 was in the pooled bank balances and consisted of demand deposits and certificates of deposit reported in the Trustee's Office. Although collateral was pledged by the depository to secure deposits, some of the collateral did not meet requirements of state statutes; therefore, the deposits are categorized as uncollateralized. Subsequent to June 30, 2013, the depository pledged collateral that did meet requirements of state statutes.

### **Investments**

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

The county had no pooled and nonpooled investments as of June 30, 2013.

### **B. Capital Assets**

Capital assets activity for the year ended June 30, 2013, was as follows:

## Primary Government

### Governmental Activities:

	Balance 7-1-12	Increases	Decreases	Balance 6-30-13
Capital Assets Not Depreciated:				
Land	\$ 2,888,275	\$ 0	\$ 0	\$ 2,888,275
Total Capital Assets Not Depreciated	\$ 2,888,275	\$ 0	\$ 0	\$ 2,888,275
Capital Assets Depreciated:				
Buildings and Improvements	\$ 14,222,122	\$ 193,922	\$ 0	\$ 14,416,044
Infrastructure	2,726,941	407	20,000	2,707,348
Other Capital Assets	4,986,916	127,916	20,668	5,094,164
Total Capital Assets Depreciated	\$ 21,935,979	\$ 322,245	\$ 40,668	\$ 22,217,556
Less Accumulated Depreciation For:				
Buildings and Improvements	\$ 4,346,319	\$ 429,948	\$ 0	\$ 4,776,267
Infrastructure	633,603	163,272	9,166	787,709
Other Capital Assets	3,231,265	296,119	20,668	3,506,716
Total Accumulated Depreciation	\$ 8,211,187	\$ 889,339	\$ 29,834	\$ 9,070,692
Total Capital Assets Depreciated, Net	\$ 13,724,792	\$ (567,094)	\$ 10,834	\$ 13,146,864
Governmental Activities Capital Assets, Net	\$ 16,613,067	\$ (567,094)	\$ 10,834	\$ 16,035,139

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

**Governmental Activities:**

General Government	\$ 13,688
Finance	3,441
Administration of Justice	69,612
Public Safety	329,910
Public Health and Welfare	172,940
Social, Cultural, and Recreational Services	35,790
Agriculture and Natural Resources	1,376
Highways	<u>262,582</u>
 Total Depreciation Expense - Governmental Activities	 <u><u>\$ 889,339</u></u>

**Discretely Presented Chester County School Department**

**Governmental Activities:**

	Balance 7-1-12	Increases	Decreases	Balance 6-30-13
Capital Assets Not Depreciated:				
Land	\$ 414,252	\$ 0	\$ 0	\$ 414,252
Construction in Progress	0	203,170	0	203,170
Total Capital Assets Not Depreciated	<u>\$ 414,252</u>	<u>\$ 203,170</u>	<u>\$ 0</u>	<u>\$ 617,422</u>
Capital Assets Depreciated:				
Buildings and Improvements	\$ 17,462,091	\$ 80,888	\$ 75,000	\$ 17,467,979
Other Capital Assets	4,802,754	224,748	0	5,027,502
Total Capital Assets Depreciated	<u>\$ 22,264,845</u>	<u>\$ 305,636</u>	<u>\$ 75,000</u>	<u>\$ 22,495,481</u>
Less Accumulated Depreciation For:				
Buildings and Improvements	\$ 8,286,110	\$ 380,040	\$ 60,250	\$ 8,605,900
Other Capital Assets	2,969,082	350,896	0	3,319,978
Total Accumulated Depreciation	<u>\$ 11,255,192</u>	<u>\$ 730,936</u>	<u>\$ 60,250</u>	<u>\$ 11,925,878</u>
Total Capital Assets Depreciated, Net	<u>\$ 11,009,653</u>	<u>\$ (425,300)</u>	<u>\$ 14,750</u>	<u>\$ 10,569,603</u>
Governmental Activities Capital Assets, Net	<u><u>\$ 11,423,905</u></u>	<u><u>\$ (222,130)</u></u>	<u><u>\$ 14,750</u></u>	<u><u>\$ 11,187,025</u></u>

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

**Governmental Activities:**

Instruction	\$ 500,292
Support Services	155,916
Operation of Non-Instructional Services	<u>74,728</u>
 Total Depreciation Expense - Governmental Activities	 <u><u>\$ 730,936</u></u>

**C. Construction Commitments**

At June 30, 2013, the discretely presented General Purpose School Fund had uncompleted construction contracts of \$1,605,330 for an elementary school sports complex and \$120,000 for a school roof. Funding has been received for these future expenditures.

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

The composition of interfund balances as of June 30, 2013, was as follows:

**Due to/from Other Funds:**

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>
Primary Government:		
General	Solid Waste/Sanitation	\$ 2,033
"	Nonmajor governmental	992

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

**Due to/from Primary Government and Component Units:**

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>
Primary Government:		
General	Component Unit: School Department: General Purpose School	\$ 33,000

**Interfund Transfers:**

Interfund transfers for the year ended June 30, 2013, consisted of the following amount:

**Discretely Presented Chester County School Department**

Transfer Out	<u>Transfer In</u> General Purpose School Fund
School Federal Projects Fund	\$ 7,200

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 Notes**

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

General obligation bonds and capital outlay notes are direct obligations and pledge the full faith and credit of the government. General obligation bonds and capital outlay notes outstanding were issued for original terms of up to 32 years for bonds and up to four year for notes. Repayment terms are generally structured with increasing amounts of principal maturing as interest requirements decrease over the term of the debt. All bonds and notes included in long-term debt as of June 30, 2013, will be retired from the Solid Waste/Sanitation, Highway/Public Works, General Debt Service, and Education Debt Service funds.

General obligation bonds and the capital outlay note outstanding as of June 30, 2013, for governmental activities are as follows:

Type	Interest Rate	Final Maturity	Original Amount of Issue	Balance 6-30-13
General Obligation Bonds	2.75 to 5.5%	6-1-40	\$ 9,660,000	\$ 9,080,000
General Obligation Bonds - Refunding	2.75 to 5	5-1-23	4,790,000	1,995,000
Capital Outlay Note	5.5	1-12-16	200,343	134,424

The annual requirements to amortize all general obligation bonds and the note outstanding as of June 30, 2013, including interest payments, are presented in the following tables:

Year Ending June 30	Bonds		
	Principal	Interest	Total
2014	\$ 880,000	\$ 468,028	\$ 1,348,028
2015	915,000	437,553	1,352,553
2016	365,000	405,872	770,872
2017	240,000	391,271	631,271
2018	260,000	382,484	642,484
2019-2023	1,545,000	1,715,249	3,260,249
2024-2028	1,620,000	1,388,273	3,008,273
2029-2033	1,850,000	1,027,555	2,877,555
2034-2038	2,305,000	584,675	2,889,675
2039-2040	1,095,000	79,325	1,174,325
Total	<u>\$ 11,075,000</u>	<u>\$ 6,880,285</u>	<u>\$ 17,955,285</u>

Year Ending June 30	Note		
	Principal	Interest	Total
2014	\$ 49,757	\$ 6,240	\$ 55,997
2015	52,604	3,393	55,997
2016	32,063	601	32,664
Total	<u>\$ 134,424</u>	<u>\$ 10,234</u>	<u>\$ 144,658</u>

There is \$496,453 available in the debt service funds to service long-term debt. Debt per capita, including bonds and the note, totaled \$654 based on the 2010 federal census.

#### Changes in Long-term Obligations

Long-term obligations activity for the year ended June 30, 2013, was as follows:

Governmental Activities:

	Bonds	Note	Capital Lease
Balance, July 1, 2012	\$ 11,905,000	\$ 181,884	\$ 4,559
Reductions	(830,000)	(47,460)	(4,559)
Balance, June 30, 2013	<u>\$ 11,075,000</u>	<u>\$ 134,424</u>	<u>\$ 0</u>
Balance Due Within One Year	<u>\$ 880,000</u>	<u>\$ 49,757</u>	<u>\$ 0</u>

	Compensated Absences	Landfill Closure/ Postclosure Care Costs	Other Postemployment Benefits
Balance, July 1, 2012	\$ 327	\$ 154,418	\$ 68,079
Additions	8,849	2,902	22,832
Reductions	(6,876)	(1,676)	(3,900)
Balance, June 30, 2013	<u>\$ 2,300</u>	<u>\$ 155,644</u>	<u>\$ 87,011</u>
Balance Due Within One Year	<u>\$ 2,300</u>	<u>\$ 1,675</u>	<u>\$ 0</u>

Analysis of Noncurrent Liabilities Presented on Exhibit A:

Total Noncurrent Liabilities, June 30, 2013	\$ 11,454,379
Less: Balance Due Within One Year	(933,732)
Add: Unamortized Premium on Debt	<u>75,253</u>
Noncurrent Liabilities - Due in More Than One Year - Exhibit A	<u>\$ 10,595,900</u>

Compensated absences will be paid from the Highway/Public Works Fund. Landfill closure/postclosure care costs will be paid from the Solid Waste/Sanitation Fund. Other postemployment benefits will be paid from the employing funds, primarily the General Fund.

**Discretely Presented Chester County School Department**

Changes in Long-term Obligations

Long-term obligations activity for the discretely presented Chester County School Department for the year ended June 30, 2013, was as follows:

Governmental Activities:	Other Postemployment Benefits
	<hr/>
Balance, July 1, 2012	\$ 365,718
Additions	184,101
Reductions	<hr/> (73,405) <hr/>
Balance, June 30, 2013	<hr/> \$ 476,414 <hr/>
Balance Due Within One Year	<hr/> \$ 0 <hr/>

**F. Pledges of Future Revenues**

Local Option Sales Tax Revenues Pledged

In 1995, the citizens of Chester County voted to increase the local option sales tax rate from two and one-fourth to two and three-fourths percent. Chester County, the City of Henderson, and the Chester County School Department have pledged their additional sales tax collections generated from the one-half percent increase to repay \$7.5 million in general obligation bonds issued in June 1995 to finance the construction of new school buildings. The bonds are also guaranteed by the county in the event the additional sales tax revenues are insufficient to meet the debt service requirements on the bonds. Total principal and interest requirements for the bonds are \$1,493,164, payable semiannually through May 2016. For the current year, principal and interest paid and sales tax revenues generated by the increase were \$688,930 and \$693,329, respectively.

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

The State of Tennessee pays health insurance premiums for retired teachers on-behalf of the Chester County School Department. These payments are made by the state to the Local Education Group Insurance Plan and the Medicare Supplement Plan. Both of these plans are administered by the State of Tennessee and reported in the state's Comprehensive Annual Financial Report. Payments by the state to the Local Education Group Insurance Plan and the Medicare Supplement Plan for the year ended June 30, 2013, were \$35,419 and \$14,230, respectively. The School Department has recognized these on-behalf payments as revenues and expenditures in the General Purpose School Fund.

## V. OTHER INFORMATION

### A. Risk Management

#### Primary Government

##### Employee Health Insurance

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

##### Liability, Property, Casualty, and Workers' Compensation Insurance

Chester County participates in the Tennessee Risk Management Trust (TN-RMT), which is a public entity risk pool created under the auspices of the Tennessee Governmental Tort Liability Act to provide governmental insurance coverage. The county pays annual premiums to the TN-RMT for its general liability, property, casualty, and workers' compensation insurance coverage. The creation of TN-RMT provides for it to be self-sustaining through member premiums.

#### Discretely Presented Chester County School Department

##### Employee Health Insurance

The discretely presented Chester 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, *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.

##### Liability, Property, Casualty, and Workers' Compensation Insurance

The School Department participates in the Tennessee Risk Management Trust (TN-RMT), which is a public entity risk pool created under the auspices of the Tennessee Governmental Tort Liability Act to provide governmental

insurance coverage. The School Department pays annual premiums to the TN-RMT for its general liability, property, casualty, and workers' compensation insurance coverage. The creation of TN-RMT provides for it to be self-sustaining through member premiums.

**B. Accounting Changes**

Provisions of Governmental Accounting Standards Board (GASB) Statement No. 60, *Accounting and Financial Reporting for Service Concession Arrangements*; No. 61, *The Financial Reporting Entity: Omnibus (an amendment of GASB Statements No. 14 and No. 34)*; Statement No. 62, *Codification of Accounting and Financial Reporting Guidance Contained in Pre-November 30, 1989 FASB and AICPA Pronouncements*; and Statement No. 63, *Reporting Deferred Outflows, Deferred Inflows and Net Position* became effective for the year ended June 30, 2013. Chester County early implemented Statement No. 65, *Items Previously Reported as Assets and Liabilities* and Statement No. 66, *Technical Corrections-2012-an amendment of GASB Statements No. 10 and No. 62*, which have an effective date of June 30, 2014.

GASB Statement No. 60 provides accounting and financial reporting guidance related to service concession arrangements (SCAs), which are a type of public-private or public-public partnership. The standard establishes criteria for determining whether a SCA exists, how to account for SCAs, and requires certain disclosures associated with a SCA.

GASB Statement No. 61 amends Statements No. 14 and No. 34 and modifies certain requirements for inclusion of component units in the financial reporting entity to ensure that the reporting entity includes only organizations for which the elected officials are financially accountable or that are determined by the government to be misleading to exclude. Statement No. 61 also clarifies the criteria for blending component units and presenting business-type component units.

GASB Statement No. 62 incorporates into GASB's literature the provisions in Financial Accounting Standards Board Statements and Interpretations, Accounting Principles Board Opinions, and Accounting Research Bulletins of the American Institute of Certified Public Accountants' Committee on Accounting Procedure issued on or before November 30, 1989, that do not conflict with or contradict GASB pronouncements. The option to use subsequent FASB guidance has been removed.

GASB Statement No. 63 provides financial reporting guidance for deferred outflows of resources and deferred inflows of resources that were introduced and defined by Concepts Statement No. 4, *Elements of Financial Statements*. Previous financial reporting standards did not include guidance for reporting those financial statement elements, which are distinct from assets and

liabilities. In addition, the previous Statement of Net Assets was renamed to a Statement of Financial Position.

GASB Statement No. 65 establishes accounting and financial reporting standards that reclassifies, as deferred outflows of resources or deferred inflows of resources, certain items that were previously reported as assets and liabilities and recognizes, as outflows of resources or inflows of resources, certain items that were previously reported as assets and liabilities.

GASB Statement No. 66 resolves conflicting guidance by removing the provision that limits fund based reporting of an entity's risk financing activities to the General Fund and the internal service fund type. Under Statement No. 66 decisions about fund type classifications are based on the nature of the activity to be reported as required by Statements No. 54 and No. 34. This statement also modifies guidance on operating lease payments, purchased loans, and servicing fees related to mortgage loans.

**C. Contingent Liabilities**

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

**D. Landfill Closure/Postclosure Care Costs**

Chester County and the City of Henderson have an active permit on file with the state Department of Environment and Conservation for a sanitary landfill. The county and city have provided financial assurances for estimated postclosure liabilities as required by the State of Tennessee. These financial assurances are on file with the Department of Environment and Conservation.

State and federal laws and regulations require the city and county to place a final cover on their sanitary landfill site when it stops accepting waste and to perform certain maintenance and monitoring functions at the site for 30 years after closure. Although closure and postclosure care costs will be paid only near or after the date that the landfill stops accepting waste, the city and county report portions of these closure and postclosure care costs as an operating expense in each period based on landfill capacity used as of each balance sheet date. Chester County and the City of Henderson closed their sanitary landfill in 1997. Chester County and the City of Henderson each verbally agreed to pay 50 percent of the postclosure costs. The \$155,644 reported as postclosure care liability at June 30, 2013, represents 50 percent of the county's share based on what it would cost to perform all postclosure care in 2013. Actual costs may be higher due to inflation, changes in technology, or changes in regulations.

**E. Jointly Governed Organization**

The West Tennessee Railroad Authority (WTRA) was created by Gibson County in conjunction with the counties of Chester, Madison, McNairy, Obion, and Weakley. The WTRA's board includes the mayors of Chester, Gibson, Madison, McNairy, Obion, and Weakley counties, and one at-large member from each of these areas. However, the counties do not have any ongoing financial interest or responsibility for the entity.

**F. Retirement Commitments**

**Plan Description**

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

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

**Funding Policy**

Chester County requires employees to contribute five percent of their earnable compensation to the plan. The county is required to contribute at an actuarially determined rate; the rate for the fiscal year ended June 30, 2013, was 7.44 percent of annual covered payroll. The contribution

requirement of plan members is set by state statute. The contribution requirement for the county is established and may be amended by the TCRS Board of Trustees.

**Annual Pension Cost**

For the year ended June 30, 2013, Chester County’s annual pension cost of \$472,968 to TCRS was equal to the county’s required and actual contributions. The required contribution was determined as part of the July 1, 2011, actuarial valuation using the frozen entry age actuarial cost method. Significant actuarial assumptions used in the valuation include (a) rate of return on investment of present and future assets of 7.5 percent a year compounded annually (b) projected three percent annual rate of inflation, (c) projected salary increases of 4.75 percent (graded) annual rate (no explicit assumption is made regarding the portion attributable to the effects of inflation on salaries), (d) projected 3.5 percent annual increase in the Social Security wage base, and (e) projected postretirement increases of 2.5 percent annually. The actuarial value of assets was determined using techniques that smooth the effect of short-term volatility in the market value of total investments over a ten-year period. The county’s unfunded actuarial accrued liability is being amortized as a level dollar amount on a closed basis. The remaining amortization period at July 1, 2011, was three years. An actuarial valuation was performed as of July 1, 2011, which established contribution rates effective July 1, 2012.

**Trend Information**

<u>Fiscal Year Ended</u>	<u>Annual Pension Cost (APC)</u>	<u>Percentage of APC Contributed</u>	<u>Net Pension Obligation</u>
6-30-13	\$472,968	100%	\$0
6-30-12	477,878	100	0
6-30-11	486,064	100	0

**Funded Status and Funding Progress**

As of July 1, 2011, the most recent actuarial valuation date, the plan was 97.9 percent funded. The actuarial accrued liability for benefits was \$14.29 million, and the actuarial value of assets was \$13.99 million, resulting in an unfunded actuarial accrued liability (UAAL) of \$.3 million. The covered payroll (annual payroll of active employees covered by the plan) was \$5.91 million, and the ratio of the UAAL to the covered payroll was 5.08 percent.

The Schedule of Funding Progress, presented as required supplementary information following the notes to the financial statements, presents multi-year trend information about whether the actuarial values of plan

assets are increasing or decreasing over time relative to the actuarial accrued liability for benefits.

## **SCHOOL TEACHERS**

### **Plan Description**

The Chester County School Department contributes to the State Employees, Teachers, and Higher Education Employees Pension Plan (SETHEEPP), a cost-sharing multiple-employer defined benefit pension plan administered by the Tennessee Consolidated Retirement System (TCRS). TCRS provides retirement benefits as well as death and disability benefits to plan members and their beneficiaries. Benefits are determined by a formula using the member's high five-year average salary and years of service. Members become eligible to retire at the age of 60 with five years of service or at any age with 30 years of service. A reduced retirement benefit is available to vested members who are at least 55 years of age or have 25 years of service. Disability benefits are available to active members with five years of service who become disabled and cannot engage in gainful employment. There is no service requirement for disability that is the result of an accident or injury occurring while the member was in the performance of duty. Members joining the plan on or after July 1, 1979, are vested after five years of service. Members joining prior to July 1, 1979, are vested after four years of service. Benefit provisions are established in state statute found in Title 8, Chapters 34-37 of *Tennessee Code Annotated*. State statutes are amended by the Tennessee General Assembly. A cost of living adjustment (COLA) is provided to retirees each July based on the percentage change in the Consumer Price Index (CPI) during the previous calendar year. No COLA is granted if the CPI increases less than one-half percent. The annual COLA is capped at three percent.

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

### **Funding Policy**

Most teachers are required by state statute to contribute five percent of their salaries to the plan. The employer contribution rate for the School Department is established at an actuarially determined rate. The employer rate for the fiscal year ended June 30, 2013, was 8.88 percent of annual covered payroll. The employer contribution requirement for the School Department is established and may be amended by the TCRS Board of Trustees. The employer's contributions to TCRS for the years ended June 30, 2013, 2012, and 2011, were \$783,704, \$760,821, and \$755,346, respectively, equal to the required contributions for each year.

**G. Other Postemployment Benefits (OPEB)**

Plan Description

Chester County and the Chester County School Department participate in the state-administered Local Government Group Insurance Plan and the Local Education Group Insurance Plan for healthcare benefits. For accounting purposes, the plans are agent multiple-employer defined benefit OPEB plans. Benefits are established and amended by an insurance committee created by Section 8-27-207, *Tennessee Code Annotated (TCA)*, for local governments and Section 8-27-302, *TCA*, for local education employees. Prior to reaching the age of 65, all members have the option of choosing between the standard or partnership preferred provider organization (PPO) plan for healthcare benefits. Subsequent to age 65, members who are also in the state's retirement system may participate in a state-administered Medicare Supplement Plan that does not include pharmacy. The plans are reported in the State of Tennessee Comprehensive Annual Financial Report (CAFR). The CAFR is available on the state's website at <http://tn.gov/finance/act/cafr.html>.

Funding Policy

The premium requirements of the plan members are established and may be amended by the insurance committee. The plans are self-insured and financed on a pay-as-you-go basis with the risk shared equally among the participants. Claims liabilities of the plan are periodically computed using actuarial and statistical techniques to establish premium rates. The employers in each plan develop a contribution policy in terms of subsidizing active employees or retired employees' premiums since the committee is not prescriptive on that issue. The state does not provide a subsidy for local government participants; however, the state does provide a partial subsidy to Local Education Agency pre-65 teachers and a full subsidy based on years of service for post-65 teachers in the Medicare Supplement Plan. During the year ended June 30, 2013, Chester County and the discretely presented School Department contributed \$3,900 and \$73,405, respectively, for postemployment benefits.

Annual OPEB Cost and Net OPEB Obligation

	Local Education Group Plan	Local Government Group Plan
ARC	\$ 185,000	\$ 23,000
Interest on the NOPEBO	14,629	2,723
Adjustment to the ARC	(15,528)	(2,891)
Annual OPEB cost	\$ 184,101	\$ 22,832
Less: Amount of contribution	(73,405)	(3,900)
Increase/decrease in NOPEBO	\$ 110,696	\$ 18,932
Net OPEB obligation, 7-1-12	365,718	68,079
Net OPEB obligation, 6-30-13	\$ 476,414	\$ 87,011

Fiscal Year Ended	Plans	Annual OPEB Cost	Percentage of Annual OPEB Cost Contributed	Net OPEB Obligation at Year End
6-30-11	Local Education Group	\$ 138,476	59%	\$ 256,562
6-30-12	"	182,369	40	365,718
6-30-13	"	184,101	40	476,414
6-30-11	Local Government Group	25,075	30	49,129
6-30-12	"	22,879	17	68,079
6-30-13	"	22,832	17	87,011

Funded Status and Funding Progress

The funded status of the plan as of July 1, 2011, was as follows:

	Local Education Group Plan	Local Government Group Plan
Actuarial valuation date	7-1-11	7-1-11
Actuarial accrued liability (AAL)	\$ 1,556,000	\$ 125,000
Actuarial value of plan assets	\$ 0	\$ 0
Unfunded actuarial accrued liability (UAAL)	\$ 1,556,000	\$ 125,000
Actuarial value of assets as a % of the AAL	0%	0%
Covered payroll (active plan members)	\$ 11,969,503	\$ 3,664,166
UAAL as a % of covered payroll	13%	3%

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

#### Actuarial Methods and Assumptions

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

In the July 1, 2011, actuarial valuation for the Local Education Group and the Local Government Group plans, the projected unit credit actuarial cost method was used and the actuarial assumptions included a four percent investment rate of return (net of administrative expenses) and an annual healthcare cost trend rate of 8.75 percent for fiscal year 2013. The trend will decrease to 8.25 percent in fiscal year 2014 and then be reduced by decrements to an ultimate rate of five percent by fiscal year 2021. Both rates include a 2.5 percent inflation assumption. The unfunded actuarial accrued liability is being amortized as a level percentage of payroll on a closed basis over a 30-year period beginning with July 1, 2007.

### **H. Purchasing Laws**

#### Office of County Mayor

Purchasing procedures for the Office of County Mayor 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, excluding emergency purchases, to be made based on competitive bids solicited through newspaper advertisement.

#### Office of Road Supervisor

Purchasing procedures for the Highway Department are governed by provisions of the Uniform Road Law, Section 54-7-113, *TCA*, which requires all purchases exceeding \$10,000 to be made on the basis of publicly advertised competitive bids.

Office of Director of Schools

Purchasing procedures for the discretely presented Chester 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 be solicited through newspaper advertisement on all purchases exceeding \$10,000.

VI. **OTHER NOTES – DISCRETELY PRESENTED CHESTER COUNTY EMERGENCY COMMUNICATIONS DISTRICT**

A. **Significant Accounting Policies**

1. **Reporting Entity**

The Chester County Emergency Communications District was created under *Tennessee Code Annotated*, Section 7-86-109 et. seq., Emergency Communications District Law in November 1992.

The purpose of the district is to provide a simplified means of securing emergency services by telephone to those persons living in the county.

The district is considered a component unit of Chester County because the Board of Directors of the district is appointed by the County Commission. The County Commission must approve any debt issued by the district.

2. **Measurement Focus, Basis of Accounting, and Financial Statement Presentation**

The district is accounted for as a single enterprise fund as prescribed by the state. Enterprise funds are a type of proprietary fund, and as such, are reported in accordance with generally accepted accounting principles for proprietary funds as defined by the Governmental Accounting Standards Board (GASB). Proprietary fund types are reported using the economic resources measurement focus and the accrual basis of accounting. The aim of this measurement focus is to report all inflows, outflows, and the balances affecting or reflecting the entities net position. The accrual basis of accounting recognizes income as it is earned and expenses as they are incurred, whether or not cash is received or paid out at that time.

Operating revenues in proprietary funds are those revenues generated from the primary operations of the fund. All other revenues are reported as non-operating revenues. The state has defined grants and reimbursements from the Tennessee Emergency Communications Board (TECB) to be non-operating revenues. Operating expenses are

those expenses that are essential to the primary operations of the fund. All other expenses are reported as non-operating expenses.

**3. Assets, Liabilities, and Net Position**

**a. Deposits and Investments**

Cash and cash equivalents are considered to be all demand deposits and other deposits with original maturities of three months or less.

State statutes allow investments in obligations of the U.S. Treasury, agencies, instrumentalities, and obligations guaranteed as to principal and interest of the United States or any of its agencies, repurchase agreements, the Tennessee Local Government Investment Pool, and certificates of deposit.

**b. Accounts Receivable and Credit Risk**

Accounts receivable represent amounts due from telephone companies less applicable commissions, and state TECB funding.

**c. Capital Assets**

Capital assets are recorded at historical cost. Maintenance repairs and minor renewals are expensed as incurred. Interest costs incurred on financing during the construction or installation period of capital assets are capitalized as part of the cost of the assets. Any purchase of equipment, either for office or system use, purchased at a price in excess of \$10,000 and with an expected life span of at least five years shall be considered a capital asset and carried on the books as such.

Depreciation has been provided over the estimated useful lives of the capital assets by the straight-line method.

**d. Compensated Absences**

The district allows two weeks of vacation to full-time employees per year. Employees receive full reimbursement for unused vacation upon leaving the employment of the district.

The district allows employees to accrue one day per month sick leave with accrual of no more than 36 days. Employees are not reimbursed for any portion of unused sick leave upon leaving the employment of the district. Therefore, no liability is reflected in the financial statements.

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

During the year ended June 30, 2013, the district adopted the provisions of GASB Statement No. 63, *Reporting Deferred Outflows, Deferred Inflows and Net Position*. The objective of the statement is to provide financial reporting guidance for deferred outflows of resources and deferred inflows of resources.

In addition to assets, the Statement of Financial Position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position that applies to a future period and so will not be recognized as an outflow of resources (expense/expenditure) until then. The district does not have any items that qualify for reporting in this category as of June 30, 2013.

In addition to liabilities, the Statement of Financial Position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents acquisition of net position that applies to a future period and so will not be recognized as an inflow of resources (revenue) until that time. The district does not have any items that qualify for reporting in this category as of June 30, 2013.

f. **Net Position Flow Assumption**

Sometimes the district will fund outlays for a particular purpose from both restricted (e.g., restricted bond or grant proceeds) and unrestricted resources. In order to calculate the amounts to report as restricted – net position and unrestricted – net position in the financial statements, a flow assumption must be made about the order in which the resources are considered to be applied. It is the district's policy to consider restricted – net position to have been depleted before unrestricted – net position is applied.

g. **Net Position**

Net position is classified for reporting purposes as unrestricted and net investment in capital assets. There are currently no restrictions on net position.

**B. Stewardship, Compliance, and Accountability**

**Budgetary Compliance**

The district adopts a budget in accordance with the requirements of the Tennessee Emergency Communications Board and Section 7-86-120, *Tennessee Code Annotated*. This budget is adopted on a basis of accounting in accordance with generally accepted accounting principles. In addition, the district adopts a separate budget for capitalized expenditures. Expenditures are required to be within budgetary limits at the line-item level of control.

**C. Detailed Notes on Accounts**

**1. Deposits and Investments**

The district's policies limit deposits and investments to those instruments allowed by applicable state laws and described below. State statute requires that all deposits with financial institutions must be collateralized by securities whose market value is equal to 105 percent of the value of uninsured deposits. The deposits must be collateralized by federal depository insurance or the Tennessee Bank Collateral Pool, by collateral held by the district's agent in the district's name, or by the Federal Reserve banks acting as third-party agents. State statutes also authorize the district to invest in bonds, notes, or treasury bills of the United States or any of its agencies, certificates of deposit at Tennessee state chartered banks and savings and loan associations and federally chartered banks and savings and loan associations, repurchase agreements utilizing obligations of the United States or its agencies as the underlying securities, and the state pooled investment fund. Statutes also require that securities underlying repurchase agreements must have a market value of at least equal to the amount of funds invested in the repurchase transaction. As of June 30, 2013, \$500,000 of the district's bank balance was covered by federal depository insurance, and the remaining bank balance of \$247,146, was covered by the Tennessee Bank Collateral Pool.

**2. Capital Assets**

Capital asset activity for the year was as follows:

	Balance 7-1-12	Increases	Decreases	Balance 6-30-13
Capital Assets				
Depreciated:				
Furniture and Fixtures	\$ 31,844	\$ 0	\$ 0	\$ 31,844
Office Equipment	14,528	0	(7,614)	6,914
Communications				
Equipment	330,871	241,332	(63,714)	508,489
Vehicles	17,900	0	0	17,900
Total Capital Assets				
Depreciated	<u>\$ 395,143</u>	<u>\$ 241,332</u>	<u>\$ (71,328)</u>	<u>\$ 565,147</u>
Less Accumulated				
Depreciation For:				
Furniture and Fixtures	\$ 9,985	\$ 3,041	\$ 0	\$ 13,026
Office Equipment	11,842	994	(7,614)	5,222
Communications				
Equipment	210,197	73,663	(63,714)	220,146
Vehicles	17,900	0	0	17,900
Total Accumulated				
Depreciation	<u>\$ 249,924</u>	<u>\$ 77,698</u>	<u>\$ (71,328)</u>	<u>\$ 256,294</u>
Total Capital				
Assets, Net	<u>\$ 145,219</u>	<u>\$ 163,634</u>	<u>\$ 0</u>	<u>\$ 308,853</u>

Depreciation is recognized over the estimated useful lives of the property and equipment of three to ten years using the straight-line method.

**D. Other Information**

**1. Funding Sources**

Funding for the district's operations is provided by monthly fees from service users in the county and by monthly fees from wireless cellular phone subscribers. Major and alternate local exchange carriers collect services fees from the county users and remit the funds to the district. The Tennessee Emergency Communications Board collects monthly service fees from wireless cellular phone subscribers and voice over internet protocol services and remits a set percentage to the district.

**2. Retirement Plan**

**Plan Description**

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

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

### **Funding Policy**

The district requires employees to contribute five percent of earnable compensation. The district is required to contribute at an actuarially determined rate; the rate for the fiscal year ended June 30, 2013, was 3.21 percent of annual covered payroll. The contribution requirements of plan members are set by state statute. Contribution requirements for the district are established and may be amended by the TCRS Board of Trustees.

### **Annual Pension Cost**

For the year ended June 30, 2013, the district's annual pension cost of \$871 to TCRS was equal to the district's required and actual contributions. The required contribution was determined as part of the July 1, 2011, actuarial valuation using the frozen entry age actuarial cost method. Significant actuarial assumptions used in the valuation include (a) rate of return on investment of present and future assets of 7.5 percent a year compounded annually, (b) projected three percent annual rate of inflation, (c) projected salary increases of

4.75 percent (graded) annual rate (no explicit assumption is made regarding the portion attributable to the effects of inflation on salaries), (d) projected 3.5 percent annual increase in the Social Security wage base, and (e) projected post-retirement increases of 2.5 percent annually. The actuarial value of assets was determined using techniques that smooth the effect of short-term volatility in the market value of equities over a ten-year period. The district's unfunded actuarial accrued liability is being amortized as a level dollar amount on a closed basis. The remaining amortization period at July 1, 2011, was zero years. An actuarial valuation was performed as of July 1, 2011, which established contribution rates effective July 1, 2012.

Trend Information

Fiscal Year Ended	Annual Pension Cost (APC)	Percentage of APC Contributed	Net Pension Obligation
6-30-13	\$ 871	100 %	\$ 0
6-30-12	1,015	100	0
6-30-11	0	100	0

**Funded Status and Funding Progress**

As of July 1, 2011, the most recent actuarial valuation date, the plan was zero percent funded. The actuarial accrued liability for benefits was zero, and the actuarial value of assets was zero, resulting in an unfunded actuarial accrued liability (UAAL) of zero. The covered payroll (annual payroll of active employees covered by the plan) was zero, and the ratio of the UAAL to the covered payroll was zero percent.

The Schedule of Funding Progress, presented as required supplementary information following the notes to the financial statements, presents multi-year trend information about whether the actuarial values of plan assets are increasing or decreasing over time relative to the actuarial accrued liability for benefits.

**3. Risk Management**

The district is exposed to various risks of losses related to tort, theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. It is the policy of the district to purchase commercial insurance for the risks of general liability, vehicle liability, employee dishonesty, worker's compensation and physical damage to its capital assets. Settled claims have not exceeded this commercial coverage in any of the past three years.

---

---

**REQUIRED SUPPLEMENTARY  
INFORMATION**

---

---

Exhibit E-1

Chester County, Tennessee  
Schedule of Funding Progress – Pension Plan  
Primary Government and Discretely Presented Chester County School Department  
June 30, 2013

(Dollar amounts in thousands)

Actuarial Valuation Date	Actuarial Value of Plan Assets (a)	Actuarial Accrued Liability (AAL) Frozen Entry Age (b)	Unfunded AAL (UAAL) (b)-(a)	Funded Ratio (a/b)	Covered Payroll (c)	UAAL as a Percentage of Covered Payroll ((b-a)/c)
7-1-11	\$ 13,989	\$ 14,290	\$ 300	97.90	% \$ 5,911	5.08 %
7-1-09	11,479	11,824	344	97.09	5,641	6.10
7-1-07	10,591	10,974	383	96.51	4,821	7.94

Exhibit E-2

Chester County, Tennessee  
Schedule of Funding Progress – Pension Plan  
Discretely Presented Chester County Emergency Communications District  
June 30, 2013

(Dollar amounts in thousands)

Actuarial Valuation Date	Actuarial Value of Plan Assets (a)	Actuarial Accrued Liability (AAL) Frozen Entry Age (b)	Unfunded AAL (UAAL) (b)-(a)	Funded Ratio (a/b)	Covered Payroll (c)	UAAL as a Percentage of Covered Payroll ((b-a)/c)
7-1-11	\$ 0	\$ 0	\$ 0	0.00	% \$ 0	0.00 %
7-1-09	0	0	0	0.00	0	0.00
7-1-07	0	0	0	0.00	0	0.00

Exhibit E-3

Chester County, Tennessee  
Schedule of Funding Progress – Other Postemployment Benefits Plans  
Primary Government and Discretely Presented Chester County School Department  
June 30, 2013

(Dollar amounts in thousands)

Plans	Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) Projected Unit Credit (b)	Unfunded AAL (UAAL) (b)-(a)	Funded Ratio (a/b)	Covered Payroll (c)	UAAL as a Percentage of Covered Payroll ((b-a)/c)
<u>PRIMARY GOVERNMENT</u>							
Local Government Group	7-1-09	\$ 0	157	\$ 157	0 %	\$ 2,640	6 %
"	7-1-10	0	170	170	0	2,695	6
"	7-1-11	0	125	125	0	3,664	3
<u>DISCRETELY PRESENTED CHESTER COUNTY SCHOOL DEPARTMENT</u>							
Local Education Group	7-1-09	0	1,123	1,123	0	8,294	14
"	7-1-10	0	1,170	1,170	0	11,112	11
"	7-1-11	0	1,556	1,556	0	11,970	13

**CHESTER COUNTY, TENNESSEE**  
**NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION**  
**For the Year Ended June 30, 2013**

**BUDGETARY INFORMATION**

In prior years, the budgetary statements for the General Fund and major special revenue funds were presented as required supplementary information in the financial statements of its external financial report. Effective for the year ended June 30, 2013, these budgetary statements are presented as part of the basic financial statements. This change in presentation was done to be consistent in the presentation of the information for both municipal and county governments in Tennessee.

---

---

**COMBINING AND INDIVIDUAL FUND  
FINANCIAL STATEMENTS AND SCHEDULES**

---

---

# Nonmajor Governmental Funds

## Special Revenue Funds

---

Special Revenue Funds are used to account for and report the proceeds of specific revenue sources that are restricted or committed to expenditure for specified purposes other than debt service or capital projects.

---

Public Library Fund – The Public Library Fund is used to account for transactions of the Chester County Public Library.

Drug Control Fund – The Drug Control Fund is used to account for revenues received from drug-related fines, forfeitures, and seizures.

Constitutional Officers - Fees Fund – The Constitutional Officers - Fees Fund is used to account for operating expenses paid directly from the fee and commission accounts of the trustee, clerks, register, and sheriff.

## Debt Service Funds

---

Debt Service Funds are used to account for and report financial resources that are restricted, committed, or assigned to expenditure for principal and interest.

---

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

Education Debt Service Fund – The Education Debt Service Fund is used to account for the accumulation of resources for, and the payment of, debt principal, interest, and related costs of the Chester County School Department.

# Capital Projects Fund

---

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

---

General Capital Projects Fund – The General Capital Projects Fund is used to account for general capital expenditures of the county.

Exhibit F-1

Chester County, Tennessee  
 Combining Balance Sheet  
 Nonmajor Governmental Funds  
 June 30, 2013

	Special Revenue Funds				Debt Service Funds			Capital Projects Fund		Total Nonmajor Governmental Funds
	Public Library	Drug Control	Constitutional Officers - Fees	Total	General Debt Service	Education Debt Service	Total	General Capital Projects		
Cash	0	0	980	980	0	0	0	0	980	
Equity in Pooled Cash and Investments	286,696	239,303	0	525,999	67,955	369,099	437,054	168,246	1,131,299	
Accounts Receivable	0	0	12	12	12	0	12	0	24	
Due from Other Governments	0	0	0	0	0	116,943	116,943	0	116,943	
Property Taxes Receivable	0	0	0	0	25,150	0	25,150	0	25,150	
Allowance for Uncollectible Property Taxes	0	0	0	0	(1,123)	0	(1,123)	0	(1,123)	
<b>Total Assets</b>	<b>286,696</b>	<b>239,303</b>	<b>992</b>	<b>526,991</b>	<b>91,994</b>	<b>486,042</b>	<b>578,036</b>	<b>168,246</b>	<b>1,273,273</b>	
Accounts Payable	584	81	0	665	0	0	0	0	665	
Due to Other Funds	0	0	992	992	0	0	0	0	992	
<b>Total Liabilities</b>	<b>584</b>	<b>81</b>	<b>992</b>	<b>1,657</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>1,657</b>	
<b>Deferred Current Property Taxes</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>22,360</b>	<b>0</b>	<b>22,360</b>	<b>0</b>	<b>22,360</b>	
<b>Deferred Delinquent Property Taxes</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>1,496</b>	<b>0</b>	<b>1,496</b>	<b>0</b>	<b>1,496</b>	
<b>Other Deferred/Unavailable Revenue</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>57,727</b>	<b>57,727</b>	<b>0</b>	<b>57,727</b>	
<b>Total Deferred Inflows of Resources</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>23,856</b>	<b>57,727</b>	<b>81,583</b>	<b>0</b>	<b>81,583</b>	
<b>FUND BALANCES</b>										
Restricted:	0	239,222	0	239,222	0	0	0	0	239,222	
Restricted for Public Safety	0	0	0	0	0	0	0	0	0	
Restricted for Capital Outlay	0	0	0	0	0	0	0	140,051	140,051	
Restricted for Debt Service	0	0	0	0	59,062	428,315	487,377	0	487,377	
Committed:	286,112	0	0	286,112	0	0	0	0	286,112	
Committed for Social, Cultural, and Recreational Services	0	0	0	0	0	0	0	0	0	
Committed for Capital Outlay	0	0	0	0	0	0	0	28,195	28,195	
Committed for Debt Service	0	0	0	0	9,076	0	9,076	0	9,076	
<b>Total Fund Balances</b>	<b>286,112</b>	<b>239,222</b>	<b>0</b>	<b>525,334</b>	<b>68,138</b>	<b>428,315</b>	<b>496,453</b>	<b>168,246</b>	<b>1,190,033</b>	
<b>Total Liabilities, Deferred Inflows of Resources, and Fund Balances</b>	<b>286,696</b>	<b>239,303</b>	<b>992</b>	<b>526,991</b>	<b>91,994</b>	<b>486,042</b>	<b>578,036</b>	<b>168,246</b>	<b>1,273,273</b>	

Exhibit F-2

Chester County, Tennessee  
 Combining Statement of Revenues, Expenditures,  
 and Changes in Fund Balances  
 Nonmajor Governmental Funds  
 For the Year Ended June 30, 2013

	Special Revenue Funds			Debt Service Funds			Capital Projects Fund		Total Nonmajor Governmental Funds
	Public Library	Drug Control	Total	General Debt Service		Education Debt Service	Total	General Capital Projects	
				Service	Debt				
<b>Revenues</b>									
Local Taxes	0	0	0	628,753	0	693,329	1,322,082	0	1,322,082
Fines, Forfeitures, and Penalties	0	81,205	81,205	0	0	0	0	0	81,205
Charges for Current Services	16,134	0	16,134	0	0	0	0	0	16,134
Other Local Revenues	16,031	770	16,801	0	0	0	0	0	16,801
State of Tennessee	77,044	0	77,044	1,839	0	1,839	1,839	0	78,883
Federal Government	0	0	0	0	0	0	0	99,991	99,991
Other Governments and Citizens Groups	3,886	0	3,886	0	50,000	50,000	50,000	0	53,886
<b>Total Revenues</b>	<b>\$ 113,095</b>	<b>\$ 81,975</b>	<b>\$ 195,070</b>	<b>\$ 630,592</b>	<b>\$ 50,000</b>	<b>\$ 743,329</b>	<b>\$ 1,373,921</b>	<b>\$ 99,991</b>	<b>\$ 1,668,982</b>
<b>Expenditures</b>									
Current:									
Public Safety	0	96,618	96,618	0	0	0	0	0	96,618
Social, Cultural, and Recreational Services	85,073	0	85,073	0	0	0	0	0	85,073
Other Operations	7	780	787	0	0	0	0	0	787
Debt Service:									
Principal on Debt	0	0	0	180,000	620,000	800,000	800,000	0	800,000
Interest on Debt	0	0	0	424,121	68,930	493,051	493,051	0	493,051
Other Debt Service	0	0	0	8,025	6,871	14,896	14,896	0	14,896
Capital Projects	0	0	0	0	0	0	0	117,251	117,251
<b>Total Expenditures</b>	<b>\$ 85,080</b>	<b>\$ 97,398</b>	<b>\$ 182,478</b>	<b>\$ 612,146</b>	<b>\$ 695,801</b>	<b>\$ 1,307,947</b>	<b>\$ 1,307,947</b>	<b>\$ 117,251</b>	<b>\$ 1,607,676</b>
<b>Excess (Deficiency) of Revenues Over Expenditures</b>	<b>\$ 28,015</b>	<b>\$ (15,423)</b>	<b>\$ 12,592</b>	<b>\$ 18,446</b>	<b>\$ 47,528</b>	<b>\$ 65,974</b>	<b>\$ 65,974</b>	<b>\$ (17,260)</b>	<b>\$ 61,306</b>
<b>Net Change in Fund Balances</b>	<b>\$ 28,015</b>	<b>\$ (15,423)</b>	<b>\$ 12,592</b>	<b>\$ 18,446</b>	<b>\$ 47,528</b>	<b>\$ 65,974</b>	<b>\$ 65,974</b>	<b>\$ (17,260)</b>	<b>\$ 61,306</b>
<b>Fund Balance, July 1, 2012</b>	<b>258,097</b>	<b>254,645</b>	<b>512,742</b>	<b>49,692</b>	<b>380,787</b>	<b>430,479</b>	<b>430,479</b>	<b>185,506</b>	<b>1,128,727</b>
<b>Fund Balance, June 30, 2013</b>	<b>\$ 286,112</b>	<b>\$ 239,222</b>	<b>\$ 525,334</b>	<b>\$ 68,138</b>	<b>\$ 428,315</b>	<b>\$ 496,453</b>	<b>\$ 496,453</b>	<b>\$ 168,246</b>	<b>\$ 1,190,033</b>

Exhibit F-3

Chester County, Tennessee  
Schedule of Revenues, Expenditures, and Changes  
in Fund Balance - Actual and Budget  
Public Library Fund  
For the Year Ended June 30, 2013

	Actual	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
		Original	Final	
<u>Revenues</u>				
Charges for Current Services	\$ 16,134	\$ 0	\$ 14,900	\$ 1,234
Other Local Revenues	16,031	0	24,400	(8,369)
State of Tennessee	77,044	74,680	74,680	2,364
Other Governments and Citizens Groups	3,886	0	3,811	75
Total Revenues	<u>\$ 113,095</u>	<u>\$ 74,680</u>	<u>\$ 117,791</u>	<u>\$ (4,696)</u>
<u>Expenditures</u>				
<u>Social, Cultural, and Recreational Services</u>				
Libraries	\$ 85,073	\$ 74,370	\$ 85,863	\$ 790
<u>Other Operations</u>				
Miscellaneous	7	0	8	1
Total Expenditures	<u>\$ 85,080</u>	<u>\$ 74,370</u>	<u>\$ 85,871</u>	<u>\$ 791</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>\$ 28,015</u>	<u>\$ 310</u>	<u>\$ 31,920</u>	<u>\$ (3,905)</u>
Net Change in Fund Balance	\$ 28,015	\$ 310	\$ 31,920	(3,905)
Fund Balance, July 1, 2012	<u>258,097</u>	<u>1,584</u>	<u>1,584</u>	<u>256,513</u>
Fund Balance, June 30, 2013	<u>\$ 286,112</u>	<u>\$ 1,894</u>	<u>\$ 33,504</u>	<u>\$ 252,608</u>

Exhibit F-4

Chester County, Tennessee  
Schedule of Revenues, Expenditures, and Changes  
in Fund Balance - Actual and Budget  
Drug Control Fund  
For the Year Ended June 30, 2013

	Actual	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
		Original	Final	
<u>Revenues</u>				
Fines, Forfeitures, and Penalties	\$ 81,205	\$ 7,200	\$ 7,200	\$ 74,005
Other Local Revenues	770	0	0	770
Total Revenues	<u>\$ 81,975</u>	<u>\$ 7,200</u>	<u>\$ 7,200</u>	<u>\$ 74,775</u>
<u>Expenditures</u>				
<u>Public Safety</u>				
Drug Enforcement	\$ 96,618	\$ 162,141	\$ 161,861	\$ 65,243
<u>Other Operations</u>				
Miscellaneous	780	500	780	0
Total Expenditures	<u>\$ 97,398</u>	<u>\$ 162,641</u>	<u>\$ 162,641</u>	<u>\$ 65,243</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>\$ (15,423)</u>	<u>\$ (155,441)</u>	<u>\$ (155,441)</u>	<u>\$ 140,018</u>
Net Change in Fund Balance	\$ (15,423)	\$ (155,441)	\$ (155,441)	\$ 140,018
Fund Balance, July 1, 2012	<u>254,645</u>	<u>311,802</u>	<u>311,802</u>	<u>(57,157)</u>
Fund Balance, June 30, 2013	<u>\$ 239,222</u>	<u>\$ 156,361</u>	<u>\$ 156,361</u>	<u>\$ 82,861</u>

Exhibit F-5

Chester County, Tennessee  
Schedule of Revenues, Expenditures, and Changes  
in Fund Balance - Actual and Budget  
General Debt Service Fund  
For the Year Ended June 30, 2013

	Actual	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
		Original	Final	
<u>Revenues</u>				
Local Taxes	\$ 628,753	\$ 628,525	\$ 628,525	\$ 228
State of Tennessee	1,839	1,575	1,575	264
Total Revenues	<u>\$ 630,592</u>	<u>\$ 630,100</u>	<u>\$ 630,100</u>	<u>\$ 492</u>
<u>Expenditures</u>				
<u>Principal on Debt</u>				
General Government	\$ 180,000	\$ 180,000	\$ 180,000	\$ 0
<u>Interest on Debt</u>				
General Government	424,121	424,122	424,122	1
<u>Other Debt Service</u>				
General Government	8,025	7,875	8,075	50
Total Expenditures	<u>\$ 612,146</u>	<u>\$ 611,997</u>	<u>\$ 612,197</u>	<u>\$ 51</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>\$ 18,446</u>	<u>\$ 18,103</u>	<u>\$ 17,903</u>	<u>\$ 543</u>
Net Change in Fund Balance	\$ 18,446	\$ 18,103	\$ 17,903	\$ 543
Fund Balance, July 1, 2012	<u>49,692</u>	<u>17,687</u>	<u>17,687</u>	<u>32,005</u>
Fund Balance, June 30, 2013	<u>\$ 68,138</u>	<u>\$ 35,790</u>	<u>\$ 35,590</u>	<u>\$ 32,548</u>

Exhibit F-6

Chester County, Tennessee  
Schedule of Revenues, Expenditures, and Changes  
in Fund Balance - Actual and Budget  
Education Debt Service Fund  
For the Year Ended June 30, 2013

	Actual	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
		Original	Final	
<u>Revenues</u>				
Local Taxes	\$ 693,329	\$ 650,000	\$ 650,000	\$ 43,329
Other Governments and Citizens Groups	50,000	50,000	50,000	0
Total Revenues	<u>\$ 743,329</u>	<u>\$ 700,000</u>	<u>\$ 700,000</u>	<u>\$ 43,329</u>
<u>Expenditures</u>				
<u>Principal on Debt</u>				
Education	\$ 620,000	\$ 620,000	\$ 620,000	\$ 0
<u>Interest on Debt</u>				
Education	68,930	68,883	68,930	0
<u>Other Debt Service</u>				
Education	6,871	10,500	10,453	3,582
Total Expenditures	<u>\$ 695,801</u>	<u>\$ 699,383</u>	<u>\$ 699,383</u>	<u>\$ 3,582</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>\$ 47,528</u>	<u>\$ 617</u>	<u>\$ 617</u>	<u>\$ 46,911</u>
Net Change in Fund Balance	\$ 47,528	\$ 617	\$ 617	\$ 46,911
Fund Balance, July 1, 2012	<u>380,787</u>	<u>364,794</u>	<u>364,794</u>	<u>15,993</u>
Fund Balance, June 30, 2013	<u>\$ 428,315</u>	<u>\$ 365,411</u>	<u>\$ 365,411</u>	<u>\$ 62,904</u>

# Fiduciary Funds

---

Agency Funds are used to account for assets held by the county in a trustee capacity or as an agent for individuals, private organizations, other governments, and/or other funds. Agency funds are custodial in nature (assets equal liabilities) and do not involve measurement of results of operations.

---

Cities - Sales Tax Fund – The Cities - Sales Tax Fund is used to account for the second half of the sales tax revenues collected inside incorporated cities of the county. These revenues are received by the county from the State of Tennessee and forwarded to the various cities on a monthly basis.

Constitutional Officers - Agency Fund – The Constitutional Officers - Agency Fund is used to account for amounts collected in an agency capacity by the county clerk, circuit and general sessions courts clerk, clerk and master, register, and sheriff. Such collections include amounts due the state, cities, other county funds, litigants, heirs, and others.

Exhibit G-1

Chester County, Tennessee  
Combining Statement of Fiduciary Assets and Liabilities  
Fiduciary Funds  
June 30, 2013

	<u>Agency Funds</u>		
	Cities - Sales Tax	Constitu- tional Officers - Agency	Total
<u>ASSETS</u>			
Cash	\$ 0	\$ 198,316	\$ 198,316
Due from Other Governments	135,700	0	135,700
Total Assets	<u>\$ 135,700</u>	<u>198,316</u>	<u>\$ 334,016</u>
<u>LIABILITIES</u>			
Due to Other Taxing Units	\$ 135,700	\$ 0	\$ 135,700
Due to Litigants, Heirs, and Others	0	198,316	198,316
Total Liabilities	<u>\$ 135,700</u>	<u>\$ 198,316</u>	<u>\$ 334,016</u>

Exhibit G-2

Chester County, Tennessee  
Combining Statement of Changes in Assets and  
Liabilities - All Agency Funds  
For the Year Ended June 30, 2013

	Beginning Balance	Additions	Deductions	Ending Balance
<u>Cities - Sales Tax Fund</u>				
<u>Assets</u>				
Equity in Pooled Cash and Investments	\$ 0	\$ 871,441	\$ 871,441	\$ 0
Due from Other Governments	138,000	135,700	138,000	135,700
<b>Total Assets</b>	<b>\$ 138,000</b>	<b>\$ 1,007,141</b>	<b>\$ 1,009,441</b>	<b>\$ 135,700</b>
<u>Liabilities</u>				
Due to Other Taxing Units	\$ 138,000	\$ 1,007,141	\$ 1,009,441	\$ 135,700
<b>Total Liabilities</b>	<b>\$ 138,000</b>	<b>\$ 1,007,141</b>	<b>\$ 1,009,441</b>	<b>\$ 135,700</b>
 <u>Constitutional Officers - Agency Fund</u>				
<u>Assets</u>				
Cash	\$ 150,357	\$ 3,023,604	\$ 2,975,645	\$ 198,316
<b>Total Assets</b>	<b>\$ 150,357</b>	<b>\$ 3,023,604</b>	<b>\$ 2,975,645</b>	<b>\$ 198,316</b>
<u>Liabilities</u>				
Due to Litigants, Heirs, and Others	\$ 150,357	\$ 3,023,604	\$ 2,975,645	\$ 198,316
<b>Total Liabilities</b>	<b>\$ 150,357</b>	<b>\$ 3,023,604</b>	<b>\$ 2,975,645</b>	<b>\$ 198,316</b>
 <u>Total - All Agency Funds</u>				
<u>Assets</u>				
Cash	\$ 150,357	\$ 3,023,604	\$ 2,975,645	\$ 198,316
Equity in Pooled Cash and Investments	0	871,441	871,441	0
Due from Other Governments	138,000	135,700	138,000	135,700
<b>Total Assets</b>	<b>\$ 288,357</b>	<b>\$ 4,030,745</b>	<b>\$ 3,985,086</b>	<b>\$ 334,016</b>
<u>Liabilities</u>				
Due to Other Taxing Units	\$ 138,000	\$ 1,007,141	\$ 1,009,441	\$ 135,700
Due to Litigants, Heirs, and Others	150,357	3,023,604	2,975,645	198,316
<b>Total Liabilities</b>	<b>\$ 288,357</b>	<b>\$ 4,030,745</b>	<b>\$ 3,985,086</b>	<b>\$ 334,016</b>

# Chester County School Department

---

This section presents combining and individual fund financial statements for the Chester County School Department, a discretely presented component unit. The School Department uses a General Fund, two Special Revenue Funds, a Capital Projects Fund, and a Private Purpose Trust Fund.

---

General Purpose School Fund – The General Purpose School Fund is used to account for general operations of the School Department.

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

Central Cafeteria Fund – The Central Cafeteria Fund is used to account for the cafeteria operations in each of the schools.

Education Capital Projects Fund – The Education Capital Projects Fund is used to account for building construction and renovations of the School Department.

Private Purpose Trust Fund – The Private Purpose Trust Fund is used to account for endowments received by the School Department. Income generated from the corpus of one of the endowments is to be used to provide annual scholarships to one or more Chester County students chosen by a faculty committee at Chester County High School. The other endowment provides for scholarships to be awarded totaling \$2,500 per year until the endowment is depleted.

Exhibit H-1

Chester County, Tennessee  
Statement of Activities  
Discretely Presented Chester County School Department  
For the Year Ended June 30, 2013

Functions/Programs	Expenses	Program Revenues		Net (Expense) Revenue and Changes in Net Position
		Charges for Services	Operating Grants and Contributions	
Governmental Activities:				
Instruction	\$ 12,319,714	\$ 16,685	\$ 756,082	\$ (11,546,947)
Support Services	6,105,742	44,444	330,480	(5,730,818)
Operation of Non-Instructional Services	2,313,311	431,523	1,651,017	(230,771)
Other Debt Service	50,000	0	0	(50,000)
Total Governmental Activities	\$ 20,788,767	\$ 492,652	\$ 2,737,579	\$ (17,558,536)
General Revenues:				
Taxes:				
Property Taxes Levied for General Purposes				\$ 1,758,707
Local Option Sales Taxes				758,522
Other Local Taxes				1,461
Grants and Contributions Not Restricted to Specific Programs				15,124,072
Unrestricted Investment Income				34,385
Miscellaneous				87,131
Total General Revenues				\$ 17,764,278
Change in Net Position				\$ 205,742
Net Position, July 1, 2012				15,695,529
Net Position, June 30, 2013				\$ 15,901,271

Exhibit H-2

Chester County, Tennessee  
Balance Sheet - Governmental Funds  
Discretely Presented Chester County School Department  
June 30, 2013

	Major Funds			Nonmajor	Total Governmental Funds
	General Purpose School	School Federal Projects	Central Cafeteria	Fund Education Capital Projects	
<b>ASSETS</b>					
Equity in Pooled Cash and Investments	\$ 4,156,355	\$ 0	\$ 104,093	\$ 385,010	\$ 4,645,458
Accounts Receivable	840	0	947	0	1,787
Due from Other Governments	248,129	151,512	262,122	0	661,763
Property Taxes Receivable	1,213,250	0	0	0	1,213,250
Allowance for Uncollectible Property Taxes	(53,479)	0	0	0	(53,479)
<b>Total Assets</b>	<b>\$ 5,565,095</b>	<b>\$ 151,512</b>	<b>\$ 367,162</b>	<b>\$ 385,010</b>	<b>\$ 6,468,779</b>
<b>LIABILITIES</b>					
Accounts Payable	\$ 8,688	\$ 0	\$ 0	\$ 0	\$ 8,688
Payroll Deductions Payable	7,103	288	0	0	7,391
Cash Overdraft	0	147,742	0	0	147,742
Due to Primary Government	33,000	0	0	0	33,000
<b>Total Liabilities</b>	<b>\$ 48,791</b>	<b>\$ 148,030</b>	<b>\$ 0</b>	<b>\$ 0</b>	<b>\$ 196,821</b>
<b>DEFERRED INFLOWS OF RESOURCES</b>					
Deferred Current Property Taxes	\$ 1,081,298	\$ 0	\$ 0	\$ 0	\$ 1,081,298
Deferred Delinquent Property Taxes	70,429	0	0	0	70,429
Other Deferred/Unavailable Revenue	63,628	0	0	0	63,628
<b>Total Deferred Inflows of Resources</b>	<b>\$ 1,215,355</b>	<b>\$ 0</b>	<b>\$ 0</b>	<b>\$ 0</b>	<b>\$ 1,215,355</b>
<b>FUND BALANCES</b>					
Restricted:					
Restricted for Education	\$ 39,350	\$ 3,482	\$ 0	\$ 0	\$ 42,832
Restricted for Operation of Non-Instructional Services	0	0	367,162	0	367,162
Restricted for Capital Outlay	0	0	0	385,010	385,010
Assigned:					
Assigned for Education	1,725,875	0	0	0	1,725,875
Unassigned	2,535,724	0	0	0	2,535,724
<b>Total Fund Balances</b>	<b>\$ 4,300,949</b>	<b>\$ 3,482</b>	<b>\$ 367,162</b>	<b>\$ 385,010</b>	<b>\$ 5,056,603</b>
<b>Total Liabilities, Deferred Inflows of Resources, and Fund Balances</b>	<b>\$ 5,565,095</b>	<b>\$ 151,512</b>	<b>\$ 367,162</b>	<b>\$ 385,010</b>	<b>\$ 6,468,779</b>

Exhibit H-3

Chester County, Tennessee  
Reconciliation of the Balance Sheet of Governmental Funds to the Statement of Net Position  
Discretely Presented Chester County School Department  
June 30, 2013

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

Total fund balances - balance sheet - governmental funds (Exhibit H-2)		\$	5,056,603
(1) Capital assets used in governmental activities are not financial resources and therefore are not reported in the governmental funds.			
Add: land	\$	414,252	
Add: construction in progress		203,170	
Add: buildings and improvements net of accumulated depreciation		8,862,079	
Add: other capital assets net of accumulated depreciation		<u>1,707,524</u>	11,187,025
(2) Long-term liabilities are not due and payable in the current period and therefore are not reported in the governmental funds.			
Less: other postemployment benefits liability			(476,414)
(3) Other long-term assets are not available to pay for current-period expenditures and therefore are deferred in the governmental funds.			
			<u>134,057</u>
Net position of governmental activities (Exhibit A)		\$	<u><u>15,901,271</u></u>

Exhibit H-4

Chester County, Tennessee  
Statement of Revenues, Expenditures,  
and Changes in Fund Balances -  
Governmental Funds  
Discretely Presented Chester County School Department  
For the Year Ended June 30, 2013

	Major Funds			Nonmajor Fund	Total Governmental Funds
	General Purpose School	School Federal Projects	Central Cafeteria	Education Capital Projects	
<u>Revenues</u>					
Local Taxes	\$ 2,533,954	\$ 0	\$ 0	\$ 0	\$ 2,533,954
Licenses and Permits	1,387	0	0	0	1,387
Charges for Current Services	53,029	0	419,229	0	472,258
Other Local Revenues	93,784	0	51,356	0	145,140
State of Tennessee	14,478,561	0	15,705	0	14,494,266
Federal Government	2,760	1,721,003	1,635,312	0	3,359,075
<b>Total Revenues</b>	<b>\$ 17,163,475</b>	<b>\$ 1,721,003</b>	<b>\$ 2,121,602</b>	<b>\$ 0</b>	<b>\$ 21,006,080</b>
<u>Expenditures</u>					
Current:					
Instruction	\$ 10,109,142	\$ 1,523,781	\$ 0	\$ 0	\$ 11,632,923
Support Services	5,891,654	243,692	0	0	6,135,346
Operation of Non-Instructional Services	218,314	0	2,066,223	0	2,284,537
Capital Outlay	304,568	0	0	92,488	397,056
Debt Service:					
Other Debt Service	50,000	0	0	0	50,000
<b>Total Expenditures</b>	<b>\$ 16,573,678</b>	<b>\$ 1,767,473</b>	<b>\$ 2,066,223</b>	<b>\$ 92,488</b>	<b>\$ 20,499,862</b>
Excess (Deficiency) of Revenues Over Expenditures	\$ 589,797	\$ (46,470)	\$ 55,379	\$ (92,488)	\$ 506,218
<u>Other Financing Sources (Uses)</u>					
Insurance Recovery	\$ 58,671	\$ 0	\$ 0	\$ 0	\$ 58,671
Transfers In	7,200	0	0	0	7,200
Transfers Out	0	(7,200)	0	0	(7,200)
<b>Total Other Financing Sources (Uses)</b>	<b>\$ 65,871</b>	<b>\$ (7,200)</b>	<b>\$ 0</b>	<b>\$ 0</b>	<b>\$ 58,671</b>
Net Change in Fund Balances	\$ 655,668	\$ (53,670)	\$ 55,379	\$ (92,488)	\$ 564,889
Fund Balance, July 1, 2012	3,645,281	57,152	311,783	477,498	4,491,714
<b>Fund Balance, June 30, 2013</b>	<b>\$ 4,300,949</b>	<b>\$ 3,482</b>	<b>\$ 367,162</b>	<b>\$ 385,010</b>	<b>\$ 5,056,603</b>

Exhibit H-5

Chester County, Tennessee  
Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances  
of Governmental Funds to the Statement of Activities  
Discretely Presented Chester County School Department  
For the Year Ended June 30, 2013

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

Net change in fund balances - total governmental funds (Exhibit H-4)		\$ 564,889
(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	\$ 508,806	
Less: current-year depreciation expense	<u>(730,936)</u>	(222,130)
(2) The net effect of various miscellaneous transactions involving capital assets (sales, trade-ins, and donations) is to decrease net position.		
Less: loss on disposal of capital assets		(14,750)
(3) 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, 2013	\$ 134,057	
Less: deferred delinquent property taxes and other deferred June 30, 2012	<u>(145,628)</u>	(11,571)
(4) Some expenses reported in the statement of activities do not require the use of current financial resources and therefore are not reported as expenditures in the governmental funds.		
Change in other postemployment benefits liability		<u>(110,696)</u>
Change in net position of governmental activities (Exhibit B)		<u>\$ 205,742</u>

Exhibit H-6

Chester County, Tennessee  
 Schedule of Revenues, Expenditures, and Changes  
 in Fund Balance - Actual (Budgetary Basis) and Budget  
 Discretely Presented Chester County School Department  
 General Purpose School Fund  
 For the Year Ended June 30, 2013

	Actual (GAAP Basis)	Less: Encumbrances 7/1/2012	Add: Encumbrances 6/30/2013	Actual Revenues/ Expenditures (Budgetary Basis)	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
					Original	Final	
<b>Revenues</b>							
Local Taxes	\$ 2,533,954	\$ 0	\$ 0	\$ 2,533,954	\$ 2,518,300	\$ 2,518,300	\$ 15,654
Licenses and Permits	1,387	0	0	1,387	1,000	1,000	387
Charges for Current Services	53,029	0	0	53,029	39,500	39,500	13,529
Other Local Revenues	93,784	0	0	93,784	82,800	82,800	10,984
State of Tennessee	14,478,561	0	0	14,478,561	14,357,100	14,406,515	72,046
Federal Government	2,760	0	0	2,760	40,000	48,492	(45,732)
<b>Total Revenues</b>	<b>\$ 17,163,475</b>	<b>\$ 0</b>	<b>\$ 0</b>	<b>\$ 17,163,475</b>	<b>\$ 17,038,700</b>	<b>\$ 17,096,607</b>	<b>\$ 66,868</b>
<b>Expenditures</b>							
<b>Instruction</b>							
Regular Instruction Program	\$ 8,431,593	\$ (4,898)	\$ 0	\$ 8,426,695	\$ 8,603,000	\$ 8,613,400	\$ 186,705
Special Education Program	1,111,441	0	0	1,111,441	1,138,900	1,138,900	27,459
Vocational Education Program	503,306	0	0	503,306	558,300	558,300	54,994
Student Body Education Program	62,802	0	0	62,802	51,000	64,000	1,198
<b>Support Services</b>							
Attendance	64,733	0	0	64,733	65,870	65,870	1,137
Health Services	173,813	0	0	173,813	193,933	193,933	20,120
Other Student Support	258,861	0	0	258,861	286,765	286,765	27,904
Regular Instruction Program	707,272	0	0	707,272	719,460	757,460	50,188
Special Education Program	200,552	0	0	200,552	212,850	221,342	20,790
Vocational Education Program	788	0	0	788	4,000	4,000	3,212
Adult Programs	29,610	0	0	29,610	33,300	29,612	2
Other Programs	49,649	0	0	49,649	0	49,649	0
Board of Education	329,675	0	0	329,675	382,600	382,600	52,925
Director of Schools	164,124	0	108	164,232	174,783	174,783	10,551
Office of the Principal	1,197,093	0	0	1,197,093	1,229,600	1,229,600	32,507
Fiscal Services	94,558	0	0	94,558	101,200	101,200	6,642
Operation of Plant	1,285,725	0	0	1,285,725	1,440,900	1,440,900	155,175

(Continued)

Exhibit H-6

Chester County, Tennessee  
 Schedule of Revenues, Expenditures, and Changes  
 in Fund Balance - Actual (Budgetary Basis) and Budget  
 Discretely Presented Chester County School Department  
 General Purpose School Fund (Cont.)

	Actual (GAAP Basis)	Less: Encumbrances 7/1/2012	Add: Encumbrances 6/30/2013	Actual Revenues/ Expenditures (Budgetary Basis)	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
					Original	Final	
<u>Expenditures (Cont.)</u>							
<u>Support Services (Cont.)</u>							
Maintenance of Plant	\$ 364,347	\$ (2,423)	\$ 437	\$ 362,361	\$ 458,100	\$ 458,100	\$ 95,739
Transportation	970,854	0	0	970,854	1,033,500	1,033,500	62,646
<u>Operation of Non-Instructional Services</u>							
Community Services	10,390	0	0	10,390	15,350	15,350	4,960
Early Childhood Education	207,924	0	0	207,924	205,568	209,022	1,098
<u>Capital Outlay</u>							
Regular Capital Outlay	304,568	0	1,725,330	2,029,898	75,000	2,110,000	80,102
<u>Principal on Debt</u>							
Education	0	0	0	0	41,500	0	0
<u>Interest on Debt</u>							
Education	0	0	0	0	8,500	0	0
<u>Other Debt Service</u>							
Education	50,000	0	0	50,000	0	50,000	0
Total Expenditures	\$ 16,573,678	\$ (7,321)	\$ 1,725,875	\$ 18,292,232	\$ 17,033,979	\$ 19,188,286	\$ 896,054
<u>Excess (Deficiency) of Revenues Over Expenditures</u>	\$ 589,797	\$ 7,321	\$ (1,725,875)	\$ (1,128,757)	\$ 4,721	\$ (2,091,679)	\$ 962,922
<u>Other Financing Sources (Uses)</u>							
Insurance Recovery	\$ 58,671	\$ 0	\$ 0	\$ 58,671	\$ 5,000	\$ 5,000	\$ 53,671
Transfers In	7,200	0	0	7,200	0	0	7,200
Total Other Financing Sources	\$ 65,871	\$ 0	\$ 0	\$ 65,871	\$ 5,000	\$ 5,000	\$ 60,871
Net Change in Fund Balance Fund Balance, July 1, 2012	\$ 655,668	\$ 7,321	\$ (1,725,875)	\$ (1,062,886)	\$ 9,721	\$ (2,086,679)	\$ 1,023,793
Fund Balance, July 1, 2012	3,645,281	(7,321)	0	3,637,960	3,645,281	3,645,281	(7,321)
Fund Balance, June 30, 2013	\$ 4,300,949	\$ 0	\$ (1,725,875)	\$ 2,575,074	\$ 3,655,002	\$ 1,558,602	\$ 1,016,472

Exhibit H-7

Chester County, Tennessee  
Schedule of Revenues, Expenditures, and Changes  
in Fund Balance - Actual and Budget  
Discretely Presented Chester County School Department  
School Federal Projects Fund  
For the Year Ended June 30, 2013

	Actual	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
		Original	Final	
<u>Revenues</u>				
Federal Government	\$ 1,721,003	\$ 2,120,755	\$ 2,139,004	\$ (418,001)
Total Revenues	\$ 1,721,003	\$ 2,120,755	\$ 2,139,004	\$ (418,001)
<u>Expenditures</u>				
<u>Instruction</u>				
Regular Instruction Program	\$ 1,057,919	\$ 1,198,672	\$ 1,190,868	\$ 132,949
Special Education Program	436,641	605,124	605,127	168,486
Vocational Education Program	29,221	24,129	29,221	0
<u>Support Services</u>				
Other Student Support	21,057	25,200	21,057	0
Regular Instruction Program	180,515	273,347	285,712	105,197
Special Education Program	1,437	8,000	8,000	6,563
Vocational Education Program	2,098	2,097	2,097	(1)
Transportation	38,585	45,309	45,307	6,722
Total Expenditures	\$ 1,767,473	\$ 2,181,878	\$ 2,187,389	\$ 419,916
Excess (Deficiency) of Revenues Over Expenditures	\$ (46,470)	\$ (61,123)	\$ (48,385)	\$ 1,915
<u>Other Financing Sources (Uses)</u>				
Transfers Out	\$ (7,200)	\$ (9,828)	\$ (7,200)	\$ 0
Total Other Financing Sources	\$ (7,200)	\$ (9,828)	\$ (7,200)	\$ 0
Net Change in Fund Balance	\$ (53,670)	\$ (70,951)	\$ (55,585)	\$ 1,915
Fund Balance, July 1, 2012	57,152	70,951	70,951	(13,799)
Fund Balance, June 30, 2013	\$ 3,482	\$ 0	\$ 15,366	\$ (11,884)

Exhibit H-8

Chester County, Tennessee  
Schedule of Revenues, Expenditures, and Changes  
in Fund Balance - Actual and Budget  
Discretely Presented Chester County School Department  
Central Cafeteria Fund  
For the Year Ended June 30, 2013

	Actual	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
		Original	Final	
<u>Revenues</u>				
Charges for Current Services	\$ 419,229	\$ 437,000	\$ 437,000	\$ (17,771)
Other Local Revenues	51,356	51,600	51,600	(244)
State of Tennessee	15,705	14,500	14,500	1,205
Federal Government	1,635,312	1,400,000	1,486,695	148,617
Total Revenues	<u>\$ 2,121,602</u>	<u>\$ 1,903,100</u>	<u>\$ 1,989,795</u>	<u>\$ 131,807</u>
<u>Expenditures</u>				
<u>Operation of Non-Instructional Services</u>				
Food Service	\$ 2,066,223	\$ 1,904,950	\$ 2,137,845	\$ 71,622
Total Expenditures	<u>\$ 2,066,223</u>	<u>\$ 1,904,950</u>	<u>\$ 2,137,845</u>	<u>\$ 71,622</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>\$ 55,379</u>	<u>\$ (1,850)</u>	<u>\$ (148,050)</u>	<u>\$ 203,429</u>
Net Change in Fund Balance	\$ 55,379	\$ (1,850)	\$ (148,050)	\$ 203,429
Fund Balance, July 1, 2012	<u>311,783</u>	<u>309,933</u>	<u>309,933</u>	<u>1,850</u>
Fund Balance, June 30, 2013	<u>\$ 367,162</u>	<u>\$ 308,083</u>	<u>\$ 161,883</u>	<u>\$ 205,279</u>

Exhibit H-9

Chester County, Tennessee  
Statement of Fiduciary Net Position  
Discretely Presented Chester County School Department  
Fiduciary Fund  
June 30, 2013

	<u>Other Trust Fund</u>
	<u>Private Purpose Trust Fund</u>
<u>ASSETS</u>	
Equity in Pooled Cash and Investments	\$ 147,919
Total Assets	<u>\$ 147,919</u>
<u>NET POSITION</u>	
Funds Held in Trust for College Scholarships for Chester County Students	<u>\$ 147,919</u>
Total Net Position	<u><u>\$ 147,919</u></u>

Exhibit H-10

Chester County, Tennessee  
Statement of Changes in Fiduciary Net Position  
Discretely Presented Chester County School Department  
Fiduciary Fund  
For the Year Ended June 30, 2013

	<u>Other Trust Fund</u> <u>Private Purpose Trust Fund</u>
<u>ADDITIONS</u>	
<u>Other Local Revenues</u>	
Investment Income	\$ 700
Contributions and Gifts	50,000
Total Additions	<u>\$ 50,700</u>
<u>DEDUCTIONS</u>	
<u>Miscellaneous</u>	
Other Charges	\$ 3,200
Total Deductions	<u>\$ 3,200</u>
Change in Net Position	\$ 47,500
Net Position, July 1, 2012	<u>100,419</u>
Net Position, June 30, 2013	<u><u>\$ 147,919</u></u>

---

---

## MISCELLANEOUS SCHEDULES

---

---

Exhibit I-1

Chester County, Tennessee  
 Schedule of Changes in Long-term Note, Capital Lease, and Bonds  
 For the Year Ended June 30, 2013

Description of Indebtedness	Original Amount of Issue	Interest Rate	Date of Issue	Last Maturity Date	Outstanding 7-1-12	Paid and/or Matured		
						During Period	Outstanding 6-30-13	
<b>NOTE PAYABLE</b>								
<u>Payable through Highway/Public Works Fund</u> Excavator	\$ 200,343	5.5%	1-12-12	1-12-16	\$ 181,884	\$ 47,460	\$ 134,424	
Total Note Payable					\$ 181,884	\$ 47,460	\$ 134,424	
<b>CAPITAL LEASE PAYABLE</b>								
<u>Payable through Solid Waste/Sanitation Fund</u> Backhoe	48,353	5.5	11-27-07	11-27-12	\$ 4,559	\$ 4,559	\$ 0	
Total Capital Lease Payable					\$ 4,559	\$ 4,559	\$ 0	
<b>BONDS PAYABLE</b>								
<u>Payable through Solid Waste/Sanitation Fund</u> Refunding Bonds, Series 2011	140,000	4 to 5	3-15-11	5-1-16	\$ 115,000	\$ 30,000	\$ 85,000	
Total Payable through Solid Waste/Sanitation Fund					\$ 115,000	\$ 30,000	\$ 85,000	
<u>Payable through General Debt Service Fund</u> Jail and Vo-Tech School Refunding Bonds, Series 2011	9,300,000	3 to 5.5	6-30-08	6-1-40	\$ 8,880,000	\$ 120,000	\$ 8,760,000	
General Obligation Bonds, Series 2011	575,000	2.75 to 5	3-15-11	5-1-23	535,000	40,000	495,000	
Total Payable through General Debt Service Fund	360,000	2.75 to 5	3-15-11	5-1-28	\$ 340,000	\$ 20,000	\$ 320,000	
<u>Payable through Education Debt Service Fund</u> School Refunding Bond, Series 2008	3,695,000	3.23	9-30-08	4-1-15	\$ 1,710,000	\$ 555,000	\$ 1,155,000	
School Refunding Bonds, Series 2011	380,000	4 to 5	3-15-11	5-1-16	325,000	65,000	260,000	
Total Payable through Education Debt Service Fund					\$ 2,035,000	\$ 620,000	\$ 1,415,000	
Total Bonds Payable					\$ 11,905,000	\$ 830,000	\$ 11,075,000	

Exhibit I-2

Chester County, Tennessee  
Schedule of Long-term Debt Requirements by Year

Year Ending June 30	Note		Total
	Principal	Interest	
2014	\$ 49,757	\$ 6,240	\$ 55,997
2015	52,604	3,393	55,997
2016	32,063	601	32,664
Total	\$ 134,424	\$ 10,234	\$ 144,658

Year Ending June 30	Bonds		Total
	Principal	Interest	
2014	\$ 880,000	\$ 468,028	\$ 1,348,028
2015	915,000	437,553	1,352,553
2016	365,000	405,872	770,872
2017	240,000	391,271	631,271
2018	260,000	382,484	642,484
2019	280,000	370,108	650,108
2020	295,000	356,372	651,372
2021	305,000	343,027	648,027
2022	325,000	329,090	654,090
2023	340,000	316,652	656,652
2024	295,000	303,253	598,253
2025	315,000	291,227	606,227
2026	325,000	278,338	603,338
2027	335,000	264,737	599,737
2028	350,000	250,718	600,718
2029	340,000	235,905	575,905
2030	355,000	221,455	576,455
2031	370,000	206,190	576,190
2032	385,000	190,280	575,280
2033	400,000	173,725	573,725
2034	425,000	156,325	581,325
2035	440,000	137,838	577,838
2036	460,000	118,037	578,037
2037	480,000	97,338	577,338
2038	500,000	75,137	575,137
2039	520,000	52,013	572,013
2040	575,000	27,312	602,312
Total	\$ 11,075,000	\$ 6,880,285	\$ 17,955,285

Exhibit I-3

Chester County, Tennessee  
Schedule of Transfers  
Discretely Presented Chester County School Department  
For the Year Ended June 30, 2013

<u>From Fund</u>	<u>To Fund</u>	<u>Purpose</u>	<u>Amount</u>
School Federal Projects	General Purpose School	Indirect costs	\$ 7,200
Total Transfers Discretely Presented Chester County School Department			<u>\$ 7,200</u>

Exhibit I-4

Chester County, Tennessee  
Schedule of Salaries and Official Bonds of Principal Officials  
Primary Government and Discretely Presented Chester County School Department  
For the Year Ended June 30, 2013

Official	Authorization for Salary	Salary Paid During Period	Bond	Surety
County Mayor	Section 8-24-102, TCA	\$ 71,640	\$ 50,000	State Automobile Mutual Insurance Company
Road Supervisor	Section 8-24-102, TCA	66,928	100,000 "	"
Director of Schools	State Board of Education and County Board of Education	86,983 (1)	150,000	Tennessee Risk Management Trust
Trustee	Section 8-24-102, TCA	58,739	675,200	State Automobile Mutual Insurance Company
Assessor of Property	Section 8-24-102, TCA	58,739	50,000 "	"
County Clerk	Section 8-24-102, TCA	58,739	50,000 "	"
Circuit and General Sessions Courts Clerk	Section 8-24-102, TCA	58,739	50,000 "	"
Clerk and Master	Section 8-24-102, TCA	58,739	65,000 "	"
Register of Deeds	Section 8-24-102, TCA	58,739	25,000 "	"
Sheriff	Section 8-24-102, TCA	64,614 (2)	25,000 "	"
Employee Blanket Bonds:				
Public Employee Dishonesty - County Departments			150,000	Tennessee Risk Management Trust
Public Employee Dishonesty - School Departments			150,000 "	"

(1) Includes a chief executive officer training supplement of \$1,000.

(2) Does not include a law enforcement training supplement of \$600 and a clothing allowance of \$500.

Exhibit I-5

Chester County, Tennessee  
 Schedule of Detailed Revenues -  
 All Governmental Fund Types  
 For the Year Ended June 30, 2013

	Special Revenue Funds						Debt Service Funds			Capital Projects Fund
	General	Public Library	Solid Waste / Sanitation	Drug Control	Highway / Public Works	General Debt Service	Education Debt Service	General Capital Projects	Total	
<b>Local Taxes</b>										
<u>County Property Taxes</u>										
Current Property Tax	\$ 3,596,179	\$ 0	\$ 0	\$ 0	\$ 41,096	\$ 32,053	\$ 0	\$ 0	\$ 3,669,328	
Discount on Property Taxes	(36,263)	0	0	0	(416)	(325)	0	0	(37,004)	
Trustee's Collections - Prior Year	168,433	0	0	0	2,290	1,958	0	0	172,681	
Trustee's Collections - Bankruptcy	183	0	0	0	3	2	0	0	188	
Circuit/Clerk & Master Collections - Prior Years	68,620	0	8,578	0	1,144	1,144	0	0	79,486	
Interest and Penalty	27,646	0	0	0	381	342	0	0	28,369	
Payments in-Lieu-of-Taxes - T.V.A.	0	0	0	0	786	613	0	0	1,399	
Payments in-Lieu-of-Taxes - Other	145,000	0	0	0	0	0	0	0	145,000	
<u>County Local Option Taxes</u>										
Local Option Sales Tax	1,575	0	129,809	0	0	0	693,329	0	824,713	
Hotel/Motel Tax	0	0	12,085	0	0	0	0	0	12,085	
Wheel Tax	175,935	0	0	0	0	575,130	0	0	751,065	
Litigation Tax - General	44,832	0	0	0	0	0	0	0	44,832	
Litigation Tax - Special Purpose	5,388	0	0	0	0	0	0	0	5,388	
Litigation Tax - Jail, Workhouse, or Courthouse	0	0	0	0	0	17,758	0	0	17,758	
Litigation Tax - Courtroom Security	123	0	0	0	0	0	0	0	123	
Business Tax	0	0	113,508	0	0	0	0	0	113,508	
<u>Statutory Local Taxes</u>										
Bank Excise Tax	8,801	0	0	0	101	78	0	0	8,980	
Wholesale Beer Tax	0	0	47,158	0	0	0	0	0	47,158	
Interstate Telecommunications Tax	957	0	0	0	0	0	0	0	957	
<b>Total Local Taxes</b>	<b>\$ 4,207,409</b>	<b>\$ 0</b>	<b>\$ 311,138</b>	<b>\$ 0</b>	<b>\$ 45,385</b>	<b>\$ 628,753</b>	<b>\$ 693,329</b>	<b>\$ 0</b>	<b>\$ 5,886,014</b>	
<b>Licenses and Permits</b>										
<u>Licenses</u>										
Cable TV Franchise	\$ 8,682	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 8,682	
Total Licenses and Permits	\$ 8,682	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 8,682	
<b>Fines, Forfeitures, and Penalties</b>										
<u>Circuit Court</u>										
Fines	\$ 6,116	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 6,116	
Officers Costs	1,516	0	0	0	0	0	0	0	1,516	
Drug Control Fines	0	0	0	3,174	0	0	0	0	3,174	
Drug Court Fees	339	0	0	0	0	0	0	0	339	
Jail Fees	732	0	0	0	0	0	0	0	732	
DUI Treatment Fines	243	0	0	0	0	0	0	0	243	

(Continued)

Exhibit I-5

Chester County, Tennessee  
 Schedule of Detailed Revenues -  
 All Governmental Fund Types (Cont.)

	Special Revenue Funds						Debt Service Funds			Capital Projects Fund
	General	Public Library	Solid Waste / Sanitation	Drug Control	Highway / Public Works	General Debt Service	Education Debt Service	General Capital Projects	Total	
<u>Fines, Forfeitures, and Penalties (Cont.)</u>										
<u>Circuit Court (Cont.)</u>										
Data Entry Fee - Circuit Court	472 \$	0 \$	0 \$	0 \$	0 \$	0 \$	0 \$	0 \$	472	
Victims Assistance Assessments	1,393	0	0	0	0	0	0	0	1,393	
<u>General Sessions Court</u>										
Fines	17,341	0	0	0	0	0	0	0	17,341	
Officers Costs	19,414	0	0	0	0	0	0	0	19,414	
Game and Fish Fines	4	0	0	0	0	0	0	0	4	
Drug Control Fines	0	0	0	4,781	0	0	0	0	4,781	
Drug Court Fees	1,752	0	0	1,473	0	0	0	0	3,225	
Jail Fees	10,329	0	0	0	0	0	0	0	10,329	
DUI Treatment Fines	2,401	0	0	1,351	0	0	0	0	3,752	
Data Entry Fee - General Sessions Court	5,194	0	0	0	0	0	0	0	5,194	
Victims Assistance Assessments	13,167	0	0	0	0	0	0	0	13,167	
<u>Juvenile Court</u>										
Fines	166	0	0	0	0	0	0	0	166	
Officers Costs	920	0	0	0	0	0	0	0	920	
Data Entry Fee - Juvenile Court	431	0	0	0	0	0	0	0	431	
<u>Chancery Court</u>										
Officers Costs	899	0	0	0	0	0	0	0	899	
Data Entry Fee - Chancery Court	1,787	0	0	0	0	0	0	0	1,787	
<u>Judicial District Drug Program</u>										
Drug Task Force Forfeitures and Seizures	0	0	0	946	0	0	0	0	946	
<u>Other Fines, Forfeitures, and Penalties</u>										
Proceeds from Confiscated Property	0	0	0	68,415	0	0	0	0	68,415	
Other Fines, Forfeitures, and Penalties	3,522	0	0	1,065	0	0	0	0	4,587	
<b>Total Fines, Forfeitures, and Penalties</b>	<b>88,138 \$</b>	<b>0 \$</b>	<b>0 \$</b>	<b>81,205 \$</b>	<b>0 \$</b>	<b>0 \$</b>	<b>0 \$</b>	<b>0 \$</b>	<b>169,343</b>	
<u>Charges for Current Services</u>										
<u>General Service Charges</u>										
Convenience Waste Centers Collection Charge	0 \$	0 \$	81,786 \$	0 \$	0 \$	0 \$	0 \$	0 \$	81,786	
Solid Waste Disposal Fees	0	0	255	0	0	0	0	0	255	
<u>Fees</u>										
Copy Fees	45	0	0	0	0	0	0	0	45	
Library Fees	0	16,134	0	0	0	0	0	0	16,134	
Greenbelt Late Application Fee	300	0	0	0	0	0	0	0	300	
Telephone Commissions	48,039	0	0	0	0	0	0	0	48,039	
Data Processing Fee - Register	5,808	0	0	0	0	0	0	0	5,808	

(Continued)

Exhibit I-5

Chester County, Tennessee  
 Schedule of Detailed Revenues -  
 All Governmental Fund Types (Cont.)

	Special Revenue Funds						Debt Service Funds			Capital Projects Fund
	General	Public Library	Solid Waste / Sanitation	Drug Control	Highway / Public Works	General Debt Service	Education Debt Service	General Capital Projects	Total	
<u>Charges for Current Services (Cont.)</u>										
<u>Fees (Cont.)</u>										
Data Processing Fee - Sheriff	\$ 1,915	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 1,915	
Sexual Offender Registration Fees - Sheriff	2,250	0	0	0	0	0	0	0	2,250	
Total Charges for Current Services	\$ 58,357	\$ 16,134	\$ 82,041	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 156,532	
<u>Other Local Revenues</u>										
<u>Recurring Items</u>										
Investment Income	\$ 270	\$ 16,031	\$ 16,711	\$ 0	\$ 3,801	\$ 0	\$ 0	\$ 0	\$ 36,813	
Lease/Rentals	76,042	0	50,000	0	0	0	0	0	126,042	
Sale of Materials and Supplies	1,497	0	0	0	4,413	0	0	0	5,910	
Sale of Gasoline	0	0	0	0	2,294	0	0	0	2,294	
Sale of Maps	500	0	0	0	0	0	0	0	500	
Sale of Recycled Materials	0	0	190,582	0	0	0	0	0	190,582	
Miscellaneous Refunds	23,968	0	882	0	1,550	0	0	0	26,400	
<u>Nonrecurring Items</u>										
Contributions and Gifts	48,847	0	0	0	0	0	0	0	48,847	
<u>Other Local Revenues</u>										
Other Local Revenues	0	0	0	770	8,245	0	0	0	9,015	
Total Other Local Revenues	\$ 151,124	\$ 16,031	\$ 258,175	\$ 770	\$ 20,303	\$ 0	\$ 0	\$ 0	\$ 446,403	
<u>Fees Received from County Officials</u>										
<u>Fees in-Lieu-of Salary</u>										
County Clerk	\$ 157,437	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 157,437	
Circuit Court Clerk	37,143	0	0	0	0	0	0	0	37,143	
General Sessions Court Clerk	97,850	0	0	0	0	0	0	0	97,850	
Clerk and Master	79,422	0	0	0	0	0	0	0	79,422	
Juvenile Court Clerk	1,239	0	0	0	0	0	0	0	1,239	
Registrar	65,951	0	0	0	0	0	0	0	65,951	
Sheriff	10,016	0	0	0	0	0	0	0	10,016	
Trustee	196,174	0	0	0	0	0	0	0	196,174	
Total Fees Received from County Officials	\$ 645,232	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 645,232	
<u>State of Tennessee</u>										
<u>General Government Grants</u>										
Juvenile Services Program	\$ 13,500	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 13,500	
Public Safety Grants	7,200	0	0	0	0	0	0	0	7,200	
Law Enforcement Training Programs										

(Continued)

Chester County, Tennessee  
 Schedule of Detailed Revenues -  
 All Governmental Fund Types (Cont.)

	Special Revenue Funds						Debt Service Funds			Capital Projects Fund
	General	Public Library	Solid Waste / Sanitation	Drug Control	Highway / Public Works	General Debt Service	Education Debt Service	General Capital Projects	Total	
<u>State of Tennessee (Cont.)</u>										
Health and Welfare Grants										
Health Department Programs										
Public Works Grants										
Litter Program										
Other State Revenues										
Income Tax	\$ 27,001	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 27,001	
Beer Tax	29,906	0	15,873	0	0	0	0	0	45,779	
Mixed Drink Tax	0	0	28,771	0	0	0	0	0	28,771	
State Revenue Sharing - T.V.A.	1,125	0	55,680	0	0	0	0	0	55,680	
Contracted Prisoner Boarding	140,569	75,784	58,784	0	2,358	1,839	0	0	279,334	
Gasoline and Motor Fuel Tax	310,197	0	0	0	0	0	0	0	310,197	
Petroleum Special Tax	0	0	0	0	1,444,608	0	0	0	1,444,608	
Registrar's Salary Supplement	15,164	0	0	0	12,361	0	0	0	27,525	
Other State Grants	10,996	1,260	129,456	0	0	0	0	0	15,164	
Total State of Tennessee	\$ 555,658	\$ 77,044	\$ 288,564	\$ 0	\$ 1,459,327	\$ 1,839	\$ 0	\$ 0	\$ 2,382,432	
<u>Federal Government</u>										
Federal Through State										
Civil Defense Reimbursement	\$ 23,095	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 23,095	
Homeland Security Grants	71,691	0	0	0	0	0	0	0	71,691	
Other Federal through State	0	0	0	0	0	0	0	99,991	99,991	
Direct Federal Revenue										
Other Direct Federal Revenue	3,600	0	0	0	0	0	0	0	3,600	
Total Federal Government	\$ 98,386	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 99,991	\$ 198,377	
<u>Other Governments and Citizens Groups</u>										
Other Governments										
Contributions	\$ 1,739	\$ 3,886	\$ 0	\$ 0	\$ 0	\$ 0	\$ 50,000	\$ 0	\$ 55,625	
Contracted Services	197,674	0	0	0	0	0	0	0	197,674	
Other										
Other	46,500	0	0	0	0	0	0	0	46,500	
Total Other Governments and Citizens Groups	\$ 245,913	\$ 3,886	\$ 0	\$ 0	\$ 0	\$ 0	\$ 50,000	\$ 0	\$ 299,799	
Total	\$ 6,058,899	\$ 113,095	\$ 939,918	\$ 81,975	\$ 1,525,015	\$ 630,592	\$ 743,329	\$ 99,991	\$ 10,192,814	

Exhibit I-6

Chester County, Tennessee  
Schedule of Detailed Revenues -  
All Governmental Fund Types  
Discretely Presented Chester County School Department  
For the Year Ended June 30, 2013

	<u>Special Revenue Funds</u>			
	General Purpose School	School Federal Projects	Central Cafeteria	Total
<u>Local Taxes</u>				
<u>County Property Taxes</u>				
Current Property Tax	\$ 1,493,772	\$ 0	\$ 0	\$ 1,493,772
Discount on Property Taxes	1	0	0	1
Trustee's Collections - Prior Year	86,529	0	0	86,529
Trustee's Collections - Bankruptcy	118	0	0	118
Circuit/Clerk & Master Collections - Prior Years	56,040	0	0	56,040
Interest and Penalty	13,996	0	0	13,996
Payments in-Lieu-of Taxes - T.V.A.	115,450	0	0	115,450
<u>County Local Option Taxes</u>				
Local Option Sales Tax	762,894	0	0	762,894
<u>Statutory Local Taxes</u>				
Bank Excise Tax	3,693	0	0	3,693
Interstate Telecommunications Tax	1,461	0	0	1,461
Total Local Taxes	<u>\$ 2,533,954</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 2,533,954</u>
<u>Licenses and Permits</u>				
<u>Licenses</u>				
Marriage Licenses	\$ 1,387	\$ 0	\$ 0	\$ 1,387
Total Licenses and Permits	<u>\$ 1,387</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 1,387</u>
<u>Charges for Current Services</u>				
<u>Education Charges</u>				
Tuition - Regular Day Students	\$ 14,915	\$ 0	\$ 0	\$ 14,915
Tuition - Summer School	1,770	0	0	1,770
Lunch Payments - Children	0	0	231,461	231,461
Lunch Payments - Adults	0	0	39,387	39,387
Income from Breakfast	0	0	19,426	19,426
A la carte Sales	0	0	128,955	128,955
Receipts from Individual Schools	30,979	0	0	30,979
<u>Other Charges for Services</u>				
Other Charges for Services	5,365	0	0	5,365
Total Charges for Current Services	<u>\$ 53,029</u>	<u>\$ 0</u>	<u>\$ 419,229</u>	<u>\$ 472,258</u>
<u>Other Local Revenues</u>				
<u>Recurring Items</u>				
Investment Income	\$ 32,238	\$ 0	\$ 2,147	\$ 34,385
Lease/Rentals	8,100	0	0	8,100
Miscellaneous Refunds	33,880	0	49,209	83,089
<u>Nonrecurring Items</u>				
Sale of Equipment	2,855	0	0	2,855
Damages Recovered from Individuals	1,187	0	0	1,187
Contributions and Gifts	3,230	0	0	3,230
<u>Other Local Revenues</u>				
Other Local Revenues	12,294	0	0	12,294
Total Other Local Revenues	<u>\$ 93,784</u>	<u>\$ 0</u>	<u>\$ 51,356</u>	<u>\$ 145,140</u>
<u>State of Tennessee</u>				
<u>General Government Grants</u>				
On-Behalf Contributions for OPEB	\$ 49,649	\$ 0	\$ 0	\$ 49,649
<u>State Education Funds</u>				
Basic Education Program	13,939,575	0	0	13,939,575
Early Childhood Education	207,924	0	0	207,924
School Food Service	0	0	15,705	15,705
Driver Education	5,667	0	0	5,667
Other State Education Funds	145,952	0	0	145,952
Career Ladder Program	106,294	0	0	106,294

(Continued)

Chester County, Tennessee  
Schedule of Detailed Revenues -  
All Governmental Fund Types  
Discretely Presented Chester County School Department (Cont.)

	<u>Special Revenue Funds</u>			
	General Purpose School	School Federal Projects	Central Cafeteria	Total
<u>State of Tennessee (Cont.)</u>				
<u>State Education Funds (Cont.)</u>				
Career Ladder - Extended Contract	\$ 23,500	\$ 0	\$ 0	\$ 23,500
Total State of Tennessee	<u>\$ 14,478,561</u>	<u>\$ 0</u>	<u>\$ 15,705</u>	<u>\$ 14,494,266</u>
<u>Federal Government</u>				
<u>Federal Through State</u>				
USDA School Lunch Program	\$ 0	\$ 0	\$ 670,710	\$ 670,710
USDA - Commodities	0	0	86,695	86,695
Breakfast	0	0	215,127	215,127
USDA - Other	0	0	662,780	662,780
Vocational Education - Basic Grants to States	0	43,353	0	43,353
Title I Grants to Local Education Agencies	0	968,263	0	968,263
Special Education - Grants to States	0	460,665	0	460,665
Special Education Preschool Grants	0	11,343	0	11,343
Eisenhower Professional Development State Grants	0	111,187	0	111,187
Race-to-the-Top - ARRA	2,500	126,192	0	128,692
Other Federal through State	260	0	0	260
Total Federal Government	<u>\$ 2,760</u>	<u>\$ 1,721,003</u>	<u>\$ 1,635,312</u>	<u>\$ 3,359,075</u>
Total	<u>\$ 17,163,475</u>	<u>\$ 1,721,003</u>	<u>\$ 2,121,602</u>	<u>\$ 21,006,080</u>

Exhibit I-7

Chester County, Tennessee  
Schedule of Detailed Expenditures -  
All Governmental Fund Types  
For the Year Ended June 30, 2013

General Fund

General Government

County Commission

Board and Committee Members Fees	\$	8,950	
Social Security		677	
Dues and Memberships		1,300	
Travel		1,920	
Office Supplies		40	
Total County Commission			\$ 12,887

Board of Equalization

Board and Committee Members Fees	\$	500	
Total Board of Equalization			500

Budget and Finance Committee

Board and Committee Members Fees	\$	750	
Social Security		57	
Total Budget and Finance Committee			807

County Mayor/Executive

County Official/Administrative Officer	\$	71,640	
Secretary(ies)		24,929	
Social Security		7,268	
State Retirement		7,185	
Medical Insurance		12,365	
Unemployment Compensation		108	
Communication		6,081	
Data Processing Services		2,171	
Dues and Memberships		1,312	
Legal Notices, Recording, and Court Costs		500	
Travel		388	
Office Supplies		1,092	
Total County Mayor/Executive			135,039

County Attorney

Legal Services	\$	1,760	
Total County Attorney			1,760

Election Commission

County Official/Administrative Officer	\$	52,865	
Clerical Personnel		24,231	
Longevity Pay		50	
Election Commission		3,280	
Election Workers		34,631	
Social Security		6,032	
State Retirement		5,737	
Medical Insurance		6,307	
Unemployment Compensation		216	
Communication		4,405	
Data Processing Services		17,811	
Dues and Memberships		1,700	
Legal Notices, Recording, and Court Costs		1,345	
Maintenance and Repair Services - Equipment		250	

(Continued)

Exhibit I-7

Chester County, Tennessee  
Schedule of Detailed Expenditures -  
All Governmental Fund Types (Cont.)

General Fund (Cont.)

General Government (Cont.)

Election Commission (Cont.)

Printing, Stationery, and Forms	\$	2,653	
Travel		2,367	
Office Supplies		7,034	
Total Election Commission			\$ 170,914

Register of Deeds

County Official/Administrative Officer	\$	58,739	
Clerical Personnel		26,834	
Longevity Pay		1,750	
Social Security		6,563	
State Retirement		6,367	
Medical Insurance		12,116	
Unemployment Compensation		108	
Communication		907	
Data Processing Services		10,685	
Dues and Memberships		682	
Travel		1,180	
Office Supplies		274	
Total Register of Deeds			126,205

County Buildings

Salary Supplements	\$	2,750	
Custodial Personnel		8,899	
Maintenance Personnel		65,495	
Longevity Pay		1,025	
Overtime Pay		14,774	
Social Security		7,049	
State Retirement		5,973	
Medical Insurance		6,307	
Unemployment Compensation		320	
Communication		3,625	
Maintenance and Repair Services - Buildings		64,486	
Maintenance and Repair Services - Office Equipment		244	
Pest Control		1,456	
Travel		2,467	
Custodial Supplies		9,687	
Electricity		77,017	
Gasoline		206	
Natural Gas		10,076	
Water and Sewer		4,380	
Building and Contents Insurance		44,430	
Building Improvements		3,041	
Total County Buildings			333,707

Other Facilities

Communication	\$	4,694	
Maintenance and Repair Services - Buildings		677	
Pest Control		440	
Electricity		12,533	
Water and Sewer		1,701	
Total Other Facilities			20,045

(Continued)

Exhibit I-7

Chester County, Tennessee  
Schedule of Detailed Expenditures -  
All Governmental Fund Types (Cont.)

General Fund (Cont.)

General Government (Cont.)

Other General Administration

Legal Notices, Recording, and Court Costs	\$	2,606	
Postal Charges		15,945	
Printing, Stationery, and Forms		884	
Premiums on Corporate Surety Bonds		5,446	
Office Equipment		1,261	
Total Other General Administration			\$ 26,142

Finance

Accounting and Budgeting

Supervisor/Director	\$	24,929	
Clerical Personnel		24,989	
Part-time Personnel		4,833	
Educational Incentive - Other County Employees		3,000	
Longevity Pay		1,400	
Social Security		4,465	
State Retirement		4,181	
Medical Insurance		6,374	
Unemployment Compensation		153	
Communication		2,639	
Data Processing Services		8,802	
Printing, Stationery, and Forms		697	
Travel		911	
Office Supplies		3,063	
Total Accounting and Budgeting			90,436

Property Assessor's Office

County Official/Administrative Officer	\$	58,739	
Clerical Personnel		49,858	
Educational Incentive - Other County Employees		3,000	
Longevity Pay		450	
Social Security		8,391	
State Retirement		8,080	
Medical Insurance		18,673	
Unemployment Compensation		216	
Audit Services		6,736	
Communication		5,004	
Data Processing Services		7,725	
Dues and Memberships		1,300	
Travel		1,250	
Office Supplies		1,698	
Office Equipment		1,199	
Total Property Assessor's Office			172,319

Reappraisal Program

Clerical Personnel	\$	10,365	
Social Security		793	
Unemployment Compensation		124	
Travel		2,305	
Total Reappraisal Program			13,587

(Continued)

Exhibit I-7

Chester County, Tennessee  
Schedule of Detailed Expenditures -  
All Governmental Fund Types (Cont.)

General Fund (Cont.)

Finance (Cont.)

County Trustee's Office

County Official/Administrative Officer	\$	58,739	
Clerical Personnel		49,431	
Educational Incentive - Other County Employees		3,000	
Longevity Pay		2,450	
Social Security		8,535	
State Retirement		8,410	
Medical Insurance		16,245	
Unemployment Compensation		216	
Communication		2,923	
Data Processing Services		13,363	
Dues and Memberships		419	
Maintenance and Repair Services - Equipment		1,992	
Travel		629	
Data Processing Supplies		415	
Office Supplies		1,878	
Total County Trustee's Office	\$		168,645

County Clerk's Office

County Official/Administrative Officer	\$	58,739	
Clerical Personnel		74,787	
Part-time Personnel		12,724	
Educational Incentive - Other County Employees		1,500	
Longevity Pay		1,250	
Social Security		11,262	
State Retirement		9,935	
Medical Insurance		14,066	
Unemployment Compensation		477	
Communication		2,989	
Data Processing Services		7,313	
Dues and Memberships		507	
Office Supplies		2,242	
Total County Clerk's Office			197,791

Other Finance

Contracts with Other Public Agencies	\$	5,139	
Total Other Finance			5,139

Administration of Justice

Circuit Court

County Official/Administrative Officer	\$	58,739	
Clerical Personnel		74,787	
Part-time Personnel		28,350	
Educational Incentive - Other County Employees		5,250	
Longevity Pay		2,150	
Jury and Witness Expense		6,370	
Social Security		12,771	
State Retirement		9,935	
Medical Insurance		17,146	
Unemployment Compensation		520	
Communication		602	

(Continued)

Exhibit I-7

Chester County, Tennessee  
Schedule of Detailed Expenditures -  
All Governmental Fund Types (Cont.)

General Fund (Cont.)

Administration of Justice (Cont.)

Circuit Court (Cont.)

Data Processing Services	\$	9,009	
Dues and Memberships		537	
Maintenance and Repair Services - Office Equipment		650	
Travel		933	
Food Supplies		494	
Office Supplies		2,614	
Building Improvements		810	
Office Equipment		7,995	
Total Circuit Court			\$ 239,662

General Sessions Court

Judge(s)	\$	82,121	
Social Security		6,220	
State Retirement		6,111	
Medical Insurance		5,812	
Communication		873	
Contracts with Private Agencies		1,786	
Data Processing Services		1,362	
Dues and Memberships		245	
Travel		591	
Office Supplies		296	
Total General Sessions Court			105,417

Chancery Court

County Official/Administrative Officer	\$	58,739	
Clerical Personnel		75,206	
Longevity Pay		700	
Social Security		10,151	
State Retirement		9,935	
Medical Insurance		12,244	
Unemployment Compensation		432	
Data Processing Services		10,282	
Dues and Memberships		407	
Legal Notices, Recording, and Court Costs		5,363	
Office Supplies		2,102	
Office Equipment		200	
Total Chancery Court			185,761

Juvenile Court

Clerical Personnel	\$	25,409	
Longevity Pay		450	
Social Security		1,920	
State Retirement		1,891	
Medical Insurance		6,837	
Unemployment Compensation		216	
Total Juvenile Court			36,723

Public Safety

Sheriff's Department

County Official/Administrative Officer	\$	64,614	
--	----	--------	--

(Continued)

Exhibit I-7

Chester County, Tennessee  
Schedule of Detailed Expenditures -  
All Governmental Fund Types (Cont.)

General Fund (Cont.)

Public Safety (Cont.)

Sheriff's Department (Cont.)

Assistant(s)	\$	26,667	
Supervisor/Director		45,106	
Deputy(ies)		364,594	
Investigator(s)		41,266	
Salary Supplements		4,800	
Dispatchers/Radio Operators		246,990	
Secretary(ies)		28,415	
Part-time Personnel		4,195	
Longevity Pay		5,925	
Overtime Pay		44,251	
Other Salaries and Wages		2,295	
In-Service Training		175	
Social Security		66,257	
State Retirement		63,006	
Medical Insurance		99,658	
Unemployment Compensation		2,803	
Communication		53,523	
Contracts with Government Agencies		4,178	
Contributions		500	
Data Processing Services		411	
Dues and Memberships		2,540	
Maintenance and Repair Services - Equipment		100	
Maintenance and Repair Services - Vehicles		14,256	
Pest Control		630	
Towing Services		865	
Travel		11,993	
Other Contracted Services		5,421	
Custodial Supplies		2,049	
Gasoline		47,201	
Law Enforcement Supplies		3,088	
Office Supplies		5,297	
Tires and Tubes		4,587	
Uniforms		7,000	
Other Supplies and Materials		92	
Workers' Compensation Insurance		27,494	
Other Charges		1,150	
Law Enforcement Equipment		203	
Office Equipment		2,745	
Other Equipment		114	
Total Sheriff's Department			\$ 1,306,454

Drug Enforcement

Law Enforcement Supplies	\$	933	
Total Drug Enforcement			933

Jail

Guards	\$	555,865	
Secretary(ies)		25,756	
Cafeteria Personnel		41,767	
Longevity Pay		2,700	

(Continued)

Exhibit I-7

Chester County, Tennessee  
Schedule of Detailed Expenditures -  
All Governmental Fund Types (Cont.)

General Fund (Cont.)

Public Safety (Cont.)

Jail (Cont.)

Overtime Pay	\$	20,751	
Other Salaries and Wages		25	
Social Security		48,474	
State Retirement		47,221	
Medical Insurance		109,114	
Unemployment Compensation		3,008	
Communication		3,160	
Maintenance and Repair Services - Buildings		11,439	
Medical and Dental Services		122,105	
Travel		2,649	
Other Contracted Services		46	
Custodial Supplies		13,644	
Food Preparation Supplies		102	
Food Supplies		92,800	
Office Supplies		1,171	
Uniforms		10,500	
Utilities		91,711	
Other Supplies and Materials		2,526	
Other Equipment		3,550	
Total Jail			\$ 1,210,084

Juvenile Services

Youth Service Officer(s)	\$	51,065	
Social Security		3,906	
State Retirement		3,800	
Unemployment Compensation		102	
Communication		2,855	
Contracts with Government Agencies		60	
Travel		822	
Office Supplies		629	
Total Juvenile Services			63,239

Fire Prevention and Control

Supervisor/Director	\$	33,288	
Longevity Pay		550	
Social Security		2,589	
State Retirement		2,477	
Unemployment Compensation		108	
Communication		3,031	
Dues and Memberships		50	
Maintenance and Repair Services - Buildings		35	
Maintenance and Repair Services - Equipment		2,065	
Maintenance and Repair Services - Office Equipment		771	
Maintenance and Repair Services - Vehicles		12,186	
Pest Control		519	
Towing Services		85	
Gasoline		6,292	
Office Supplies		399	
Tires and Tubes		186	
Uniforms		238	

(Continued)

Exhibit I-7

Chester County, Tennessee  
Schedule of Detailed Expenditures -  
All Governmental Fund Types (Cont.)

General Fund (Cont.)

Public Safety (Cont.)

Fire Prevention and Control (Cont.)

Vehicle and Equipment Insurance	\$	25,758	
Workers' Compensation Insurance		5,005	
Other Charges		302	
Communication Equipment		4,177	
Motor Vehicles		33,000	
Total Fire Prevention and Control			\$ 133,111

Civil Defense

Supervisor/Director	\$	33,876	
Longevity Pay		50	
Social Security		2,535	
State Retirement		2,521	
Medical Insurance		6,202	
Unemployment Compensation		108	
Communication		2,593	
Dues and Memberships		305	
Maintenance and Repair Services - Equipment		468	
Maintenance and Repair Services - Vehicles		34	
Travel		1,289	
Gasoline		2,158	
Office Supplies		1,009	
Office Equipment		16,694	
Other Equipment		15,937	
Total Civil Defense			85,779

Rescue Squad

Contributions	\$	1,500	
Vehicle and Equipment Insurance		4,200	
Total Rescue Squad			5,700

County Coroner/Medical Examiner

Other Per Diem and Fees	\$	4,459	
Total County Coroner/Medical Examiner			4,459

Public Health and Welfare

Local Health Center

Communication	\$	2,872	
Dues and Memberships		200	
Janitorial Services		4,510	
Maintenance and Repair Services - Buildings		1,383	
Pest Control		405	
Postal Charges		76	
Custodial Supplies		884	
Drugs and Medical Supplies		1,922	
Office Supplies		1,727	
Utilities		10,013	
Total Local Health Center			23,992

Ambulance/Emergency Medical Services

Ambulance Services	\$	165,113	
Total Ambulance/Emergency Medical Services			165,113

(Continued)

Exhibit I-7

Chester County, Tennessee  
Schedule of Detailed Expenditures -  
All Governmental Fund Types (Cont.)

General Fund (Cont.)

Public Health and Welfare (Cont.)

Alcohol and Drug Programs

Contributions	\$ 1,000	
Total Alcohol and Drug Programs		\$ 1,000

Other Local Health Services

Clerical Personnel	\$ 19,019	
Part-time Personnel	2,609	
Longevity Pay	150	
Social Security	1,632	
State Retirement	1,415	
Medical Insurance	4,780	
Unemployment Compensation	132	
Contracts with Government Agencies	12,281	
Travel	450	
Total Other Local Health Services		42,468

Regional Mental Health Center

Contributions	\$ 10,000	
Total Regional Mental Health Center		10,000

General Welfare Assistance

Contributions	\$ 11,172	
Total General Welfare Assistance		11,172

Sanitation Education/Information

Guards	\$ 14,207	
Clerical Personnel	3,000	
Social Security	1,297	
State Retirement	1,280	
Medical Insurance	1,391	
Unemployment Compensation	66	
Travel	1,568	
Gasoline	3,213	
Other Charges	10,696	
Motor Vehicles	4,995	
Other Equipment	1,160	
Total Sanitation Education/Information		42,873

Convenience Centers

Maintenance and Repair Services - Buildings	\$ 255	
Total Convenience Centers		255

Social, Cultural, and Recreational Services

Other Social, Cultural, and Recreational

Contributions	\$ 7,358	
Total Other Social, Cultural, and Recreational		7,358

Agriculture and Natural Resources

Agriculture Extension Service

Salary Supplements	\$ 25,697	
Extension Service Medicare	4,350	

(Continued)

Exhibit I-7

Chester County, Tennessee  
Schedule of Detailed Expenditures -  
All Governmental Fund Types (Cont.)

General Fund (Cont.)

Agriculture and Natural Resources (Cont.)

Agriculture Extension Service (Cont.)

Communication	\$	1,634	
Office Supplies		2,578	
Total Agriculture Extension Service			\$ 34,259

Soil Conservation

Secretary(ies)	\$	12,013	
Social Security		919	
Unemployment Compensation		144	
Communication		1,314	
Office Supplies		440	
Total Soil Conservation			14,830

Flood Control

Contributions	\$	7,900	
Total Flood Control			7,900

Other Operations

Industrial Development

Contributions	\$	7,500	
Total Industrial Development			7,500

Veterans' Services

County Official/Administrative Officer	\$	14,412	
Longevity Pay		125	
Social Security		1,112	
Unemployment Compensation		106	
Communication		1,607	
Travel		611	
Office Supplies		1,224	
Total Veterans' Services			19,197

Employee Benefits

Life Insurance	\$	12,461	
Total Employee Benefits			12,461

Miscellaneous

Trustee's Commission	\$	85,715	
Other Charges		12,606	
Total Miscellaneous			98,321

Total General Fund \$ 5,351,944

Public Library Fund

Social, Cultural, and Recreational Services

Libraries

County Official/Administrative Officer	\$	24,929	
Part-time Personnel		23,570	
Longevity Pay		1,100	
Social Security		3,794	
State Retirement		1,855	

(Continued)

Chester County, Tennessee  
Schedule of Detailed Expenditures -  
All Governmental Fund Types (Cont.)

Public Library Fund (Cont.)

Social, Cultural, and Recreational Services (Cont.)

Libraries (Cont.)

Unemployment Compensation	\$	384	
Communication		3,143	
Contracts with Other Public Agencies		3,548	
Dues and Memberships		75	
Janitorial Services		460	
Maintenance and Repair Services - Buildings		69	
Pest Control		455	
Postal Charges		1,200	
Custodial Supplies		64	
Electricity		8,688	
Library Books/Media		3,793	
Natural Gas		741	
Office Supplies		6,649	
Water and Sewer		556	
Total Libraries			\$ 85,073

Other Operations

Miscellaneous

Trustee's Commission	\$	7	
Total Miscellaneous			7

Total Public Library Fund \$ 85,080

Solid Waste/Sanitation Fund

Public Health and Welfare

Convenience Centers

Supervisor/Director	\$	48,957	
Deputy(ies)		562	
Accountants/Bookkeepers		18,647	
Foremen		30,838	
Mechanic(s)		28,289	
Laborers		96,129	
Part-time Personnel		11,999	
Educational Incentive - Other County Employees		1,500	
Longevity Pay		3,350	
Overtime Pay		2,991	
Other Salaries and Wages		4,651	
In-Service Training		1,500	
Social Security		18,969	
State Retirement		10,502	
Medical Insurance		6,880	
Unemployment Compensation		1,596	
Communication		5,906	
Contracts with Government Agencies		5,214	
Dues and Memberships		389	
Maintenance and Repair Services - Buildings		5,153	
Maintenance and Repair Services - Equipment		2,972	
Maintenance and Repair Services - Vehicles		4,506	
Pest Control		341	
Postal Charges		13	

(Continued)

Exhibit I-7

Chester County, Tennessee  
Schedule of Detailed Expenditures -  
All Governmental Fund Types (Cont.)

Solid Waste/Sanitation Fund (Cont.)

Public Health and Welfare (Cont.)

Convenience Centers (Cont.)

Travel	\$	1,995	
Custodial Supplies		1,402	
Electricity		9,382	
Food Supplies		229	
Natural Gas		178	
Office Supplies		2,269	
Water and Sewer		815	
Gravel and Chert		364	
Chemicals		1,628	
Other Charges		522	
Maintenance Equipment		1,242	
Motor Vehicles		18	
Solid Waste Equipment		2,974	
Other Equipment		3,625	
Total Convenience Centers			\$ 338,497

Recycling Center

Laborers	\$	50,676	
Secretary(ies)		15,001	
Part-time Personnel		5,000	
Educational Incentive - Other County Employees		1,500	
Longevity Pay		625	
Other Salaries and Wages		7,543	
Social Security		6,012	
State Retirement		4,737	
Medical Insurance		6,431	
Unemployment Compensation		358	
Contracts with Government Agencies		48,896	
Maintenance and Repair Services - Buildings		3,278	
Maintenance and Repair Services - Equipment		4,764	
Maintenance and Repair Services - Vehicles		1,496	
Electricity		1,952	
Food Supplies		8,517	
Propane Gas		2,348	
Wire		5,692	
Other Supplies and Materials		1,184	
Other Charges		1,299	
Building Construction		47,175	
Motor Vehicles		4,505	
Solid Waste Equipment		37,344	
Other Equipment		43,932	
Total Recycling Center			310,265

Other Waste Disposal

Truck Drivers	\$	3,871	
Longevity Pay		525	
Social Security		336	
State Retirement		86	
Unemployment Compensation		46	
Contracts with Government Agencies		177,044	

(Continued)

Exhibit I-7

Chester County, Tennessee  
Schedule of Detailed Expenditures -  
All Governmental Fund Types (Cont.)

Solid Waste/Sanitation Fund (Cont.)

Public Health and Welfare (Cont.)

Other Waste Disposal (Cont.)

Contracts with Private Agencies	\$	58,216	
Maintenance and Repair Services - Equipment		6,151	
Maintenance and Repair Services - Vehicles		4,347	
Towing Services		420	
Diesel Fuel		14,780	
Gasoline		12,964	
Tires and Tubes		5,041	
Total Other Waste Disposal			\$ 283,827

Postclosure Care Costs

Contracts with Government Agencies	\$	3,351	
Total Postclosure Care Costs			3,351

Other Operations

Miscellaneous

Trustee's Commission	\$	3,511	
Total Miscellaneous			3,511

Principal on Debt

General Government

Principal on Bonds	\$	30,000	
Principal on Capital Leases		4,559	
Total General Government			34,559

Interest on Debt

General Government

Interest on Bonds	\$	4,900	
Interest on Capital Leases		60	
Total General Government			4,960

Total Solid Waste/Sanitation Fund \$ 978,970

Drug Control Fund

Public Safety

Drug Enforcement

Investigator(s)	\$	44,564	
Longevity Pay		800	
Overtime Pay		3,396	
Social Security		3,691	
State Retirement		3,524	
Medical Insurance		6,064	
Unemployment Compensation		108	
Communication		1,184	
Contracts with Private Agencies		235	
Maintenance and Repair Services - Vehicles		218	
Electricity		527	
Food Supplies		380	
Law Enforcement Supplies		4,136	
Uniforms		500	
Other Charges		25	

(Continued)

Exhibit I-7

Chester County, Tennessee  
Schedule of Detailed Expenditures -  
All Governmental Fund Types (Cont.)

Drug Control Fund (Cont.)

Public Safety (Cont.)

Drug Enforcement (Cont.)

Law Enforcement Equipment	\$	200	
Motor Vehicles		27,066	
Total Drug Enforcement			\$ 96,618

Other Operations

Miscellaneous

Trustee's Commission	\$	780	
Total Miscellaneous			780

Total Drug Control Fund \$ 97,398

Highway/Public Works Fund

Highways

Administration

County Official/Administrative Officer	\$	66,928	
Assistant(s)		32,000	
Accountants/Bookkeepers		702	
Contracts with Other Public Agencies		3,000	
Dues and Memberships		2,817	
Pest Control		369	
Postal Charges		385	
Travel		1,687	
Custodial Supplies		747	
Office Supplies		4,999	
Other Charges		7,078	
Total Administration			\$ 120,712

Highway and Bridge Maintenance

Accountants/Bookkeepers	\$	250	
Foremen		71,576	
Equipment Operators		125,681	
Truck Drivers		143,788	
Laborers		69,182	
Other Salaries and Wages		1,000	
Other Contracted Services		3,964	
Asphalt - Liquid		51,482	
Concrete		263	
Crushed Stone		48,280	
Fertilizer, Lime, and Seed		997	
Pipe		9,676	
Road Signs		2,347	
Small Tools		2,150	
Wood Products		670	
Gravel and Chert		31,511	
Other Supplies and Materials		7,704	
Total Highway and Bridge Maintenance			570,521

Operation and Maintenance of Equipment

Mechanic(s)	\$	66,299	
Maintenance and Repair Services - Equipment		8,665	

(Continued)

Exhibit I-7

Chester County, Tennessee  
Schedule of Detailed Expenditures -  
All Governmental Fund Types (Cont.)

Highway/Public Works Fund (Cont.)

Highways (Cont.)

Operation and Maintenance of Equipment (Cont.)

Diesel Fuel	\$	104,617	
Equipment and Machinery Parts		41,283	
Garage Supplies		5,999	
Gasoline		43,812	
Lubricants		2,499	
Tires and Tubes		19,398	
Total Operation and Maintenance of Equipment			\$ 292,572

Other Charges

Communication	\$	5,137	
Laundry Service		2,434	
Electricity		8,024	
Natural Gas		1,511	
Water and Sewer		1,095	
Trustee's Commission		15,258	
Vehicle and Equipment Insurance		42,624	
Total Other Charges			76,083

Employee Benefits

Social Security	\$	47,648	
State Retirement		37,129	
Employee and Dependent Insurance		116,380	
Unemployment Compensation		4,912	
Uniforms		8,726	
Workers' Compensation Insurance		31,846	
Total Employee Benefits			246,641

Capital Outlay

Highway Equipment	\$	14,999	
Total Capital Outlay			14,999

Principal on Debt

Highways and Streets

Principal on Notes	\$	47,460	
Total Highways and Streets			47,460

Interest on Debt

Highways and Streets

Interest on Notes	\$	8,537	
Total Highways and Streets			8,537

Total Highway/Public Works Fund \$ 1,377,525

General Debt Service Fund

Principal on Debt

General Government

Principal on Bonds	\$	180,000	
Total General Government			\$ 180,000

(Continued)

Exhibit I-7

Chester County, Tennessee  
Schedule of Detailed Expenditures -  
All Governmental Fund Types (Cont.)

<u>General Debt Service Fund (Cont.)</u>		
<u>Interest on Debt</u>		
<u>General Government</u>		
Interest on Bonds	\$ 424,121	
Total General Government		\$ 424,121
 <u>Other Debt Service</u>		
<u>General Government</u>		
Bank Charges	\$ 1,366	
Trustee's Commission	6,659	
Total General Government		8,025
Total General Debt Service Fund		\$ 612,146
 <u>Education Debt Service Fund</u>		
<u>Principal on Debt</u>		
<u>Education</u>		
Principal on Bonds	\$ 620,000	
Total Education		\$ 620,000
 <u>Interest on Debt</u>		
<u>Education</u>		
Interest on Bonds	\$ 68,930	
Total Education		68,930
 <u>Other Debt Service</u>		
<u>Education</u>		
Trustee's Commission	\$ 6,871	
Total Education		6,871
Total Education Debt Service Fund		695,801
 <u>General Capital Projects Fund</u>		
<u>Capital Projects</u>		
<u>Administration of Justice Projects</u>		
Architects	\$ 23,556	
Other Charges	4,500	
Building Construction	8,993	
Site Development	80,202	
Total Administration of Justice Projects		\$ 117,251
Total General Capital Projects Fund		117,251
Total Governmental Funds - Primary Government		<u>\$ 9,316,115</u>

Exhibit I-8

Chester County, Tennessee  
Schedule of Detailed Expenditures -  
All Governmental Fund Types  
Discretely Presented Chester County School Department  
For the Year Ended June 30, 2013

General Purpose School Fund

Instruction

Regular Instruction Program

Teachers	\$	6,011,787	
Career Ladder Program		40,000	
Career Ladder Extended Contracts		29,334	
Educational Assistants		137,628	
Non-certified Substitute Teachers		87,890	
Social Security		356,638	
State Retirement		540,642	
Life Insurance		2,356	
Medical Insurance		620,000	
Employer Medicare		84,955	
Other Fringe Benefits		11,870	
Maintenance and Repair Services - Equipment		1,580	
Other Contracted Services		43,000	
Instructional Supplies and Materials		226,481	
Textbooks		162,715	
Regular Instruction Equipment		74,717	
Total Regular Instruction Program			\$ 8,431,593

Special Education Program

Teachers	\$	451,122	
Career Ladder Program		3,000	
Career Ladder Extended Contracts		1,000	
Homebound Teachers		6,956	
Educational Assistants		305,492	
Speech Pathologist		98,486	
Non-certified Substitute Teachers		43,244	
Social Security		54,667	
State Retirement		72,358	
Life Insurance		205	
Medical Insurance		48,000	
Employer Medicare		12,792	
Evaluation and Testing		2,830	
Other Contracted Services		1,597	
Instructional Supplies and Materials		4,692	
Other Supplies and Materials		2,000	
Special Education Equipment		3,000	
Total Special Education Program			1,111,441

Vocational Education Program

Teachers	\$	360,141	
Career Ladder Program		5,000	
Non-certified Substitute Teachers		5,013	
Social Security		19,935	
State Retirement		32,454	
Life Insurance		209	
Medical Insurance		66,000	
Employer Medicare		4,672	
Other Contracted Services		417	
Instructional Supplies and Materials		9,465	
Total Vocational Education Program			503,306

(Continued)

Exhibit I-8

Chester County, Tennessee  
Schedule of Detailed Expenditures -  
All Governmental Fund Types  
Discretely Presented Chester County School Department (Cont.)

General Purpose School Fund (Cont.)

Instruction (Cont.)

Student Body Education Program

Other Salaries and Wages	\$	10,963	
Social Security		680	
Employer Medicare		159	
Other Charges		51,000	
Total Student Body Education Program			\$ 62,802

Support Services

Attendance

Supervisor/Director	\$	46,129	
Career Ladder Program		2,000	
Social Security		2,610	
State Retirement		4,274	
Life Insurance		20	
Medical Insurance		8,400	
Employer Medicare		610	
Travel		424	
Other Supplies and Materials		266	
Total Attendance			64,733

Health Services

Medical Personnel	\$	73,026	
Other Salaries and Wages		59,019	
Social Security		7,911	
State Retirement		6,507	
Life Insurance		25	
Medical Insurance		5,070	
Employer Medicare		1,850	
Communication		900	
Postal Charges		90	
Travel		5,616	
Other Contracted Services		3,000	
Drugs and Medical Supplies		1,856	
Other Supplies and Materials		8,943	
Total Health Services			173,813

Other Student Support

Guidance Personnel	\$	169,821	
Social Security		10,345	
State Retirement		15,080	
Life Insurance		80	
Medical Insurance		4,300	
Employer Medicare		2,419	
Contracts with Government Agencies		46,500	
Evaluation and Testing		6,220	
Travel		3,891	
Other Contracted Services		52	
Other Supplies and Materials		153	
Total Other Student Support			258,861

(Continued)

Exhibit I-8

Chester County, Tennessee  
Schedule of Detailed Expenditures -  
All Governmental Fund Types  
Discretely Presented Chester County School Department (Cont.)

General Purpose School Fund (Cont.)

Support Services (Cont.)

Regular Instruction Program

Supervisor/Director	\$	181,431	
Career Ladder Program		7,417	
Librarians		176,381	
Instructional Computer Personnel		114,608	
Clerical Personnel		6,000	
Social Security		25,037	
State Retirement		36,652	
Life Insurance		98	
Medical Insurance		42,000	
Employer Medicare		6,690	
Consultants		1,781	
Travel		21,702	
Other Contracted Services		38,399	
Library Books/Media		37,001	
Other Supplies and Materials		3,565	
In Service/Staff Development		6,510	
Other Equipment		2,000	
Total Regular Instruction Program			\$ 707,272

Special Education Program

Supervisor/Director	\$	65,485	
Career Ladder Program		1,000	
Psychological Personnel		46,689	
Social Security		6,437	
State Retirement		9,378	
Medical Insurance		11,500	
Employer Medicare		1,506	
Travel		5,641	
Other Contracted Services		49,041	
Other Supplies and Materials		898	
In Service/Staff Development		2,977	
Total Special Education Program			200,552

Vocational Education Program

Travel	\$	788	
Total Vocational Education Program			788

Adult Programs

Supervisor/Director	\$	18,961	
Social Security		1,176	
State Retirement		1,411	
Employer Medicare		275	
Other Supplies and Materials		7,787	
Total Adult Programs			29,610

Other Programs

On-Behalf Payments to OPEB	\$	49,649	
Total Other Programs			49,649

(Continued)

Exhibit I-8

Chester County, Tennessee  
Schedule of Detailed Expenditures -  
All Governmental Fund Types  
Discretely Presented Chester County School Department (Cont.)

General Purpose School Fund (Cont.)

Support Services (Cont.)

Board of Education

Other Salaries and Wages	\$	6,900	
Social Security		428	
Unemployment Compensation		11,618	
Employer Medicare		100	
Audit Services		7,000	
Dues and Memberships		7,000	
Legal Services		4,793	
Travel		7,535	
Other Contracted Services		46,776	
Liability Insurance		30,304	
Trustee's Commission		69,642	
Workers' Compensation Insurance		122,000	
Criminal Investigation of Applicants - TBI		3,126	
Other Charges		12,453	
Total Board of Education			\$ 329,675

Director of Schools

County Official/Administrative Officer	\$	85,983	
Career Ladder Program		1,000	
Clerical Personnel		28,050	
Social Security		7,057	
State Retirement		9,811	
Life Insurance		43	
Medical Insurance		4,218	
Employer Medicare		1,643	
Other Fringe Benefits		1,800	
Communication		5,157	
Dues and Memberships		2,998	
Postal Charges		2,435	
Travel		4,687	
Other Contracted Services		1,701	
Office Supplies		3,108	
Other Charges		453	
Administration Equipment		3,980	
Total Director of Schools			164,124

Office of the Principal

Principals	\$	374,814	
Career Ladder Program		7,500	
Assistant Principals		251,171	
Secretary(ies)		305,429	
Social Security		51,845	
State Retirement		74,634	
Life Insurance		242	
Medical Insurance		63,000	
Employer Medicare		12,421	
Communication		17,209	
Travel		13,218	
Other Supplies and Materials		892	

(Continued)

Exhibit I-8

Chester County, Tennessee  
Schedule of Detailed Expenditures -  
All Governmental Fund Types  
Discretely Presented Chester County School Department (Cont.)

General Purpose School Fund (Cont.)

Support Services (Cont.)

Office of the Principal (Cont.)

In Service/Staff Development	\$	1,000	
Other Charges		718	
Administration Equipment		23,000	
Total Office of the Principal			\$ 1,197,093

Fiscal Services

Accountants/Bookkeepers	\$	72,080	
Social Security		4,121	
State Retirement		5,306	
Medical Insurance		800	
Employer Medicare		975	
Data Processing Services		623	
Travel		466	
Other Contracted Services		8,500	
Data Processing Supplies		1,320	
Office Supplies		367	
Total Fiscal Services			94,558

Operation of Plant

Supervisor/Director	\$	3,979	
Guards		25,141	
Custodial Personnel		332,928	
Social Security		21,736	
State Retirement		24,348	
Employer Medicare		5,083	
Travel		7,222	
Disposal Fees		9,548	
Other Contracted Services		6,112	
Custodial Supplies		143,879	
Electricity		514,335	
Natural Gas		73,201	
Water and Sewer		27,534	
Other Supplies and Materials		1,632	
Boiler Insurance		4,000	
Building and Contents Insurance		83,000	
Plant Operation Equipment		2,047	
Total Operation of Plant			1,285,725

Maintenance of Plant

Maintenance Personnel	\$	128,403	
Other Salaries and Wages		10,383	
Social Security		8,556	
State Retirement		7,215	
Employer Medicare		2,012	
Maintenance and Repair Services - Buildings		53,012	
Maintenance and Repair Services - Equipment		5,869	
Other Contracted Services		63,697	
Other Supplies and Materials		84,713	
Maintenance Equipment		487	
Total Maintenance of Plant			364,347

(Continued)

Exhibit I-8

Chester County, Tennessee  
Schedule of Detailed Expenditures -  
All Governmental Fund Types  
Discretely Presented Chester County School Department (Cont.)

General Purpose School Fund (Cont.)

Support Services (Cont.)

Transportation

Supervisor/Director	\$	9,396	
Mechanic(s)		57,713	
Bus Drivers		341,360	
Other Salaries and Wages		15,076	
Social Security		24,746	
State Retirement		26,612	
Employer Medicare		6,133	
Communication		796	
Maintenance and Repair Services - Vehicles		25,333	
Travel		1,529	
Other Contracted Services		12,870	
Gasoline		168,510	
Tires and Tubes		16,766	
Vehicle Parts		46,910	
Other Supplies and Materials		16,375	
Vehicle and Equipment Insurance		26,609	
Other Charges		206	
Transportation Equipment		173,914	
Total Transportation			\$ 970,854

Operation of Non-Instructional Services

Community Services

Other Salaries and Wages	\$	2,348	
Social Security		145	
State Retirement		42	
Employer Medicare		34	
Other Charges		7,821	
Total Community Services			10,390

Early Childhood Education

Teachers	\$	68,897	
Educational Assistants		41,055	
Social Security		6,609	
State Retirement		8,627	
Medical Insurance		6,485	
Employer Medicare		1,546	
Travel		7,327	
Other Contracted Services		11,892	
Instructional Supplies and Materials		50,201	
Other Equipment		5,285	
Total Early Childhood Education			207,924

Capital Outlay

Regular Capital Outlay

Architects	\$	82,657	
Building Construction		83,170	
Building Improvements		138,741	
Total Regular Capital Outlay			304,568

(Continued)

Exhibit I-8

Chester County, Tennessee  
Schedule of Detailed Expenditures -  
All Governmental Fund Types  
Discretely Presented Chester County School Department (Cont.)

General Purpose School Fund (Cont.)

Other Debt Service

Education

Contributions	\$	50,000	
Total Education			\$ 50,000

Total General Purpose School Fund \$ 16,573,678

School Federal Projects Fund

Instruction

Regular Instruction Program

Teachers	\$	331,469	
Educational Assistants		267,055	
Social Security		31,658	
State Retirement		34,052	
Medical Insurance		12,310	
Employer Medicare		8,555	
Other Contracted Services		50,296	
Instructional Supplies and Materials		61,392	
Regular Instruction Equipment		261,132	
Total Regular Instruction Program			\$ 1,057,919

Special Education Program

Teachers	\$	84,996	
Clerical Personnel		24,700	
Educational Assistants		244,408	
Speech Pathologist		4,120	
Social Security		21,874	
State Retirement		27,935	
Medical Insurance		6,850	
Employer Medicare		5,116	
Evaluation and Testing		40	
Instructional Supplies and Materials		9,896	
Special Education Equipment		6,706	
Total Special Education Program			436,641

Vocational Education Program

Other Salaries and Wages	\$	1,850	
Social Security		115	
State Retirement		164	
Employer Medicare		27	
Vocational Instruction Equipment		27,065	
Total Vocational Education Program			29,221

Support Services

Other Student Support

Bus Drivers	\$	1,245	
Other Salaries and Wages		1,300	
Social Security		97	
State Retirement		74	
Employer Medicare		23	
Travel		9,124	

(Continued)

Exhibit I-8

Chester County, Tennessee  
Schedule of Detailed Expenditures -  
All Governmental Fund Types  
Discretely Presented Chester County School Department (Cont.)

School Federal Projects Fund (Cont.)

Support Services (Cont.)

Other Student Support (Cont.)

Other Contracted Services	\$	173	
Other Supplies and Materials		668	
Other Charges		8,353	
Total Other Student Support			\$ 21,057

Regular Instruction Program

Supervisor/Director	\$	55,000	
Secretary(ies)		15,474	
Other Salaries and Wages		66,308	
Social Security		6,822	
State Retirement		9,771	
Medical Insurance		8,212	
Employer Medicare		1,940	
Travel		3,387	
In Service/Staff Development		6,622	
Other Charges		5,959	
Other Equipment		1,020	
Total Regular Instruction Program			180,515

Special Education Program

In Service/Staff Development	\$	1,437	
Total Special Education Program			1,437

Vocational Education Program

Supervisor/Director	\$	1,800	
Social Security		112	
State Retirement		160	
Employer Medicare		26	
Total Vocational Education Program			2,098

Transportation

Bus Drivers	\$	33,526	
Social Security		2,079	
State Retirement		2,494	
Employer Medicare		486	
Total Transportation			38,585

Total School Federal Projects Fund \$ 1,767,473

Central Cafeteria Fund

Operation of Non-Instructional Services

Food Service

Supervisor/Director	\$	31,141
Accountants/Bookkeepers		20,916
Clerical Personnel		2,590
Cafeteria Personnel		450,922
Other Salaries and Wages		149,065
Social Security		39,464
State Retirement		39,404

(Continued)

Exhibit I-8

Chester County, Tennessee  
Schedule of Detailed Expenditures -  
All Governmental Fund Types  
Discretely Presented Chester County School Department (Cont.)

Central Cafeteria Fund (Cont.)

Operation of Non-Instructional Services (Cont.)

Food Service (Cont.)

Unemployment Compensation	\$	262	
Employer Medicare		9,229	
Communication		2,518	
Maintenance and Repair Services - Equipment		15,812	
Transportation - Other than Students		4,812	
Travel		10,996	
Other Contracted Services		24,058	
Food Supplies		1,004,993	
Office Supplies		11,172	
Uniforms		8,775	
Utilities		9,234	
USDA - Commodities		86,695	
Other Supplies and Materials		81,908	
In Service/Staff Development		3,001	
Other Charges		7,572	
Food Service Equipment		51,684	
Total Food Service			\$ 2,066,223

Total Central Cafeteria Fund \$ 2,066,223

Education Capital Projects Fund

Capital Outlay

Regular Capital Outlay

Building Improvements	\$	92,488	
Total Regular Capital Outlay			\$ 92,488

Total Education Capital Projects Fund 92,488

Total Governmental Funds - Chester County School Department \$ 20,499,862

Exhibit I-9

Chester County, Tennessee  
Schedule of Detailed Receipts, Disbursements,  
and Changes in Cash Balance - City Agency Fund  
For the Year Ended June 30, 2013

	Cities - Sales Tax Fund
<hr/>	
<u>Cash Receipts</u>	
Local Option Sales Tax	\$ 871,441
Total Cash Receipts	<u>\$ 871,441</u>
 <u>Cash Disbursements</u>	
Remittance of Revenues Collected	\$ 863,342
Trustee's Commission	8,099
Total Cash Disbursements	<u>\$ 871,441</u>
 Excess of Cash Receipts Over (Under) Cash Disbursements	 \$ 0
Cash Balance, July 1, 2012	<u>0</u>
 Cash Balance, June 30, 2013	 <u><u>\$ 0</u></u>

---

---

## SINGLE AUDIT SECTION

---

---



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

**Report on Internal Control Over Financial Reporting and on Compliance and  
Other Matters Based on an Audit of Financial Statements Performed in  
Accordance With *Government Auditing Standards***

Independent Auditor's Report

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

To the County Mayor and Board of County Commissioners:

We have audited, in accordance with the 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, the financial statements of the governmental activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of Chester County, Tennessee, as of and for the year ended June 30, 2013, and the related notes to the financial statements, which collectively comprise Chester County's basic financial statements, and have issued our report thereon dated January 16, 2014. Our report includes a reference to other auditors who audited the financial statements of the Chester County Emergency Communications District, as described in our report on Chester County's financial statements. This report does not include the results of the other auditors testing of internal controls over financial reporting or compliance and other matters that are reported on separately by those auditors.

**Internal Control Over Financial Reporting**

In planning and performing our audit of the financial statements, we considered Chester County's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of Chester County's internal control. Accordingly, we do not express an opinion on the effectiveness of Chester County's internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or

a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified. We did identify certain deficiencies in internal control, described in the accompanying Schedule of Findings and Questioned Costs that we consider to be significant deficiencies: 2013-001(A), 2013-002, 2013-003, 2013-005, 2013-006, 2013-007, and 2013-009.

### **Compliance and Other Matters**

As part of obtaining reasonable assurance about whether Chester County's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards* and are described in the accompanying Schedule of Findings and Questioned Costs as items: 2013-001(B,C), 2013-004, 2013-008, 2013-010, and 2013-011.

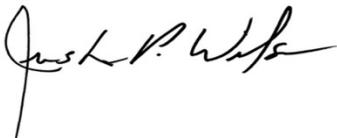
### **Chester County's Response to Findings**

Chester County's response to the findings identified in our audit is described in the accompanying Schedule of Findings and Questioned Costs. Chester County's response was not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on it.

### **Purpose of this Report**

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the result of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Chester County's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Very truly yours,



Justin P. Wilson  
Comptroller of the Treasury  
Nashville, Tennessee

January 16, 2014

JPW/kp



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

**Report on Compliance for Each Major Federal Program; Report on Internal Control Over Compliance; and Report on the Schedule of Expenditures of Federal Awards Required by OMB Circular A-133**

Independent Auditor's Report

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

To the County Mayor and Board of County Commissioners:

**Report on Compliance for Each Major Federal Program**

We have audited Chester County's compliance with the types of compliance requirements described in the *OMB Circular A-133 Compliance Supplement* that could have a direct and material effect on each of Chester County's major federal programs for the year ended June 30, 2013. Chester County's major federal programs are identified in the summary of auditor's results section of the accompanying Schedule of Findings and Questioned Costs.

***Management's Responsibility***

Management is responsible for compliance with the requirements of laws, regulations, contracts, and grants applicable to its federal programs.

***Auditor's Responsibility***

Our responsibility is to express an opinion on compliance for each of Chester County's major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments, and*

*Non-Profit Organizations.* Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about Chester County's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each major federal program. However, our audit does not provide a legal determination of Chester County's compliance.

### ***Opinion on Each Major Federal Program***

In our opinion, Chester County complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2013.

### **Report on Internal Control Over Compliance**

Management of Chester County is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered Chester County's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with OMB Circular A-133, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of Chester County's internal control over compliance.

*A deficiency in internal control over compliance* exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. *A material weakness in internal control over compliance* is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. *A significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies. We did not identify any deficiencies in internal control over compliance that we

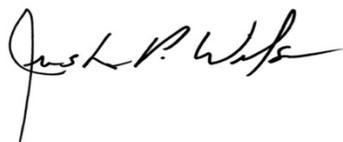
consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of OMB Circular A-133. Accordingly, this report is not suitable for any other purpose.

### **Report on Schedule of Expenditures of Federal Awards Required by OMB Circular A-133**

We have audited the financial statements of the governmental activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of Chester County, Tennessee, as of and for the year ended June 30, 2013, and the related notes to the financial statements, which collectively comprise Chester County's basic financial statements. We issued our report thereon dated January 16, 2014, which contained unmodified opinions on those financial statements. Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the basic financial statements. The accompanying Schedule of Expenditures of Federal Awards is presented for purposes of additional analysis as required by OMB Circular A-133 and is not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the Schedule of Expenditures of Federal Awards is fairly stated in all material respects in relation to the financial statements as a whole.

Very truly yours,



Justin P. Wilson  
Comptroller of the Treasury  
Nashville, Tennessee

January 16, 2014

JPW/kp

Chester County, Tennessee  
Schedule of Expenditures of Federal Awards and State Grants (1)  
For the Year Ended June 30, 2013

Federal/Pass-through Agency/State Grantor Program Title	Federal CFDA Number	Pass-through Entity Identifying Number	Expenditures
U.S. Department of Agriculture:			
Passed-through State Department of Agriculture:			
National School Lunch Program (Commodities - Noncash Assistance)	10.555	N/A	\$ 86,695 (3)
Passed-through State Department of Education:			
Child Nutrition Cluster:			
School Breakfast Program	10.553	N/A	215,127
National School Lunch Program	10.555	N/A	670,710 (3)
Summer Food Service Program for Children	10.559	N/A	662,780
Total U.S. Department of Agriculture			<u>\$ 1,635,312</u>
U.S. Department of Justice:			
Passed-through State Commission on Children and Youth:			
Juvenile Justice and Delinquency Prevention - Allocation to States	16.540	(2)	\$ 13,500
Total U.S. Department of Justice			<u>\$ 13,500</u>
Institute of Museum and Library Services:			
Passed-through Tennessee Secretary of State:			
Grants to States	45.310	(2)	\$ 1,260
Total Institute of Museum and Library Services			<u>\$ 1,260</u>
U.S. Department of Energy:			
Passed-through Southwest Tennessee Development District:			
Energy Efficiency and Conservation Block Grant Program (EECBG)	81.128	GG1238137	\$ 99,991
Total U.S. Department of Energy			<u>\$ 99,991</u>
U.S. Department of Education:			
Passed-through State Department of Education:			
Title I Grants to Local Educational Agencies	84.010	N/A	\$ 999,037
Special Education Cluster:			
Special Education - Grants to States	84.027	N/A	459,401
Special Education - Preschool Grants	84.173	N/A	13,228
Career and Technical Education - Basic Grants to States	84.048	(2)	43,353
Improving Teacher Quality State Grants	84.367	(2)	115,627
State Fiscal Stabilization Fund (SFSF) - Race-to-the-Top Incentive Grants, Recovery Act	84.395	N/A	143,870
Education Jobs Fund	84.410	N/A	2,659
Total U.S. Department of Education			<u>\$ 1,777,175</u>
U.S. Department of Homeland Security:			
Passed-through State Department of Military:			
Emergency Management Performance Grants	97.042	(2)	\$ 23,095
Homeland Security Grant Program	97.067	(2)	71,691
Total U.S. Department of Homeland Security			<u>\$ 94,786</u>
Total Expenditures of Federal Awards			<u>\$ 3,622,024</u>

(Continued)

Chester County, Tennessee  
Schedule of Expenditures of Federal Awards and State Grants (Cont.)

Federal/Pass-through Agency/State Grantor Program Title	Federal CFDA Number	Contract Number	Expenditures
State Grants:			
Litter Program - State Department of Transportation	N/A	(2)	\$ 45,779
Family Resource Center - State Department of Education	N/A	(2)	29,611
Coordinated School Health - State Department of Education	N/A	(2)	90,000
Statewide Student Management System - State Department of Education	N/A	(2)	7,133
Safe Schools - State Department of Education	N/A	(2)	15,800
ACT/Explore - State Department of Education	N/A	(2)	3,408
Early Childhood Education - State Department of Education	N/A	(2)	207,924
Waste Tire Grant - State Department of Environment and Conservation	N/A	(2)	6,788
Recycling Hub Building Grant - State Department of Environment and Conservation	N/A	(2)	122,668
Certified Voting Equipment Grant - Tennessee Secretary of State	N/A	(2)	1,000
Courtroom Security Grant - Administrative Office of the Courts	N/A	(2)	9,996
Health Grant - State Department of Health	N/A	GG1132109	<u>27,001</u>
 Total State Grants			 <u>\$ 567,108</u>

CFDA = Catalog of Federal Domestic Assistance

N/A = Not Applicable

(1) Presented in conformity with generally accepted accounting principles using the modified accrual basis of accounting.

(2) Information not available.

(3) Total for CFDA No. 10.555 is \$757,405.

Chester County, Tennessee  
Schedule of Audit Findings Not Corrected  
June 30, 2013

*Government Auditing Standards* require auditors to report the status of uncorrected findings from prior audits. Presented below are findings from the Annual Financial Report for Chester County, Tennessee, for the year ended June 30, 2012, which have not been corrected.

**OFFICES OF TRUSTEE AND COUNTY CLERK**

<u>Finding Number</u>	<u>Page Number</u>	<u>Subject</u>
12.03	146	Usernames and passwords were shared by employees

**OFFICES OF TRUSTEE, COUNTY CLERK, CLERK AND MASTER, AND REGISTER OF DEEDS**

<u>Finding Number</u>	<u>Page Number</u>	<u>Subject</u>
12.04	146	Multiple employees operated from the same cash drawer

**OFFICES OF ROAD SUPERVISOR, DIRECTOR OF SCHOOLS, AND REGISTER OF DEEDS**

<u>Finding Number</u>	<u>Page Number</u>	<u>Subject</u>
12.05	147	Duties were not segregated adequately

---

---

**CHESTER COUNTY, TENNESSEE**

**SCHEDULE OF FINDINGS AND QUESTIONED COSTS**

**For the Year Ended June 30, 2013**

---

---

**PART I, SUMMARY OF AUDITOR'S RESULTS**

1. Our report on the financial statements of Chester County is unmodified.
2. The audit of the financial statements of Chester County disclosed significant deficiencies in internal control. None of these deficiencies was considered to be a material weakness.
3. The audit disclosed no instances of noncompliance that are material to the financial statements of Chester County.
4. The audit disclosed no significant deficiencies in internal control over major programs.
5. An unmodified opinion was issued on compliance for major programs.
6. The audit revealed no findings that are required to be reported under Section 510(a) of OMB Circular A-133.
7. The Child Nutrition Cluster: School Breakfast Program, National School Lunch Program, and Summer Food Service Program for Children (CFDA Nos. 10.553, 10.555, and 10.559) and the Special Education Cluster: Special Education – Grants to States, Special Education – Preschool Grants (CFDA Nos. 84.027 and 84.173) were determined to be major programs.
8. A \$300,000 threshold was used to distinguish between Type A and Type B federal programs.
9. Chester County did not qualify as a low-risk auditee.

## PART II, FINDINGS RELATING TO THE FINANCIAL STATEMENTS

Findings and recommendations, as a result of our examination, are presented below. We reviewed these findings and recommendations with management to provide an opportunity for their response. The county mayor provided a written response on one finding that is paraphrased in this report. Other management officials did not provide responses for inclusion in this report.

### OFFICE OF COUNTY MAYOR

#### FINDING 2013-001

#### **THE OFFICE HAD DEFICIENCIES IN BUDGET OPERATIONS**

(A. Internal Control – Significant Deficiency Under *Government Auditing Standards*; B. and C. – Noncompliance Under *Government Auditing Standards*)

Our examination revealed the following deficiencies in budget operations of the office. These deficiencies exist due to an oversight by management and because management failed to hold spending to the limits authorized by the County Commission, which resulted in unauthorized expenditures.

- A. Several budget amendments were posted in the Solid Waste/Sanitation Fund that were not approved by the County Commission. Accurate budgetary statements are necessary to provide county officials and departments with available spending limits. We have recognized only those budget amendments approved by the County Commission in the financial statements of this report.
- B. Expenditures exceeded appropriations approved by the County Commission in one of eight major appropriation categories (the legal level of control) of the Solid Waste/Sanitation Fund: Recycling Center by \$51,965. Section 5-9-401, *Tennessee Code Annotated*, states that “All funds from whatever source derived, including, but not limited to, taxes, county aid funds, federal funds, and fines, that are to be used in the operation and respective programs of the various departments, commissions, institutions, boards, offices and agencies of county governments shall be appropriated to such use by the county legislative bodies.”
- C. Two of 20 salary line-items exceeded appropriations in the Solid Waste/Sanitation Fund by \$125 and \$676. The budget resolution approved by the County Commission states that the salary, wages, or enumeration of each official, employee, or agent of the county will not exceed appropriations that accompany this resolution. Therefore, the salaries that exceeded line-item appropriations were expenditures not approved by the County Commission.

## RECOMMENDATION

Budget amendments should be accurately posted to the accounting records after approval by the County Commission. Expenditures should be held within appropriations approved by the County Commission.

## MANAGEMENT'S RESPONSE – COUNTY MAYOR

During the year, the Solid Waste Department received a grant for the development of a recycling hub. The project had an estimated completion date of late July to early August. The accounts payable department started receiving invoices late in June and early in July for work completed in June. The County Commission had already met in June 2013, and there was no way to call a special session of the County Commission before the fiscal year ended due to the provisions of the Sunshine Law. Since there were nine out of 18 commissioners on the Budget Committee, the county mayor and budget director had the members of the Budget Committee authorize the budget director to make the necessary transfers out of fund balance to cover the expenditures. Management is aware of the laws pertaining to budget amendments and wants to note that this is not a recurring event. The laws surrounding budget amendments will be followed meticulously if this situation arises again. We feel that the decision made was the only way to handle the problem given the situation.

---

## OFFICES OF ROAD SUPERVISOR, DIRECTOR OF SCHOOLS, AND REGISTER OF DEEDS

### FINDING 2013-002

### **DUTIES WERE NOT SEGREGATED ADEQUATELY**

(Internal Control – Significant Deficiency Under *Government Auditing Standards*)

Duties were not segregated adequately among officials and employees in the Offices of Road Supervisor, Director of Schools, and Register of Deeds. Officials and employees responsible for maintaining accounting records were also involved in receipting, depositing, posting, and/or disbursing funds. Accounting standards provide that internal controls be designed to give reasonable assurance of the reliability of financial reporting and of the effectiveness and efficiency of operations. This lack of segregation of duties is the result of management's decisions based on the availability of financial resources and is a significant deficiency in internal controls that increases the risk of unauthorized transactions. Also, this deficiency is the result of management's failure to correct the finding noted in the prior-year audit report.

## RECOMMENDATION

Officials should segregate duties to the extent possible using available resources.

**OFFICE OF DIRECTOR OF SCHOOLS**

**FINDING 2013-003**

**THE SCHOOL FEDERAL PROJECTS FUND HAD A CASH OVERDRAFT OF \$147,742 AT JUNE 30, 2013**

(Internal Control – Significant Deficiency Under *Government Auditing Standards*)

At June 30, 2013, the School Federal Projects Fund had a cash overdraft of \$147,742. This overdraft resulted from the issuance of warrants exceeding cash on deposit with the county trustee. Sound business practices dictate that expenditures be held within available funds. The cash overdraft was liquidated subsequent to June 30, 2013.

**RECOMMENDATION**

The School Department should not issue warrants exceeding cash on deposit with the county trustee.

---

**OFFICE OF TRUSTEE**

**FINDING 2013-004**

**UNAUTHORIZED SECURITIES WERE PLEDGED AS COLLATERAL**

(Noncompliance Under *Government Auditing Standards*)

County funds at the trustee’s depositories were secured by collateral pledged by the depositories. However, one depository had securities pledged that included obligations from school districts and counties of other states, which are not a type of security authorized by Section 9-4-103, *Tennessee Code Annotated*. This statute requires securities to be bonds of the United States, bonds of this state, bonds of any county or municipal corporation of this state, loans to students guaranteed 100 percent by the Tennessee Student Assistance Corporation, or an irrevocable letter of credit issued by the federal home loan bank. The depository corrected the error during December 2013 and changed the securities pledged to types authorized by state statute.

**RECOMMENDATION**

The trustee should ensure all depositories pledge securities authorized by state statute.

---

**FINDING 2013-005**

**USERNAMES AND PASSWORDS WERE SHARED BY EMPLOYEES**

(Internal Control – Significant Deficiency Under *Government Auditing Standards*)

Although each employee had been assigned a unique username and password for accessing the office’s accounting software, this information was shared with other employees.

Employees also processed transactions using other users' logins. If inappropriate activity were to occur, the employee responsible for this activity would not be easily identified because employees had access to each other's username and password and sometimes used the shared user account. Sound business practices dictate that each transaction be identified to the individual creating the transaction. This deficiency was the result of a lack of management oversight and management's failure to correct the finding noted in the prior-year audit report. This deficiency was corrected in June 2013.

#### RECOMMENDATION

Each employee should access the application using his or her unique username and password to ensure that transactions are properly identified to that employee. Usernames and passwords should remain confidential and should not be shared by employees.

---

### OFFICES OF TRUSTEE, COUNTY CLERK, CLERK AND MASTER, AND REGISTER OF DEEDS

#### FINDING 2013-006

#### **MULTIPLE EMPLOYEES OPERATED FROM THE SAME CASH DRAWER**

(Internal Control – Significant Deficiency Under *Government Auditing Standards*)

Multiple employees operated from the same cash drawer in the Offices of Trustee, County Clerk, Clerk and Master, and Register of Deeds. Sound internal controls dictate that each employee have their own cash drawer, start the day with a standard fixed amount of cash, and remove all but the beginning amount at the end of the day. This amount should be verified to the employee's receipts at the end of each day. Failure to adhere to this control regimen greatly increases the risk that a cash shortage may not be detected in a timely manner. Furthermore, in the event of a cash shortage, officials would not be able to determine who was responsible for the shortage because multiple employees were working from one cash drawer. This deficiency has been a management decision by the officials resulting in a loss of control over assets. Also, this deficiency is the result of management's failure to correct the finding noted in the prior-year audit report.

#### RECOMMENDATION

Officials should assign each employee their own cash drawer.

---

**OFFICE OF COUNTY CLERK**

**FINDING 2013-007**

**USERNAMES AND PASSWORDS WERE SHARED BY EMPLOYEES**

(Internal Control – Significant Deficiency Under *Government Auditing Standards*)

Although each employee had been assigned a unique username for accessing the office’s accounting software, all employees used the same password. Employees also processed transactions using other users’ logins. If inappropriate activity were to occur, the employee responsible for this activity would not be easily identified because employees had access to each other’s username and password and sometimes used the shared user account. Sound business practices dictate that each transaction be identified to the individual creating the transaction. This deficiency was the result of a lack of management oversight and management’s failure to correct the finding noted in the prior-year audit report.

**RECOMMENDATION**

Each employee should access the application using his or her unique username and password to ensure that transactions are properly identified to that employee. Usernames and passwords should remain confidential and should not be shared among employees.

---

**OFFICE OF CLERK AND MASTER**

**FINDING 2013-008**

**THE OFFICE HAD DEFICIENCIES IN COMPUTER SYSTEM BACKUP PROCEDURES**

(Noncompliance Under *Government Auditing Standards*)

System backups were not stored off-site. Section 10-7-121, *Tennessee Code Annotated*, provides that records required to be retained by any government official may be maintained on a computer or removable storage media as long as certain standards are met. One of these standards requires that all data generated and stored within the computer system be copied to storage media daily, and media more than one week old be stored at an off-site location. This deficiency is the result of management’s failure to implement adequate disaster recovery planning procedures. In the event of a disaster, all backup data could be destroyed, resulting in costly delays in generating and recording information accounted for through the automated process. Proper system backup procedures were implemented in April 2013.

**RECOMMENDATION**

Management should ensure backups are rotated off-site on a weekly basis.

---

FINDING 2013-009

**THE OFFICE DID NOT REVIEW ITS SOFTWARE AUDIT LOGS**

(Internal Control – Significant Deficiency Under *Government Auditing Standards*)

The software application used by the office generated a log that displayed changes made by users. This log provides the only audit trail of these changes and should be reviewed for inappropriate activity. During the prior-audit period, management was aware of the importance of this log and was reviewing it on a regular basis. However, during the current period, management chose to discontinue their review. Management did not resume the review of the log until we brought it to their attention in April 2013. Procedures for reviewing this log are currently in place.

RECOMMENDATION

Management should continue to review the audit log on a routine basis. Any unusual transactions should be investigated.

---

OFFICE OF SHERIFF

FINDING 2013-010

**SOME FUNDS WERE NOT DEPOSITED WITHIN THREE DAYS OF COLLECTION**

(Noncompliance Under *Government Auditing Standards*)

The Sheriff's Department did not deposit some collections to the office bank account within three days of collection as required by Section 5-8-207, *Tennessee Code Annotated*. This statute requires that county officials deposit all funds within three days of collection. We judgmentally selected the months of November, December, and January to examine receipts and deposits. The office did not deposit some funds to the bank account within three days of collection in six of 12 deposits made during these months. This deficiency is the result of a lack of management oversight. The delay in depositing funds weakens internal controls over collections and increases the risks of fraud and misappropriation.

RECOMMENDATION

The sheriff should ensure that all funds are deposited to the office bank account within three days of collection as required by state statute.

---

## SOIL CONSERVATION DISTRICT

FINDING 2013-011

### **A FORMER EMPLOYEE MISAPPROPRIATED AT LEAST \$47,460 FROM THE OFFICE**

(Noncompliance Under *Government Auditing Standards*)

On April 16, 2013, our office issued a special report on the Chester County Soil Conservation District for the period January 1, 2007, through September 30, 2011. This report disclosed that a former secretary misappropriated at least \$47,460 from the district by issuing unauthorized checks payable to herself or to cash and concealed the misappropriation by creating false bank statements. This report is available at [www.comptroller.tn.gov](http://www.comptroller.tn.gov). The former secretary pled guilty to charges of forgery, tampering with evidence, and theft of property over \$10,000 on April 16, 2013.

---

### **BEST PRACTICE**

#### **CHESTER COUNTY SHOULD ADOPT A CENTRAL SYSTEM OF ACCOUNTING, BUDGETING, AND PURCHASING**

Chester County does not have a central system of accounting, budgeting, and purchasing. Sound business practices dictate that establishing a central system would significantly improve internal controls over the accounting, budgeting, and purchasing processes. The absence of a central system of accounting, budgeting, and purchasing has been a management decision by the County Commission resulting in decentralization and some duplication of effort. The Division of Local Government Audit strongly believes that the adoption of a central system of accounting, budgeting, and purchasing is a best practice that would significantly improve accountability and the quality of services provided to the citizens of Chester County. Therefore, we recommend the adoption of the County Financial Management System of 1981 or a private act, which would provide for a central system of accounting, budgeting, and purchasing covering all county departments.

**PART III, FINDINGS AND QUESTIONED  
COSTS FOR FEDERAL AWARDS**

There were no findings and questioned costs for federal awards.

**CHESTER COUNTY, TENNESSEE  
AUDITEE REPORTING RESPONSIBILITIES  
For the Year Ended June 30, 2013**

There were no audit findings relative to federal awards presented in the prior- or current-years' Schedules of Findings and Questioned Costs.