

ANNUAL FINANCIAL REPORT
CHESTER COUNTY, TENNESSEE

FOR THE YEAR ENDED JUNE 30, 2015



DIVISION OF LOCAL GOVERNMENT AUDIT



**ANNUAL FINANCIAL REPORT
CHESTER COUNTY, TENNESSEE
FOR THE YEAR ENDED JUNE 30, 2015**

***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***

***VICKY BARBER, CFE
ELISHA CROWELL, CISA, CFE
State Auditors***

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

CHESTER COUNTY, TENNESSEE TABLE OF CONTENTS

	Exhibit	Page(s)
Summary of Audit Findings		6
<u>INTRODUCTORY SECTION</u>		7
Chester County Officials		8
<u>FINANCIAL SECTION</u>		9
Independent Auditor's Report		10-13
BASIC FINANCIAL STATEMENTS:		14
Government-wide Financial Statements:		
Statement of Net Position	A	15-16
Statement of Activities	B	17-18
Fund Financial Statements:		
Governmental Funds:		
Balance Sheet	C-1	19-20
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	22-23
Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances of Governmental Funds to the Statement of Activities	C-4	24
Statements of Revenues, Expenditures, and Changes in Fund Balances – Actual and Budget:		
General Fund	C-5	25-26
Solid Waste/Sanitation Fund	C-6	27
Highway/Public Works Fund	C-7	28
Fiduciary Funds:		
Statement of Fiduciary Assets and Liabilities	D	29
Index and Notes to the Financial Statements		30-71
REQUIRED SUPPLEMENTARY INFORMATION:		72
Schedule of Changes in Net Pension Liability (Asset) and Related Ratios Based on Participation in the Public Employee Pension Plan of TCRS – Primary Government	E-1	73
Schedule of Contributions Based on Participation in the Public Employee Pension Plan of TCRS – Primary Government	E-2	74
Schedule of Contributions Based on Participation in the Teacher Retirement Plan of TCRS – Discretely Presented Chester County School Department	E-3	75
Schedule of Contributions Based on Participation in the Teacher Legacy Pension Plan of TCRS – Discretely Presented Chester County School Department	E-4	76

	Exhibit	Page(s)
Schedule of Proportionate Share of the Net Pension Asset in the Teacher Legacy Pension Plan of TCRS – Discretely Presented Chester County School Department	E-5	77
Schedule of Funding Progress – Other Postemployment Benefits Plans – Primary Government and Discretely Presented Chester County School Department	E-6	78
Notes to the Required Supplementary Information		79
COMBINING AND INDIVIDUAL FUND FINANCIAL STATEMENTS AND SCHEDULES:		80
Nonmajor Governmental Funds:		81-82
Combining Balance Sheet	F-1	83-86
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances	F-2	87-90
Schedules of Revenues, Expenditures, and Changes in Fund Balances – Actual and Budget:		
Public Library Fund	F-3	91
Drug Control Fund	F-4	92
General Debt Service Fund	F-5	93
Education Debt Service Fund	F-6	94
Fiduciary Funds:		95
Combining Statement of Fiduciary Assets and Liabilities	G-1	96
Combining Statement of Changes in Assets and Liabilities – All Agency Funds	G-2	97
Component Unit:		
Discretely Presented Chester County School Department:		98
Statement of Activities	H-1	99
Balance Sheet – Governmental Funds	H-2	100
Reconciliation of the Balance Sheet of Governmental Funds to the Statement of Net Position	H-3	101
Statement of Revenues, Expenditures, and Changes in Fund Balances – Governmental Funds	H-4	102
Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances of Governmental Funds to the Statement of Activities	H-5	103
Combining Balance Sheet – Nonmajor Governmental Funds	H-6	104
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances – Nonmajor Governmental Funds	H-7	105
Schedules of Revenues, Expenditures, and Changes in Fund Balances – Actual (Budgetary Basis) and Budget:		
General Purpose School Fund	H-8	106-107
School Federal Projects Fund	H-9	108
Central Cafeteria Fund	H-10	109
Statement of Fiduciary Net Position	H-11	110
Statement of Changes in Fiduciary Net Position	H-12	111

	Exhibit	Page(s)
Miscellaneous Schedules:		112
Schedule of Changes in Long-term Note and Bonds	I-1	113
Schedule of Long-term Debt Requirements by Year	I-2	114
Schedule of Investments	I-3	115
Schedule of Transfers – Primary Government and Discretely Presented Chester County School Department	I-4	116
Schedule of Salaries and Official Bonds of Principal Officials – Primary Government and Discretely Presented Chester County School Department	I-5	117
Schedule of Detailed Revenues – All Governmental Fund Types	I-6	118-129
Schedule of Detailed Revenues – All Governmental Fund Types – Discretely Presented Chester County School Department	I-7	130-132
Schedule of Detailed Expenditures – All Governmental Fund Types	I-8	133-149
Schedule of Detailed Expenditures – All Governmental Fund Types – Discretely Presented Chester County School Department	I-9	150-158
Schedule of Detailed Receipts, Disbursements, and Changes in Cash Balance – City Agency Fund	I-10	159
 <u>SINGLE AUDIT SECTION</u>		 160
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 Auditing Standards</i>		161-162
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		163-165
Schedule of Expenditures of Federal Awards and State Grants		166-167
Schedule of Audit Findings Not Corrected		168
Schedule of Findings and Questioned Costs		169-172
Best Practice		173
Auditee Reporting Responsibilities		174

Summary of Audit Findings

Annual Financial Report
Chester County, Tennessee
For the Year Ended June 30, 2015

Scope

We have audited the basic financial statements of Chester County as of and for the year ended June 30, 2015.

Results

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

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

Findings

The following are summaries of the audit findings:

OFFICE OF ROAD SUPERVISOR

- ◆ The office had deficiencies in purchasing procedures.
- ◆ Duties were not segregated adequately.

OFFICE OF TRUSTEE

- ◆ Employees had access to each cash drawer.

INTRODUCTORY SECTION

Chester County Officials

June 30, 2015

Officials

Dwain Seaton, County Mayor
Jerry King, Road Supervisor
Troy Kilzer II, Director of Schools
Lance Beshires, Trustee
Beverly Morton, Assessor of Property
Stacy Smith, County Clerk
Justin Emerson, Circuit and General Sessions Courts Clerk
Keith Frye, Clerk and Master
Judy Cranford, Register of Deeds
Blair Weaver, Sheriff

Board of County Commissioners

Dwain Seaton, County Mayor, Chairman	Diane Jordan
Mike Alexander	Jerry Lowe
Terry Bell	Al McKinnon
Larry Blackstock	Joseph Melaro
Jackie Butler	Ann Moore
Russell Clayton	Robert Richardson
Tim Crowe	Chris Simmons
Jerry Emerson	Barry Smith
Johnny Garner	John Welch
Sandra Highers	

Board of Education

Bob Moore, Chairman
Dwight Bingham
Shane Connor
Norris Frank
Ronald Johnson
Glenn Naylor

Audit Committee

John Allen Moore, Chairman
Jerry Lowe
Al McKinnon
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, 2015, and the related notes to the financial statements, which collectively comprise the county's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of Chester County, Tennessee, as of June 30, 2015, 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.

Change in Accounting Principle

As described in Note V.B., Chester County has adopted the provisions of Governmental Accounting Standards Board (GASB) Statement No. 68, *Accounting and Financial Reporting for Pensions*; GASB Statement No. 69, *Government Combinations and Disposals of Government Operations*; and GASB Statement No. 71, *Pension Transition for Contributions Made Subsequent to the Measurement Date*. Our opinion is not modified with respect to these matters.

Emphasis of Matter

We draw attention to Note I.D.8. to the financial statements, which describes a restatement to the beginning Governmental Activities net position totaling (\$306,421) and the discretely presented Chester County School Department net position totaling (\$3,400,936) on the Government-wide Statement of Activities. These restatements were necessary because of the transitional requirements of GASB Statement No. 68, *Accounting and Financial Reporting for Pensions*. Our opinion is not modified with respect to these matters.

Other Matters

Required Supplementary Information

Management has omitted the management's discussion and analysis that accounting principles generally accepted in the United States of America require to be presented to

supplement the basic financial statements. Such missing information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. Our opinion on the basic financial statements is not affected by this missing information.

Accounting principles generally accepted in the United States of America require that the schedule of changes in the county's net pension liability (asset) and related ratios, schedules of county and school contributions, schedule of school's proportionate share of the net pension asset, and schedule of funding progress - other postemployment benefits plans on pages 73-79 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.

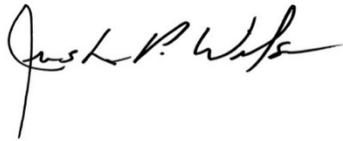
The combining and individual nonmajor fund financial statements, budgetary comparison schedules of nonmajor governmental funds, combining and individual fund financial statements of the Chester County School Department (a discretely presented component unit), and miscellaneous schedules are the responsibility 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 September 15, 2015, 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,

A handwritten signature in black ink, appearing to read "Justin P. Wilson". The signature is fluid and cursive, with a long vertical stroke extending downwards from the end.

Justin P. Wilson
Comptroller of the Treasury
Nashville, Tennessee

September 15, 2015

JPW/sb

BASIC FINANCIAL STATEMENTS

Exhibit A

Chester County, Tennessee
Statement of Net Position
June 30, 2015

	Primary Government Governmental Activities	Component Unit Chester County School Department
<u>ASSETS</u>		
Cash	\$ 1,338	\$ 0
Equity in Pooled Cash and Investments	3,411,794	5,063,933
Investments	250,524	0
Accounts Receivable	1,794	8,120
Due from Other Governments	354,295	355,008
Due from Primary Government	0	532
Property Taxes Receivable	4,211,329	1,799,200
Allowance for Uncollectible Property Taxes	(116,941)	(49,961)
Net Pension Asset - Agent Plan	178,729	263,778
Net Pension Asset - Cost-sharing Plan	0	37,045
Capital Assets:		
Assets Not Depreciated:		
Land	2,926,204	501,552
Construction in Progress	167,506	0
Assets Net of Accumulated Depreciation:		
Buildings and Improvements	8,929,190	10,466,722
Infrastructure	1,632,134	0
Other Capital Assets	1,788,828	1,392,735
Total Assets	<u>\$ 23,736,724</u>	<u>\$ 19,838,664</u>
<u>DEFERRED OUTFLOWS OF RESOURCES</u>		
Deferred Charge on Refunding	\$ 4,998	\$ 0
Pension Changes in Experience	0	89,936
Pension Other Deferrals	0	7,149
Pension Contributions After Measurement Date	288,309	1,024,853
Total Deferred Outflows of Resources	<u>\$ 293,307</u>	<u>\$ 1,121,938</u>
<u>LIABILITIES</u>		
Accounts Payable	\$ 9,280	\$ 47,931
Payroll Deductions Payable	249	278
Accrued Interest Payable	36,195	0
Due to Component Unit	532	0
Other Current Liabilities	1,298	0
Noncurrent Liabilities:		
Due Within One Year	400,830	0
Due in More Than One Year (net of unamortized premium on debt)	9,232,097	522,908
Total Liabilities	<u>\$ 9,680,481</u>	<u>\$ 571,117</u>

(Continued)

Exhibit A

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

	<u>Primary Government Governmental Activities</u>	<u>Units Chester County School Department</u>
<u>DEFERRED INFLOWS OF RESOURCES</u>		
Deferred Current Property Taxes	\$ 3,923,246	\$ 1,676,122
Pension Changes in Experience	51,340	75,771
Pension Changes in Investment Earnings	435,647	3,695,206
Total Deferred Inflows of Resources	<u>\$ 4,410,233</u>	<u>\$ 5,447,099</u>
<u>NET POSITION</u>		
Net Investment in Capital Assets	\$ 6,183,633	\$ 12,361,009
Restricted for:		
Administration of Justice	25,974	0
Public Safety	128,738	0
Public Health and Welfare	15,197	0
Social, Cultural, and Recreational Services	250,524	0
Highway/Public Works	523,549	0
Capital Outlay	0	385,010
Debt Service	495,895	0
Education	0	34,396
Operation of Non-instructional Services	0	332,376
Unrestricted	<u>2,315,807</u>	<u>1,829,595</u>
Total Net Position	<u>\$ 9,939,317</u>	<u>\$ 14,942,386</u>

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

Exhibit B

Chester County, Tennessee
Statement of Activities
For the Year Ended June 30, 2015

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	Component Unit
					Governmental Activities	Chester County School Department
Primary Government:						
Governmental Activities:						
General Government	\$ 950,680	\$ 78,063	\$ 21,017	\$ 0	\$ (851,600)	\$ 0
Finance	658,062	370,565	0	0	(287,497)	0
Administration of Justice	673,438	283,873	8,274	0	(381,291)	0
Public Safety	3,310,224	752,513	58,595	253,260	(2,245,856)	0
Public Health and Welfare	1,411,926	451,351	280,090	0	(680,485)	0
Social, Cultural, and Recreational Services	165,932	13,015	586	0	(152,331)	0
Agriculture and Natural Resources	82,015	0	0	0	(82,015)	0
Highways/Public Works	1,642,132	0	1,450,834	13,186	(178,112)	0
Interest on Long-term Debt	434,191	0	0	0	(434,191)	0
Total Primary Government	\$ 9,328,600	\$ 1,949,380	\$ 1,819,396	\$ 266,446	\$ (5,293,378)	\$ 0
Component Unit:						
Chester County School Department	\$ 19,997,814	\$ 432,811	\$ 2,940,329	\$ 0	\$ 0	\$ (16,624,674)
Total Component Unit	\$ 19,997,814	\$ 432,811	\$ 2,940,329	\$ 0	\$ 0	\$ (16,624,674)

(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	Primary	Component Unit
				Government	Chester County School Department
	Expenses		Total Governmental Activities		
General Revenues:					
Taxes:					
Property Taxes Levied for General Purposes				\$ 3,982,736	\$ 1,852,406
Property Taxes Levied for Debt Service				35,974	0
Local Option Sales Taxes				823,605	755,709
Wheel Tax				764,156	0
Litigation Taxes				55,920	0
Business Tax				84,397	0
Wholesale Beer Tax				46,516	0
Other Local Taxes				13,201	1,205
Grants and Contributions Not Restricted to Specific Programs				599,139	15,524,589
Unrestricted Investment Income				31,782	37,319
Miscellaneous				77,957	81,319
Pension Income				0	30,579
Total General Revenues				\$ 6,515,383	\$ 18,283,126
Change in Net Position				\$ 1,222,005	\$ 1,658,452
Net Position, July 1, 2014				9,023,733	16,684,870
Restatement - Pension Liability (see Note I.D.8)				(306,421)	(3,400,936)
Net Position, June 30, 2015				\$ 9,939,317	\$ 14,942,386

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, 2015

	Major Funds			Nonmajor Funds		Total Governmental Funds
	General	Solid Waste / Sanitation	Highway / Public Works	Other	Governmental Funds	
\$	0 \$	0 \$	0 \$	1,338 \$		1,338
Equity in Pooled Cash and Investments	1,639,409	458,693	517,529	796,163		3,411,794
Investments	0	0	0	250,524		250,524
Accounts Receivable	898	732	0	164		1,794
Due from Other Governments	26,950	16,265	211,080	100,000		354,295
Due from Other Funds	1,338	0	0	0		1,338
Property Taxes Receivable	4,126,426	0	47,698	37,205		4,211,329
Allowance for Uncollectible Property Taxes	(114,584)	0	(1,324)	(1,033)		(116,941)
Total Assets	\$ 5,680,437 \$	\$ 475,690 \$	\$ 774,983 \$	\$ 1,184,361 \$		\$ 8,115,471

ASSETS

Cash	
Equity in Pooled Cash and Investments	
Investments	
Accounts Receivable	
Due from Other Governments	
Due from Other Funds	
Property Taxes Receivable	
Allowance for Uncollectible Property Taxes	
Total Assets	

LIABILITIES

Accounts Payable	9,280 \$	0 \$	0 \$	0 \$	0 \$	9,280
Payroll Deductions Payable	0	0	249	0	0	249
Due to Other Funds	0	0	0	1,338	0	1,338
Due to Component Units	0	532	0	0	0	532
Other Current Liabilities	0	0	1,298	0	0	1,298
Total Liabilities	\$ 9,280 \$	\$ 532 \$	\$ 1,547 \$	\$ 1,338 \$		\$ 12,697

DEFERRED INFLOWS OF RESOURCES

Deferred Current Property Taxes	3,844,150 \$	0 \$	44,436 \$	34,660 \$		3,923,246
Deferred Delinquent Property Taxes	154,572	0	1,769	1,380		157,721
Other Deferred/Unavailable Revenue	11,338	0	110,040	50,000		171,378
Total Deferred Inflows of Resources	\$ 4,010,060 \$	\$ 0 \$	\$ 156,245 \$	\$ 86,040 \$		\$ 4,252,345

(Continued)

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

	Major Funds			Nonmajor Funds		Total Governmental Funds
	General	Solid Waste / Sanitation	Highway / Public Works	Other	Governmental Funds	
\$	0	0	0	0	250,524	\$ 250,524
25,974	0	0	0	0	0	25,974
16,925	0	0	0	111,813	0	128,738
15,197	0	0	0	0	0	15,197
0	0	414,246	0	0	0	414,246
0	0	0	0	475,545	0	475,545
0	475,158	0	0	0	0	475,158
0	0	0	0	100,748	0	100,748
0	0	202,945	0	0	0	202,945
0	0	0	0	143,515	0	143,515
0	0	0	0	14,838	0	14,838
1,603,001	0	0	0	0	0	1,603,001
<u>\$ 1,661,097</u>	<u>\$ 475,158</u>	<u>\$ 617,191</u>	<u>\$ 1,096,983</u>	<u>\$ 1,184,361</u>	<u>\$ 8,115,471</u>	
\$ 5,680,437	\$ 475,690	\$ 774,983	\$ 1,184,361	\$ 1,184,361	\$ 8,115,471	

FUND BALANCES

Nonspendable:

Endowments

Restricted:

Restricted for Administration of Justice

Restricted for Public Safety

Restricted for Public Health and Welfare

Restricted for Highways/Public Works

Restricted for Debt Service

Committed:

Committed for Public Health and Welfare

Committed for Social, Cultural, and Recreational Services

Committed for Highways/Public Works

Committed for Capital Outlay

Committed for Debt Service

Unassigned

Total Fund Balances

Total Liabilities, Deferred Inflows of Resources, and Fund Balances

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, 2015

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)		\$	3,850,429
(1) Capital assets used in governmental activities are not financial resources and therefore are not reported in the governmental funds.			
Add: land	\$	2,926,204	
Add: construction in progress		167,506	
Add: buildings and improvements net of accumulated depreciation		8,929,190	
Add: infrastructure net of accumulated depreciation		1,632,134	
Add: other capital assets net of accumulated depreciation		<u>1,788,828</u>	15,443,862
(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	\$	(9,280,000)	
Less: note payable		(32,063)	
Less: compensated absences payable		(2,506)	
Less: landfill closure/postclosure care costs		(157,815)	
Less: other postemployment benefits liability		(107,540)	
Less: accrued interest on bonds		(36,195)	
Add: deferred amount on refunding		4,998	
Less: other deferred revenue - premium on debt		<u>(53,003)</u>	(9,664,124)
(3) Amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be amortized and recognized as components of pension expense in future years.			
Add: deferred outflows of resources related to pensions	\$	288,309	
Less: deferred inflows of resources related to pensions		<u>(486,987)</u>	(198,678)
(4) Net pension assets of the agent plan are not current financial resources and are therefore not reported in the governmental funds.			178,729
(5) Other long-term assets are not available to pay for current-period expenditures and therefore are deferred in the governmental funds.			<u>329,099</u>
Net position of governmental activities (Exhibit A)		\$	<u><u>9,939,317</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, 2015

	General	Major Funds			Highway / Public Works	Nonmajor Funds		Total Governmental Funds
		Solid Waste / Sanitation				Other Govern- mental Funds	Governmental Funds	
<u>Revenues</u>								
Local Taxes	\$ 4,301,654	\$ 345,668	\$ 48,460	\$ 1,320,102	\$ 6,015,884			
Licenses and Permits	0	19,626	0	0	19,626			
Fines, Forfeitures, and Penalties	70,885	0	0	14,482	85,367			
Charges for Current Services	79,469	94,990	0	16,490	190,949			
Other Local Revenues	34,069	377,080	35,333	13,921	460,403			
Fees Received from County Officials	631,861	0	0	0	631,861			
State of Tennessee	529,236	417,084	1,466,361	78,089	2,490,770			
Federal Government	302,411	0	0	0	302,411			
Other Governments and Citizens Groups	261,757	30,000	0	9,929	301,686			
Total Revenues	\$ 6,211,342	\$ 1,284,448	\$ 1,550,154	\$ 1,453,013	\$ 10,498,957			

	General	Solid Waste / Sanitation	Highway / Public Works	Other Govern- mental Funds	Total Governmental Funds
<u>Expenditures</u>					
Current:					
General Government	\$ 979,258	\$ 0	\$ 0	\$ 0	\$ 979,258
Finance	669,470	0	0	0	669,470
Administration of Justice	602,506	0	0	3,525	606,031
Public Safety	3,292,194	0	0	39,137	3,331,331
Public Health and Welfare	349,599	1,196,227	0	0	1,545,826
Social, Cultural, and Recreational Services	25,342	0	0	79,690	105,032
Agriculture and Natural Resources	61,623	0	0	0	61,623
Other Operations	179,150	11,601	0	869	191,620
Highways	0	0	1,464,628	0	1,464,628
Debt Service:					
Principal on Debt	0	30,000	52,604	885,000	967,604
Interest on Debt	0	2,200	3,393	434,998	440,591
Other Debt Service	0	0	0	15,403	15,403

(Continued)

Exhibit C-3

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

	Major Funds			Nonmajor Funds		Total Governmental Funds
	General	Solid Waste / Sanitation	Highway / Public Works	Other	Governmental Funds	
<u>Expenditures (Cont.)</u>						
Capital Projects	\$ 70,363	\$ 0	\$ 0	\$ 167,506	\$ 237,869	
Total Expenditures	\$ 6,229,505	\$ 1,240,028	\$ 1,520,625	\$ 1,626,128	\$ 10,616,286	
Excess (Deficiency) of Revenues Over Expenditures	\$ (18,163)	\$ 44,420	\$ 29,529	\$ (173,115)	\$ (117,329)	
<u>Other Financing Sources (Uses)</u>						
Transfers In	\$ 0	\$ 125,000	\$ 0	\$ 143,000	\$ 268,000	
Transfers Out	(268,000)	0	0	0	(268,000)	
Total Other Financing Sources (Uses)	\$ (268,000)	\$ 125,000	\$ 0	\$ 143,000	\$ 0	
Net Change in Fund Balances	\$ (286,163)	\$ 169,420	\$ 29,529	\$ (30,115)	\$ (117,329)	
Fund Balance, July 1, 2014	1,947,260	305,738	587,662	1,127,098	3,967,758	
Fund Balance, June 30, 2015	\$ 1,661,097	\$ 475,158	\$ 617,191	\$ 1,096,983	\$ 3,850,429	

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, 2015

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)		\$ (117,329)
(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	\$ 891,793	
Less: current-year depreciation expense	<u>(853,727)</u>	38,066
(2) The net effect of various miscellaneous transactions involving capital assets (sales, trade-ins, and donations) is to decrease net position.		
Less: book value of capital assets disposed		(1,725)
(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, 2015	\$ 329,099	
Less: deferred delinquent property taxes and other deferred June 30, 2014	<u>(286,851)</u>	42,248
(4) The issuance of long-term debt (e.g., bonds, notes) provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net position. Also, governmental funds report the effect of premiums, discounts, and similar items when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities. This amount is the net effect of these differences in the treatment of long-term debt and related items.		
Add: change in premium on debt issuances	\$ 11,125	
Add: principal payments on bonds	915,000	
Add: principal payments on note	52,604	
Less: change in deferred amount on refunding debt	<u>(2,160)</u>	976,569
(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.		
Change in accrued interest payable	\$ 6,400	
Change in compensated absences payable	436	
Change in other postemployment benefits liability	(8,016)	
Change in landfill closure/postclosure care costs	(1,116)	
Change in deferred outflows related to pensions	288,309	
Change in deferred inflows related to pensions	(486,987)	
Change in net pension asset	<u>485,150</u>	<u>284,176</u>
Change in net position of governmental activities (Exhibit B)		<u>\$ 1,222,005</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, 2015

	Actual	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
		Original	Final	
<u>Revenues</u>				
Local Taxes	\$ 4,301,654	\$ 4,304,190	\$ 4,347,460	\$ (45,806)
Fines, Forfeitures, and Penalties	70,885	86,200	86,200	(15,315)
Charges for Current Services	79,469	60,450	109,400	(29,931)
Other Local Revenues	34,069	27,500	60,549	(26,480)
Fees Received from County Officials	631,861	624,000	624,000	7,861
State of Tennessee	529,236	472,080	537,098	(7,862)
Federal Government	302,411	43,000	293,907	8,504
Other Governments and Citizens Groups	261,757	243,500	243,500	18,257
Total Revenues	\$ 6,211,342	\$ 5,860,920	\$ 6,302,114	\$ (90,772)
<u>Expenditures</u>				
<u>General Government</u>				
County Commission	\$ 24,606	\$ 27,300	\$ 27,300	\$ 2,694
Board of Equalization	1,000	1,100	1,100	100
Budget and Finance Committee	807	2,425	2,425	1,618
County Mayor/Executive	145,133	146,470	146,470	1,337
County Attorney	28,294	15,000	30,000	1,706
Election Commission	212,263	193,430	218,415	6,152
Register of Deeds	134,793	140,782	140,782	5,989
County Buildings	374,885	412,720	379,720	4,835
Other Facilities	14,715	21,300	21,300	6,585
Other General Administration	42,762	36,070	56,070	13,308
<u>Finance</u>				
Accounting and Budgeting	90,191	98,469	98,469	8,278
Property Assessor's Office	169,978	185,983	185,983	16,005
Reappraisal Program	14,954	16,086	16,086	1,132
County Trustee's Office	176,429	183,766	183,766	7,337
County Clerk's Office	212,779	214,557	217,557	4,778
Other Finance	5,139	5,300	5,300	161
<u>Administration of Justice</u>				
Circuit Court	244,907	263,113	256,613	11,706
General Sessions Court	120,007	116,933	127,433	7,426
Chancery Court	200,649	197,835	207,835	7,186
Juvenile Court	36,943	36,662	37,122	179
<u>Public Safety</u>				
Sheriff's Department	1,521,225	1,507,625	1,530,765	9,540
Jail	1,265,423	1,215,140	1,270,084	4,661
Juvenile Services	66,673	68,948	68,488	1,815
Fire Prevention and Control	374,635	129,761	375,996	1,361
Civil Defense	54,871	65,048	65,048	10,177
Rescue Squad	6,700	6,700	6,700	0
County Coroner/Medical Examiner	2,667	10,000	10,000	7,333
<u>Public Health and Welfare</u>				
Local Health Center	32,790	38,820	38,820	6,030
Ambulance/Emergency Medical Services	180,113	245,113	245,113	65,000
Alcohol and Drug Programs	3,000	3,000	3,000	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>				
Other Local Health Services	\$ 47,024	\$ 43,824	\$ 47,524	\$ 500
Regional Mental Health Center	10,000	10,000	10,000	0
General Welfare Assistance	21,618	15,000	23,000	1,382
Other Local Welfare Services	12,364	0	12,560	196
Sanitation Education/Information	42,690	38,900	44,330	1,640
<u>Social, Cultural, and Recreational Services</u>				
Senior Citizens Assistance	0	2,500	2,500	2,500
Other Social, Cultural, and Recreational	25,342	44,461	44,461	19,119
<u>Agriculture and Natural Resources</u>				
Agricultural Extension Service	39,921	40,545	40,545	624
Soil Conservation	14,202	16,865	16,865	2,663
Flood Control	7,500	7,500	7,500	0
<u>Other Operations</u>				
Industrial Development	15,000	15,000	15,000	0
Veterans' Services	24,068	27,506	27,506	3,438
Employee Benefits	6,653	6,500	6,700	47
Miscellaneous	133,429	95,000	133,450	21
<u>Capital Projects</u>				
Other General Government Projects	70,363	0	70,363	0
Total Expenditures	<u>\$ 6,229,505</u>	<u>\$ 5,969,057</u>	<u>\$ 6,476,064</u>	<u>\$ 246,559</u>
Excess (Deficiency) of Revenues				
Over Expenditures	<u>\$ (18,163)</u>	<u>\$ (108,137)</u>	<u>\$ (173,950)</u>	<u>\$ 155,787</u>
<u>Other Financing Sources (Uses)</u>				
Transfers Out	<u>\$ (268,000)</u>	<u>\$ 0</u>	<u>\$ (268,000)</u>	<u>\$ 0</u>
Total Other Financing Sources	<u>\$ (268,000)</u>	<u>\$ 0</u>	<u>\$ (268,000)</u>	<u>\$ 0</u>
Net Change in Fund Balance	\$ (286,163)	\$ (108,137)	\$ (441,950)	\$ 155,787
Fund Balance, July 1, 2014	<u>1,947,260</u>	<u>1,808,655</u>	<u>1,808,655</u>	<u>138,605</u>
Fund Balance, June 30, 2015	<u>\$ 1,661,097</u>	<u>\$ 1,700,518</u>	<u>\$ 1,366,705</u>	<u>\$ 294,392</u>

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, 2015

	Actual	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
		Original	Final	
<u>Revenues</u>				
Local Taxes	\$ 345,668	\$ 311,450	\$ 311,450	\$ 34,218
Licenses and Permits	19,626	16,000	16,000	3,626
Charges for Current Services	94,990	70,250	70,250	24,740
Other Local Revenues	377,080	330,000	330,000	47,080
State of Tennessee	417,084	351,873	485,373	(68,289)
Federal Government	0	8,500	0	0
Other Governments and Citizens Groups	30,000	45,000	45,000	(15,000)
Total Revenues	\$ 1,284,448	\$ 1,133,073	\$ 1,258,073	\$ 26,375
<u>Expenditures</u>				
<u>Public Health and Welfare</u>				
Convenience Centers	\$ 518,539	\$ 411,211	\$ 558,711	\$ 40,172
Recycling Center	286,812	232,559	319,787	32,975
Other Waste Disposal	388,290	379,650	424,187	35,897
Postclosure Care Costs	2,586	5,000	5,000	2,414
<u>Other Operations</u>				
Other Charges	11,601	12,000	12,000	399
<u>Principal on Debt</u>				
General Government	30,000	30,000	30,000	0
<u>Interest on Debt</u>				
General Government	2,200	2,200	2,200	0
Total Expenditures	\$ 1,240,028	\$ 1,072,620	\$ 1,351,885	\$ 111,857
Excess (Deficiency) of Revenues Over Expenditures	\$ 44,420	\$ 60,453	\$ (93,812)	\$ 138,232
<u>Other Financing Sources (Uses)</u>				
Transfers In	\$ 125,000	\$ 0	\$ 125,000	\$ 0
Total Other Financing Sources	\$ 125,000	\$ 0	\$ 125,000	\$ 0
Net Change in Fund Balance	\$ 169,420	\$ 60,453	\$ 31,188	\$ 138,232
Fund Balance, July 1, 2014	305,738	136,203	136,203	169,535
Fund Balance, June 30, 2015	\$ 475,158	\$ 196,656	\$ 167,391	\$ 307,767

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, 2015

	Actual	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
		Original	Final	
<u>Revenues</u>				
Local Taxes	\$ 48,460	\$ 45,265	\$ 45,265	\$ 3,195
Other Local Revenues	35,333	29,500	29,500	5,833
State of Tennessee	1,466,361	1,613,285	1,613,285	(146,924)
Total Revenues	\$ 1,550,154	\$ 1,688,050	\$ 1,688,050	\$ (137,896)
<u>Expenditures</u>				
<u>Highways</u>				
Administration	\$ 131,726	\$ 140,010	\$ 145,010	\$ 13,284
Highway and Bridge Maintenance	687,802	655,000	707,500	19,698
Operation and Maintenance of Equipment	252,563	293,000	281,500	28,937
Other Charges	80,656	76,950	82,950	2,294
Employee Benefits	269,372	252,000	270,000	628
Capital Outlay	42,509	288,333	218,333	175,824
<u>Principal on Debt</u>				
Highways and Streets	52,604	52,604	52,604	0
<u>Interest on Debt</u>				
Highways and Streets	3,393	3,393	3,393	0
Total Expenditures	\$ 1,520,625	\$ 1,761,290	\$ 1,761,290	\$ 240,665
Excess (Deficiency) of Revenues Over Expenditures	\$ 29,529	\$ (73,240)	\$ (73,240)	\$ 102,769
<u>Other Financing Sources (Uses)</u>				
Insurance Recovery	\$ 0	\$ 2,000	\$ 2,000	\$ (2,000)
Total Other Financing Sources	\$ 0	\$ 2,000	\$ 2,000	\$ (2,000)
Net Change in Fund Balance	\$ 29,529	\$ (71,240)	\$ (71,240)	\$ 100,769
Fund Balance, July 1, 2014	587,662	612,121	612,121	(24,459)
Fund Balance, June 30, 2015	\$ 617,191	\$ 540,881	\$ 540,881	\$ 76,310

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, 2015

	<u>Agency Funds</u>
<u>ASSETS</u>	
Cash	\$ 538,229
Due from Other Governments	<u>139,998</u>
Total Assets	<u><u>\$ 678,227</u></u>
<u>LIABILITIES</u>	
Due to Other Taxing Units	\$ 139,998
Due to Litigants, Heirs, and Others	<u>538,229</u>
Total Liabilities	<u><u>\$ 678,227</u></u>

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

CHESTER COUNTY, TENNESSEE
Index of Notes to the Financial Statements

Note	Page(s)
I. Summary of Significant Accounting Policies	
A. Reporting Entity	31
B. Government-wide and Fund Financial Statements	32
C. Measurement Focus, Basis of Accounting, and Financial Statement Presentation	33
D. Assets, Liabilities, Deferred Outflows/Inflows of Resources, and Net Position/Fund Balance	
1. Deposits and Investments	35
2. Receivables and Payables	36
3. Capital Assets	37
4. Deferred Outflows/Inflows of Resources	38
5. Compensated Absences	39
6. Long-term Obligations	39
7. Net Position and Fund Balance	40
8. Restatement	41
E. Pension Plans	41
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	42
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	42
III. Stewardship, Compliance, and Accountability	
Budgetary Information	43
IV. Detailed Notes on All Funds	
A. Deposits and Investments	43
B. Capital Assets	45
C. Interfund Receivables, Payables, and Transfers	48
D. Long-term Obligations	49
E. Pledges of Future Revenues	52
F. On-Behalf Payments	52
V. Other Information	
A. Risk Management	53
B. Accounting Changes	54
C. Contingent Liabilities	54
D. Changes in Administration	54
E. Landfill Closure/Postclosure Care Costs	54
F. Jointly Governed Organization	55
G. Retirement Commitments	55
H. Other Postemployment Benefits (OPEB)	68
I. Purchasing Laws	71

CHESTER COUNTY, TENNESSEE
NOTES TO THE FINANCIAL STATEMENTS
For the Year Ended June 30, 2015

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 financial statements of the Chester County Emergency Communications District were not available from other auditors in time for inclusion in this report; however, in our opinion, this omission is not material to the component units' opinion unit.

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. Although required by GAAP, the financial statements of the Chester

County Emergency Communications District were not available in time for inclusion, as previously mentioned. 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, 2015.

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.

Permanent Fund – The Endowment Fund accounts for three private gifts received by the county for which the principal amount must remain intact while interest earned on the principal may be expended to benefit the Chester County Public Library.

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 fund:

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.

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

Special Revenue Funds – These funds 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.

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 endowments provide for scholarships to be awarded each year until the endowments are 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 Solid Waste/Sanitation Fund and the School Department's General Purpose School Fund. In addition, investments are held separately by the county's Endowment 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.

2. Receivables and Payables

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

Property taxes receivable are shown with an allowance for uncollectibles. The allowance for uncollectible property taxes is equal to 1.46 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 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. Deferred outflows of resources represent a consumption of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/expenditure) until then. The government has items that qualify for reporting in this category. Accordingly, the items are reported in the government-wide Statement of Net Position and the governmental funds balance sheet. These items are for the deferred charge on refunding and for pension changes in experience and other deferrals, as well as employer contributions made to the pension plan after the measurement date.

In addition to liabilities, the Statement of Net Position will sometimes report a separate section for deferred inflows of resources. Deferred inflows of resources represent an acquisition of net position that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. The government has items that qualify for reporting in this category. Accordingly, the items are reported in the government-wide Statement of Net Position and the governmental funds balance sheet. These items are from the following sources: current and delinquent property taxes, pension changes in experience and investment earnings, 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, 2015, Chester County had \$100,000 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

In prior years, the government was not required to recognize a liability for its defined benefit pension plans. However, with the implementation of GASB Statement No. 68, government employers are required to recognize a new pension liability in their Statement of Net Position. Therefore, a restatement to Chester County’s and the Chester County School Department’s beginning net position has been recognized in the Statement of Activities totaling (\$306,421) and (\$3,400,936), respectively.

E. Pension Plans

Primary Government

For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of Chester County’s participation in the Public Employee Retirement Plan of the Tennessee Consolidated Retirement System (TCRS), and additions to/deductions from Chester County’s fiduciary net position have been determined on the same basis as they are reported by the TCRS for the Public Employee Retirement Plan. For this purpose, benefits (including refunds of employee contributions)

are recognized when due and payable in accordance with the benefit terms of the Public Employee Retirement Plan of TCRS. Investments are reported at fair value.

Discretely Presented Chester County School Department

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

II. RECONCILIATION OF GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS

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

Primary Government

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

Discretely Presented 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

Budgetary Information

Annual budgets are adopted on a basis consistent with generally accepted accounting principles (GAAP) for all governmental funds except the Constitutional Officers - Fees Fund (special revenue fund) and the Endowment Fund (permanent fund), which are 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.

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 and investments reflected on the balance sheets or statements of net position represent nonpooled amounts held separately by individual funds.

Deposits

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

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

Investments

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

Investment Balances. As of June 30, 2015, Chester County had the following investments carried at fair value. These investments were made in accordance with an agreement with a charitable foundation for an endowment to benefit the Chester County Public Library.

<u>Investment</u>	<u>Maturities</u>	<u>Fair Value</u>
Endowment Fund:		
Vanguard 500 Index Fund	On Demand	\$ 117,519
Spartan International Index Fund	"	20,434
Vanguard Short-term Bond Index Fund	"	38,331
Vanguard Total Bond Fund	"	36,960
Vanguard Intermediate-term Corporate Bond Index Fund	"	24,992
CBT Prime-Based Money Market Fund	"	<u>12,288</u>
Total		<u>\$ 250,524</u>

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

Credit Risk. Credit risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligations. State statutes limit the ratings of certain investments as previously explained. Chester County has no investment policy that would further limit its investment choices. As of June 30, 2015, Chester County's investments were unrated. Chester County's investments are in private mutual funds that are not backed by the full faith and credit of the federal government and, therefore, the county could lose its investments if those enterprises fail.

Custodial Credit Risk. Custodial credit risk for investments is the risk that, in the event of a failure of the counterparty to a transaction, the county will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. Chester County does not have a formal policy that limits custodial credit risk for investments. The county's investments have a custodial credit risk exposure because the securities are uninsured, unregistered, and held by the county's financial agent, which is also the counterparty for these investments.

B. Capital Assets

Capital assets activity for the year ended June 30, 2015, was as follows:

Primary Government

Governmental Activities:

	Balance 7-1-14	Increases	Decreases	Balance 6-30-15
Capital Assets Not Depreciated:				
Land	\$ 2,888,275	\$ 37,929	\$ 0	\$ 2,926,204
Construction in Progress	0	167,506	0	167,506
Total Capital Assets Not Depreciated	<u>\$ 2,888,275</u>	<u>\$ 205,435</u>	<u>\$ 0</u>	<u>\$ 3,093,710</u>
Capital Assets Depreciated:				
Buildings and Improvements	\$ 14,441,685	\$ 99,963	\$ 0	\$ 14,541,648
Infrastructure	2,718,767	0	0	2,718,767
Other Capital Assets	5,241,606	586,395	84,677	5,743,324
Total Capital Assets Depreciated	<u>\$ 22,402,058</u>	<u>\$ 686,358</u>	<u>\$ 84,677</u>	<u>\$ 23,003,739</u>
Less Accumulated Depreciation For:				
Buildings and Improvements	\$ 5,193,895	\$ 418,563	\$ 0	\$ 5,612,458
Infrastructure	939,699	146,934	0	1,086,633
Other Capital Assets	3,749,218	288,230	82,952	3,954,496
Total Accumulated Depreciation	<u>\$ 9,882,812</u>	<u>\$ 853,727</u>	<u>\$ 82,952</u>	<u>\$ 10,653,587</u>
Total Capital Assets Depreciated, Net	<u>\$ 12,519,246</u>	<u>\$ (167,369)</u>	<u>\$ 1,725</u>	<u>\$ 12,350,152</u>
Governmental Activities Capital Assets, Net	<u>\$ 15,407,521</u>	<u>\$ 38,066</u>	<u>\$ 1,725</u>	<u>\$ 15,443,862</u>

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

Governmental Activities:

General Government	\$ 13,817
Finance	3,441
Administration of Justice	69,613
Public Safety	324,632
Public Health and Welfare	182,936
Social, Cultural, and Recreational Services	35,790
Agriculture and Natural Resources	1,376
Highways	<u>222,122</u>

Total Depreciation Expense - Governmental Activities \$ 853,727

Discretely Presented Chester County School Department

Governmental Activities:

	Balance 7-1-14	Increases	Decreases	Balance 6-30-15
Capital Assets Not Depreciated:				
Land	\$ 501,552	\$ 0	\$ 0	\$ 501,552
Construction in Progress	130,000	0	130,000	0
Total Capital Assets Not Depreciated	<u>\$ 631,552</u>	<u>\$ 0</u>	<u>\$ 130,000</u>	<u>\$ 501,552</u>
Capital Assets Depreciated:				
Buildings and Improvements	\$ 19,642,588	\$ 270,485	\$ 0	\$ 19,913,073
Other Capital Assets	5,235,714	126,816	0	5,362,530
Total Capital Assets Depreciated	<u>\$ 24,878,302</u>	<u>\$ 397,301</u>	<u>\$ 0</u>	<u>\$ 25,275,603</u>
Less Accumulated Depreciation For:				
Buildings and Improvements	\$ 9,011,204	\$ 435,147	\$ 0	\$ 9,446,351
Other Capital Assets	3,642,235	327,560	0	3,969,795
Total Accumulated Depreciation	<u>\$ 12,653,439</u>	<u>\$ 762,707</u>	<u>\$ 0</u>	<u>\$ 13,416,146</u>
Total Capital Assets Depreciated, Net	<u>\$ 12,224,863</u>	<u>\$ (365,406)</u>	<u>\$ 0</u>	<u>\$ 11,859,457</u>
Governmental Activities Capital Assets, Net	<u><u>\$ 12,856,415</u></u>	<u><u>\$ (365,406)</u></u>	<u><u>\$ 130,000</u></u>	<u><u>\$ 12,361,009</u></u>

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

Governmental Activities:

Instruction	\$ 491,133
Support Services	189,025
Operation of Non-Instructional Services	<u>82,549</u>
 Total Depreciation Expense - Governmental Activities	 <u><u>\$ 762,707</u></u>

C. Interfund Receivables, Payables, and Transfers

The composition of interfund balances as of June 30, 2015, was as follows:

Due to/from Other Funds:

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>
Primary Government:		
General	Nonmajor governmental	\$ 1,338
Discretely Presented School Department:		
General Purpose School	Nonmajor governmental	6,164

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.

The receivable in the General Purpose School Fund totaling \$6,164 was in transit from the School Federal Projects Fund at June 30, 2015.

Due to/from Primary Government and Component Units:

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>
Component Unit:		
School Department: General Purpose School	Primary Government: Solid Waste/Sanitation	\$ 532

Interfund Transfers:

Interfund transfers for the year ended June 30, 2015, consisted of the following amounts:

Primary Government

Transfers Out	Transfers In	
	Solid Waste/ Sanitation Fund	Nonmajor Governmental Fund
General Fund	\$ 125,000	\$ 143,000

Discretely Presented Chester County School Department

Transfers Out	Transfers In	
	General Purpose School Fund	Nonmajor Governmental Fund
General Purpose School Fund	\$ 0	\$ 200,000
Nonmajor governmental fund	6,163	0
Total	\$ 6,163	\$ 200,000

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 and to use unrestricted revenues collected in the General Fund to finance various programs accounted for in other funds in accordance with budgetary authorizations.

D. 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 the capital outlay note outstanding were issued for original terms of up to 32 years for bonds and up to four years for the note. Repayment terms are generally structured with increasing amounts of principal maturing as interest requirements decrease over the term of the debt. All bonds and the note included in long-term debt as of June 30, 2015, 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, 2015, for governmental activities are as follows:

Type	Interest Rate	Final Maturity	Original Amount of Issue	Balance 6-30-15
General Obligation Bonds	2.75 to 5.5%	6-1-40	\$ 9,660,000	\$ 8,740,000
General Obligation Bonds - Refunding	2.75 to 5	5-1-23	1,095,000	540,000
Capital Outlay Note	5.5	1-12-16	200,343	32,063

The annual requirements to amortize all general obligation bonds and the note outstanding as of June 30, 2015, including interest payments, are presented in the following tables:

Year Ending June 30	Bonds		
	Principal	Interest	Total
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
2021-2025	1,580,000	1,583,249	3,163,249
2026-2030	1,705,000	1,251,153	2,956,153
2031-2035	2,020,000	864,358	2,884,358
2036-2040	2,535,000	369,837	2,904,837
Total	\$ 9,280,000	\$ 5,974,704	\$ 15,254,704

Year Ending June 30	Note		
	Principal	Interest	Total
2016	\$ 32,063	\$ 601	\$ 32,664
Total	\$ 32,063	\$ 601	\$ 32,664

There is \$490,383 available in the debt service funds to service long-term debt. Debt per capita, including bonds and the note, totaled \$544 based on the 2010 federal census.

Changes in Long-term Obligations

Long-term obligations activity for the year ended June 30, 2015, was as follows:

Governmental Activities:

	Bonds	Note	Compensated Absences
Balance, July 1, 2014	\$ 10,195,000	\$ 84,667	\$ 2,942
Additions	0	0	8,512
Reductions	(915,000)	(52,604)	(8,948)
Balance, June 30, 2015	<u>\$ 9,280,000</u>	<u>\$ 32,063</u>	<u>\$ 2,506</u>
Balance Due Within One Year	<u>\$ 365,000</u>	<u>\$ 32,063</u>	<u>\$ 2,506</u>

	Landfill Closure/ Postclosure Care Costs	Other Postemployment Benefits
Balance, July 1, 2014	\$ 156,699	\$ 99,524
Additions	2,409	14,103
Reductions	(1,293)	(6,087)
Balance, June 30, 2015	<u>\$ 157,815</u>	<u>\$ 107,540</u>
Balance Due Within One Year	<u>\$ 1,261</u>	<u>\$ 0</u>

Analysis of Noncurrent Liabilities Presented on Exhibit A:

Total Noncurrent Liabilities, June 30, 2015	\$ 9,579,924
Less: Balance Due Within One Year	(400,830)
Add: Unamortized Premium on Debt	<u>53,003</u>
Noncurrent Liabilities - Due in More Than One Year - Exhibit A	<u>\$ 9,232,097</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, 2015, was as follows:

Governmental Activities:	<u>Other Postemployment Benefits</u>
Balance, July 1, 2014	\$ 491,077
Additions	96,506
Reductions	<u>(64,675)</u>
Balance, June 30, 2015	<u>\$ 522,908</u>
Balance Due Within One Year	<u>\$ 0</u>

E. 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 \$104,000, payable semiannually through May 2016. For the current year, principal and interest paid and sales tax revenues generated by the increase were \$701,102 and \$686,764, respectively.

F. 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, 2015, were \$49,328 and \$13,450, 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**

Employee Health Insurance

Primary Government

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.

Discretely Presented Chester County School Department

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

Chester County and the School Department participate 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 and School Department pay annual premiums to the TN-RMT for their 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. 68, *Accounting and Financial Reporting for Pensions-an Amendment of GASB Statement No. 27*; Statement No. 69, *Government Combinations and Disposals of Government Operations*; and Statement No. 71, *Pension Transition for Contributions Made Subsequent to the Measurement Date-an Amendment of GASB Statement No. 68* became effective for the year ended June 30, 2015.

GASB Statement No. 68, replaces the requirements of Statements No. 27 and No. 50 as they relate to pensions that are provided through pension plans administered as trusts or equivalent arrangements that meet certain criteria. The requirements of Statements No. 27 and No. 50 remain applicable for pensions that are not covered by the scope of this statement. This statement establishes standards for measuring and recognizing liabilities, deferred outflows/inflows, and expenses/expenditures.

GASB Statement No. 69, establishes accounting and financial reporting standards related to government combinations and disposals of government operations such as mergers, acquisitions, and transfer of operations.

GASB Statement No. 71, addresses issues related to contributions made by a state or local government employer or nonemployer contributing entity to a defined benefit pension plan after the measurement date of the government's beginning net pension liability.

C. Contingent Liabilities

The county and School Department are involved in several pending lawsuits. Management advised that any potential claims not covered by insurance resulting from such litigation should not materially affect the financial statements.

D. Changes in Administration

Director of Schools Cherrie Pipkin retired on June 30, 2014, and was succeeded by Troy Kilzer II, effective July 1, 2014.

On August 31, 2014, Johnny Garner left the Office of County Clerk and was succeeded by Stacy Smith, and Eddie Bailey left the Office of Circuit and General Sessions Courts Clerk and was succeeded by Justin Emerson.

E. 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 \$157,815 reported as postclosure care liability at June 30, 2015, represents 50 percent of the county's share based on what it would cost to perform all postclosure care in 2015. Actual costs may be higher due to inflation, changes in technology, or changes in regulations.

F. 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.

G. Retirement Commitments

Tennessee Consolidated Retirement System (TCRS)

Primary Government

General Information About the Pension Plan

Plan Description. Employees of Chester County and non-certified employees of the discretely presented Chester County School Department are provided a defined benefit pension plan through the Public Employee Retirement Plan, an agent multiple-employer pension plan administered by the TCRS. The primary government employees comprise 40.39 percent and the non-certified employees of the discretely present School Department comprise 59.61 percent of the plan based on census data. The TCRS was created by state statute under *Tennessee Code Annotated (TCA)*, Title 8, Chapters 34-37. The TCRS Board of Trustees is responsible for the proper operation and administration of the TCRS. The Tennessee Treasury Department, an agency in the legislative branch of state government, administers the plans of the TCRS. The TCRS issues a publicly available financial report that can be obtained at www.treasury.tn.gov/tcrs.

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

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

Employees Covered by Benefit Terms. At the measurement date of June 30, 2014, the following employees were covered by the benefit terms:

Inactive Employees or Beneficiaries Currently Receiving Benefits	107
Inactive Employees Entitled to But Not Yet Receiving Benefits	180
Active Employees	255
Total	542

Contributions. Contributions for employees are established in the statutes governing the TCRS and may only be changed by the Tennessee General Assembly. Employees contribute five percent of salary. Chester County makes employer contributions at the rate set by the Board of Trustees as determined by an actuarial valuation. For the year ended June 30, 2015, employer contributions for Chester County were \$475,462 based on a rate of 7.33 percent of pensionable payroll. By law, employer contributions are required to be paid. The TCRS may intercept Chester County's state shared taxes if required employer contributions are not remitted. The employer's actuarially determined contribution (ADC) and member contributions are expected to

finance the costs of benefits earned by members during the year, the cost of administration, as well as an amortized portion of any unfunded liability.

Net Pension Liability (Asset)

Chester County's net pension liability (asset) was measured as of June 30, 2014, and the total pension liability (asset) used to calculate net pension liability (asset) was determined by an actuarial valuation as of that date.

Actuarial Assumptions. The total pension liability as of the June 30, 2014, actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	3%
Salary Increases	Graded Salary Ranges from 8.97% to 3.71% Based on Age, Including Inflation, Averaging 4.25%
Investment Rate of Return	7.5%, Net of Pension Plan Investment Expenses, Including Inflation
Cost of Living Adjustment	2.5%

Mortality rates were based on actual experience from the June 30, 2012, actuarial experience study, adjusted for some of the expected future improvement in life expectancy.

The actuarial assumptions used in the June 30, 2014, actuarial valuation were based on the results of an actuarial experience study performed for the period July 1, 2008, through June 30, 2012. The demographic assumptions were adjusted to more closely reflect actual and expected future experience.

The long-term expected rate of return on pension plan investments was established by the TCRS Board of Trustees in conjunction with the June 30, 2012, actuarial experience study by considering the following three techniques: (1) the 25-year historical return of the TCRS at June 30, 2012, (2) the historical market returns of asset classes from 1926 to 2012 using the TCRS investment policy asset allocation, and (3) capital market projections that were utilized as a building-block method in which best-estimate ranges of expected future real rate of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. Four sources of capital market projections were blended and utilized in the third technique. The blended capital market projection established the long-term expected rate of return by weighting the expected future real rate of return by the target asset allocation percentage and by adding inflation of three percent. The target allocation and best estimate of arithmetic real rates of return for each major asset class are summarized in the following table:

Asset Class	Percentage Long-term Expected Real Rate of Return	Percentage Target Allocations
U.S. Equity	6.46 %	33 %
Developed Market International Equity	6.26	17
Emerging Market International Equity	6.40	5
Private Equity and Strategic Lending	4.61	8
U.S. Fixed Income	0.98	29
Real Estate	4.73	7
Short-term Securities	0.00	1
Total		100 %

The long-term expected rate of return on pension plan investments was established by the TCRS Board of Trustees as 7.5 percent based on a blending of the three factors described above.

Discount Rate. The discount rate used to measure the total pension liability was 7.5 percent. The projection of cash flows used to determine the discount rate assumed that employee contributions will be made at the current rate and that contributions from Chester County will be made at the actuarially determined contribution rate pursuant to an actuarial valuation in accordance with the funding policy of the TCRS Board of Trustees and as required to be paid by state statute. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make projected future benefit payments of current active and inactive members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

Changes in the Net Pension Liability (Asset)

	Increase (Decrease)		
	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability (a)-(b)
Balance, July 1, 2013	\$ 16,095,377	\$ 14,853,064	\$ 1,242,313
Changes for the year:			
Service Cost	\$ 513,490	\$ 0	\$ 513,490
Interest	1,214,365	0	1,214,365
Differences Between Expected and Actual Experience	(152,533)	0	(152,533)
Contributions - Employer	0	483,656	(483,656)
Contributions - Employees	0	325,358	(325,358)
Net Investment Income	0	2,460,904	(2,460,904)
Benefit Payments, Including Refunds of Employee Contributions	(834,672)	(834,672)	0
Administrative Expense	0	(9,776)	9,776
Other Changes	0	0	0
Net Changes	\$ 740,650	\$ 2,425,470	\$ (1,684,820)
Balance, June 30, 2014	\$ 16,836,027	\$ 17,278,534	\$ (442,507)

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

		Total Pension Liability	Plan Fiduciary Net Position	Net Pension Liability (Asset)
Primary Government	40.39%	\$ 6,800,071	\$ 6,978,800	\$ (178,729)
School Department	59.61%	10,035,956	10,299,734	(263,778)
Total		\$ 16,836,027	\$ 17,278,534	\$ (442,507)

Sensitivity of the Net Position Liability (Asset) to Changes in the Discount Rate. The following presents the net pension liability (asset) of Chester County calculated using the discount rate of 7.5 percent, as well as what the net pension liability (asset) would be if it were calculated using a discount rate that is one percentage point lower (6.5%) or one percentage point higher (8.5%) than the current rate:

Chester County	1% Decrease 6.5%	Current Discount Rate 7.5%	1% Increase 8.5%
Net Pension Liability	\$ 1,746,646	\$ (442,507)	\$ (2,251,688)

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

Pension Expense. For the year ended June 30, 2015, Chester County recognized pension expense of \$4,549.

Deferred Outflows of Resources and Deferred Inflows of Resources. For the year ended June 30, 2015, Chester County reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences Between Expected and Actual Experience	\$ 0	\$ 127,111
Net Difference Between Projected and Actual Earnings on Pension Plan Investments	0	1,078,602
Contributions Subsequent to the Measurement Date of June 30, 2014 (1)	<u>475,462</u>	<u>N/A</u>
Total	<u>\$ 475,462</u>	<u>\$ 1,205,713</u>

- (1) The amount shown above for “Contributions Subsequent to the Measurement Date of June 30, 2014,” will be recognized as a reduction (increase) to net pension liability (asset) in the following measurement period.

Allocation of Agent Plan Deferred Outflows of Resources and
Deferred Inflows of Resources

	Deferred Outflows of Resources	Deferred Inflows of Resources
Primary Government	\$ 288,309	\$ 486,987
School Department	187,153	718,726
Total	\$ 475,462	\$ 1,205,713

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

Year Ending <u>June 30</u>	<u>Amount</u>
2016	\$ (295,073)
2017	(295,073)
2018	(295,073)
2019	(295,073)
2020	(25,422)
Thereafter	0

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

Discretely Presented Chester County School Department

Non-certified Employees

General Information About the Pension Plan

Plan Description. As noted above under the primary government, employees of Chester County and non-certified employees of the discretely presented Chester County School Department are provided a defined benefit pension plan through the Public Employee Retirement Plan, an agent multiple-employer pension plan administered by the TCRS. The primary government employees comprise 40.39 percent and the non-certified employees of the discretely present School Department comprise 59.61 percent of the plan based on census data.

Certified Employees

Teacher Retirement Plan

General Information About the Pension Plan

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

Benefits Provided. TCA, Title 8, Chapters 34-37 establishes the benefit terms and can be amended only by the Tennessee General Assembly. Members are eligible to retire at age 65 with five years of service credit or pursuant to the rule of 90 in which the member's age and service credit total 90. Members of the Teachers Retirement Plan are entitled to receive unreduced service retirement benefits, which are determined by a formula using the member's highest five consecutive year average compensation and the member's years of service credit. Service related disability benefits are provided regardless of length of service. Five years of service is required for non-service related disability eligibility. The service related and non-service related disability benefits are determined in the same manner as a service retirement benefit but are reduced ten percent and include projected service credits. A variety of death benefits is available under various eligibility criteria. Member and beneficiary annuitants are entitled to an automatic cost of living adjustment (COLA) after retirement. A COLA is granted each July for annuitants retired prior to the second of July of the previous year. The COLA is based on the change in the consumer price index (CPI) during the prior calendar year, capped at three percent, and applied to the current benefit. No COLA is granted if the change in the CPI is less than one-half percent. A one percent COLA is granted if the CPI change is between one-half percent and one percent. A member who leaves employment may withdraw their employee contributions, plus any accumulated interest. Under the Teacher Retirement Plan, benefit terms and conditions, including COLA, can be adjusted on a prospective basis. Moreover, there are defined cost controls and unfunded liability controls that provide for the adjustment of benefit terms and conditions on an automatic basis.

Contributions. Contributions for teachers are established in the statutes governing the TCRS and may only be changed by the Tennessee General Assembly. Teachers contribute five percent of salary. The Local Education Agencies (LEAs) make employer contributions at the rate set by the Board of Trustees as determined by an actuarial valuation. Per the statutory provisions governing TCRS, the employer contribution rate cannot be less than four percent, except for in years when the maximum funded level, approved by the TCRS Board of Trustees, is reached. By law, employer contributions for the Teacher Retirement Plan are required to be paid. The TCRS may intercept the state shared taxes of the sponsoring governmental entity of the LEA if the required employer contributions are not remitted. Employer contributions for the year ended June 30, 2015, to the Teacher Retirement Plan were \$8,259, which is four percent of pensionable payroll. The employer rate, when combined with member contributions, is expected to finance the costs of benefits earned by members during the year, the cost of administration, as well as an amortized portion of any unfunded liability.

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

Pension Liabilities. Since the measurement date is June 30, 2014, which is prior to the July 1, 2014, inception of the Teacher Retirement Plan, there is no net pension liability to report at June 30, 2015.

Pension Expense. Since the measurement date is June 30, 2014, the Chester County School Department did not recognize any pension expense at June 30, 2015.

Deferred Outflows of Resources and Deferred Inflows of Resources. For the year ended June 30, 2015, the Chester County School Department reported deferred outflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
	<u>Resources</u>	<u>Resources</u>
LEA's Contributions Subsequent to the Measurement Date of June 30, 2014	\$ 8,259	N/A

The Chester County School Department's employer contributions of \$8,259 reported as pension related deferred outflows of resources subsequent to the measurement date, will be recognized as a reduction of net pension liability in the year ending June 30, 2016.

Teacher Legacy Pension Plan

General Information About the Pension Plan

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

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

Contributions. Contributions for teachers are established in the statutes governing the TCRS and may only be changed by the Tennessee General Assembly. Teachers contribute five percent of salary. The Local Education Agencies (LEAs) make employer contributions at the rate set by the Board of Trustees as determined by an actuarial valuation. By law, employer contributions for the Teacher Legacy Pension Plan are required to be paid. The TCRS may intercept the state shared taxes of the sponsoring governmental entity of the LEA if the required employer

contributions are not remitted. Employer contributions by the Chester County School Department for the year ended June 30, 2015, to the Teacher Legacy Pension Plan were \$829,441, which is 9.04 percent of pensionable payroll. The employer rate, when combined with member contributions, is expected to finance the costs of benefits earned by members during the year, the cost of administration, as well as an amortized portion of any unfunded liability.

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

Pension Assets. At June 30, 2015, the Chester County School Department reported an asset of \$37,045 for its proportionate share of the net pension asset. The net pension asset was measured as of June 30, 2014, and the total pension liability used to calculate the net pension asset was determined by an actuarial valuation as of that date. The Chester County School Department’s proportion of the net pension asset was based on the Chester County School Department’s employer contributions to the pension plan during the year ended June 30, 2014, relative to the contributions of all LEAs for the year ended June 30, 2014. At the June 30, 2014, measurement date, the Chester County School Department’s proportion was .227974 percent. The proportion measured as of June 30, 2013, was .227467 percent.

Pension Income. For the year ended June 30, 2015, the Chester County School Department recognized a pension income of \$30,579.

Deferred Outflows of Resources and Deferred Inflows of Resources. For the year ended June 30, 2015, the Chester County School Department reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences Between Expected and Actual Experience	\$ 89,936	\$ 0
Net Difference Between Projected and Actual Earnings on Pension Plan Investments	0	3,052,251
Changes in proportion of Net Pension Liability (Asset)	7,149	0
LEA's Contributions Subsequent to the Measurement Date of June 30, 2014	829,441	N/A
Total	<u>\$ 926,526</u>	<u>\$ 3,052,251</u>

The Chester County School Department’s employer contributions of \$829,441 reported as pension related deferred outflows of resources subsequent to the measurement date, will be recognized as an increase in net pension asset in the year ending June 30, 2016. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year Ending June 30	Amount
2016	\$ (746,882)
2017	(746,882)
2018	(746,882)
2019	(746,882)
2020	16,181
Thereafter	16,181

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

Actuarial Assumptions. The total pension liability in the June 30, 2014, actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	3%
Salary Increases	Graded Salary Ranges from 8.97% to 3.71% Based on Age, Including Inflation, Averaging 4.25%
Investment Rate of Return	7.5%, Net of Pension Plan Investment Expenses, Including Inflation
Cost of Living Adjustment	2.5%

Mortality rates are customized based on the June 30, 2012, actuarial experience study and some included adjustment for expected future improvement in life expectancy.

The actuarial assumptions used in the June 30, 2014, actuarial valuation were based on the results of an actuarial experience study performed for the period July 1, 2008, through June 30, 2012. The demographic assumptions were adjusted to more closely reflect actual and expected future experience.

The long-term expected rate of return on pension plan investments was established by the TCRS Board of Trustees in conjunction with the June 30, 2012, actuarial experience study by considering the following three techniques: (1) the 25-year historical return of the TCRS at June 30, 2012,

(2) the historical market returns of asset classes from 1926 to 2012 using the TCRS investment policy asset allocation, and (3) capital market projections that were utilized as a building-block method in which best-estimate ranges of expected future real rate of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. Four sources of capital market projections were blended and utilized in the third technique. The blended capital market projection established the long-term expected rate of return by weighting the expected future real rate of return by the target asset allocation percentage and by adding inflation of three percent. The target allocation and best estimates of arithmetic real rates of return for each major asset class are summarized in the following table:

Asset Class	Percentage Long-term Expected Real Rate of Return	Percentage Target Allocations
U.S. Equity Developed Market	6.46	% 33 %
International Equity Emerging Market	6.26	17
International Equity Private Equity and Strategic Lending	6.40	5
U.S. Fixed Income	4.61	8
Real Estate	0.98	29
Short-term Securities	4.73	7
	0.00	1
Total		100 %

The long-term expected rate of return on pension plan investments was established by the TCRS Board of Trustees as 7.5 percent based on a blending of the four factors described above.

Discount Rate. The discount rate used to measure the total pension liability was 7.5 percent. The projection of cash flows used to determine the discount rate assumed that employee contributions will be made at the current rate and that contributions from all the LEAs will be made at the actuarially determined contribution rate pursuant to an actuarial valuation in accordance with the funding policy of the TCRS Board of Trustees and as required to be paid by state statute. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make projected future benefit payments of current active and inactive members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

Sensitivity of the Proportionate Share of Net Position Liability (Asset) to Changes in the Discount Rate. The following presents Chester County School Department's proportionate share of the net pension liability (asset) calculated using the discount rate of 7.5 percent, as well as what Chester County School Department's proportionate share of the net pension liability (asset) would be if it were calculated using a discount rate that is one percentage point lower (6.5 percent) or one percentage point higher (8.5 percent) than the current rate:

School Department's Proportionate Share of the Net Pension Liability (Asset)	1% Decrease 6.5%	Current Discount Rate 7.5%	1% Increase 8.5%
Net Pension Liability	\$ 6,248,014	\$ (37,045)	\$ (5,240,392)

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

H. Other Postemployment Benefits (OPEB)

Plan Description

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

Funding Policy

The premium requirements of 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, 2015, Chester County and the discretely presented School Department contributed \$6,087 and \$64,675, respectively, for postemployment benefits.

Annual OPEB Cost and Net OPEB Obligation

	Local Education Group Plan	Local Government Group Plan
ARC	\$ 96,000	\$ 14,000
Interest on the NOPEBO	19,643	3,981
Adjustment to the ARC	(19,137)	(3,878)
Annual OPEB cost	\$ 96,506	\$ 14,103
Less: Amount of contribution	(64,675)	(6,087)
Increase/decrease in NOPEBO	\$ 31,831	\$ 8,016
Net OPEB obligation, 7-1-14	491,077	99,524
Net OPEB obligation, 6-30-15	<u>\$ 522,908</u>	<u>\$ 107,540</u>

Fiscal Year Ended	Plans	Annual OPEB Cost	Percentage of Annual OPEB Cost Contributed	Net OPEB Obligation at Year End
6-30-13	Local Education Group	\$ 184,101	40%	\$ 476,414
6-30-14	"	93,491	84	491,077
6-30-15	"	96,506	67	522,908
6-30-13	Local Government Group	22,832	17	87,011
6-30-14	"	14,089	11	99,524
6-30-15	"	14,103	43	107,540

Funded Status and Funding Progress

The funded status of the plan as of July 1, 2013, was as follows:

	Local Education Group Plan	Local Government Group Plan
Actuarial valuation date	7-1-13	7-1-13
Actuarial accrued liability (AAL)	\$ 894,000	\$ 97,000
Actuarial value of plan assets	\$ 0	\$ 0
Unfunded actuarial accrued liability (UAAL)	\$ 894,000	\$ 97,000
Actuarial value of assets as a % of the AAL	0%	0%
Covered payroll (active plan members)	\$ 12,522,514	\$ 3,731,242
UAAL as a % of covered payroll	7%	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, 2013, actuarial valuation for the Local Government Plan and the Local Education Plan, 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 health care cost trend rate of seven percent for fiscal year 2015. The trend rate will decrease to 6.5 percent in 2016, and then be reduced by decrements to an ultimate rate of 4.7 percent by fiscal year 2044. The annual health care cost trend rate for the Medicare Supplement Plan was six percent in fiscal year 2015 and then will be reduced by decrements to an ultimate rate of 4.2 percent by fiscal year 2044.

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.

I. 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.

**REQUIRED SUPPLEMENTARY
INFORMATION**

Exhibit E-1

Chester County, Tennessee
Schedule of Changes in Net Pension Liability (Asset) and Related Ratios Based on
Participation in the Public Employee Pension Plan of TCRS
Primary Government
For the Fiscal Year Ending June 30

	<u>2014</u>
Total Pension Liability (Asset)	
Service Cost	\$ 513,490
Interest	1,214,365
Changes in Benefit Terms	0
Differences Between Actual and Expected Experience	(152,533)
Changes in Assumptions	0
Benefit Payments, Including Refunds of Employee Contributions	<u>(834,672)</u>
Net Change in Total Pension Liability (Asset)	\$ 740,650
Total Pension Liability (Asset), Beginning	<u>16,095,377</u>
 Total Pension Liability (Asset), Ending (a)	 <u>\$ 16,836,027</u>
Plan Fiduciary Net Position	
Contributions - Employer	\$ 483,656
Contributions - Employee	325,358
Net Investment Income	2,460,904
Benefit Payments, Including Refunds of Employee Contributions	(834,672)
Administrative Expense	<u>(9,776)</u>
Net Change in Plan Fiduciary Net Position	\$ 2,425,470
Plan Fiduciary Net Position, Beginning	<u>14,853,064</u>
 Plan Fiduciary Net Position, Ending (b)	 <u>\$ 17,278,534</u>
 Net Pension Liability (Asset), Ending (a - b)	 <u>\$ (442,507)</u>
 Plan Fiduciary Net Position as a Percentage of Total Pension Liability	 102.63%
Covered Employee Payroll	\$ 6,500,698
Net Pension Liability (Asset) as a Percentage of Covered Employee Payroll	6.81%

Note: ten years of data will be presented when available.

Note: data presented includes primary government and discretely presented non-certified employees of the School Department.

Exhibit E-2

Chester County, Tennessee
Schedule of Contributions Based on Participation in the Public
Employee Pension Plan of TCRS
Primary Government
For the Fiscal Year Ended June 30

	<u>2014</u>	<u>2015</u>
Actuarially Determined Contribution	\$ 483,656	\$ 475,462
Less Contributions in Relation to the Actuarially Determined Contribution	<u>(483,656)</u>	<u>(475,462)</u>
Contribution Deficiency (Excess)	<u>\$ 0</u>	<u>\$ 0</u>
Covered Employee Payroll	\$ 6,500,698	\$ 7,281,559
Contributions as a Percentage of Covered Employee Payroll	7.44%	6.53%

Note: ten years of data will be presented when available.

Note: data presented includes primary government and discretely presented non-certified employees of the School Department.

Exhibit E-3

Chester County, Tennessee
Schedule of Contributions Based on Participation in the Teacher
Retirement Plan of TCRS
Discretely Presented Chester County School Department
For the Fiscal Year Ended June 30

	<u>2015</u>
Actuarially Determined Contribution	\$ 5,162
Less Contributions in Relation to the Actuarially Determined Contribution	<u>(8,259)</u>
Contribution Deficiency (Excess)	<u>\$ (3,097)</u>
Covered Employee Payroll	\$ 206,475
Contributions as a Percentage of Covered Employee Payroll	4.00%

Note: ten years of data will be presented when available.

Exhibit E-4

Chester County, Tennessee
Schedule of Contributions Based on Participation in the Teacher
Legacy Pension Plan of TCRS
Discretely Presented Chester County School Department
For the Fiscal Year Ended June 30

	<u>2014</u>	<u>2015</u>
Actuarially Determined Contribution	\$ 794,579	\$ 829,441
Less Contributions in Relation to the Actuarially Determined Contribution	<u>(794,579)</u>	<u>(829,441)</u>
Contribution Deficiency (Excess)	<u>\$ 0</u>	<u>\$ 0</u>
Covered Employee Payroll	\$ 8,947,960	\$ 9,970,154
Contributions as a Percentage of Covered Employee Payroll	8.88%	8.32%

Note: ten years of data will be presented when available.

Exhibit E-5

Chester County, Tennessee
Schedule of Proportionate Share of the Net Pension Asset
in the Teacher Legacy Pension Plan of TCRS
Discretely Presented Chester County School Department
For the Fiscal Year Ended June 30 *

	<u>2014</u>
School Department's Proportion of the Net Pension Asset	0.227974%
School Department's Proportionate Share of the Net Pension Asset	\$ 37,045
Covered Employee Payroll	\$ 8,947,960
School Department's Proportionate Share of the Net Pension Asset as a Percentage of its Covered Employee Payroll	0.41%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	100.08%

* The amounts presented were determined as of June 30 of the prior fiscal year.

Note: ten years of data will be presented when available.

Exhibit E-6

Chester County, Tennessee
Schedule of Funding Progress – Other Postemployment Benefits Plans
Primary Government and Discretely Presented Chester County School Department
June 30, 2015

(Dollar amounts in thousands)

Plans	Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial 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	7-1-10	\$ 0	\$ 170	\$ 170	0 %	\$ 2,695	6 %
"	7-1-11	0	125	125	0	3,664	3
"	7-1-13	0	97	97	0	3,731	3
<u>DISCRETELY PRESENTED CHESTER COUNTY SCHOOL DEPARTMENT</u>							
Local Education Group	7-1-10	0	1,170	1,170	0	11,112	11
"	7-1-11	0	1,556	1,556	0	11,970	13
"	7-1-13	0	894	894	0	12,523	7

CHESTER COUNTY, TENNESSEE
NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION
For the Year Ended June 30, 2015

TENNESSEE CONSOLIDATED RETIREMENT SYSTEM

Valuation Date: Actuarially determined contribution rates for 2015 were calculated based on the July 1, 2013, actuarial valuation.

Methods and assumptions used to determine contribution rates:

Actuarial Cost Method	Frozen Initial Liability
Amortization Method	Level Dollar, Closed (Not to Exceed 20 Years)
Remaining Amortization Period	5 Years
Asset Valuation	10-Year Smoothed Within a 20% Corridor to Market Value
Inflation	3%
Salary Increases	Graded Salary Ranges from 8.97% to 3.71% Based on Age, Including Inflation, Averaging 4.25%
Investment Rate of Return	7.5%, Net of Investment Expense, Including Inflation
Retirement Age	Pattern of Retirement Determined by Experience Study
Mortality	Customized Table Based on Actual Experience Including an Adjustment for Some Anticipated Improvement
Cost of Living Adjustment	2.5%

**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 of deeds, 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.

Permanent Fund

Permanent Funds are used to account for the proceeds of gift instruments, which require that the principal be invested, and only the income from investments is available for expenditures.

Endowment Fund – The Endowment Fund accounts for three private gifts received by the county for which the principal amount must remain intact while interest earned on the principal may be expended to benefit the Chester County Public Library.

Exhibit F-1

Chester County, Tennessee
Combining Balance Sheet
Nonmajor Governmental Funds
June 30, 2015

	Special Revenue Funds				Debt Service Funds
	Public Library	Drug Control	Constitutional Officers - Fees	Total	
\$	0	0	1,338	1,338	0
	100,584	111,813	0	212,397	58,268
	0	0	0	0	0
	164	0	0	164	0
	0	0	0	0	0
	0	0	0	0	37,205
	0	0	0	0	(1,033)
	100,748	111,813	1,338	213,899	94,440

ASSETS

Cash	
Equity in Pooled Cash and Investments	
Investments	
Accounts Receivable	
Due from Other Governments	
Property Taxes Receivable	
Allowance for Uncollectible Property Taxes	

Total Assets

LIABILITIES

Due to Other Funds	
Total Liabilities	

DEFERRED INFLOWS OF RESOURCES

Deferred Current Property Taxes	
Deferred Delinquent Property Taxes	
Other Deferred/Unavailable Revenue	
Total Deferred Inflows of Resources	

(Continued)

Exhibit F-1

Chester County, Tennessee
Combining Balance Sheet
Nonmajor Governmental Funds (Cont.)

	Special Revenue Funds				Total	Debt Service Funds
	Public Library	Drug Control	Constitutional Officers - Fees	General Debt Service		
\$	0	0	0	0	0	0
	0	111,813	0	0	111,813	0
	0	0	0	0	0	43,562
	100,748	0	0	0	100,748	0
	0	0	0	0	0	0
	0	0	0	0	0	14,838
	<u>100,748</u>	<u>111,813</u>	<u>0</u>	<u>0</u>	<u>212,561</u>	<u>58,400</u>
\$	100,748	111,813	1,338	0	213,899	94,440

FUND BALANCES

Nonspendable:	
Endowments	
Restricted:	
Restricted for Public Safety	
Restricted for Debt Service	
Committed:	
Committed for Social, Cultural, and Recreational Services	
Committed for Capital Outlay	
Committed for Debt Service	
Total Fund Balances	
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	

Exhibit F-1

Chester County, Tennessee
Combining Balance Sheet
Nonmajor Governmental Funds (Cont.)

	Debt Service Funds (Cont.)		Capital Projects Fund		Permanent Fund	Total Nonmajor Governmental Funds
	Education Debt Service	Total	General Capital Projects	Endowment		
\$	0 \$	0 \$	0 \$	0 \$	0 \$	1,338
	381,983	440,251	143,515	0	250,524	796,163
	0	0	0	250,524	0	250,524
	0	0	0	0	0	164
	100,000	100,000	0	0	0	100,000
	0	37,205	0	0	0	37,205
	0	(1,033)	0	0	0	(1,033)
\$	481,983 \$	576,423 \$	143,515 \$	250,524 \$	0 \$	1,184,361

ASSETS

Cash
 Equity in Pooled Cash and Investments
 Investments
 Accounts Receivable
 Due from Other Governments
 Property Taxes Receivable
 Allowance for Uncollectible Property Taxes

Total Assets

LIABILITIES

Due to Other Funds
 Total Liabilities

DEFERRED INFLOWS OF RESOURCES

Deferred Current Property Taxes
 Deferred Delinquent Property Taxes
 Other Deferred/Unavailable Revenue
 Total Deferred Inflows of Resources

(Continued)

Exhibit F-1

Chester County, Tennessee
Combining Balance Sheet
Nonmajor Governmental Funds (Cont.)

	Debt Service Funds (Cont.)		Capital Projects Fund		Permanent Fund	Total Nonmajor Governmental Funds
	Education Debt Service	Total	General Capital Projects	Endowment		
\$	0 \$	0 \$	0 \$	0 \$	250,524 \$	250,524
	0	0	0	0	0	111,813
	431,983	475,545	0	0	0	475,545
	0	0	0	0	0	100,748
	0	0	143,515	0	0	143,515
	0	14,838	0	0	0	14,838
	<u>431,983 \$</u>	<u>490,383 \$</u>	<u>143,515 \$</u>	<u>250,524 \$</u>	<u>1,096,983</u>	
\$	481,983 \$	576,423 \$	143,515 \$	250,524 \$	1,184,361	

FUND BALANCES

Nonspendable:
 Endowments
 Restricted:
 Restricted for Public Safety
 Restricted for Debt Service
 Committed:
 Committed for Social, Cultural, and Recreational Services
 Committed for Capital Outlay
 Committed for Debt Service
 Total Fund Balances
 Total Liabilities, Deferred Inflows of Resources, and Fund Balances

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, 2015

	Special Revenue Funds				Total	Debt Service Funds
	Public Library	Drug Control	Constitutional Officers - Fees			
<u>Revenues</u>						
Local Taxes	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	633,338
Fines, Forfeitures, and Penalties	0	14,482	0	0	14,482	0
Charges for Current Services	12,965	0	3,525	0	16,490	0
Other Local Revenues	2,371	6,044	0	0	8,415	0
State of Tennessee	75,586	0	0	0	75,586	2,503
Other Governments and Citizens Groups	9,929	0	0	0	9,929	0
Total Revenues	\$ 100,851	\$ 20,526	\$ 3,525	\$ 0	\$ 124,902	\$ 635,841
<u>Expenditures</u>						
Current:						
Administration of Justice	\$ 0	\$ 0	\$ 3,525	\$ 0	\$ 3,525	\$ 0
Public Safety	0	39,137	0	0	39,137	0
Social, Cultural, and Recreational Services	79,690	0	0	0	79,690	0
Other Operations	750	119	0	0	869	0
Debt Service:						
Principal on Debt	0	0	0	0	0	210,000
Interest on Debt	0	0	0	0	0	408,896
Other Debt Service	0	0	0	0	0	7,997
Capital Projects	0	0	0	0	0	0
Total Expenditures	\$ 80,440	\$ 39,256	\$ 3,525	\$ 0	\$ 123,221	\$ 626,893
Excess (Deficiency) of Revenues Over Expenditures	\$ 20,411	\$ (18,730)	\$ 0	\$ 0	\$ 1,681	\$ 8,948

(Continued)

Exhibit F-2

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

	Special Revenue Funds				Debt Service Funds
	Public Library	Drug Control	Constitu- tional Officers - Fees	Total	
Other Financing Sources (Uses)					
Transfers In	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
Total Other Financing Sources (Uses)	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
Net Change in Fund Balances	\$ 20,411	\$ (18,730)	\$ 0	\$ 1,681	\$ 8,948
Fund Balance, July 1, 2014	80,337	130,543	0	210,880	49,452
Fund Balance, June 30, 2015	\$ 100,748	\$ 111,813	\$ 0	\$ 212,561	\$ 58,400

Exhibit F-2

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

	Debt Service Funds (Cont.)		Capital Projects Fund		Permanent Fund	Total Nonmajor Governmental Funds
	Education Debt Service	Total	General Capital Projects	Endowment		
<u>Revenues</u>						
Local Taxes	\$ 686,764	\$ 1,320,102	\$ 0	\$ 0	\$ 0	\$ 1,320,102
Fines, Forfeitures, and Penalties	0	0	0	0	0	14,482
Charges for Current Services	0	0	0	0	0	16,490
Other Local Revenues	0	0	0	5,506	0	13,921
State of Tennessee	0	2,503	0	0	0	78,089
Other Governments and Citizens Groups	0	0	0	0	0	9,929
Total Revenues	\$ 686,764	\$ 1,322,605	\$ 0	\$ 5,506	\$ 0	\$ 1,453,013
<u>Expenditures</u>						
Current:						
Administration of Justice	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 3,525
Public Safety	0	0	0	0	0	39,137
Social, Cultural, and Recreational Services	0	0	0	0	0	79,690
Other Operations	0	0	0	0	0	869
Debt Service:						
Principal on Debt	675,000	885,000	0	0	0	885,000
Interest on Debt	26,102	434,998	0	0	0	434,998
Other Debt Service	7,406	15,403	0	0	0	15,403
Capital Projects	0	0	167,506	0	0	167,506
Total Expenditures	\$ 708,508	\$ 1,335,401	\$ 167,506	\$ 0	\$ 0	\$ 1,626,128
Excess (Deficiency) of Revenues Over Expenditures	\$ (21,744)	\$ (12,796)	\$ (167,506)	\$ 5,506	\$ 0	\$ (173,115)

(Continued)

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

Exhibit F-2

	Debt Service Funds (Cont.)		Capital Projects Fund		Permanent Fund	Total Nonmajor Governmental Funds
	Education Debt Service	Total	General Capital Projects	Endowment		
Other Financing Sources (Uses)						
Transfers In	0 \$	0 \$	143,000 \$	0 \$	0 \$	143,000
Total Other Financing Sources (Uses)	0 \$	0 \$	143,000 \$	0 \$	0 \$	143,000
Net Change in Fund Balances	(21,744) \$	(12,796) \$	(24,506) \$	5,506 \$	(30,115)	(30,115)
Fund Balance, July 1, 2014	453,727	503,179	168,021	245,018	1,127,098	1,127,098
Fund Balance, June 30, 2015	431,983 \$	490,383 \$	143,515 \$	250,524 \$	1,096,983	1,096,983

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, 2015

	Actual	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
		Original	Final	
<u>Revenues</u>				
Local Taxes	\$ 0	\$ 75,000	\$ 75,000	\$ (75,000)
Charges for Current Services	12,965	12,000	12,000	965
Other Local Revenues	2,371	10,000	10,000	(7,629)
State of Tennessee	75,586	0	0	75,586
Other Governments and Citizens Groups	9,929	1,100	1,100	8,829
Total Revenues	<u>\$ 100,851</u>	<u>\$ 98,100</u>	<u>\$ 98,100</u>	<u>\$ 2,751</u>
<u>Expenditures</u>				
<u>Social, Cultural, and Recreational Services</u>				
Libraries	\$ 79,690	\$ 85,342	\$ 84,542	\$ 4,852
<u>Other Operations</u>				
Miscellaneous	750	0	800	50
Total Expenditures	<u>\$ 80,440</u>	<u>\$ 85,342</u>	<u>\$ 85,342</u>	<u>\$ 4,902</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>\$ 20,411</u>	<u>\$ 12,758</u>	<u>\$ 12,758</u>	<u>\$ 7,653</u>
Net Change in Fund Balance	\$ 20,411	\$ 12,758	\$ 12,758	\$ 7,653
Fund Balance, July 1, 2014	<u>80,337</u>	<u>305,967</u>	<u>55,443</u>	<u>24,894</u>
Fund Balance, June 30, 2015	<u>\$ 100,748</u>	<u>\$ 318,725</u>	<u>\$ 68,201</u>	<u>\$ 32,547</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, 2015

	Actual	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
		Original	Final	
<u>Revenues</u>				
Fines, Forfeitures, and Penalties	\$ 14,482	\$ 13,100	\$ 13,100	\$ 1,382
Other Local Revenues	6,044	1,000	1,000	5,044
Total Revenues	<u>\$ 20,526</u>	<u>\$ 14,100</u>	<u>\$ 14,100</u>	<u>\$ 6,426</u>
<u>Expenditures</u>				
<u>Public Safety</u>				
Drug Enforcement	\$ 39,137	\$ 68,325	\$ 68,325	\$ 29,188
<u>Other Operations</u>				
Miscellaneous	119	500	500	381
Total Expenditures	<u>\$ 39,256</u>	<u>\$ 68,825</u>	<u>\$ 68,825</u>	<u>\$ 29,569</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>\$ (18,730)</u>	<u>\$ (54,725)</u>	<u>\$ (54,725)</u>	<u>\$ 35,995</u>
Net Change in Fund Balance	\$ (18,730)	\$ (54,725)	\$ (54,725)	\$ 35,995
Fund Balance, July 1, 2014	<u>130,543</u>	<u>119,621</u>	<u>119,621</u>	<u>10,922</u>
Fund Balance, June 30, 2015	<u>\$ 111,813</u>	<u>\$ 64,896</u>	<u>\$ 64,896</u>	<u>\$ 46,917</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, 2015

	Actual	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
		Original	Final	
<u>Revenues</u>				
Local Taxes	\$ 633,338	\$ 624,908	\$ 624,908	\$ 8,430
State of Tennessee	2,503	0	0	2,503
Total Revenues	<u>\$ 635,841</u>	<u>\$ 624,908</u>	<u>\$ 624,908</u>	<u>\$ 10,933</u>
<u>Expenditures</u>				
<u>Principal on Debt</u>				
General Government	\$ 210,000	\$ 210,000	\$ 210,000	\$ 0
<u>Interest on Debt</u>				
General Government	408,896	408,897	408,897	1
<u>Other Debt Service</u>				
General Government	7,997	8,300	8,300	303
Total Expenditures	<u>\$ 626,893</u>	<u>\$ 627,197</u>	<u>\$ 627,197</u>	<u>\$ 304</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>\$ 8,948</u>	<u>\$ (2,289)</u>	<u>\$ (2,289)</u>	<u>\$ 11,237</u>
Net Change in Fund Balance	\$ 8,948	\$ (2,289)	\$ (2,289)	\$ 11,237
Fund Balance, July 1, 2014	<u>49,452</u>	<u>49,692</u>	<u>49,692</u>	<u>(240)</u>
Fund Balance, June 30, 2015	<u>\$ 58,400</u>	<u>\$ 47,403</u>	<u>\$ 47,403</u>	<u>\$ 10,997</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, 2015

	Actual	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
		Original	Final	
<u>Revenues</u>				
Local Taxes	\$ 686,764	\$ 650,000	\$ 650,000	\$ 36,764
Other Governments and Citizens Groups	0	50,000	50,000	(50,000)
Total Revenues	<u>\$ 686,764</u>	<u>\$ 700,000</u>	<u>\$ 700,000</u>	<u>\$ (13,236)</u>
<u>Expenditures</u>				
<u>Principal on Debt</u>				
Education	\$ 675,000	\$ 675,000	\$ 675,000	0
<u>Interest on Debt</u>				
Education	26,102	26,457	26,457	355
<u>Other Debt Service</u>				
Education	7,406	10,000	10,000	2,594
Total Expenditures	<u>\$ 708,508</u>	<u>\$ 711,457</u>	<u>\$ 711,457</u>	<u>\$ 2,949</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>\$ (21,744)</u>	<u>\$ (11,457)</u>	<u>\$ (11,457)</u>	<u>\$ (10,287)</u>
Net Change in Fund Balance	\$ (21,744)	\$ (11,457)	\$ (11,457)	(10,287)
Fund Balance, July 1, 2014	<u>453,727</u>	<u>431,108</u>	<u>431,108</u>	<u>22,619</u>
Fund Balance, June 30, 2015	<u>\$ 431,983</u>	<u>\$ 419,651</u>	<u>\$ 419,651</u>	<u>\$ 12,332</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 of deeds, 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, 2015

	<u>Agency Funds</u>		
	Cities - Sales Tax	Constitu- tional Officers - Agency	Total
<u>ASSETS</u>			
Cash	\$ 0	\$ 538,229	\$ 538,229
Due from Other Governments	139,998	0	139,998
Total Assets	<u>\$ 139,998</u>	<u>\$ 538,229</u>	<u>\$ 678,227</u>
<u>LIABILITIES</u>			
Due to Other Taxing Units	\$ 139,998	\$ 0	\$ 139,998
Due to Litigants, Heirs, and Others	0	538,229	538,229
Total Liabilities	<u>\$ 139,998</u>	<u>\$ 538,229</u>	<u>\$ 678,227</u>

Exhibit G-2

Chester County, Tennessee
Combining Statement of Changes in Assets and
Liabilities - All Agency Funds
For the Year Ended June 30, 2015

	Beginning Balance	Additions	Deductions	Ending Balance
<u>Cities - Sales Tax Fund</u>				
<u>Assets</u>				
Equity in Pooled Cash and Investments	\$ 0	\$ 827,451	\$ 827,451	\$ 0
Due from Other Governments	135,700	139,998	135,700	139,998
Total Assets	<u>\$ 135,700</u>	<u>\$ 967,449</u>	<u>\$ 963,151</u>	<u>\$ 139,998</u>
<u>Liabilities</u>				
Due to Other Taxing Units	<u>\$ 135,700</u>	<u>\$ 967,449</u>	<u>\$ 963,151</u>	<u>\$ 139,998</u>
Total Liabilities	<u>\$ 135,700</u>	<u>\$ 967,449</u>	<u>\$ 963,151</u>	<u>\$ 139,998</u>
 <u>Constitutional Officers - Agency Fund</u>				
<u>Assets</u>				
Cash	<u>\$ 291,678</u>	<u>\$ 3,386,415</u>	<u>\$ 3,139,864</u>	<u>\$ 538,229</u>
Total Assets	<u>\$ 291,678</u>	<u>\$ 3,386,415</u>	<u>\$ 3,139,864</u>	<u>\$ 538,229</u>
<u>Liabilities</u>				
Due to Litigants, Heirs, and Others	<u>\$ 291,678</u>	<u>\$ 3,386,415</u>	<u>\$ 3,139,864</u>	<u>\$ 538,229</u>
Total Liabilities	<u>\$ 291,678</u>	<u>\$ 3,386,415</u>	<u>\$ 3,139,864</u>	<u>\$ 538,229</u>
 <u>Total - All Agency Funds</u>				
<u>Assets</u>				
Cash	\$ 291,678	\$ 3,386,415	\$ 3,139,864	\$ 538,229
Equity in Pooled Cash and Investments	0	827,451	827,451	0
Due from Other Governments	135,700	139,998	135,700	139,998
Total Assets	<u>\$ 427,378</u>	<u>\$ 4,353,864</u>	<u>\$ 4,103,015</u>	<u>\$ 678,227</u>
<u>Liabilities</u>				
Due to Other Taxing Units	\$ 135,700	\$ 967,449	\$ 963,151	\$ 139,998
Due to Litigants, Heirs, and Others	291,678	3,386,415	3,139,864	538,229
Total Liabilities	<u>\$ 427,378</u>	<u>\$ 4,353,864</u>	<u>\$ 4,103,015</u>	<u>\$ 678,227</u>

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 endowments provide for scholarships to be awarded annually until the endowments are depleted.

Exhibit H-1

Chester County, Tennessee
Statement of Activities
Discretely Presented Chester County School Department
For the Year Ended June 30, 2015

Functions/Programs	Expenses	Program Revenues		Net (Expense) Revenue and Changes in Net Position
		Charges for Services	Operating Grants and Contributions	
Governmental Activities:				
Instruction	\$ 11,799,049	\$ 27,616	\$ 1,130,721	\$ (10,640,712)
Support Services	6,084,821	29,733	375,279	(5,679,809)
Operation of Non-instructional Services	2,113,944	375,462	1,434,329	(304,153)
Total Governmental Activities	\$ 19,997,814	\$ 432,811	\$ 2,940,329	\$ (16,624,674)
General Revenues:				
Taxes:				
Property Taxes Levied for General Purposes			\$	1,852,406
Local Option Sales Taxes				755,709
Other Local Taxes				1,205
Grants and Contributions Not Restricted to Specific Programs				15,524,589
Unrestricted Investment Income				37,319
Miscellaneous				81,319
Pension Income				30,579
Total General Revenues			\$	18,283,126
Change in Net Position			\$	1,658,452
Net Position, July 1, 2014				16,684,870
Restatement - Pension Liability (see Note I.D.8)				(3,400,936)
Net Position, June 30, 2015			\$	14,942,386

Exhibit H-2

Chester County, Tennessee
Balance Sheet - Governmental Funds
Discretely Presented Chester County School Department
June 30, 2015

	<u>Major Fund</u>	<u>Nonmajor</u> <u>Funds</u>	
	General Purpose School	Other Govern- mental Funds	Total Governmental Funds
<u>ASSETS</u>			
Equity in Pooled Cash and Investments	\$ 4,251,352	\$ 806,417	\$ 5,057,769
Accounts Receivable	8,120	0	8,120
Due from Other Governments	215,439	139,569	355,008
Due from Other Funds	6,164	0	6,164
Due from Primary Government	532	0	532
Property Taxes Receivable	1,799,200	0	1,799,200
Allowance for Uncollectible Property Taxes	(49,961)	0	(49,961)
Total Assets	<u>\$ 6,230,846</u>	<u>\$ 945,986</u>	<u>\$ 7,176,832</u>
<u>LIABILITIES</u>			
Accounts Payable	\$ 47,931	\$ 0	\$ 47,931
Payroll Deductions Payable	123	155	278
Total Liabilities	<u>\$ 48,054</u>	<u>\$ 155</u>	<u>\$ 48,209</u>
<u>DEFERRED INFLOWS OF RESOURCES</u>			
Deferred Current Property Taxes	\$ 1,676,122	\$ 0	\$ 1,676,122
Deferred Delinquent Property Taxes	66,736	0	66,736
Other Deferred/Unavailable Revenue	62,000	0	62,000
Total Deferred Inflows of Resources	<u>\$ 1,804,858</u>	<u>\$ 0</u>	<u>\$ 1,804,858</u>
<u>FUND BALANCES</u>			
Restricted:			
Restricted for Education	\$ 5,951	\$ 28,445	\$ 34,396
Restricted for Operation of Non-instructional Services	0	332,376	332,376
Restricted for Capital Outlay	0	385,010	385,010
Assigned:			
Assigned for Education	33,366	200,000	233,366
Unassigned	4,338,617	0	4,338,617
Total Fund Balances	<u>\$ 4,377,934</u>	<u>\$ 945,831</u>	<u>\$ 5,323,765</u>
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	<u>\$ 6,230,846</u>	<u>\$ 945,986</u>	<u>\$ 7,176,832</u>

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, 2015

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)		\$	5,323,765
(1) Capital assets used in governmental activities are not financial resources and therefore are not reported in the governmental funds.			
Add: land	\$	501,552	
Add: buildings and improvements net of accumulated depreciation		10,466,722	
Add: other capital assets net of accumulated depreciation		<u>1,392,735</u>	12,361,009
(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			(522,908)
(3) Amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be amortized and recognized as components of pension expense in future years.			
Add: deferred outflows of resources related to pensions	\$	1,121,938	
Less: deferred inflows of resources related to pensions		<u>(3,770,977)</u>	(2,649,039)
(4) Net pension assets are not current financial resources and are therefore not reported in the governmental funds.			
Add: net pension asset - agent plan	\$	263,778	
Add: net pension asset - cost-sharing plan		<u>37,045</u>	300,823
(5) Other long-term assets are not available to pay for current-period expenditures and therefore are deferred in the governmental funds.			<u>128,736</u>
Net position of governmental activities (Exhibit A)		\$	<u><u>14,942,386</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, 2015

	<u>Major Fund</u>	<u>Nonmajor</u> <u>Funds</u>	
	General	Other	Total
	Purpose	Govern-	Governmental
	School	mental	Funds
		Funds	
<u>Revenues</u>			
Local Taxes	\$ 2,592,081	\$ 0	\$ 2,592,081
Licenses and Permits	988	0	988
Charges for Current Services	46,301	362,508	408,809
Other Local Revenues	97,519	45,621	143,140
State of Tennessee	15,289,631	15,574	15,305,205
Federal Government	2,576	3,155,649	3,158,225
Total Revenues	<u>\$ 18,029,096</u>	<u>\$ 3,579,352</u>	<u>\$ 21,608,448</u>
<u>Expenditures</u>			
Current:			
Instruction	\$ 10,515,139	\$ 1,464,427	\$ 11,979,566
Support Services	6,001,853	284,507	6,286,360
Operation of Non-instructional Services	206,960	1,868,373	2,075,333
Capital Outlay	179,974	0	179,974
Total Expenditures	<u>\$ 16,903,926</u>	<u>\$ 3,617,307</u>	<u>\$ 20,521,233</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>\$ 1,125,170</u>	<u>\$ (37,955)</u>	<u>\$ 1,087,215</u>
<u>Other Financing Sources (Uses)</u>			
Insurance Recovery	\$ 28,515	\$ 0	\$ 28,515
Transfers In	6,163	200,000	206,163
Transfers Out	(200,000)	(6,163)	(206,163)
Total Other Financing Sources (Uses)	<u>\$ (165,322)</u>	<u>\$ 193,837</u>	<u>\$ 28,515</u>
Net Change in Fund Balances	\$ 959,848	\$ 155,882	\$ 1,115,730
Fund Balance, July 1, 2014	3,418,086	789,949	4,208,035
Fund Balance, June 30, 2015	<u>\$ 4,377,934</u>	<u>\$ 945,831</u>	<u>\$ 5,323,765</u>

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, 2015

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)		\$ 1,115,730
(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	\$ 267,301	
Less: current-year depreciation expense	<u>(762,707)</u>	(495,406)
(2) 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, 2015	\$ 128,736	
Less: deferred delinquent property taxes and other deferred June 30, 2014	<u>(111,497)</u>	17,239
(3) 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	\$ (31,831)	
Change in deferred outflows related to pensions	1,121,938	
Change in deferred inflows related to pensions	(3,770,977)	
Change in net pension asset - agent plan	716,014	
Change in net pension asset - cost-sharing plan	<u>2,985,745</u>	<u>1,020,889</u>
Change in net position of governmental activities (Exhibit B)		<u>\$ 1,658,452</u>

Chester County, Tennessee
Combining Balance Sheet - Nonmajor Governmental Funds
Discretely Presented Chester County School Department
June 30, 2015

	Special Revenue Funds			Capital Projects Fund		Total Nonmajor Governmental Funds
	School Federal Projects	Central Cafeteria	Total	Education Capital Projects		
\$	219,896	201,511	421,407	385,010	\$	806,417
	8,696	130,873	139,569	0		139,569
\$	228,592	332,384	560,976	385,010	\$	945,986
<u>ASSETS</u>						
	Equity in Pooled Cash and Investments					
	Due from Other Governments					
\$	147	8	155	0	\$	155
\$	147	8	155	0	\$	155
<u>LIABILITIES</u>						
	Payroll Deductions Payable					
	Total Liabilities					
\$	28,445	0	28,445	0	\$	28,445
	0	332,376	332,376	0		332,376
	0	0	0	385,010		385,010
	Assigned:					
	Assigned for Education					
\$	200,000	0	200,000	0		200,000
\$	228,445	332,376	560,821	385,010	\$	945,831
\$	228,592	332,384	560,976	385,010	\$	945,986
<u>FUND BALANCES</u>						
	Restricted:					
	Restricted for Education					
	Restricted for Operation of Non-instructional Services					
	Restricted for Capital Outlay					
	Assigned:					
	Assigned for Education					
\$	200,000	0	200,000	0		200,000
\$	228,445	332,376	560,821	385,010	\$	945,831
\$	228,592	332,384	560,976	385,010	\$	945,986

Exhibit H-7

Chester County, Tennessee
Combining Statement of Revenues, Expenditures,
and Changes in Fund Balances -
Nonmajor Governmental Funds
Discretely Presented Chester County School Department
For the Year Ended June 30, 2015

	Special Revenue Funds			Capital		Total Nonmajor Governmental Funds
	School Federal Projects	Central Cafeteria	Total	Projects Fund		
				Education Capital Projects		
<u>Revenues</u>						
Charges for Current Services	\$ 0	\$ 362,508	\$ 362,508	\$ 0	\$ 0	\$ 362,508
Other Local Revenues	0	45,621	45,621	0	0	45,621
State of Tennessee	0	15,574	15,574	0	0	15,574
Federal Government	1,736,894	1,418,755	3,155,649	0	0	3,155,649
Total Revenues	\$ 1,736,894	\$ 1,842,458	\$ 3,579,352	\$ 0	\$ 0	\$ 3,579,352
<u>Expenditures</u>						
Current:						
Instruction	\$ 1,464,427	\$ 0	\$ 1,464,427	\$ 0	\$ 0	\$ 1,464,427
Support Services	284,507	0	284,507	0	0	284,507
Operation of Non-instructional Services	0	1,868,373	1,868,373	0	0	1,868,373
Total Expenditures	\$ 1,748,934	\$ 1,868,373	\$ 3,617,307	\$ 0	\$ 0	\$ 3,617,307
Excess (Deficiency) of Revenues Over Expenditures	\$ (12,040)	\$ (25,915)	\$ (37,955)	\$ 0	\$ 0	\$ (37,955)
<u>Other Financing Sources (Uses)</u>						
Transfers In	\$ 200,000	\$ 0	\$ 200,000	\$ 0	\$ 0	\$ 200,000
Transfers Out	(6,163)	0	(6,163)	0	0	(6,163)
Total Other Financing Sources (Uses)	\$ 193,837	\$ 0	\$ 193,837	\$ 0	\$ 0	\$ 193,837
Net Change in Fund Balances Fund Balance, July 1, 2014	\$ 181,797	\$ (25,915)	\$ 155,882	\$ 0	\$ 0	\$ 155,882
	46,648	358,291	404,939	385,010		789,949
Fund Balance, June 30, 2015	\$ 228,445	\$ 332,376	\$ 560,821	\$ 385,010	\$ 0	\$ 945,831

Exhibit H-8

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, 2015

	Actual (GAAP Basis)	Less: Encumbrances 7/1/2014	Add: Encumbrances 6/30/2015	Actual Revenues/ Expenditures (Budgetary Basis)	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
					Original	Final	
<u>Revenues</u>							
Local Taxes	\$ 2,592,081	\$ 0	\$ 0	\$ 2,592,081	\$ 2,600,200	\$ 2,600,200	\$ (8,119)
Licenses and Permits	988	0	0	988	1,000	1,000	(12)
Charges for Current Services	46,301	0	0	46,301	49,500	53,106	(6,805)
Other Local Revenues	97,519	0	0	97,519	70,500	87,167	10,352
State of Tennessee	15,289,631	0	0	15,289,631	14,971,000	15,205,000	84,631
Federal Government	2,576	0	0	2,576	10,000	12,576	(10,000)
Total Revenues	\$ 18,029,096	\$ 0	\$ 0	\$ 18,029,096	\$ 17,702,200	\$ 17,959,049	\$ 70,047
<u>Expenditures</u>							
<u>Instruction</u>							
Regular Instruction Program	\$ 8,844,389	\$ 0	\$ 7,525	\$ 8,851,914	\$ 9,036,000	\$ 9,236,528	\$ 384,614
Special Education Program	1,119,152	0	569	1,119,721	1,155,700	1,164,776	45,055
Vocational Education Program	493,558	0	0	493,558	566,300	566,300	72,742
Student Body Education Program	58,040	0	0	58,040	67,180	71,472	13,432
<u>Support Services</u>							
Attendance	62,815	0	0	62,815	67,870	67,870	5,055
Health Services	177,410	0	95	177,505	195,598	195,120	17,615
Other Student Support	357,161	0	0	357,161	376,150	376,150	18,989
Regular Instruction Program	686,176	(103,814)	0	582,362	648,560	648,560	66,198
Special Education Program	203,557	0	0	203,557	229,225	229,225	25,668
Vocational Education Program	1,355	0	0	1,355	2,000	2,000	645
Adult Programs	29,611	0	0	29,611	29,612	29,612	1
Other Programs	62,778	0	0	62,778	0	62,778	0
Board of Education	397,511	0	0	397,511	400,575	430,575	33,064
Director of Schools	171,691	0	850	172,541	187,660	187,660	15,119
Office of the Principal	1,191,078	0	0	1,191,078	1,256,050	1,248,050	56,972
Fiscal Services	114,366	0	59	114,425	109,750	117,750	3,325
Operation of Plant	1,264,015	0	0	1,264,015	1,495,100	1,495,100	231,085
Maintenance of Plant	423,680	(7,770)	0	415,910	480,900	497,567	81,657
Transportation	858,649	0	4,783	863,432	961,048	984,563	121,131

(Continued)

Exhibit H-8

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 7/1/2014	Add: Encumbrances 6/30/2015	Actual Revenues/ Expenditures (Budgetary Basis)	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
					Original	Final	
<u>Expenditures (Cont.)</u>							
<u>Operation of Non-instructional Services</u>							
Community Services	\$ 9,235	\$ 0	\$ 0	\$ 9,235	\$ 15,350	\$ 15,350	\$ 6,115
Early Childhood Education	197,725	0	0	197,725	208,399	209,023	11,298
Capital Outlay							
Regular Capital Outlay	179,974	(130,000)	19,485	69,459	135,000	135,000	65,541
Principal on Debt							
Education	0	0	0	0	44,000	44,000	44,000
Interest on Debt							
Education	0	0	0	0	6,000	6,000	6,000
Total Expenditures	\$ 16,903,926	\$ (241,584)	\$ 33,366	\$ 16,695,708	\$ 17,674,027	\$ 18,021,029	\$ 1,325,321
Excess (Deficiency) of Revenues Over Expenditures	\$ 1,125,170	\$ 241,584	\$ (33,366)	\$ 1,333,388	\$ 28,173	\$ (61,980)	\$ 1,395,368
<u>Other Financing Sources (Uses)</u>							
Insurance Recovery	\$ 28,515	\$ 0	\$ 0	\$ 28,515	\$ 5,000	\$ 28,515	\$ 0
Transfers In	6,163	0	0	6,163	10,000	10,000	(3,837)
Transfers Out	(200,000)	0	0	(200,000)	0	(200,000)	0
Total Other Financing Sources	\$ (165,322)	\$ 0	\$ 0	\$ (165,322)	\$ 15,000	\$ (161,485)	\$ (3,837)
Net Change in Fund Balance Fund Balance, July 1, 2014	\$ 959,848	\$ 241,584	\$ (33,366)	\$ 1,168,066	\$ 43,173	\$ (223,465)	\$ 1,391,531
Fund Balance, June 30, 2015	\$ 3,418,086	\$ (241,584)	\$ 0	\$ 3,176,502	\$ 3,418,086	\$ 3,418,086	\$ (241,584)
Fund Balance, June 30, 2015	\$ 4,377,934	\$ 0	\$ (33,366)	\$ 4,344,568	\$ 3,461,259	\$ 3,194,621	\$ 1,149,947

Exhibit H-9

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, 2015

	Actual	Budgeted Amounts		Variance with Final Budget - Positive - (Negative)
		Original	Final	
<u>Revenues</u>				
Federal Government	\$ 1,736,894	\$ 1,988,032	\$ 2,237,462	\$ (500,568)
Total Revenues	\$ 1,736,894	\$ 1,988,032	\$ 2,237,462	\$ (500,568)
<u>Expenditures</u>				
<u>Instruction</u>				
Regular Instruction Program	\$ 940,917	\$ 1,172,656	\$ 1,281,268	\$ 340,351
Special Education Program	497,512	445,930	564,899	67,387
Vocational Education Program	25,998	25,060	26,020	22
<u>Support Services</u>				
Health Services	1,151	1,151	1,151	0
Other Student Support	14,315	19,611	20,836	6,521
Regular Instruction Program	232,741	286,100	316,687	83,946
Special Education Program	605	2,077	30,000	29,395
Vocational Education Program	1,797	2,013	2,064	267
Transportation	33,898	40,766	34,751	853
Total Expenditures	\$ 1,748,934	\$ 1,995,364	\$ 2,277,676	\$ 528,742
Excess (Deficiency) of Revenues Over Expenditures	\$ (12,040)	\$ (7,332)	\$ (40,214)	\$ 28,174
<u>Other Financing Sources (Uses)</u>				
Transfers In	\$ 200,000	\$ 0	\$ 200,000	\$ 0
Transfers Out	(6,163)	(49)	(6,163)	0
Total Other Financing Sources	\$ 193,837	\$ (49)	\$ 193,837	\$ 0
Net Change in Fund Balance	\$ 181,797	\$ (7,381)	\$ 153,623	\$ 28,174
Fund Balance, July 1, 2014	46,648	7,381	7,381	39,267
Fund Balance, June 30, 2015	\$ 228,445	\$ 0	\$ 161,004	\$ 67,441

Exhibit H-10

Chester County, Tennessee
Schedule of Revenues, Expenditures, and Changes
in Fund Balance - Actual (Budgetary Basis) and Budget
Discretely Presented Chester County School Department
Central Cafeteria Fund
For the Year Ended June 30, 2015

	Actual (GAAP Basis)	Add: Encumbrances 6/30/2015	Actual Revenues/ Expenditures (Budgetary Basis)	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
				Original	Final	
<u>Revenues</u>						
Charges for Current Services	\$ 362,508	0	\$ 362,508	\$ 442,000	\$ 442,000	\$ (79,492)
Other Local Revenues	45,621	0	45,621	50,300	50,300	(4,679)
State of Tennessee	15,574	0	15,574	15,200	15,200	374
Federal Government	1,418,755	0	1,418,755	1,495,000	1,495,000	(76,245)
Total Revenues	\$ 1,842,458	0	\$ 1,842,458	\$ 2,002,500	\$ 2,002,500	\$ (160,042)
<u>Expenditures</u>						
<u>Operation of Non-instructional Services</u>						
Food Service	\$ 1,868,373	37,284	\$ 1,905,657	\$ 2,159,450	\$ 2,159,450	\$ 253,793
Total Expenditures	\$ 1,868,373	37,284	\$ 1,905,657	\$ 2,159,450	\$ 2,159,450	\$ 253,793
Excess (Deficiency) of Revenues Over Expenditures	\$ (25,915)	(37,284)	\$ (63,199)	\$ (156,950)	\$ (156,950)	\$ 93,751
Net Change in Fund Balance Fund Balance, July 1, 2014	\$ (25,915)	(37,284)	\$ (63,199)	\$ (156,950)	\$ (156,950)	\$ 93,751
	358,291	0	358,291	299,912	299,912	58,379
Fund Balance, June 30, 2015	\$ 332,376	(37,284)	\$ 295,092	\$ 142,962	\$ 142,962	\$ 152,130

Exhibit H-11

Chester County, Tennessee
Statement of Fiduciary Net Position
Discretely Presented Chester County School Department
Fiduciary Fund
June 30, 2015

	<u>Other Trust Fund</u> <u>Private Purpose Trust Fund</u>
<u>ASSETS</u>	
Equity in Pooled Cash and Investments	\$ <u>147,620</u>
Total Assets	\$ <u>147,620</u>
<u>NET POSITION</u>	
Funds Held in Trust for College Scholarships for Chester County Students	\$ <u>147,620</u>
Total Net Position	\$ <u><u>147,620</u></u>

Exhibit H-12

Chester County, Tennessee
Statement of Changes in Fiduciary Net Position
Discretely Presented Chester County School Department
Fiduciary Fund
For the Year Ended June 30, 2015

	<u>Other Trust Fund Private Purpose Trust Fund</u>
<u>ADDITIONS</u>	
<u>Other Local Revenues</u>	
Investment Income	\$ 1,012
Contributions and Gifts	<u>5,000</u>
Total Additions	<u>\$ 6,012</u>
<u>DEDUCTIONS</u>	
<u>Miscellaneous</u>	
Other Charges	<u>\$ 4,200</u>
Total Deductions	<u>\$ 4,200</u>
Change in Net Position	\$ 1,812
Net Position, July 1, 2014	<u>145,808</u>
Net Position, June 30, 2015	<u><u>\$ 147,620</u></u>

MISCELLANEOUS SCHEDULES

Exhibit I-1

Chester County, Tennessee
Schedule of Changes in Long-term Note and Bonds
For the Year Ended June 30, 2015

Description of Indebtedness	Original Amount of Issue	Interest Rate	Date of Issue	Last Maturity Date	Outstanding 7-1-14	Paid and/or Matured During Period	Outstanding 6-30-15
<u>NOTE PAYABLE</u>							
<u>Payable through Highway/Public Works Fund</u>							
Excavator	\$ 200,343	5.5%	1-12-12	1-12-16	\$ 84,667	\$ 52,604	\$ 32,063
Total Note Payable					\$ 84,667	\$ 52,604	\$ 32,063
<u>BONDS PAYABLE</u>							
<u>Payable through Solid Waste/Sanitation Fund</u>							
Refunding Bonds, Series 2011	140,000	4 to 5	3-15-11	5-1-16	\$ 55,000	\$ 30,000	\$ 25,000
Total Payable through Solid Waste/Sanitation Fund					\$ 55,000	\$ 30,000	\$ 25,000
<u>Payable through General Debt Service Fund</u>							
Jail and Vo-Tech School	9,300,000	3 to 5.5	6-30-08	6-1-40	\$ 8,610,000	\$ 150,000	\$ 8,460,000
Refunding Bonds, Series 2011	575,000	2.75 to 5	3-15-11	5-1-23	455,000	40,000	415,000
General Obligation Bonds, Series 2011	360,000	2.75 to 5	3-15-11	5-1-28	300,000	20,000	280,000
Total Payable through General Debt Service Fund					\$ 9,365,000	\$ 210,000	\$ 9,155,000
<u>Payable through Education Debt Service Fund</u>							
School Refunding Bond, Series 2008	3,695,000	3.23	9-30-08	4-1-15	\$ 590,000	\$ 590,000	\$ 0
School Refunding Bonds, Series 2011	380,000	4 to 5	3-15-11	5-1-16	185,000	85,000	100,000
Total Payable through Education Debt Service Fund					\$ 775,000	\$ 675,000	\$ 100,000
Total Bonds Payable					\$ 10,195,000	\$ 915,000	\$ 9,280,000

Exhibit I-2

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

Year Ending June 30	Note		
	Principal	Interest	Total
2016	\$ 32,063	\$ 601	\$ 32,664
Total	\$ 32,063	\$ 601	\$ 32,664

Year Ending June 30	Bonds		
	Principal	Interest	Total
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	\$ 9,280,000	\$ 5,974,704	\$ 15,254,704

Exhibit I-3

Chester County, Tennessee
Schedule of Investments
June 30, 2015

<u>Fund and Type</u>	<u>Amount</u>
<u>Permanent Fund</u>	
<u>Endowment Fund</u>	
Vanguard 500 Index Fund	\$ 117,519
Spartan International Index Fund	20,434
Vanguard Short-term Bond Index Fund	38,331
Vanguard Total Bond Fund	36,960
Vanguard Intermediate-term Corporate Bond Index Fund	24,992
CBT Prime-Based Money Market Fund	<u>12,288</u>
Total Investments	<u>\$ 250,524</u>

Exhibit I-4

Chester County, Tennessee
Schedule of Transfers
Primary Government and Discretely Presented Chester County School Department
For the Year Ended June 30, 2015

<u>From Fund</u>	<u>To Fund</u>	<u>Purpose</u>	<u>Amount</u>
<u>PRIMARY GOVERNMENT</u>			
General	Solid Waste/Sanitation	Operations	\$ 125,000
"	General Capital Projects	Capital expenditures	143,000
Total Transfers Primary Government			<u>\$ 268,000</u>
<u>DISCRETELY PRESENTED CHESTER COUNTY SCHOOL DEPARTMENT</u>			
General Purpose School	School Federal Projects	Cash flow funds	\$ 200,000
School Federal Projects	General Purpose School	Indirect costs	6,163
Total Transfers Discretely Presented Chester County School Department			<u>\$ 206,163</u>

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, 2015

Official	Authorization for Salary	Salary Paid During Period	Bond	Surety
County Mayor	Section 8-24-102, TCA	\$ 77,531	\$ 100,000	Cincinnati Insurance Company
Road Supervisor	Section 8-24-102, TCA	72,374	100,000	"
Director of Schools	State Board of Education and County Board of Education	99,004 (1)	150,000	Tennessee Risk Management Trust
Trustee	Section 8-24-102, TCA	63,843	704,121	Cincinnati Insurance Company
Assessor of Property	Section 8-24-102, TCA	63,843	50,000	State Automobile Mutual Insurance Company
County Clerk:				
Johnny Garner (7-1-14 through 8-31-14)	Section 8-24-102, TCA	10,640	50,000	"
Stacy Smith (9-1-14 through 6-30-15)	Section 8-24-102, TCA	53,203	100,000	Cincinnati Insurance Company
Circuit and General Sessions Courts Clerk:				
Eddie Bailey (7-1-14 through 8-31-14)	Section 8-24-102, TCA	10,640	50,000	State Automobile Mutual Insurance Company
Justin Emerson (9-1-14 through 6-30-15)	Section 8-24-102, TCA	53,203	100,000	Cincinnati Insurance Company
Clerk and Master	Section 8-24-102, TCA			
Register of Deeds	and Chancery Court Judge	63,843 (2)	125,000	State Automobile Mutual Insurance Company
Sheriff	Section 8-24-102, TCA	63,843	100,000	Cincinnati Insurance Company
	Section 8-24-102, TCA	70,228 (3)	100,000	"
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 special commissioner fees of \$3,525.
(3) Does not include a law enforcement training supplement of \$600.

Exhibit I-6

Chester County, Tennessee
 Schedule of Detailed Revenues -
 All Governmental Fund Types
 For the Year Ended June 30, 2015

	Special Revenue Funds					
	General	Public Library	Solid Waste / Sanitation	Drug Control	Constitutional Officers - Fees	Highway / Public Works
<u>Local Taxes</u>						
<u>County Property Taxes</u>						
Current Property Tax	\$ 3,700,259	\$ 0	\$ 0	\$ 0	\$ 0	42,772
Discount on Property Taxes	(38,675)	0	0	0	0	(449)
Trustee's Collections - Prior Year	129,816	0	0	0	0	1,573
Trustee's Collections - Bankruptcy	225	0	0	0	0	3
Circuit/Clerk and Master Collections - Prior Years	69,348	0	8,332	0	0	1,039
Interest and Penalty	26,048	0	0	0	0	294
Payments in-Lieu-of Taxes - T.V.A.	10,000	0	0	0	0	3,209
Payments in-Lieu-of Taxes - Other	838	0	150,800	0	0	19
<u>County Local Option Taxes</u>						
Local Option Sales Tax	137,341	0	0	0	0	0
Hotel/Motel Tax	0	0	12,353	0	0	0
Wheel Tax	181,426	0	0	0	0	0
Litigation Tax - General	36,315	0	0	0	0	0
Litigation Tax - Special Purpose	4,405	0	0	0	0	0
Litigation Tax - Jail, Workhouse, or Courthouse	0	0	0	0	0	0
Litigation Tax - Courthouse Security	190	0	0	0	0	0
Business Tax	0	0	84,397	0	0	0
<u>Statutory Local Taxes</u>						
Bank Excise Tax	43,270	0	43,270	0	0	0
Wholesale Beer Tax	0	0	46,516	0	0	0
Interstate Telecommunications Tax	848	0	0	0	0	0
Total Local Taxes	\$ 4,301,654	\$ 0	\$ 345,668	\$ 0	\$ 0	\$ 48,460

(Continued)

Exhibit I-6

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

	Special Revenue Funds					
	General	Public Library	Solid Waste / Sanitation	Drug Control	Constitutional Officers - Fees	Highway / Public Works
<u>Licenses and Permits</u>						
<u>Licenses</u>						
Cable TV Franchise	0 \$	0 \$	19,626 \$	0 \$	0 \$	0 \$
Total Licenses and Permits	0 \$	0 \$	19,626 \$	0 \$	0 \$	0 \$
<u>Fines, Forfeitures, and Penalties</u>						
<u>Circuit Court</u>						
Fines	2,328 \$	0 \$	0 \$	0 \$	0 \$	0 \$
Officers Costs	1,667	0	0	0	0	0
Drug Control Fines	0	0	0	1,091	0	0
Drug Court Fees	152	0	0	420	0	0
Jail Fees	769	0	0	0	0	0
DUI Treatment Fines	142	0	0	0	0	0
Data Entry Fee - Circuit Court	453	0	0	0	0	0
Victims Assistance Assessments	1,581	0	0	0	0	0
<u>General Sessions Court</u>						
Fines	13,231	0	0	0	0	0
Officers Costs	14,717	0	0	0	0	0
Game and Fish Fines	137	0	0	0	0	0
Drug Control Fines	2,392	0	0	6,179	0	0
Drug Court Fees	2,518	0	0	0	0	0
Jail Fees	7,100	0	0	0	0	0
DUI Treatment Fines	2,472	0	0	0	0	0
Data Entry Fee - General Sessions Court	4,743	0	0	0	0	0
Courtroom Security Fee	11	0	0	0	0	0
Victims Assistance Assessments	10,041	0	0	0	0	0

(Continued)

Exhibit I-6

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

	Special Revenue Funds					
	General	Public Library	Solid Waste / Sanitation	Drug Control	Constitutional Officers - Fees	Highway / Public Works
<u>Fines, Forfeitures, and Penalties (Cont.)</u>						
<u>Juvenile Court</u>						
Officers Costs	1,536 \$	0 \$	0 \$	0 \$	0 \$	0
Data Entry Fee - Juvenile Court	396	0	0	0	0	0
<u>Chancery Court</u>						
Officers Costs	542	0	0	0	0	0
Data Entry Fee - Chancery Court	2,202	0	0	0	0	0
<u>Judicial District Drug Program</u>						
Drug Task Force Forfeitures and Seizures	0	0	0	1,945	0	0
Courtroom Security Fee	11	0	0	0	0	0
<u>Other Fines, Forfeitures, and Penalties</u>						
Proceeds from Confiscated Property	0	0	0	4,847	0	0
Other Fines, Forfeitures, and Penalties	1,744	0	0	0	0	0
Total Fines, Forfeitures, and Penalties	70,885 \$	0 \$	0 \$	14,482 \$	0 \$	0
<u>Charges for Current Services</u>						
<u>General Service Charges</u>						
Convenience Waste Centers Collection Charge	0 \$	0 \$	93,809 \$	0 \$	0 \$	0
Solid Waste Disposal Fee	0	0	1,181	0	0	0
<u>Fees</u>						
Library Fees	0	12,965	0	0	0	0
Greenbelt Late Application Fee	50	0	0	0	0	0
Telephone Commissions	69,631	0	0	0	0	0
Constitutional Officers' Fees and Commissions	0	0	0	0	3,525	0
Data Processing Fee - Register	4,662	0	0	0	0	0
Data Processing Fee - Sheriff	1,761	0	0	0	0	0
Sexual Offender Registration Fee - Sheriff	2,550	0	0	0	0	0

(Continued)

Exhibit I-6

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

	Special Revenue Funds					
	General	Public Library	Solid Waste / Sanitation	Drug Control	Constitutional Officers - Fees	Highway / Public Works
<u>Charges for Current Services (Cont.)</u>						
<u>Fees (Cont.)</u>						
Subscription and Document Retrieval Fee - Chancery	\$ 815	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
Total Charges for Current Services	\$ 79,469	\$ 12,965	\$ 94,990	\$ 0	\$ 3,525	\$ 0
<u>Other Local Revenues</u>						
<u>Recurring Items</u>						
Investment Income	\$ 341	\$ 2,371	\$ 20,463	\$ 0	\$ 0	\$ 3,101
Lease/Rentals	2,100	0	131,134	0	0	0
Sale of Materials and Supplies	0	0	0	0	0	1,500
Sale of Recycled Materials	0	0	223,127	0	0	0
Miscellaneous Refunds	31,628	0	2,356	0	0	1,189
<u>Other Local Revenues</u>						
Other Local Revenues	0	0	0	6,044	0	29,543
Total Other Local Revenues	\$ 34,069	\$ 2,371	\$ 377,080	\$ 6,044	\$ 0	\$ 35,333
<u>Fees Received from County Officials</u>						
<u>Fees in-Lieu-of Salary</u>						
County Clerk	\$ 168,394	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
Circuit Court Clerk	23,361	0	0	0	0	0
General Sessions Court Clerk	82,951	0	0	0	0	0
Clerk and Master	94,389	0	0	0	0	0
Register	53,775	0	0	0	0	0
Sheriff	6,970	0	0	0	0	0
Trustee	202,021	0	0	0	0	0
Total Fees Received from County Officials	\$ 631,861	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0

(Continued)

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

	Special Revenue Funds					
	General	Public Library	Solid Waste / Sanitation	Drug Control	Constitutional Officers - Fees	Highway / Public Works
<u>State of Tennessee</u>						
General Government Grants						
Juvenile Services Program	\$ 8,274	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
Public Safety Grants						
Law Enforcement Training Programs	7,800	0	0	0	0	0
Health and Welfare Grants						
Health Department Programs	38,313	0	0	0	0	0
Other Health and Welfare Grants	15,888	0	0	0	0	0
Public Works Grants						
State Aid Program	0	0	0	0	0	14,911
Litter Program	39,091	0	5,430	0	0	0
<u>Other State Revenues</u>						
Income Tax	0	0	13,496	0	0	0
Beer Tax	0	0	18,055	0	0	0
Alcoholic Beverage Tax	0	0	36,126	0	0	0
State Revenue Sharing - T.V.A.	0	75,000	192,609	0	0	0
Contracted Prisoner Boarding	404,706	0	0	0	0	0
Gasoline and Motor Fuel Tax	0	0	0	0	0	1,438,473
Petroleum Special Tax	0	0	0	0	0	12,361
Registrar's Salary Supplement	15,164	0	0	0	0	0
Other State Grants	0	586	145,767	0	0	0
Other State Revenues	0	0	5,601	0	0	616
Total State of Tennessee	\$ 529,236	\$ 75,586	\$ 417,084	\$ 0	\$ 0	\$ 1,466,361
<u>Federal Government</u>						
Federal Through State						
Civil Defense Reimbursement	\$ 44,751	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
Other Federal through State	253,260	0	0	0	0	0

(Continued)

Exhibit I-6

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

	Special Revenue Funds					
	General	Public Library	Solid Waste / Sanitation	Drug Control	Constitutional Officers - Fees	Highway / Public Works
<u>Federal Government (Cont.)</u>						
<u>Direct Federal Revenue</u>						
Other Direct Federal Revenue	\$ 4,400	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
Total Federal Government	\$ 302,411	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
<u>Other Governments and Citizens Groups</u>						
<u>Other Governments</u>						
Paving and Maintenance	\$ 1,000	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
Contributions	0	9,929	0	0	0	0
Contracted Services	212,804	0	0	0	0	0
<u>Citizens Groups</u>						
Donations	1,453	0	0	0	0	0
Other	46,500	0	30,000	0	0	0
Total Other Governments and Citizens Groups	\$ 261,757	\$ 9,929	\$ 30,000	\$ 0	\$ 0	\$ 0
Total	\$ 6,211,342	\$ 100,851	\$ 1,284,448	\$ 20,526	\$ 3,525	\$ 1,550,154

(Continued)

Exhibit I-6

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

	Debt Service Funds		Permanent Fund		Total
	General Debt Service	Education Debt Service	Endowment		
<u>Local Taxes</u>					
<u>County Property Taxes</u>					
Current Property Tax	\$ 33,361	\$ 0	\$ 0	\$ 0	3,776,392
Discount on Property Taxes	(349)	0	0	0	(39,473)
Trustee's Collections - Prior Year	1,183	0	0	0	132,572
Trustee's Collections - Bankruptcy	2	0	0	0	230
Circuit/Clerk and Master Collections - Prior Years	1,156	0	0	0	79,875
Interest and Penalty	230	0	0	0	26,572
Payments in-Lieu-of Taxes - T.V.A.	0	0	0	0	13,209
Payments in-Lieu-of Taxes - Other	15	0	0	0	151,672
<u>County Local Option Taxes</u>					
Local Option Sales Tax	0	686,764	0	0	824,105
Hotel/Motel Tax	0	0	0	0	12,353
Wheel Tax	582,730	0	0	0	764,156
Litigation Tax - General	0	0	0	0	36,315
Litigation Tax - Special Purpose	0	0	0	0	4,405
Litigation Tax - Jail, Workhouse, or Courthouse	15,010	0	0	0	15,010
Litigation Tax - Courthouse Security	0	0	0	0	190
Business Tax	0	0	0	0	84,397
<u>Statutory Local Taxes</u>					
Bank Excise Tax	0	0	0	0	86,540
Wholesale Beer Tax	0	0	0	0	46,516
Interstate Telecommunications Tax	0	0	0	0	848
Total Local Taxes	\$ 633,338	\$ 686,764	\$ 0	\$ 0	6,015,884

(Continued)

Exhibit I-6

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

	Debt Service Funds			Permanent Fund			Total
	General Debt Service	Education Debt Service		Endowment			
<u>Licenses and Permits</u>							
<u>Licenses</u>							
Cable TV Franchise	0 \$	0 \$	0 \$	0 \$	0 \$	0 \$	19,626
Total Licenses and Permits	0 \$	0 \$	0 \$	0 \$	0 \$	0 \$	19,626
<u>Fines, Forfeitures, and Penalties</u>							
<u>Circuit Court</u>							
Fines	0 \$	0 \$	0 \$	0 \$	0 \$	0 \$	2,328
Officers Costs	0	0	0	0	0	0	1,667
Drug Control Fines	0	0	0	0	0	0	1,091
Drug Court Fees	0	0	0	0	0	0	572
Jail Fees	0	0	0	0	0	0	769
DUI Treatment Fines	0	0	0	0	0	0	142
Data Entry Fee - Circuit Court	0	0	0	0	0	0	453
Victims Assistance Assessments	0	0	0	0	0	0	1,581
<u>General Sessions Court</u>							
Fines	0	0	0	0	0	0	13,231
Officers Costs	0	0	0	0	0	0	14,717
Game and Fish Fines	0	0	0	0	0	0	137
Drug Control Fines	0	0	0	0	0	0	8,571
Drug Court Fees	0	0	0	0	0	0	2,518
Jail Fees	0	0	0	0	0	0	7,100
DUI Treatment Fines	0	0	0	0	0	0	2,472
Data Entry Fee - General Sessions Court	0	0	0	0	0	0	4,743
Courtroom Security Fee	0	0	0	0	0	0	11
Victims Assistance Assessments	0	0	0	0	0	0	10,041

(Continued)

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

	Debt Service Funds			Permanent Fund			Total
	General Debt Service	Education Debt Service	0 \$	0 \$	0 \$	0 \$	
<u>Fines, Forfeitures, and Penalties (Cont.)</u>							
<u>Juvenile Court</u>							
Officers Costs	0 \$	0 \$	0 \$	0 \$	0 \$	0 \$	1,536
Data Entry Fee - Juvenile Court	0	0	0	0	0	0	396
<u>Chancery Court</u>							
Officers Costs	0	0	0	0	0	0	542
Data Entry Fee - Chancery Court	0	0	0	0	0	0	2,202
<u>Judicial District Drug Program</u>							
Drug Task Force Forfeitures and Seizures	0	0	0	0	0	0	1,945
Courtroom Security Fee	0	0	0	0	0	0	11
<u>Other Fines, Forfeitures, and Penalties</u>							
Proceeds from Confiscated Property	0	0	0	0	0	0	4,847
Other Fines, Forfeitures, and Penalties	0	0	0	0	0	0	1,744
Total Fines, Forfeitures, and Penalties	0 \$	0 \$	0 \$	0 \$	0 \$	0 \$	85,367
<u>Charges for Current Services</u>							
<u>General Service Charges</u>							
Convenience Waste Centers Collection Charge	0 \$	0 \$	0 \$	0 \$	0 \$	0 \$	93,809
Solid Waste Disposal Fee	0	0	0	0	0	0	1,181
<u>Fees</u>							
<u>Library Fees</u>							
Greenbelt Late Application Fee	0	0	0	0	0	0	12,965
Telephone Commissions	0	0	0	0	0	0	50
Constitutional Officers' Fees and Commissions	0	0	0	0	0	0	69,631
Data Processing Fee - Register	0	0	0	0	0	0	3,525
Data Processing Fee - Sheriff	0	0	0	0	0	0	4,662
Sexual Offender Registration Fee - Sheriff	0	0	0	0	0	0	1,761
	0	0	0	0	0	0	2,550

(Continued)

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

	Debt Service Funds		Permanent Fund		Total
	General Debt Service	Education Debt Service	Endowment		
<u>Charges for Current Services (Cont.)</u>					
<u>Fees (Cont.)</u>					
Subscription and Document Retrieval Fee - Chancery	0 \$	0 \$	0 \$	0 \$	815
Total Charges for Current Services	0 \$	0 \$	0 \$	0 \$	190,949
<u>Other Local Revenues</u>					
<u>Recurring Items</u>					
Investment Income	0 \$	0 \$	5,506 \$	0	31,782
Lease/Rentals	0	0	0	0	133,234
Sale of Materials and Supplies	0	0	0	0	1,500
Sale of Recycled Materials	0	0	0	0	223,127
Miscellaneous Refunds	0	0	0	0	35,173
<u>Other Local Revenues</u>					
Other Local Revenues	0	0	0	0	35,587
Total Other Local Revenues	0 \$	0 \$	5,506 \$	0	460,403
<u>Fees Received from County Officials</u>					
<u>Fees in-Lieu-of Salary</u>					
County Clerk	0 \$	0 \$	0 \$	0 \$	168,394
Circuit Court Clerk	0	0	0	0	23,361
General Sessions Court Clerk	0	0	0	0	82,951
Clerk and Master	0	0	0	0	94,389
Register	0	0	0	0	53,775
Sheriff	0	0	0	0	6,970
Trustee	0	0	0	0	202,021
Total Fees Received from County Officials	0 \$	0 \$	0 \$	0 \$	631,861

(Continued)

Exhibit I-6

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

	Debt Service Funds			Permanent Fund		Total
	General Debt Service	Education Debt Service	0 \$	0 \$	0 \$	
State of Tennessee						
General Government Grants						
Juvenile Services Program			0 \$	0 \$	0 \$	8,274
Public Safety Grants						
Law Enforcement Training Programs						7,800
Health and Welfare Grants						
Health Department Programs			0	0	0	38,313
Other Health and Welfare Grants			0	0	0	15,888
Public Works Grants						
State Aid Program			0	0	0	14,911
Litter Program			0	0	0	44,521
Other State Revenues						
Income Tax			0	0	0	13,496
Beer Tax			0	0	0	18,055
Alcoholic Beverage Tax			0	0	0	36,126
State Revenue Sharing - T.V.A.			2,503	0	0	270,112
Contracted Prisoner Boarding			0	0	0	404,706
Gasoline and Motor Fuel Tax			0	0	0	1,438,473
Petroleum Special Tax			0	0	0	12,361
Registrar's Salary Supplement			0	0	0	15,164
Other State Grants			0	0	0	146,353
Other State Revenues			0	0	0	6,217
Total State of Tennessee			2,503 \$	0 \$	0 \$	2,490,770
Federal Government						
Federal Through State						
Civil Defense Reimbursement			0 \$	0 \$	0 \$	44,751
Other Federal through State			0	0	0	253,260

(Continued)

Exhibit I-6

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

	Debt Service Funds			Permanent
	General Debt Service	Education Debt Service	Endowment	Fund
				Total
<u>Federal Government (Cont.)</u>				
<u>Direct Federal Revenue</u>				
Other Direct Federal Revenue	\$ 0 \$	0 \$	0 \$	4,400
Total Federal Government	\$ 0 \$	0 \$	0 \$	302,411
<u>Other Governments and Citizens Groups</u>				
<u>Other Governments</u>				
Paving and Maintenance	\$ 0 \$	0 \$	0 \$	1,000
Contributions	0	0	0	9,929
Contracted Services	0	0	0	212,804
<u>Citizens Groups</u>				
Donations	0	0	0	1,453
Other	0	0	0	76,500
Total Other Governments and Citizens Groups	\$ 0 \$	0 \$	0 \$	301,686
Total	\$ 635,841 \$	686,764 \$	5,506 \$	10,498,957

Exhibit I-7

Chester County, Tennessee
Schedule of Detailed Revenues -
All Governmental Fund Types
Discretely Presented Chester County School Department
For the Year Ended June 30, 2015

	General Purpose School	Special Revenue Funds			Total
		School Federal Projects	Central Cafeteria		
<u>Local Taxes</u>					
<u>County Property Taxes</u>					
Current Property Tax	\$ 1,596,431	\$ 0	\$ 0	\$ 0	\$ 1,596,431
Trustee's Collections - Prior Year	58,867	0	0	0	58,867
Trustee's Collections - Bankruptcy	98	0	0	0	98
Circuit/Clerk and Master Collections - Prior Years	47,290	0	0	0	47,290
Interest and Penalty	10,730	0	0	0	10,730
Payments in-Lieu-of Taxes - T.V.A.	121,043	0	0	0	121,043
Payments in-Lieu-of Taxes - Other	708	0	0	0	708
<u>County Local Option Taxes</u>					
Local Option Sales Tax	755,709	0	0	0	755,709
<u>Statutory Local Taxes</u>					
Interstate Telecommunications Tax	1,205	0	0	0	1,205
Total Local Taxes	\$ 2,592,081	\$ 0	\$ 0	\$ 0	\$ 2,592,081
<u>Licenses and Permits</u>					
<u>Licenses</u>					
Marriage Licenses	988	0	0	0	988
Total Licenses and Permits	\$ 988	\$ 0	\$ 0	\$ 0	\$ 988
<u>Charges for Current Services</u>					
<u>Education Charges</u>					
Tuition - Regular Day Students	\$ 26,436	\$ 0	\$ 0	\$ 0	\$ 26,436
Tuition - Summer School	1,180	0	0	0	1,180
Lunch Payments - Children	0	0	194,181	0	194,181
Lunch Payments - Adults	0	0	34,616	0	34,616

(Continued)

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

	General Purpose School	Special Revenue Funds			Total
		School Federal Projects	Central Cafeteria		
<u>Charges for Current Services (Cont.)</u>					
<u>Education Charges (Cont.)</u>					
Income from Breakfast	\$ 0	\$ 0	\$ 15,856	\$ 15,856	
A la carte Sales	0	0	117,855	117,855	
Receipts from Individual Schools	12,525	0	0	12,525	
<u>Other Charges for Services</u>					
Other Charges for Services	6,160	0	0	6,160	
<u>Total Charges for Current Services</u>	\$ 46,301	\$ 0	\$ 362,508	\$ 408,809	
<u>Other Local Revenues</u>					
<u>Recurring Items</u>					
Investment Income	\$ 35,071	\$ 0	\$ 2,248	\$ 37,319	
Lease/Rentals	11,048	0	0	11,048	
Miscellaneous Refunds	36,234	0	43,373	79,607	
<u>Nonrecurring Items</u>					
Sale of Equipment	1,500	0	0	1,500	
Damages Recovered from Individuals	212	0	0	212	
Contributions and Gifts	500	0	0	500	
<u>Other Local Revenues</u>					
Other Local Revenues	12,954	0	0	12,954	
<u>Total Other Local Revenues</u>	\$ 97,519	\$ 0	\$ 45,621	\$ 143,140	
<u>State of Tennessee</u>					
General Government Grants	\$ 62,778	\$ 0	\$ 0	\$ 62,778	
On-behalf Contributions for OPEB					

(Continued)

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

	General Purpose School	Special Revenue Funds			Total
		School Federal Projects	Central Cafeteria		
<u>State of Tennessee (Cont.)</u>					
<u>State Education Funds</u>					
Basic Education Program	\$ 14,642,209	\$ 0	\$ 0	\$ 0	\$ 14,642,209
Early Childhood Education	197,724	0	0	0	197,724
School Food Service	0	0	15,574	0	15,574
Driver Education	15,322	0	0	0	15,322
Other State Education Funds	244,457	0	0	0	244,457
Career Ladder Program	54,916	0	0	0	54,916
Career Ladder - Extended Contract	18,520	0	0	0	18,520
<u>Other State Revenues</u>					
Other State Grants	53,705	0	0	0	53,705
Total State of Tennessee	\$ 15,289,631	\$ 0	\$ 15,574	\$ 0	\$ 15,305,205
<u>Federal Government</u>					
<u>Federal Through State</u>					
USDA School Lunch Program	\$ 0	\$ 0	\$ 643,902	\$ 0	\$ 643,902
USDA - Commodities	0	0	81,493	0	81,493
Breakfast	0	0	181,660	0	181,660
USDA - Other	0	0	511,700	0	511,700
Vocational Education - Basic Grants to States	0	40,976	0	0	40,976
Title I Grants to Local Education Agencies	0	683,168	0	0	683,168
Special Education - Grants to States	2,576	510,458	0	0	513,034
Special Education Preschool Grants	0	15,761	0	0	15,761
Eisenhower Professional Development State Grants	0	101,467	0	0	101,467
Race to the Top - ARRA	0	14,779	0	0	14,779
Other Federal through State	0	370,285	0	0	370,285
Total Federal Government	\$ 2,576	\$ 1,736,894	\$ 1,418,755	\$ 0	\$ 3,158,225
Total	\$ 18,029,096	\$ 1,736,894	\$ 1,842,458	\$ 0	\$ 21,608,448

Exhibit I-8

Chester County, Tennessee
Schedule of Detailed Expenditures -
All Governmental Fund Types
For the Year Ended June 30, 2015

General Fund

General Government

County Commission

Board and Committee Members Fees	\$	21,650	
Social Security		1,656	
Dues and Memberships		1,300	
Total County Commission			\$ 24,606

Board of Equalization

Board and Committee Members Fees	\$	1,000	
Total Board of Equalization			1,000

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	\$	77,531	
Secretary(ies)		26,447	
Social Security		7,779	
Pensions		7,709	
Medical Insurance		13,396	
Unemployment Compensation		101	
Communication		6,476	
Data Processing Services		1,395	
Dues and Memberships		1,641	
Printing, Stationery, and Forms		383	
Travel		730	
Data Processing Supplies		206	
Office Supplies		1,339	
Total County Mayor/Executive			145,133

County Attorney

Legal Services	\$	28,294	
Total County Attorney			28,294

Election Commission

County Official/Administrative Officer	\$	57,459	
Clerical Personnel		25,818	
Part-time Personnel		894	
Election Commission		4,350	
Election Workers		35,170	
Social Security		6,198	
Pensions		6,177	
Medical Insurance		10,713	
Unemployment Compensation		240	
Communication		7,817	
Data Processing Services		21,316	
Dues and Memberships		1,650	

(Continued)

Exhibit I-8

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

General Fund (Cont.)

General Government (Cont.)

Election Commission (Cont.)

Maintenance and Repair Services - Equipment	\$	2,770	
Printing, Stationery, and Forms		2,140	
Travel		2,082	
Office Supplies		6,001	
Office Equipment		21,468	
Total Election Commission			\$ 212,263

Register of Deeds

County Official/Administrative Officer	\$	63,843	
Clerical Personnel		28,438	
Longevity Pay		1,850	
Social Security		6,949	
Pensions		6,773	
Medical Insurance		13,156	
Unemployment Compensation		90	
Communication		892	
Data Processing Services		5,777	
Dues and Memberships		882	
Travel		1,417	
Data Processing Supplies		786	
Office Supplies		685	
Office Equipment		3,255	
Total Register of Deeds			134,793

County Buildings

Salary Supplements	\$	3,000	
Custodial Personnel		9,838	
Maintenance Personnel		70,198	
Longevity Pay		1,250	
Overtime Pay		16,187	
Social Security		7,479	
Pensions		6,340	
Medical Insurance		10,833	
Unemployment Compensation		283	
Communication		12,924	
Maintenance and Repair Services - Buildings		101,835	
Maintenance and Repair Services - Office Equipment		944	
Pest Control		1,247	
Travel		2,929	
Custodial Supplies		9,992	
Electricity		46,470	
Gasoline		273	
Natural Gas		8,880	
Water and Sewer		4,509	
Building and Contents Insurance		46,367	
Liability Insurance		2,500	
Building Improvements		10,607	
Total County Buildings			374,885

(Continued)

Exhibit I-8

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

General Fund (Cont.)

General Government (Cont.)

Other Facilities

Communication	\$	3,163	
Maintenance and Repair Services - Buildings		624	
Pest Control		400	
Electricity		9,779	
Water and Sewer		749	
Total Other Facilities			\$ 14,715

Other General Administration

Dues and Memberships	\$	1,620	
Legal Notices, Recording, and Court Costs		153	
Postal Charges		19,160	
Printing, Stationery, and Forms		631	
Periodicals		560	
Premiums on Corporate Surety Bonds		16,379	
Workers' Compensation Insurance		1,059	
Office Equipment		3,200	
Total Other General Administration			42,762

Finance

Accounting and Budgeting

Supervisor/Director	\$	26,447	
Clerical Personnel		26,447	
Part-time Personnel		809	
Educational Incentive - Other County Employees		3,000	
Longevity Pay		1,600	
Social Security		4,270	
Pensions		4,081	
Medical Insurance		6,698	
Unemployment Compensation		132	
Communication		1,835	
Data Processing Services		10,889	
Dues and Memberships		95	
Printing, Stationery, and Forms		649	
Travel		157	
Office Supplies		3,082	
Total Accounting and Budgeting			90,191

Property Assessor's Office

County Official/Administrative Officer	\$	63,843	
Clerical Personnel		45,776	
Educational Incentive - Other County Employees		1,500	
Longevity Pay		300	
Social Security		8,174	
Pensions		8,038	
Medical Insurance		17,861	
Unemployment Compensation		227	
Audit Services		6,988	

(Continued)

Exhibit I-8

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

General Fund (Cont.)

Finance (Cont.)

Property Assessor's Office (Cont.)

Communication	\$	2,639	
Data Processing Services		9,188	
Dues and Memberships		1,400	
Printing, Stationery, and Forms		271	
Travel		1,583	
Office Supplies		690	
Office Equipment		1,500	
Total Property Assessor's Office			\$ 169,978

Reappraisal Program

Clerical Personnel	\$	10,825	
Social Security		828	
Unemployment Compensation		108	
Travel		3,193	
Total Reappraisal Program			14,954

County Trustee's Office

County Official/Administrative Officer	\$	63,843	
Clerical Personnel		51,643	
Educational Incentive - Other County Employees		1,500	
Longevity Pay		725	
Social Security		8,798	
Pensions		7,314	
Medical Insurance		10,833	
Unemployment Compensation		180	
Communication		2,218	
Data Processing Services		10,646	
Dues and Memberships		1,107	
Maintenance and Repair Services - Equipment		6,051	
Printing, Stationery, and Forms		4,692	
Travel		3,246	
Other Contracted Services		1,285	
Office Supplies		2,348	
Total County Trustee's Office			176,429

County Clerk's Office

County Official/Administrative Officer	\$	63,843	
Clerical Personnel		79,036	
Part-time Personnel		13,224	
Educational Incentive - Other County Employees		1,500	
Longevity Pay		1,700	
Social Security		11,908	
Pensions		10,486	
Medical Insurance		14,555	
Unemployment Compensation		361	
Communication		2,268	
Data Processing Services		9,465	

(Continued)

Exhibit I-8

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

General Fund (Cont.)

Finance (Cont.)

County Clerk's Office (Cont.)

Dues and Memberships	\$	507	
Travel		1,850	
Office Supplies		2,076	
Total County Clerk's Office			\$ 212,779

Other Finance

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

Administration of Justice

Circuit Court

County Official/Administrative Officer	\$	63,843	
Clerical Personnel		79,341	
Part-time Personnel		27,606	
Educational Incentive - Other County Employees		6,000	
Longevity Pay		2,525	
Jury and Witness Expense		5,924	
Social Security		13,466	
Pensions		10,506	
Medical Insurance		13,156	
Unemployment Compensation		518	
Communication		90	
Data Processing Services		10,911	
Dues and Memberships		647	
Travel		955	
Food Supplies		154	
Office Supplies		5,790	
Office Equipment		3,475	
Total Circuit Court			244,907

General Sessions Court

Judge(s)	\$	88,108	
Social Security		6,613	
Pensions		6,466	
Medical Insurance		6,674	
Communication		70	
Contracts with Private Agencies		9,269	
Dues and Memberships		190	
Travel		2,576	
Office Supplies		41	
Total General Sessions Court			120,007

Chancery Court

County Official/Administrative Officer	\$	63,843
Clerical Personnel		79,341
Longevity Pay		900
Social Security		10,775

(Continued)

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

General Fund (Cont.)

Administration of Justice (Cont.)

Chancery Court (Cont.)

Pensions	\$	10,508	
Medical Insurance		12,916	
Unemployment Compensation		270	
Communication		1,544	
Data Processing Services		11,478	
Dues and Memberships		922	
Legal Notices, Recording, and Court Costs		1,291	
Travel		1,835	
Office Supplies		2,822	
Office Equipment		2,204	
Total Chancery Court			\$ 200,649

Juvenile Court

Clerical Personnel	\$	26,447	
Longevity Pay		100	
Social Security		1,907	
Pensions		1,941	
Medical Insurance		6,458	
Unemployment Compensation		90	
Total Juvenile Court			36,943

Public Safety

Sheriff's Department

County Official/Administrative Officer	\$	70,228	
Assistant(s)		29,813	
Supervisor/Director		47,850	
Deputy(ies)		424,393	
Investigator(s)		91,050	
Salary Supplements		7,800	
Dispatchers/Radio Operators		261,849	
Secretary(ies)		30,144	
Part-time Personnel		4,368	
Longevity Pay		8,775	
Overtime Pay		67,838	
Other Salaries and Wages		4,674	
In-service Training		6,970	
Social Security		79,539	
Pensions		75,807	
Medical Insurance		133,638	
Unemployment Compensation		2,653	
Communication		25,514	
Contracts with Government Agencies		2,367	
Contributions		50	
Data Processing Services		460	
Dues and Memberships		2,442	
Maintenance and Repair Services - Vehicles		18,285	
Pest Control		825	

(Continued)

Exhibit I-8

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

General Fund (Cont.)

Public Safety (Cont.)

Sheriff's Department (Cont.)

Towing Services	\$	1,985	
Travel		10,647	
Other Contracted Services		8,096	
Custodial Supplies		2,085	
Food Supplies		50	
Gasoline		36,280	
Law Enforcement Supplies		7,620	
Office Supplies		5,687	
Tires and Tubes		4,612	
Uniforms		6,750	
Other Supplies and Materials		2,226	
Workers' Compensation Insurance		29,922	
Other Charges		3,043	
Law Enforcement Equipment		4,235	
Office Equipment		655	
Total Sheriff's Department			\$ 1,521,225

Jail

Guards	\$	589,571	
Secretary(ies)		28,325	
Cafeteria Personnel		48,465	
Longevity Pay		4,075	
Overtime Pay		35,936	
Social Security		50,265	
Pensions		48,634	
Medical Insurance		93,743	
Unemployment Compensation		2,112	
Communication		3,289	
Maintenance and Repair Services - Buildings		28,652	
Medical and Dental Services		78,208	
Travel		1,589	
Other Contracted Services		601	
Custodial Supplies		11,803	
Food Preparation Supplies		841	
Food Supplies		105,118	
Office Supplies		258	
Prisoners Clothing		715	
Uniforms		11,239	
Utilities		83,878	
Other Supplies and Materials		38,106	
Total Jail			1,265,423

Juvenile Services

Youth Service Officer(s)	\$	54,343	
Longevity Pay		100	
Social Security		4,165	
Pensions		3,988	

(Continued)

Exhibit I-8

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

General Fund (Cont.)

Public Safety (Cont.)

Juvenile Services (Cont.)

Unemployment Compensation	\$	85	
Communication		1,731	
Travel		955	
Office Supplies		1,306	
Total Juvenile Services			\$ 66,673

Fire Prevention and Control

Supervisor/Director	\$	35,313	
Longevity Pay		650	
In-service Training		100	
Social Security		2,751	
Pensions		2,592	
Unemployment Compensation		90	
Communication		3,459	
Contributions		6,000	
Maintenance and Repair Services - Buildings		735	
Maintenance and Repair Services - Equipment		3,930	
Maintenance and Repair Services - Vehicles		11,343	
Pest Control		941	
Towing Services		95	
Gasoline		4,348	
Office Supplies		670	
Tires and Tubes		24	
Uniforms		595	
Vehicle and Equipment Insurance		27,728	
Workers' Compensation Insurance		15,468	
Other Charges		869	
Building Construction		9,000	
Motor Vehicles		246,235	
Other Equipment		1,699	
Total Fire Prevention and Control			374,635

Civil Defense

Supervisor/Director	\$	35,940	
Longevity Pay		150	
Social Security		2,634	
Pensions		2,638	
Medical Insurance		6,650	
Unemployment Compensation		90	
Communication		2,543	
Dues and Memberships		375	
Maintenance and Repair Services - Equipment		102	
Maintenance and Repair Services - Vehicles		128	
Travel		184	
Gasoline		1,279	
Office Supplies		1,034	
Other Equipment		1,124	
Total Civil Defense			54,871

(Continued)

Exhibit I-8

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

General Fund (Cont.)

Public Safety (Cont.)

Rescue Squad

Contributions	\$	2,500	
Vehicle and Equipment Insurance		4,200	
Total Rescue Squad			\$ 6,700

County Coroner/Medical Examiner

Other Per Diem and Fees	\$	2,667	
Total County Coroner/Medical Examiner			2,667

Public Health and Welfare

Local Health Center

Communication	\$	3,459	
Contracts with Government Agencies		12,281	
Dues and Memberships		200	
Janitorial Services		4,305	
Maintenance and Repair Services - Buildings		189	
Pest Control		510	
Postal Charges		205	
Custodial Supplies		615	
Drugs and Medical Supplies		693	
Natural Gas		16	
Office Supplies		1,012	
Utilities		9,250	
Water and Sewer		55	
Total Local Health Center			32,790

Ambulance/Emergency Medical Services

Ambulance Services	\$	180,113	
Total Ambulance/Emergency Medical Services			180,113

Alcohol and Drug Programs

Contributions	\$	3,000	
Total Alcohol and Drug Programs			3,000

Other Local Health Services

Clerical Personnel	\$	22,213	
Part-time Personnel		13,605	
Longevity Pay		75	
Social Security		2,622	
Pensions		1,630	
Medical Insurance		6,458	
Unemployment Compensation		188	
Travel		233	
Total Other Local Health Services			47,024

Regional Mental Health Center

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

(Continued)

Exhibit I-8

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

General Fund (Cont.)

Public Health and Welfare (Cont.)

General Welfare Assistance

Contributions	\$	13,680	
Office Equipment		<u>7,938</u>	
Total General Welfare Assistance	\$		21,618

Other Local Welfare Services

Office Equipment	\$	<u>12,364</u>	
Total Other Local Welfare Services			12,364

Sanitation Education/Information

Guards	\$	15,072	
Clerical Personnel		3,120	
Part-time Personnel		5,200	
Overtime Pay		25	
Social Security		1,752	
Pensions		1,719	
Medical Insurance		2,069	
Unemployment Compensation		71	
Maintenance and Repair Services - Vehicles		168	
Travel		2,411	
Gasoline		2,402	
Other Charges		8,431	
Other Equipment		<u>250</u>	
Total Sanitation Education/Information			42,690

Social, Cultural, and Recreational Services

Other Social, Cultural, and Recreational

Contributions	\$	<u>25,342</u>	
Total Other Social, Cultural, and Recreational			25,342

Agriculture and Natural Resources

Agricultural Extension Service

Salary Supplements	\$	30,013	
Extension Service Medicare		7,109	
Communication		1,655	
Office Supplies		<u>1,144</u>	
Total Agricultural Extension Service			39,921

Soil Conservation

Secretary(ies)	\$	12,004	
Social Security		918	
Unemployment Compensation		88	
Communication		98	
Office Supplies		<u>1,094</u>	
Total Soil Conservation			14,202

Flood Control

Contributions	\$	<u>7,500</u>	
Total Flood Control			7,500

(Continued)

Exhibit I-8

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

General Fund (Cont.)

Other Operations

Industrial Development

Contributions	\$ 15,000	
Total Industrial Development		\$ 15,000

Veterans' Services

County Official/Administrative Officer	\$ 19,141	
Longevity Pay	175	
Social Security	1,478	
Unemployment Compensation	90	
Communication	1,684	
Travel	703	
Office Supplies	797	
Total Veterans' Services		24,068

Employee Benefits

Life Insurance	\$ 6,653	
Total Employee Benefits		6,653

Miscellaneous

Trustee's Commission	\$ 86,284	
Other Charges	9,216	
Land	37,929	
Total Miscellaneous		133,429

Capital Projects

Other General Government Projects

Building Purchases	\$ 70,363	
Total Other General Government Projects		70,363

Total General Fund \$ 6,229,505

Public Library Fund

Social, Cultural, and Recreational Services

Libraries

County Official/Administrative Officer	\$ 26,447
Part-time Personnel	23,287
Longevity Pay	1,300
Social Security	3,904
Pensions	1,940
Unemployment Compensation	321
Communication	1,174
Dues and Memberships	100
Janitorial Services	920
Maintenance and Repair Services - Buildings	861
Pest Control	891
Electricity	8,248
Library Books/Media	3,374
Natural Gas	1,229

(Continued)

Exhibit I-8

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

Public Library Fund (Cont.)

Social, Cultural, and Recreational Services (Cont.)

Libraries (Cont.)

Office Supplies	\$	4,864	
Water and Sewer		830	
Total Libraries			\$ 79,690

Other Operations

Miscellaneous

Trustee's Commission	\$	750	
Total Miscellaneous			750

Total Public Library Fund \$ 80,440

Solid Waste/Sanitation Fund

Public Health and Welfare

Convenience Centers

Supervisor/Director	\$	51,663
Accountants/Bookkeepers		19,788
Foremen		33,220
Mechanic(s)		31,007
Laborers		104,883
Part-time Personnel		13,258
Educational Incentive - Other County Employees		1,500
Longevity Pay		3,725
Overtime Pay		2,463
In-service Training		1,500
Social Security		19,817
Pensions		11,193
Medical Insurance		11,703
Unemployment Compensation		1,352
Communication		6,900
Dues and Memberships		3,600
Maintenance and Repair Services - Buildings		4,847
Maintenance and Repair Services - Equipment		9,289
Maintenance and Repair Services - Vehicles		2,053
Pest Control		341
Travel		2,987
Custodial Supplies		1,604
Electricity		8,050
Food Supplies		171
Natural Gas		284
Office Supplies		4,103
Uniforms		3,702
Water and Sewer		1,151
Gravel and Chert		438
Chemicals		1,051
Other Charges		1,127
Maintenance Equipment		7,608
Motor Vehicles		147,286

(Continued)

Exhibit I-8

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.)

Site Development	\$	3,375	
Solid Waste Equipment		<u>1,500</u>	
Total Convenience Centers	\$		518,539

Recycling Center

Truck Drivers	\$	6,004	
Laborers		77,288	
Secretary(ies)		16,575	
Part-time Personnel		5,304	
Educational Incentive - Other County Employees		1,500	
Longevity Pay		975	
Other Salaries and Wages		8,287	
Social Security		8,703	
Pensions		6,672	
Medical Insurance		13,964	
Unemployment Compensation		421	
Contracts with Government Agencies		90,164	
Maintenance and Repair Services - Buildings		1,502	
Maintenance and Repair Services - Equipment		4,017	
Maintenance and Repair Services - Vehicles		328	
Electricity		3,130	
Food Supplies		6,715	
Propane Gas		2,562	
Wire		5,772	
Other Supplies and Materials		135	
Other Charges		70	
Solid Waste Equipment		9,436	
Other Equipment		<u>17,288</u>	
Total Recycling Center			286,812

Other Waste Disposal

Truck Drivers	\$	17,340	
Longevity Pay		50	
Overtime Pay		121	
Social Security		874	
Pensions		174	
Medical Insurance		345	
Unemployment Compensation		91	
Contracts with Government Agencies		156,385	
Contracts with Other Public Agencies		9,990	
Contracts with Private Agencies		61,560	
Maintenance and Repair Services - Equipment		3,533	
Maintenance and Repair Services - Vehicles		3,158	
Towing Services		125	
Custodial Supplies		225	
Diesel Fuel		12,363	
Gasoline		9,272	

(Continued)

Exhibit I-8

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.)

Tires and Tubes	\$ 5,226	
Solid Waste Equipment	44,536	
Other Construction	<u>62,922</u>	
Total Other Waste Disposal		\$ 388,290

Postclosure Care Costs

Landfill Closure/Postclosure Care Costs	\$ <u>2,586</u>	
Total Postclosure Care Costs		2,586

Other Operations

Other Charges

Trustee's Commission	\$ 6,171	
Other Charges	<u>5,430</u>	
Total Other Charges		11,601

Principal on Debt

General Government

Principal on Bonds	\$ <u>30,000</u>	
Total General Government		30,000

Interest on Debt

General Government

Interest on Bonds	\$ <u>2,200</u>	
Total General Government		<u>2,200</u>

Total Solid Waste/Sanitation Fund \$ 1,240,028

Drug Control Fund

Public Safety

Drug Enforcement

In-service Training	\$ 225	
Communication	1,883	
Contributions	921	
Confidential Drug Enforcement Payments	2,000	
Maintenance and Repair Services - Vehicles	684	
Travel	678	
Office Supplies	135	
Uniforms	500	
Law Enforcement Equipment	1,052	
Motor Vehicles	<u>31,059</u>	
Total Drug Enforcement		\$ 39,137

Other Operations

Miscellaneous

Trustee's Commission	\$ <u>119</u>	
Total Miscellaneous		<u>119</u>

Total Drug Control Fund 39,256

(Continued)

Exhibit I-8

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

Constitutional Officers - Fees Fund

Administration of Justice

Chancery Court

Constitutional Officers' Operating Expenses	\$ 3,525	
Total Chancery Court		\$ 3,525

Total Constitutional Officers - Fees Fund \$ 3,525

Highway/Public Works Fund

Highways

Administration

County Official/Administrative Officer	\$ 72,374	
Assistant(s)	34,567	
Accountants/Bookkeepers	420	
Educational Incentive - Other County Employees	3,000	
Contracts with Other Public Agencies	2,000	
Dues and Memberships	2,817	
Pest Control	300	
Postal Charges	98	
Travel	2,748	
Custodial Supplies	182	
Office Supplies	4,122	
Other Charges	9,098	
Total Administration		\$ 131,726

Highway and Bridge Maintenance

Foremen	\$ 40,147	
Equipment Operators	163,532	
Truck Drivers	139,989	
Laborers	91,654	
Other Salaries and Wages	1,000	
Other Contracted Services	4,100	
Asphalt - Liquid	123,281	
Crushed Stone	54,690	
Fertilizer, Lime, and Seed	638	
Pipe	24,942	
Road Signs	2,449	
Small Tools	282	
Wood Products	168	
Gravel and Chert	23,541	
Other Supplies and Materials	17,389	
Total Highway and Bridge Maintenance		687,802

Operation and Maintenance of Equipment

Mechanic(s)	\$ 71,154	
Maintenance and Repair Services - Equipment	19,181	
Diesel Fuel	69,329	
Equipment and Machinery Parts	47,036	
Garage Supplies	4,183	
Gasoline	25,010	
Tires and Tubes	16,670	
Total Operation and Maintenance of Equipment		252,563

(Continued)

Exhibit I-8

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

Highway/Public Works Fund (Cont.)

Highways (Cont.)

Other Charges

Communication	\$	5,538	
Laundry Service		3,298	
Electricity		7,386	
Natural Gas		1,832	
Water and Sewer		686	
Trustee's Commission		15,549	
Vehicle and Equipment Insurance		46,367	
Total Other Charges			\$ 80,656

Employee Benefits

In-service Training	\$	384	
Social Security		46,863	
Pensions		44,182	
Employee and Dependent Insurance		125,708	
Unemployment Compensation		4,626	
Uniforms		10,470	
Workers' Compensation Insurance		37,139	
Total Employee Benefits			269,372

Capital Outlay

Engineering Services	\$	36,109	
Bridge Construction		6,400	
Total Capital Outlay			42,509

Principal on Debt

Highways and Streets

Principal on Notes	\$	52,604	
Total Highways and Streets			52,604

Interest on Debt

Highways and Streets

Interest on Notes	\$	3,393	
Total Highways and Streets			3,393

Total Highway/Public Works Fund \$ 1,520,625

General Debt Service Fund

Principal on Debt

General Government

Principal on Bonds	\$	210,000	
Total General Government			\$ 210,000

Interest on Debt

General Government

Interest on Bonds	\$	408,896	
Total General Government			408,896

(Continued)

Exhibit I-8

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

<u>General Debt Service Fund (Cont.)</u>		
<u>Other Debt Service</u>		
<u>General Government</u>		
Bank Charges	\$ 1,369	
Trustee's Commission	6,628	
Total General Government		<u>\$ 7,997</u>
Total General Debt Service Fund		\$ 626,893
 <u>Education Debt Service Fund</u>		
<u>Principal on Debt</u>		
<u>Education</u>		
Principal on Bonds	\$ 675,000	
Total Education		\$ 675,000
 <u>Interest on Debt</u>		
<u>Education</u>		
Interest on Bonds	\$ 26,102	
Total Education		26,102
 <u>Other Debt Service</u>		
<u>Education</u>		
Bank Charges	\$ 458	
Trustee's Commission	6,948	
Total Education		<u>7,406</u>
Total Education Debt Service Fund		708,508
 <u>General Capital Projects Fund</u>		
<u>Capital Projects</u>		
<u>General Administration Projects</u>		
Architects	\$ 56,903	
Evaluation and Testing	444	
Testing	257	
Site Development	109,902	
Total General Administration Projects		<u>\$ 167,506</u>
Total General Capital Projects Fund		<u>167,506</u>
Total Governmental Funds - Primary Government		<u>\$ 10,616,286</u>

Exhibit I-9

Chester County, Tennessee
Schedule of Detailed Expenditures -
All Governmental Fund Types
Discretely Presented Chester County School Department
For the Year Ended June 30, 2015

General Purpose School Fund

Instruction

Regular Instruction Program

Teachers	\$ 6,315,540	
Career Ladder Program	27,082	
Career Ladder Extended Contracts	20,235	
Educational Assistants	137,253	
Non-certified Substitute Teachers	103,919	
Social Security	365,684	
Pensions	558,874	
Life Insurance	2,749	
Medical Insurance	587,864	
Employer Medicare	89,035	
Other Fringe Benefits	810	
Contracts with Private Agencies	156,117	
Maintenance and Repair Services - Equipment	72	
Other Contracted Services	53,623	
Instructional Supplies and Materials	259,438	
Textbooks	116,099	
Regular Instruction Equipment	49,995	
Total Regular Instruction Program		\$ 8,844,389

Special Education Program

Teachers	\$ 423,941	
Career Ladder Program	2,000	
Career Ladder Extended Contracts	1,000	
Educational Assistants	326,854	
Speech Pathologist	106,874	
Non-certified Substitute Teachers	45,918	
Social Security	52,861	
Pensions	72,033	
Life Insurance	158	
Medical Insurance	57,229	
Employer Medicare	12,401	
Evaluation and Testing	3,159	
Other Contracted Services	2,697	
Instructional Supplies and Materials	7,914	
Other Supplies and Materials	1,238	
Special Education Equipment	2,875	
Total Special Education Program		1,119,152

Vocational Education Program

Teachers	\$ 377,963
Career Ladder Program	3,000
Non-certified Substitute Teachers	4,264
Social Security	20,553
Pensions	33,064
Life Insurance	180
Medical Insurance	40,061

(Continued)

Exhibit I-9

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.)

Vocational Education Program (Cont.)

Employer Medicare	\$	4,980	
Other Contracted Services		659	
Instructional Supplies and Materials		8,834	
Total Vocational Education Program			\$ 493,558

Student Body Education Program

Other Salaries and Wages	\$	2,553	
Social Security		158	
Employer Medicare		37	
Other Charges		55,292	
Total Student Body Education Program			58,040

Support Services

Attendance

Supervisor/Director	\$	47,047	
Career Ladder Program		2,000	
Social Security		2,668	
Pensions		4,434	
Life Insurance		18	
Medical Insurance		5,984	
Employer Medicare		624	
Other Supplies and Materials		40	
Total Attendance			62,815

Health Services

Medical Personnel	\$	73,757	
Other Salaries and Wages		59,510	
Social Security		8,000	
Pensions		6,620	
Life Insurance		23	
Medical Insurance		4,119	
Employer Medicare		1,871	
Communication		515	
Postal Charges		147	
Travel		3,797	
Other Contracted Services		2,000	
Drugs and Medical Supplies		4,784	
Other Supplies and Materials		12,267	
Total Health Services			177,410

Other Student Support

Guidance Personnel	\$	249,423	
Social Security		15,070	
Pensions		21,984	
Life Insurance		68	
Medical Insurance		7,612	

(Continued)

Exhibit I-9

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.)

Other Student Support (Cont.)

Employer Medicare	\$	3,524	
Contracts with Government Agencies		46,500	
Evaluation and Testing		10,621	
Travel		2,350	
Other Supplies and Materials		9	
Total Other Student Support			\$ 357,161

Regular Instruction Program

Supervisor/Director	\$	119,470	
Career Ladder Program		4,000	
Librarians		183,638	
Instructional Computer Personnel		95,399	
Clerical Personnel		6,375	
Social Security		22,552	
Pensions		32,731	
Life Insurance		90	
Medical Insurance		17,468	
Employer Medicare		5,667	
Consultants		2,300	
Travel		18,902	
Other Contracted Services		129,868	
Library Books/Media		41,248	
Other Supplies and Materials		4,833	
In Service/Staff Development		1,265	
Other Equipment		370	
Total Regular Instruction Program			686,176

Special Education Program

Supervisor/Director	\$	66,350	
Career Ladder Program		1,000	
Psychological Personnel		48,379	
Social Security		6,403	
Pensions		9,635	
Medical Insurance		13,502	
Employer Medicare		1,497	
Travel		4,864	
Other Contracted Services		48,653	
Other Supplies and Materials		603	
In Service/Staff Development		2,671	
Total Special Education Program			203,557

Vocational Education Program

Travel	\$	1,355	
Total Vocational Education Program			1,355

(Continued)

Exhibit I-9

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.)

Adult Programs

Supervisor/Director	\$	19,211	
Social Security		1,191	
Pensions		1,408	
Employer Medicare		279	
Other Supplies and Materials		7,522	
Total Adult Programs			\$ 29,611

Other Programs

On-behalf Payments to OPEB	\$	62,778	
Total Other Programs			62,778

Board of Education

Other Salaries and Wages	\$	5,500	
Social Security		341	
Unemployment Compensation		17,414	
Employer Medicare		80	
Audit Services		7,620	
Dues and Memberships		8,680	
Legal Services		7,793	
Travel		6,522	
Other Contracted Services		55,306	
Liability Insurance		35,000	
Trustee's Commission		71,298	
Workers' Compensation Insurance		160,000	
Criminal Investigation of Applicants - TBI		1,953	
Other Charges		20,004	
Total Board of Education			397,511

Director of Schools

County Official/Administrative Officer	\$	98,004	
Career Ladder Program		1,000	
Clerical Personnel		29,450	
Social Security		7,621	
Pensions		11,101	
Life Insurance		23	
Medical Insurance		2,260	
Employer Medicare		1,782	
Other Fringe Benefits		1,800	
Communication		3,799	
Dues and Memberships		2,061	
Postal Charges		2,967	
Travel		3,979	
Other Contracted Services		1,828	
Office Supplies		2,800	
Other Charges		787	
Administration Equipment		429	
Total Director of Schools			171,691

(Continued)

Exhibit I-9

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

Principals	\$	396,289	
Career Ladder Program		4,000	
Assistant Principals		264,405	
Secretary(ies)		280,962	
Social Security		54,895	
Pensions		80,639	
Life Insurance		226	
Medical Insurance		50,252	
Employer Medicare		12,838	
Communication		17,320	
Travel		6,300	
Other Supplies and Materials		167	
In Service/Staff Development		665	
Other Charges		2,067	
Administration Equipment		20,053	
Total Office of the Principal			\$ 1,191,078

Fiscal Services

Accountants/Bookkeepers	\$	88,369	
Social Security		5,385	
Pensions		6,366	
Employer Medicare		1,281	
Data Processing Services		733	
Travel		458	
Other Contracted Services		9,972	
Data Processing Supplies		1,080	
Office Supplies		722	
Total Fiscal Services			114,366

Operation of Plant

Supervisor/Director	\$	3,979	
Guards		25,846	
Custodial Personnel		340,228	
Other Salaries and Wages		4,910	
Social Security		22,440	
Pensions		24,861	
Medical Insurance		9,332	
Employer Medicare		5,248	
Travel		7,471	
Disposal Fees		9,420	
Other Contracted Services		11,681	
Custodial Supplies		124,679	
Electricity		466,412	
Natural Gas		88,636	
Water and Sewer		25,713	
Other Supplies and Materials		3,556	

(Continued)

Exhibit I-9

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.)

Operation of Plant (Cont.)

Boiler Insurance	\$	4,000	
Building and Contents Insurance		83,000	
Plant Operation Equipment		2,603	
Total Operation of Plant			\$ 1,264,015

Maintenance of Plant

Maintenance Personnel	\$	161,412	
Other Salaries and Wages		6,534	
Social Security		10,413	
Pensions		8,657	
Employer Medicare		2,435	
Maintenance and Repair Services - Buildings		60,802	
Maintenance and Repair Services - Equipment		8,451	
Other Contracted Services		53,902	
Other Supplies and Materials		83,881	
Maintenance Equipment		27,193	
Total Maintenance of Plant			423,680

Transportation

Supervisor/Director	\$	8,696	
Mechanic(s)		60,199	
Bus Drivers		321,095	
Other Salaries and Wages		19,591	
Social Security		24,623	
Pensions		26,103	
Medical Insurance		916	
Employer Medicare		5,905	
Communication		810	
Maintenance and Repair Services - Vehicles		44,209	
Travel		1,206	
Other Contracted Services		10,326	
Gasoline		135,267	
Tires and Tubes		16,590	
Vehicle Parts		43,055	
Other Supplies and Materials		23,205	
Vehicle and Equipment Insurance		28,000	
Other Charges		1,137	
Transportation Equipment		87,716	
Total Transportation			858,649

Operation of Non-instructional Services

Community Services

Other Salaries and Wages	\$	622	
Social Security		39	
Pensions		21	
Employer Medicare		9	
Other Charges		8,544	
Total Community Services			9,235

(Continued)

Exhibit I-9

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

General Purpose School Fund (Cont.)

Operation of Non-instructional Services (Cont.)

Early Childhood Education

Teachers	\$	71,270	
Educational Assistants		51,372	
Social Security		7,268	
Pensions		9,108	
Medical Insurance		5,357	
Employer Medicare		1,704	
Travel		4,576	
Other Contracted Services		4,131	
Instructional Supplies and Materials		35,121	
Other Equipment		7,818	
Total Early Childhood Education	\$		197,725

Capital Outlay

Regular Capital Outlay

Building Construction	\$	27,152	
Building Improvements		152,822	
Total Regular Capital Outlay			179,974

Total General Purpose School Fund \$ 16,903,926

School Federal Projects Fund

Instruction

Regular Instruction Program

Teachers	\$	620,344	
Educational Assistants		139,177	
Other Salaries and Wages		11,720	
Social Security		39,615	
Pensions		42,204	
Medical Insurance		6,915	
Employer Medicare		11,112	
Other Contracted Services		17,014	
Instructional Supplies and Materials		29,406	
Regular Instruction Equipment		23,410	
Total Regular Instruction Program	\$		940,917

Special Education Program

Teachers	\$	89,245	
Clerical Personnel		24,900	
Educational Assistants		275,272	
Non-certified Substitute Teachers		9,100	
Social Security		23,331	
Pensions		30,235	
Medical Insurance		12,399	
Employer Medicare		5,485	
Instructional Supplies and Materials		11,807	
Other Supplies and Materials		1,188	
Special Education Equipment		14,550	
Total Special Education Program			497,512

(Continued)

Exhibit I-9

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

School Federal Projects Fund (Cont.)

Instruction (Cont.)

Vocational Education Program

Other Salaries and Wages	\$	2,470	
Social Security		153	
Pensions		223	
Employer Medicare		36	
Instructional Supplies and Materials		2,550	
Other Charges		448	
Vocational Instruction Equipment		20,118	
Total Vocational Education Program			\$ 25,998

Support Services

Health Services

Travel	\$	1,151	
Total Health Services			1,151

Other Student Support

Bus Drivers	\$	1,290	
Other Salaries and Wages		400	
Social Security		105	
Pensions		52	
Employer Medicare		25	
Travel		10,012	
Other Charges		2,431	
Total Other Student Support			14,315

Regular Instruction Program

Supervisor/Director	\$	52,717	
Secretary(ies)		14,875	
Clerical Personnel		6,236	
Other Salaries and Wages		88,231	
Social Security		9,702	
Pensions		14,317	
Medical Insurance		8,028	
Employer Medicare		2,269	
Travel		3,472	
Other Contracted Services		25,200	
Other Supplies and Materials		1,032	
In Service/Staff Development		6,662	
Total Regular Instruction Program			232,741

Special Education Program

Travel	\$	391	
In Service/Staff Development		214	
Total Special Education Program			605

Vocational Education Program

Supervisor/Director	\$	1,768	
Employer Medicare		29	
Total Vocational Education Program			1,797

(Continued)

Exhibit I-9

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.)

Transportation

Bus Drivers	\$	29,485	
Social Security		1,825	
Pensions		2,161	
Employer Medicare		427	
Total Transportation			<u>\$ 33,898</u>

Total School Federal Projects Fund \$ 1,748,934

Central Cafeteria Fund

Operation of Non-instructional Services

Food Service

Supervisor/Director	\$	37,593	
Accountants/Bookkeepers		23,917	
Clerical Personnel		2,587	
Cafeteria Personnel		439,673	
Other Salaries and Wages		116,248	
Social Security		37,162	
Pensions		37,738	
Medical Insurance		10,630	
Unemployment Compensation		346	
Employer Medicare		8,693	
Communication		2,410	
Maintenance and Repair Services - Equipment		25,130	
Transportation - Other than Students		7,281	
Travel		10,061	
Other Contracted Services		23,965	
Food Supplies		881,820	
Office Supplies		5,317	
Uniforms		6,391	
Utilities		10,074	
USDA - Commodities		81,493	
Other Supplies and Materials		69,790	
In Service/Staff Development		2,868	
Other Charges		5,510	
Food Service Equipment		21,676	
Total Food Service			<u>\$ 1,868,373</u>

Total Central Cafeteria Fund 1,868,373

Total Governmental Funds - Chester County School Department \$ 20,521,233

Exhibit I-10

Chester County, Tennessee
Schedule of Detailed Receipts, Disbursements,
and Changes in Cash Balance - City Agency Fund
For the Year Ended June 30, 2015

	Cities - Sales Tax Fund
<hr/>	
<u>Cash Receipts</u>	
Local Option Sales Tax	\$ 827,451
Total Cash Receipts	<u>\$ 827,451</u>
 <u>Cash Disbursements</u>	
Remittance of Revenues Collected	\$ 819,176
Trustee's Commission	8,275
Total Cash Disbursements	<u>\$ 827,451</u>
 Excess of Cash Receipts Over (Under) Cash Disbursements	 \$ 0
Cash Balance, July 1, 2014	<u>0</u>
 Cash Balance, June 30, 2015	 <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, 2015, and the related notes to the financial statements, which collectively comprise Chester County's basic financial statements, and have issued our report thereon dated September 15, 2015.

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. 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: 2015-001, 2015-002, and 2015-003.

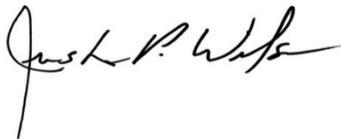
Compliance and Other Matters

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 no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

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

September 15, 2015

JPW/sb



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 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, 2015. 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, 2015.

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.

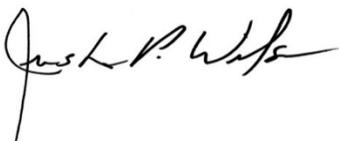
Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies. We did not identify any 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, 2015, and the related notes to the financial statements, which collectively comprise Chester County's basic financial statements. We issued our report thereon dated September 15, 2015, 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 basic 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 basic financial statements. The 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 Schedule of Expenditures of Federal Awards is fairly stated in all material respects in relation to the basic financial statements as a whole.

Very truly yours,



Justin P. Wilson
Comptroller of the Treasury
Nashville, Tennessee

September 15, 2015

JPW/sb

Chester County, Tennessee
Schedule of Expenditures of Federal Awards and State Grants (1)
For the Year Ended June 30, 2015

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	\$ 81,493 (3)
Passed-through State Department of Education:			
Child Nutrition Cluster:			
School Breakfast Program	10.553	N/A	181,660
National School Lunch Program	10.555	N/A	643,902 (3)
Summer Food Service Program for Children	10.559	N/A	511,700
Total U.S. Department of Agriculture			<u>\$ 1,418,755</u>
U.S. Department of Housing and Urban Development:			
Passed-through State Department of Economic and Community Development:			
Community Development Block Grants/State's Program	14.228	(2)	\$ 253,260
Total U.S. Department of Housing and Urban Development			<u>\$ 253,260</u>
U.S. Department of Justice:			
Passed-through State Commission on Children and Youth:			
Juvenile Justice and Delinquency Prevention - Allocation to States	16.540	31601-23358	\$ 8,274
Total U.S. Department of Justice			<u>\$ 8,274</u>
Institute of Museum and Library Services:			
Passed-through Tennessee Secretary of State:			
Grants to States	45.310	(2)	\$ 586
Total Institute of Museum and Library Services			<u>\$ 586</u>
U.S. Department of Education:			
Passed-through State Department of Education:			
Title I Grants to Local Educational Agencies	84.010	N/A	\$ 692,324
Special Education Cluster:			
Special Education - Grants to States	84.027	N/A	518,830
Special Education - Preschool Grants	84.173	N/A	15,761
Career and Technical Education - Basic Grants to States	84.048	(2)	39,678 (4)
Improving Teacher Quality State Grants	84.367	(2)	105,400
Teacher Incentive Fund	84.374	(2)	370,285
State Fiscal Stabilization Fund (SFSF) - Race-to-the-Top Incentive Grants, Recovery Act	84.395	N/A	15,392
Passed-through Madison County, Tennessee:			
Career and Technical Education - Basic Grants to States	84.048	N/A	29,935 (4)
Total U.S. Department of Education			<u>\$ 1,787,605</u>
U.S. Department of Homeland Security:			
Passed-through State Department of Military:			
Emergency Management Performance Grants	97.042	(2)	\$ 44,751
Total U.S. Department of Homeland Security			<u>\$ 44,751</u>
Total Expenditures of Federal Awards			<u>\$ 3,513,231</u>

(Continued)

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

<u>Federal/Pass-through Agency/State Grantor Program Title</u>	<u>Federal CFDA Number</u>	<u>Contract Number</u>	<u>Expenditures</u>
State Grants:			
Litter Program - State Department of Transportation	N/A	(2)	\$ 44,521
Family Resource Center - State Department of Education	N/A	(2)	29,612
Coordinated School Health - State Department of Education	N/A	(2)	89,383
Safe Schools - State Department of Education	N/A	(2)	17,070
ACT/Explore - State Department of Education	N/A	(2)	4,334
Early Childhood Education - State Department of Education	N/A	(2)	197,724
Waste Tire Grant - State Department of Environment and Conservation	N/A	(2)	1,496
Hub and Spoke Grant - State Department of Environment and Conservation	N/A	(2)	129,394
Recycling Grant - State Department of Environment and Conservation	N/A	(2)	14,877
Health Grant - State Department of Health	N/A	(2)	<u>38,313</u>
 Total State Grants			 <u>\$ 566,724</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 \$725,395.
- (4) Total for CFDA No. 84.048 is \$69,613.

Chester County, Tennessee
Schedule of Audit Findings Not Corrected
June 30, 2015

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, 2014, which have not been corrected.

OFFICE OF ROAD SUPERVISOR

<u>Finding Number</u>	<u>Page Number</u>	<u>Subject</u>
2014-001	164	Duties were not segregated adequately

OFFICE OF TRUSTEE

<u>Finding Number</u>	<u>Page Number</u>	<u>Subject</u>
2014-003	165	Multiple employees operated from the same cash drawer

CHESTER COUNTY, TENNESSEE

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

For the Year Ended June 30, 2015

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 material weaknesses 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); Title I Grants to Local Educational Agencies (CFDA No. 84.010); and Teacher Incentive Fund (CFDA No. 84.374) 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 qualified 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; however, management did not provide responses for inclusion in this report.

OFFICE OF ROAD SUPERVISOR

FINDING 2015-001

THE OFFICE HAD DEFICIENCIES IN PURCHASING PROCEDURES

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

As a part of our auditing procedures for determining whether internal controls over purchasing were operating as designed, we selected a sample of 25 disbursements totaling \$44,392 from a population of 421 vendor checks totaling \$1,030,335. Our examination revealed the following deficiencies, which were the result of a lack of management oversight.

- A. In two of 20 applicable instances, purchase orders were issued after the purchases were made. This practice defeats the purpose of the purchase order and makes it an approval of payment rather than approval of the purchase. This practice could result in purchases being made in excess of approved budgetary spending limits.
- B. Invoices were paid without documentation that goods had been received and/or services had been rendered in eight of 23 applicable purchases. This practice weakens controls over the purchasing process and increases the risks of paying for something that was never received.

RECOMMENDATION

To strengthen internal controls over purchasing procedures, the office should issue purchase orders for all applicable purchases before purchases are made, and documentation should be maintained that goods have been received or services have been rendered before invoices are paid.

FINDING 2015-002

DUTIES WERE NOT SEGREGATED ADEQUATELY

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

Duties were not segregated adequately among the official and the employee in the office. The employee responsible for maintaining accounting records was 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

The road supervisor should segregate duties to the extent possible using available resources.

OFFICE OF TRUSTEE

FINDING 2015-003

EMPLOYEES HAD ACCESS TO EACH CASH DRAWER

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

Although each employee had a separate cash drawer, all employees had access to each cash drawer. Good 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, the official 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 official 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

The trustee should ensure that each employee has access only to their own cash drawer.

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

There were no findings and questioned costs for federal awards.

BEST PRACTICE

Accounting literature describes a best practice as a recommended policy, procedure, or technique that aids management in improving financial performance. Historically, a best practice has consistently shown superior results over conventional methods.

The Division of Local Government Audit strongly believes that the item noted below 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.

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. 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.

**CHESTER COUNTY, TENNESSEE
AUDITEE REPORTING RESPONSIBILITIES
For the Year Ended June 30, 2015**

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