

ANNUAL FINANCIAL REPORT

CHESTER COUNTY, TENNESSEE

FOR THE YEAR ENDED JUNE 30, 2019



DIVISION OF LOCAL GOVERNMENT AUDIT



ANNUAL FINANCIAL REPORT
CHESTER COUNTY, TENNESSEE
FOR THE YEAR ENDED JUNE 30, 2019

COMPTROLLER OF THE TREASURY
JUSTIN P. WILSON

DIVISION OF LOCAL GOVERNMENT AUDIT
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This financial report is available at www.comptroller.tn.gov

CHESTER COUNTY, TENNESSEE

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Summary of Audit Findings

Annual Financial Report
Chester County, Tennessee
For the Year Ended June 30, 2019

Scope

We have audited the basic financial statements of Chester County as of and for the year ended June 30, 2019.

Results

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

Our audit resulted in one finding and recommendation, which we have reviewed with Chester County management. The detailed finding, recommendation, and management's response are included in the Single Audit section of this report.

Finding

The following is a summary of the audit finding:

OFFICES OF COUNTY MAYOR AND ACCOUNTING AND BUDGET DIRECTOR

- ◆ Revenue anticipation notes were not issued in compliance with state statutes.

INTRODUCTORY SECTION

Chester County Officials

June 30, 2019

Officials

Barry Hutcherson, 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
Doris Ethridge, Register of Deeds
Blair Weaver, Sheriff
Judy Benard, Accounting and Budget Director

Board of County Commissioners

Barry Hutcherson, County Mayor, Chairman	Andrea Holland
Mike Alexander	Diane Jordan
Larry Blackstock	Todd Lewis
Jackie Butler	Jerry Lowe
Russell Clayton	Al McKinnon
Tim Crowe	Joseph Melaro
Jerry Emerson	Ann Moore
Johnny Garner	Barry Smith
Carolyn Higgins	John Welch
Sandra Highers	

Board of Education

Bob Moore, Chairman
Dwight Bingham
Shane Connor
Norris Frank
Mark Griffin
Ronald Johnson

Audit Committee

John Allen Moore, Chairman
Jerry Lowe
Al McKinnon
Barry Smith

FINANCIAL SECTION



JUSTIN P. WILSON
Comptroller

JASON E. MUMPOWER
Deputy Comptroller

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, 2019, 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, 2019, 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.

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, schedules of school's proportionate share of the net pension assets, and schedules of county and school changes in the total OPEB liability and related ratios - other postemployment benefits plans on pages 90-98 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 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), miscellaneous schedules, and the other information such as the introductory section and management's corrective action plan are presented for purposes of additional analysis and are not a required part of the basic financial statements. The schedule of expenditures of federal awards is also presented for purposes of additional analysis as required by Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, and is not a required part of the basic financial statements.

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

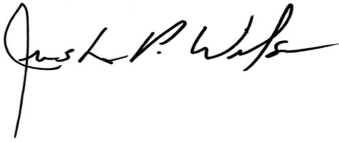
The introductory section and management's corrective action plan have not been subjected to the auditing procedures applied in the audit of the basic financial statements, and accordingly, we do not express an opinion or provide any assurance on them.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated September 25, 2019, 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 solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of Chester County's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering 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 at the end.

Justin P. Wilson
Comptroller of the Treasury
Nashville, Tennessee

September 25, 2019

JPW/yu

BASIC FINANCIAL STATEMENTS

Exhibit A

Chester County, Tennessee
Statement of Net Position
June 30, 2019

	Primary Governmental Activities	Component Unit Chester County School Department
<u>ASSETS</u>		
Cash	\$ 2,103	\$ 0
Equity in Pooled Cash and Investments	4,990,740	7,675,644
Investments	269,681	0
Accounts Receivable	24,641	4,504
Due from Other Governments	463,815	507,528
Property Taxes Receivable	4,477,490	1,912,573
Allowance for Uncollectible Property Taxes	(160,168)	(68,418)
Net Pension Asset - Agent Plan	998,305	731,559
Net Pension Asset - Teacher Retirement Plan	0	95,672
Net Pension Asset - Teacher Legacy Pension Plan	0	930,489
Restricted Assets:		
Amounts Accumulated for Pension Benefits	0	49,763
Capital Assets:		
Assets Not Depreciated:		
Land	2,909,731	941,552
Construction in Progress	63,508	0
Assets Net of Accumulated Depreciation:		
Buildings and Improvements	7,408,460	11,476,016
Infrastructure	2,820,212	0
Other Capital Assets	2,753,528	1,736,916
Total Assets	<u>\$ 27,022,046</u>	<u>\$ 25,993,798</u>
<u>DEFERRED OUTFLOWS OF RESOURCES</u>		
Deferred Charge on Refunding	\$ 489,775	\$ 0
Pension Changes in Experience	0	193,503
Pension Changes in Assumptions	184,135	689,000
Pension Other Deferrals	0	208,570
Pension Contributions After Measurement Date	253,286	1,051,461
OPEB Changes in Assumptions	12,624	43,519
OPEB Contributions After Measurement Date	4,742	0
Total Deferred Outflows of Resources	<u>\$ 944,562</u>	<u>\$ 2,186,053</u>
<u>LIABILITIES</u>		
Accounts Payable	\$ 3,053	\$ 0
Payroll Deductions Payable	836	211,554
Accrued Interest Payable	22,783	0
Noncurrent Liabilities:		
Due Within One Year - Debt	584,760	0
Due Within One Year - Other	2,482	0
Due in More Than One Year - Debt	9,635,784	0
Due in More Than One Year - Other	381,726	1,482,150
Total Liabilities	<u>\$ 10,631,424</u>	<u>\$ 1,693,704</u>

(Continued)

Exhibit A

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

	Primary Government Governmental Activities	Component Units Chester County School Department
<u>DEFERRED INFLOWS OF RESOURCES</u>		
Deferred Current Property Taxes	\$ 4,190,618	\$ 1,790,034
Pension Changes in Experience	454,253	1,591,993
Pension Changes in Investment Earnings	52,816	246,621
Pension Changes in Proportion	0	47,790
OPEB Changes in Experience	53,987	34,665
OPEB Changes in Assumptions	10,246	0
Total Deferred Inflows of Resources	<u>\$ 4,761,920</u>	<u>\$ 3,711,103</u>
<u>NET POSITION</u>		
Net Investment in Capital Assets	\$ 7,634,111	\$ 14,154,484
Restricted for:		
General Government	55	0
Finance	22,444	0
Administration of Justice	45,010	0
Public Safety	134,308	0
Public Health and Welfare	17,072	0
Social, Cultural, and Recreational Services	298,783	0
Highway/Public Works	899,433	0
Capital Outlay	0	1,374,421
Debt Service	797,783	0
Education	0	41,011
Operation of Non-instructional Services	0	352,832
Pensions	998,305	1,757,720
Hybrid Retirement Stabilization Funds	0	49,763
Unrestricted	<u>1,725,960</u>	<u>5,044,813</u>
Total Net Position	<u>\$ 12,573,264</u>	<u>\$ 22,775,044</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, 2019

Functions/Programs	Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Position	
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Primary Government Total	Component Unit
					Governmental Activities	Chester County School Department
Primary Government:						
Governmental Activities:						
General Government	\$ 990,245	\$ 84,954	\$ 47,753	\$ 4,900	\$ (852,638)	\$ 0
Finance	768,172	420,455	0	0	(347,717)	0
Administration of Justice	750,966	362,699	9,000	0	(379,267)	0
Public Safety	3,935,918	768,873	55,200	58,833	(3,053,012)	0
Public Health and Welfare	1,540,427	352,992	951,957	0	(235,478)	0
Social, Cultural, and Recreational Services	201,687	14,531	0	0	(187,156)	0
Agriculture and Natural Resources	89,515	0	0	0	(89,515)	0
Highways/Public Works	1,881,198	0	2,058,304	0	177,106	0
Education	1,690,500	0	0	0	(1,690,500)	0
Interest on Long-term Debt	272,772	0	0	0	(272,772)	0
Total Primary Government	<u>\$ 12,121,400</u>	<u>\$ 2,004,504</u>	<u>\$ 3,122,214</u>	<u>\$ 63,733</u>	<u>\$ (6,930,949)</u>	<u>\$ 0</u>
Component Unit:						
Chester County School Department	<u>\$ 23,273,960</u>	<u>\$ 425,111</u>	<u>\$ 2,519,631</u>	<u>\$ 1,690,500</u>	<u>\$ 0</u>	<u>\$ (18,638,718)</u>
Total Component Unit	<u>\$ 23,273,960</u>	<u>\$ 425,111</u>	<u>\$ 2,519,631</u>	<u>\$ 1,690,500</u>	<u>\$ 0</u>	<u>\$ (18,638,718)</u>

(Continued)

Exhibit B

Chester County, Tennessee
Statement of Activities (Cont.)

Functions/Programs	Expenses	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 Total Governmental Activities	Chester County School Department
General Revenues:						
Taxes:						
Property Taxes Levied for General Purposes					\$ 4,232,114	\$ 1,971,490
Property Taxes Levied for Debt Service					49,592	0
Local Option Sales Taxes					234,823	1,434,831
Wheel Tax					847,642	0
Litigation Taxes					75,568	0
Business Tax					95,861	0
Wholesale Beer Tax					50,805	0
Other Local Taxes					16,403	0
Grants and Contributions Not Restricted to Specific Programs					796,812	18,343,325
Unrestricted Investment Income					75,569	97,881
Miscellaneous					42,389	22,827
Total General Revenues					<u>\$ 6,517,578</u>	<u>\$ 21,870,354</u>
Change in Net Position					\$ (413,371)	\$ 3,231,636
Net Position, July 1, 2018					<u>12,986,635</u>	<u>19,543,408</u>
Net Position, June 30, 2019					<u><u>\$ 12,573,264</u></u>	<u><u>\$ 22,775,044</u></u>

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, 2019

	Major Funds			Nonmajor Funds	
	General	Solid Waste / Sanitation	Highway / Public Works	Other Govern- mental Funds	Total Governmental Funds
<u>ASSETS</u>					
Cash	\$ 0	\$ 0	\$ 0	\$ 2,103	\$ 2,103
Equity in Pooled Cash and Investments	2,929,438	373,288	1,038,424	649,590	4,990,740
Investments	0	0	0	269,681	269,681
Accounts Receivable	1,353	22,875	13	400	24,641
Due from Other Governments	118,397	17,826	327,592	0	463,815
Due from Other Funds	2,151	0	0	0	2,151
Property Taxes Receivable	4,374,678	0	51,406	51,406	4,477,490
Allowance for Uncollectible Property Taxes	(156,492)	0	(1,838)	(1,838)	(160,168)
Total Assets	\$ 7,269,525	\$ 413,989	\$ 1,415,597	\$ 971,342	\$ 10,070,453
<u>LIABILITIES</u>					
Accounts Payable	\$ 1,339	\$ 1,597	\$ 0	\$ 117	\$ 3,053
Payroll Deductions Payable	21	60	755	0	836
Due to Other Funds	0	0	0	2,151	2,151
Total Liabilities	\$ 1,360	\$ 1,657	\$ 755	\$ 2,268	\$ 6,040
<u>DEFERRED INFLOWS OF RESOURCES</u>					
Deferred Current Property Taxes	\$ 4,094,392	\$ 0	\$ 48,113	\$ 48,113	\$ 4,190,618
Deferred Delinquent Property Taxes	107,294	0	1,260	1,260	109,814
Other Deferred/Unavailable Revenue	14,151	3,000	151,030	0	168,181
Total Deferred Inflows of Resources	\$ 4,215,837	\$ 3,000	\$ 200,403	\$ 49,373	\$ 4,468,613

(Continued)

Exhibit C-1

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

	Major Funds			Nonmajor Funds	
	General	Solid Waste / Sanitation	Highway / Public Works	Other Governmental Funds	Total Governmental Funds
<u>FUND BALANCES</u>					
Nonspendable:					
Endowments	\$ 0	\$ 0	\$ 0	\$ 298,783	\$ 298,783
Restricted:					
Restricted for General Government	55	0	0	0	55
Restricted for Finance	22,444	0	0	0	22,444
Restricted for Administration of Justice	45,010	0	0	0	45,010
Restricted for Public Safety	38,773	0	0	95,535	134,308
Restricted for Public Health and Welfare	14,072	0	0	0	14,072
Restricted for Highways/Public Works	0	0	826,575	0	826,575
Restricted for Debt Service	0	0	0	329,531	329,531
Committed:					
Committed for General Government	481,968	0	0	0	481,968
Committed for Public Health and Welfare	0	409,332	0	0	409,332
Committed for Social, Cultural, and Recreational Services	0	0	0	161,666	161,666
Committed for Highways/Public Works	0	0	387,864	0	387,864
Committed for Capital Outlay	0	0	0	8,740	8,740
Committed for Debt Service	0	0	0	25,446	25,446
Unassigned	2,450,006	0	0	0	2,450,006
Total Fund Balances	\$ 3,052,328	\$ 409,332	\$ 1,214,439	\$ 919,701	\$ 5,595,800
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	\$ 7,269,525	\$ 413,989	\$ 1,415,597	\$ 971,342	\$ 10,070,453

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, 2019

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)		\$	5,595,800
(1) Capital assets used in governmental activities are not financial resources and therefore are not reported in the governmental funds.			
Add: land	\$	2,909,731	
Add: construction in progress		63,508	
Add: buildings and improvements net of accumulated depreciation		7,408,460	
Add: infrastructure net of accumulated depreciation		2,820,212	
Add: other capital assets net of accumulated depreciation		<u>2,753,528</u>	15,955,439
(2) Long-term liabilities are not due and payable in the current period and therefore are not reported in the governmental funds.			
Less: notes payable	\$	(1,707,160)	
Less: bonds payable		(8,390,000)	
Less: compensated absences payable		(462)	
Less: landfill closure/postclosure care costs		(159,618)	
Less: net OPEB liability		(224,128)	
Less: accrued interest on bonds and notes		(22,783)	
Add: deferred amount on refunding		489,775	
Less: other deferred revenue - premium on debt		<u>(123,384)</u>	(10,137,760)
(3) Amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions and OPEB will be amortized and recognized as components of pension expense in future years.			
Add: deferred outflows of resources related to pensions	\$	437,421	
Less: deferred inflows of resources related to pensions		(507,069)	
Add: deferred outflows of resources related to OPEB		17,366	
Less: deferred inflows of resources related to OPEB		<u>(64,233)</u>	(116,515)
(4) Net pension assets of the agent plan are not current financial resources and therefore are not reported in the governmental funds.			998,305
(5) Other long-term assets are not available to pay for current-period expenditures and therefore are deferred in the governmental funds.			<u>277,995</u>
Net position of governmental activities (Exhibit A)		\$	<u><u>12,573,264</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, 2019

	Major Funds				Nonmajor Funds	
	General	Solid Waste / Sanitation	Highway / Public Works	Education Capital Projects	Other Govern- mental Funds	Total Governmental Funds
<u>Revenues</u>						
Local Taxes	\$ 4,662,630	\$ 396,879	\$ 52,664	\$ 0	\$ 722,590	\$ 5,834,763
Licenses and Permits	0	20,059	0	0	0	20,059
Fines, Forfeitures, and Penalties	85,890	0	0	0	9,422	95,312
Charges for Current Services	116,001	113,306	0	0	18,266	247,573
Other Local Revenues	12,627	290,888	27,610	0	26,523	357,648
Fees Received From County Officials	739,679	0	0	0	0	739,679
State of Tennessee	560,314	1,225,074	2,047,215	0	77,628	3,910,231
Federal Government	45,000	0	0	0	0	45,000
Other Governments and Citizens Groups	286,844	8,538	0	0	179,953	475,335
Total Revenues	\$ 6,508,985	\$ 2,054,744	\$ 2,127,489	\$ 0	\$ 1,034,382	\$ 11,725,600
<u>Expenditures</u>						
Current:						
General Government	\$ 1,174,554	\$ 0	\$ 0	\$ 0	\$ 0	\$ 1,174,554
Finance	786,523	0	0	0	0	786,523
Administration of Justice	672,451	0	0	0	4,335	676,786
Public Safety	3,599,720	0	0	0	34,504	3,634,224
Public Health and Welfare	85,794	2,107,509	0	0	0	2,193,303
Social, Cultural, and Recreational Services	43,630	0	0	0	93,711	137,341
Agriculture and Natural Resources	74,519	0	0	0	0	74,519
Other Operations	184,313	9,176	0	0	845	194,334
Highways	0	0	1,718,058	0	0	1,718,058
Debt Service:						
Principal on Debt	20,818	0	0	0	577,160	597,978
Interest on Debt	367	0	0	0	268,705	269,072
Other Debt Service	0	0	0	9,500	8,429	17,929

(Continued)

Exhibit C-3

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

	Major Funds				Nonmajor Funds	
	General	Solid Waste / Sanitation	Highway / Public Works	Education Capital Projects	Other Govern- mental Funds	Total Governmental Funds
<u>Expenditures (Cont.)</u>						
Capital Projects	\$ 46,570	\$ 0	\$ 0	\$ 1,690,500	\$ 0	\$ 1,737,070
Total Expenditures	\$ 6,689,259	\$ 2,116,685	\$ 1,718,058	\$ 1,700,000	\$ 987,689	\$ 13,211,691
Excess (Deficiency) of Revenues Over Expenditures	\$ (180,274)	\$ (61,941)	\$ 409,431	\$ (1,700,000)	\$ 46,693	\$ (1,486,091)
<u>Other Financing Sources (Uses)</u>						
Notes Issued	\$ 0	\$ 0	\$ 0	\$ 1,700,000	\$ 0	\$ 1,700,000
Insurance Recovery	0	0	16,938	0	0	16,938
Transfers In	0	0	0	0	67,297	67,297
Transfers Out	0	0	(67,297)	0	0	(67,297)
Total Other Financing Sources (Uses)	\$ 0	\$ 0	\$ (50,359)	\$ 1,700,000	\$ 67,297	\$ 1,716,938
Net Change in Fund Balances	\$ (180,274)	\$ (61,941)	\$ 359,072	\$ 0	\$ 113,990	\$ 230,847
Fund Balance, July 1, 2018	3,232,602	471,273	855,367	0	805,711	5,364,953
Fund Balance, June 30, 2019	\$ 3,052,328	\$ 409,332	\$ 1,214,439	\$ 0	\$ 919,701	\$ 5,595,800

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, 2019

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)		\$	230,847
(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	\$	1,141,082	
Less: current-year depreciation expense		(907,664)	233,418
(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, 2019	\$	277,995	
Less: deferred delinquent property taxes and other deferred June 30, 2018		(302,682)	(24,687)
(3) The issuance of long-term debt (e.g., bonds, notes, leases) provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net position. Also, governmental funds report the effect of premiums, discounts, and similar items when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities. This amount is the net effect of these differences in the treatment of long-term debt and related items.			
Add: principal payments on bonds	\$	390,000	
Add: principal payments on notes		187,160	
Add: principal payments on capital leases		20,818	
Less: note proceeds		(1,700,000)	
Add: change in premium on debt issuances		7,116	
Less: change in deferred amount on refunding		(40,950)	(1,135,856)
(4) Some expenses reported in the statement of activities do not require the use of current financial resources and therefore are not reported as expenditures in the governmental funds.			
Change in accrued interest payable	\$	(3,700)	
Change in compensated absences payable		(119)	
Change in net OPEB liability		20,884	
Change in landfill closure/postclosure care costs		(1,566)	
Change in deferred outflows related to pensions		(90,948)	
Change in deferred inflows related to pensions		63,285	
Change in deferred outflows related to OPEB		13,541	
Change in deferred inflows related to OPEB		(52,666)	
Change in net pension asset		334,196	282,907
Change in net position of governmental activities (Exhibit B)		\$	<u>(413,371)</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, 2019

	Actual	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
		Original	Final	
<u>Revenues</u>				
Local Taxes	\$ 4,662,630	\$ 4,688,440	\$ 4,688,440	\$ (25,810)
Fines, Forfeitures, and Penalties	85,890	79,860	79,860	6,030
Charges for Current Services	116,001	74,000	74,000	42,001
Other Local Revenues	12,627	50,800	50,800	(38,173)
Fees Received From County Officials	739,679	702,900	702,900	36,779
State of Tennessee	560,314	544,064	642,078	(81,764)
Federal Government	45,000	43,000	43,000	2,000
Other Governments and Citizens Groups	286,844	269,500	269,500	17,344
Total Revenues	\$ 6,508,985	\$ 6,452,564	\$ 6,550,578	\$ (41,593)
<u>Expenditures</u>				
<u>General Government</u>				
County Commission	\$ 30,844	\$ 27,300	\$ 32,100	\$ 1,256
Board of Equalization	1,400	1,100	2,500	1,100
Budget and Finance Committee	2,799	3,200	3,200	401
County Mayor/Executive	157,841	156,553	163,353	5,512
County Attorney	18,236	20,000	20,000	1,764
Election Commission	205,549	225,368	225,368	19,819
Register of Deeds	143,185	152,604	152,604	9,419
County Buildings	558,860	424,049	613,611	54,751
Other Facilities	20,395	19,850	22,250	1,855
Other General Administration	35,445	47,800	47,800	12,355
<u>Finance</u>				
Accounting and Budgeting	127,898	126,302	144,577	16,679
Property Assessor's Office	207,570	235,615	235,615	28,045
Reappraisal Program	15,779	16,400	16,400	621
County Trustee's Office	202,083	201,562	215,922	13,839
County Clerk's Office	226,683	239,825	239,825	13,142
Other Finance	6,510	6,167	6,517	7
<u>Administration of Justice</u>				
Circuit Court	277,972	276,207	287,557	9,585
General Sessions Court	111,574	117,668	128,078	16,504
Chancery Court	243,794	231,695	247,785	3,991
Juvenile Court	39,111	44,535	44,535	5,424
<u>Public Safety</u>				
Sheriff's Department	1,761,239	1,933,425	1,898,090	136,851
Jail	1,516,713	1,472,227	1,536,377	19,664
Juvenile Services	57,848	55,235	62,035	4,187
Fire Prevention and Control	150,767	174,440	174,440	23,673
Civil Defense	84,138	72,558	97,497	13,359
Rescue Squad	6,700	6,700	6,700	0
County Coroner/Medical Examiner	22,315	10,000	24,000	1,685
<u>Public Health and Welfare</u>				
Local Health Center	30,576	38,820	38,820	8,244
Ambulance/Emergency Medical Services	0	275,112	0	0
Alcohol and Drug Programs	0	3,000	3,000	3,000
Other Local Health Services	23,949	17,120	32,545	8,596
Regional Mental Health Center	10,000	10,000	10,000	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>				
General Welfare Assistance	\$ 14,493	\$ 15,500	\$ 15,500	\$ 1,007
Other Local Welfare Services	6,776	0	6,776	0
<u>Social, Cultural, and Recreational Services</u>				
Senior Citizens Assistance	10,000	10,000	10,000	0
Other Social, Cultural, and Recreational	33,630	39,500	39,500	5,870
<u>Agriculture and Natural Resources</u>				
Agricultural Extension Service	51,146	60,950	60,950	9,804
Forest Service	0	2,000	2,000	2,000
Soil Conservation	15,473	17,450	17,450	1,977
Flood Control	7,900	7,500	7,900	0
<u>Other Operations</u>				
Tourism	0	525	525	525
Industrial Development	25,000	0	25,000	0
Veterans' Services	30,189	50,529	30,694	505
Employee Benefits	9,614	79,650	9,650	36
Miscellaneous	119,510	0	122,525	3,015
<u>Principal on Debt</u>				
General Government	20,818	0	20,818	0
<u>Interest on Debt</u>				
General Government	367	0	367	0
<u>Capital Projects</u>				
Public Health and Welfare Projects	46,570	0	48,000	1,430
Total Expenditures	\$ 6,689,259	\$ 6,926,041	\$ 7,150,756	\$ 461,497
Excess (Deficiency) of Revenues				
Over Expenditures	\$ (180,274)	\$ (473,477)	\$ (600,178)	\$ 419,904
Net Change in Fund Balance				
Fund Balance, July 1, 2018	\$ 3,232,602	\$ 1,935,952	\$ 1,935,952	\$ 1,296,650
Fund Balance, June 30, 2019	\$ 3,052,328	\$ 1,462,475	\$ 1,335,774	\$ 1,716,554

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, 2019

	Actual	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
		Original	Final	
<u>Revenues</u>				
Local Taxes	\$ 396,879	\$ 422,800	\$ 422,800	\$ (25,921)
Licenses and Permits	20,059	20,350	20,350	(291)
Charges for Current Services	113,306	106,800	108,500	4,806
Other Local Revenues	290,888	261,500	281,965	8,923
State of Tennessee	1,225,074	362,200	1,224,627	447
Other Governments and Citizens Groups	8,538	0	0	8,538
Total Revenues	<u>\$ 2,054,744</u>	<u>\$ 1,173,650</u>	<u>\$ 2,058,242</u>	<u>\$ (3,498)</u>
<u>Expenditures</u>				
<u>Public Health and Welfare</u>				
Sanitation Education/Information	\$ 26,172	\$ 44,200	\$ 44,200	\$ 18,028
Convenience Centers	427,259	464,507	457,701	30,442
Recycling Center	1,297,863	293,450	1,326,747	28,884
Other Waste Disposal	352,169	411,375	395,480	43,311
Postclosure Care Costs	4,046	5,000	5,000	954
<u>Other Operations</u>				
Other Charges	1,590	11,000	11,000	9,410
Miscellaneous	7,586	7,500	7,500	(86)
Total Expenditures	<u>\$ 2,116,685</u>	<u>\$ 1,237,032</u>	<u>\$ 2,247,628</u>	<u>\$ 130,943</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>\$ (61,941)</u>	<u>\$ (63,382)</u>	<u>\$ (189,386)</u>	<u>\$ 127,445</u>
Net Change in Fund Balance	\$ (61,941)	\$ (63,382)	\$ (189,386)	\$ 127,445
Fund Balance, July 1, 2018	<u>471,273</u>	<u>301,003</u>	<u>301,003</u>	<u>170,270</u>
Fund Balance, June 30, 2019	<u>\$ 409,332</u>	<u>\$ 237,621</u>	<u>\$ 111,617</u>	<u>\$ 297,715</u>

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

Exhibit C-7

Chester County, Tennessee
Statement of Revenues, Expenditures, and Changes
in Fund Balance - Actual and Budget
Highway/Public Works Fund
For the Year Ended June 30, 2019

	Actual	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
		Original	Final	
<u>Revenues</u>				
Local Taxes	\$ 52,664	\$ 63,800	\$ 63,800	\$ (11,136)
Other Local Revenues	27,610	22,500	22,500	5,110
State of Tennessee	2,047,215	1,952,000	1,963,050	84,165
Total Revenues	<u>\$ 2,127,489</u>	<u>\$ 2,038,300</u>	<u>\$ 2,049,350</u>	<u>\$ 78,139</u>
<u>Expenditures</u>				
<u>Highways</u>				
Administration	\$ 158,914	\$ 164,774	\$ 172,158	\$ 13,244
Highway and Bridge Maintenance	960,429	912,183	995,849	35,420
Operation and Maintenance of Equipment	234,698	218,748	240,248	5,550
Other Charges	92,057	86,500	96,500	4,443
Employee Benefits	257,860	263,000	273,000	15,140
Capital Outlay	14,100	330,000	208,500	194,400
Total Expenditures	<u>\$ 1,718,058</u>	<u>\$ 1,975,205</u>	<u>\$ 1,986,255</u>	<u>\$ 268,197</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>\$ 409,431</u>	<u>\$ 63,095</u>	<u>\$ 63,095</u>	<u>\$ 346,336</u>
<u>Other Financing Sources (Uses)</u>				
Insurance Recovery	\$ 16,938	\$ 5,000	\$ 5,000	\$ 11,938
Transfers Out	(67,297)	(67,297)	(67,297)	0
Total Other Financing Sources	<u>\$ (50,359)</u>	<u>\$ (62,297)</u>	<u>\$ (62,297)</u>	<u>\$ 11,938</u>
Net Change in Fund Balance	\$ 359,072	798	798	358,274
Fund Balance, July 1, 2018	<u>855,367</u>	<u>897,674</u>	<u>897,674</u>	<u>(42,307)</u>
Fund Balance, June 30, 2019	<u>\$ 1,214,439</u>	<u>\$ 898,472</u>	<u>\$ 898,472</u>	<u>\$ 315,967</u>

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, 2019

	<u>Agency Funds</u>
<u>ASSETS</u>	
Cash	\$ 1,585,459
Due from Other Governments	<u>202,000</u>
Total Assets	<u>\$ 1,787,459</u>
<u>LIABILITIES</u>	
Due to Other Taxing Units	\$ 202,000
Due to Litigants, Heirs, and Others	<u>1,585,459</u>
Total Liabilities	<u>\$ 1,787,459</u>

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

CHESTER COUNTY, TENNESSEE

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CHESTER COUNTY, TENNESSEE
NOTES TO THE FINANCIAL STATEMENTS
For the Year Ended June 30, 2019

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 financial statements of the Chester County Emergency Communications District, a component unit requiring discrete presentation, were excluded from this report due to materiality calculations; therefore, the effect of the omission did not affect the independent auditor's opinion thereon. The component units discussed below are included in the county's reporting entity because of the significance of their operational or financial relationships with the county.

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

The 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 material to the component units' opinion unit and therefore have been omitted from this report.

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

Administrative Office:

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

B. Government-wide and Fund Financial Statements

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

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

Chester County issues all debt for the discretely presented Chester County School Department. Net debt issues totaling \$1,690,500 were contributed by the county to the School Department during the year ended June 30, 2019.

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 General Debt Service Fund for payments to be made early in the following year.

Property taxes for the period levied, in-lieu-of tax payments, sales taxes, interest, and miscellaneous taxes are all considered to be susceptible to

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

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.

Education Capital Projects Fund – This fund accounts for debt issued by Chester County that is subsequently contributed to the discretely presented Chester County School Department for construction and renovation projects.

Additionally, Chester County reports the following fund types:

Debt Service Fund – The General Debt Service Fund is used to account for the resources accumulated and payments made for principal and interest on long-term general obligation debt of governmental funds.

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 funds:

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

Education Capital Projects Fund – This fund accounts for transactions involving building construction and renovations 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.

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 amortized cost using a stable net asset value. State statutes require the state treasurer to administer the pool under the same terms and conditions, including collateral requirements, as prescribed for other funds invested by the state treasurer. All other investments are reported at fair value.

2. Receivables and Payables

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

Property taxes receivable are shown with an allowance for uncollectibles. The allowance for uncollectible property taxes is equal to 1.88 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. Restricted Assets

Restricted assets also consist of amounts held in a pension stabilization trust by the Tennessee Consolidated Retirement System (TCRS) for the benefit of the discretely presented Chester County School Department's Teacher Retirement Plan. The purpose of this trust is to accumulate funds to provide stabilization (smoothing) of retirement costs to the school system in times of fluctuating investment returns and market downturns. These funds are held and invested by TCRS pursuant to an irrevocable agreement and may only be used for the benefit of the Chester County School Department to fund retirement benefits upon approval of the TCRS Board of Directors. To date, the Chester County School Department has not withdrawn any funds from the trust to pay pension cost. Trust documents provide that the funds are not subject to the claims of general creditors of the School Department.

4. 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 acquisition value at the date of donation.

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

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

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

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

5. Deferred Outflows/Inflows of Resources

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

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, pension changes in proportionate share of contributions, OPEB changes in experience and assumptions, 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.

6. 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.

7. Long-term Debt and Long-term Obligations

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

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

Only the matured portion (the portion that has come due for payment) of long-term indebtedness, including bonds payable, is recognized as a

liability and expenditure in the governmental fund financial statements. Liabilities and expenditures for other long-term obligations, including compensated absences, other postemployment benefits, and landfill closure/postclosure care costs, are recognized to the extent that the liabilities have matured (come due for payment) each period.

8. 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, 2019, Chester County had \$1,894,600 in outstanding debt for capital purposes for 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.

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.

F, Other Postemployment Benefit (OPEB) Plans

Primary Government

For purposes of measuring the net OPEB liability, deferred outflows of resources and deferred inflows of resources related to OPEB, and OPEB expense, have been determined on the same basis as they are reported by Chester County. For this purpose, Chester County recognizes benefit payments when due and payable in accordance with benefit terms. Chester County's OPEB plan is not administered through a trust.

Discretely Presented Chester County School Department

For purposes of measuring the net OPEB liability, deferred outflows of resources and deferred inflows of resources related to OPEB, and OPEB expense, have been determined on the same basis as they are reported by the discretely presented Chester County School Department. For this purpose, the School Department recognizes benefit payments when due and payable in accordance with benefit terms. The School Department's OPEB plan is not administered through a trust.

II. RECONCILIATION OF GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS

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

Primary Government

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

Discretely Presented Chester County School Department

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

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

Primary Government

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

Discretely Presented Chester County School Department

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

III. STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY

A. Budgetary Information

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 primary government capital projects funds, which adopts 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.

At June 30, 2019, the Chester County School Department had outstanding encumbrances in budgeted funds as follows:

<u>Funds</u>	<u>Amount</u>
School Department:	
General Purpose School	\$ 160,366
Education Capital Projects	593,122
Nonmajor Governmental	<u>42,255</u>
Total	<u>\$ 795,743</u>

B. Revenue Anticipation Notes Were Not Issued in Compliance with State Statutes

Revenue anticipation notes totaling \$700,215 were not issued in compliance with state statutes. Details are discussed in the Schedule of Findings and Questioned Costs section of this report.

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, 2019, Chester County had the following investments carried at fair value within the fair value hierarchy established by generally accepted accounting principles. These investments were made in accordance with an agreement with a charitable foundation for an endowment to benefit the Chester County Public Library.

Investment	Maturities	Fair Value
Endowment Fund:		
Vanguard 500 Index Fund	On Demand	\$ 125,328
Fidelity International Index Fund	"	21,374
Vanguard Short-term Bond Index Fund	"	27,005
Vanguard Total Bond Fund	"	65,755
Vanguard Intermediate-term Corporate Bond Index Fund	"	<u>30,219</u>
Total		<u><u>\$ 269,681</u></u>

		Fair Value Measurements Using
		Quoted Prices in Active Markets for Identical Assets (Level 1)
Investment by Fair Value Level	Fair Value 6-30-19	
Vanguard 500 Index Fund	\$ 125,328	\$ 125,328
Fidelity International Index Fund	21,374	21,374
Vanguard Short-term Bond Index Fund	27,005	27,005
Vanguard Total Bond Fund	65,755	65,755
Vanguard Intermediate-term Corporate Bond Index Fund	<u>30,219</u>	<u>30,219</u>
Total	<u><u>\$ 269,681</u></u>	<u><u>\$ 269,681</u></u>

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

Interest Rate Risk. Interest rate risk is the risk that changes in interest rates will adversely affect the fair value of an investment. State statutes limit the maturities of certain investments as previously disclosed. 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, 2019, 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.

TCRS Stabilization Trust

Legal Provisions. The Chester County School Department is a member of the Tennessee Consolidated Retirement System (TCRS) Stabilization Reserve Trust. The School Department has placed funds into the irrevocable trust as authorized by 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 trust. Funds of trust members are held and invested in the name of the trust for the benefit of each member. Each member's funds are restricted for the payment of retirement benefits of that member's employees. Trust funds are not subject to the claims of general creditors of the School Department.

The trust is authorized to make investments as directed by the TCRS Board of Trustees. The Chester County School Department may not impose any restrictions on investments placed by the trust on their behalf.

Investment Balances. Assets of the TCRS, including the Stabilization Reserve Trust, are invested in the Tennessee Retiree Group Trust (TRGT). The TRGT is not registered with the Securities and Exchange Commission (SEC) as an investment company. The State of Tennessee has not obtained a credit quality rating for the TRGT from a nationally recognized credit ratings agency. The fair value of investment positions in the TRGT is determined daily based on the fair value of the pool's underlying portfolio. Furthermore, TCRS had not obtained or provided any legally binding guarantees to support the value of participant shares during the fiscal year. There are no restrictions on the sale or redemption of shares.

Investments are reported at fair value or amortized which approximates fair value. Securities traded on a national exchange are valued at the last reported sales price. Investment income consists of realized and unrealized appreciation (depreciation) in the fair Securities and securities transactions are recorded in the financial statements on a trade-date basis. The fair value of assets of the TRGT held at June 30, 2019, represents the price that would be received to sell an asset or paid to transfer a liability in an orderly

transaction between market participants. Assets held are categorized for fair value measurement within the fair value hierarchy established by GAAP. The hierarchy is based on the valuation inputs used to measure the fair value of the asset and give the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (Level 1 measurements) and the lowest priority to unobservable inputs (Level 3 measurements).

- Level 1 - Unadjusted quoted prices for identical assets or liabilities in active markets that can be accessed at the measurement date.
- Level 2 - Quoted prices for similar assets or liabilities in active markets; quoted prices for identical or similar assets or liabilities in markets that are not active; assets or liabilities that have a bid-ask spread price in an inactive dealer market, brokered market and principal-to-principal market; and Level 1 assets or liabilities that are adjusted.
- Level 3 - Valuations derived from valuation techniques in which significant inputs are unobservable.

Investments using the Net Asset Value (“NAV”) per share have no readily determinable fair value and have been determined using amortized cost which approximates fair value.

Where inputs used in the measurement of fair value fall into different levels of the hierarchy, fair value of the instrument in its entirety is categorized based on the lowest level input that is significant to the valuation. This assessment requires professional judgement and as such management of the TRGT developed a fair value committee that worked in conjunction with the plan’s custodian and investment professionals to make these valuations. All assets held were valued individually and aggregated into classes to be represented in the table below.

Short-term securities generally include investments in money market-type securities reported at cost plus accrued interest.

Equity and equity derivative securities classified in Level 1 are valued using last reported sales prices quoted in active markets that can be accessed at the measurement date. Equity and equity derivative securities classified in Level 2 are securities whose values are derived daily from associated traded securities. Equity securities classified in Level 3 are valued with last trade data having limited trading volume.

U.S. Treasury Bills, Bonds, Notes and Futures classified in Level 1 are valued using last reported sales prices quoted in active markets that can be accessed at the measurement date. Debt and debt derivative securities classified in Level 2 are valued using a bid-ask spread price from multiple independent brokers, dealers, or market principals, which are known to be actively involved in the market. Level 3 debt securities are valued using

proprietary information, a single pricing source, or other unobservable inputs related to similar assets or liabilities.

Real estate investments classified in Level 3 are valued using the last valuations provided by external investment advisors or independent external appraisers. Generally, all direct real estate investments are appraised by a qualified independent appraiser(s) with the professional designation of Member of the Appraisal Institute (“MAI”), or its equivalent, every three (3) years beginning from the acquisition date of the property. The appraisals are performed using generally accepted valuation approaches applicable to the property type.

Investments in private mutual funds, traditional private equity funds, strategic lending funds and real estate funds that report using GAAP, the fair value, as well as the unfunded commitments, were determined using the prior quarter’s NAV, as reported by the fund managers, plus the current cash flows. These assets were then categorized by investment strategy. In instances where the fund investment reported using non-GAAP standards, the investment was valued using the same method, but was classified in Level 3.

At June 30, 2019, the Chester County School Department had the following investments held by the trust on its behalf.

Investment	Weighted Average Maturity (days)	Maturities	Fair Value
Investments at Fair Value:			
U.S. Equity	N/A	N/A	\$ 15,427
Developed Market International Equity	N/A	N/A	6,967
Emerging Market International Equity	N/A	N/A	1,991
U.S. Fixed Income	N/A	N/A	9,953
Real Estate	N/A	N/A	4,976
Short-term Securities	N/A	N/A	498
Investments at Amortized Cost using the NAV:			
Private Equity and Strategic Lending	N/A	N/A	<u>9,951</u>
Total			<u>\$ 49,763</u>

		Fair Value Measurements Using			Amortized Cost
		Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)	
Investment by fair value level	Fair Value 6-30-19				NAV
U.S. Equity	\$ 15,427	\$ 15,427	0	0	0
Developed Market					
International Equity	6,967	6,967	0	0	0
Emerging Market					
International Equity	1,991	1,991	0	0	0
U.S. Fixed Income	9,953	0	9,953	0	0
Real Estate	4,976	0	0	4,976	0
Short-term Securities	498	0	498	0	0
Private Equity and Strategic Lending	9,951	0	0	0	9,951
Total	\$ 49,763	\$ 24,385	\$ 10,451	\$ 4,976	\$ 9,951

Risks and Uncertainties. The trust's investments include various types of investment funds, which in turn invest in any combination of stock, bonds and other investments exposed to various risks, such as interest rate, credit, and market risk. Due to the level of risk associated with certain investment securities, it is at least reasonably possible that changes in the values of investment securities will occur in the near term and that such changes could materially affect the amounts reported for trust investments.

Interest Rate Risk. Interest rate risk is the risk that changes in interest rates will adversely affect the fair value of an investment. The Chester County School Department does not have the ability to limit trust 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. The Chester County School Department does not have the ability to limit the credit ratings of individual investments made by the trust.

Concentration of Credit Risk. Concentration of credit risk is the risk of loss attributed to the magnitude of the county's investment in a single issuer. Chester County School Department places no limit on the amount the county may invest in one issuer.

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. Pursuant to the trust

agreement, investments are held in the name of the trust for the benefit of the Chester County School Department to pay retirement benefits of the School Department employees.

For further information concerning the School Department's investments with the TCRS Stabilization Reserve Trust, audited financial statements of the Tennessee Consolidated Retirement System may be obtained at <https://comptroller.tn.gov/content/dam/cot/sa/advanced-search/disclaimer/2019/ag18092.pdf>.

B. Capital Assets

Capital assets activity for the year ended June 30, 2019, was as follows:

Primary Government

Governmental Activities:

	Balance 7-1-18	Increases	Decreases	Balance 6-30-19
Capital Assets Not Depreciated:				
Land	\$ 2,909,731	\$ 0	\$ 0	\$ 2,909,731
Construction in Progress	0	63,508	0	63,508
Total Capital Assets				
Not Depreciated	\$ 2,909,731	\$ 63,508	\$ 0	\$ 2,973,239
Capital Assets Depreciated:				
Buildings and Improvements	\$ 12,504,251	\$ 32,380	\$ 0	\$ 12,536,631
Infrastructure	4,576,565	0	0	4,576,565
Other Capital Assets	5,998,484	1,045,194	(98,243)	6,945,435
Total Capital Assets Depreciated	\$ 23,079,300	\$ 1,077,574	\$ (98,243)	\$ 24,058,631
Less Accumulated Depreciation For:				
Buildings and Improvements	\$ 4,750,137	\$ 378,034	\$ 0	\$ 5,128,171
Infrastructure	1,571,179	185,174	0	1,756,353
Other Capital Assets	3,945,694	344,456	(98,243)	4,191,907
Total Accumulated Depreciation	\$ 10,267,010	\$ 907,664	\$ (98,243)	\$ 11,076,431
Total Capital Assets Depreciated, Net	\$ 12,812,290	\$ 169,910	\$ 0	\$ 12,982,200
Governmental Activities Capital Assets, Net	\$ 15,722,021	\$ 233,418	\$ 0	\$ 15,955,439

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

Governmental Activities:

General Government	\$ 55,251
Finance	3,441
Administration of Justice	69,612
Public Safety	350,315
Public Health and Welfare	173,700
Social, Cultural, and Recreational Services	35,789
Agriculture and Natural Resources	1,376
Highways	<u>218,180</u>
Total Depreciation Expense - Governmental Activities	<u><u>\$ 907,664</u></u>

Discretely Presented Chester County School Department

Governmental Activities:

	Balance 7-1-18	Increases	Decreases	Balance 6-30-19
Capital Assets Not Depreciated:				
Land	\$ 941,552	\$ 0	\$ 0	\$ 941,552
Construction in Progress	582,363	0	(582,363)	0
Total Capital Assets Not Depreciated	\$ 1,523,915	\$ 0	\$ (582,363)	\$ 941,552
Capital Assets Depreciated:				
Buildings and Improvements	\$ 20,202,977	\$ 2,386,776	\$ 0	\$ 22,589,753
Other Capital Assets	5,676,706	552,658	0	6,229,364
Total Capital Assets Depreciated	\$ 25,879,683	\$ 2,939,434	\$ 0	\$ 28,819,117
Less Accumulated Depreciation For:				
Buildings and Improvements	\$ 10,704,766	\$ 408,971	\$ 0	\$ 11,113,737
Other Capital Assets	4,224,525	267,923	0	4,492,448
Total Accumulated Depreciation	\$ 14,929,291	\$ 676,894	\$ 0	\$ 15,606,185
Total Capital Assets Depreciated, Net	\$ 10,950,392	\$ 2,262,540	\$ 0	\$ 13,212,932
Governmental Activities Capital Assets, Net	\$ 12,474,307	\$ 2,262,540	\$ (582,363)	\$ 14,154,484

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

Governmental Activities:

Instruction	\$ 350,147
Support Services	246,597
Operation of Non-instructional Services	<u>80,150</u>
Total Depreciation Expense - Governmental Activities	<u><u>\$ 676,894</u></u>

C. Construction Commitments

At June 30, 2019, the county had uncompleted construction contracts of approximately \$1,003,492 for the construction of an EMS building and a Solid Waste training building. Funding has been received for these future expenditures.

D. Interfund Receivables, Payables, and Transfers

The composition of interfund balances as of June 30, 2019, was as follows:

Due to/from Other Funds:

Receivable Fund	Payable Fund	Amount
Primary Government: General	Nonmajor governmental	\$ 2,151

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.

Interfund Transfers:

Interfund transfers for the year ended June 30, 2019, consisted of the following amounts:

Primary Government

Transfers Out	<u>Transfers In</u> Nonmajor Governmental Funds	Purpose
Highway/Public Works Fund	\$ 67,297	Debt retirement

Discretely Presented Chester County School Department

Transfer Out	<u>Transfer In</u> General Purpose School Fund	Purpose
Nonmajor governmental fund	\$ 40,076	Indirect costs

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

E. Long-term Debt

Primary Government

General Obligation Bonds and Notes

General Obligation Bonds - 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. General obligation bonds are direct obligations and pledge the full faith, credit, and taxing authority of the government. General obligation bonds were issued for original terms of up to 24 years. Repayment terms are generally structured with increasing amounts of principal maturing as interest requirements decrease over the term of the debt. All bonds included in long-term debt as of June 30, 2019, will be retired from the General Debt Service Fund.

Direct Borrowing and Direct Placements - Chester County issues other loans to provide funds for the acquisition and construction of major capital facilities for the primary government and the discretely presented School Department. Capital outlay notes are also issued to fund capital facilities and other capital outlay purchases, such as equipment. Capital outlay notes are direct obligations and pledge the full faith, credit, and taxing authority of the government. Capital outlay notes were issued for original terms of up to 12 years. Repayment terms are generally structured with increasing amounts of principal maturing as interest requirements decrease over the term of the debt. All notes included in long-term debt as of June 30, 2019, will be retired from the General Debt Service Fund.

General obligation bonds and the capital outlay notes outstanding as of June 30, 2019, for governmental activities are as follows:

Type	Interest Rate	Final Maturity	Original Amount of Issue	Balance 6-30-19
General Obligation Bonds	2.75 to 5%	5-1-28	\$ 360,000	\$ 200,000
General Obligation Bonds - Refunding	2 to 5	6-1-40	9,080,000	8,190,000
Direct Borrowing and Direct Placement: Capital Outlay Notes	2.5 to 3.5	6-1-30	2,016,000	1,707,160

The annual requirements to amortize all general obligation bonds and notes as of June 30, 2019, including interest payments, are presented in the following tables:

Year Ending June 30	Bonds		
	Principal	Interest	Total
2020	\$ 400,000	\$ 203,257	\$ 603,257
2021	405,000	194,413	599,413
2022	410,000	185,375	595,375
2023	420,000	176,237	596,237
2024	370,000	166,438	536,438
2025-2029	1,915,000	710,837	2,625,837
2030-2034	1,880,000	510,125	2,390,125
2035-2039	2,125,000	257,837	2,382,837
2040	465,000	13,950	478,950
Total	\$ 8,390,000	\$ 2,418,469	\$ 10,808,469

Year Ending June 30	Notes - Direct Placement		
	Principal	Interest	Total
2020	\$ 184,760	\$ 57,700	\$ 242,460
2021	190,400	51,863	242,263
2022	129,000	46,620	175,620
2023	133,000	42,105	175,105
2024	138,000	37,450	175,450
2025-2029	763,000	111,545	874,545
2030	169,000	5,915	174,915
Total	\$ 1,707,160	\$ 353,198	\$ 2,060,358

There is \$354,977 available in the General Debt Service Fund to service long-term debt. Bonded debt per capita totaled \$490, based on the 2010 federal census. Total debt per capita, including bonds, notes, and unamortized debt premiums totaled \$597, based on the 2010 federal census.

Changes in Long-term Debt

Long-term debt activity for the year ended June 30, 2019, was as follows:

Governmental Activities:		Notes - Direct Bonds	Placement	Capital Leases - Direct Placement
Balance, July 1, 2018	\$	8,780,000	\$ 194,320	\$ 20,818
Additions		0	1,700,000	0
Reductions		(390,000)	(187,160)	(20,818)
Balance, June 30, 2019	\$	8,390,000	\$ 1,707,160	\$ 0
Balance Due Within One Year	\$	400,000	\$ 184,760	\$ 0

Analysis of Noncurrent Liabilities for Debt Presented on Exhibit A:

Total Noncurrent Liabilities - Debt, June 30, 2019	\$	10,097,160
Less: Balance Due Within One Year - Debt		(584,760)
Add: Unamortized Premium on Debt		123,384
Noncurrent Liabilities - Due in More Than One Year - Debt - Exhibit A	\$	9,635,784

F. Long-term Obligations

Changes in Long-term Obligations

Long-term obligations activity for the year ended June 30, 2019, was as follows:

	Compensated Absences	Landfill Closure/ Postclosure Care Costs	Other Postemployment Benefits
Balance, July 1, 2018	\$ 343	\$ 158,052	\$ 245,012
Additions	7,875	3,589	43,568
Reductions	(7,756)	(2,023)	(64,452)
Balance, June 30, 2019	\$ 462	\$ 159,618	\$ 224,128
Balance Due Within One Year	\$ 462	\$ 2,020	\$ 0

Compensated absences will be paid from the Highway/Public Works Fund. Landfill closure/postclosure costs will be paid from the Solid

Waste/Sanitation Fund. Other postemployment benefits will be paid from the employing funds, primarily the General Fund.

Analysis of Other Noncurrent Liabilities Presented on Exhibit A:

Total Noncurrent Liabilities, June 30, 2019	\$ 384,208
Less: Balance Due Within One Year - Other	<u>(2,482)</u>
Noncurrent Liabilities - Due in More Than One Year - Other - Exhibit A	<u>\$ 381,726</u>

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, 2019, was as follows:

Governmental Activities:	Other Postemployment Benefits
	<u></u>
Balance, July 1, 2018	\$ 1,381,682
Additions	182,677
Reductions	<u>(82,209)</u>
Balance, June 30, 2019	<u>\$ 1,482,150</u>
Balance Due Within One Year	<u>\$ 0</u>

Analysis of Other Noncurrent Liabilities Presented on Exhibit A:

Total Noncurrent Liabilities, June 30, 2019	\$ 1,482,150
Less: Balance Due Within One Year - Other	<u>0</u>
Noncurrent Liabilities - Due in More Than One Year - Other - Exhibit A	<u>\$ 1,482,150</u>

Other postemployment benefits will be paid from the employing funds, primarily the General Purpose School Fund.

G. Short-term Debt

Chester County issued revenue anticipation notes in advance of revenue collections and deposited the proceeds in the Solid Waste/Sanitation Fund. These notes were necessary because funds were not available for equipment

expenditures coming due before grant reimbursement. Short-term debt activity for the year ended June 30, 2019, was as follows:

		Balance			Balance
		7-1-18	Issued	Paid	6-30-19
Revenue Anticipation Notes	\$	0	\$ 700,215	\$ (700,215)	\$ 0

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 School Department purchases commercial insurance to provide health insurance coverage for employees. Settled claims have not exceeded this commercial coverage in the past three fiscal years.

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. 83, *Certain Asset Retirement Obligations*; Statement No. 88, *Certain Disclosures Related to Debt, Including Direct Borrowing and Direct Placements* became effective for the year ended June 30, 2019. In addition, Chester County early implemented the provisions of GASB Statement No. 89, *Accounting for Interest Costs Incurred Before the End of a Construction Period*.

GASB Statement No. 83, *Certain Asset Retirement Obligations* establishes accounting and reporting requirements for certain asset retirement obligations (ARO's) associated with tangible capital assets. The scope of this statement establishes standards for recognizing and measuring liabilities, deferred outflows of resources, and expense/expenditures. In addition, this standard establishes note disclosure requirements for AROs.

GASB Statement No. 88, *Certain Disclosures Related to Debt, including Direct Borrowing and Direct Placements* addresses note disclosure requirements related to debt, including direct borrowings and direct placements. It also clarifies which liabilities governments should report when disclosing information related to debt. These required disclosures include direct borrowings and direct placements, unused lines of credit, assets pledged as collateral for debt, terms specified in debt agreements related to significant events of default with finance-related consequences, significant termination events with finance-related consequences, and significant acceleration clauses.

GASB Statement No. 89 *Accounting for Interest Costs Incurred Before the End of a Construction Period* amends paragraphs 5 through 22 of GASB Statement No. 62. This standard establishes that interest cost incurred before the end of a construction period should be recognized as an expense/expenditure. The changes adopted to conform with this standard are to be applied prospectively.

C. Contingent Liabilities

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

D. Changes in Administration

On August 31, 2018, Dwain Seaton left the Office of County Mayor and was succeeded by Barry Hutcherson, and Judy Cranford left the Office of Register and was succeeded by Doris Ethridge.

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 \$159,618 reported as postclosure care liability at June 30, 2019, represents 50 percent of the county's share based on what it would cost to perform all postclosure care in 2019. 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

1. 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 comprised 57.71 percent and the non-certified employees of the discretely presented School Department comprised 42.29 percent

of the plan based on contribution 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/Retirement/Boards-and-Governance/Reporting-and-Investment-Policies.

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

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

Employees Covered by Benefit Terms. At the measurement date of June 30, 2018, the following employees were covered by the benefit terms:

Inactive Employees or Beneficiaries Currently Receiving Benefits	117
Inactive Employees Entitled to But Not Yet Receiving Benefits	282
Active Employees	263
Total	<u>662</u>

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, 2019, the employer contribution for Chester County was \$403,289 based on a rate of six percent of covered 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 contributions (ADC) and member contributions are expected to finance the costs of benefits earned by members during the year, the cost of administration, as well as an amortized portion of any unfunded liability.

Net Pension Liability (Asset)

Chester County's net pension liability (asset) was measured as of June 30, 2018, 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, 2018, actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	2.5%
Salary Increases	Graded Salary Ranges from 8.72% to 3.44% Based on Age, Including Inflation, Averaging 4%
Investment Rate of Return	7.25%, Net of Pension Plan Investment Expenses, Including Inflation
Cost of Living Adjustment	2.25%

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

The actuarial assumptions used in the June 30, 2018, actuarial valuation were based on the results of an actuarial experience study performed for the period July 1, 2012, through June 30, 2016. The demographic assumptions were adjusted to more closely reflect actual and expected future experience.

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

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

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

Discount Rate. The discount rate used to measure the total pension liability was 7.25 percent. The projection of cash flows used to determine the discount rate assumes that employee contributions will be made at the current rate and that contributions from 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 (Asset) (a)-(b)
Balance, July 1, 2017	\$ 19,075,080	\$ 20,247,589	\$ (1,172,509)
Changes for the Year:			
Service Cost	\$ 631,465	\$ 0	\$ 631,465
Interest	1,396,809	0	1,396,809
Differences Between Expected and Actual Experience	(49,980)	0	(49,980)
Changes in Assumptions	0	0	0
Contributions-Employer	0	524,096	(524,096)
Contributions-Employees		357,017	(357,017)
Net Investment Income		1,679,655	(1,679,655)
Benefit Payments, Including Refunds of Employee Contributions	(880,434)	(880,434)	0
Administrative Expense	0	(25,119)	25,119
Other Changes	0	0	0
Net Changes	\$ 1,097,860	\$ 1,655,215	\$ (557,355)
Balance, June 30, 2018	\$ 20,172,940	\$ 21,902,804	\$ (1,729,864)

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

		Total Pension Liability	Plan Fiduciary Net Position	Net Pension Liability (Asset)
Primary Government	57.71%	\$ 11,641,804	\$ 12,640,109	\$ (998,305)
School Department	42.29%	8,531,136	9,262,695	(731,559)
Total		<u>\$ 20,172,940</u>	<u>\$ 21,902,804</u>	<u>\$ (1,729,864)</u>

Sensitivity of the Net Pension 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 7.25 percent, as well as what the net pension liability (asset) would be if it were calculated using a discount rate that is one percentage point lower (6.25%) or one percentage point higher (8.25%) than the current rate:

	1% Decrease	Current Discount Rate	1% Increase
Chester County	6.25%	7.25%	8.25%
Net Pension Liability (Asset)	\$ 875,825	\$ (1,729,864)	\$ (3,881,590)

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

Pension Expense (Negative Pension Expense). For the year ended June 30, 2019, Chester County recognized negative pension expense of (\$81,822).

Deferred Outflows of Resources and Deferred Inflows of Resources. For the year ended June 30, 2019, 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
Difference Between Expected and Actual Experience	\$ 0	\$ 787,131
Net Difference Between Projected and Actual Earnings on Pension Plan Investments	0	91,520
Changes in Assumptions	319,070	0
Contributions Subsequent to the Measurement Date of June 30, 2018 (1)	403,289	N/A
Total	<u>\$ 722,359</u>	<u>\$ 878,651</u>

- (1) The amount shown above for “Contributions Subsequent to the Measurement Date of June 30, 2018,” 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	\$ 437,421	\$ 507,069
School Department	284,938	371,582
Total	<u>\$ 722,359</u>	<u>\$ 878,651</u>

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

<u>Year Ending</u> <u>June 30</u>	<u>Amount</u>
2020	\$ (41,485)
2021	(168,707)
2022	(258,306)
2023	(91,083)
2024	0
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 comprised 57.71 percent and the non-certified employees of the discretely presented School Department comprised 42.29 percent of the plan based on contribution 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 publicly available financial report that can be obtained at www.treasury.tn.gov/Retirement/Boards-and-Governance/Reporting-and-Investment-Policies.

Benefits Provided. TCA, Title 8, Chapters 34-37 establish the benefit terms and can be amended only by the Tennessee General Assembly. Members are eligible to retire with an unreduced benefit at age 65 with five years of service credit or pursuant to the rule of 90 in which the member's age and service credit total 90. Benefits are determined by a formula using the member's highest five consecutive year average compensation and the member's years of service credit. A reduced early retirement benefit is available to vested members at age 60 or pursuant to the rule of 80. Members are vested with five years of service credit. Service related disability benefits are provided regardless of length of service. Five years of service is required for non-service related disability eligibility. The service related and non-service related disability benefits are determined in the same manner as a service retirement benefit but are reduced ten percent and include projected service credits. A variety of death benefits is available under various eligibility criteria. Member and beneficiary annuitants are entitled to an automatic cost of living adjustment (COLA) after retirement. A COLA is granted each July for annuitants retired prior to the second of July of the previous year. The COLA is based on the change in the consumer price index (CPI) during the prior calendar year, capped at three percent, and applied to the current benefit. No COLA is granted if the change in the CPI is less than one-half percent. A one percent COLA is granted if the CPI change is between one-half percent and one percent. Members who leave employment may withdraw their employee contributions, plus any accumulated interest. Under the Teacher Retirement Plan, benefit terms and conditions, including COLA, can be adjusted on a prospective basis. Moreover, there are defined cost controls and unfunded liability controls that provide for the adjustment of benefit terms and conditions on an automatic basis.

Contributions. Contributions for teachers are established in the statutes governing the TCRS and may only be changed by the Tennessee General Assembly or by automatic cost controls set out in law. Teachers are required to contribute five percent of their salary to the plan. The Local Education Agencies (LEAs) make employer contributions at the rate set by the Board of Trustees as determined by an actuarial valuation. Per the statutory provisions governing TCRS, the employer contribution rate cannot be less than four percent, except in years when the maximum funded level, approved by the TCRS Board of Trustees, is reached. By law, employer contributions for the Teacher Retirement Plan are required to be paid. The TCRS may intercept the state shared taxes of the sponsoring governmental entity of the LEA if the required employer contributions

are not remitted. Employer contributions for the year ended June 30, 2019, to the Teacher Retirement Plan were \$44,583, which is 1.94 percent of covered payroll. In addition, employer contributions of \$47,251, which is 2.06 percent of covered payroll were made to the Pension Stabilization Reserve Trust Fund to fund future pension costs. The employer rate, when combined with member contributions and the stabilization reserve trust funds, is expected to finance the costs of benefits earned by members during the year, the cost of administration, as well as an amortized portion of any unfunded liability.

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

Pension Liabilities (Assets). At June 30, 2019, the School Department reported a liability (asset) of (\$95,672) for its proportionate share of the net pension liability (asset). The net pension liability (asset) was measured as of June 30, 2018, and the total pension liability (asset) used to calculate the net pension liability (asset) was determined by an actuarial valuation as of that date. The School Department's proportion of the net pension liability (asset) was based on the School Department's share of contributions to the pension plan relative to the contributions of all participating LEAs. At the measurement date of June 30, 2018, the School Department's proportion was .210952 percent. The proportion as of June 30, 2017, was .179689 percent.

Pension Expense. For the year ended June 30, 2019, the School Department recognized pension expense of \$31,594.

Deferred Outflows of Resources and Deferred Inflows of Resources. For the year ended June 30, 2019, the School Department reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference Between Expected and Actual Experience	\$ 5,419	\$ 3,811
Net Difference Between Projected and Actual Earnings on Pension Plan Investments	0	5,404
Changes in Assumptions	4,514	0
Changes in Proportion of Net Pension Liability (Asset)	0	12,543
LEA's Contributions Subsequent to the Measurement Date of June 30, 2018 (1)	44,583	N/A
Total	<u>\$ 54,516</u>	<u>\$ 21,758</u>

The School Department's employer contributions of \$44,583, reported as pension related deferred outflows of resources subsequent to the measurement date, will be recognized as an increase of net pension asset in the year ending June 30, 2020. 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
2020	\$ (1,779)
2021	(1,951)
2022	(2,721)
2023	(1,309)
2024	(589)
Thereafter	(3,476)

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

Actuarial Assumptions. The total pension liability (asset) in the June 30, 2018, actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	2.5%
Salary Increases	Graded Salary Ranges from 8.72% to 3.44% Based on Age, Including Inflation, Averaging 4%
Investment Rate of Return	7.25%, Net of Pension Plan Investment Expenses, Including Inflation
Cost of Living Adjustment	2.25%

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

The actuarial assumptions used in the June 30, 2018, actuarial valuation were based on the results of an actuarial experience study performed for the period July 1, 2012, through June 30, 2016. The demographic assumptions were adjusted to more closely reflect actual and expected future experience.

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

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

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

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

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

School Department's Proportionate Share of the Net Pension Liability (Asset)	1% Decrease 6.25%	Current Discount Rate 7.25%	1% Increase 8.25%
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Net Pension Liability (Asset) \$ 14,791 \$ (95,672) \$ (177,058)

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

Teacher Legacy Pension Plan

General Information About the Pension Plan

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

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

credits. A variety of death benefits is available under various eligibility criteria. Member and beneficiary annuitants are entitled to an automatic cost of living adjustment (COLA) after retirement. A COLA is granted each July for annuitants retired prior to the second of July of the previous year. The COLA is based on the change in the consumer price index (CPI) during the prior calendar year, capped at three percent, and applied to the current benefit. No COLA is granted if the change in the CPI is less than one-half percent. A one percent COLA is granted if the CPI change is between one-half and one percent. A member who leaves employment may withdraw their employee contributions, plus any accumulated interest. Under the Teacher Legacy Pension Plan, benefit terms and conditions, including COLAs can be adjusted on a prospective basis. Moreover, there are defined cost controls and unfunded liability controls that provide for the adjustment of benefit terms and conditions on an automatic basis.

Contributions. Contributions for teachers are established in the statutes governing the TCRS and may only be changed by the Tennessee General Assembly. Teachers are required to contribute five percent of their salaries. The Local Education Agencies (LEAs) make employer contributions at the rate set by the Board of Trustees as determined by an actuarial valuation. By law, employer contributions for the Teacher Legacy Pension Plan are required to be paid. The TCRS may intercept the state shared taxes of the sponsoring governmental entity of the LEA if the required employer contributions are not remitted. Employer contributions by the Chester County School Department for the year ended June 30, 2019, to the Teacher Legacy Pension Plan were \$856,875, which is 10.46 percent of covered payroll. The employer rate, when combined with member contributions, is expected to finance the costs of benefits earned by members during the year, the cost of administration, as well as an amortized portion of any unfunded liability.

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

Pension Liability (Assets). At June 30, 2019, the School Department reported a liability (asset) of (\$930,489) for its proportionate share of the net pension liability (asset). The net pension liability (asset) was measured as of June 30, 2018, and the total pension liability used to calculate the net pension liability (asset) was determined by an actuarial valuation as of that date. The School Department's proportion of the net pension liability (asset) was based on the School Department's long-term share of contributions to the pension plan relative to the contributions of all participating LEAs. At the measurement date of June 30, 2018, the School Department's proportion was .264425 percent. The proportion measured at June 30, 2017, was .267991 percent.

Pension Expense (Negative Pension Expense). For the year ended June 30, 2019, the School Department recognized negative pension expense of (\$216,430).

Deferred Outflows of Resources and Deferred Inflows of Resources. For the year ended June 30, 2019, the School Department reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference Between Expected and Actual Experience	\$ 188,084	\$ 1,255,304
Changes in Assumptions	549,551	0
Net Difference Between Projected and Actual Earnings on Pension Plan Investments	0	202,513
Changes in Proportion of Net Pension Liability (Asset)	208,570	35,247
LEA's Contributions Subsequent to the Measurement Date of June 30, 2018	856,875	N/A
Total	<u>\$ 1,803,080</u>	<u>\$ 1,493,064</u>

The School Department's employer contributions of \$856,875 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, 2020. 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
2020	\$ 241,743
2021	(247,226)
2022	(452,919)
2023	(88,457)
2024	0
Thereafter	0

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

Actuarial Assumptions. The total pension liability in the June 30, 2018, actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	2.5%
Salary Increases	Graded Salary Ranges from 8.72% to 3.44% Based on Age, Including Inflation, Averaging 4%
Investment Rate of Return	7.25%, Net of Pension Plan Investment Expenses, Including Inflation
Cost of Living Adjustment	2.25%

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

The actuarial assumptions used in the June 30, 2018, actuarial valuation were based on the results of an actuarial experience study performed for the period July 1, 2012, through June 30, 2016. The demographic assumptions were adjusted to more closely reflect actual and expected future experience.

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

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

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

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

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

School Department's Proportionate Share of the Net Pension Liability (Asset)	1% Decrease 6.25%	Current Discount Rate 7.25%	1% Increase 8.25%
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Net Pension Liability \$ 7,172,798 \$ (930,489) \$ (7,634,830)

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

2. **Deferred Compensation**

Teachers hired after July 1, 2014, by the School Department are required to participate in a hybrid pension plan consisting of a defined benefit portion, which is detailed in the pensions footnote above and is managed by the Tennessee Consolidated Retirement System, and a defined contribution portion, which is placed into the state's 401 (K) plan and is managed by the employee. The defined contribution portion of the plan requires that the School Department contribute five percent of each teacher's salary into their deferred compensation plan. In addition, teachers are required to contribute two percent of their salaries into this deferred compensation plan, unless they opt out of the employee portion. During the year the School Department contributed \$108,430 and teachers contributed \$43,177 to this deferred compensation pension plan.

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

Chester County and the discretely presented Chester County School Department provide OPEB benefits to its retirees under various OPEB plans. These include OPEB provided through state administered public entity risk pools and commercial health insurance plans. For reporting purposes the plans are considered single employer defined benefit OPEB plans based on criteria in Statement No. 75 of the Governmental Accounting Standards Board (GASB). The plans are funded on a pay-as-you-go basis and there are no assets accumulating in a trust that meets the criteria of paragraph 4 of GASB Statement No. 75.

OPEB Provided through State Administered Public Entity Risk Pools

Primary Government

Retirees of Chester County and the Chester County Highway Department (Hwy) are provided healthcare under separate Local Government Plans (LGPs) until they reach Medicare eligibility. The primary government's LGPs are combined for presentation purposes.

The county’s total OPEB liability for each plan was measured as of June 30, 2018, and was determined by an actuarial valuation as of that date.

Actuarial Assumptions and Other Inputs. The total OPEB liability in the June 30, 2018, actuarial valuation of each plan was determined using the following actuarial assumptions and other inputs, applied to all periods included in the measurement, unless otherwise specified:

Actuarial Cost Method	Entry Age Normal
Inflation	2.25%
Salary Increases	Salary increases used in the July 1, 2018, TCRS actuarial valuation; 3.44% to 8.72%, including inflation
Discount Rate	3.62%
Healthcare Cost Trend Rates	LGP - Based on the Getzen Model, with trend starting at 6.75% for the 2019 calendar year, and gradually decreasing over a 32-year period to an ultimate trend rate of 3.53% with .28% added to approximate the effect of the excise tax
Retirees Share of Benefit	
Related Cost	Discussed under each plan

The discount rate was 3.62 percent, based on the daily rate of Fidelity’s 20-Year Municipal GO AA index closest to but not later than the measurement date.

Mortality rates were based on the results of a statewide experience study undertaken on behalf of the Tennessee Consolidated Retirement System (TCRS). These mortality rates were used in the July 1, 2018, actuarial valuation of the TCRS.

Unless noted otherwise, the actuarial demographic assumptions used in the June 30, 2018, valuations were the same as those employed in the July 1, 2018, Pension Actuarial Valuation of the TCRS. These assumptions were developed by TCRS based on the results of an actuarial experience study for the period July 1, 2012 - June 30, 2016. The demographic assumptions were adjusted to more closely reflect actual and expected future experience. Mortality tables are used to measure the probabilities of participants dying before and after retirement. The mortality rates employed in this valuation are taken from the RP-2014 Healthy Participant Mortality Table for Annuitants for non-disabled post-retirement mortality, with mortality improvement projected to all future years using Scale MP-2016. Post-retirement tables are Blue Collar and adjusted with a 2 percent load for males and a -3 percent load for females. Mortality rates for impaired lives are the

same as those used by TCRS and are taken from a gender distinct table published in the IRS Ruling 96-7 for disabled lives with a 10 percent load.

Changes in Assumptions. The discount rate changed from 3.56 percent as of the beginning of the measurement period to 3.62 percent as of the measurement date of June 30, 2018. The assumed initial costs and premium amounts were revised to reflect rates adopted for the 2019 plan year. The assumed initial trend rate applicable to the 2019 plan year was revised from 5.4 percent to 6.75 percent.

Local Government OPEB Plan (Primary Government)

Plan description. Employees of Chester County are provided with pre-65 retiree health insurance benefits through the Local Government Plan (LGP) administered by the Tennessee Department of Finance and Administration. All eligible pre-65 retired employees and disability participants of local governments, who choose coverage, participate in the LGP.

Benefits provided. Chester County offers the LGP to provide health insurance coverage to eligible pre-65 retirees and disabled participants of local governments. With the exception of a small group of grandfathered individuals, retirees are required to discontinue coverage under the LGP upon obtaining Medicare eligibility. Insurance coverage is the only postemployment benefit provided to retirees. An insurance committee created in accordance with TCA 8-27-701 establishes and amends the benefit terms of the LGP. All members have the option of choosing between the premier preferred provider organization (PPO), standard PPO, limited PPO or the wellness health savings consumer-driven health plan (CDHP) for healthcare benefits. Retired plan members of the LGP receive the same plan benefits as active employees, at a blended premium rate that considers the cost of all participants. This creates an implicit subsidy for retirees. Participating employers determine their own policy related to direct subsidies provided for the retiree premiums. Chester County does not provide a direct subsidy and is only subject to the implicit subsidy.

Employees Covered by Benefit Terms

At the measurement date of June 30, 2018, the following employees were covered by the benefit terms:

	Chester County	Hwy Dept	Total
Inactive Employees or Beneficiaries Currently Receiving Benefits	0	1	1
Inactive Employees Entitled to But Not Yet Receiving Benefits	0	0	0
Active Employees	78	15	93
Total	78	16	94

An insurance committee, created in accordance with *TCA 8-27-701*, establishes the required payments to the LGP by member employers and employees through the blended premiums established for active and retired employees. Claims liabilities of the plan are periodically computed using actuarial and statistical techniques to establish premium rates. For the fiscal year ended June 30, 2019, the county paid \$4,742 (Chester County - \$730, Highway Dept - \$4,012) to the LGP for OPEB benefits as they came due.

Changes in the Total OPEB Liability

	Chester County	Hwy Dept.	Total OPEB Liability
Balance July 1, 2018	\$ 167,677	\$ 77,335	\$ 245,012
Changes for the Year:			
Service Cost	\$ 14,934	\$ 5,022	\$ 19,956
Interest	6,484	2,881	9,365
Changes in Benefit Terms	0	0	0
Difference between Expected and Actuarial Experience	(42,156)	(18,471)	(60,627)
Changes in Assumption and Other Inputs	7,358	6,889	14,247
Benefit Payments	(950)	(2,875)	(3,825)
Net Changes	\$ (14,330)	\$ (6,554)	\$ (20,884)
Balance June 30, 2019	\$ 153,347	\$ 70,781	\$ 224,128

OPEB Expense and Deferred Outflows of Resources and Deferred Inflows of Resources. For the year ended June 30, 2019, the county recognized OPEB expense of \$22,283 (Chester County - \$16,918, Highway Dept - \$6,065). At June 30, 2019, the county reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference Between Expected and Actual Experience (Chester County \$37,854, Hwy \$16,133)	\$ 0	\$ 53,987
Changes of Assumptions/Inputs (DO - County \$6,607, Hwy \$6,017 and DI - County \$8,161, Hwy \$2,085)	12,624	10,246
Net Difference Between Projected and Benefits Paid After the Measurement Date (DO - County \$730, Hwy \$4,012)	4,742	0
Total	<u>\$ 17,366</u>	<u>\$ 64,233</u>

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

Year Ending June 30	County	Hwy	Total Amount
2020	\$ (4,500)	\$ (1,838)	\$ (6,338)
2021	(4,500)	(1,838)	(6,338)
2022	(4,500)	(1,838)	(6,338)
2023	(4,500)	(1,838)	(6,338)
2024	(4,500)	(1,838)	(6,338)
Thereafter	(16,908)	(3,011)	(19,919)

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

Sensitivity of the Total OPEB Liability to Changes in the Discount Rate. The following presents the total OPEB liability of the county calculated using the current discount rate as well as what the OPEB liability would be if it was calculated using a discount rate that is one percentage point lower or one percentage point higher than the current rate:

	1% Decrease 2.62%	Current Discount Rate 3.62%	1% Increase 4.62%
County	\$ 167,065	\$ 153,347	\$ 140,533
Hwy	74,107	70,781	67,538
Total OPEB Liability	<u>\$ 241,172</u>	<u>\$ 224,128</u>	<u>\$ 208,071</u>

Sensitivity of the Total OPEB Liability to Changes in the Healthcare Cost Trend Rate. The following presents the total OPEB liability of the county calculated using the current healthcare cost trend rate, as well as what the OPEB liability would be if it was calculated using a trend rate that is one percentage point lower or one percentage point higher than the current rate:

	1% Decrease 5.75 to 2.81%	Current Trend Rate 6.75 to 3.81%	1% Increase 7.75 to 4.81%
County	\$ 132,991	\$ 153,347	\$ 177,653
Hwy	65,659	70,781	76,482
Total OPEB Liability	<u>\$ 198,650</u>	<u>\$ 224,128</u>	<u>\$ 254,135</u>

Commercial Postemployment Benefits Plan

Discretely Presented Chester County School Department

The discretely presented Chester County School Department provides OPEB benefits to its retirees through a commercial insurance plan.

Plan Description. The School Department participates in a commercial postemployment benefits plan administered by Cigna for its retirees and their covered dependents. Employees are eligible for OPEB benefits if they retire at any age with at least 30 years of service or if they are over the age 60 and have at least 5 years of service. For accounting purposes, the plan is a single-employer defined benefit OPEB plan. Benefits are established and amended by the Board of Education. No assets are accumulated in a trust that meets the criteria of paragraph 4 of GASB Statement 75.

Benefits Provided. The plan provides healthcare, dental, and vision insurance benefits to retirees and their dependents.

The benefit terms provide for the School Department to pay a percentage of the certified retirees healthcare costs depending on years of service with the School Department. The School Department pays 55 percent of the healthcare cost for employees with over 30 years of service, 45 percent for employees with 20-29 years of service, and 25 percent for employees with less than 20 years of service. Non-certified employees are required to pay 100 percent of the healthcare premium. Both certified and non-certified employees are eligible to participate in the healthcare plan until they reach age 65. Surviving spouses of eligible retirees may be able to continue coverage until they reach Medicare eligibility.

The benefit terms provide for eligible retirees to receive vision and dental benefits for life by paying 100 percent of the premium cost.

Employees Covered by Benefit Terms

At the measurement date of June 30, 2019, the following employees were covered by the benefit terms:

Inactive Employees or Beneficiaries Currently Receiving Benefits	8
Inactive Employees Entitled to But Not Yet Receiving Benefits	0
Active Employees	214
Total	<u><u>222</u></u>

Total OPEB Liability

The School Department's total OPEB liability of \$1,482,150 was measured as of June 30, 2019, and was determined by an actuarial valuation as of that date.

Actuarial Assumptions and Other Inputs. The total OPEB liability in the June 30, 2019, actuarial valuation was determined using the following actuarial assumptions and other inputs, applied to all periods included in the measurement, unless otherwise specified:

Inflation	3%
Discount Rate	3.50%
Healthcare Cost Trend Rate	5.50%
Retirees Share of Benefit-related Cost	45% to 100% depending on years of service and employee classification

The discount rate was based on the Bond Buyer GO-20 bond index.

Mortality rates were based on RHP-14 Total Table with Projection MP-2018.

The actuarial assumptions used in the June 30, 2019, valuation were based on plan data and costs presented by the School Department with concurrence by the actuary.

Changes in the Total OPEB Liability

	<u>Total OPEB Liability</u>
Balance July 1, 2018	\$ 1,381,682
Changes for the Year:	
Service Cost	\$ 80,299
Interest	52,781
Changes in Assumptions	49,597
Differences between expected and actual experience	(39,506)
Benefit Payments	(42,703)
Net Changes	<u>\$ 100,468</u>
Balance June 30, 2019	<u>\$ 1,482,150</u>

OPEB Expense and Deferred Outflows of Resources and Deferred Inflows of Resources. For the year ended June 30, 2019, the School Department recognized OPEB expense of \$134,317. At June 30, 2019, the School Department reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Difference Between Expected and Actual Experience	\$ 0	\$ 34,665
Changes of Assumptions/Inputs	43,519	0
Net Difference Between Projected and Actual Investments	<u>0</u>	<u>0</u>
Total	<u>\$ 43,519</u>	<u>\$ 34,665</u>

Amounts reported as deferred outflows and deferred outflows of resources related to OPEB will be recognized in OPEB expense as follows:

Year Ending June 30	Amount
2020	\$ 1,237
2021	1,237
2022	1,237
2023	1,237
2024	1,237
Thereafter	2,669

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

Sensitivity of the Total OPEB Liability to Changes in the Discount Rate. The following presents the total OPEB liability of the School Department calculated using the discount rate of 3.5 percent, as well as what the OPEB liability would be if it was calculated using a discount rate that is one percentage point lower (2.5%) or one percentage point higher (4.5%) than the current rate:

	1% Decrease 2.5%	Current Discount Rate 3.5%	1% Increase 4.5%
Total OPEB Liability	\$ 1,624,331	\$ 1,482,150	\$ 1,351,112

Sensitivity of the Total OPEB Liability to Changes in the Healthcare Cost Trend Rate. The following presents the total OPEB liability of the School Department calculated using the healthcare cost trend rate of 5.5 percent, as well as what the OPEB liability would be if it was calculated using a trend rate that is one percentage point lower (4.5%) or one percentage point higher (6.5%) than the current rate:

	1% Decrease 4.5%	Current Trend Rate 5.5%	1% Increase 6.5%
Total OPEB Liability	\$ 1,304,279	\$ 1,482,150	\$ 1,693,375

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
Last Fiscal Year Ending June 30

	2014	2015	2016	2017	2018
Total Pension Liability					
Service Cost	\$ 513,490	\$ 568,542	\$ 577,663	\$ 591,743	\$ 631,465
Interest	1,214,365	1,273,749	1,311,152	1,376,671	1,396,809
Differences Between Actual and Expected Experience	(152,533)	(494,864)	(166,884)	(709,990)	(49,980)
Change of assumptions	0	0	0	478,606	0
Benefit Payments, Including Refunds of Employee Contributions	(834,672)	(842,490)	(873,214)	(851,631)	(880,434)
Net Change in Total Pension Liability	\$ 740,650	\$ 504,937	\$ 848,717	\$ 885,399	\$ 1,097,860
Total Pension Liability, Beginning	16,095,377	16,836,027	17,340,964	18,189,681	19,075,080
Total Pension Liability, Ending (a)	\$ 16,836,027	\$ 17,340,964	\$ 18,189,681	\$ 19,075,080	\$ 20,172,940
Plan Fiduciary Net Position					
Contributions - Employer	\$ 483,656	\$ 492,541	\$ 500,157	\$ 509,906	\$ 524,096
Contributions - Employee	325,358	323,977	338,595	347,823	357,017
Net Investment Income	2,460,904	531,188	470,361	2,061,063	1,679,655
Benefit Payments, Including Refunds of Employee Contributions	(834,672)	(842,490)	(873,214)	(851,631)	(880,434)
Administrative Expense	(9,776)	(13,551)	(19,502)	(23,093)	(25,119)
Other	0	0	0	16,925	0
Net Change in Plan Fiduciary Net Position	\$ 2,425,470	\$ 491,665	\$ 416,397	\$ 2,060,993	\$ 1,655,215
Plan Fiduciary Net Position, Beginning	14,853,064	17,278,534	17,770,199	18,186,596	20,247,589
Plan Fiduciary Net Position, Ending (b)	\$ 17,278,534	\$ 17,770,199	\$ 18,186,596	\$ 20,247,589	\$ 21,902,804
Net Pension Liability (Asset), Ending (a - b)	\$ (442,507)	\$ (429,235)	\$ 3,085	\$ (1,172,509)	\$ (1,729,864)
Plan Fiduciary Net Position as a Percentage of Total Pension Liability	102.63%	102.48%	99.98%	106.15%	108.58%
Covered Payroll	\$ 6,500,698	\$ 6,719,525	\$ 6,939,740	\$ 6,956,397	\$ 7,140,283
Net Pension Liability/Asset as a Percentage of Covered Payroll	6.81%	6.39%	(0.04)%	(16.86)%	(24.23)%

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

Note: The agent plan is a single plan reported under one account with the Tennessee Consolidated Retirement System. This plan covers employees of the primary government and non-certified employees of the discretely presented School Department.

Exhibit E-2

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

	2014	2015	2016	2017	2018	2019
Actuarially Determined Contribution	\$ 483,656	\$ 492,541	\$ 500,157	\$ 509,906	\$ 524,096	\$ 403,289
Less Contributions in Relation to the Actuarially Determined Contribution	(483,656)	(492,541)	(500,157)	(509,906)	(524,096)	(403,289)
Contribution Deficiency (Excess)	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
Covered Payroll	\$ 6,500,698	\$ 6,719,525	\$ 6,939,740	\$ 6,956,397	\$ 7,140,283	\$ 6,721,484
Contributions as a Percentage of Covered Payroll	7.44%	7.33%	7.21%	7.33%	7.34%	6.00%

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

Note: The agent plan is a single plan reported under one account with the Tennessee Consolidated Retirement System. This plan covers employees of the primary government and non-certified employees of the discretely presented 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

	2015	2016	2017	2018	2019*
Contractually Required Contribution	\$ 6,757	\$ 25,739	\$ 47,175	\$ 30,062	\$ 44,583
Less Contributions in Relation to the Contractually Required Contribution	(6,757)	(25,739)	(47,175)	(73,739)	(44,583)
Contribution Deficiency (Excess)	\$ 0	\$ 0	\$ 0	\$ (43,677)	\$ 0
Covered Payroll	\$ 168,921	\$ 643,463	\$ 1,175,088	\$ 1,843,463	\$ 2,295,179
Contributions as a Percentage of Covered Payroll	4.00%	4.00%	4.01%	4.00%	1.94%

* In FY 2019 the School Department placed the actuarially determined contribution rate (1.94%) of covered payroll into the pension plan and placed 2.06 percent of covered payroll into the Pension Stabilization Reserve Trust.

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

	2014	2015	2016	2017	2018	2019
Contractually Required Contribution	\$ 794,579	\$ 751,302	\$ 857,958	\$ 856,391	\$ 840,745	\$ 856,875
Less Contributions in Relation to the Contractually Required Contribution	(794,579)	(751,302)	(857,958)	(856,391)	(840,745)	(856,875)
Contribution Deficiency (Excess)	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
Covered Payroll	\$ 8,947,960	\$ 8,310,879	\$ 9,490,699	\$ 9,477,642	\$ 9,259,277	\$ 8,191,791
Contributions as a Percentage of Covered Payroll	8.88%	9.04%	9.04%	9.04%	9.08%	10.46%

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 Retirement Plan of TCRS
Discretely Presented Chester County School Department
For the Fiscal Year Ended June 30 *

	2015	2016	2017	2018
School Department's Proportion of the Net Pension Liability/Asset	0.079623%	0.146241%	0.179689%	0.210952%
School Department's Proportionate Share of the Net Pension Liability (Asset)	\$ (3,271) \$	(15,224) \$	(47,408) \$	(95,672)
Covered Payroll	\$ 168,921 \$	643,463 \$	1,175,088 \$	1,843,463
School Department's Proportionate Share of the Net Pension Liability (Asset) as a Percentage of its Covered Payroll	(1.94)%	(2.37)%	(4.03)%	(5.19)%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	127.46%	121.88%	126.81%	126.97%

* 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 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 *

	2014	2015	2016	2017	2018
School Department's Proportion of the Net Pension Liability/Asset	0.227974%	0.222008%	0.262914%	0.267991%	0.264425%
School Department's Proportionate Share of the Net Pension Liability (Asset)	\$ (37,045)	\$ 90,942	\$ 1,643,070	\$ (87,680)	\$ (930,489)
Covered Payroll	\$ 8,947,960	\$ 8,310,879	\$ 9,490,699	\$ 9,477,642	\$ 9,259,277
School Department's Proportionate Share of the Net Pension Liability (Asset) as a Percentage of its Covered Payroll	(0.41) %	1.09 %	17.31 %	(0.93) %	(10.05) %
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	100.08%	99.81%	97.14%	100.14%	101.49%

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

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

Chester County, Tennessee
Schedule of Changes in the Total OPEB Liability and Related Ratios
Primary Government
For the Fiscal Year Ended June 30

Chester County Plan	2018	2019
Total OPEB Liability		
Service Cost	\$ 15,891	\$ 14,934
Interest	5,043	6,484
Changes in Benefit Terms	0	0
Differences Between Actual and Expected Experience	0	(42,156)
Changes in Assumptions or Other Inputs	(10,059)	7,358
Benefit Payments	-	(950)
Net Change in Total OPEB Liability	\$ 10,875	\$ (14,330)
Total OPEB Liability, Beginning	156,802	167,677
Total OPEB Liability, Ending	\$ 167,677	\$ 153,347
Covered Employee Payroll	\$ 4,000,360	\$ 4,232,574
Net OPEB Liability as a Percentage of Covered Employee Payroll	4.19%	3.62%
Chester County Highway Plan	2018	2019
Total OPEB Liability		
Service Cost	\$ 5,529	\$ 5,022
Interest	2,310	2,881
Changes in Benefit Terms	0	0
Differences Between Actual and Expected Experience	0	(18,471)
Changes in Assumptions or Other Inputs	(2,829)	6,889
Benefit Payments	(2,487)	(2,875)
Net Change in Total OPEB Liability	\$ 2,523	\$ (6,554)
Total OPEB Liability, Beginning	74,812	77,335
Total OPEB Liability, Ending	\$ 77,335	\$ 70,781
Covered Employee Payroll	\$ 606,728	\$ 554,617
Net OPEB Liability as a Percentage of Covered Employee Payroll	12.75%	12.76%

Note 1: Ten years of data will be presented when available.

Note 2: Changes in assumptions. Changes in assumptions and other inputs reflect the effects of changes in the discount rate each period. The following are the discount rates used in each period:

2017	2.92%
2018	3.56%
2019	3.62%

Exhibit E-8

Chester County, Tennessee
Schedule of Changes in the Total OPEB Liability and Related Ratios - Commercial Insurance Plan
Discretely Presented Chester County School Department
For the Fiscal Year Ended June 30

	2018	2019
Total OPEB Liability		
Service Cost	\$ 80,299	\$ 80,299
Interest	52,828	52,781
Changes in Benefit Terms	0	0
Differences Between Actual and Expected Experience	0	(39,506)
Changes in Assumptions or Other Inputs	0	49,597
Benefit Payments	(65,380)	(42,703)
Net Change in Total OPEB Liability	\$ 67,747	\$ 100,468
Total OPEB Liability, Beginning	1,313,935	1,381,682
Total OPEB Liability, Ending	<u>\$ 1,381,682</u>	<u>\$ 1,482,150</u>
Covered Employee Payroll	\$ 8,625,652	\$ 8,238,042
Net OPEB Liability as a Percentage of Covered Employee Payroll	16.02%	17.99%

Note 1: Ten years of data will be presented when available.

Note 2. Changes in assumptions. Changes in assumptions and other inputs reflect the effects of changes in the discount rate each period. The following are the discount rates used in each period:

2018 3.88%

2019 3.50%

CHESTER COUNTY, TENNESSEE
NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION
For the Year Ended June 30, 2019

TENNESSEE CONSOLIDATED RETIREMENT SYSTEM

Valuation Date: Actuarially determined contribution rates for fiscal year 2019 were calculated based on the June 30, 2017, actuarial valuation.

Methods and assumptions used to determine contribution rates:

Actuarial Cost Method	Entry Age Normal
Amortization Method	Level Dollar, Closed (Not to Exceed 20 Years)
Remaining Amortization Period	Varies by Year
Asset Valuation	10-Year Smoothed Within a 20% Corridor to Market Value
Inflation	2.5%
Salary Increases	Graded Salary Ranges from 8.72% to 3.44% Based on Age, Including Inflation Averaging 4.0%
Investment Rate of Return	7.25%, 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 Adjustments	2.25%

Changes in Assumptions: In 2017, the following assumptions were changed: (1) decreased the inflation rate from 3.0 to 2.5 percent; (2) decreased the investment rate from 7.5 to 7.25 percent; (3) decreased the cost-of-living adjustment from 2.5 to 2.25 percent; (4) decreased the salary growth rate graded ranges from an average of 4.25 to 4.0 percent; and (5) modified the mortality assumptions.

**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 Fund

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.

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, 2019

	Special Revenue Funds				Debt Service Fund	Capital Projects Fund
	Public Library	Drug Control	Constitutional Officers - Fees	Total	General Debt Service	General Capital Projects
<u>ASSETS</u>						
Cash	\$ 0	\$ 0	\$ 2,103	\$ 2,103	\$ 0	\$ 0
Equity in Pooled Cash and Investments	161,431	95,535	0	256,966	354,782	8,740
Investments	0	0	0	0	0	0
Accounts Receivable	352	0	48	400	0	0
Property Taxes Receivable	0	0	0	0	51,406	0
Allowance for Uncollectible Property Taxes	0	0	0	0	(1,838)	0
Total Assets	<u>\$ 161,783</u>	<u>\$ 95,535</u>	<u>\$ 2,151</u>	<u>\$ 259,469</u>	<u>\$ 404,350</u>	<u>\$ 8,740</u>
<u>LIABILITIES</u>						
Accounts Payable	\$ 117	\$ 0	\$ 0	\$ 117	\$ 0	\$ 0
Due to Other Funds	0	0	2,151	2,151	0	0
Total Liabilities	<u>\$ 117</u>	<u>\$ 0</u>	<u>\$ 2,151</u>	<u>\$ 2,268</u>	<u>\$ 0</u>	<u>\$ 0</u>
<u>DEFERRED INFLOWS OF RESOURCES</u>						
Deferred Current Property Taxes	\$ 0	\$ 0	\$ 0	\$ 0	\$ 48,113	\$ 0
Deferred Delinquent Property Taxes	0	0	0	0	1,260	0
Total Deferred Inflows of Resources	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 49,373</u>	<u>\$ 0</u>
<u>FUND BALANCES</u>						
Nonspendable:						
Endowments	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0

(Continued)

Exhibit F-1

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

	Special Revenue Funds				Debt Service Fund	Capital Projects Fund
	Public Library	Drug Control	Constitu - tional Officers - Fees	Total	General Debt Service	General Capital Projects
<u>FUND BALANCES (Cont.)</u>						
Restricted:						
Restricted for Public Safety	\$ 0	\$ 95,535	\$ 0	\$ 95,535	\$ 0	\$ 0
Restricted for Debt Service	0	0	0	0	329,531	0
Committed:						
Committed for Social, Cultural, and Recreational Services	161,666	0	0	161,666	0	0
Committed for Capital Outlay	0	0	0	0	0	8,740
Committed for Debt Service	0	0	0	0	25,446	0
Total Fund Balances	<u>\$ 161,666</u>	<u>\$ 95,535</u>	<u>\$ 0</u>	<u>\$ 257,201</u>	<u>\$ 354,977</u>	<u>\$ 8,740</u>
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	<u>\$ 161,783</u>	<u>\$ 95,535</u>	<u>\$ 2,151</u>	<u>\$ 259,469</u>	<u>\$ 404,350</u>	<u>\$ 8,740</u>

(Continued)

Exhibit F-1

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

	Permanent Fund	Total Nonmajor Governmental Funds
	Endowment	
<u>ASSETS</u>		
Cash	\$ 0	\$ 2,103
Equity in Pooled Cash and Investments	29,102	649,590
Investments	269,681	269,681
Accounts Receivable	0	400
Property Taxes Receivable	0	51,406
Allowance for Uncollectible Property Taxes	0	(1,838)
Total Assets	<u>\$ 298,783</u>	<u>\$ 971,342</u>
<u>LIABILITIES</u>		
Accounts Payable	\$ 0	\$ 117
Due to Other Funds	0	2,151
Total Liabilities	<u>\$ 0</u>	<u>\$ 2,268</u>
<u>DEFERRED INFLOWS OF RESOURCES</u>		
Deferred Current Property Taxes	\$ 0	\$ 48,113
Deferred Delinquent Property Taxes	0	1,260
Total Deferred Inflows of Resources	<u>\$ 0</u>	<u>\$ 49,373</u>
<u>FUND BALANCES</u>		
Nonspendable:		
Endowments	\$ 298,783	\$ 298,783

(Continued)

Exhibit F-1

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

	Permanent Fund	Total Nonmajor Governmental Funds
	Endowment	
<u>FUND BALANCES (Cont.)</u>		
Restricted:		
Restricted for Public Safety	\$ 0	\$ 95,535
Restricted for Debt Service	0	329,531
Committed:		
Committed for Social, Cultural, and Recreational Services	0	161,666
Committed for Capital Outlay	0	8,740
Committed for Debt Service	0	25,446
Total Fund Balances	<u>\$ 298,783</u>	<u>\$ 919,701</u>
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	<u>\$ 298,783</u>	<u>\$ 971,342</u>

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, 2019

	Special Revenue Funds				Debt Service Fund	Capital Projects Fund
	Public Library	Drug Control	Constitutional Officers - Fees	Total	General Debt Service	General Capital Projects
<u>Revenues</u>						
Local Taxes	\$ 0	\$ 0	\$ 0	\$ 0	\$ 722,590	\$ 0
Fines, Forfeitures, and Penalties	0	9,422	0	9,422	0	0
Charges for Current Services	13,931	0	4,335	18,266	0	0
Other Local Revenues	13,941	1,827	0	15,768	0	0
State of Tennessee	75,000	0	0	75,000	2,628	0
Other Governments and Citizens Groups	3,229	0	0	3,229	176,724	0
Total Revenues	\$ 106,101	\$ 11,249	\$ 4,335	\$ 121,685	\$ 901,942	\$ 0
<u>Expenditures</u>						
Current:						
Administration of Justice	\$ 0	\$ 0	\$ 4,335	\$ 4,335	\$ 0	\$ 0
Public Safety	0	34,504	0	34,504	0	0
Social, Cultural, and Recreational Services	93,711	0	0	93,711	0	0
Other Operations	750	95	0	845	0	0
Debt Service:						
Principal on Debt	0	0	0	0	577,160	0
Interest on Debt	0	0	0	0	268,705	0
Other Debt Service	0	0	0	0	8,429	0
Total Expenditures	\$ 94,461	\$ 34,599	\$ 4,335	\$ 133,395	\$ 854,294	\$ 0
Excess (Deficiency) of Revenues Over Expenditures	\$ 11,640	\$ (23,350)	\$ 0	\$ (11,710)	\$ 47,648	\$ 0

(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 Fund	Capital Projects Fund
	Public Library	Drug Control	Constitu - tional Officers - Fees	Total	General Debt Service	General Capital Projects
<u>Other Financing Sources (Uses)</u>						
Transfers In	\$ 0	\$ 0	\$ 0	\$ 0	\$ 67,297	\$ 0
Total Other Financing Sources (Uses)	\$ 0	\$ 0	\$ 0	\$ 0	\$ 67,297	\$ 0
Net Change in Fund Balances	\$ 11,640	\$ (23,350)	\$ 0	\$ (11,710)	\$ 114,945	\$ 0
Fund Balance, July 1, 2018	150,026	118,885	0	268,911	240,032	8,740
Fund Balance, June 30, 2019	\$ 161,666	\$ 95,535	\$ 0	\$ 257,201	\$ 354,977	\$ 8,740

(Continued)

Exhibit F-2

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

	Permanent Fund	Total Nonmajor Governmental Funds
	Endowment	
<u>Revenues</u>		
Local Taxes	\$ 0	\$ 722,590
Fines, Forfeitures, and Penalties	0	9,422
Charges for Current Services	0	18,266
Other Local Revenues	10,755	26,523
State of Tennessee	0	77,628
Other Governments and Citizens Groups	0	179,953
Total Revenues	<u>\$ 10,755</u>	<u>\$ 1,034,382</u>
<u>Expenditures</u>		
Current:		
Administration of Justice	\$ 0	\$ 4,335
Public Safety	0	34,504
Social, Cultural, and Recreational Services	0	93,711
Other Operations	0	845
Debt Service:		
Principal on Debt	0	577,160
Interest on Debt	0	268,705
Other Debt Service	0	8,429
Total Expenditures	<u>\$ 0</u>	<u>\$ 987,689</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>\$ 10,755</u>	<u>\$ 46,693</u>

(Continued)

Exhibit F-2

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

	Permanent Fund Endowment	Total Nonmajor Governmental Funds
<u>Other Financing Sources (Uses)</u>		
Transfers In	\$ 0	\$ 67,297
Total Other Financing Sources (Uses)	\$ 0	\$ 67,297
Net Change in Fund Balances	\$ 10,755	\$ 113,990
Fund Balance, July 1, 2018	288,028	805,711
Fund Balance, June 30, 2019	\$ 298,783	\$ 919,701

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, 2019

	Actual	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
		Original	Final	
<u>Revenues</u>				
Local Taxes	\$ 0	\$ 75,000	\$ 0	\$ 0
Charges for Current Services	13,931	12,000	12,000	1,931
Other Local Revenues	13,941	15,000	17,792	(3,851)
State of Tennessee	75,000	0	75,000	0
Other Governments and Citizens Groups	3,229	2,000	2,000	1,229
Total Revenues	<u>\$ 106,101</u>	<u>\$ 104,000</u>	<u>\$ 106,792</u>	<u>\$ (691)</u>
<u>Expenditures</u>				
<u>Social, Cultural, and Recreational Services</u>				
Libraries	\$ 93,711	\$ 99,586	\$ 102,767	\$ 9,056
<u>Other Operations</u>				
Miscellaneous	750	750	750	0
Total Expenditures	<u>\$ 94,461</u>	<u>\$ 100,336</u>	<u>\$ 103,517</u>	<u>\$ 9,056</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>\$ 11,640</u>	<u>\$ 3,664</u>	<u>\$ 3,275</u>	<u>\$ 8,365</u>
Net Change in Fund Balance	\$ 11,640	\$ 3,664	\$ 3,275	\$ 8,365
Fund Balance, July 1, 2018	<u>150,026</u>	<u>130,966</u>	<u>130,966</u>	<u>19,060</u>
Fund Balance, June 30, 2019	<u>\$ 161,666</u>	<u>\$ 134,630</u>	<u>\$ 134,241</u>	<u>\$ 27,425</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, 2019

	Actual	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
		Original	Final	
<u>Revenues</u>				
Fines, Forfeitures, and Penalties	\$ 9,422	\$ 14,350	\$ 14,350	\$ (4,928)
Other Local Revenues	1,827	4,000	4,000	(2,173)
Total Revenues	<u>\$ 11,249</u>	<u>\$ 18,350</u>	<u>\$ 18,350</u>	<u>\$ (7,101)</u>
<u>Expenditures</u>				
<u>Public Safety</u>				
Drug Enforcement	\$ 34,504	\$ 66,600	\$ 66,600	\$ 32,096
<u>Other Operations</u>				
Miscellaneous	95	500	500	405
Total Expenditures	<u>\$ 34,599</u>	<u>\$ 67,100</u>	<u>\$ 67,100</u>	<u>\$ 32,501</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>\$ (23,350)</u>	<u>\$ (48,750)</u>	<u>\$ (48,750)</u>	<u>\$ 25,400</u>
Net Change in Fund Balance	\$ (23,350)	\$ (48,750)	\$ (48,750)	\$ 25,400
Fund Balance, July 1, 2018	<u>118,885</u>	<u>72,302</u>	<u>72,302</u>	<u>46,583</u>
Fund Balance, June 30, 2019	<u><u>\$ 95,535</u></u>	<u><u>\$ 23,552</u></u>	<u><u>\$ 23,552</u></u>	<u><u>\$ 71,983</u></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, 2019

	Actual	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
		Original	Final	
<u>Revenues</u>				
Local Taxes	\$ 722,590	\$ 660,250	\$ 660,250	\$ 62,340
Other Local Revenues	0	67,301	0	0
State of Tennessee	2,628	0	0	2,628
Other Governments and Citizens Groups	176,724	0	176,728	(4)
Total Revenues	<u>\$ 901,942</u>	<u>\$ 727,551</u>	<u>\$ 836,978</u>	<u>\$ 64,964</u>
<u>Expenditures</u>				
<u>Principal on Debt</u>				
General Government	\$ 390,000	\$ 453,130	\$ 390,000	\$ 0
Highways and Streets	63,160	0	63,160	0
Education	124,000	0	124,000	0
<u>Interest on Debt</u>				
General Government	211,844	216,591	212,394	550
Highways and Streets	4,137	0	4,197	60
Education	52,724	0	52,724	0
<u>Other Debt Service</u>				
General Government	8,429	9,300	9,270	841
Total Expenditures	<u>\$ 854,294</u>	<u>\$ 679,021</u>	<u>\$ 855,745</u>	<u>\$ 1,451</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>\$ 47,648</u>	<u>\$ 48,530</u>	<u>\$ (18,767)</u>	<u>\$ 66,415</u>
<u>Other Financing Sources (Uses)</u>				
Transfers In	\$ 67,297	0	\$ 67,297	0
Total Other Financing Sources	<u>\$ 67,297</u>	<u>0</u>	<u>\$ 67,297</u>	<u>0</u>
Net Change in Fund Balance	\$ 114,945	\$ 48,530	\$ 48,530	\$ 66,415
Fund Balance, July 1, 2018	240,032	66,003	66,003	174,029
Fund Balance, June 30, 2019	<u><u>\$ 354,977</u></u>	<u><u>\$ 114,533</u></u>	<u><u>\$ 114,533</u></u>	<u><u>\$ 240,444</u></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, 2019

	Agency Funds		
	Cities - Sales Tax	Constitu - tional Officers - Agency	Total
<u>ASSETS</u>			
Cash	\$ 0	\$ 1,585,459	\$ 1,585,459
Due from Other Governments	202,000	0	202,000
Total Assets	<u>\$ 202,000</u>	<u>\$ 1,585,459</u>	<u>\$ 1,787,459</u>
<u>LIABILITIES</u>			
Due to Other Taxing Units	\$ 202,000	\$ 0	\$ 202,000
Due to Litigants, Heirs, and Others	0	1,585,459	1,585,459
Total Liabilities	<u>\$ 202,000</u>	<u>\$ 1,585,459</u>	<u>\$ 1,787,459</u>

Exhibit G-2

Chester County, Tennessee
Combining Statement of Changes in Assets and
Liabilities - All Agency Funds
For the Year Ended June 30, 2019

	Beginning Balance	Additions	Deductions	Ending Balance
<u>Cities - Sales Tax Fund</u>				
<u>Assets</u>				
Equity in Pooled Cash and Investments	\$ 0	\$ 1,193,969	\$ 1,193,969	\$ 0
Due from Other Governments	203,891	202,000	203,891	202,000
Total Assets	\$ 203,891	\$ 1,395,969	\$ 1,397,860	\$ 202,000
<u>Liabilities</u>				
Due to Other Taxing Units	\$ 203,891	\$ 1,395,969	\$ 1,397,860	\$ 202,000
Total Liabilities	\$ 203,891	\$ 1,395,969	\$ 1,397,860	\$ 202,000
<u>Constitutional Officers - Agency Fund</u>				
<u>Assets</u>				
Cash	\$ 1,426,636	\$ 4,422,496	\$ 4,263,673	\$ 1,585,459
Total Assets	\$ 1,426,636	\$ 4,422,496	\$ 4,263,673	\$ 1,585,459
<u>Liabilities</u>				
Due to Litigants, Heirs, and Others	\$ 1,426,636	\$ 4,422,496	\$ 4,263,673	\$ 1,585,459
Total Liabilities	\$ 1,426,636	\$ 4,422,496	\$ 4,263,673	\$ 1,585,459
<u>Total - All Agency Funds</u>				
<u>Assets</u>				
Cash	\$ 1,426,636	\$ 4,422,496	\$ 4,263,673	\$ 1,585,459
Equity in Pooled Cash and Investments	0	1,193,969	1,193,969	0
Due from Other Governments	203,891	202,000	203,891	202,000
Total Assets	\$ 1,630,527	\$ 5,818,465	\$ 5,661,533	\$ 1,787,459
<u>Liabilities</u>				
Due to Other Taxing Units	\$ 203,891	\$ 1,395,969	\$ 1,397,860	\$ 202,000
Due to Litigants, Heirs, and Others	1,426,636	4,422,496	4,263,673	1,585,459
Total Liabilities	\$ 1,630,527	\$ 5,818,465	\$ 5,661,533	\$ 1,787,459

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, 2019

Functions/Programs	Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Position Total Governmental Activities
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	
Governmental Activities:					
Instruction	\$ 13,968,580	\$ 40,030	\$ 1,045,812	\$ 845,250	\$ (12,037,488)
Support Services	7,777,694	31,623	429,520	422,625	(6,893,926)
Operation of Non-instructional Services	1,527,686	353,458	1,044,299	422,625	292,696
Total Governmental Activities	<u>\$ 23,273,960</u>	<u>\$ 425,111</u>	<u>\$ 2,519,631</u>	<u>\$ 1,690,500</u>	<u>\$ (18,638,718)</u>
General Revenues:					
Taxes:					
Property Taxes Levied for General Purposes					\$ 1,971,490
Local Option Sales Taxes					1,434,831
Grants and Contributions Not Restricted to Specific Programs					18,343,325
Unrestricted Investment Income					97,881
Miscellaneous					22,827
Total General Revenues					<u>\$ 21,870,354</u>
Change in Net Position					\$ 3,231,636
Net Position, July 1, 2018					<u>19,543,408</u>
Net Position, June 30, 2019					<u><u>\$ 22,775,044</u></u>

Exhibit H-2

Chester County, Tennessee
Balance Sheet - Governmental Funds
Discretely Presented Chester County School Department
June 30, 2019

	<u>Major Funds</u>		<u>Nonmajor Funds</u>	
	<u>General Purpose School</u>	<u>Education Capital Projects</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
<u>ASSETS</u>				
Equity in Pooled Cash and Investments	\$ 5,854,410	\$ 1,336,921	\$ 484,313	\$ 7,675,644
Accounts Receivable	4,078	0	426	4,504
Due from Other Governments	334,903	37,500	135,125	507,528
Property Taxes Receivable	1,912,573	0	0	1,912,573
Allowance for Uncollectible Property Taxes	(68,418)	0	0	(68,418)
Restricted Assets	49,763	0	0	49,763
Total Assets	<u>\$ 8,087,309</u>	<u>\$ 1,374,421</u>	<u>\$ 619,864</u>	<u>\$ 10,081,594</u>
<u>LIABILITIES</u>				
Payroll Deductions Payable	\$ 181,571	\$ 0	\$ 29,983	\$ 211,554
Total Liabilities	<u>\$ 181,571</u>	<u>\$ 0</u>	<u>\$ 29,983</u>	<u>\$ 211,554</u>
<u>DEFERRED INFLOWS OF RESOURCES</u>				
Deferred Current Property Taxes	\$ 1,790,034	\$ 0	\$ 0	\$ 1,790,034
Deferred Delinquent Property Taxes	46,871	0	0	46,871
Other Deferred/Unavailable Revenue	99,500	18,750	0	118,250
Total Deferred Inflows of Resources	<u>\$ 1,936,405</u>	<u>\$ 18,750</u>	<u>\$ 0</u>	<u>\$ 1,955,155</u>
<u>FUND BALANCES</u>				
Restricted:				
Restricted for Education	\$ 3,962	\$ 0	\$ 37,049	\$ 41,011
Restricted for Operation of Non-instructional Services	0	0	352,832	352,832

(Continued)

Exhibit H-2

Chester County, Tennessee
Balance Sheet - Governmental Funds
Discretely Presented Chester County School Department (Cont.)

	Major Funds		Nonmajor Funds	
	General Purpose School	Education Capital Projects	Other Govern- mental Funds	Total Governmental Funds
<u>FUND BALANCES (Cont.)</u>				
Restricted (Cont.):				
Restricted for Capital Outlay	\$ 0	\$ 1,355,671	\$ 0	\$ 1,355,671
Restricted for Hybrid Retirement Stabilization Funds	49,763	0	0	49,763
Committed:				
Committed for Education	590,218	0	0	590,218
Assigned:				
Assigned for Education	160,366	0	200,000	360,366
Unassigned	5,165,024	0	0	5,165,024
Total Fund Balances	<u>\$ 5,969,333</u>	<u>\$ 1,355,671</u>	<u>\$ 589,881</u>	<u>\$ 7,914,885</u>
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	<u>\$ 8,087,309</u>	<u>\$ 1,374,421</u>	<u>\$ 619,864</u>	<u>\$ 10,081,594</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, 2019

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)		\$	7,914,885
(1) Capital assets used in governmental activities are not financial resources and therefore are not reported in the governmental funds.			
Add: land	\$	941,552	
Add: buildings and improvements net of accumulated depreciation		11,476,016	
Add: other capital assets net of accumulated depreciation		<u>1,736,916</u>	14,154,484
(2) Long-term liabilities are not due and payable in the current period and therefore are not reported in the governmental funds.			
Less: net OPEB liability			(1,482,150)
(3) Amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions and OPEB will be amortized and recognized as components of pension and OPEB expense in future years.			
Add: deferred outflows of resources related to pensions	\$	2,142,534	
Less: deferred inflows of resources related to pensions		(1,886,404)	
Add: deferred outflows of resources related to OPEB		43,519	
Less: deferred inflows of resources related to OPEB		<u>(34,665)</u>	264,984
(4) Net pension assets are not current financial resources and therefore are not reported in the governmental funds.			
Add: net pension asset - agent plan	\$	731,559	
Add: net pension asset - teacher retirement plan		95,672	
Add: net pension asset - teacher legacy pension plan		<u>930,489</u>	1,757,720
(5) Other long-term assets are not available to pay for current-period expenditures and therefore are deferred in the governmental funds.			<u>165,121</u>
Net position of governmental activities (Exhibit A)		\$	<u><u>22,775,044</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, 2019

	Major Funds		Nonmajor Funds	
	General Purpose School	Education Capital Projects	Other Govern- mental Funds	Total Governmental Funds
<u>Revenues</u>				
Local Taxes	\$ 3,193,731	\$ 225,000	\$ 0	\$ 3,418,731
Licenses and Permits	874	0	0	874
Charges for Current Services	56,641	0	343,572	400,213
Other Local Revenues	120,289	5,155	20,162	145,606
State of Tennessee	18,278,073	0	23,686	18,301,759
Federal Government	28,469	0	2,531,854	2,560,323
Other Governments and Citizens Groups	0	1,690,500	0	1,690,500
Total Revenues	\$ 21,678,077	\$ 1,920,655	\$ 2,919,274	\$ 26,518,006
<u>Expenditures</u>				
Current:				
Instruction	\$ 12,680,423	\$ 0	\$ 1,195,044	\$ 13,875,467
Support Services	7,765,354	2,250	243,165	8,010,769
Operation of Non-Instructional Services	211,091	0	1,345,132	1,556,223
Capital Outlay	1,437,895	1,051,892	0	2,489,787
Debt Service:				
Other Debt Service	0	176,724	0	176,724
Total Expenditures	\$ 22,094,763	\$ 1,230,866	\$ 2,783,341	\$ 26,108,970
Excess (Deficiency) of Revenues Over Expenditures	\$ (416,686)	\$ 689,789	\$ 135,933	\$ 409,036
<u>Other Financing Sources (Uses)</u>				
Insurance Recovery	\$ 7,092	\$ 0	\$ 0	\$ 7,092
Transfers In	40,076	0	0	40,076

(Continued)

Exhibit H-4

Chester County, Tennessee
Statement of Revenues, Expenditures,
and Changes in Fund Balances -
Governmental Funds
Discretely Presented Chester County School Department (Cont.)

	Major Funds		Nonmajor Funds	
	General Purpose School	Education Capital Projects	Other Govern- mental Funds	Total Governmental Funds
<u>Other Financing Sources (Uses) (Cont.)</u>				
Transfers Out	\$ 0	\$ 0	\$ (40,076)	\$ (40,076)
Total Other Financing Sources (Uses)	\$ 47,168	\$ 0	\$ (40,076)	\$ 7,092
Net Change in Fund Balances	\$ (369,518)	\$ 689,789	\$ 95,857	\$ 416,128
Fund Balance, July 1, 2018	6,338,851	665,882	494,024	7,498,757
Fund Balance, June 30, 2019	\$ 5,969,333	\$ 1,355,671	\$ 589,881	\$ 7,914,885

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, 2019

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)		\$	416,128
(1) Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of these assets is allocated over their useful lives and reported as depreciation expense. The difference between capital outlays and depreciation is itemized as follows:			
Add: capital assets purchased in the current period	\$	2,357,071	
Less: current-year depreciation expense		<u>(676,894)</u>	1,680,177
(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, 2019.	\$	165,121	
Less: deferred delinquent property taxes and other deferred June 30, 2018.		<u>(177,531)</u>	(12,410)
(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 net OPEB liability	\$	(100,468)	
Change in deferred outflows related to pensions		(280,076)	
Change in deferred inflows related to pensions		405,199	
Change in deferred outflows related to OPEB		43,519	
Change in deferred inflows related to OPEB		(34,665)	
Change in net pension asset - agent plan		223,159	
Change in net pension asset - teacher retirement plan		48,264	
Change in net pension asset - teacher legacy pension plan		<u>842,809</u>	1,147,741
Change in net position of governmental activities (Exhibit B)			<u>\$ 3,231,636</u>

Exhibit H-6

Chester County, Tennessee
Combining Balance Sheet - Nonmajor Governmental Funds
Discretely Presented Chester County School Department
June 30, 2019

	<u>Special Revenue Funds</u>		Total
	<u>School</u>	<u>Central</u>	<u>Nonmajor</u>
	<u>Federal</u>	<u>Cafeteria</u>	<u>Governmental</u>
	<u>Projects</u>		<u>Funds</u>
<u>ASSETS</u>			
Equity in Pooled Cash and Investments	\$ 125,310	\$ 359,003	\$ 484,313
Accounts Receivable	0	426	426
Due from Other Governments	135,125	0	135,125
Total Assets	<u>\$ 260,435</u>	<u>\$ 359,429</u>	<u>\$ 619,864</u>
<u>LIABILITIES</u>			
Payroll Deductions Payable	\$ 23,386	\$ 6,597	\$ 29,983
Total Liabilities	<u>\$ 23,386</u>	<u>\$ 6,597</u>	<u>\$ 29,983</u>
<u>FUND BALANCES</u>			
Restricted:			
Restricted for Education	\$ 37,049	\$ 0	\$ 37,049
Restricted for Operation of Non-instructional Services	0	352,832	352,832
Assigned:			
Assigned for Education	200,000	0	200,000
Total Fund Balances	<u>\$ 237,049</u>	<u>\$ 352,832</u>	<u>\$ 589,881</u>
Total Liabilities and Fund Balances	<u>\$ 260,435</u>	<u>\$ 359,429</u>	<u>\$ 619,864</u>

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, 2019

	<u>Special Revenue Funds</u>		Total
	School	Central	Nonmajor
	Federal	Cafeteria	Governmental
	Projects		Funds
<u>Revenues</u>			
Charges for Current Services	\$ 0	\$ 343,572	\$ 343,572
Other Local Revenues	0	20,162	20,162
State of Tennessee	0	23,686	23,686
Federal Government	1,501,241	1,030,613	2,531,854
Total Revenues	<u>\$ 1,501,241</u>	<u>\$ 1,418,033</u>	<u>\$ 2,919,274</u>
<u>Expenditures</u>			
Current:			
Instruction	\$ 1,195,044	\$ 0	\$ 1,195,044
Support Services	243,165	0	243,165
Operation of Non-Instructional Services	0	1,345,132	1,345,132
Total Expenditures	<u>\$ 1,438,209</u>	<u>\$ 1,345,132</u>	<u>\$ 2,783,341</u>
Excess (Deficiency) of Revenues			
Over Expenditures	<u>\$ 63,032</u>	<u>\$ 72,901</u>	<u>\$ 135,933</u>
<u>Other Financing Sources (Uses)</u>			
Transfers Out	\$ (40,076)	\$ 0	\$ (40,076)
Total Other Financing Sources (Uses)	<u>\$ (40,076)</u>	<u>\$ 0</u>	<u>\$ (40,076)</u>
Net Change in Fund Balances	\$ 22,956	\$ 72,901	\$ 95,857
Fund Balance, July 1, 2018	<u>214,093</u>	<u>279,931</u>	<u>494,024</u>
Fund Balance, June 30, 2019	<u>\$ 237,049</u>	<u>\$ 352,832</u>	<u>\$ 589,881</u>

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, 2019

	Actual (GAAP Basis)	Less: Encumbrances 7/1/2018	Add: Encumbrances 6/30/2019	Actual Revenues/ Expenditures (Budgetary Basis)	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
					Original	Final	
<u>Revenues</u>							
Local Taxes	\$ 3,193,731	\$ 0	\$ 0	\$ 3,193,731	\$ 3,056,500	\$ 3,056,500	\$ 137,231
Licenses and Permits	874	0	0	874	1,000	1,000	(126)
Charges for Current Services	56,641	0	0	56,641	57,750	57,750	(1,109)
Other Local Revenues	120,289	0	0	120,289	83,000	83,000	37,289
State of Tennessee	18,278,073	0	0	18,278,073	18,086,600	18,234,075	43,998
Federal Government	28,469	0	0	28,469	5,000	5,000	23,469
Total Revenues	\$ 21,678,077	\$ 0	\$ 0	\$ 21,678,077	\$ 21,289,850	\$ 21,437,325	\$ 240,752
<u>Expenditures</u>							
<u>Instruction</u>							
Regular Instruction Program	\$ 10,344,539	\$ (7,364)	\$ 53,891	\$ 10,391,066	\$ 10,398,746	\$ 10,663,466	\$ 272,400
Special Education Program	1,577,019	(1,343)	1,262	1,576,938	1,777,932	1,799,932	222,994
Career and Technical Education Program	664,637	(2,850)	0	661,787	690,841	689,841	28,054
Student Body Education Program	94,228	0	0	94,228	93,880	94,880	652
<u>Support Services</u>							
Attendance	30,003	0	0	30,003	30,353	30,353	350
Health Services	219,091	(12)	0	219,079	223,658	226,158	7,079
Other Student Support	439,858	0	0	439,858	462,200	459,700	19,842
Regular Instruction Program	704,724	(6,371)	4,648	703,001	760,938	775,285	72,284
Special Education Program	230,776	(9,000)	0	221,776	215,462	235,462	13,686
Career and Technical Education Program	685	0	0	685	2,500	2,500	1,815
Technology	682,156	(3,320)	2,910	681,746	715,071	720,071	38,325
Adult Programs	29,074	0	300	29,374	32,465	32,465	3,091
Board of Education	430,453	(2,137)	1,720	430,036	485,250	485,250	55,214
Director of Schools	192,118	(250)	250	192,118	205,694	205,694	13,576
Office of the Principal	1,433,341	0	500	1,433,841	1,511,980	1,494,980	61,139
Fiscal Services	208,941	(18,546)	4,500	194,895	202,121	202,121	7,226
Human Services/Personnel	59,313	0	0	59,313	73,574	73,574	14,261
Operation of Plant	1,487,310	(1,540)	0	1,485,770	1,502,944	1,519,944	34,174

(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 7/1/2018	Add: Encumbrances 6/30/2019	Actual Revenues/ Expenditures (Budgetary Basis)	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
					Original	Final	
<u>Expenditures (Cont.)</u>							
<u>Support Services (Cont.)</u>							
Maintenance of Plant	\$ 564,874	\$ (21,533)	\$ 79,727	\$ 623,068	\$ 592,498	\$ 711,078	\$ 88,010
Transportation	1,052,637	(8,575)	9,831	1,053,893	1,088,900	1,102,900	49,007
<u>Operation of Non-Instructional Services</u>							
Community Services	2,495	(100)	0	2,395	11,320	11,320	8,925
Early Childhood Education	208,596	(40)	827	209,383	211,523	215,051	5,668
<u>Capital Outlay</u>							
Regular Capital Outlay	1,437,895	(1,361,186)	0	76,709	1,425,000	1,493,262	1,416,553
Total Expenditures	\$ 22,094,763	\$ (1,444,167)	\$ 160,366	\$ 20,810,962	\$ 22,714,850	\$ 23,245,287	\$ 2,434,325
Excess (Deficiency) of Revenues Over Expenditures	\$ (416,686)	\$ 1,444,167	\$ (160,366)	\$ 867,115	\$ (1,425,000)	\$ (1,807,962)	\$ 2,675,077
<u>Other Financing Sources (Uses)</u>							
Insurance Recovery	\$ 7,092	\$ 0	\$ 0	\$ 7,092	\$ 10,000	\$ 10,000	\$ (2,908)
Transfers In	40,076	0	0	40,076	10,000	10,000	30,076
Total Other Financing Sources	\$ 47,168	\$ 0	\$ 0	\$ 47,168	\$ 20,000	\$ 20,000	\$ 27,168
Net Change in Fund Balance	\$ (369,518)	\$ 1,444,167	\$ (160,366)	\$ 914,283	\$ (1,405,000)	\$ (1,787,962)	\$ 2,702,245
Fund Balance, July 1, 2018	6,338,851	(1,444,167)	0	4,894,684	4,833,039	4,833,039	61,645
Fund Balance, June 30, 2019	\$ 5,969,333	\$ 0	\$ (160,366)	\$ 5,808,967	\$ 3,428,039	\$ 3,045,077	\$ 2,763,890

Exhibit H-9

Chester County, Tennessee
Schedule of Revenues, Expenditures, and Changes
in Fund Balance - Actual (Budgetary Basis) and Budget
Discretely Presented Chester County School Department
School Federal Projects Fund
For the Year Ended June 30, 2019

	Actual (GAAP Basis)	Less: Encumbrances 7/1/2018	Add: Encumbrances 6/30/2019	Actual Revenues/ Expenditures (Budgetary Basis)	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
					Original	Final	
<u>Revenues</u>							
Federal Government	\$ 1,501,241	\$ 0	\$ 0	\$ 1,501,241	\$ 1,645,654	\$ 1,957,007	\$ (455,766)
Total Revenues	\$ 1,501,241	\$ 0	\$ 0	\$ 1,501,241	\$ 1,645,654	\$ 1,957,007	\$ (455,766)
<u>Expenditures</u>							
<u>Instruction</u>							
Regular Instruction Program	\$ 714,965	\$ (8,596)	\$ 12,059	\$ 718,428	\$ 852,540	\$ 984,831	\$ 266,403
Special Education Program	453,974	0	640	454,614	513,058	573,081	118,467
Career and Technical Education Program	26,105	(2,332)	10,927	34,700	27,593	34,778	78
<u>Support Services</u>							
Other Student Support	34,268	(2,747)	0	31,521	32,811	38,433	6,912
Regular Instruction Program	118,680	(5,450)	350	113,580	109,679	174,484	60,904
Special Education Program	38,296	0	0	38,296	36,876	53,243	14,947
Career and Technical Education Program	890	0	0	890	1,600	890	0
Operation of Plant	18,830	0	0	18,830	4,960	19,690	860
Transportation	32,201	0	0	32,201	35,948	37,499	5,298
Total Expenditures	\$ 1,438,209	\$ (19,125)	\$ 23,976	\$ 1,443,060	\$ 1,615,065	\$ 1,916,929	\$ 473,869
Excess (Deficiency) of Revenues Over Expenditures	\$ 63,032	\$ 19,125	\$ (23,976)	\$ 58,181	\$ 30,589	\$ 40,078	\$ 18,103
<u>Other Financing Sources (Uses)</u>							
Transfers Out	\$ (40,076)	\$ 0	\$ 0	\$ (40,076)	\$ (30,588)	\$ (40,076)	\$ 0
Total Other Financing Sources	\$ (40,076)	\$ 0	\$ 0	\$ (40,076)	\$ (30,588)	\$ (40,076)	\$ 0
Net Change in Fund Balance	\$ 22,956	\$ 19,125	\$ (23,976)	\$ 18,105	\$ 1	\$ 2	\$ 18,103
Fund Balance, July 1, 2018	214,093	(19,125)	0	194,968	161,004	161,004	33,964
Fund Balance, June 30, 2019	\$ 237,049	\$ 0	\$ (23,976)	\$ 213,073	\$ 161,005	\$ 161,006	\$ 52,067

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, 2019

	Actual (GAAP Basis)	Less: Encumbrances 7/1/2018	Add: Encumbrances 6/30/2019	Actual Revenues/ Expenditures (Budgetary Basis)	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
					Original	Final	
<u>Revenues</u>							
Charges for Current Services	\$ 343,572	\$ 0	\$ 0	\$ 343,572	\$ 353,000	\$ 353,000	\$ (9,428)
Other Local Revenues	20,162	0	0	20,162	17,800	17,800	2,362
State of Tennessee	23,686	0	0	23,686	14,000	24,000	(314)
Federal Government	1,030,613	0	0	1,030,613	1,075,362	1,075,362	(44,749)
Total Revenues	<u>\$ 1,418,033</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 1,418,033</u>	<u>\$ 1,460,162</u>	<u>\$ 1,470,162</u>	<u>\$ (52,129)</u>
<u>Expenditures</u>							
<u>Operation of Non-Instructional Services</u>							
Food Service	\$ 1,345,132	\$ (3,728)	\$ 18,279	\$ 1,359,683	\$ 1,460,162	\$ 1,470,162	\$ 110,479
Total Expenditures	<u>\$ 1,345,132</u>	<u>\$ (3,728)</u>	<u>\$ 18,279</u>	<u>\$ 1,359,683</u>	<u>\$ 1,460,162</u>	<u>\$ 1,470,162</u>	<u>\$ 110,479</u>
Excess (Deficiency) of Revenues Over Expenditures	\$ 72,901	\$ 3,728	\$ (18,279)	\$ 58,350	\$ 0	\$ 0	\$ 58,350
Net Change in Fund Balance	\$ 72,901	\$ 3,728	\$ (18,279)	\$ 58,350	\$ 0	\$ 0	\$ 58,350
Fund Balance, July 1, 2018	279,931	(3,728)	0	276,203	211,704	211,704	64,499
Fund Balance, June 30, 2019	<u>\$ 352,832</u>	<u>\$ 0</u>	<u>\$ (18,279)</u>	<u>\$ 334,553</u>	<u>\$ 211,704</u>	<u>\$ 211,704</u>	<u>\$ 122,849</u>

Exhibit H-11

Chester County, Tennessee
Schedule of Revenues, Expenditures, and Changes
in Fund Balance - Actual (Budgetary Basis) and Budget
Discretely Presented Chester County School Department
Education Capital Projects Fund
For the Year Ended June 30, 2019

	Actual (GAAP Basis)	Less: Encumbrances 7/1/2018	Add: Encumbrances 6/30/2019	Actual Revenues/ Expenditures (Budgetary Basis)	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
					Original	Final	
<u>Revenues</u>							
Local Taxes	\$ 225,000	\$ 0	\$ 0	\$ 225,000	\$ 225,000	\$ 225,000	\$ 0
Other Local Revenues	5,155	0	0	5,155	0	0	5,155
Other Governments and Citizens Groups	1,690,500	0	0	1,690,500	0	1,690,500	0
Total Revenues	\$ 1,920,655	\$ 0	\$ 0	\$ 1,920,655	\$ 225,000	\$ 1,915,500	\$ 5,155
<u>Expenditures</u>							
<u>Support Services</u>							
Board of Education	\$ 2,250	\$ 0	\$ 0	\$ 2,250	\$ 2,500	\$ 2,500	\$ 250
<u>Capital Outlay</u>							
Regular Capital Outlay	1,051,892	(187,120)	593,122	1,457,894	222,500	1,736,250	278,356
<u>Other Debt Service</u>							
Education	176,724	0	0	176,724	0	176,750	26
Total Expenditures	\$ 1,230,866	\$ (187,120)	\$ 593,122	\$ 1,636,868	\$ 225,000	\$ 1,915,500	\$ 278,632
Excess (Deficiency) of Revenues Over Expenditures	\$ 689,789	\$ 187,120	\$ (593,122)	\$ 283,787	\$ 0	\$ 0	\$ 283,787
Net Change in Fund Balance	\$ 689,789	\$ 187,120	\$ (593,122)	\$ 283,787	\$ 0	\$ 0	\$ 283,787
Fund Balance, July 1, 2018	665,882	(187,120)	0	478,762	147,365	147,365	331,397
Fund Balance, June 30, 2019	\$ 1,355,671	\$ 0	\$ (593,122)	\$ 762,549	\$ 147,365	\$ 147,365	\$ 615,184

Chester County, Tennessee
Statement of Fiduciary Net Position
Discretely Presented Chester County School Department
Fiduciary Fund
June 30, 2019

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Exhibit H-13

Chester County, Tennessee
Statement of Changes in Fiduciary Net Position
Discretely Presented Chester County School Department
Fiduciary Fund
For the Year Ended June 30, 2019

	Other Trust Fund Private Purpose Trust Fund
<u>ADDITIONS</u>	
<u>Other Local Revenues</u>	
Investment Income	\$ 1,375
Total Additions	<u>\$ 1,375</u>
<u>DEDUCTIONS</u>	
<u>Miscellaneous</u>	
Other Charges	\$ 4,000
Total Deductions	<u>\$ 4,000</u>
Change in Net Position	\$ (2,625)
Net Position, July 1, 2018	<u>137,535</u>
Net Position, June 30, 2019	<u><u>\$ 134,910</u></u>

MISCELLANEOUS SCHEDULES

Exhibit I-1

Chester County, Tennessee
Schedule of Changes in Long-term Notes, Capital Leases, and Bonds
For the Year Ended June 30, 2019

Description of Indebtedness	Original Amount of Issue	Interest Rate	Date of Issue	Last Maturity Date	Outstanding 7-1-18	Issued During Period	Paid and/or Matured During Period	Outstanding 6-30-19
NOTES PAYABLE								
<u>Payable through General Debt Service Fund</u>								
Capital Outlay Notes, Series 2016	\$ 316,000	2.5%	7-18-16	6-30-21	\$ 194,320	\$ 0	\$ 63,160	\$ 131,160
Capital Outlay Notes, Series 2018	1,700,000	3.5	7-12-18	6-1-30	0	1,700,000	124,000	1,576,000
Total Notes Payable					<u>\$ 194,320</u>	<u>\$ 1,700,000</u>	<u>\$ 187,160</u>	<u>\$ 1,707,160</u>
CAPITAL LEASES PAYABLE								
<u>Payable through General Fund</u>								
Sheriff's Department - Two 2015 Dodge Chargers	58,298	4.77	11-30-15	1-10-19	\$ 11,950	\$ 0	\$ 11,950	\$ 0
Sheriff's Department 2015 Dodge Durango	33,791	4.76	11-30-15	3-10-19	8,868	0	8,868	0
Total Capital Leases Payable					<u>\$ 20,818</u>	<u>\$ 0</u>	<u>\$ 20,818</u>	<u>\$ 0</u>
BONDS PAYABLE								
<u>Payable through General Debt Service Fund</u>								
Refunding Bonds, Series 2011	575,000	2.75 to 5	3-15-11	5-1-23	\$ 275,000	\$ 0	\$ 50,000	\$ 225,000
General Obligation Bonds, Series 2011	360,000	2.75 to 5	3-15-11	5-1-28	220,000	0	20,000	200,000
General Obligation Refunding Bonds, Series 2016	8,505,000	2 to 3	5-13-16	6-1-40	8,285,000	0	320,000	7,965,000
Total Bonds Payable					<u>\$ 8,780,000</u>	<u>\$ 0</u>	<u>\$ 390,000</u>	<u>\$ 8,390,000</u>

Exhibit I-2

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

Year Ending June 30	Notes		
	Principal	Interest	Total
2020	\$ 184,760	\$ 57,700	\$ 242,460
2021	190,400	51,863	242,263
2022	129,000	46,620	175,620
2023	133,000	42,105	175,105
2024	138,000	37,450	175,450
2025	142,000	32,620	174,620
2026	147,000	27,650	174,650
2027	153,000	22,505	175,505
2028	158,000	17,150	175,150
2029	163,000	11,620	174,620
2030	169,000	5,915	174,915
Total	\$ 1,707,160	\$ 353,198	\$ 2,060,358

Year Ending June 30	Bonds		
	Principal	Interest	Total
2020	\$ 400,000	\$ 203,257	\$ 603,257
2021	405,000	194,413	599,413
2022	410,000	185,375	595,375
2023	420,000	176,237	596,237
2024	370,000	166,438	536,438
2025	380,000	158,687	538,687
2026	390,000	150,588	540,588
2027	395,000	142,287	537,287
2028	400,000	133,888	533,888
2029	350,000	125,387	475,387
2030	360,000	118,388	478,388
2031	365,000	111,187	476,187
2032	375,000	102,975	477,975
2033	385,000	93,600	478,600
2034	395,000	83,975	478,975
2035	400,000	74,100	474,100
2036	415,000	63,600	478,600
2037	425,000	52,187	477,187
2038	435,000	40,500	475,500
2039	450,000	27,450	477,450
2040	465,000	13,950	478,950
Total	\$ 8,390,000	\$ 2,418,469	\$ 10,808,469

Exhibit I-3

Chester County, Tennessee
Schedule of Investments
June 30, 2019

<u>Fund and Type</u>	<u>Amount</u>
<u>Permanent Fund</u>	
<u>Endowment Fund</u>	
Vanguard 500 Index Fund	\$ 125,328
Fidelity International Index Fund	21,374
Vanguard Short-term Bond Index Fund	27,005
Vanguard Total Bond Fund	65,755
Vanguard Intermediate-term Corporate Bond Index Fund	<u>30,219</u>
Total Investments	<u>\$ 269,681</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, 2019

<u>From Fund</u>	<u>To Fund</u>	<u>Purpose</u>	<u>Amount</u>
<u>PRIMARY GOVERNMENT</u>			
Highway/Public Works	General Debt Service	Debt retirement	<u>\$ 67,297</u>
Total Transfers Primary Government			<u><u>\$ 67,297</u></u>
<u>DISCRETELY PRESENTED CHESTER COUNTY SCHOOL DEPARTMENT</u>			
School Federal Projects	General Purpose School	Indirect costs	<u>\$ 40,076</u>
Total Transfers Discretely Presented Chester County School Department			<u><u>\$ 40,076</u></u>

Exhibit I-5

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, 2019

Official	Authorization for Salary	Salary Paid During Period	Bond	Surety
County Mayor:				
Dwain Seaton (7-1-18 through 8-31-18)	Section 8-24-102, <i>TCA</i>	\$ 14,509	\$ 400,000	Tennessee Risk Management Trust
Barry Hutcherson (9-1-18 through 6-30-19)	Section 8-24-102, <i>TCA</i>	72,548	400,000	"
Road Supervisor	Section 8-24-102, <i>TCA</i>	80,776 (1)	400,000	"
Director of Schools	State Board of Education and County Board of Education	109,250 (2)	400,000	"
Trustee	Section 8-24-102, <i>TCA</i>	72,819 (3)	400,000	"
Assessor of Property	Section 8-24-102, <i>TCA</i>	72,819 (3)	400,000	"
County Clerk	Section 8-24-102, <i>TCA</i>	72,069	400,000	"
Circuit and General Sessions Courts Clerk	Section 8-24-102, <i>TCA</i>	72,819 (3)	400,000	"
Clerk and Master	Section 8-24-102, <i>TCA</i> and Chancery Court Judge	72,819 (3) (4)	400,000 (6)	"
Register of Deeds:				
Judy Cranford (7-1-18 through 8-31-18)	Section 8-24-102, <i>TCA</i>	12,761 (3)	400,000	Tennessee Risk Management Trust
Doris Ethridge (9-1-18 through 6-30-19)	Section 8-24-102, <i>TCA</i>	60,058	400,000	"
Sheriff	Section 8-24-102, <i>TCA</i>	79,276 (5)	400,000	"
Employee Blanket Bonds:				
Public Employee Dishonesty - County Departments			400,000	Tennessee Risk Management Trust
Public Employee Dishonesty - School Departments			400,000	"

- (1) Includes educational incentive pay of \$1,500.
(2) Includes a chief executive officer training supplement of \$1,000 and an equity pay bonus of \$875.
(3) Includes educational incentive pay of \$750.
(4) Does not include special commissioner fees of \$4,335.
(5) Does not include a law enforcement training supplement of \$600.
(6) Also covered by a bond with State Automobile Insurance Company of \$125,000.

Exhibit I-6

Chester County, Tennessee
Schedule of Detailed Revenues -
All Governmental Fund Types
For the Year Ended June 30, 2019

	Special Revenue Funds					Constitu - tional Officers - Fees
	General	Public Library	Solid Waste / Sanitation	Drug Control		
<u>Local Taxes</u>						
<u>County Property Taxes</u>						
Current Property Tax	\$ 3,971,678	\$ 0	\$ 0	\$ 0	\$ 0	
Discount on Property Taxes	(40,547)	0	0	0	0	
Trustee's Collections - Prior Year	148,157	0	0	0	0	
Trustee's Collections - Bankruptcy	160	0	0	0	0	
Circuit Clerk/Clerk and Master Collections - Prior Years	100,327	0	12,541	0	0	
Interest and Penalty	24,352	0	0	0	0	
Payments in-Lieu-of Taxes - T.V.A.	22,329	0	0	0	0	
Payments in-Lieu-of Taxes - Other	835	0	153,816	0	0	
<u>County Local Option Taxes</u>						
Local Option Sales Tax	184,455	0	51,768	0	0	
Hotel/Motel Tax	0	0	15,118	0	0	
Wheel Tax	195,653	0	0	0	0	
Litigation Tax - General	48,304	0	0	0	0	
Litigation Tax - Special Purpose	6,813	0	0	0	0	
Litigation Tax - Jail, Workhouse, or Courthouse	0	0	0	0	0	
Litigation Tax - Courthouse Security	114	0	0	0	0	
Business Tax	0	0	95,861	0	0	
Mixed Drink Tax	0	0	1,285	0	0	
<u>Statutory Local Taxes</u>						
Bank Excise Tax	0	0	15,685	0	0	
Wholesale Beer Tax	0	0	50,805	0	0	
Total Local Taxes	\$ 4,662,630	\$ 0	\$ 396,879	\$ 0	\$ 0	

(Continued)

Exhibit I-6

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

	Special Revenue Funds					Constitu - tional Officers - Fees
	General	Public Library	Solid Waste / Sanitation	Drug Control		
<u>Licenses and Permits</u>						
<u>Licenses</u>						
Cable TV Franchise	\$ 0	\$ 0	\$ 20,059	\$ 0	\$ 0	0
Total Licenses and Permits	\$ 0	\$ 0	\$ 20,059	\$ 0	\$ 0	0
<u>Fines, Forfeitures, and Penalties</u>						
<u>Circuit Court</u>						
Fines	\$ 5,924	\$ 0	\$ 0	\$ 0	\$ 0	0
Officers Costs	2,293	0	0	0	0	0
Drug Control Fines	0	0	0	4,018	0	0
Drug Court Fees	133	0	0	429	0	0
Jail Fees	660	0	0	0	0	0
DUI Treatment Fines	475	0	0	0	0	0
Data Entry Fee - Circuit Court	720	0	0	0	0	0
Victims Assistance Assessments	1,938	0	0	0	0	0
<u>General Sessions Court</u>						
Fines	10,704	0	0	0	0	0
Officers Costs	25,018	0	0	0	0	0
Game and Fish Fines	192	0	0	0	0	0
Drug Control Fines	4,077	0	0	4,975	0	0
Drug Court Fees	3,209	0	0	0	0	0
Jail Fees	6,950	0	0	0	0	0
DUI Treatment Fines	1,330	0	0	0	0	0
Data Entry Fee - General Sessions Court	6,702	0	0	0	0	0
Courtroom Security Fee	2	0	0	0	0	0
Victims Assistance Assessments	8,503	0	0	0	0	0

(Continued)

Exhibit I-6

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

	Special Revenue Funds					Constitu - tional Officers - Fees
	General	Public Library	Solid Waste / Sanitation	Drug Control		
<u>Fines, Forfeitures, and Penalties (Cont.)</u>						
<u>Juvenile Court</u>						
Fines	\$ 100	\$ 0	\$ 0	\$ 0	\$ 0	0
Officers Costs	2,520	0	0	0	0	0
Data Entry Fee - Juvenile Court	490	0	0	0	0	0
<u>Chancery Court</u>						
Officers Costs	1,026	0	0	0	0	0
Data Entry Fee - Chancery Court	2,924	0	0	0	0	0
Total Fines, Forfeitures, and Penalties	\$ 85,890	\$ 0	\$ 0	\$ 9,422	\$ 0	0
<u>Charges for Current Services</u>						
<u>General Service Charges</u>						
Commercial and Industrial Waste Collection Charge	\$ 0	\$ 0	\$ 1,888	\$ 0	\$ 0	0
Convenience Waste Centers Collection Charge	0	0	107,285	0	0	0
Solid Waste Disposal Fee	0	0	4,133	0	0	0
<u>Fees</u>						
Library Fees	0	13,931	0	0	0	0
Greenbelt Late Application Fee	600	0	0	0	0	0
Telephone Commissions	93,178	0	0	0	0	0
Vending Machine Collections	156	0	0	0	0	0
Constitutional Officers' Fees and Commissions	0	0	0	0	0	4,335
Data Processing Fee - Register	5,012	0	0	0	0	0
Data Processing Fee - Sheriff	2,173	0	0	0	0	0
Sexual Offender Registration Fee - Sheriff	3,300	0	0	0	0	0
Data Processing Fee - County Clerk	2,280	0	0	0	0	0
Subscription and Document Retrieval Fee - Chancery	9,302	0	0	0	0	0
Total Charges for Current Services	\$ 116,001	\$ 13,931	\$ 113,306	\$ 0	\$ 4,335	0

(Continued)

Exhibit I-6

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

	Special Revenue Funds					Constitu -
	General	Public Library	Solid Waste / Sanitation	Drug Control		tional Officers - Fees
<u>Other Local Revenues</u>						
<u>Recurring Items</u>						
Investment Income	\$ 785	\$ 13,941	\$ 51,722	\$ 0	\$	0
Lease/Rentals	3,300	0	0	0		0
Sale of Materials and Supplies	4,110	0	0	0		0
Commissary Sales	0	0	0	0		0
Sale of Maps	700	0	0	0		0
Sale of Recycled Materials	0	0	236,386	0		0
Miscellaneous Refunds	3,385	0	2,780	389		0
Expenditure Credits	10	0	0	0		0
<u>Nonrecurring Items</u>						
Sale of Equipment	0	0	0	0		0
<u>Other Local Revenues</u>						
Other Local Revenues	337	0	0	1,438		0
Total Other Local Revenues	\$ 12,627	\$ 13,941	\$ 290,888	\$ 1,827	\$	0
<u>Fees Received From County Officials</u>						
<u>Fees In-Lieu-of Salary</u>						
County Clerk	\$ 189,504	\$ 0	\$ 0	\$ 0	\$	0
Circuit Court Clerk	38,579	0	0	0		0
General Sessions Court Clerk	107,194	0	0	0		0
Clerk and Master	111,917	0	0	0		0
Register	59,835	0	0	0		0
Sheriff	11,247	0	0	0		0
Trustee	221,403	0	0	0		0
Total Fees Received From County Officials	\$ 739,679	\$ 0	\$ 0	\$ 0	\$	0

(Continued)

Exhibit I-6

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

	Special Revenue Funds					Constitu -
	General	Public Library	Solid Waste / Sanitation	Drug Control	Officers -	Fees
<u>State of Tennessee</u>						
<u>General Government Grants</u>						
Juvenile Services Program	\$ 9,000	\$ 0	\$ 0	\$ 0	\$ 0	0
<u>Public Safety Grants</u>						
Law Enforcement Training Programs	10,200	0	0	0	0	0
<u>Health and Welfare Grants</u>						
Health Department Programs	26,342	0	0	0	0	0
<u>Public Works Grants</u>						
Litter Program	0	0	41,207	0	0	0
<u>Other State Revenues</u>						
Income Tax	0	0	20,388	0	0	0
Beer Tax	0	0	17,959	0	0	0
Vehicle Certificate of Title Fees	6,568	0	0	0	0	0
Alcoholic Beverage Tax	0	0	44,628	0	0	0
State Revenue Sharing - T.V.A.	0	75,000	216,484	0	0	0
State Revenue Sharing - Telecommunications	20,874	0	0	0	0	0
Contracted Prisoner Boarding	439,577	0	0	0	0	0
Gasoline and Motor Fuel Tax	0	0	0	0	0	0
Petroleum Special Tax	0	0	0	0	0	0
Registrar's Salary Supplement	15,164	0	0	0	0	0
Other State Grants	7,650	0	867,570	0	0	0
Other State Revenues	24,939	0	16,838	0	0	0
Total State of Tennessee	\$ 560,314	\$ 75,000	\$ 1,225,074	\$ 0	\$ 0	0
<u>Federal Government</u>						
<u>Federal Through State</u>						
Civil Defense Reimbursement	\$ 43,000	\$ 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
<u>Federal Government (Cont.)</u>					
<u>Direct Federal Revenue</u>					
Other Direct Federal Revenue	\$ 2,000	\$ 0	\$ 0	\$ 0	\$ 0
Total Federal Government	\$ 45,000	\$ 0	\$ 0	\$ 0	\$ 0
<u>Other Governments and Citizens Groups</u>					
<u>Other Governments</u>					
Contributions	\$ 14,724	\$ 3,129	\$ 8,538	\$ 0	\$ 0
Contracted Services	208,487	0	0	0	0
<u>Citizens Groups</u>					
Donations	4,800	100	0	0	0
<u>Other</u>					
Other	58,833	0	0	0	0
Total Other Governments and Citizens Groups	\$ 286,844	\$ 3,229	\$ 8,538	\$ 0	\$ 0
Total	\$ 6,508,985	\$ 106,101	\$ 2,054,744	\$ 11,249	\$ 4,335

(Continued)

Exhibit I-6

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

	Special Revenue Fund	Debt Service Fund	Permanent Fund	Total
	Highway / Public Works	General Debt Service	Endowment	
<u>Local Taxes</u>				
<u>County Property Taxes</u>				
Current Property Tax	\$ 46,676	\$ 46,676	\$ 0	\$ 4,065,030
Discount on Property Taxes	(477)	(477)	0	(41,501)
Trustee's Collections - Prior Year	1,742	1,737	0	151,636
Trustee's Collections - Bankruptcy	2	2	0	164
Circuit Clerk/Clerk and Master Collections - Prior Years	1,622	1,760	0	116,250
Interest and Penalty	300	294	0	24,946
Payments in-Lieu-of Taxes - T.V.A.	2,789	262	0	25,380
Payments in-Lieu-of Taxes - Other	10	10	0	154,671
<u>County Local Option Taxes</u>				
Local Option Sales Tax	0	0	0	236,223
Hotel/Motel Tax	0	0	0	15,118
Wheel Tax	0	651,989	0	847,642
Litigation Tax - General	0	0	0	48,304
Litigation Tax - Special Purpose	0	0	0	6,813
Litigation Tax - Jail, Workhouse, or Courthouse	0	20,337	0	20,337
Litigation Tax - Courthouse Security	0	0	0	114
Business Tax	0	0	0	95,861
Mixed Drink Tax	0	0	0	1,285
<u>Statutory Local Taxes</u>				
Bank Excise Tax	0	0	0	15,685
Wholesale Beer Tax	0	0	0	50,805
Total Local Taxes	\$ 52,664	\$ 722,590	\$ 0	\$ 5,834,763

(Continued)

Exhibit I-6

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

	Special Revenue Fund	Debt Service Fund	Permanent Fund	Total
	Highway / Public Works	General Debt Service	Endowment	
<u>Licenses and Permits</u>				
<u>Licenses</u>				
Cable TV Franchise	\$ 0	\$ 0	\$ 0	\$ 20,059
Total Licenses and Permits	\$ 0	\$ 0	\$ 0	\$ 20,059
<u>Fines, Forfeitures, and Penalties</u>				
<u>Circuit Court</u>				
Fines	\$ 0	\$ 0	\$ 0	\$ 5,924
Officers Costs	0	0	0	2,293
Drug Control Fines	0	0	0	4,018
Drug Court Fees	0	0	0	562
Jail Fees	0	0	0	660
DUI Treatment Fines	0	0	0	475
Data Entry Fee - Circuit Court	0	0	0	720
Victims Assistance Assessments	0	0	0	1,938
<u>General Sessions Court</u>				
Fines	0	0	0	10,704
Officers Costs	0	0	0	25,018
Game and Fish Fines	0	0	0	192
Drug Control Fines	0	0	0	9,052
Drug Court Fees	0	0	0	3,209
Jail Fees	0	0	0	6,950
DUI Treatment Fines	0	0	0	1,330
Data Entry Fee - General Sessions Court	0	0	0	6,702
Courtroom Security Fee	0	0	0	2
Victims Assistance Assessments	0	0	0	8,503

(Continued)

Exhibit I-6

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

	Special Revenue Fund	Debt Service Fund	Permanent Fund	Total
	Highway / Public Works	General Debt Service	Endowment	
<u>Fines, Forfeitures, and Penalties (Cont.)</u>				
<u>Juvenile Court</u>				
Fines	\$ 0	\$ 0	\$ 0	100
Officers Costs	0	0	0	2,520
Data Entry Fee - Juvenile Court	0	0	0	490
<u>Chancery Court</u>				
Officers Costs	0	0	0	1,026
Data Entry Fee - Chancery Court	0	0	0	2,924
Total Fines, Forfeitures, and Penalties	\$ 0	\$ 0	\$ 0	95,312
<u>Charges for Current Services</u>				
<u>General Service Charges</u>				
Commercial and Industrial Waste Collection Charge	\$ 0	\$ 0	\$ 0	1,888
Convenience Waste Centers Collection Charge	0	0	0	107,285
Solid Waste Disposal Fee	0	0	0	4,133
<u>Fees</u>				
Library Fees	0	0	0	13,931
Greenbelt Late Application Fee	0	0	0	600
Telephone Commissions	0	0	0	93,178
Vending Machine Collections	0	0	0	156
Constitutional Officers' Fees and Commissions	0	0	0	4,335
Data Processing Fee - Register	0	0	0	5,012
Data Processing Fee - Sheriff	0	0	0	2,173
Sexual Offender Registration Fee - Sheriff	0	0	0	3,300
Data Processing Fee - County Clerk	0	0	0	2,280
Subscription and Document Retrieval Fee - Chancery	0	0	0	9,302
Total Charges for Current Services	\$ 0	\$ 0	\$ 0	247,573

(Continued)

Exhibit I-6

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

	Special Revenue Fund	Debt Service Fund	Permanent Fund	Total
	Highway / Public Works	General Debt Service	Endowment	
<u>Other Local Revenues</u>				
<u>Recurring Items</u>				
Investment Income	\$ 9,121	\$ 0	\$ 0	\$ 75,569
Lease/Rentals	0	0	0	3,300
Sale of Materials and Supplies	0	0	0	4,110
Commissary Sales	0	0	10,755	10,755
Sale of Maps	0	0	0	700
Sale of Recycled Materials	0	0	0	236,386
Miscellaneous Refunds	1,467	0	0	8,021
Expenditure Credits	0	0	0	10
<u>Nonrecurring Items</u>				
Sale of Equipment	15,338	0	0	15,338
<u>Other Local Revenues</u>				
Other Local Revenues	1,684	0	0	3,459
Total Other Local Revenues	\$ 27,610	\$ 0	\$ 10,755	\$ 357,648
<u>Fees Received From County Officials</u>				
<u>Fees In-Lieu-of Salary</u>				
County Clerk	\$ 0	\$ 0	\$ 0	\$ 189,504
Circuit Court Clerk	0	0	0	38,579
General Sessions Court Clerk	0	0	0	107,194
Clerk and Master	0	0	0	111,917
Register	0	0	0	59,835
Sheriff	0	0	0	11,247
Trustee	0	0	0	221,403
Total Fees Received From County Officials	\$ 0	\$ 0	\$ 0	\$ 739,679

(Continued)

Exhibit I-6

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

	Special Revenue Fund	Debt Service Fund	Permanent Fund	Total
	Highway / Public Works	General Debt Service	Endowment	
<u>State of Tennessee</u>				
<u>General Government Grants</u>				
Juvenile Services Program	\$ 0	\$ 0	\$ 0	\$ 9,000
<u>Public Safety Grants</u>				
Law Enforcement Training Programs	0	0	0	10,200
<u>Health and Welfare Grants</u>				
Health Department Programs	0	0	0	26,342
<u>Public Works Grants</u>				
Litter Program	0	0	0	41,207
<u>Other State Revenues</u>				
Income Tax	0	0	0	20,388
Beer Tax	0	0	0	17,959
Vehicle Certificate of Title Fees	0	0	0	6,568
Alcoholic Beverage Tax	0	0	0	44,628
State Revenue Sharing - T.V.A.	0	2,628	0	294,112
State Revenue Sharing - Telecommunications	0	0	0	20,874
Contracted Prisoner Boarding	0	0	0	439,577
Gasoline and Motor Fuel Tax	2,023,804	0	0	2,023,804
Petroleum Special Tax	12,361	0	0	12,361
Registrar's Salary Supplement	0	0	0	15,164
Other State Grants	0	0	0	875,220
Other State Revenues	11,050	0	0	52,827
Total State of Tennessee	\$ 2,047,215	\$ 2,628	\$ 0	\$ 3,910,231
<u>Federal Government</u>				
<u>Federal Through State</u>				
Civil Defense Reimbursement	\$ 0	\$ 0	\$ 0	\$ 43,000

(Continued)

Exhibit I-6

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

	Special Revenue Fund	Debt Service Fund	Permanent Fund	Total
	Highway / Public Works	General Debt Service	Endowment	
<u>Federal Government (Cont.)</u>				
<u>Direct Federal Revenue</u>				
Other Direct Federal Revenue	\$ 0	\$ 0	\$ 0	\$ 2,000
Total Federal Government	\$ 0	\$ 0	\$ 0	\$ 45,000
<u>Other Governments and Citizens Groups</u>				
<u>Other Governments</u>				
Contributions	\$ 0	\$ 176,724	\$ 0	\$ 203,115
Contracted Services	0	0	0	208,487
<u>Citizens Groups</u>				
Donations	0	0	0	4,900
<u>Other</u>				
Other	0	0	0	58,833
Total Other Governments and Citizens Groups	\$ 0	\$ 176,724	\$ 0	\$ 475,335
Total	\$ 2,127,489	\$ 901,942	\$ 10,755	\$ 11,725,600

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, 2019

	General Purpose School	Special Revenue Funds School Federal Projects	Central Cafeteria	Capital Projects Fund Education Capital Projects	Total
<u>Local Taxes</u>					
<u>County Property Taxes</u>					
Current Property Tax	\$ 1,718,755	\$ 0	\$ 0	\$ 0	\$ 1,718,755
Trustee's Collections - Prior Year	64,808	0	0	0	64,808
Trustee's Collections - Bankruptcy	70	0	0	0	70
Circuit Clerk/Clerk and Master Collections - Prior Years	86,260	0	0	0	86,260
Interest and Penalty	11,061	0	0	0	11,061
Payments in-Lieu-of Taxes - T.V.A.	105,081	0	0	0	105,081
Payments in-Lieu-of Taxes - Other	365	0	0	0	365
<u>County Local Option Taxes</u>					
Local Option Sales Tax	1,207,331	0	0	225,000	1,432,331
Total Local Taxes	\$ 3,193,731	\$ 0	\$ 0	\$ 225,000	\$ 3,418,731
<u>Licenses and Permits</u>					
<u>Licenses</u>					
Marriage Licenses	\$ 874	\$ 0	\$ 0	\$ 0	\$ 874
Total Licenses and Permits	\$ 874	\$ 0	\$ 0	\$ 0	\$ 874
<u>Charges for Current Services</u>					
<u>Education Charges</u>					
Tuition - Regular Day Students	\$ 39,270	\$ 0	\$ 0	\$ 0	\$ 39,270
Tuition - Summer School	760	0	0	0	760
Lunch Payments - Children	0	0	236,976	0	236,976
Lunch Payments - Adults	0	0	35,688	0	35,688
A la Carte Sales	0	0	70,908	0	70,908
Receipts from Individual Schools	16,611	0	0	0	16,611
Total Charges for Current Services	\$ 56,641	\$ 0	\$ 343,572	\$ 0	\$ 400,213

(Continued)

Exhibit I-7

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

	General Purpose School	Special Revenue Funds School Federal Projects	Central Cafeteria	Capital Projects Fund Education Capital Projects	Total
<u>Other Local Revenues</u>					
<u>Recurring Items</u>					
Investment Income	\$ 90,380	\$ 0	\$ 2,346	\$ 5,155	\$ 97,881
Lease/Rentals	15,012	0	0	0	15,012
Miscellaneous Refunds	4,252	0	17,816	0	22,068
<u>Nonrecurring Items</u>					
Sale of Equipment	560	0	0	0	560
Damages Recovered from Individuals	199	0	0	0	199
<u>Other Local Revenues</u>					
Other Local Revenues	9,886	0	0	0	9,886
Total Other Local Revenues	\$ 120,289	\$ 0	\$ 20,162	\$ 5,155	\$ 145,606
<u>State of Tennessee</u>					
<u>State Education Funds</u>					
Basic Education Program	\$ 17,454,000	\$ 0	\$ 0	\$ 0	\$ 17,454,000
Early Childhood Education	209,383	0	0	0	209,383
School Food Service	0	0	13,686	0	13,686
Driver Education	16,499	0	0	0	16,499
Other State Education Funds	261,658	0	0	0	261,658
Coordinated School Health	89,670	0	0	0	89,670
Family Resource Centers	28,986	0	0	0	28,986
Career Ladder Program	42,054	0	0	0	42,054
<u>Other State Revenues</u>					
Other State Grants	55,400	0	10,000	0	65,400
Safe Schools	112,338	0	0	0	112,338
Other State Revenues	8,085	0	0	0	8,085
Total State of Tennessee	\$ 18,278,073	\$ 0	\$ 23,686	\$ 0	\$ 18,301,759

(Continued)

Exhibit I-7

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

	General Purpose School	Special Revenue Funds School Federal Projects	Central Cafeteria	Capital Projects Fund Education Capital Projects	Total
<u>Federal Government</u>					
<u>Federal Through State</u>					
USDA School Lunch Program	\$ 0	\$ 0	\$ 672,420	\$ 0	\$ 672,420
USDA - Commodities	0	0	98,532	0	98,532
Breakfast	0	0	254,557	0	254,557
USDA - Other	0	0	5,104	0	5,104
Vocational Education - Basic Grants to States	0	44,004	0	0	44,004
Title I Grants to Local Education Agencies	0	679,068	0	0	679,068
Special Education - Grants to States	28,469	472,013	0	0	500,482
Special Education Preschool Grants	0	12,691	0	0	12,691
Rural Education	0	51,438	0	0	51,438
Eisenhower Professional Development State Grants	0	106,672	0	0	106,672
Other Federal through State	0	135,355	0	0	135,355
Total Federal Government	\$ 28,469	\$ 1,501,241	\$ 1,030,613	\$ 0	\$ 2,560,323
<u>Other Governments and Citizens Groups</u>					
<u>Other Governments</u>					
Contributions	\$ 0	\$ 0	\$ 0	\$ 1,690,500	\$ 1,690,500
Total Other Governments and Citizens Groups	\$ 0	\$ 0	\$ 0	\$ 1,690,500	\$ 1,690,500
Total	\$ 21,678,077	\$ 1,501,241	\$ 1,418,033	\$ 1,920,655	\$ 26,518,006

Exhibit I-8

Chester County, Tennessee
Schedule of Detailed Expenditures -
All Governmental Fund Types
For the Year Ended June 30, 2019

General FundGeneral GovernmentCounty Commission

Board and Committee Members Fees	\$	26,850	
Social Security		2,054	
Dues and Memberships		1,300	
Travel		640	
Total County Commission			\$ 30,844

Board of Equalization

Board and Committee Members Fees	\$	1,400	
Total Board of Equalization			1,400

Budget and Finance Committee

Board and Committee Members Fees	\$	2,600	
Social Security		199	
Total Budget and Finance Committee			2,799

County Mayor/Executive

County Official/Administrative Officer	\$	87,057	
Secretary(ies)		26,812	
Longevity Pay		400	
Social Security		8,547	
Pensions		6,304	
Medical Insurance		8,879	
Unemployment Compensation		41	
Communication		8,817	
Data Processing Services		1,581	
Dues and Memberships		1,645	
Legal Notices, Recording, and Court Costs		133	
Printing, Stationery, and Forms		863	
Travel		4,474	
Office Supplies		2,288	
Total County Mayor/Executive			157,841

County Attorney

Legal Services	\$	18,236	
Total County Attorney			18,236

Election Commission

County Official/Administrative Officer	\$	64,862	
Clerical Personnel		26,988	
Election Commission		5,865	
Election Workers		31,678	
Social Security		7,146	
Pensions		3,892	
Medical Insurance		5,112	
Unemployment Compensation		199	
Communication		7,555	
Data Processing Services		20,973	

(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.)

Dues and Memberships	\$	1,849	
Legal Notices, Recording, and Court Costs		4,899	
Maintenance and Repair Services - Equipment		3,438	
Printing, Stationery, and Forms		2,380	
Travel		6,524	
Office Supplies		8,848	
Other Supplies and Materials		1,799	
Office Equipment		1,542	
Total Election Commission			\$ 205,549

Register of Deeds

County Official/Administrative Officer	\$	72,069	
Clerical Personnel		27,054	
Educational Incentive - Official/Admin Officer		750	
Longevity Pay		4,606	
Social Security		7,858	
Pensions		5,967	
Medical Insurance		8,907	
Unemployment Compensation		84	
Communication		529	
Data Processing Services		4,957	
Dues and Memberships		666	
Travel		3,179	
Data Processing Supplies		1,143	
Office Supplies		4,066	
Office Equipment		1,350	
Total Register of Deeds			143,185

County Buildings

Salary Supplements	\$	4,000	
Custodial Personnel		10,236	
Maintenance Personnel		69,582	
Longevity Pay		1,800	
Overtime Pay		19,914	
Social Security		7,848	
Pensions		5,618	
Medical Insurance		12,144	
Unemployment Compensation		141	
Architects		13,445	
Communication		11,759	
Maintenance and Repair Services - Buildings		73,688	
Maintenance and Repair Services - Office Equipment		3,665	
Pest Control		1,546	
Travel		3,121	
Custodial Supplies		15,087	
Electricity		48,551	
Gasoline		608	

(Continued)

Exhibit I-8

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

General Fund (Cont.)General Government (Cont.)County Buildings (Cont.)

Natural Gas	\$	5,545	
Water and Sewer		4,686	
Boiler Insurance		50	
Building and Contents Insurance		50,627	
Building Improvements		4,495	
Heating and Air Conditioning Equipment		149,545	
Land		25,861	
Other Capital Outlay		15,298	
Total County Buildings			\$ 558,860

Other Facilities

Communication	\$	3,619	
Maintenance and Repair Services - Buildings		2,055	
Pest Control		440	
Electricity		13,519	
Water and Sewer		762	
Total Other Facilities			20,395

Other General Administration

Contributions	\$	1,350	
Data Processing Services		2,329	
Dues and Memberships		8,447	
Legal Notices, Recording, and Court Costs		662	
Maintenance and Repair Services - Office Equipment		1,180	
Postal Charges		20,261	
Printing, Stationery, and Forms		1,166	
Premiums on Corporate Surety Bonds		50	
Total Other General Administration			35,445

FinanceAccounting and Budgeting

Supervisor/Director	\$	28,617	
Clerical Personnel		26,232	
Part-time Personnel		19,671	
Educational Incentive - Other County Employees		3,000	
Longevity Pay		3,750	
Social Security		5,789	
Pensions		3,579	
Medical Insurance		11,090	
Unemployment Compensation		157	
Communication		349	
Data Processing Services		19,660	
Dues and Memberships		110	
Printing, Stationery, and Forms		257	
Travel		680	
Office Supplies		4,957	
Total Accounting and Budgeting			127,898

(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

County Official/Administrative Officer	\$	72,069	
Clerical Personnel		57,234	
Educational Incentive - Official/Admin Officer		750	
Educational Incentive - Other County Employees		1,500	
Longevity Pay		750	
Social Security		9,743	
Pensions		7,758	
Medical Insurance		19,757	
Unemployment Compensation		84	
Audit Services		5,089	
Communication		228	
Data Processing Services		24,643	
Dues and Memberships		1,300	
Legal Notices, Recording, and Court Costs		269	
Printing, Stationery, and Forms		608	
Travel		324	
Office Supplies		335	
Office Equipment		5,129	
Total Property Assessor's Office			\$ 207,570

Reappraisal Program

Clerical Personnel	\$	11,760	
Social Security		900	
Unemployment Compensation		71	
Travel		3,048	
Total Reappraisal Program			15,779

County Trustee's Office

County Official/Administrative Officer	\$	72,069	
Clerical Personnel		54,060	
Educational Incentive - Official/Admin Officer		750	
Educational Incentive - Other County Employees		1,500	
Longevity Pay		1,475	
Social Security		9,882	
Pensions		6,632	
Medical Insurance		11,698	
Unemployment Compensation		84	
Communication		224	
Data Processing Services		17,904	
Dues and Memberships		1,651	
Legal Notices, Recording, and Court Costs		221	
Maintenance and Repair Services - Equipment		396	
Printing, Stationery, and Forms		4,778	
Travel		1,643	
Other Contracted Services		375	
Office Supplies		2,381	
Data Processing Equipment		14,360	
Total County Trustee's Office			202,083

(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

County Official/Administrative Officer	\$	72,069	
Clerical Personnel		84,616	
Part-time Personnel		10,987	
Educational Incentive - Other County Employees		1,500	
Longevity Pay		2,462	
Social Security		12,819	
Pensions		9,358	
Medical Insurance		17,853	
Unemployment Compensation		156	
Communication		2,027	
Data Processing Services		9,090	
Dues and Memberships		641	
Travel		768	
Office Supplies		2,337	
Total County Clerk's Office			\$ 226,683

Other Finance

Contracts with Other Public Agencies	\$	6,510	
Total Other Finance			6,510

Administration of JusticeCircuit Court

County Official/Administrative Officer	\$	72,069	
Clerical Personnel		85,851	
Part-time Personnel		32,911	
Educational Incentive - Official/Admin Officer		750	
Educational Incentive - Other County Employees		4,500	
Longevity Pay		4,350	
Jury and Witness Expense		6,607	
Social Security		15,032	
Pensions		9,475	
Medical Insurance		18,730	
Unemployment Compensation		211	
Communication		613	
Data Processing Services		17,238	
Dues and Memberships		906	
Legal Notices, Recording, and Court Costs		252	
Maintenance and Repair Services - Office Equipment		349	
Travel		908	
Food Supplies		129	
Office Supplies		3,427	
Data Processing Equipment		3,664	
Total Circuit Court			277,972

General Sessions Court

Judge(s)	\$	92,956	
Social Security		7,111	

(Continued)

Exhibit I-8

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

General Fund (Cont.)Administration of Justice (Cont.)General Sessions Court (Cont.)

Pensions	\$	5,577	
Contracts with Private Agencies		3,996	
Travel		722	
Office Supplies		1,212	
Total General Sessions Court			\$ 111,574

Chancery Court

County Official/Administrative Officer	\$	72,069	
Clerical Personnel		85,851	
Educational Incentive - Official/Admin Officer		750	
Educational Incentive - Other County Employees		1,500	
Longevity Pay		2,838	
Social Security		12,076	
Pensions		9,475	
Medical Insurance		17,616	
Unemployment Compensation		126	
Communication		1,632	
Data Processing Services		20,234	
Dues and Memberships		606	
Legal Notices, Recording, and Court Costs		6,856	
Travel		2,682	
Office Supplies		3,603	
Office Equipment		5,880	
Total Chancery Court			243,794

Juvenile Court

Clerical Personnel	\$	29,718	
Longevity Pay		300	
Social Security		2,199	
Pensions		1,733	
Medical Insurance		5,112	
Unemployment Compensation		49	
Total Juvenile Court			39,111

Public SafetySheriff's Department

County Official/Administrative Officer	\$	79,276	
Assistant(s)		32,617	
Supervisor/Director		55,575	
Deputy(ies)		533,544	
Investigator(s)		91,954	
Salary Supplements		7,200	
Dispatchers/Radio Operators		270,094	
Secretary(ies)		32,617	
Part-time Personnel		2,090	
Educational Incentive - Other County Employees		1,500	
Longevity Pay		12,625	

(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.)

Overtime Pay	\$	37,085	
Other Salaries and Wages		33,981	
In-service Training		600	
Social Security		88,667	
Pensions		67,195	
Medical Insurance		123,409	
Unemployment Compensation		1,301	
Communication		45,028	
Contracts with Government Agencies		2,610	
Contributions		500	
Data Processing Services		533	
Dues and Memberships		1,500	
Maintenance and Repair Services - Equipment		634	
Maintenance and Repair Services - Vehicles		13,717	
Pest Control		600	
Towing Services		1,380	
Travel		16,977	
Other Contracted Services		5,005	
Custodial Supplies		2,643	
Gasoline		40,348	
Law Enforcement Supplies		2,234	
Office Supplies		5,767	
Tires and Tubes		4,473	
Uniforms		9,072	
Other Supplies and Materials		409	
Workers' Compensation Insurance		30,637	
In Service/Staff Development		6,903	
Other Charges		928	
Law Enforcement Equipment		4,291	
Motor Vehicles		91,575	
Office Equipment		1,498	
Other Equipment		647	
Total Sheriff's Department			\$ 1,761,239

Jail

Guards	\$	631,889
Secretary(ies)		32,617
Cafeteria Personnel		56,293
Longevity Pay		5,525
Overtime Pay		28,488
Other Salaries and Wages		1,645
In-service Training		8,100
Social Security		56,592
Pensions		45,094
Medical Insurance		98,385
Unemployment Compensation		1,207
Communication		840

(Continued)

Exhibit I-8

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

General Fund (Cont.)Public Safety (Cont.)Jail (Cont.)

Maintenance and Repair Services - Buildings	\$	51,710	
Maintenance and Repair Services - Equipment		2,210	
Medical and Dental Services		186,198	
Travel		3,422	
Other Contracted Services		3,972	
Custodial Supplies		21,220	
Food Preparation Supplies		1,191	
Food Supplies		120,621	
Office Supplies		956	
Prisoners Clothing		1,923	
Uniforms		13,000	
Utilities		96,023	
Other Supplies and Materials		47,342	
Office Equipment		250	
Total Jail			\$ 1,516,713

Juvenile Services

Youth Service Officer(s)	\$	42,432	
Social Security		3,112	
Pensions		2,530	
Medical Insurance		7,032	
Unemployment Compensation		42	
Communication		2,089	
Contracts with Other Public Agencies		350	
Travel		40	
Office Supplies		221	
Total Juvenile Services			57,848

Fire Prevention and Control

Supervisor/Director	\$	38,216	
Part-time Personnel		25,545	
Longevity Pay		1,275	
Social Security		4,841	
Pensions		3,826	
Medical Insurance		7,032	
Unemployment Compensation		84	
Communication		4,995	
Legal Notices, Recording, and Court Costs		50	
Maintenance and Repair Services - Buildings		570	
Maintenance and Repair Services - Equipment		5,661	
Maintenance and Repair Services - Vehicles		15,479	
Pest Control		426	
Towing Services		315	
Gasoline		4,671	
Office Supplies		1,156	
Tires and Tubes		874	
Uniforms		612	

(Continued)

Exhibit I-8

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

General Fund (Cont.)Public Safety (Cont.)Fire Prevention and Control (Cont.)

Vehicle and Equipment Insurance	\$	28,932	
Workers' Compensation Insurance		4,806	
Other Charges		<u>1,401</u>	
Total Fire Prevention and Control			\$ 150,767

Civil Defense

Supervisor/Director	\$	38,889	
Longevity Pay		350	
Social Security		2,867	
Pensions		2,333	
Medical Insurance		7,032	
Unemployment Compensation		42	
Communication		4,169	
Data Processing Services		366	
Dues and Memberships		25	
Maintenance and Repair Services - Vehicles		614	
Travel		1,490	
Gasoline		1,200	
Office Supplies		651	
Utilities		2,627	
Other Equipment		<u>21,483</u>	
Total Civil Defense			84,138

Rescue Squad

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

County Coroner/Medical Examiner

Other Per Diem and Fees	\$	<u>22,315</u>	
Total County Coroner/Medical Examiner			22,315

Public Health and WelfareLocal Health Center

Communication	\$	2,344	
Contracts with Government Agencies		11,701	
Dues and Memberships		200	
Janitorial Services		3,895	
Maintenance and Repair Services - Buildings		1,844	
Pest Control		457	
Postal Charges		92	
Custodial Supplies		1,091	
Drugs and Medical Supplies		258	
Office Supplies		504	
Utilities		<u>8,190</u>	
Total Local Health Center			30,576

(Continued)

Exhibit I-8

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

General Fund (Cont.)Public Health and Welfare (Cont.)Other Local Health Services

Clerical Personnel	\$	14,603	
Part-time Personnel		3,767	
Social Security		1,360	
Pensions		876	
Medical Insurance		2,368	
Unemployment Compensation		57	
Travel		918	
Total Other Local Health Services			\$ 23,949

Regional Mental Health Center

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

General Welfare Assistance

Contributions	\$	14,493	
Total General Welfare Assistance			14,493

Other Local Welfare Services

Office Equipment	\$	6,776	
Total Other Local Welfare Services			6,776

Social, Cultural, and Recreational ServicesSenior Citizens Assistance

Contributions	\$	10,000	
Total Senior Citizens Assistance			10,000

Other Social, Cultural, and Recreational

Contributions	\$	33,630	
Total Other Social, Cultural, and Recreational			33,630

Agriculture and Natural ResourcesAgricultural Extension Service

Salary Supplements	\$	38,192	
Extension Service Medicare		9,584	
Communication		2,662	
Office Supplies		708	
Total Agricultural Extension Service			51,146

Soil Conservation

Secretary(ies)	\$	13,601	
Social Security		1,040	
Unemployment Compensation		46	
Communication		749	
Office Supplies		37	
Total Soil Conservation			15,473

(Continued)

Exhibit I-8

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

General Fund (Cont.)Agriculture and Natural Resources (Cont.)Flood Control

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

Other OperationsIndustrial Development

Contributions	\$ 25,000	
Total Industrial Development		25,000

Veterans' Services

County Official/Administrative Officer	\$ 24,903	
Longevity Pay	250	
Social Security	1,924	
Unemployment Compensation	42	
Communication	1,061	
Office Supplies	2,009	
Total Veterans' Services		30,189

Employee Benefits

Life Insurance	\$ 9,614	
Total Employee Benefits		9,614

Miscellaneous

Trustee's Commission	\$ 91,171	
Other Charges	28,339	
Total Miscellaneous		119,510

Principal on DebtGeneral Government

Principal on Capital Leases	\$ 20,818	
Total General Government		20,818

Interest on DebtGeneral Government

Interest on Capital Leases	\$ 367	
Total General Government		367

Capital ProjectsPublic Health and Welfare Projects

Architects	\$ 46,570	
Total Public Health and Welfare Projects		46,570

Total General Fund \$ 6,689,259

Public Library FundSocial, Cultural, and Recreational ServicesLibraries

County Official/Administrative Officer	\$ 28,617	
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(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.)

Part-time Personnel	\$	26,701	
Longevity Pay		2,300	
Social Security		4,310	
Pensions		1,717	
Medical Insurance		5,112	
Unemployment Compensation		193	
Communication		2,838	
Dues and Memberships		75	
Janitorial Services		100	
Maintenance and Repair Services - Buildings		1,391	
Pest Control		436	
Postal Charges		210	
Custodial Supplies		2,208	
Electricity		6,979	
Library Books/Media		587	
Natural Gas		1,392	
Office Supplies		2,457	
Water and Sewer		115	
Data Processing Equipment		1,729	
Office Equipment		1,422	
Other Equipment		2,822	
Total Libraries			\$ 93,711

Other OperationsMiscellaneous

Trustee's Commission	\$	750	
Total Miscellaneous			750

Total Public Library Fund \$ 94,461

Solid Waste/Sanitation FundPublic Health and WelfareSanitation Education/Information

Clerical Personnel	\$	3,449	
Part-time Personnel		5,162	
Social Security		629	
Pensions		209	
Medical Insurance		411	
Unemployment Compensation		24	
Advertising		44	
Travel		2,926	
Instructional Supplies and Materials		12,883	
Other Charges		435	
Total Sanitation Education/Information			\$ 26,172

Convenience Centers

Supervisor/Director	\$	62,431	
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(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.)

Accountants/Bookkeepers	\$	23,885	
Foremen		41,019	
Mechanic(s)		30,228	
Laborers		102,761	
Part-time Personnel		11,565	
Educational Incentive - Other County Employees		1,500	
Longevity Pay		3,838	
Overtime Pay		5,250	
Social Security		21,253	
Pensions		9,753	
Medical Insurance		18,606	
Unemployment Compensation		759	
Communication		13,057	
Dues and Memberships		8,264	
Maintenance and Repair Services - Buildings		7,163	
Maintenance and Repair Services - Equipment		14,065	
Maintenance and Repair Services - Vehicles		2,393	
Pest Control		372	
Postal Charges		26	
Travel		4,399	
Custodial Supplies		2,662	
Electricity		9,036	
Food Supplies		1,432	
Natural Gas		145	
Office Supplies		2,768	
Uniforms		6,836	
Water and Sewer		1,352	
Gravel and Chert		450	
Chemicals		2,250	
Other Charges		2,556	
Maintenance Equipment		7,185	
Motor Vehicles		5,000	
Solid Waste Equipment		3,000	
Total Convenience Centers			\$ 427,259

Recycling Center

Foremen	\$	39,500
Truck Drivers		14,218
Laborers		68,412
Part-time Personnel		10,164
Educational Incentive - Other County Employees		250
Longevity Pay		2,438
Overtime Pay		1,426
Other Salaries and Wages		21,173
Social Security		11,537
Pensions		8,049
Medical Insurance		12,843

(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.)Recycling Center (Cont.)

Unemployment Compensation	\$	324	
Architects		16,938	
Contracts with Government Agencies		54,008	
Contributions		500	
Maintenance and Repair Services - Buildings		3,678	
Maintenance and Repair Services - Equipment		10,806	
Maintenance and Repair Services - Vehicles		1,374	
Travel		2,329	
Electricity		5,902	
Food Supplies		4,954	
Instructional Supplies and Materials		4,036	
Propane Gas		1,838	
Wire		4,862	
Other Supplies and Materials		5,070	
Other Charges		2,356	
Building Construction		73,898	
Plant Operation Equipment		716,450	
Other Equipment		198,530	
Total Recycling Center			\$ 1,297,863

Other Waste Disposal

Truck Drivers	\$	17,422	
Attendants		31,875	
Social Security		3,376	
Pensions		2,950	
Medical Insurance		6,592	
Unemployment Compensation		96	
Contracts with Government Agencies		237,929	
Contracts with Other Public Agencies		13,210	
Maintenance and Repair Services - Equipment		4,029	
Maintenance and Repair Services - Vehicles		4,611	
Diesel Fuel		14,102	
Gasoline		6,409	
Tires and Tubes		7,368	
Other Construction		2,200	
Total Other Waste Disposal			352,169

Postclosure Care Costs

Landfill Closure/Postclosure Care Costs	\$	4,046	
Total Postclosure Care Costs			4,046

Other OperationsOther Charges

Workers' Compensation Insurance	\$	1,590	
Total Other Charges			1,590

(Continued)

Exhibit I-8

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

Solid Waste/Sanitation Fund (Cont.)Other Operations (Cont.)Miscellaneous

Trustee's Commission	\$ 7,586	
Total Miscellaneous		\$ 7,586

Total Solid Waste/Sanitation Fund \$ 2,116,685

Drug Control FundPublic SafetyDrug Enforcement

Communication	\$ 1,229	
Contributions	500	
Confidential Drug Enforcement Payments	1,500	
Maintenance and Repair Services - Buildings	216	
Electricity	55	
Food Supplies	81	
Law Enforcement Supplies	218	
Office Supplies	162	
Law Enforcement Equipment	625	
Motor Vehicles	29,918	
Total Drug Enforcement		\$ 34,504

Other OperationsMiscellaneous

Trustee's Commission	\$ 95	
Total Miscellaneous		95

Total Drug Control Fund 34,599

Constitutional Officers - Fees FundAdministration of JusticeChancery Court

Special Commissioner Fees	\$ 4,335	
Total Chancery Court		\$ 4,335

Total Constitutional Officers - Fees Fund 4,335

Highway/Public Works FundHighwaysAdministration

County Official/Administrative Officer	\$ 79,276	
Assistant(s)	42,518	
Accountants/Bookkeepers	3,238	
Educational Incentive - Official/Admin Officer	1,500	
Educational Incentive - Other County Employees	3,000	
Longevity Pay	350	
Contracts with Other Public Agencies	2,000	
Dues and Memberships	3,292	
Pest Control	330	

(Continued)

Exhibit I-8

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

Highway/Public Works Fund (Cont.)Highways (Cont.)Administration (Cont.)

Postal Charges	\$	420	
Travel		2,627	
Custodial Supplies		178	
Office Supplies		1,462	
Other Charges		18,723	
Total Administration			\$ 158,914

Highway and Bridge Maintenance

Foremen	\$	7,380	
Equipment Operators		129,880	
Truck Drivers		146,053	
Laborers		104,359	
Longevity Pay		7,300	
Overtime Pay		7,925	
Other Salaries and Wages		1,333	
Other Contracted Services		4,350	
Asphalt - Liquid		296,922	
Crushed Stone		147,815	
Fertilizer, Lime, and Seed		561	
Pipe		38,799	
Road Signs		2,776	
Small Tools		125	
Wood Products		20	
Gravel and Chert		41,078	
Other Supplies and Materials		23,741	
Other Charges		12	
Total Highway and Bridge Maintenance			960,429

Operation and Maintenance of Equipment

Mechanic(s)	\$	50,299	
Overtime Pay		237	
Maintenance and Repair Services - Equipment		44,256	
Diesel Fuel		55,749	
Equipment and Machinery Parts		53,183	
Garage Supplies		3,280	
Gasoline		11,025	
Lubricants		496	
Tires and Tubes		16,173	
Total Operation and Maintenance of Equipment			234,698

Other Charges

Communication	\$	5,942	
Laundry Service		5,822	
Electricity		6,233	
Natural Gas		1,478	
Water and Sewer		863	
Trustee's Commission		21,092	
Vehicle and Equipment Insurance		50,627	
Total Other Charges			92,057

(Continued)

Exhibit I-8

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

Highway/Public Works Fund (Cont.)

Highways (Cont.)

Employee Benefits

Social Security	\$	43,887	
Pensions		33,277	
Employee and Dependent Insurance		116,973	
Unemployment Compensation		3,583	
Uniforms		15,688	
Workers' Compensation Insurance		44,452	
Total Employee Benefits			\$ 257,860

Capital Outlay

Bridge Construction	\$	5,600	
Highway Equipment		8,500	
Total Capital Outlay			14,100

Total Highway/Public Works Fund \$ 1,718,058

General Debt Service Fund

Principal on Debt

General Government

Principal on Bonds	\$	390,000	
Total General Government			\$ 390,000

Highways and Streets

Principal on Notes	\$	63,160	
Total Highways and Streets			63,160

Education

Principal on Notes	\$	124,000	
Total Education			124,000

Interest on Debt

General Government

Interest on Bonds	\$	211,844	
Total General Government			211,844

Highways and Streets

Interest on Notes	\$	4,137	
Total Highways and Streets			4,137

Education

Interest on Notes	\$	52,724	
Total Education			52,724

Other Debt Service

General Government

Bank Charges	\$	672	
Trustee's Commission		7,757	
Total General Government			8,429

Total General Debt Service Fund 854,294

(Continued)

Exhibit I-8

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

<u>Education Capital Projects Fund</u>			
<u>Other Debt Service</u>			
<u>Education</u>			
Other Debt Issuance Charges	\$	9,500	
Total Education			\$ 9,500
<u>Capital Projects</u>			
<u>Education Capital Projects</u>			
Contributions	\$	1,690,500	
Total Education Capital Projects			1,690,500
Total Education Capital Projects Fund			\$ 1,700,000
Total Governmental Funds - Primary Government			\$ 13,211,691

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, 2019

General Purpose School FundInstructionRegular Instruction Program

Teachers	\$ 7,397,620	
Career Ladder Program	21,249	
Career Ladder Extended Contracts	13,925	
Educational Assistants	186,416	
Non-certified Substitute Teachers	197,710	
Social Security	444,001	
Pensions	692,512	
Life Insurance	2,447	
Medical Insurance	931,477	
Employer Medicare	105,279	
Other Fringe Benefits	360	
Contracts with Private Agencies	16,859	
Maintenance and Repair Services - Equipment	1,052	
Other Contracted Services	17,574	
Instructional Supplies and Materials	156,700	
Textbooks - Bound	44,174	
Other Charges	273	
Regular Instruction Equipment	114,911	
Total Regular Instruction Program		\$ 10,344,539

Special Education Program

Teachers	\$ 676,881	
Career Ladder Program	2,000	
Educational Assistants	452,190	
Speech Pathologist	32,790	
Other Salaries and Wages	405	
Non-certified Substitute Teachers	45,246	
Social Security	69,407	
Pensions	93,669	
Life Insurance	191	
Medical Insurance	159,024	
Employer Medicare	16,232	
Evaluation and Testing	1,911	
Other Contracted Services	480	
Instructional Supplies and Materials	8,645	
Other Supplies and Materials	5,204	
Other Charges	182	
Special Education Equipment	12,562	
Total Special Education Program		1,577,019

Career and Technical Education Program

Teachers	\$ 501,819	
Career Ladder Program	3,000	
Non-certified Substitute Teachers	7,520	
Social Security	29,067	
Pensions	49,688	

(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.)Career and Technical Education Program (Cont.)

Life Insurance	\$	157	
Medical Insurance		54,209	
Employer Medicare		6,907	
Other Contracted Services		449	
Instructional Supplies and Materials		9,321	
Vocational Instruction Equipment		2,500	
Total Career and Technical Education Program			\$ 664,637

Student Body Education Program

Other Salaries and Wages	\$	4,470	
Social Security		271	
Pensions		45	
Medical Insurance		72	
Employer Medicare		63	
Other Charges		89,307	
Total Student Body Education Program			94,228

Support ServicesAttendance

Supervisor/Director	\$	25,500	
Social Security		1,488	
Pensions		2,667	
Employer Medicare		348	
Total Attendance			30,003

Health Services

Medical Personnel	\$	89,808	
Other Salaries and Wages		64,193	
Non-certified Substitute Teachers		9,342	
Social Security		9,710	
Pensions		11,199	
Life Insurance		17	
Medical Insurance		12,548	
Employer Medicare		2,271	
Communication		315	
Travel		4,667	
Other Contracted Services		450	
Drugs and Medical Supplies		4,393	
Other Supplies and Materials		10,178	
Total Health Services			219,091

Other Student Support

Guidance Personnel	\$	313,358	
Social Security		18,758	
Pensions		28,940	
Life Insurance		70	

(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.)

Medical Insurance	\$	12,153	
Employer Medicare		4,387	
Contracts with Government Agencies		57,500	
Evaluation and Testing		4,044	
Travel		648	
Total Other Student Support			\$ 439,858

Regular Instruction Program

Supervisor/Director	\$	243,542	
Career Ladder Program		5,500	
Librarians		153,900	
Clerical Personnel		26,347	
Other Salaries and Wages		995	
Social Security		25,789	
Pensions		43,805	
Life Insurance		191	
Medical Insurance		26,399	
Employer Medicare		6,031	
Travel		9,166	
Other Contracted Services		87,719	
Library Books/Media		40,469	
Other Supplies and Materials		12,331	
In Service/Staff Development		18,559	
Other Equipment		3,981	
Total Regular Instruction Program			704,724

Special Education Program

Supervisor/Director	\$	36,299	
Career Ladder Program		500	
Psychological Personnel		51,272	
Social Security		4,957	
Pensions		6,926	
Medical Insurance		15,047	
Employer Medicare		1,159	
Travel		2,446	
Other Contracted Services		107,081	
Other Supplies and Materials		986	
In Service/Staff Development		4,103	
Total Special Education Program			230,776

Career and Technical Education Program

Travel	\$	685	
Total Career and Technical Education Program			685

Technology

Supervisor/Director	\$	47,956	
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(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.)Technology (Cont.)

Career Ladder Program	\$	1,000	
Other Salaries and Wages		109,619	
Social Security		7,975	
Pensions		10,158	
Medical Insurance		9,231	
Employer Medicare		2,237	
Internet Connectivity		35,280	
Travel		2,188	
Other Contracted Services		68,005	
Cabling		557	
Software		10,748	
Other Supplies and Materials		30,965	
In Service/Staff Development		2,064	
Other Equipment		344,173	
Total Technology			\$ 682,156

Adult Programs

Other Salaries and Wages	\$	18,936	
Social Security		1,103	
Pensions		1,414	
Employer Medicare		258	
Travel		512	
Instructional Supplies and Materials		6,851	
Total Adult Programs			29,074

Board of Education

Other Salaries and Wages	\$	7,800	
Social Security		484	
Unemployment Compensation		4,899	
Employer Medicare		113	
Audit Services		11,820	
Dues and Memberships		11,687	
Legal Services		5,373	
Travel		8,117	
Other Contracted Services		45,000	
Liability Insurance		35,000	
Trustee's Commission		78,170	
Workers' Compensation Insurance		190,000	
Criminal Investigation of Applicants - TBI		337	
Other Charges		31,653	
Total Board of Education			430,453

Director of Schools

County Official/Administrative Officer	\$	107,375
Career Ladder Program		1,000
Clerical Personnel		30,434

(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.)Director of Schools (Cont.)

Other Salaries and Wages	\$	2,309	
Social Security		8,313	
Pensions		13,242	
Life Insurance		17	
Medical Insurance		8,509	
Employer Medicare		1,958	
Communication		3,966	
Dues and Memberships		4,487	
Postal Charges		1,114	
Travel		1,392	
Other Contracted Services		2,271	
Office Supplies		2,292	
Other Charges		3,242	
Administration Equipment		197	
Total Director of Schools			\$ 192,118

Office of the Principal

Principals	\$	442,804	
Career Ladder Program		2,000	
Assistant Principals		297,467	
Secretary(ies)		313,308	
Social Security		61,179	
Pensions		96,550	
Life Insurance		157	
Medical Insurance		129,723	
Employer Medicare		14,308	
Communication		20,343	
Travel		2,526	
In Service/Staff Development		7,748	
Other Charges		41,682	
Administration Equipment		3,546	
Total Office of the Principal			1,433,341

Fiscal Services

Accountants/Bookkeepers	\$	134,062	
Social Security		7,973	
Pensions		8,039	
Medical Insurance		10,101	
Employer Medicare		1,866	
Travel		3,687	
Other Contracted Services		25,028	
Data Processing Supplies		1,855	
Office Supplies		630	
Other Charges		930	
Administration Equipment		14,770	
Total Fiscal Services			208,941

(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.)Human Services/Personnel

Supervisor/Director	\$	50,750	
Social Security		3,146	
Pensions		3,045	
Employer Medicare		736	
Office Supplies		35	
In Service/Staff Development		1,550	
Other Charges		51	
Total Human Services/Personnel			\$ 59,313

Operation of Plant

Supervisor/Director	\$	24,708	
Guards		23,863	
Custodial Personnel		361,891	
Other Salaries and Wages		10,977	
Social Security		24,177	
Pensions		23,750	
Medical Insurance		60,079	
Employer Medicare		5,738	
Travel		7,290	
Disposal Fees		11,498	
Other Contracted Services		6,391	
Custodial Supplies		144,868	
Electricity		543,050	
Natural Gas		87,687	
Water and Sewer		57,038	
Other Supplies and Materials		1,753	
Boiler Insurance		5,399	
Building and Contents Insurance		83,000	
Plant Operation Equipment		4,153	
Total Operation of Plant			1,487,310

Maintenance of Plant

Supervisor/Director	\$	24,708	
Maintenance Personnel		134,160	
Other Salaries and Wages		13,864	
Social Security		10,407	
Pensions		10,810	
Medical Insurance		10,531	
Employer Medicare		2,554	
Maintenance and Repair Services - Buildings		98,723	
Maintenance and Repair Services - Equipment		12,937	
Travel		3,093	
Other Contracted Services		124,276	
Other Supplies and Materials		88,999	
Administration Equipment		26,250	
Maintenance Equipment		3,562	
Total Maintenance of Plant			564,874

(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.)Transportation

Supervisor/Director	\$	24,708	
Mechanic(s)		67,924	
Bus Drivers		365,990	
Other Salaries and Wages		28,976	
Non-certified Substitute Teachers		8,970	
Social Security		30,299	
Pensions		28,179	
Medical Insurance		14,426	
Employer Medicare		7,103	
Communication		318	
Maintenance and Repair Services - Vehicles		87,038	
Travel		3,241	
Other Contracted Services		30,632	
Gasoline		121,675	
Tires and Tubes		22,129	
Vehicle Parts		37,580	
Other Supplies and Materials		48,088	
Vehicle and Equipment Insurance		29,441	
Other Charges		1,233	
Transportation Equipment		94,687	
Total Transportation			\$ 1,052,637

Operation of Non-Instructional ServicesCommunity Services

Other Salaries and Wages	\$	630	
Social Security		39	
Employer Medicare		9	
Other Charges		1,817	
Total Community Services			2,495

Early Childhood Education

Teachers	\$	88,850	
Educational Assistants		59,890	
Social Security		8,473	
Pensions		11,665	
Medical Insurance		11,778	
Employer Medicare		1,982	
Travel		1,920	
Other Contracted Services		4,375	
Food Supplies		1,376	
Instructional Supplies and Materials		18,287	
Total Early Childhood Education			208,596

Capital OutlayRegular Capital Outlay

Architects	\$	11,278	
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(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.)Capital Outlay (Cont.)Regular Capital Outlay (Cont.)

Building Construction	\$	1,359,786	
Building Improvements		4,210	
Other Capital Outlay		62,621	
Total Regular Capital Outlay			\$ 1,437,895

Total General Purpose School Fund

\$ 22,094,763

School Federal Projects FundInstructionRegular Instruction Program

Teachers	\$	204,341	
Educational Assistants		279,386	
Other Salaries and Wages		24,134	
Social Security		26,024	
Pensions		11,357	
Medical Insurance		15,092	
Employer Medicare		7,226	
Other Contracted Services		33,984	
Instructional Supplies and Materials		87,476	
Other Charges		400	
Regular Instruction Equipment		25,545	
Total Regular Instruction Program			\$ 714,965

Special Education Program

Teachers	\$	56,000	
Educational Assistants		135,409	
Speech Pathologist		123,589	
Other Salaries and Wages		31,559	
Social Security		20,788	
Pensions		30,217	
Medical Insurance		13,141	
Employer Medicare		4,862	
Evaluation and Testing		1,220	
Instructional Supplies and Materials		23,080	
Other Supplies and Materials		6,698	
Special Education Equipment		7,411	
Total Special Education Program			453,974

Career and Technical Education Program

Other Salaries and Wages	\$	1,888	
Social Security		117	
Pensions		136	
Employer Medicare		27	
Instructional Supplies and Materials		10,672	
Other Supplies and Materials		1,912	
Vocational Instruction Equipment		11,353	
Total Career and Technical Education Program			26,105

(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 ServicesOther Student Support

Bus Drivers	\$	875	
Other Salaries and Wages		5,300	
Social Security		378	
Pensions		596	
Employer Medicare		89	
Travel		5,132	
Other Contracted Services		10,532	
Other Supplies and Materials		3,721	
In Service/Staff Development		2,300	
Other Charges		5,345	
Total Other Student Support			\$ 34,268

Regular Instruction Program

Supervisor/Director	\$	2,675	
Other Salaries and Wages		67,725	
Social Security		4,117	
Pensions		7,168	
Medical Insurance		7,142	
Employer Medicare		963	
Travel		213	
Other Supplies and Materials		811	
In Service/Staff Development		27,866	
Total Regular Instruction Program			118,680

Special Education Program

Secretary(ies)	\$	26,197	
Social Security		1,624	
Pensions		1,572	
Employer Medicare		380	
Other Supplies and Materials		1,946	
In Service/Staff Development		6,577	
Total Special Education Program			38,296

Career and Technical Education Program

In Service/Staff Development	\$	890	
Total Career and Technical Education Program			890

Operation of Plant

Other Supplies and Materials	\$	18,830	
Total Operation of Plant			18,830

Transportation

Bus Drivers	\$	28,427	
Social Security		1,714	
Pensions		1,659	
Employer Medicare		401	
Total Transportation			32,201

Total School Federal Projects Fund \$ 1,438,209

(Continued)

Exhibit I-9

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

Central Cafeteria FundOperation of Non-Instructional ServicesFood Service

Supervisor/Director	\$	37,090	
Accountants/Bookkeepers		6,000	
Clerical Personnel		2,070	
Cafeteria Personnel		371,611	
Other Salaries and Wages		37,472	
Social Security		25,595	
Pensions		21,385	
Medical Insurance		61,402	
Unemployment Compensation		364	
Employer Medicare		5,986	
Communication		1,878	
Maintenance and Repair Services - Equipment		13,188	
Transportation - Other than Students		9,477	
Travel		112	
Other Contracted Services		26,807	
Food Supplies		522,472	
Office Supplies		2,695	
Uniforms		7,912	
Utilities		7,555	
USDA - Commodities		98,532	
Other Supplies and Materials		49,690	
In Service/Staff Development		4,254	
Other Charges		7,166	
Food Service Equipment		24,419	
Total Food Service			\$ 1,345,132
Total Central Cafeteria Fund			\$ 1,345,132

Education Capital Projects FundSupport ServicesBoard of Education

Trustee's Commission	\$	2,250	
Total Board of Education			\$ 2,250

Capital OutlayRegular Capital Outlay

Architects	\$	19,836	
Building Improvements		1,004,411	
Other Capital Outlay		27,645	
Total Regular Capital Outlay			1,051,892

Other Debt ServiceEducation

Debt Service Contribution to Primary Government	\$	176,724	
Total Education			176,724

Total Education Capital Projects Fund 1,230,866

Total Governmental Funds - Chester County School Department \$ 26,108,970

Chester County, Tennessee
Schedule of Detailed Receipts, Disbursements,
and Changes in Cash Balance - City Agency Fund
For the Year Ended June 30, 2019

	Cities - Sales Tax Fund
<hr/>	
<u>Cash Receipts</u>	
Local Option Sales Tax	\$ 1,193,969
Total Cash Receipts	<u>\$ 1,193,969</u>
<u>Cash Disbursements</u>	
Remittance of Revenues Collected	\$ 1,182,030
Trustee's Commission	11,939
Total Cash Disbursements	<u>\$ 1,193,969</u>
Excess of Cash Receipts Over (Under) Cash Disbursements	\$ 0
Cash Balance, July 1, 2018	<u>0</u>
Cash Balance, June 30, 2019	<u><u>\$ 0</u></u>

SINGLE AUDIT SECTION



JUSTIN P. WILSON
Comptroller

JASON E. MUMPOWER
Deputy Comptroller

**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, 2019, and the related notes to the financial statements, which collectively comprise Chester County's basic financial statements as listed in the table of contents, and have issued our report thereon dated September 25, 2019.

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. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

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 an instance of noncompliance or other matter that is required to be reported under *Government Auditing Standards* and is described in the accompanying Schedule of Findings and Questioned Costs as item: 2019-001.

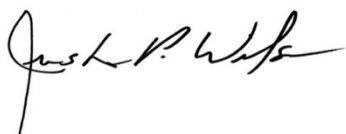
Chester County's Response to Finding

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

Purpose of this Report

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

Very truly yours,



Justin P. Wilson
Comptroller of the Treasury
Nashville, Tennessee

September 25, 2019

JPW/yu



JUSTIN P. WILSON
Comptroller

JASON E. MUMPOWER
Deputy Comptroller

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 the Uniform Guidance

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, 2019. 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 federal statutes, regulations, and the terms and conditions of its federal awards 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 the audit requirements of Title 2 U.S. *Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Those standards and the Uniform Guidance 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, 2019.

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 the Uniform Guidance, 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.

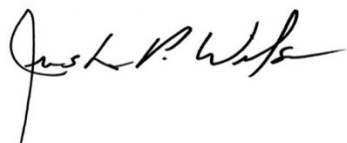
Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies. We did not identify any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

Report on Schedule of Expenditures of Federal Awards Required by the Uniform Guidance

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, 2019, and the related notes to the financial statements, which collectively comprise Chester County's basic financial statements. We issued our report thereon dated September 25, 2019, 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 the Uniform Guidance 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 25, 2019

JPW/yu

Chester County, Tennessee, and the Chester County School Department
Schedule of Expenditures of Federal Awards and State Grants (1) (2)
For the Year Ended June 30, 2019

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:			
Child Nutrition Cluster (3):			
National School Lunch Program (Commodities - Noncash Assistance)	10.555	N/A	\$ 98,532 (5)
Passed-through State Department of Education:			
Child Nutrition Cluster (3):			
School Breakfast Program	10.553	N/A	254,557
National School Lunch Program	10.555	N/A	672,420 (5)
Summer Food Service Program for Children	10.559	N/A	5,104
Passed-through State Department of Health:			
Special Supplemental Nutrition Program for Women, Infants and Children	10.557	GG-19-59425-00	4,492
Total U.S. Department of Agriculture			<u>\$ 1,035,105</u>
U.S. Department of Justice:			
Passed-through State Commission on Children and Youth:			
Juvenile Justice and Delinquency Prevention - Allocation to States	16.540	39499	\$ 9,000
Total U.S. Department of Justice			<u>\$ 9,000</u>
U.S. Department of Education:			
Passed-through State Department of Education:			
Title I Grants to Local Educational Agencies	84.010	N/A	\$ 655,060
Title I State Agency Program for Neglected and Delinquent Children and Youth	84.013	N/A	13,372
Special Education Cluster (3):			
Special Education - Grants to States	84.027	N/A	499,842
Special Education - Preschool Grants	84.173	N/A	12,720
Career and Technical Education - Basic Grants to States	84.048	N/A	24,624
Rehabilitation Services - Vocational Rehabilitation Grants to States	84.126	N/A	77,995
Rural Education	84.358	N/A	50,184
Supporting Effective Instruction State Grant	84.367	N/A	106,672
Consolidated Grant to the Outlying Areas	84.403	N/A	43,581
Total U.S. Department of Education			<u>\$ 1,484,050</u>
U.S. Department of Health and Human Services:			
Passed-through State Department of Health:			
Family Planning Services	93.217	GG-19-59425-00	\$ 889
Maternal and Child Health Services Block Grant to the States	93.994	GG-19-59425-00	1,204
Passed-through State Department of Human Services:			
CCDF Cluster:			
Child Care and Development Block Grant	93.575	(4)	22,704
Total U.S. Department of Health and Human Services			<u>\$ 24,797</u>
U.S. Department of Homeland Security:			
Passed-through State Department of Military:			
Emergency Management Performance Grants	97.042	(4)	\$ 43,000
Total U.S. Department of Homeland Security			<u>\$ 43,000</u>
Total Expenditures of Federal Awards			<u><u>\$ 2,595,952</u></u>

(Continued)

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

Federal/Pass-through Agency/State Grantor Program Title	Federal CFDA Number	Contract Number	Expenditures
State Grants:			
Litter Program - State Department of Transportation	N/A	(4)	\$ 41,207
Hub and Spoke Grant - State Department of Environment and Conservation	N/A	(4)	669,547
Household Hazardous Waste Container Grant - State Department of Environment and Conservation	N/A	(4)	18,236
Waste Reduction Grant - State Department of Environment and Conservation	N/A	(4)	179,787
Family Resource Center - State Department of Education	N/A	(4)	28,986
Coordinated School Health - State Department of Education	N/A	(4)	89,670
Safe Schools Act - State Department of Education	N/A	(4)	112,338
Early Childhood Education - State Department of Education	N/A	(4)	209,383
State Personnel Development Grant (SPDG) - State Department of Education	N/A	(4)	5,000
Tennessee State Art Grant - State Department of Education	N/A	(4)	2,691
Read to be Ready Coaching Grant - State Department of Education	N/A	(4)	5,985
Access to Health Grant - State Department of Health	N/A	(4)	55,400
Alternative Breakfast Grant - State Department of Education	N/A	(4)	10,000
Court Security Grant - Administrative Office of the Courts	N/A	(4)	7,650
Health Grant - State Department of Health	N/A	GG-19-59425-00	19,757
Total State Grants			<u>\$ 1,455,637</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) Chester County elected not to use the 10% de minimus cost rate permitted in the Uniform Guidance.
(3) Child Nutrition Cluster totaled \$1,030,613; Special Education Cluster totaled \$512,562.
(4) Information not available.
(5) Total for CFDA No. 10.555 is \$770,952.

SCHOOL-WIDE PROGRAM

Program Title	Federal CFDA Number	Amount Provided to Schoolwide Program
The following amounts were consolidated for School-wide Program:		
Title I	84.010	\$ 655,060
Special Education Cluster	84.027	512,562
Rural Education	84.358	50,184
Supporting Effective Instruction State Grant	84.367	106,672
Consolidated Grant to the Outlying Areas	84.403	<u>43,581</u>
Total amounts consolidated for School-wide Program		<u>\$ 1,368,059</u>

Chester County, Tennessee
Summary Schedule of Prior-year Findings
For the Year Ended June 30, 2019

Government Auditing Standards require auditors to report the status of uncorrected findings from prior audits. In addition, OMB's Uniform Guidance requires auditees to report the status of all prior-year findings whether corrected or not. Presented below are financial statement findings along with their current status from the Annual Financial Report for Chester County, Tennessee, for the year ended June 30, 2019.

Prior-year Financial Statement Findings

Fiscal Year	Page Number	Finding Number	Title of Finding	CFDA Number	Current Status
<u>OFFICES OF COUNTY MAYOR AND ACCOUNTING AND BUDGET DIRECTOR</u>					
2018	186	2018-001	The Solid Waste/Sanitation Fund required material audit adjustments for proper financial statement presentation	N/A	Corrected

Prior-year Federal Awards Findings

There were no prior-year federal award findings to report.

CHESTER COUNTY, TENNESSEE
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
For the Year Ended June 30, 2019

PART I, SUMMARY OF AUDITOR'S RESULTS

Financial Statements:

1. Our report on the financial statements of Chester County is unmodified.
2. Internal Control Over Financial Reporting:
 - * Material weakness identified? **NO**
 - * Significant deficiency identified? **NO**
3. Noncompliance material to the financial statements noted? **YES**

Federal Awards:

4. Internal Control Over Major Federal Programs:
 - * Material weakness identified? **NO**
 - * Significant deficiency identified? **NONE REPORTED**
5. Type of report auditor issued on compliance for major programs. **UNMODIFIED**
6. Any audit findings disclosed that are required to be reported in accordance with 2 CFR 200.516(a)? **NO**
7. Identification of Major Federal Programs:
 - * CFDA Numbers: 10.553, 10.555, and 10.559 Child Nutrition Cluster: School Breakfast Program, National School Lunch Program, and Summer Food Service Program for Children
 - * CFDA Number: 84.010 Title I Grants to Local Educational Agencies
8. Dollar threshold used to distinguish between Type A and Type B Programs. **\$750,000**
9. Auditee qualified as low-risk auditee? **NO**

PART II, FINDINGS RELATING TO THE FINANCIAL STATEMENTS

A finding and recommendation, as a result of our audit, are presented below. We reviewed this finding and recommendation with management to provide an opportunity for their response. A written response for the finding is paraphrased and presented following the finding and recommendation. Management's corrective action plan, whether related to the financial statements or federal awards, is presented separately in the Management's Corrective Action Plan in the Single Audit Section of this report. Findings relating specifically to the audit of federal awards, if any, are separately presented under Part III, Findings and Questioned Costs for Federal Awards.

OFFICES OF COUNTY MAYOR AND ACCOUNTING AND BUDGET DIRECTOR

FINDING 2019-001

REVENUE ANTICIPATION NOTES WERE NOT ISSUED IN COMPLIANCE WITH STATE STATUTES

(Material Noncompliance Under *Government Auditing Standards*)

During the year, the General Fund loaned \$700,215 for capital expenditures to the Solid Waste/Sanitation Fund without the prior approval of the state Comptroller's Office as required by Section 9-21-801, *Tennessee Code Annotated (TCA)*. Also, county officials did not file a Report on Debt Obligation with the state Comptroller's Office for the revenue anticipation notes. Section 9-21-151, *TCA*, requires that within 45 days following the issuance of debt, a county must provide to the state Comptroller's Office certain information, such as a description of the purchase for which the debt was issued, a description of the debt obligation, and an itemized description of the costs of issuance. These deficiencies are the result of management's oversight.

RECOMMENDATION

Revenue anticipation notes should be issued in compliance with state statutes.

MANAGEMENT'S RESPONSE – ACCOUNTING AND BUDGET DIRECTOR

We concur with the finding. This was the first time our county issued revenue anticipation notes. This was due to a \$1.1 million grant received by the Hub and Spoke Facility of West Tennessee. The Solid Waste/Sanitation Fund cash reserves were not sufficient to pay invoices of large amounts required to be paid up front and wait on reimbursement. The County Commission approved a loan from the General Fund, which had surplus funds. Management understood if the loan was repaid before the fiscal year-end, no other approval was needed from the state Comptroller's Office. We now understand *Tennessee Code Annotated*, Sections 9-21-801 and 9-21-151 and will comply accordingly. The mayor and budget director will monitor this closely in the future.

PART III, FINDINGS AND QUESTIONED COSTS FOR FEDERAL AWARDS

There were no findings and questioned costs related to federal awards for the year ended June 30, 2019.

Chester County, Tennessee
Management's Corrective Action Plan
For the Year Ended June 30, 2019

We reviewed the financial statement and federal award findings and recommendations with management to provide an opportunity for their response as required by the auditee requirements within Title 2 U.S. *Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Management's corrective action plans for all financial statement findings and federal award findings are presented in this section and have been indexed below. The corrective action plans were prepared by management and have been presented as they were submitted.

Finding Number	Title of Finding	Corrective Action Plan Page Number
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OFFICES OF COUNTY MAYOR AND ACCOUNTING AND BUDGET DIRECTOR

2019-001	Revenue Anticipation Notes were not Issued in Compliance with State Statutes	196
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Chester County, Tennessee _____

Corrective Action -Plan

FINDING: REVENUE ANTICIPATION NOTES WERE NOT
ISSUED IN COMPLIANCE WITH STATE
STATUTES

Response and Corrective Action Plan Prepared by:
Judy Benard, Accounting and Budget Director

Person Responsible for Implementing the Corrective Action:
Judy Benard, Accounting and Budget Director

Anticipated Completion Date of Corrective Action:
August 26, 2019

Repeat Finding:
No

Planned Corrective Action:
Management will comply with state statutes which apply to revenue anticipation Notes (Section 9-21-801) before issuance by requesting approval from the state Comptroller's Office. The Report on Debt Obligation will also be filed with the state Comptroller's Office for revenue anticipation notes as required by Section 9-21-151, TCA.

Signature: Judy Benard

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.