
ANNUAL FINANCIAL REPORT CHESTER COUNTY, TENNESSEE



FOR THE YEAR ENDED JUNE 30, 2007



ANNUAL FINANCIAL REPORT
CHESTER COUNTY, TENNESSEE
FOR THE YEAR ENDED JUNE 30, 2007

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This financial report is available at www.comptroller.state.tn.us

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Audit Highlights

Annual Financial Report
Chester County, Tennessee
For the Year Ended June 30, 2007

Scope

We have audited the basic financial statements of Chester County as of and for the year ended June 30, 2007.

Results

Our report on the aggregate discretely presented component units is qualified because the financial statements did not include a component unit whose financial statements were not available from other auditors at the date of this report. Our report on the aggregate remaining fund information is qualified because the financial statements did not include the Chester County Library (special revenue fund) whose financial statements were not available from other auditors at the date of this report. Our report on the governmental activities and each major fund is unqualified.

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

Findings

The following are summaries of the audit findings:

OFFICE OF COUNTY MAYOR

- ◆ The office did not issue purchase orders in some required instances.

OFFICE OF ROAD SUPERVISOR

- ◆ The payroll clerk forged the road supervisor's signature on two checks.
- ◆ The office did not always issue purchase orders, and in some instances, purchase orders did not include dollar amounts.

OTHER FINDING

- ◆ County officials had not adopted a central system of accounting, budgeting, and purchasing.

INTRODUCTORY SECTION

Chester County Officials
June 30, 2007

Officials

Troy Kilzer, County Mayor
Elbert Carnell, Road Supervisor
John Pipkin, Director of Schools
Lance Beshires, Trustee
Beverly Morton, Assessor of Property
Johnny Warren Garner, County Clerk
Keith Frye, Circuit and General Sessions Courts Clerk
Cornelia Hall, Clerk and Master
Judy Cranford, Register
Mark Davidson, Sheriff

Board of County Commissioners

Troy Kilzer, Chairman	Diane Jordan
Bobby Hysmith, Chairman Pro-Tem	Jerry Lowe
Mike Alexander	Burl Malone
Johnny Beshires	David Morrison
Larry Blackstock	Robert Richardson
Doug Burkhead	Leon Robison
Tim Crowe	Barry Smith
Jerry Emerson	John Welch
Sandra Highers	Jimmy Wells
Barry Hutcherson	

Budget Committee

Troy Kilzer, Chairman
Larry Blackstock
Bobby Hysmith
David Morrison
Leon Robison
Barry Smith

Purchasing Committee

Troy Kilzer, Chairman
Lance Beshires
Doug Burkhead
Sandra Highers
Bobby Hysmith
Jerry Lowe

Board of Education

Dwain Seaton, Chairman	Samuel Jones
Dwight Bingham	Bob Moore
Ronald Johnson	Glenn Naylor

FINANCIAL SECTION



**STATE OF TENNESSEE
COMPTROLLER OF THE TREASURY
DEPARTMENT OF AUDIT
DIVISION OF COUNTY AUDIT
SUITE 1500
JAMES K. POLK STATE OFFICE BUILDING
NASHVILLE, TENNESSEE 37243-0269
PHONE (615) 401-7841**

INDEPENDENT AUDITOR'S REPORT

August 22, 2007

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

To the County Mayor and Board of County Commissioners:

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, 2007, which collectively comprise Chester County's basic financial statements as listed in the table of contents. These financial statements are the responsibility of Chester County's management. 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 auditing 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 of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinions.

The financial statements of the Chester County Emergency Communications District, a component unit requiring discrete presentation, and the Chester County Library, a nonmajor special revenue fund of the primary government, had not been made available by other auditors as of the date of this report. Accordingly, the aggregate discretely presented component units financial statements and aggregate remaining fund information financial statements referred to above do not include amounts for the Chester County Emergency Communications District and the Chester County Library, respectively, which should be

included to conform with accounting principles generally accepted in the United States of America. The effects on the financial statements of the aggregate discretely presented component units and aggregate remaining fund information are not reasonably determinable.

In our opinion, except for the effects of not including the financial statements of the Chester County Emergency Communications District and the Chester County Library as discussed in the preceding paragraph, the financial statements referred to above present fairly, in all material respects, the respective financial position of the aggregate discretely presented component units and the aggregate remaining fund information of Chester County, Tennessee, as of June 30, 2007, and the respective changes in financial position thereof for the year then ended, in conformity with accounting principles generally accepted in the United States of America.

Additionally, in our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities and each major fund of Chester County, Tennessee, as of June 30, 2007, and the respective changes in financial position thereof for the year then ended, in conformity with accounting principles generally accepted in the United States of America.

In accordance with Government Auditing Standards, we have also issued our report dated August 22, 2007, on our consideration of Chester County's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with Government Auditing Standards and should be considered in assessing the results of our audit.

The management of Chester County did not prepare the management's discussion and analysis. The management's discussion and analysis section is not a required part of the basic financial statements but is supplementary information required by accounting principles generally accepted in the United States of America.

The budgetary comparison and pension information on pages 51 through 57 are not required parts of the basic financial statements but they do provide supplementary information required by accounting principles generally accepted in the United States of America. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise Chester County's basic financial statements. The introductory section, combining and individual nonmajor fund financial statements, budgetary comparison schedules of nonmajor governmental funds and the Education Debt Service Fund, combining and individual fund financial statements of the Chester County School Department (a discretely presented component unit), and miscellaneous schedules are

presented for purposes of additional analysis and are not a required part of the basic financial statements. The combining and individual nonmajor fund financial statements, budgetary comparison schedules of nonmajor governmental funds and the Education Debt Service Fund, combining and individual fund financial statements of the Chester County School Department (a discretely presented component unit), and the miscellaneous schedules have been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, are fairly stated in all material respects in relation to the basic financial statements taken as a whole. The introductory section has not been subjected to the auditing procedures applied in the audit of the basic financial statements, and accordingly, we express no opinion on it.

Very truly yours,

A handwritten signature in cursive script that reads "John G. Morgan". The signature is written in black ink and is positioned above the printed name.

John G. Morgan
Comptroller of the Treasury

JGM/yu

BASIC FINANCIAL STATEMENTS

Exhibit A

Chester County, Tennessee
Statement of Net Assets
June 30, 2007

	<u>Primary Government</u>	<u>Component Unit</u>
	<u>Governmental Activities</u>	<u>Chester County School Department</u>
<u>ASSETS</u>		
Cash	\$ 399	\$ 0
Equity in Pooled Cash and Investments	4,600,593	2,549,903
Accounts Receivable	12,464	23,280
Due from Other Governments	409,008	416,173
Property Taxes Receivable	2,204,903	1,483,807
Allowance for Uncollectible Property Taxes	(80,774)	(56,332)
Accrued Interest Receivable	5,760	5,551
Capital Assets:		
Assets Not Depreciated:		
Land	2,866,235	414,252
Construction in Progress	0	16,000
Assets Net of Accumulated Depreciation:		
Buildings and Improvements	2,362,407	7,985,837
Infrastructure	809,156	0
Other Capital Assets	1,060,163	1,551,504
Total Assets	<u>\$ 14,250,314</u>	<u>\$ 14,389,975</u>
<u>LIABILITIES</u>		
Accounts Payable	\$ 12,752	\$ 4,015
Payroll Deductions Payable	296	3,128
Accrued Interest Payable	39,903	0
Other Current Liabilities	375	0
Deferred Revenue - Current Property Taxes	2,020,969	1,352,530
Noncurrent Liabilities:		
Due Within One Year	701,011	0
Due in More Than One Year	5,088,353	0
Total Liabilities	<u>\$ 7,863,659</u>	<u>\$ 1,359,673</u>
<u>NET ASSETS</u>		
Invested in Capital Assets, Net of Related Debt	\$ 6,176,961	\$ 0
Invested in Capital Assets	0	9,967,593
Restricted for:		
Debt Service	2,166,234	0
Solid Waste/Sanitation	262,710	0
Highway/Public Works	970,043	0
Drug Control	23,719	0
Capital Projects	185,880	0
Computer Systems	31,152	0
School Federal Projects	0	114,170
Food Service	0	314,535
Other Purposes	5,759	4,423
Unrestricted	(3,435,803)	2,629,581
Total Net Assets	<u>\$ 6,386,655</u>	<u>\$ 13,030,302</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, 2007

Functions/Programs	Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Assets	
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Primary	Component
					Government	Unit
					Total Governmental Activities	Chester County School Department
Primary Government:						
Governmental Activities:						
General Government	\$ 634,095	\$ 80,917	\$ 15,450	\$ 0	\$ (537,728)	\$ 0
Finance	493,238	315,003	5,532	0	(172,703)	0
Administration of Justice	498,734	332,170	9,000	0	(157,564)	0
Public Safety	1,741,634	172,796	83,175	46,343	(1,439,320)	0
Public Health and Welfare	1,079,098	610,126	40,509	95,764	(332,699)	0
Social, Cultural, and Recreational Services	97,323	0	0	0	(97,323)	0
Agriculture and Natural Resources	56,903	0	0	0	(56,903)	0
Other Operations	87,546	0	0	0	(87,546)	0
Highways/Public Works	1,256,086	8,293	1,448,771	54,326	255,304	0
Interest on Long-term Debt	248,984	0	50,000	0	(198,984)	0
Other Debt Service	9,446	0	0	0	(9,446)	0
Total Primary Government	\$ 6,203,087	\$ 1,519,305	\$ 1,652,437	\$ 196,433	\$ (2,834,912)	\$ 0
Component Unit:						
Chester County School Department	\$ 15,915,008	\$ 698,771	\$ 1,903,541	\$ 0	\$ 0	\$ (13,312,696)
Total Component Unit	\$ 15,915,008	\$ 698,771	\$ 1,903,541	\$ 0	\$ 0	\$ (13,312,696)

(Continued)

Exhibit B

Chester County, Tennessee
Statement of Activities (Cont.)

Functions/Programs	Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Assets	
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Primary Government	Component Unit
					Total Governmental Activities	Chester County School Department
General Revenues:						
Taxes:						
Property Taxes Levied for General Purposes					\$ 2,039,131	\$ 1,498,870
Property Taxes Levied for Debt Service					17,551	0
Local Option Sales Tax					823,871	763,651
Other Local Taxes					988,296	2,397
Grants and Contributions Not Restricted to Specific Programs					236,182	11,208,029
Unrestricted Investment Earnings					9,849	144,867
Miscellaneous					42,474	52,068
Total General Revenues					<u>\$ 4,157,354</u>	<u>\$ 13,669,882</u>
Change in Net Assets					\$ 1,322,442	\$ 357,186
Net Assets, July 1, 2006					<u>5,064,213</u>	<u>12,673,116</u>
Net Assets, June 30, 2007					<u>\$ 6,386,655</u>	<u>\$ 13,030,302</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, 2007

	Major Funds				Nonmajor	Total
	General	Solid Waste/ Sanitation	Highway/ Public Works	Education Debt Service	Other Govern- mental Funds	
<u>ASSETS</u>						
Cash	\$ 0	\$ 0	\$ 0	\$ 0	\$ 399	\$ 399
Equity in Pooled Cash and Investments	1,311,965	235,657	743,157	1,937,698	371,116	4,599,593
Accounts Receivable	900	11,546	8	0	10	12,464
Due from Other Governments	44,064	12,860	242,084	110,000	0	409,008
Due from Other Funds	20,038	0	0	0	0	20,038
Property Taxes Receivable	1,883,019	270,930	33,433	0	17,521	2,204,903
Allowance for Uncollectible Property Taxes	(68,535)	(10,279)	(1,296)	0	(664)	(80,774)
Accrued Interest Receivable	0	3,678	2,082	0	0	5,760
Total Assets	\$ 3,191,451	\$ 524,392	\$ 1,019,468	\$ 2,047,698	\$ 388,382	\$ 7,171,391
<u>LIABILITIES AND FUND BALANCES</u>						
<u>Liabilities</u>						
Accounts Payable	\$ 0	\$ 0	\$ 12,752	\$ 0	\$ 0	\$ 12,752
Payroll Deductions Payable	121	28	147	0	0	296
Due to Other Funds	0	14,670	0	0	4,368	19,038
Other Current Liabilities	0	0	375	0	0	375
Deferred Revenue - Current Property Taxes	1,727,636	246,984	30,373	0	15,976	2,020,969
Deferred Revenue - Delinquent Property Taxes	73,948	11,667	1,564	0	781	87,960
Other Deferred Revenues	27,630	6,000	121,042	55,000	0	209,672
Total Liabilities	\$ 1,829,335	\$ 279,349	\$ 166,253	\$ 55,000	\$ 21,125	\$ 2,351,062
<u>Fund Balances</u>						
Reserved for Alcohol and Drug Treatment	\$ 1,790	\$ 0	\$ 0	\$ 0	\$ 0	\$ 1,790
Reserved for Drug Court	3,969	0	0	0	0	3,969
Reserved for Computer System - Register	7,597	0	0	0	0	7,597
Reserved for Automation Purposes - Circuit Court	620	0	0	0	0	620
Reserved for Automation Purposes - General Sessions Court	11,248	0	0	0	0	11,248
Reserved for Automation Purposes - Chancery Court	1,639	0	0	0	0	1,639
Reserved for Automation Purposes - Sheriff	10,048	0	0	0	0	10,048
Unreserved, Reported In:						
General Fund	1,325,205	0	0	0	0	1,325,205

(Continued)

Exhibit C-1

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

LIABILITIES AND FUND BALANCES (Cont.)

Fund Balances (Cont.)

Unreserved, Reported In (Cont.):

Special Revenue Funds

Debt Service Funds

Capital Projects Funds

Total Fund Balances

Total Liabilities and Fund Balances

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

	Major Funds			Nonmajor Funds	Total Govern- mental Funds
General	Solid Waste / Sanitation	Highway / Public Works	Education Debt Service	Other Govern- mental Funds	Govern- mental Funds
\$ 0	\$ 245,043	\$ 853,215	\$ 0	\$ 23,719	\$ 1,121,977
0	0	0	1,992,698	157,658	2,150,356
0	0	0	0	185,880	185,880
<u>\$ 1,362,116</u>	<u>\$ 245,043</u>	<u>\$ 853,215</u>	<u>\$ 1,992,698</u>	<u>\$ 367,257</u>	<u>\$ 4,820,329</u>
<u>\$ 3,191,451</u>	<u>\$ 524,392</u>	<u>\$ 1,019,468</u>	<u>\$ 2,047,698</u>	<u>\$ 388,382</u>	<u>\$ 7,171,391</u>

Exhibit C-2

Chester County, Tennessee
Reconciliation of the Balance Sheet of Governmental Funds to the Statement of Net Assets
June 30, 2007

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

Total fund balances - balance sheet - governmental funds (Exhibit C-1)		\$ 4,820,329
(1) Capital assets used in governmental activities are not financial resources and therefore are not reported in the governmental funds.		
Add: land	\$ 2,866,235	
Add: buildings and improvements net of accumulated depreciation	2,362,407	
Add: infrastructure net of accumulated depreciation	809,156	
Add: other capital assets net of accumulated depreciation	<u>1,060,163</u>	7,097,961
(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	\$ (206,000)	
Less: bonds payable	(5,425,000)	
Less: compensated absences payable	(5,778)	
Less: landfill closure/postclosure care costs	(152,586)	
Less: accrued interest on bonds and notes	<u>(39,903)</u>	(5,829,267)
(3) Other long-term assets are not available to pay for current-period expenditures and therefore are deferred in the governmental funds.		<u>297,632</u>
Net assets of governmental activities (Exhibit A)		<u><u>\$ 6,386,655</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, 2007

	Major Funds				Nonmajor	Total
	General	Solid Waste/ Sanitation	Highway/ Public Works	Education Debt Service	Other Govern- mental Funds	
<u>Revenues</u>						
Local Taxes	\$ 2,578,078	\$ 366,212	\$ 34,360	\$ 688,407	\$ 229,147	\$ 3,896,204
Fines, Forfeitures, and Penalties	81,238	0	0	0	23,761	104,999
Charges for Current Services	14,654	87,399	0	0	0	102,053
Other Local Revenues	464,434	147,431	65,874	0	57,323	735,062
Fees Received from County Officials	641,038	0	0	0	0	641,038
State of Tennessee	277,499	30,196	1,450,807	0	1,341	1,759,843
Federal Government	48,343	0	0	0	0	48,343
Other Governments and Citizens Groups	185,669	0	0	50,000	0	235,669
Total Revenues	\$ 4,290,953	\$ 631,238	\$ 1,551,041	\$ 738,407	\$ 311,572	\$ 7,523,211
<u>Expenditures</u>						
Current:						
General Government	\$ 749,282	\$ 0	\$ 0	\$ 0	\$ 0	\$ 749,282
Finance	466,974	0	0	0	0	466,974
Administration of Justice	485,097	0	0	0	2,969	488,066
Public Safety	1,649,937	0	0	0	40,197	1,690,134
Public Health and Welfare	389,860	512,822	0	0	0	902,682
Social, Cultural, and Recreational Services	68,742	0	0	0	0	68,742
Agricultural and Natural Resources	55,527	0	0	0	0	55,527
Other Operations	83,636	10,432	0	0	2,648	96,716
Highways	0	0	1,211,139	0	0	1,211,139
Debt Service:						
Principal on Debt	0	0	0	465,000	200,334	665,334
Interest on Debt	0	0	0	211,054	43,610	254,664
Other Debt Service	0	0	0	8,576	870	9,446
Total Expenditures	\$ 3,949,055	\$ 523,254	\$ 1,211,139	\$ 684,630	\$ 290,628	\$ 6,658,706
Excess (Deficiency) of Revenues Over Expenditures	\$ 341,898	\$ 107,984	\$ 339,902	\$ 53,777	\$ 20,944	\$ 864,505
<u>Other Financing Sources (Uses)</u>						
Insurance Recovery	\$ 10,574	\$ 0	\$ 0	\$ 0	\$ 0	\$ 10,574
Transfers In	0	0	0	0	152,306	152,306
Transfers Out	0	0	(152,306)	0	0	(152,306)
Total Other Financing Sources (Uses)	\$ 10,574	\$ 0	\$ (152,306)	\$ 0	\$ 152,306	\$ 10,574

(Continued)

Exhibit C-3

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

	Major Funds				Nonmajor	Total
	General	Solid Waste / Sanitation	Highway / Public Works	Education Debt Service	Other Govern- mental Funds	
Net Change in Fund Balances	\$ 352,472	\$ 107,984	\$ 187,596	\$ 53,777	\$ 173,250	\$ 875,079
Fund Balance, July 1, 2006	1,009,644	137,059	665,619	1,938,921	194,007	3,945,250
Fund Balance, June 30, 2007	\$ 1,362,116	\$ 245,043	\$ 853,215	\$ 1,992,698	\$ 367,257	\$ 4,820,329

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, 2007

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)		\$ 875,079
(1) Governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of those 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	\$ 189,007	
Less: current year depreciation expense	<u>(417,112)</u>	(228,105)
(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, 2007	\$ 297,632	
Less: deferred delinquent property taxes and other deferred June 30, 2006	<u>(295,314)</u>	2,318
(3) The issuance of long-term debt (e.g., bonds, notes, other loans) 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 assets. Also, governmental funds report the effect of issuance costs, 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 notes	\$ 165,334	
Add: principal payments on bonds	<u>500,000</u>	665,334
(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	\$ 5,680	
Change in closure/postclosure care costs	1,897	
Change in compensated absences	<u>239</u>	<u>7,816</u>
Change in net assets of governmental activities (Exhibit B)		<u>\$ 1,322,442</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, 2007

	<u>Agency Funds</u>
<u>ASSETS</u>	
Cash	\$ 648,779
Due from Other Governments	<u>141,675</u>
Total Assets	<u>\$ 790,454</u>
<u>LIABILITIES</u>	
Due to Other Taxing Units	\$ 141,675
Due to Litigants, Heirs, and Others	<u>648,779</u>
Total Liabilities	<u>\$ 790,454</u>

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

CHESTER COUNTY, TENNESSEE
NOTES TO THE FINANCIAL STATEMENTS
For the Year Ended June 30, 2007

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. Although required by GAAP, the financial statements of the Chester County Library, a special revenue fund, were not available from other auditors in time for inclusion in this report. 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.

Blended Component Units – There are no legally separate component units of Chester County that meet the criteria for being reported as part of the primary government by the blending method.

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 without county approval, and its budget and property tax levy are subject to the County Commission's approval. The School Department's taxes are levied under the taxing authority of the county and are included as part of the county's total tax levy.

The Chester County Emergency Communications District provides a simplified means of securing emergency services through a uniform emergency number for the residents of Chester County, and the Chester County Commission appoints its governing body. The district is funded primarily through a service charge levied on telephone services. Before the issuance of most debt instruments, the district must obtain the County Commission's approval. The financial statements of the Chester County Emergency Communications District were not available from other auditors in time for inclusion in this report.

The Chester County School Department does not issue separate financial statements from those of the county. Therefore, basic financial statements of the Chester County School Department are included in this report as listed in the table of contents. Although required by GAAP, the financial statements of the Chester County Emergency Communications District were not available in time for inclusion, as previously mentioned. Complete financial statements of the Chester County Emergency Communications District can be obtained from its administrative office at the following address:

Administrative Office:

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

B. Government-wide and Fund Financial Statements

The government-wide financial statements (i.e., the statement of net assets 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.

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

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

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

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

Fiduciary fund 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 fund is used to account for Chester County’s garbage collection and convenience center operations.

Highway/Public Works Fund – This fund accounts for transactions of the county’s Highway Department.

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

Additionally, Chester County reports the following fund types:

Capital Projects Fund – The General Capital Projects Fund accounts for financial resources to be used for the construction of a new jail.

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

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

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

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

Special Revenue Funds – These funds account for the proceeds of specific revenue sources (other than major capital projects) that are legally restricted to expenditures for specific purposes.

Private Purpose Trust Fund – The Private Purpose Trust Fund is used to account for an endowment received by the School Department. Income generated from the corpus of the endowment 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.

Private-sector standards of accounting and financial reporting issued prior to December 1, 1989, generally are followed in the government-wide financial statements to the extent that those standards do not conflict with or contradict guidance of the Governmental Accounting Standards Board.

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.

When both restricted and unrestricted resources are available for use, it is the government's policy to use restricted revenues first, then unrestricted resources as they are needed.

D. Assets, Liabilities, and Net Assets or Equity

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; bonds of any state or political subdivision rated A or higher by any nationally recognized rating service; the county's own legally issued bonds or notes; the State Treasurer's Investment Pool; and repurchase agreements.

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 assets as Equity in Pooled Cash and Investments. Most income from these pooled investments is assigned to the primary government's Solid Waste/Sanitation and

Highway/Public Works Funds, and the School Department's General Purpose School Fund. Chester County and the Chester County 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 and investments in the State Treasurer's Investment Pool are reported at cost. The State Treasurer's Investment Pool is not registered with the Securities and Exchange Commission (SEC) as an investment company, but nevertheless has a policy that it will, and does, operate in a manner consistent with the SEC's Rule 2a7 of the Investment Company Act of 1940. Rule 2a7 allows SEC-registered mutual funds to use amortized cost rather than fair value to report net assets to compute share prices if certain conditions are met. State statutes require the state treasurer to administer the pool under the same terms and conditions, including collateral requirements, as prescribed for other funds invested by the state treasurer. All other investments are reported at fair value. No investments required to be reported at fair value were held at the balance sheet date.

2. Receivables and Payables

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

Property taxes receivable are shown with an allowance for uncollectibles. The allowance for uncollectible property taxes is equal to 1.99 percent of total taxes levied.

Governmental funds report deferred revenue in connection with receivables for revenues that are not considered to be available to liquidate liabilities of the current period. Governmental funds also defer revenue recognition in connection with resources that have been received, but not yet earned.

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 deferred revenue 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 with offsetting deferred revenue to reflect amounts not available as of June 30. Property taxes collected within 30 days of year-end are considered available and accrued. The allowance for

uncollectible taxes represents the estimated amount of the receivable that will be filed in court for collection. Delinquent taxes filed in court for collection are not included in taxes receivable since they are neither measurable nor available.

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

3. Capital Assets

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

Capital assets, which include property, plant, equipment, and infrastructure assets (e.g., roads, bridges, and similar items), are reported in the governmental column in the government-wide financial statements. Capital assets are defined by the primary government as assets with an initial, individual cost of \$5,000 or more (buildings \$10,000 and infrastructure \$12,000-\$40,000) 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 (buildings \$25,000) and an estimated useful life of more than seven years. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair market value at the date of donation.

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

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

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

<u>Assets</u>	<u>Years</u>
Buildings and Improvements	30
Other Capital Assets	5-15
Infrastructure:	
Roads	10-20
Bridges	15-30

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

<u>Assets</u>	<u>Years</u>
Buildings and Improvements	25-40
Buses	15
Other Vehicles	7
Equipment	7

4. 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.

5. 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 assets. Debt premiums and discounts, as well as issuance costs, are deferred and amortized over the life of the debt using the straight-line method. Debt issuance costs are reported as deferred charges and amortized over the term of the related debt. In refunding transactions, the difference between the reacquisition price and the net carrying amount of the old debt is netted against the new debt and amortized 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 and landfill closure/postclosure care costs are recognized to the extent that the liabilities have matured (come due for payment) each period.

6. Net Assets and Fund Equity

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

- a. Invested in capital assets, net of related debt – 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 assets – Consists of net assets 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 assets – All other net assets that do not meet the definition of restricted or invested in capital assets, net of related debt.

The government-wide statement of net assets reports \$3,645,497 of restricted net assets, of which \$185,880 is restricted by enabling legislation.

As of June 30, 2007, Chester County had \$4,710,000 in outstanding debt for capital purposes of the discretely presented Chester County School Department. This debt is a liability of Chester County, but the capital assets acquired are reported in the financial statements of the Chester County School Department. Therefore, Chester County has incurred a liability significantly decreasing its unrestricted net assets with no corresponding increase in the county's capital assets.

In the fund financial statements, governmental funds report reservations of fund balance for amounts that are not available for appropriation or are legally restricted by outside parties for use for a specific purpose.

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 assets**

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 assets.

Discretely Presented Chester County School Department

Exhibit I-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 assets.

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 required to reconcile the net change in fund balances – total governmental funds with the change in net assets of governmental activities reported in the government-wide statement of activities.

Discretely Presented Chester County School Department

Exhibit I-5 includes explanations of the nature of individual elements required to reconcile the net change in fund balances – total governmental funds with the change in net assets 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) which is not budgeted, and the capital projects fund, 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 State 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.

B. Appropriations Exceeded Estimated Available Funds

The budget and subsequent amendments submitted to and approved by the County Commission for the Drug Control Fund resulted in appropriations exceeding estimated available funding causing a budgeted fund deficit of \$3,449.

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 assets as Equity in Pooled Cash and Investments. Cash and investments reflected on the balance sheets or statements of net assets 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; bonds of any state or political subdivision rated A or higher by any nationally recognized rating service; 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 director of Local Finance 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 market value of the securities on the day of purchase.

The county had no pooled or nonpooled investments as of June 30, 2007.

B. Capital Assets

Capital asset activity for the year ended June 30, 2007, was as follows:

Primary Government

Governmental Activities:

	Balance 7-1-06	Increases	Decreases	Balance 6-30-07
Capital Assets Not Depreciated:				
Land	\$ 2,859,341	\$ 6,894	\$ 0	\$ 2,866,235
Total Capital Assets Not Depreciated	\$ 2,859,341	\$ 6,894	\$ 0	\$ 2,866,235

Primary Government (Cont.)

Governmental Activities (Cont.):

	Balance 7-1-06	Increases	Decreases	Balance 6-30-07
Capital Assets Depreciated:				
Buildings and				
Improvements	\$ 5,385,080	\$ 0	\$ 0	\$ 5,385,080
Infrastructure	853,228	112,225	0	965,453
Other Capital Assets	3,202,787	69,888	(17,950)	3,254,725
Total Capital Assets Depreciated	<u>\$ 9,441,095</u>	<u>\$ 182,113</u>	<u>\$ (17,950)</u>	<u>\$ 9,605,258</u>
Less Accumulated Depreciation For:				
Buildings and				
Improvements	\$ 2,888,215	\$ 134,458	\$ 0	\$ 3,022,673
Infrastructure	94,776	61,521	0	156,297
Other Capital Assets	1,991,379	221,133	(17,950)	2,194,562
Total Accumulated Depreciation	<u>\$ 4,974,370</u>	<u>\$ 417,112</u>	<u>\$ (17,950)</u>	<u>\$ 5,373,532</u>
Total Capital Assets Depreciated, Net	<u>\$ 4,466,725</u>	<u>\$ (234,999)</u>	<u>\$ 0</u>	<u>\$ 4,231,726</u>
Governmental Activities Capital Assets, Net	<u>\$ 7,326,066</u>	<u>\$ (228,105)</u>	<u>\$ 0</u>	<u>\$ 7,097,961</u>

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

Governmental Activities:

General Government	\$ 10,635
Finance	3,441
Administration of Justice	8,401
Public Safety	61,390
Public Health and Welfare	141,773
Social, Cultural, and Recreational Services	15,790
Agriculture and Natural Resources	1,377
Highways	<u>174,305</u>
Total Depreciation Expense - Governmental Activities	<u><u>\$ 417,112</u></u>

Discretely Presented Chester County School Department

Governmental Activities:

	Balance 7-1-06	Increases	Decreases	Balance 6-30-07
Capital Assets Not Depreciated:				
Land	\$ 414,252	\$ 0	\$ 0	\$ 414,252
Construction in Progress	55,379	16,000	(55,379)	16,000
Total Capital Assets Not Depreciated	<u>\$ 469,631</u>	<u>\$ 16,000</u>	<u>\$ (55,379)</u>	<u>\$ 430,252</u>
Capital Assets Depreciated:				
Buildings and Improvements	\$ 14,507,470	\$ 26,500	\$ 0	\$ 14,533,970
Other Capital Assets	2,660,917	406,141	(106,000)	2,961,058
Total Capital Assets Depreciated	<u>\$ 17,168,387</u>	<u>\$ 432,641</u>	<u>\$ (106,000)</u>	<u>\$ 17,495,028</u>
Less Accumulated Depreciation For:				
Buildings and Improvements	\$ 6,231,964	\$ 316,169	\$ 0	\$ 6,548,133
Other Capital Assets	1,280,846	234,708	(106,000)	1,409,554
Total Accumulated Depreciation	<u>\$ 7,512,810</u>	<u>\$ 550,877</u>	<u>\$ (106,000)</u>	<u>\$ 7,957,687</u>
Total Capital Assets Depreciated, Net	<u>\$ 9,655,577</u>	<u>\$ (118,236)</u>	<u>\$ 0</u>	<u>\$ 9,537,341</u>
Governmental Activities Capital Assets, Net	<u>\$ 10,125,208</u>	<u>\$ (102,236)</u>	<u>\$ (55,379)</u>	<u>\$ 10,078,351</u>

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

Governmental Activities:

Instruction	\$ 374,535
Support Services	137,618
Operation of Non-instructional Services	<u>38,724</u>
Total Depreciation Expense - Governmental Activities	<u>\$ 550,877</u>

C. Construction Commitments

At June 30, 2007, the School Department had uncompleted construction contracts of \$98,500 for paving a section of the middle school parking lot. Funding has been received for these future expenditures.

D. Interfund Receivables, Payables, and Transfers

The composition of interfund balances as of June 30, 2007, is as follows:

Due to/from other funds:

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>
Primary Government:		
General	Nonmajor governmental	\$ 4,368
General	Solid Waste/Sanitation	14,670
General	Highway/Public Works	1,000
Discretely Presented School Department:		
General Purpose School	Nonmajor governmental	11,027

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.

In the General Fund, \$1,000 of the receivable was in transit from the Highway/Public Works Fund at June 30, 2007.

The receivable in the General Purpose School Fund was in transit from the School Federal Projects Fund (\$10,977) and the Central Cafeteria Fund (\$230).

Interfund Transfers:

Interfund transfers for the year ended June 30, 2007, consisted of the following amounts on the next page:

Primary Government

Transfers Out	Transfers In Nonmajor Governmental Fund
Highway/Public Works Fund	\$ 152,306
Total	\$ 152,306

Discretely Presented Chester County School Department

Transfers Out	Transfers In General Purpose School Fund
Nonmajor governmental fund	\$ 12,945
Total	\$ 12,945

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

The county issues general obligation bonds to provide funds for the acquisition and construction of major capital facilities. In addition, general obligation bonds have been issued to refund other general obligation bonds. Capital outlay notes are also issued to fund capital facilities and other capital outlay purchases, such as equipment.

General obligation bonds and capital outlay notes are direct obligations and pledge the full faith and credit of the government. General obligation bonds and capital outlay notes outstanding were issued for original terms of up to 20 years for bonds and up to 12 years for notes. Repayment terms are generally structured with increasing amounts of principal maturing as interest requirements decrease over the term of the debt. All bonds and

notes included in long-term debt as of June 30, 2007, will be retired from the General Debt Service Fund and the Education Debt Service Fund.

General obligation bonds and capital outlay notes outstanding as of June 30, 2007, are as follows:

Type	Interest Rate	Original Amount of Issues	Balance 6-30-07
General Obligation Bonds	1.25 to 4.5%	\$ 840,000	\$ 715,000
General Obligation Bonds - Refunding	1.25 to 6	7,990,000	4,710,000
Capital Outlay Notes	4.6 to 5.75	1,050,000	206,000

The annual requirements to amortize all general obligation bonds and notes outstanding as of June 30, 2007, including interest payments, are presented in the following table:

Year Ending June 30	Bonds		Notes	
	Principal	Interest	Principal	Interest
2008	\$ 520,000	\$ 220,860	\$ 173,333	\$ 7,017
2009	540,000	200,980	24,334	2,179
2010	560,000	179,840	8,333	840
2011	590,000	157,705	0	0
2012	620,000	134,020	0	0
2013-2017	2,270,000	281,625	0	0
2018-2022	265,000	49,500	0	0
2023	60,000	2,700	0	0
Total	<u>\$ 5,425,000</u>	<u>\$ 1,227,230</u>	<u>\$ 206,000</u>	<u>\$ 10,036</u>

There is \$2,150,356 available in the debt service funds to service long-term debt. Bonded debt per capita totaled \$349, based on the 2000 federal census. Debt per capita, including bonds and notes, totaled \$362, based on the 2000 federal census.

Changes in Long-term Liabilities

Long-term liability for the year ended June 30, 2007, was as follows:

Governmental Activities:

	<u>Bonds</u>	<u>Notes</u>
Balance, July 1, 2006	\$ 5,925,000	\$ 371,334
Deductions	<u>(500,000)</u>	<u>(165,334)</u>
Balance, June 30, 2007	<u>\$ 5,425,000</u>	<u>\$ 206,000</u>
Balance Due Within One Year	<u>\$ 520,000</u>	<u>\$ 173,333</u>

	<u>Compensated Absences</u>	<u>Landfill Closure/ Postclosure Care Costs</u>
Balance, July 1, 2006	\$ 6,017	\$ 154,483
Additions	7,315	0
Deductions	<u>(7,554)</u>	<u>(1,897)</u>
Balance, June 30, 2007	<u>\$ 5,778</u>	<u>\$ 152,586</u>
Balance Due Within One Year	<u>\$ 5,778</u>	<u>\$ 1,900</u>

Analysis of Noncurrent Liabilities Presented on Exhibit A:

Total Noncurrent Liabilities, June 30, 2007	\$ 5,789,364
Less: Balance Due Within One Year	<u>(701,011)</u>
Noncurrent Liabilities - Due in More Than One Year - Exhibit A	<u>\$ 5,088,353</u>

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

V. OTHER INFORMATION

A. Risk Management

Primary Government

Employee Health Insurance

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

Liability, Property, Casualty, and Workers' Compensation Insurance

Chester County joined the Tennessee School Boards Risk Management Trust (TSB-RMT), which is a public entity risk pool established by the Tennessee School Boards Association, an association of member school districts. The county pays annual premiums to the TSB-RMT for its general liability, property, casualty, and workers' compensation insurance coverage. The creation of TSB-RMT provides for it to be self-sustaining through member premiums. The TSB-RMT reinsures through commercial insurance companies for claims exceeding \$100,000 for each insured event.

Discretely Presented Chester County School Department

Employee Health Insurance

The discretely presented Chester County School Department participates in the Local Education Group Insurance Fund (LEGIF), a public entity risk pool established to provide a program of health insurance coverage for employees of local education agencies. In accordance with Section 8-27-302, Tennessee Code Annotated (TCA), all local education agencies are eligible to participate. The LEGIF is included in the Comprehensive Annual Financial Report of the State of Tennessee, but the state does not retain any risk for losses by this fund. Section 8-27-303, TCA, provides for the LEGIF to be self-sustaining through member premiums.

Liability, Property, Casualty, and Workers' Compensation Insurance

The School Department joined the Tennessee School Boards Risk Management Trust (TSB-RMT), which is a public entity risk pool established

by the Tennessee School Boards Association, an association of member school districts. The School Department pays annual premiums to the TSB-RMT for its general liability, property, casualty, and workers' compensation insurance coverage. The creation of TSB-RMT provides for it to be self-sustaining through member premiums. The TSB-RMT reinsures through commercial insurance companies for claims exceeding \$100,000 for each insured event.

B. Contingent Liabilities

There are pending lawsuits in which the county is involved; however, an evaluation of the likelihood of an unfavorable outcome or an estimate of any potential loss resulting from the lawsuits was not offered by the county attorney. However, management believes that all pending litigation is adequately covered by the county's insurance.

Chester County and several other Tennessee counties have been named as defendants in a lawsuit demanding compliance with the requirements of the Americans with Disabilities Act (ADA). This lawsuit applies to the Chester County court facilities. While some renovations and corrective actions have taken place to address the concerns and issues raised in the lawsuit, not all of the renovations or remedial actions have been taken to bring the county court facilities up to ADA standards.

The School Department is involved in two pending lawsuits. The School Department's attorney estimates that the potential claims against the School Department not covered by insurance resulting from such litigation would not materially affect the financial statements of the School Department.

C. Landfill Closure/Postclosure Care Costs

The City of Henderson-Chester County Landfill is owned jointly by the City of Henderson and Chester County. The City of Henderson operated the landfill, which reached capacity during the 1992 fiscal year, and is responsible for closure/postclosure care costs. State and federal laws and regulations require the City of Henderson to place a final cover on the landfill when it stops accepting waste and to perform certain maintenance and monitoring functions at the site for 30 years after closure. Chester County has verbally agreed to pay 50 percent of the closure/postclosure care costs. The total remaining closure/postclosure care costs are estimated at \$305,172. Actual cost may be higher due to inflation, changes in technology, or changes in regulations. The \$152,586 reported as Accrued Liability for Landfill Closure/Postclosure Care Costs for Chester County at June 30, 2007, represents Chester County's share (50 percent) of the remaining closure/postclosure care functions.

D. Retirement Commitments

Employees

Plan Description

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

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

Chester County requires employees to contribute five percent of earnable compensation. The county is required to contribute at an actuarially determined rate; the rate for the fiscal year ended June 30, 2007, was 8.17 percent of annual covered payroll. The contribution requirement of plan members is set by state statute. The contribution requirement for Chester County is established and may be amended by the TCRS Board of Trustees.

Annual Pension Cost

For the year ended June 30, 2007, Chester County's annual pension cost of \$387,446 to TCRS was equal to the county's required and actual contributions. The required contribution was determined as part of the July 1, 2005, actuarial valuation using the frozen entry age actuarial cost method. Significant actuarial assumptions used in the valuation include

(a) rate of return on investment of present and future assets of 7.5 percent a year compounded annually, (b) projected salary increases of 4.75 percent (graded) annual rate (no explicit assumption is made regarding the portion attributable to the effects of inflation on salaries), (c) projected 3.5 percent annual increase in the Social Security wage base, and (d) projected post-retirement increases of three percent annually. The actuarial value of assets was determined using techniques that smooth the effect of short-term volatility in the market value of total investments over a five-year period. Chester County's unfunded actuarial accrued liability is being amortized as a level dollar amount on a closed basis. The remaining amortization period at July 1, 2005, was 15 years. An actuarial valuation was performed as of July 1, 2005, which established contribution rates effective July 1, 2006.

Trend Information

Fiscal Year Ended	Annual Pension Cost (APC)	Percentage of APC Contributed	Net Pension Obligation
6-30-07	\$387,446	100%	\$0
6-30-06	321,721	100	0
6-30-05	301,006	100	0

School Teachers

Plan Description

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

CPI increases less than one-half percent. The annual COLA is capped at three percent.

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

Most teachers are required by state statute to contribute five percent of their salaries to the plan. The employer contribution rate for the Chester County School Department is established at an actuarially determined rate. The employer rate for the fiscal year ended June 30, 2007, was 6.13 percent of annual covered payroll. The employer contribution requirement for the Chester County School Department is established and may be amended by the TCRS Board of Trustees. The employer's contributions to TCRS for the years ended June 30, 2007, 2006, and 2005, were \$456,639, \$378,098, and \$371,107, respectively, equal to the required contributions for each year.

E. Purchasing Laws

Office of County Mayor

Purchasing procedures for the County Mayor's Office are governed by the County Purchasing Law of 1983, Sections 5-14-201 through 5-14-206, Tennessee Code Annotated. This act provides for all purchases exceeding \$5,000 (\$10,000 effective 5-10-07 and 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, Tennessee Code Annotated, which require 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, Tennessee Code Annotated, 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 Revenues, Expenditures, and Changes
in Fund Balance - Actual and Budget
General Fund
For the Year Ended June 30, 2007

	Actual	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
		Original	Final	
<u>Revenues</u>				
Local Taxes	\$ 2,578,078	\$ 2,428,200	\$ 2,428,200	\$ 149,878
Fines, Forfeitures, and Penalties	81,238	79,500	79,500	1,738
Charges for Current Services	14,654	9,800	9,800	4,854
Other Local Revenues	464,434	418,800	442,800	21,634
Fees Received from County Officials	641,038	517,000	517,000	124,038
State of Tennessee	277,499	243,340	243,340	34,159
Federal Government	48,343	110,000	110,000	(61,657)
Other Governments and Citizens Groups	185,669	135,000	135,000	50,669
Total Revenues	\$ 4,290,953	\$ 3,941,640	\$ 3,965,640	\$ 325,313
<u>Expenditures</u>				
<u>General Government</u>				
County Commission	\$ 24,283	\$ 24,850	\$ 24,850	\$ 567
Board of Equalization	400	750	750	350
Budget and Finance Committee	1,778	1,000	1,785	7
County Mayor/Executive	167,896	167,209	170,398	2,502
County Attorney	3,023	8,500	8,500	5,477
Election Commission	124,156	143,607	144,597	20,441
Register of Deeds	112,950	116,799	117,949	4,999
County Buildings	256,394	360,696	297,448	41,054
Other General Administration	58,402	71,972	70,086	11,684
<u>Finance</u>				
Accounting and Budgeting	0	5,000	5,000	5,000
Property Assessor's Office	141,107	141,202	142,207	1,100
Reappraisal Program	10,225	12,865	12,865	2,640
County Trustee's Office	146,033	146,203	147,302	1,269
County Clerk's Office	169,609	174,606	176,066	6,457
<u>Administration of Justice</u>				
Circuit Court	185,853	202,061	203,366	17,513
General Sessions Court	92,930	98,345	97,341	4,411
Chancery Court	176,905	158,829	178,121	1,216
Juvenile Court	29,409	26,500	29,804	395
<u>Public Safety</u>				
Sheriff's Department	1,370,780	1,340,570	1,371,520	740
Juvenile Services	61,522	57,647	63,747	2,225
Fire Prevention and Control	118,666	121,213	127,327	8,661
Civil Defense	55,347	46,741	56,395	1,048
Rescue Squad	2,500	2,500	2,500	0
Other Emergency Management	26,851	26,850	26,850	(1)
County Coroner/Medical Examiner	14,271	8,000	14,271	0
<u>Public Health and Welfare</u>				
Local Health Center	19,952	24,600	24,600	4,648
Ambulance/Emergency Medical Services	178,872	165,113	178,872	0

(Continued)

Exhibit E-1

Chester County, Tennessee
Schedule 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>				
Nursing Home	\$ 146,831	\$ 77,995	\$ 155,495	\$ 8,664
Crippled Children Services	0	1,500	1,500	1,500
Other Local Health Services	0	2,000	2,000	2,000
Regional Mental Health Center	10,000	12,500	12,500	2,500
Sanitation Education/Information	34,205	30,925	34,835	630
<u>Social, Cultural, and Recreational Services</u>				
Libraries	50,375	51,908	51,908	1,533
Other Social, Cultural, and Recreational	18,367	18,500	18,500	133
<u>Agriculture & Natural Resources</u>				
Agriculture Extension Service	35,649	37,490	37,491	1,842
Soil Conservation	12,378	13,185	13,936	1,558
Flood Control	7,500	7,500	7,500	0
<u>Other Operations</u>				
Industrial Development	12,500	12,500	12,500	0
Veterans' Services	17,835	17,470	17,845	10
Employee Benefits	98	2,500	2,500	2,402
Miscellaneous	53,203	48,000	53,203	0
Total Expenditures	<u>\$ 3,949,055</u>	<u>\$ 3,988,201</u>	<u>\$ 4,116,230</u>	<u>\$ 167,175</u>
Excess (Deficiency) of Revenues				
Over Expenditures	\$ 337,929	\$ (46,561)	\$ (150,590)	\$ 488,519
<u>Other Financing Sources (Uses)</u>				
Insurance Recovery	\$ 10,574	\$ 0	\$ 4,313	\$ 6,261
Total Other Financing Sources (Uses)	<u>\$ 10,574</u>	<u>\$ 0</u>	<u>\$ 4,313</u>	<u>\$ 6,261</u>
Net Change in Fund Balance	\$ 352,472	\$ (46,561)	\$ (146,277)	\$ 498,749
Fund Balance, July 1, 2006	<u>1,009,644</u>	<u>810,707</u>	<u>810,707</u>	<u>198,937</u>
Fund Balance, June 30, 2007	<u>\$ 1,362,116</u>	<u>\$ 764,146</u>	<u>\$ 664,430</u>	<u>\$ 697,686</u>

Exhibit E-2

Chester County, Tennessee
Schedule of Revenues, Expenditures, and Changes
in Fund Balance - Actual and Budget
Solid Waste/Sanitation Fund
For the Year Ended June 30, 2007

	Actual	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
		Original	Final	
<u>Revenues</u>				
Local Taxes	\$ 366,212	\$ 350,500	\$ 350,500	\$ 15,712
Charges for Current Services	87,399	82,000	82,000	5,399
Other Local Revenues	147,431	88,000	88,000	59,431
State of Tennessee	30,196	17,050	17,050	13,146
Total Revenues	<u>\$ 631,238</u>	<u>\$ 537,550</u>	<u>\$ 537,550</u>	<u>\$ 93,688</u>
<u>Expenditures</u>				
<u>Public Health and Welfare</u>				
Convenience Centers	\$ 259,711	\$ 248,638	\$ 260,197	\$ 486
Recycling Center	11,351	0	11,363	12
Other Waste Disposal	239,863	267,687	244,764	4,901
Postclosure Care Costs	1,897	5,000	5,000	3,103
<u>Other Operations</u>				
Other Charges	1,500	16,000	16,000	14,500
Miscellaneous	8,932	9,500	9,500	568
Total Expenditures	<u>\$ 523,254</u>	<u>\$ 546,825</u>	<u>\$ 546,824</u>	<u>\$ 23,570</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>\$ 107,984</u>	<u>\$ (9,275)</u>	<u>\$ (9,274)</u>	<u>\$ 117,258</u>
Net Change in Fund Balance	\$ 107,984	\$ (9,275)	\$ (9,274)	\$ 117,258
Fund Balance, July 1, 2006	137,059	109,821	109,821	27,238
Fund Balance, June 30, 2007	<u>\$ 245,043</u>	<u>\$ 100,546</u>	<u>\$ 100,547</u>	<u>\$ 144,496</u>

Exhibit E-3

Chester County, Tennessee
Schedule of Revenues, Expenditures, and Changes
in Fund Balance - Actual and Budget
Highway/Public Works Fund
For the Year Ended June 30, 2007

	Actual	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
		Original	Final	
<u>Revenues</u>				
Local Taxes	\$ 34,360	\$ 34,000	\$ 34,000	\$ 360
Other Local Revenues	65,874	80,500	80,500	(14,626)
State of Tennessee	1,450,807	1,397,792	1,397,792	53,015
Total Revenues	<u>\$ 1,551,041</u>	<u>\$ 1,512,292</u>	<u>\$ 1,512,292</u>	<u>\$ 38,749</u>
<u>Expenditures</u>				
<u>Highways</u>				
Administration	\$ 146,128	\$ 150,350	\$ 156,350	\$ 10,222
Highway and Bridge Maintenance	600,651	1,018,500	1,018,500	417,849
Operation and Maintenance of Equipment	199,816	283,000	283,000	83,184
Other Charges	67,934	108,000	108,000	40,066
Employee Benefits	169,610	247,000	241,000	71,390
Capital Outlay	27,000	340,442	188,080	161,080
Total Expenditures	<u>\$ 1,211,139</u>	<u>\$ 2,147,292</u>	<u>\$ 1,994,930</u>	<u>\$ 783,791</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>\$ 339,902</u>	<u>\$ (635,000)</u>	<u>\$ (482,638)</u>	<u>\$ 822,540</u>
<u>Other Financing Sources (Uses)</u>				
Transfers Out	<u>\$ (152,306)</u>	<u>\$ 0</u>	<u>\$ (152,362)</u>	<u>\$ 56</u>
Total Other Financing Sources (Uses)	<u>\$ (152,306)</u>	<u>\$ 0</u>	<u>\$ (152,362)</u>	<u>\$ 56</u>
Net Change in Fund Balance	\$ 187,596	\$ (635,000)	\$ (635,000)	\$ 822,596
Fund Balance, July 1, 2006	<u>665,619</u>	<u>635,000</u>	<u>635,000</u>	<u>30,619</u>
Fund Balance, June 30, 2007	<u>\$ 853,215</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 853,215</u>

Chester County, Tennessee
Schedule of Funding Progress – Pension Plan
June 30, 2007

Required Supplementary Information
 Schedule of Funding Progress for Chester County

(Dollar amounts in thousands)

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) (b)	Unfunded AAL (UAAL) (b)-(a)	Funded Ratio (a/b)	Covered Payroll	UAAL as a Percentage of Covered Payroll ((b-a)/c)
6-30-05	\$ 8,980	\$ 9,395	\$ 415	95.58 %	\$ 4,056	10.24 %
6-30-03	8,017	8,461	444	94.75	3,757	11.82
6-30-01	7,179	7,710	531	93.11	2,986	17.78

CHESTER COUNTY, TENNESSEE
NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION
For the Year Ended June 30, 2007

BUDGETARY INFORMATION

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 Chester 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 State 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 Chester 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 generally accepted accounting principles (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.

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

Nonmajor Governmental Funds

Special Revenue Funds

Special Revenue Funds are used to account for the proceeds of specific revenue sources (other than major capital projects) that are legally restricted to expenditures for specific purposes.

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 transactions of the fee and commission accounts of the trustee, clerks, register, and sheriff. Revenues from fees and commissions earned by these officials are remitted to the county's General Fund.

Debt Service Fund

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

Capital Projects Fund

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

Exhibit F-1

Chester County, Tennessee
Combining Balance Sheet
Nonmajor Governmental Funds
June 30, 2007

	<u>Special Revenue Funds</u>			<u>Debt Service Fund</u>	<u>Capital Projects Fund</u>	<u>Total Nonmajor Governmental Funds</u>
	<u>Drug Control</u>	<u>Constitu - tional Officers - Fees</u>	<u>Total</u>	<u>General Debt Service</u>	<u>General Capital Projects</u>	
<u>ASSETS</u>						
Cash	\$ 0	\$ 399	\$ 399	\$ 0	\$ 0	\$ 399
Equity in Pooled Cash and Investments	27,688	0	27,688	157,548	185,880	371,116
Accounts Receivable	0	0	0	10	0	10
Property Taxes Receivable	0	0	0	17,521	0	17,521
Allowance for Uncollectible Property Taxes	0	0	0	(664)	0	(664)
Total Assets	\$ 27,688	\$ 399	\$ 28,087	\$ 174,415	\$ 185,880	\$ 388,382
<u>LIABILITIES AND FUND BALANCES</u>						
<u>Liabilities</u>						
Due to Other Funds	\$ 3,969	\$ 399	\$ 4,368	\$ 0	\$ 0	\$ 4,368
Deferred Revenue - Current Property Taxes	0	0	0	15,976	0	15,976
Deferred Revenue - Delinquent Property Taxes	0	0	0	781	0	781
Total Liabilities	\$ 3,969	\$ 399	\$ 4,368	\$ 16,757	\$ 0	\$ 21,125
<u>Fund Balances</u>						
Unreserved	\$ 23,719	\$ 0	\$ 23,719	\$ 157,658	\$ 185,880	\$ 367,257
Total Fund Balances	\$ 23,719	\$ 0	\$ 23,719	\$ 157,658	\$ 185,880	\$ 367,257
Total Liabilities and Fund Balances	\$ 27,688	\$ 399	\$ 28,087	\$ 174,415	\$ 185,880	\$ 388,382

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, 2007

	Special Revenue Fund	Debt Service Fund	Capital Projects Fund	Total Nonmajor Governmental Funds
	Drug Control	General Debt Service	General Capital Projects	
<u>Revenues</u>				
Local Taxes	\$ 0	\$ 40,857	\$ 188,290	\$ 229,147
Fines, Forfeitures, and Penalties	23,761	0	0	23,761
Other Local Revenues	1,323	56,000	0	57,323
State of Tennessee	0	1,341	0	1,341
Total Revenues	<u>\$ 25,084</u>	<u>\$ 98,198</u>	<u>\$ 188,290</u>	<u>\$ 311,572</u>
<u>Expenditures</u>				
Current:				
Administration of Justice	\$ 2,969	\$ 0	\$ 0	\$ 2,969
Public Safety	40,197	0	0	40,197
Other Operations	238	0	2,410	2,648
Debt Service:				
Principal on Debt	0	200,334	0	200,334
Interest on Debt	0	43,610	0	43,610
Other Debt Service	0	870	0	870
Total Expenditures	<u>\$ 43,404</u>	<u>\$ 244,814</u>	<u>\$ 2,410</u>	<u>\$ 290,628</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>\$ (18,320)</u>	<u>\$ (146,616)</u>	<u>\$ 185,880</u>	<u>\$ 20,944</u>
<u>Other Financing Sources (Uses)</u>				
Transfers In	\$ 0	\$ 152,306	\$ 0	\$ 152,306
Total Other Financing Sources (Uses)	<u>\$ 0</u>	<u>\$ 152,306</u>	<u>\$ 0</u>	<u>\$ 152,306</u>
Net Change in Fund Balances	\$ (18,320)	\$ 5,690	\$ 185,880	\$ 173,250
Fund Balance, July 1, 2006	42,039	151,968	0	194,007
Fund Balance, June 30, 2007	<u>\$ 23,719</u>	<u>\$ 157,658</u>	<u>\$ 185,880</u>	<u>\$ 367,257</u>

Exhibit F-3

Chester County, Tennessee
Schedule of Revenues, Expenditures, and Changes
in Fund Balance - Actual and Budget
Drug Control Fund
For the Year Ended June 30, 2007

	Actual	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
		Original	Final	
<u>Revenues</u>				
Fines, Forfeitures, and Penalties	\$ 23,761	\$ 9,500	\$ 9,500	\$ 14,261
Other Local Revenues	1,323	0	0	1,323
Total Revenues	<u>\$ 25,084</u>	<u>\$ 9,500</u>	<u>\$ 9,500</u>	<u>\$ 15,584</u>
<u>Expenditures</u>				
<u>Administration of Justice</u>				
Drug Court	\$ 2,969	\$ 0	\$ 2,970	\$ 1
<u>Public Safety</u>				
Drug Enforcement	40,197	17,100	43,226	3,029
<u>Other Operations</u>				
Miscellaneous	238	200	200	(38)
Total Expenditures	<u>\$ 43,404</u>	<u>\$ 17,300</u>	<u>\$ 46,396</u>	<u>\$ 2,992</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>\$ (18,320)</u>	<u>\$ (7,800)</u>	<u>\$ (36,896)</u>	<u>\$ 18,576</u>
Net Change in Fund Balance	\$ (18,320)	\$ (7,800)	\$ (36,896)	\$ 18,576
Fund Balance, July 1, 2006	<u>42,039</u>	<u>33,447</u>	<u>33,447</u>	<u>8,592</u>
Fund Balance, June 30, 2007	<u>\$ 23,719</u>	<u>\$ 25,647</u>	<u>\$ (3,449)</u>	<u>\$ 27,168</u>

Exhibit F-4

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, 2007

	Actual	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
		Original	Final	
<u>Revenues</u>				
Local Taxes	\$ 40,857	\$ 34,388	\$ 34,388	\$ 6,469
Other Local Revenues	56,000	50,000	50,000	6,000
State of Tennessee	1,341	750	750	591
Total Revenues	<u>\$ 98,198</u>	<u>\$ 85,138</u>	<u>\$ 85,138</u>	<u>\$ 13,060</u>
<u>Expenditures</u>				
<u>Principal on Debt</u>				
General Government	\$ 58,334	\$ 58,334	\$ 58,334	0
Highways and Streets	142,000	142,000	142,000	0
<u>Interest on Debt</u>				
General Government	33,304	33,730	33,730	426
Highways and Streets	10,306	10,362	10,362	56
<u>Other Debt Service</u>				
General Government	870	3,000	3,000	2,130
Total Expenditures	<u>\$ 244,814</u>	<u>\$ 247,426</u>	<u>\$ 247,426</u>	<u>\$ 2,612</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>\$ (146,616)</u>	<u>\$ (162,288)</u>	<u>\$ (162,288)</u>	<u>\$ 15,672</u>
<u>Other Financing Sources (Uses)</u>				
Transfers In	\$ 152,306	\$ 152,362	\$ 152,362	(56)
Total Other Financing Sources (Uses)	<u>\$ 152,306</u>	<u>\$ 152,362</u>	<u>\$ 152,362</u>	<u>(56)</u>
Net Change in Fund Balance	\$ 5,690	\$ (9,926)	\$ (9,926)	15,616
Fund Balance, July 1, 2006	<u>151,968</u>	<u>202,871</u>	<u>202,871</u>	<u>(50,903)</u>
Fund Balance, June 30, 2007	<u>\$ 157,658</u>	<u>\$ 192,945</u>	<u>\$ 192,945</u>	<u>(35,287)</u>

Major Governmental Fund

Education Debt Service Fund

The Education Debt Service Fund is used to account for certain Better Education Program funds of the Chester County School Department and sales tax collections that are pledged for the retirement of education debt principal, interest, and related costs.

Exhibit G

Chester County, Tennessee
Schedule of Revenues, Expenditures, and Changes
in Fund Balance - Actual and Budget
Education Debt Service Fund
For the Year Ended June 30, 2007

	Actual	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
		Original	Final	
<u>Revenues</u>				
Local Taxes	\$ 688,407	\$ 650,000	\$ 650,000	\$ 38,407
Other Governments and Citizens Groups	50,000	50,000	50,000	0
Total Revenues	<u>\$ 738,407</u>	<u>\$ 700,000</u>	<u>\$ 700,000</u>	<u>\$ 38,407</u>
<u>Expenditures</u>				
<u>Principal on Debt</u>				
Education	\$ 465,000	\$ 465,000	\$ 465,000	\$ 0
<u>Interest on Debt</u>				
Education	211,054	211,054	211,054	0
<u>Other Debt Service</u>				
Education	8,576	9,500	9,500	924
Total Expenditures	<u>\$ 684,630</u>	<u>\$ 685,554</u>	<u>\$ 685,554</u>	<u>\$ 924</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>\$ 53,777</u>	<u>\$ 14,446</u>	<u>\$ 14,446</u>	<u>\$ 39,331</u>
Net Change in Fund Balance	\$ 53,777	\$ 14,446	\$ 14,446	\$ 39,331
Fund Balance, July 1, 2006	<u>1,938,921</u>	<u>1,860,400</u>	<u>1,860,400</u>	<u>78,521</u>
Fund Balance, June 30, 2007	<u>\$ 1,992,698</u>	<u>\$ 1,874,846</u>	<u>\$ 1,874,846</u>	<u>\$ 117,852</u>

Fiduciary Funds

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

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

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

Exhibit H-1

Chester County, Tennessee
Combining Statement of Fiduciary Assets and Liabilities
Fiduciary Funds
June 30, 2007

	<u>Agency Funds</u>		
	Cities - Sales Tax	Constitu- tional Officers - Agency	Total
<u>ASSETS</u>			
Cash	\$ 0	\$ 648,779	\$ 648,779
Due from Other Governments	141,675	0	141,675
Total Assets	<u>\$ 141,675</u>	<u>648,779</u>	<u>\$ 790,454</u>
<u>LIABILITIES</u>			
Due to Other Taxing Units	\$ 141,675	\$ 0	\$ 141,675
Due to Litigants, Heirs, and Others	0	648,779	648,779
Total Liabilities	<u>\$ 141,675</u>	<u>\$ 648,779</u>	<u>\$ 790,454</u>

Exhibit H-2

Chester County, Tennessee
Combining Statement of Changes in Assets and
Liabilities - All Agency Funds
For the Year Ended June 30, 2007

	Beginning Balance	Additions	Deductions	Ending Balance
<u>Cities - Sales Tax Fund</u>				
<u>Assets</u>				
Equity in Pooled Cash and Investments	\$ 0	\$ 806,189	\$ 806,189	\$ 0
Due from Other Governments	143,000	141,675	143,000	141,675
Total Assets	\$ 143,000	\$ 947,864	\$ 949,189	\$ 141,675
<u>Liabilities</u>				
Due to Other Taxing Units	\$ 143,000	\$ 947,864	\$ 949,189	\$ 141,675
Total Liabilities	\$ 143,000	\$ 947,864	\$ 949,189	\$ 141,675
<u>Constitutional Officers - Agency Fund</u>				
<u>Assets</u>				
Cash	\$ 457,744	\$ 3,324,800	\$ 3,133,765	\$ 648,779
Total Assets	\$ 457,744	\$ 3,324,800	\$ 3,133,765	\$ 648,779
<u>Liabilities</u>				
Due to Litigants, Heirs, and Others	\$ 457,744	\$ 3,324,800	\$ 3,133,765	\$ 648,779
Total Liabilities	\$ 457,744	\$ 3,324,800	\$ 3,133,765	\$ 648,779
<u>Total - All Agency Funds</u>				
<u>Assets</u>				
Equity in Pooled Cash and Investments	\$ 0	\$ 806,189	\$ 806,189	\$ 0
Cash	457,744	3,324,800	3,133,765	648,779
Due from Other Governments	143,000	141,675	143,000	141,675
Total Assets	\$ 600,744	\$ 4,272,664	\$ 4,082,954	\$ 790,454
<u>Liabilities</u>				
Due to Other Taxing Units	\$ 143,000	\$ 947,864	\$ 949,189	\$ 141,675
Due to Litigants, Heirs, and Others	457,744	3,324,800	3,133,765	648,779
Total Liabilities	\$ 600,744	\$ 4,272,664	\$ 4,082,954	\$ 790,454

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, 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 – 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.

Private Purpose Trust Fund – The Private Purpose Trust Fund is used to account for an endowment received by the School Department. Income generated from the corpus of the endowment 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.

Exhibit I-1

Chester County, Tennessee
Statement of Activities
Discretely Presented Chester County School Department
For the Year Ended June 30, 2007

Functions/Programs	Expenses	Program Revenues		Net (Expense)
		Charges for Services	Operating Grants and Contributions	Revenue and Changes in Net Assets Total Governmental Activities
Governmental Activities:				
Instruction	\$ 9,877,167	\$ 11,865	\$ 1,115,837	\$ (8,749,465)
Support Services	4,566,056	36,210	118,210	(4,411,636)
Operation of Non-Instructional Services	1,421,785	650,696	669,494	(101,595)
Other Debt Service	50,000	0	0	(50,000)
Total Governmental Activities	<u>\$ 15,915,008</u>	<u>\$ 698,771</u>	<u>\$ 1,903,541</u>	<u>\$ (13,312,696)</u>
General Revenues:				
Taxes:				
Property Taxes Levied for General Purposes				\$ 1,498,870
Local Option Sales Tax				763,651
Other Local Taxes				2,397
Grants and Contributions Not Restricted to Specific Programs				11,208,029
Unrestricted Investment Earnings				144,867
Miscellaneous				52,068
Total General Revenues				<u>\$ 13,669,882</u>
Change in Net Assets				\$ 357,186
Net Assets, July 1, 2006				<u>12,673,116</u>
Net Assets, June 30, 2007				<u>\$ 13,030,302</u>

Exhibit I-2

Chester County, Tennessee
Balance Sheet - Governmental Funds
Discretely Presented Chester County School Department
June 30, 2007

	<u>Major Fund</u>	<u>Nonmajor Funds</u>	<u>Total Govern- mental Funds</u>
	General Purpose School	Other Govern- mental Funds	
<u>ASSETS</u>			
Equity in Pooled Cash and Investments	\$ 2,125,731	\$ 412,965	\$ 2,538,696
Accounts Receivable	7,540	15,740	23,280
Due from Other Governments	416,173	0	416,173
Due from Other Funds	11,207	0	11,207
Property Taxes Receivable	1,483,807	0	1,483,807
Allowance for Uncollectible Property Taxes	(56,332)	0	(56,332)
Accrued Interest Receivable	5,551	0	5,551
Total Assets	<u>\$ 3,993,677</u>	<u>\$ 428,705</u>	<u>\$ 4,422,382</u>
<u>LIABILITIES AND FUND BALANCES</u>			
<u>Liabilities</u>			
Accounts Payable	\$ 4,015	\$ 0	\$ 4,015
Payroll Deductions Payable	3,128	0	3,128
Deferred Revenue - Current Property Taxes	1,352,530	0	1,352,530
Deferred Revenue - Delinquent Property Taxes	63,945	0	63,945
Other Deferred Revenues	69,320	0	69,320
Total Liabilities	<u>\$ 1,492,938</u>	<u>\$ 0</u>	<u>\$ 1,492,938</u>
<u>Fund Balances</u>			
Reserved for Encumbrances	\$ 136,141	\$ 0	\$ 136,141
Reserved for Career Ladder Program	4,423	0	4,423
Reserved for Title I Grants to Local Education Agencies	0	20,453	20,453
Reserved for Innovative Education Program Strategies	0	124	124
Reserved for Special Education - Grants to States	0	67,398	67,398
Other Federal Reserves	0	26,195	26,195
Unreserved, Reported In:			
General Fund	2,360,175	0	2,360,175
Special Revenue Funds	0	314,535	314,535
Total Fund Balances	<u>\$ 2,500,739</u>	<u>\$ 428,705</u>	<u>\$ 2,929,444</u>
Total Liabilities and Fund Balances	<u>\$ 3,993,677</u>	<u>\$ 428,705</u>	<u>\$ 4,422,382</u>

Exhibit I-3

Chester County, Tennessee
Reconciliation of the Balance Sheet of Governmental Funds to the Statement of Net Assets
Discretely Presented Chester County School Department
June 30, 2007

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

Total fund balances - balance sheet - governmental funds (Exhibit I-2)		\$ 2,929,444
(1) Capital assets used in governmental activities are not financial resources and therefore are not reported in the governmental funds.		
Add: land	\$ 414,252	
Add: construction in progress	16,000	
Add: buildings and improvements net of accumulated depreciation	7,985,837	
Add: other capital assets net of accumulated depreciation	<u>1,551,504</u>	9,967,593
(2) Other long-term assets are not available to pay for current-period expenditures and therefore are deferred in the governmental funds.		<u>133,265</u>
Net assets of governmental activities (Exhibit A)		<u>\$ 13,030,302</u>

Exhibit I-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, 2007

	<u>Major Fund</u>	<u>Nonmajor Funds</u>	
	General Purpose School	Other Govern- mental Funds	Total Governmental Funds
<u>Revenues</u>			
Local Taxes	\$ 2,280,208	\$ 0	\$ 2,280,208
Licenses and Permits	1,396	0	1,396
Charges for Current Services	42,025	484,362	526,387
Other Local Revenues	191,499	39,227	230,726
State of Tennessee	11,114,050	14,818	11,128,868
Federal Government	160,588	1,724,653	1,885,241
Other Governments and Citizens Groups	0	150,115	150,115
Total Revenues	<u>\$ 13,789,766</u>	<u>\$ 2,413,175</u>	<u>\$ 16,202,941</u>
<u>Expenditures</u>			
Current:			
Instruction	\$ 8,367,833	\$ 919,112	\$ 9,286,945
Support Services	4,449,859	230,307	4,680,166
Operation of Non-Instructional Services	100,193	1,210,092	1,310,285
Capital Outlay	367,368	0	367,368
Debt Service:			
Other Debt Service	50,000	0	50,000
Total Expenditures	<u>\$ 13,335,253</u>	<u>\$ 2,359,511</u>	<u>\$ 15,694,764</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>\$ 454,513</u>	<u>\$ 53,664</u>	<u>\$ 508,177</u>
<u>Other Financing Sources (Uses)</u>			
Insurance Recovery	\$ 1,647	\$ 0	\$ 1,647
Transfers In	12,945	0	12,945
Transfers Out	0	(12,945)	(12,945)
Total Other Financing Sources (Uses)	<u>\$ 14,592</u>	<u>\$ (12,945)</u>	<u>\$ 1,647</u>
Net Change in Fund Balances	\$ 469,105	\$ 40,719	\$ 509,824
Fund Balance, July 1, 2006	2,031,634	387,986	2,419,620
Fund Balance, June 30, 2007	<u>\$ 2,500,739</u>	<u>\$ 428,705</u>	<u>\$ 2,929,444</u>

Exhibit I-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, 2007

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

Net change in fund balances - total governmental funds (Exhibit I-4)	\$	509,824
<p>(1) Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of those assets is allocated over their useful lives and reported as depreciation expense. The difference between capital outlays and depreciation is itemized as follows:</p>		
Add: capital assets purchased in the current period	\$	393,262
Less: current year depreciation expense		<u>(550,877)</u>
		(157,615)
<p>(2) Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.</p>		
Add: deferred delinquent property taxes and other deferred June 30, 2007	\$	133,265
Less: deferred delinquent property taxes and other deferred June 30, 2006		<u>(128,288)</u>
		<u>4,977</u>
Change in net assets of governmental activities (Exhibit B)	\$	<u><u>357,186</u></u>

Exhibit I-6

Chester County, Tennessee
Combining Balance Sheet - Nonmajor Governmental Funds
Discretely Presented Chester County School Department
June 30, 2007

	<u>Special Revenue Funds</u>		
	School Federal Projects	Central Cafeteria	Total Nonmajor Governmental Funds
<u>ASSETS</u>			
Equity in Pooled Cash and Investments	\$ 114,170	\$ 298,795	\$ 412,965
Accounts Receivable	0	15,740	15,740
Total Assets	<u>\$ 114,170</u>	<u>\$ 314,535</u>	<u>\$ 428,705</u>
<u>FUND BALANCES</u>			
Reserved for Title I Grants to Local Education Agencies	\$ 20,453	\$ 0	\$ 20,453
Reserved for Innovative Education Program Strategies	124	0	124
Reserved for Special Education - Grants to States	67,398	0	67,398
Other Federal Reserves	26,195	0	26,195
Unreserved	0	314,535	314,535
Total Fund Balances	<u>\$ 114,170</u>	<u>\$ 314,535</u>	<u>\$ 428,705</u>

Exhibit I-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, 2007

	<u>Special Revenue Funds</u>		Total
	School Federal Projects	Central Cafeteria	Nonmajor Governmental Funds
<u>Revenues</u>			
Charges for Current Services	\$ 0	\$ 484,362	\$ 484,362
Other Local Revenues	0	39,227	39,227
State of Tennessee	0	14,818	14,818
Federal Government	1,145,675	578,978	1,724,653
Other Governments and Citizens Groups	0	150,115	150,115
Total Revenues	<u>\$ 1,145,675</u>	<u>\$ 1,267,500</u>	<u>\$ 2,413,175</u>
<u>Expenditures</u>			
Current:			
Instruction	\$ 919,112	\$ 0	\$ 919,112
Support Services	230,307	0	230,307
Operation of Non-Instructional Services	0	1,210,092	1,210,092
Total Expenditures	<u>\$ 1,149,419</u>	<u>\$ 1,210,092</u>	<u>\$ 2,359,511</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>\$ (3,744)</u>	<u>\$ 57,408</u>	<u>\$ 53,664</u>
<u>Other Financing Sources (Uses)</u>			
Transfers Out	\$ (12,945)	\$ 0	\$ (12,945)
Total Other Financing Sources (Uses)	<u>\$ (12,945)</u>	<u>\$ 0</u>	<u>\$ (12,945)</u>
Net Change in Fund Balances	\$ (16,689)	\$ 57,408	\$ 40,719
Fund Balance, July 1, 2006	130,859	257,127	387,986
Fund Balance, June 30, 2007	<u>\$ 114,170</u>	<u>\$ 314,535</u>	<u>\$ 428,705</u>

Exhibit I-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, 2007

	Actual (GAAP Basis)	Less: Encumbrances 7/1/2006	Add: Encumbrances 6/30/2007	Actual Revenues/ Expenditures (Budgetary Basis)	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
					Original	Final	
<u>Revenues</u>							
Local Taxes	\$ 2,280,208	\$ 0	\$ 0	\$ 2,280,208	\$ 2,202,100	\$ 2,202,100	\$ 78,108
Licenses and Permits	1,396	0	0	1,396	1,200	1,200	196
Charges for Current Services	42,025	0	0	42,025	36,000	36,000	6,025
Other Local Revenues	191,499	0	0	191,499	127,000	124,500	66,999
State of Tennessee	11,114,050	0	0	11,114,050	10,638,800	10,885,853	228,197
Federal Government	160,588	0	0	160,588	117,095	161,053	(465)
Total Revenues	\$ 13,789,766	\$ 0	\$ 0	\$ 13,789,766	\$ 13,122,195	\$ 13,410,706	\$ 379,060
<u>Expenditures</u>							
<u>Instruction</u>							
Regular Instruction Program	\$ 6,862,696	\$ (6,063)	\$ 10,892	\$ 6,867,525	\$ 6,837,200	\$ 6,954,471	\$ 86,946
Special Education Program	879,023	0	0	879,023	864,800	892,400	13,377
Vocational Education Program	479,468	0	0	479,468	478,700	486,100	6,632
Student Body Education Program	40,000	0	0	40,000	40,000	40,000	0
Adult Education Program	106,646	0	585	107,231	57,291	109,643	2,412
<u>Support Services</u>							
Attendance	55,812	0	0	55,812	57,560	57,660	1,848
Health Services	30,526	0	0	30,526	32,490	32,490	1,964
Other Student Support	267,850	0	0	267,850	249,750	277,503	9,653
Regular Instruction Program	420,476	(281)	0	420,195	407,400	437,400	17,205
Special Education Program	114,081	(2,043)	0	112,038	116,960	116,960	4,922
Vocational Education Program	1,830	0	295	2,125	4,000	4,000	1,875
Adult Programs	101,906	(314)	0	101,592	100,558	104,407	2,815
Board of Education	207,848	0	0	207,848	229,830	229,830	21,982
Director of Schools	135,243	0	0	135,243	151,470	151,727	16,484
Office of the Principal	868,967	0	0	868,967	896,540	906,370	37,403

(Continued)

Exhibit I-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 7/1/2006	Add: Encumbrances 6/30/2007	Actual Revenues/ Expenditures (Budgetary Basis)	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
					Original	Final	
<u>Expenditures (Cont.)</u>							
<u>Support Services (Cont.)</u>							
Fiscal Services	\$ 87,203	\$ 0	\$ 0	\$ 87,203	\$ 90,380	\$ 90,380	\$ 3,177
Operation of Plant	1,053,603	0	0	1,053,603	1,178,850	1,168,850	115,247
Maintenance of Plant	233,730	0	0	233,730	292,900	292,900	59,170
Transportation	870,784	0	0	870,784	894,120	955,320	84,536
<u>Operation of Non-Instructional Services</u>							
Community Services	11,257	0	0	11,257	11,900	11,900	643
Early Childhood Education	88,936	0	0	88,936	0	94,469	5,533
<u>Capital Outlay</u>							
Regular Capital Outlay	367,368	(170,824)	124,369	320,913	200,000	343,500	22,587
<u>Principal on Debt</u>							
Education	0	0	0	0	34,000	0	0
<u>Interest on Debt</u>							
Education	0	0	0	0	16,000	0	0
<u>Other Debt Service</u>							
Education	50,000	0	0	50,000	0	50,000	0
Total Expenditures	\$ 13,335,253	\$ (179,525)	\$ 136,141	\$ 13,291,869	\$ 13,242,699	\$ 13,808,280	\$ 516,411
Excess (Deficiency) of Revenues							
Over Expenditures	\$ 454,513	\$ 179,525	\$ (136,141)	\$ 497,897	\$ (120,504)	\$ (397,574)	\$ 895,471
<u>Other Financing Sources (Uses)</u>							
Insurance Recovery	\$ 1,647	\$ 0	\$ 0	\$ 1,647	\$ 0	\$ 2,500	\$ (853)
Transfers In	12,945	0	0	12,945	10,000	10,000	2,945
Total Other Financing Sources (Uses)	\$ 14,592	\$ 0	\$ 0	\$ 14,592	\$ 10,000	\$ 12,500	\$ 2,092
Net Change in Fund Balance							
Fund Balance, July 1, 2006	\$ 469,105	\$ 179,525	\$ (136,141)	\$ 512,489	\$ (110,504)	\$ (385,074)	\$ 897,563
	2,031,634	(179,525)	0	1,852,109	1,822,271	1,822,271	29,838
Fund Balance, June 30, 2007							
	\$ 2,500,739	\$ 0	\$ (136,141)	\$ 2,364,598	\$ 1,711,767	\$ 1,437,197	\$ 927,401

Exhibit I-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, 2007

	Actual (GAAP Basis)	Less: Encumbrances 7/1/2006	Actual Revenues/ Expenditures (Budgetary Basis)	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
				Original	Final	
<u>Revenues</u>						
Federal Government	\$ 1,145,675	\$ 0	\$ 1,145,675	\$ 1,104,646	\$ 1,245,675	\$ (100,000)
Total Revenues	\$ 1,145,675	\$ 0	\$ 1,145,675	\$ 1,104,646	\$ 1,245,675	\$ (100,000)
<u>Expenditures</u>						
<u>Instruction</u>						
Regular Instruction Program	\$ 525,565	\$ (6,689)	\$ 518,876	\$ 475,984	\$ 613,891	\$ 95,015
Special Education Program	352,072	0	352,072	356,117	402,853	50,781
Vocational Education Program	41,475	(89)	41,386	37,611	41,386	0
<u>Support Services</u>						
Health Services	16,685	0	16,685	19,980	22,312	5,627
Other Student Support	13,052	0	13,052	16,500	13,291	239
Regular Instruction Program	136,958	(1,002)	135,956	118,434	180,545	44,589
Special Education Program	29,128	0	29,128	31,550	35,495	6,367
Vocational Education Program	2,277	0	2,277	2,271	2,277	0
Transportation	32,207	0	32,207	32,265	35,779	3,572
Total Expenditures	\$ 1,149,419	\$ (7,780)	\$ 1,141,639	\$ 1,090,712	\$ 1,347,829	\$ 206,190
Excess (Deficiency) of Revenues Over Expenditures	\$ (3,744)	\$ 7,780	\$ 4,036	\$ 13,934	\$ (102,154)	\$ 106,190
<u>Other Financing Sources (Uses)</u>						
Transfers Out	\$ (12,945)	\$ 0	\$ (12,945)	\$ (13,934)	\$ (15,925)	\$ 2,980
Total Other Financing Sources (Uses)	\$ (12,945)	\$ 0	\$ (12,945)	\$ (13,934)	\$ (15,925)	\$ 2,980
Net Change in Fund Balance	\$ (16,689)	\$ 7,780	\$ (8,909)	\$ 0	\$ (118,079)	\$ 109,170
Fund Balance, July 1, 2006	130,859	(7,780)	123,079	118,079	118,079	5,000
Fund Balance, June 30, 2007	\$ 114,170	\$ 0	\$ 114,170	\$ 118,079	\$ 0	\$ 114,170

Exhibit I-10

Chester County, Tennessee
Schedule of Revenues, Expenditures, and Changes
in Fund Balance - Actual and Budget
Discretely Presented Chester County School Department
Central Cafeteria Fund
For the Year Ended June 30, 2007

	Actual	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
		Original	Final	
<u>Revenues</u>				
Charges for Current Services	\$ 484,362	\$ 481,700	\$ 481,700	\$ 2,662
Other Local Revenues	39,227	42,000	42,000	(2,773)
State of Tennessee	14,818	15,500	15,500	(682)
Federal Government	578,978	475,000	475,000	103,978
Other Governments and Citizens Groups	150,115	0	98,078	52,037
Total Revenues	<u>\$ 1,267,500</u>	<u>\$ 1,014,200</u>	<u>\$ 1,112,278</u>	<u>\$ 155,222</u>
<u>Expenditures</u>				
<u>Operation of Non-Instructional Services</u>				
Food Service	\$ 1,210,092	\$ 1,102,400	\$ 1,252,678	\$ 42,586
Total Expenditures	<u>\$ 1,210,092</u>	<u>\$ 1,102,400</u>	<u>\$ 1,252,678</u>	<u>\$ 42,586</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>\$ 57,408</u>	<u>\$ (88,200)</u>	<u>\$ (140,400)</u>	<u>\$ 197,808</u>
Net Change in Fund Balance	\$ 57,408	\$ (88,200)	\$ (140,400)	\$ 197,808
Fund Balance, July 1, 2006	<u>257,127</u>	<u>257,127</u>	<u>257,127</u>	<u>0</u>
Fund Balance, June 30, 2007	<u><u>\$ 314,535</u></u>	<u><u>\$ 168,927</u></u>	<u><u>\$ 116,727</u></u>	<u><u>\$ 197,808</u></u>

Exhibit I-11

Chester County, Tennessee
Statement of Fiduciary Net Assets
Fiduciary Fund
Discretely Presented Chester County School Department
June 30, 2007

	<u>Other Trust Fund</u> <u>Private Purpose Trust Fund</u>
<u>ASSETS</u>	
Equity in Pooled Cash and Investments	\$ 102,586
Total Assets	<u>\$ 102,586</u>
<u>NET ASSETS</u>	
Funds Held in Trust for College Scholarships for Chester County Students	<u>\$ 102,586</u>
Total Net Assets	<u><u>\$ 102,586</u></u>

Exhibit I-12

Chester County, Tennessee
Statement of Changes in Fiduciary Net Assets
Fiduciary Fund
Discretely Presented Chester County School Department
For the Year Ended June 30, 2007

	Other Trust Fund
	<u>Private Purpose Trust Fund</u>
<u>ADDITIONS</u>	
<u>Other Local Revenues</u>	
Investment Income	\$ 4,499
Total Additions	<u>\$ 4,499</u>
<u>DEDUCTIONS</u>	
<u>Miscellaneous</u>	
Other Charges	\$ 3,000
Total Deductions	<u>\$ 3,000</u>
Change in Net Assets	\$ 1,499
Net Assets, July 1, 2006	<u>101,087</u>
Net Assets, June 30, 2007	<u><u>\$ 102,586</u></u>

MISCELLANEOUS SCHEDULES

Exhibit J-1

Chester County, Tennessee
Schedule of Changes in Long-term Notes and Bonds
For the Year Ended June 30, 2007

Description of Indebtedness	Original Amount of Issue	Interest Rate	Date of Issue	Last Maturity Date	Outstanding 7-1-06	Paid and/or Matured During Period	Outstanding 6-30-07
<u>NOTES PAYABLE</u>							
Payable through General Debt Service Fund							
Library Construction	\$ 150,000	4.6 to 5.75%	6-9-1997	6-1-09	\$ 47,000	\$ 15,000	\$ 32,000
Nursing Home Improvement	100,000	5.0379	2-11-1999	2-11-10	33,334	8,334	25,000
Bridge Improvements	800,000	4.71	9-27-01	9-1-07	291,000	142,000	149,000
Total Notes Payable					<u>\$ 371,334</u>	<u>\$ 165,334</u>	<u>\$ 206,000</u>
<u>BONDS PAYABLE</u>							
Payable through General Debt Service Fund							
Courthouse Renovations	840,000	1.25 to 4.5	3-1-03	5-1-23	\$ 750,000	\$ 35,000	\$ 715,000
Payable through Education Debt Service Fund							
School Refunding	7,230,000	4 to 6	11-1-1998	5-1-15	\$ 4,540,000	\$ 425,000	\$ 4,115,000
School Refunding	760,000	1.25 to 4	3-1-03	5-1-16	635,000	40,000	595,000
Total Payable through Education Debt Service Fund					<u>\$ 5,175,000</u>	<u>\$ 465,000</u>	<u>\$ 4,710,000</u>
Total Bonds Payable					<u>\$ 5,925,000</u>	<u>\$ 500,000</u>	<u>\$ 5,425,000</u>

Exhibit J-2

Chester County, Tennessee
Schedule of Bond and Interest Requirements by Year

Year Ending June 30	Bond Requirements	Interest Requirements	Total Requirements
2008	\$ 520,000	\$ 220,860	\$ 740,860
2009	540,000	200,980	740,980
2010	560,000	179,840	739,840
2011	590,000	157,705	747,705
2012	620,000	134,020	754,020
2013	660,000	108,840	768,840
2014	690,000	81,670	771,670
2015	730,000	52,885	782,885
2016	145,000	22,015	167,015
2017	45,000	16,215	61,215
2018	50,000	14,325	64,325
2019	50,000	12,225	62,225
2020	55,000	10,125	65,125
2021	55,000	7,650	62,650
2022	55,000	5,175	60,175
2023	60,000	2,700	62,700
Total	\$ 5,425,000	\$ 1,227,230	\$ 6,652,230

Exhibit J-3

Chester County, Tennessee

Schedule of Transfers

Primary Government and Discretely Presented Chester County School Department

For the Year Ended June 30, 2007

<u>From Fund</u>	<u>To Fund</u>	<u>Purpose</u>	<u>Amount</u>
<u>Primary Government</u>			
Highway/Public Works	General Debt Service	To provide funds for debt retirement	<u>\$ 152,306</u>
<u>Discretely Presented Chester County School Department</u>			
School Federal Projects	General Purpose School	Indirect costs	<u>\$ 12,945</u>

Exhibit J-4

Chester County, Tennessee
Schedule of Salaries and Official Bonds of Principal Officials
Primary Government and Discretely Presented Chester County School Department
For the Year Ended June 30, 2007

Official	Authorization for Salary	Salary Paid During Period	Bond	Surety
County Mayor	Section 8-24-102, <u>TCA</u>	\$ 66,448 (1)	\$ 50,000	State Automobile Mutual Insurance Company
Road Supervisor	Section 8-24-102, <u>TCA</u>	59,750	100,000	"
Director of Schools	State Board of Education and Chester County Board of Education	79,845 (2)	100,000	Western Surety Company
Trustee	Section 8-24-102, <u>TCA</u>	54,569 (1)	525,000	State Automobile Mutual Insurance Company
Assessor of Property	Section 8-24-102, <u>TCA</u>	54,569 (1)	10,000	"
County Clerk	Section 8-24-102, <u>TCA</u>	52,069	50,000	"
Circuit Court Clerk	Section 8-24-102, <u>TCA</u>	54,569 (1)	50,000	"
Clerk and Master	Section 8-24-102, <u>TCA</u>	52,069	65,000	"
Register	Section 8-24-102, <u>TCA</u>	54,569 (1)	25,000	"
Sheriff	Section 8-24-102, <u>TCA</u>	59,027 (3)	25,000	"
Employee Blanket Bonds:				
	Public Employee Dishonesty - County Departments		150,000	Tennessee School Boards Risk Management Trust
	Public Employee Dishonesty - School Departments		150,000	"

- (1) Includes certified public administrator supplement of \$2,500 as provided by Section 5-1-310, TCA.
(2) Includes chief executive officer training supplement of \$1,000.
(3) Includes law enforcement training supplement of \$1,100.

Exhibit J-5

Chester County, Tennessee
 Schedule of Detailed Revenues -
 All Governmental Fund Types
 For the Year Ended June 30, 2007

	Special Revenue Funds				Debt Service Funds		Capital Projects Fund	Total
	General	Solid Waste/ Sanitation	Drug Control	Highway/ Public Works	General Debt Service	Education Debt Service	General Capital Projects	
<u>Local Taxes</u>								
<u>County Property Taxes</u>								
Current Property Tax	\$ 1,571,685	\$ 246,704	\$ 0	\$ 30,914	\$ 15,459	\$ 0	\$ 0	\$ 1,864,762
Discount on Property Taxes	(13,226)	(2,076)	0	(260)	(131)	0	0	(15,693)
Trustee's Collections - Prior Year	100,683	15,777	0	1,933	967	0	0	119,360
Circuit/Clerk & Master Collections - Prior Years	53,184	8,630	0	1,027	1,028	0	0	63,869
Interest and Penalty	14,888	2,343	0	284	146	0	0	17,661
<u>County Local Option Taxes</u>								
Local Option Sales Tax	69,732	69,732	0	0	0	688,407	0	827,871
Hotel/Motel Tax	11,729	0	0	0	0	0	0	11,729
Wheel Tax	542,892	0	0	0	0	0	188,290	731,182
Litigation Tax - General	73,208	0	0	0	0	0	0	73,208
Litigation Tax - Jail, Workhouse, or Courthouse	0	0	0	0	23,157	0	0	23,157
Business Tax	94,142	0	0	0	0	0	0	94,142
<u>Statutory Local Taxes</u>								
Bank Excise Tax	23,492	3,688	0	462	231	0	0	27,873
Wholesale Beer Tax	33,890	21,414	0	0	0	0	0	55,304
Interstate Telecommunications Tax	1,779	0	0	0	0	0	0	1,779
Total Local Taxes	\$ 2,578,078	\$ 366,212	\$ 0	\$ 34,360	\$ 40,857	\$ 688,407	\$ 188,290	\$ 3,896,204
<u>Fines, Forfeitures, and Penalties</u>								
<u>Circuit Court</u>								
Fines	\$ 5,466	\$ 0	\$ 1,639	\$ 0	\$ 0	\$ 0	\$ 0	\$ 7,105
Officers Costs	639	0	0	0	0	0	0	639
Drug Control Fines	0	0	665	0	0	0	0	665
Drug Court Fees	66	0	0	0	0	0	0	66
Data Entry Fee - Circuit Court	104	0	0	0	0	0	0	104
<u>General Sessions Court</u>								
Fines	35,661	0	0	0	0	0	0	35,661
Officers Costs	22,336	0	0	0	0	0	0	22,336
Game and Fish Fines	1,944	0	0	0	0	0	0	1,944
Drug Control Fines	0	0	9,366	0	0	0	0	9,366
Drug Court Fees	3,903	0	0	0	0	0	0	3,903
Jail Fees	971	0	0	0	0	0	0	971

(Continued)

Exhibit J-5

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

	Special Revenue Funds				Debt Service Funds		Capital Projects Fund	Total
	General	Solid Waste/ Sanitation	Drug Control	Highway/ Public Works	General Debt Service	Education Debt Service	General Capital Projects	
<u>Fines, Forfeitures, and Penalties (Cont.)</u>								
<u>General Sessions Court (Cont.)</u>								
DUI Treatment Fines	\$ 3,426	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 3,426
Data Entry Fee - General Sessions Court	4,652	0	0	0	0	0	0	4,652
Courtroom Security Fee	280	0	0	0	0	0	0	280
<u>Juvenile Court</u>								
Fines	635	0	0	0	0	0	0	635
Jail Fees	125	0	0	0	0	0	0	125
Data Entry Fee - Juvenile Court	26	0	0	0	0	0	0	26
<u>Chancery Court</u>								
Officers Costs	456	0	0	0	0	0	0	456
Data Entry Fee - Chancery Court	540	0	0	0	0	0	0	540
<u>Judicial District Drug Program</u>								
Drug Task Force Forfeitures and Seizures	0	0	52	0	0	0	0	52
Courtroom Security Fee	8	0	0	0	0	0	0	8
<u>Other Fines, Forfeitures, and Penalties</u>								
Proceeds from Confiscated Property	0	0	12,039	0	0	0	0	12,039
Total Fines, Forfeitures, and Penalties	\$ 81,238	\$ 0	\$ 23,761	\$ 0	\$ 0	\$ 0	\$ 0	\$ 104,999
<u>Charges for Current Services</u>								
<u>General Service Charges</u>								
Convenience Waste Centers Collection Charge	\$ 0	\$ 87,399	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 87,399
<u>Fees</u>								
Telephone Commissions	4,486	0	0	0	0	0	0	4,486
Vending Machine Collections	577	0	0	0	0	0	0	577
Data Processing Fee - Register	6,778	0	0	0	0	0	0	6,778
Data Processing Fee - Sheriff	2,638	0	0	0	0	0	0	2,638
Sexual Offender Registration Fees - Sheriff	175	0	0	0	0	0	0	175
Total Charges for Current Services	\$ 14,654	\$ 87,399	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 102,053
<u>Other Local Revenues</u>								
<u>Recurring Items</u>								
Investment Income	\$ 9,849	\$ 95,764	\$ 0	\$ 54,326	\$ 0	\$ 0	\$ 0	\$ 159,939
Lease/Rentals	415,110	0	0	0	56,000	0	0	471,110

(Continued)

Exhibit J-5

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

	Special Revenue Funds				Debt Service Funds		Capital Projects Fund	Total
	General	Solid Waste/ Sanitation	Drug Control	Highway/ Public Works	General Debt Service	Education Debt Service	General Capital Projects	
<u>Other Local Revenues (Cont.)</u>								
<u>Recurring Items (Cont.)</u>								
Sale of Materials and Supplies	\$ 0	\$ 0	\$ 0	\$ 482	\$ 0	\$ 0	\$ 0	\$ 482
Sale of Gasoline	0	0	0	6,062	0	0	0	6,062
Sale of Recycled Materials	0	51,617	0	0	0	0	0	51,617
Retirees' Insurance Payments	6,756	0	0	0	0	0	0	6,756
Miscellaneous Refunds	32,413	50	0	3,255	0	0	0	35,718
<u>Other Local Revenues</u>								
Other Local Revenues	306	0	1,323	1,749	0	0	0	3,378
Total Other Local Revenues	\$ 464,434	\$ 147,431	\$ 1,323	\$ 65,874	\$ 56,000	\$ 0	\$ 0	\$ 735,062
<u>Fees Received from County Officials</u>								
<u>Fees-In-Lieu of Salary</u>								
County Clerk	\$ 155,046	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 155,046
Circuit Court Clerk	26,246	0	0	0	0	0	0	26,246
General Sessions Court Clerk	133,924	0	0	0	0	0	0	133,924
Clerk and Master	79,040	0	0	0	0	0	0	79,040
Register	73,833	0	0	0	0	0	0	73,833
Sheriff	12,992	0	0	0	0	0	0	12,992
Trustee	159,957	0	0	0	0	0	0	159,957
Total Fees Received from County Officials	\$ 641,038	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 641,038
<u>State of Tennessee</u>								
<u>General Government Grants</u>								
Juvenile Services Program	\$ 9,000	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 9,000
State Reappraisal Grant	5,532	0	0	0	0	0	0	5,532
Other General Government Grants	2,848	0	0	0	0	0	0	2,848
<u>Public Safety Grants</u>								
Law Enforcement Training Programs	6,600	0	0	0	0	0	0	6,600
<u>Health and Welfare Grants</u>								
Health Department Programs	2,244	0	0	0	0	0	0	2,244
<u>Public Works Grants</u>								
Litter Program	29,459	0	0	0	0	0	0	29,459

(Continued)

Exhibit J-5

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

	Special Revenue Funds				Debt Service Funds		Capital Projects Fund	Total
	General	Solid Waste/ Sanitation	Drug Control	Highway/ Public Works	General Debt Service	Education Debt Service	General Capital Projects	
<u>State of Tennessee (Cont.)</u>								
<u>Other State Revenues</u>								
Income Tax	\$ 5,065	\$ 795	\$ 0	\$ 100	\$ 50	\$ 0	\$ 0	\$ 6,010
Beer Tax	18,753	0	0	0	0	0	0	18,753
Alcoholic Beverage Tax	25,474	0	0	0	0	0	0	25,474
Mixed Drink Tax	600	0	0	0	0	0	0	600
State Revenue Sharing - T.V.A.	131,850	20,595	0	1,936	1,291	0	0	155,672
Contracted Prisoner Boarding	24,624	0	0	0	0	0	0	24,624
Gasoline and Motor Fuel Tax	0	0	0	1,437,312	0	0	0	1,437,312
Petroleum Special Tax	0	0	0	11,459	0	0	0	11,459
Registrar's Salary Supplement	12,285	0	0	0	0	0	0	12,285
Other State Grants	3,165	8,806	0	0	0	0	0	11,971
Total State of Tennessee	\$ 277,499	\$ 30,196	\$ 0	\$ 1,450,807	\$ 1,341	\$ 0	\$ 0	\$ 1,759,843
<u>Federal Government</u>								
<u>Federal Through State</u>								
Homeland Security Grants	\$ 46,343	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 46,343
<u>Direct Federal Revenue</u>								
Other Direct Federal Revenue	2,000	0	0	0	0	0	0	2,000
Total Federal Government	\$ 48,343	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 48,343
<u>Other Governments and Citizens Groups</u>								
<u>Other Governments</u>								
Paving and Maintenance	\$ 1,000	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 1,000
Contributions	0	0	0	0	0	50,000	0	50,000
Contracted Services	112,942	0	0	0	0	0	0	112,942
<u>Other</u>								
Other	71,727	0	0	0	0	0	0	71,727
Total Other Governments and Citizens Groups	\$ 185,669	\$ 0	\$ 0	\$ 0	\$ 0	\$ 50,000	\$ 0	\$ 235,669
Total	\$ 4,290,953	\$ 631,238	\$ 25,084	\$ 1,551,041	\$ 98,198	\$ 738,407	\$ 188,290	\$ 7,523,211

Exhibit J-6

Chester County, Tennessee
Schedule of Detailed Revenues -
All Governmental Fund Types
Discretely Presented Chester County School Department
For the Year Ended June 30, 2007

	General Purpose School	School Federal Projects	Central Cafeteria	Total
<u>Local Taxes</u>				
<u>County Property Taxes</u>				
Current Property Tax	\$ 1,344,495	\$ 0	\$ 0	\$ 1,344,495
Trustee's Collections - Prior Year	86,689	0	0	86,689
Circuit/Clerk & Master Collections - Prior Years	50,362	0	0	50,362
Interest and Penalty	12,347	0	0	12,347
<u>County Local Option Taxes</u>				
Local Option Sales Tax	763,651	0	0	763,651
<u>Statutory Local Taxes</u>				
Bank Excise Tax	20,267	0	0	20,267
Interstate Telecommunications Tax	2,397	0	0	2,397
Total Local Taxes	\$ 2,280,208	\$ 0	\$ 0	\$ 2,280,208
<u>Licenses and Permits</u>				
<u>Licenses</u>				
Marriage Licenses	\$ 1,396	\$ 0	\$ 0	\$ 1,396
Total Licenses and Permits	\$ 1,396	\$ 0	\$ 0	\$ 1,396
<u>Charges for Current Services</u>				
<u>Education Charges</u>				
Tuition - Regular Day Students	\$ 10,345	\$ 0	\$ 0	\$ 10,345
Tuition - Summer School	1,520	0	0	1,520
Lunch Payments - Children	0	0	272,795	272,795
Lunch Payments - Adults	0	0	41,809	41,809
Income from Breakfast	0	0	22,821	22,821
Special Milk Sales	0	0	1,693	1,693
A la carte Sales	0	0	145,244	145,244
Receipts from Individual Schools	21,933	0	0	21,933
<u>Other Charges for Services</u>				
Other Charges for Services	8,227	0	0	8,227
Total Charges for Current Services	\$ 42,025	\$ 0	\$ 484,362	\$ 526,387
<u>Other Local Revenues</u>				
<u>Recurring Items</u>				
Investment Income	\$ 144,867	\$ 0	\$ 11,422	\$ 156,289
Lease/Rentals	6,860	0	0	6,860
Miscellaneous Refunds	18,953	0	27,805	46,758
<u>Nonrecurring Items</u>				
Sale of Equipment	4,628	0	0	4,628
Damages Recovered from Individuals	682	0	0	682
Contributions & Gifts	100	0	0	100
<u>Other Local Revenues</u>				
Other Local Revenues	15,409	0	0	15,409
Total Other Local Revenues	\$ 191,499	\$ 0	\$ 39,227	\$ 230,726
<u>State of Tennessee</u>				
<u>State Education Funds</u>				
Basic Education Program	\$ 10,497,600	\$ 0	\$ 0	\$ 10,497,600
Early Childhood Education	88,564	0	0	88,564
School Food Service	0	0	14,818	14,818

(Continued)

Exhibit J-6

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

	General Purpose School	School Federal Projects	Central Cafeteria	Total
<u>State of Tennessee (Cont.)</u>				
<u>State Education Funds (Cont.)</u>				
Driver Education	\$ 9,330	\$ 0	\$ 0	\$ 9,330
Other State Education Funds	166,489	0	0	166,489
Career Ladder Program	129,864	0	0	129,864
Career Ladder - Extended Contract	59,815	0	0	59,815
<u>Other State Revenues</u>				
Income Tax	4,370	0	0	4,370
Mixed Drink Tax	600	0	0	600
State Revenue Sharing - T.V.A.	113,191	0	0	113,191
Other State Grants	2,569	0	0	2,569
Other State Revenues	41,658	0	0	41,658
Total State of Tennessee	<u>\$ 11,114,050</u>	<u>\$ 0</u>	<u>\$ 14,818</u>	<u>\$ 11,128,868</u>
<u>Federal Government</u>				
<u>Federal Through State</u>				
USDA School Lunch Program	\$ 0	\$ 0	\$ 447,212	\$ 447,212
Breakfast	0	0	131,766	131,766
Adult Education State Grant Program	64,858	0	0	64,858
Vocational Education - Basic Grants to States	0	48,882	0	48,882
Title I Grants to Local Education Agencies	0	477,940	0	477,940
Innovative Education Program Strategies	0	4,001	0	4,001
Special Education - Grants to States	29,763	434,247	0	464,010
Special Education Preschool Grants	0	12,420	0	12,420
Eisenhower Professional Development State Grants	0	153,733	0	153,733
Job Training Partnership Act	60,493	0	0	60,493
Other Federal through State	5,474	14,452	0	19,926
Total Federal Government	<u>\$ 160,588</u>	<u>\$ 1,145,675</u>	<u>\$ 578,978</u>	<u>\$ 1,885,241</u>
<u>Other Governments and Citizens Groups</u>				
<u>Other Governments</u>				
Contracted Services	\$ 0	\$ 0	\$ 150,115	\$ 150,115
Total Other Governments and Citizens Groups	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 150,115</u>	<u>\$ 150,115</u>
Total	<u>\$ 13,789,766</u>	<u>\$ 1,145,675</u>	<u>\$ 1,267,500</u>	<u>\$ 16,202,941</u>

Exhibit J-7

Chester County, Tennessee
Schedule of Detailed Expenditures -
All Governmental Fund Types
For the Year Ended June 30, 2007

General Fund

General Government

County Commission

Board and Committee Members Fees	\$ 21,350	
Social Security	1,633	
Dues and Memberships	1,300	
Total County Commission		\$ 24,283

Board of Equalization

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

Budget and Finance Committee

Board and Committee Members Fees	\$ 1,650	
Social Security	126	
Unemployment Compensation	2	
Total Budget and Finance Committee		1,778

County Mayor/Executive

County Official/Administrative Officer	\$ 63,948	
Assistant(s)	22,378	
Secretary(ies)	21,876	
Part-time Personnel	4,286	
Educational Incentive - Official/Admin Officer	2,500	
Educational Incentive - Other County Employees	2,500	
Longevity Pay	950	
In-Service Training	600	
Social Security	9,060	
State Retirement	9,044	
Medical Insurance	7,200	
Unemployment Compensation	186	
Communication	3,190	
Data Processing Services	9,579	
Dues and Memberships	1,450	
Maintenance & Repair Services - Office Equipment	80	
Travel	3,629	
Office Supplies	5,440	
Total County Mayor/Executive		167,896

County Attorney

Legal Services	\$ 3,023	
Total County Attorney		3,023

(Continued)

Exhibit J-7

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

General Fund (Cont.)

General Government (Cont.)

Election Commission

County Official/Administrative Officer	\$	46,861	
Deputy(ies)		22,378	
Longevity Pay		250	
Election Commission		3,350	
Election Workers		22,571	
Social Security		5,643	
State Retirement		5,657	
Medical Insurance		5,400	
Unemployment Compensation		168	
Communication		988	
Data Processing Services		2,745	
Dues and Memberships		1,050	
Legal Notices, Recording, and Court Costs		1,612	
Printing, Stationery, and Forms		1,970	
Travel		736	
Office Supplies		<u>2,777</u>	
Total Election Commission	\$		124,156

Register of Deeds

County Official/Administrative Officer	\$	52,069	
Deputy(ies)		22,378	
Educational Incentive - Official/Admin Officer		2,500	
Longevity Pay		1,450	
In-Service Training		300	
Social Security		5,997	
State Retirement		6,287	
Medical Insurance		9,000	
Unemployment Compensation		84	
Communication		1,149	
Data Processing Services		6,599	
Dues and Memberships		280	
Legal Notices, Recording, and Court Costs		131	
Travel		486	
Data Processing Supplies		1,764	
Office Supplies		<u>2,476</u>	
Total Register of Deeds			112,950

County Buildings

Salary Supplements	\$	2,750	
Custodial Personnel		12,000	

(Continued)

Exhibit J-7

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

General Fund (Cont.)

General Government (Cont.)

County Buildings (Cont.)

Maintenance Personnel	\$	37,472	
Longevity Pay		400	
Social Security		3,926	
State Retirement		4,678	
Medical Insurance		7,200	
Unemployment Compensation		233	
Communication		10,452	
Contracts with Private Agencies		13,330	
Maintenance Agreements		108	
Maintenance & Repair Services - Buildings		21,085	
Maintenance & Repair Services - Equipment		1,167	
Maintenance & Repair Services - Office Equipment		3,180	
Pest Control		1,778	
Rentals		8,902	
Custodial Supplies		4,454	
Electricity		56,253	
Gasoline		184	
Natural Gas		16,398	
Water and Sewer		8,625	
Boiler Insurance		1,543	
Building and Contents Insurance		40,276	
Total County Buildings			\$ 256,394

Other General Administration

Contributions	\$	6,346	
Dues and Memberships		603	
Legal Notices, Recording, and Court Costs		1,470	
Maintenance & Repair Services - Office Equipment		653	
Postal Charges		20,153	
Printing, Stationery, and Forms		2,422	
Periodicals		1,749	
Premiums on Corporate Surety Bonds		1,658	
Vehicle and Equipment Insurance		1,886	
Office Equipment		21,462	
Total Other General Administration			58,402

Finance

Property Assessor's Office

County Official/Administrative Officer	\$	52,069	
Deputy(ies)		40,317	

(Continued)

Exhibit J-7

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

General Fund (Cont.)

Finance (Cont.)

Property Assessor's Office (Cont.)

Educational Incentive - Official/Admin Officer	\$	2,500	
Longevity Pay		300	
In-Service Training		300	
Social Security		7,282	
State Retirement		7,752	
Medical Insurance		7,200	
Unemployment Compensation		317	
Audit Services		9,893	
Communication		1,003	
Data Processing Services		9,091	
Dues and Memberships		1,187	
Travel		907	
Office Supplies		989	
Total Property Assessor's Office			\$ 141,107

Reappraisal Program

Deputy(ies)	\$	8,000	
Social Security		612	
Unemployment Compensation		65	
Travel		1,548	
Total Reappraisal Program			10,225

County Trustee's Office

County Official/Administrative Officer	\$	52,069	
Deputy(ies)		41,026	
Educational Incentive - Official/Admin Officer		2,500	
Educational Incentive - Other County Employees		5,000	
Longevity Pay		1,600	
In-Service Training		900	
Social Security		7,818	
State Retirement		7,937	
Medical Insurance		7,200	
Unemployment Compensation		168	
Communication		1,098	
Data Processing Services		13,050	
Dues and Memberships		310	
Maintenance & Repair Services - Equipment		202	
Travel		1,897	
Office Supplies		3,258	
Total County Trustee's Office			146,033

(Continued)

Exhibit J-7

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	\$	52,069	
Deputy(ies)		52,387	
Part-time Personnel		28,292	
Longevity Pay		1,075	
In-Service Training		600	
Social Security		10,113	
State Retirement		9,905	
Medical Insurance		5,400	
Unemployment Compensation		398	
Communication		1,453	
Data Processing Services		3,890	
Dues and Memberships		430	
Travel		1,269	
Office Supplies		2,328	
Total County Clerk's Office			\$ 169,609

Administration of Justice

Circuit Court

County Official/Administrative Officer	\$	52,069	
Deputy(ies)		51,476	
Part-time Personnel		29,651	
Educational Incentive - Official/Admin Officer		2,500	
Educational Incentive - Other County Employees		6,250	
Longevity Pay		1,075	
Jury and Witness Fees		6,432	
In-Service Training		1,242	
Social Security		10,846	
State Retirement		9,905	
Medical Insurance		7,200	
Unemployment Compensation		418	
Communication		1,305	
Dues and Memberships		395	
Travel		1,036	
Food Supplies		56	
Office Supplies		3,997	
Total Circuit Court			185,853

General Sessions Court

Judge(s)	\$	73,091
Assistant(s)		2,200

(Continued)

Exhibit J-7

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

General Fund (Cont.)

Administration of Justice (Cont.)

General Sessions Court (Cont.)

Social Security	\$	5,760	
State Retirement		5,972	
Medical Insurance		3,600	
Communication		1,006	
Dues and Memberships		348	
Travel		811	
Office Supplies		142	
Total General Sessions Court			\$ 92,930

Chancery Court

County Official/Administrative Officer	\$	52,069	
Deputy(ies)		64,615	
Longevity Pay		1,500	
Social Security		9,041	
State Retirement		9,533	
Medical Insurance		14,400	
Unemployment Compensation		326	
Communication		1,133	
Data Processing Services		16,731	
Dues and Memberships		150	
Office Supplies		7,407	
Total Chancery Court			176,905

Juvenile Court

Deputy(ies)	\$	22,206	
Longevity Pay		150	
Social Security		1,835	
State Retirement		1,814	
Medical Insurance		3,300	
Unemployment Compensation		104	
Total Juvenile Court			29,409

Public Safety

Sheriff's Department

County Official/Administrative Officer	\$	57,927	
Assistant(s)		28,192	
Supervisor/Director		40,491	
Deputy(ies)		275,312	
Investigator(s)		73,910	
Salary Supplements		6,600	

(Continued)

Exhibit J-7

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

General Fund (Cont.)

Public Safety (Cont.)

Sheriff's Department (Cont.)

Dispatchers/Radio Operators	\$ 148,632	
Guards	150,497	
Secretary(ies)	24,583	
Part-time Personnel	13,207	
Longevity Pay	6,900	
Overtime Pay	36,359	
Other Salaries & Wages	19,639	
In-Service Training	7,795	
Social Security	67,568	
State Retirement	69,585	
Medical Insurance	75,300	
Unemployment Compensation	2,747	
Communication	6,907	
Data Processing Services	360	
Dues and Memberships	1,450	
Maintenance & Repair Services - Equipment	3,230	
Maintenance & Repair Services - Vehicles	10,002	
Medical and Dental Services	60,946	
Tow-in Services	735	
Travel	7,918	
Other Contracted Services	8,542	
Custodial Supplies	4,730	
Food Supplies	31,614	
Gasoline	26,266	
Law Enforcement Supplies	2,571	
Office Supplies	5,036	
Prisoners Clothing	448	
Tires and Tubes	2,249	
Uniforms	10,226	
Other Supplies and Materials	1,443	
Workers' Compensation Insurance	24,690	
Other Charges	728	
Law Enforcement Equipment	6,599	
Motor Vehicles	48,846	
Total Sheriff's Department		\$ 1,370,780

Juvenile Services

Youth Service Officer(s)	\$ 40,920
Longevity Pay	1,050
Social Security	3,211

(Continued)

Exhibit J-7

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

General Fund (Cont.)

Public Safety (Cont.)

Juvenile Services (Cont.)

State Retirement	\$	3,343	
Medical Insurance		3,900	
Unemployment Compensation		84	
Communication		6,034	
Contracts with Other Public Agencies		802	
Dues and Memberships		130	
Travel		562	
Office Supplies		1,486	
Total Juvenile Services			\$ 61,522

Fire Prevention and Control

Supervisor/Director	\$	25,061	
Longevity Pay		250	
In-Service Training		2,041	
Social Security		1,936	
State Retirement		2,047	
Medical Insurance		3,600	
Unemployment Compensation		84	
Communication		1,799	
Contributions		20,000	
Data Processing Services		80	
Maintenance & Repair Services - Buildings		3,084	
Maintenance & Repair Services - Equipment		8,028	
Maintenance & Repair Services - Office Equipment		1,360	
Maintenance & Repair Services - Vehicles		5,411	
Tow-in Services		150	
Travel		66	
Equipment Parts - Light		1,544	
Equipment and Machinery Parts		1,635	
Gasoline		7,538	
Office Supplies		449	
Tires and Tubes		1,316	
Vehicle Parts		191	
Vehicle and Equipment Insurance		20,085	
Workers' Compensation Insurance		10,018	
Other Charges		893	
Total Fire Prevention and Control			118,666

Civil Defense

Supervisor/Director	\$	30,409	
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(Continued)

Exhibit J-7

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

General Fund (Cont.)

Public Safety (Cont.)

Civil Defense (Cont.)

Longevity Pay	\$	1,550	
Social Security		2,445	
State Retirement		2,484	
Medical Insurance		2,700	
Unemployment Compensation		84	
Communication		3,238	
Contributions		3,225	
Dues and Memberships		35	
Maintenance & Repair Services - Equipment		32	
Maintenance & Repair Services - Vehicles		134	
Travel		51	
Gasoline		1,820	
Office Supplies		726	
Other Equipment		6,414	
Total Civil Defense			\$ 55,347

Rescue Squad

Contributions	\$	2,500	
Total Rescue Squad			2,500

Other Emergency Management

Clerical Personnel	\$	24,863	
Social Security		1,902	
Unemployment Compensation		84	
Communication		2	
Total Other Emergency Management			26,851

County Coroner/Medical Examiner

Other Per Diem & Fees	\$	14,271	
Total County Coroner/Medical Examiner			14,271

Public Health and Welfare

Local Health Center

Part-time Personnel	\$	438	
Social Security		33	
Unemployment Compensation		5	
Communication		2,592	
Contracts with Government Agencies		8,726	
Postal Charges		4,651	
Travel		308	

(Continued)

Exhibit J-7

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

General Fund (Cont.)

Public Health and Welfare (Cont.)

Local Health Center (Cont.)

Other Contracted Services	\$	424	
Drugs and Medical Supplies		645	
Office Supplies		2,130	
Total Local Health Center			\$ 19,952

Ambulance/Emergency Medical Services

Ambulance Services	\$	178,872	
Total Ambulance/Emergency Medical Services			178,872

Nursing Home

Maintenance Personnel	\$	15,126	
Social Security		1,257	
Maintenance & Repair Services - Buildings		98,270	
Maintenance & Repair Services - Equipment		26,450	
Pest Control		3,325	
Travel		2,403	
Total Nursing Home			146,831

Regional Mental Health Center

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

Sanitation Education/Information

Deputy(ies)	\$	1,558	
Guards		23,605	
Social Security		1,925	
State Retirement		2,056	
Unemployment Compensation		83	
Maintenance & Repair Services - Vehicles		1,014	
Gasoline		1,154	
Uniforms		500	
Other Charges		2,310	
Total Sanitation Education/Information			34,205

Social, Cultural, and Recreational Services

Libraries

County Official/Administrative Officer	\$	22,378	
Part-time Personnel		21,379	
Longevity Pay		600	
Social Security		3,388	

(Continued)

Exhibit J-7

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

General Fund (Cont.)

Social, Cultural, and Recreational Services (Cont.)

Libraries (Cont.)

State Retirement	\$	1,828	
Unemployment Compensation		302	
Contributions		500	
Total Libraries			\$ 50,375

Other Social, Cultural, and Recreational

Contributions	\$	18,367	
Total Other Social, Cultural, and Recreational			18,367

Agriculture & Natural Resources

Agriculture Extension Service

Salary Supplements	\$	27,487	
Extension Service Medicare		6,153	
Communication		1,187	
Office Supplies		822	
Total Agriculture Extension Service			35,649

Soil Conservation

Secretary(ies)	\$	10,726	
Social Security		820	
Unemployment Compensation		81	
Communication		751	
Total Soil Conservation			12,378

Flood Control

Contributions	\$	7,500	
Total Flood Control			7,500

Other Operations

Industrial Development

Contributions	\$	12,500	
Total Industrial Development			12,500

Veterans' Services

County Official/Administrative Officer	\$	15,299	
Longevity Pay		675	
Social Security		1,222	
Unemployment Compensation		84	
Travel		375	
Office Supplies		180	
Total Veterans' Services			17,835

(Continued)

Exhibit J-7

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

General Fund (Cont.)

Other Operations (Cont.)

Employee Benefits

Social Security	\$	96	
Unemployment Compensation		<u>2</u>	
Total Employee Benefits			\$ 98

Miscellaneous

Trustee's Commission	\$	50,540	
Other Charges		<u>2,663</u>	
Total Miscellaneous			<u>53,203</u>

Total General Fund \$ 3,949,055

Solid Waste/Sanitation Fund

Public Health and Welfare

Convenience Centers

Supervisor/Director	\$	40,832
Accountants/Bookkeepers		13,000
Foremen		25,692
Laborers		115,162
Educational Incentive - Other County Employees		3,000
Longevity Pay		2,825
Overtime Pay		2,773
In-Service Training		300
Social Security		15,551
State Retirement		6,497
Medical Insurance		3,900
Unemployment Compensation		1,470
Communication		3,557
Maintenance Agreements		2,000
Maintenance & Repair Services - Buildings		7,211
Maintenance & Repair Services - Equipment		3,005
Maintenance & Repair Services - Vehicles		545
Travel		1,383
Custodial Supplies		1,355
Electricity		5,342
Natural Gas		371
Office Supplies		1,717
Uniforms		530
Water and Sewer		33
Gravel and Chert		206
Chemicals		100

(Continued)

Exhibit J-7

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

Solid Waste/Sanitation Fund (Cont.)

Public Health and Welfare (Cont.)

Convenience Centers (Cont.)

Other Charges	\$ 1,354	
Total Convenience Centers		\$ 259,711

Recycling Center

Motor Vehicles	\$ 8,500	
Solid Waste Equipment	112	
Other Equipment	2,739	
Total Recycling Center		11,351

Other Waste Disposal

Truck Drivers	\$ 23,945	
Longevity Pay	450	
Overtime Pay	409	
Social Security	1,898	
Unemployment Compensation	203	
Contracts with Government Agencies	173,356	
Maintenance & Repair Services - Equipment	1,241	
Maintenance & Repair Services - Vehicles	3,738	
Tow-in Services	375	
Diesel Fuel	21,932	
Equipment and Machinery Parts	347	
Gasoline	5,649	
Tires and Tubes	6,320	
Total Other Waste Disposal		239,863

Postclosure Care Costs

Contracts with Government Agencies	\$ 1,897	
Total Postclosure Care Costs		1,897

Other Operations

Other Charges

Vehicle and Equipment Insurance	\$ 1,500	
Total Other Charges		1,500

Miscellaneous

Trustee's Commission	\$ 8,219	
Other Charges	713	
Total Miscellaneous		8,932

Total Solid Waste/Sanitation Fund		\$ 523,254
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(Continued)

Exhibit J-7

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

Drug Control Fund

Administration of Justice

Drug Court

Dues and Memberships	\$ 2,969	
Total Drug Court		\$ 2,969

Public Safety

Drug Enforcement

Confidential Drug Enforcement Payments	\$ 6,116	
Maintenance & Repair Services - Vehicles	70	
Law Enforcement Supplies	1,643	
Office Supplies	100	
Uniforms	259	
Law Enforcement Equipment	14,509	
Motor Vehicles	17,500	
Total Drug Enforcement		40,197

Other Operations

Miscellaneous

Trustee's Commission	\$ 238	
Total Miscellaneous		238

Total Drug Control Fund \$ 43,404

Highway/Public Works Fund

Highways

Administration

County Official/Administrative Officer	\$ 59,750	
Assistant(s)	32,429	
Accountants/Bookkeepers	20,771	
Part-time Personnel	6,859	
Educational Incentive - Other County Employees	6,000	
Contracts with Other Public Agencies	3,000	
Dues and Memberships	2,922	
Legal Services	625	
Pest Control	264	
Postal Charges	492	
Travel	2,997	
Custodial Supplies	717	
Office Supplies	5,906	
Other Charges	3,396	
Total Administration		\$ 146,128

(Continued)

Exhibit J-7

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

Highway/Public Works Fund (Cont.)

Highways (Cont.)

Highway and Bridge Maintenance

Foremen	\$	91,231	
Equipment Operators		178,735	
Truck Drivers		46,304	
Laborers		37,809	
Other Salaries & Wages		1,000	
Other Contracted Services		3,500	
Asphalt - Liquid		143,231	
Concrete		763	
Crushed Stone		36,457	
Fertilizer, Lime, and Seed		370	
Pipe		5,465	
Road Signs		3,301	
Small Tools		919	
Wood Products		29,870	
Gravel and Chert		16,707	
Other Supplies and Materials		4,989	
Total Highway and Bridge Maintenance			\$ 600,651

Operation and Maintenance of Equipment

Mechanic(s)	\$	21,275	
Maintenance & Repair Services - Equipment		10,461	
Diesel Fuel		55,455	
Equipment and Machinery Parts		55,659	
Garage Supplies		6,062	
Gasoline		26,178	
Lubricants		2,643	
Propane Gas		337	
Tires and Tubes		21,746	
Total Operation and Maintenance of Equipment			199,816

Other Charges

Communication	\$	3,419	
Electricity		6,117	
Natural Gas		1,958	
Water and Sewer		594	
Trustee's Commission		15,570	
Vehicle and Equipment Insurance		40,276	
Total Other Charges			67,934

(Continued)

Exhibit J-7

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

Highway/Public Works Fund (Cont.)

Highways (Cont.)

Employee Benefits

Social Security	\$ 38,309	
State Retirement	36,127	
Employee and Dependent Insurance	71,371	
Unemployment Compensation	3,452	
Workers' Compensation Insurance	<u>20,351</u>	
Total Employee Benefits		\$ 169,610

Capital Outlay

Highway Equipment	\$ <u>27,000</u>	
Total Capital Outlay		<u>27,000</u>

Total Highway/Public Works Fund \$ 1,211,139

General Debt Service Fund

Principal on Debt

General Government

Principal on Bonds	\$ 35,000	
Principal on Notes	<u>23,334</u>	
Total General Government		\$ 58,334

Highways and Streets

Principal on Notes	\$ <u>142,000</u>	
Total Highways and Streets		142,000

Interest on Debt

General Government

Interest on Bonds	\$ 28,950	
Interest on Notes	<u>4,354</u>	
Total General Government		33,304

Highways and Streets

Interest on Notes	\$ <u>10,306</u>	
Total Highways and Streets		10,306

Other Debt Service

General Government

Trustee's Commission	\$ <u>870</u>	
Total General Government		<u>870</u>

Total General Debt Service Fund 244,814

(Continued)

Exhibit J-7

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

<u>Education Debt Service Fund</u>		
<u>Principal on Debt</u>		
<u>Education</u>		
Principal on Bonds	\$ 465,000	
Total Education		\$ 465,000
<u>Interest on Debt</u>		
<u>Education</u>		
Interest on Bonds	\$ 211,054	
Total Education		211,054
<u>Other Debt Service</u>		
<u>Education</u>		
Bank Charges	\$ 1,665	
Trustee's Commission	6,911	
Total Education		<u>8,576</u>
Total Education Debt Service Fund		\$ 684,630
<u>General Capital Projects Fund</u>		
<u>Other Operations</u>		
<u>Miscellaneous</u>		
Trustee's Commission	\$ 2,410	
Total Miscellaneous		<u>\$ 2,410</u>
Total General Capital Projects Fund		<u>2,410</u>
Total Governmental Funds - Primary Government		<u>\$ 6,658,706</u>

Exhibit J-8

Chester County, Tennessee
Schedule of Detailed Expenditures -
All Governmental Fund Types
Discretely Presented Chester County School Department
For the Year Ended June 30, 2007

General Purpose School Fund

Instruction

Regular Instruction Program

Teachers	\$ 4,903,169	
Career Ladder Program	66,978	
Career Ladder Extended Contracts	50,795	
Educational Assistants	161,844	
Non-certified Substitute Teachers	74,617	
Social Security	307,774	
State Retirement	319,556	
Life Insurance	2,593	
Medical Insurance	473,583	
Unemployment Compensation	4,291	
Employer Medicare	71,979	
Other Fringe Benefits	4,294	
Maintenance & Repair Services - Equipment	2,098	
Other Contracted Services	14,001	
Instructional Supplies and Materials	172,188	
Textbooks	149,894	
Other Charges	106	
Regular Instruction Equipment	82,936	
Total Regular Instruction Program		\$ 6,862,696

Special Education Program

Teachers	\$ 380,707	
Career Ladder Program	6,985	
Career Ladder Extended Contracts	1,000	
Educational Assistants	205,708	
Speech Pathologist	46,932	
Other Salaries & Wages	23,184	
Non-certified Substitute Teachers	21,806	
Social Security	41,596	
State Retirement	44,928	
Life Insurance	249	
Medical Insurance	36,872	
Unemployment Compensation	824	
Employer Medicare	9,728	
Contracts with Private Agencies	46,542	
Other Contracted Services	3,500	
Instructional Supplies and Materials	6,949	
Other Supplies and Materials	1,513	
Total Special Education Program		879,023

(Continued)

Exhibit J-8

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

General Purpose School Fund (Cont.)

Instruction (Cont.)

Vocational Education Program

Teachers	\$	358,994	
Career Ladder Program		4,000	
Non-certified Substitute Teachers		7,248	
Social Security		20,667	
State Retirement		22,287	
Life Insurance		210	
Medical Insurance		53,503	
Unemployment Compensation		281	
Employer Medicare		4,841	
Other Contracted Services		1,489	
Instructional Supplies and Materials		5,948	
Total Vocational Education Program			\$ 479,468

Student Body Education Program

Other Charges	\$	40,000	
Total Student Body Education Program			40,000

Adult Education Program

Teachers	\$	80,820	
Other Salaries & Wages		2,500	
Social Security		5,167	
State Retirement		1,707	
Unemployment Compensation		109	
Employer Medicare		1,200	
Instructional Supplies and Materials		9,681	
Other Charges		5,462	
Total Adult Education Program			106,646

Support Services

Attendance

Supervisor/Director	\$	40,532	
Career Ladder Program		2,000	
Social Security		2,343	
State Retirement		2,607	
Life Insurance		20	
Medical Insurance		6,816	
Unemployment Compensation		22	
Employer Medicare		548	
Travel		806	

(Continued)

Exhibit J-8

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

General Purpose School Fund (Cont.)

Support Services (Cont.)

Attendance (Cont.)

Other Supplies and Materials	\$ 118	
Total Attendance		\$ 55,812

Health Services

Medical Personnel	\$ 19,486	
Social Security	1,208	
State Retirement	1,592	
Unemployment Compensation	28	
Employer Medicare	283	
Travel	796	
Drugs and Medical Supplies	6,000	
Other Supplies and Materials	1,133	
Total Health Services		30,526

Other Student Support

Career Ladder Program	\$ 7,992	
Guidance Personnel	174,194	
Career Ladder Extended Contracts	1,960	
Social Security	10,321	
State Retirement	11,288	
Life Insurance	79	
Medical Insurance	24,386	
Unemployment Compensation	109	
Employer Medicare	2,414	
Contracts with Government Agencies	24,000	
Evaluation and Testing	6,895	
Travel	1,084	
Other Contracted Services	3,128	
Total Other Student Support		267,850

Regular Instruction Program

Supervisor/Director	\$ 63,847
Career Ladder Program	6,000
Librarians	164,449
Instructional Computer Personnel	76,105
Clerical Personnel	2,746
Other Salaries & Wages	2,534
Social Security	19,334
State Retirement	20,077

(Continued)

Exhibit J-8

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

General Purpose School Fund (Cont.)

Support Services (Cont.)

Regular Instruction Program (Cont.)

Life Insurance	\$	59	
Medical Insurance		19,452	
Unemployment Compensation		236	
Employer Medicare		4,522	
Travel		11,009	
Library Books/Media		25,281	
Other Supplies and Materials		1,150	
In Service/Staff Development		3,479	
Other Equipment		196	
Total Regular Instruction Program			\$ 420,476

Special Education Program

Supervisor/Director	\$	60,588	
Career Ladder Program		3,000	
Psychological Personnel		22,175	
Social Security		5,165	
State Retirement		5,710	
Medical Insurance		3,852	
Unemployment Compensation		27	
Employer Medicare		1,208	
Travel		7,558	
Other Supplies and Materials		924	
In Service/Staff Development		3,874	
Total Special Education Program			114,081

Vocational Education Program

Travel	\$	1,830	
Total Vocational Education Program			1,830

Adult Programs

Supervisor/Director	\$	69,316	
Career Ladder Program		1,000	
Social Security		4,044	
State Retirement		4,326	
Medical Insurance		200	
Unemployment Compensation		57	
Employer Medicare		946	
Travel		462	
Other Contracted Services		8,400	

(Continued)

Exhibit J-8

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

General Purpose School Fund (Cont.)

Support Services (Cont.)

Adult Programs (Cont.)

Other Supplies and Materials	\$	10,265	
In Service/Staff Development		<u>2,890</u>	
Total Adult Programs			\$ 101,906

Board of Education

Other Salaries & Wages	\$	4,100	
Social Security		254	
Unemployment Compensation		16	
Employer Medicare		59	
Audit Services		4,200	
Dues and Memberships		6,563	
Legal Services		363	
Travel		2,766	
Other Contracted Services		2,755	
Liability Insurance		22,037	
Trustee's Commission		67,131	
Workers' Compensation Insurance		85,000	
Criminal Investigation of Applicants - TBI		1,248	
Other Charges		<u>11,356</u>	
Total Board of Education			207,848

Director of Schools

County Official/Administrative Officer	\$	78,845	
Career Ladder Program		1,000	
Clerical Personnel		19,710	
Social Security		6,094	
State Retirement		6,489	
Life Insurance		20	
Medical Insurance		3,660	
Unemployment Compensation		50	
Employer Medicare		1,425	
Other Fringe Benefits		1,797	
Communication		2,218	
Dues and Memberships		2,379	
Postal Charges		2,675	
Travel		3,045	
Other Contracted Services		1,502	
Office Supplies		3,609	
Other Charges		72	

(Continued)

Exhibit J-8

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

General Purpose School Fund (Cont.)

Support Services (Cont.)

Director of Schools (Cont.)

Administration Equipment	\$ 653	
Total Director of Schools		\$ 135,243

Office of the Principal

Principals	\$ 326,936	
Career Ladder Program	11,990	
Career Ladder Extended Contracts	5,971	
Assistant Principals	143,058	
Secretary(ies)	221,128	
Social Security	42,226	
State Retirement	47,978	
Life Insurance	158	
Medical Insurance	36,444	
Unemployment Compensation	590	
Employer Medicare	9,875	
Communication	5,044	
Travel	5,302	
In Service/Staff Development	745	
Other Charges	380	
Administration Equipment	11,142	
Total Office of the Principal		868,967

Fiscal Services

Accountants/Bookkeepers	\$ 67,058	
Social Security	3,579	
State Retirement	5,479	
Unemployment Compensation	56	
Employer Medicare	837	
Data Processing Services	516	
Travel	210	
Other Contracted Services	7,218	
Data Processing Supplies	1,490	
Office Supplies	760	
Total Fiscal Services		87,203

Operation of Plant

Supervisor/Director	\$ 3,794	
Guards	23,100	
Custodial Personnel	281,743	

(Continued)

Exhibit J-8

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

General Purpose School Fund (Cont.)

Support Services (Cont.)

Operation of Plant (Cont.)

Other Salaries & Wages	\$	4,065	
Social Security		18,830	
State Retirement		22,201	
Unemployment Compensation		518	
Employer Medicare		4,404	
Travel		4,200	
Disposal Fees		9,318	
Other Contracted Services		9,766	
Custodial Supplies		93,756	
Electricity		354,186	
Natural Gas		128,680	
Water and Sewer		23,281	
Other Supplies and Materials		148	
Boiler Insurance		3,400	
Building and Contents Insurance		65,000	
Plant Operation Equipment		3,213	
Total Operation of Plant			\$ 1,053,603

Maintenance of Plant

Maintenance Personnel	\$	84,162	
Other Salaries & Wages		15,813	
Social Security		6,196	
State Retirement		4,895	
Unemployment Compensation		166	
Employer Medicare		1,449	
Maintenance & Repair Services - Buildings		18,532	
Maintenance & Repair Services - Equipment		6,400	
Travel		148	
Other Contracted Services		35,000	
Other Supplies and Materials		53,169	
Maintenance Equipment		7,800	
Total Maintenance of Plant			233,730

Transportation

Supervisor/Director	\$	8,293	
Mechanic(s)		46,443	
Bus Drivers		312,952	
Other Salaries & Wages		2,415	
Social Security		22,598	

(Continued)

Exhibit J-8

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

General Purpose School Fund (Cont.)

Support Services (Cont.)

Transportation (Cont.)

State Retirement	\$	27,943	
Unemployment Compensation		715	
Employer Medicare		5,285	
Communication		230	
Maintenance & Repair Services - Vehicles		19,700	
Travel		610	
Other Contracted Services		10,226	
Gasoline		121,229	
Tires and Tubes		15,601	
Vehicle Parts		38,220	
Other Supplies and Materials		15,567	
Vehicle and Equipment Insurance		25,000	
Other Charges		352	
Transportation Equipment		197,405	
Total Transportation			\$ 870,784

Operation of Non-Instructional Services

Community Services

Other Salaries & Wages	\$	4,604	
Social Security		153	
Employer Medicare		36	
Other Charges		6,464	
Total Community Services			11,257

Early Childhood Education

Teachers	\$	32,855	
Educational Assistants		10,327	
Social Security		2,430	
State Retirement		2,858	
Medical Insurance		7,390	
Unemployment Compensation		55	
Employer Medicare		568	
Travel		1,000	
Instructional Supplies and Materials		17,450	
Other Equipment		14,003	
Total Early Childhood Education			88,936

(Continued)

Exhibit J-8

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

Regular Capital Outlay

Architects	\$	10,398	
Engineering Services		7,297	
Building Improvements		349,673	
Total Regular Capital Outlay			\$ 367,368

Other Debt Service

Education

Contributions	\$	50,000	
Total Education			50,000

Total General Purpose School Fund \$ 13,335,253

School Federal Projects Fund

Instruction

Regular Instruction Program

Teachers	\$	286,455	
Educational Assistants		111,138	
Social Security		24,828	
State Retirement		26,640	
Medical Insurance		22,970	
Unemployment Compensation		408	
Employer Medicare		5,600	
Other Contracted Services		19,626	
Instructional Supplies and Materials		7,431	
Other Supplies and Materials		7,483	
Other Charges		12,986	
Total Regular Instruction Program			\$ 525,565

Special Education Program

Teachers	\$	51,745	
Clerical Personnel		6,192	
Educational Assistants		184,205	
Speech Pathologist		40,239	
Social Security		17,042	
State Retirement		19,675	
Medical Insurance		6,713	
Unemployment Compensation		495	
Employer Medicare		3,986	
Contracts with Private Agencies		17,234	

(Continued)

Exhibit J-8

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

School Federal Projects Fund (Cont.)

Instruction (Cont.)

Special Education Program (Cont.)

Instructional Supplies and Materials	\$	4,055	
Other Supplies and Materials		491	
Total Special Education Program			\$ 352,072

Vocational Education Program

Travel	\$	4,534	
Other Contracted Services		4,222	
Instructional Supplies and Materials		23,979	
Vocational Instruction Equipment		8,740	
Total Vocational Education Program			41,475

Support Services

Health Services

Medical Personnel	\$	14,395	
Social Security		864	
State Retirement		1,176	
Unemployment Compensation		48	
Employer Medicare		202	
Total Health Services			16,685

Other Student Support

Guidance Personnel	\$	7,000	
Travel		6,052	
Total Other Student Support			13,052

Regular Instruction Program

Supervisor/Director	\$	51,937	
Secretary(ies)		14,080	
Other Salaries & Wages		204	
Non-certified Substitute Teachers		1,072	
Social Security		4,183	
State Retirement		4,334	
Medical Insurance		3,351	
Unemployment Compensation		57	
Employer Medicare		978	
Consultants		500	
Travel		13,817	
Other Contracted Services		6,431	
Library Books/Media		3,877	

(Continued)

Exhibit J-8

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

School Federal Projects Fund (Cont.)

Support Services (Cont.)

Regular Instruction Program (Cont.)

Other Supplies and Materials	\$	754	
In Service/Staff Development		<u>31,383</u>	
Total Regular Instruction Program			\$ 136,958

Special Education Program

Psychological Personnel	\$	22,685	
Social Security		1,376	
State Retirement		1,853	
Medical Insurance		1,511	
Unemployment Compensation		28	
Employer Medicare		322	
In Service/Staff Development		<u>1,353</u>	
Total Special Education Program			29,128

Vocational Education Program

Supervisor/Director	\$	2,000	
Social Security		124	
State Retirement		123	
Unemployment Compensation		1	
Employer Medicare		<u>29</u>	
Total Vocational Education Program			2,277

Transportation

Bus Drivers	\$	27,764	
Social Security		1,721	
State Retirement		2,268	
Unemployment Compensation		51	
Employer Medicare		<u>403</u>	
Total Transportation			<u>32,207</u>

Total School Federal Projects Fund \$ 1,149,419

Central Cafeteria Fund

Operation of Non-Instructional Services

Food Service

Supervisor/Director	\$	26,251	
Accountants/Bookkeepers		20,473	
Clerical Personnel		28,312	
Cafeteria Personnel		376,751	

(Continued)

Exhibit J-8

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

Central Cafeteria Fund (Cont.)

Operation of Non-Instructional Services (Cont.)

Food Service (Cont.)

Other Salaries & Wages	\$	39,000	
Social Security		27,486	
State Retirement		31,751	
Unemployment Compensation		931	
Employer Medicare		6,428	
Communication		1,905	
Maintenance & Repair Services - Equipment		19,236	
Transportation - Other than Students		6,641	
Travel		543	
Other Contracted Services		13,890	
Food Supplies		526,286	
Office Supplies		4,091	
Uniforms		4,222	
Utilities		10,399	
Other Supplies and Materials		38,228	
In Service/Staff Development		1,352	
Other Charges		528	
Food Service Equipment		25,388	
Total Food Service			\$ 1,210,092
Total Central Cafeteria Fund			\$ 1,210,092
Total Governmental Funds - Chester County School Department			\$ 15,694,764

Exhibit J-9

Chester County, Tennessee
Schedule of Detailed Receipts, Disbursements,
and Changes in Cash Balance - City Agency Fund
For the Year Ended June 30, 2007

	Cities - Sales Tax Fund
<hr/>	
<u>Cash Receipts</u>	
Local Option Sales Tax	\$ 806,189
Total Cash Receipts	<u>\$ 806,189</u>
 <u>Cash Disbursements</u>	
Remittance of Revenues Collected	\$ 798,127
Trustee's Commission	8,062
Total Cash Disbursements	<u>\$ 806,189</u>
 Excess of Cash Receipts Over (Under) Cash Disbursements	 \$ 0
Cash Balance, July 1, 2006	<u>0</u>
 Cash Balance, June 30, 2007	 <u><u>\$ 0</u></u>

SINGLE AUDIT SECTION



STATE OF TENNESSEE
COMPTROLLER OF THE TREASURY
DEPARTMENT OF AUDIT
DIVISION OF COUNTY AUDIT
SUITE 1500
JAMES K. POLK STATE OFFICE BUILDING
NASHVILLE, TENNESSEE 37243-0269
PHONE (615) 401-7841

REPORT ON INTERNAL CONTROL OVER
FINANCIAL REPORTING AND ON COMPLIANCE
AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL
STATEMENTS PERFORMED IN ACCORDANCE WITH
GOVERNMENT AUDITING STANDARDS

August 22, 2007

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

To the County Mayor and Board of County Commissioners:

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, 2007, which collectively comprise Chester County's basic financial statements and have issued our report thereon dated August 22, 2007. Our report on the aggregate discretely presented component units' financial statements was qualified due to not including the financial statements of the Chester County Emergency Communications District, a discretely presented component unit, which were not available by other auditors as of the date of this report. Our report on the aggregate remaining fund information financial statements was qualified due to not including the financial statements of the Chester County Library, a special revenue fund, which were not available from other auditors as of the date of this report. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the auditing standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered Chester County's internal control over financial reporting as a basis for designing our auditing procedures 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 over financial reporting. Accordingly, we do not express an opinion on the effectiveness of Chester County's internal control over financial reporting.

Our consideration of internal control over financial reporting was for the limited purpose described in the preceding paragraph and would not necessarily identify all deficiencies in internal control over financial reporting that might be significant deficiencies or material weaknesses. However, as discussed below, we identified certain deficiencies in internal control over financial reporting that we consider to be significant deficiencies.

A control deficiency 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 misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the entity's ability to initiate, authorize, record, process, or report financial data reliably in accordance with generally accepted accounting principles such that there is more than a remote likelihood that a misstatement of the entity's financial statements that is more than inconsequential will not be prevented or detected by the entity's internal control. We consider the following deficiencies described in the accompanying Schedule of Findings and Questioned Costs to be significant deficiencies in internal control over financial reporting: 07.01 and 07.03.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that a material misstatement of the financial statements will not be prevented or detected by Chester County's internal control.

Our consideration of the internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in the internal control that might be significant deficiencies and, accordingly, would not necessarily disclose all significant deficiencies that are also considered to be significant weaknesses. However, we believe that none of the significant deficiencies described above is a material weakness.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether Chester County's financial statements are free of 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 one 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 07.02.

We consider item 07.04 described in the accompanying Schedule of Findings and Questioned Costs to be a noteworthy control deficiency over financial operations. We also noted certain matters that we reported to management of Chester County in separate communications.

This report is intended solely for the information and use of management, the county mayor, director of schools, road supervisor, County Commission, Board of Education, others within Chester County, federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

Very truly yours,

A handwritten signature in black ink that reads "John G. Morgan" with a long horizontal flourish extending to the right.

John G. Morgan
Comptroller of the Treasury

JGM/yu



STATE OF TENNESSEE
COMPTROLLER OF THE TREASURY
DEPARTMENT OF AUDIT
DIVISION OF COUNTY AUDIT
SUITE 1500
JAMES K. POLK STATE OFFICE BUILDING
NASHVILLE, TENNESSEE 37243-0269
PHONE (615) 401-7841

REPORT ON COMPLIANCE WITH REQUIREMENTS APPLICABLE TO
EACH MAJOR PROGRAM AND INTERNAL CONTROL OVER
COMPLIANCE IN ACCORDANCE WITH OMB CIRCULAR A-133

August 22, 2007

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

To the County Mayor and Board of County Commissioners:

Compliance

We have audited the compliance of Chester County with the types of compliance requirements described in the U.S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement that are applicable to each of its major federal programs for the year ended June 30, 2007. 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. Compliance with the requirements of laws, regulations, contracts, and grants applicable to each of its major federal programs is the responsibility of Chester County's management. Our responsibility is to express an opinion on Chester County's compliance based on our audit.

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States; and OMB Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about Chester County's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our

audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination of Chester County's compliance with those requirements.

In our opinion, Chester County complied, in all material respects, with the requirements referred to above that are applicable to each of its major federal programs for the year ended June 30, 2007.

Internal Control Over Compliance

The management of Chester County is responsible for establishing and maintaining effective internal control over compliance with the requirements of laws, regulations, contracts, and grants applicable to federal programs. In planning and performing our audit, we considered Chester County's internal control over compliance with the requirements that could have a direct and material effect on a major federal program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance, 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 control deficiency in an entity's internal control over compliance 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 noncompliance with a type of compliance requirement of a federal program on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the entity's ability to administer a federal program such that there is more than a remote likelihood that noncompliance with a type of compliance requirement of a federal program that is more than inconsequential will not be prevented or detected by the entity's internal control.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that material noncompliance with a type of compliance requirement of a federal program will not be prevented or detected by the entity's internal control.

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

Schedule of Expenditures of Federal Awards

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 as of and for the year ended June 30, 2007, and have issued our report thereon dated August 22, 2007. Our report on the aggregate discretely presented component units' financial statements was qualified due to not including the financial statements of the Chester County Emergency Communications District, a discretely presented component unit, which were not available from other auditors as of the date of this report. Our report on the aggregate remaining fund information financial statements

was qualified due to not including the financial statements of the Chester County Library, a special revenue fund, which were not available from other auditors as of the date of this report. Our audit was performed for the purpose of forming our opinions on the financial statements that collectively comprise Chester County's basic financial statements. The accompanying Schedule of Expenditures of Federal Awards is presented for purposes of additional analysis as required by OMB Circular A-133 and is not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated, in all material respects, in relation to the basic financial statements taken as a whole.

This report is intended solely for the information and use of management, the county mayor, director of schools, road supervisor, County Commission, Board of Education, others within Chester County, federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

Yours very truly,

A handwritten signature in black ink that reads "John G. Morgan" with a long horizontal flourish extending to the right.

John G. Morgan
Comptroller of the Treasury

JGM/yu

Chester County, Tennessee
Schedule of Expenditures of Federal Awards and State Grants (1)
For the Year Ended June 30, 2007

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:			
Food Donation (Noncash Assistance)	10.550	N/A	\$ 64,276
Passed-through State Department of Education:			
Child Nutrition Cluster:			
School Breakfast Program	10.553	N/A	131,766
National School Lunch Program	10.555	N/A	447,212
Total U.S. Department of Agriculture			<u>\$ 643,254</u>
U.S. Department of Justice:			
Passed-through State Commission on Children and Youth:			
Juvenile Justice and Delinquency Prevention - Allocation to States	16.540	Z0703651400	\$ 9,000
Total U.S. Department of Justice			<u>\$ 9,000</u>
U.S. Department of Labor:			
Passed-through Southwest Human Resource Agency:			
WIA Youth Activities	17.259	(2)	\$ 60,493
Total U.S. Department of Labor			<u>\$ 60,493</u>
U.S. Department of Education:			
Passed-through State Department of Education:			
Adult Education - State Grant Program	84.002	Z0703368000	\$ 87,197
Title I Grants to Local Educational Agencies	84.010	N/A	508,372
Special Education Cluster:			
Special Education - Grants to States	84.027	N/A	453,608
Special Education - Preschool Grants	84.173	N/A	12,420
Vocational Education - Basic Grants to States	84.048	N/A	48,971
Safe and Drug-Free Schools and Communities - State Grants	84.186	(2)	15,815
State Grants for Innovative Programs	84.298	N/A	3,880
Education Technology State Grants	84.318	(2)	9,509
Improving Teacher Quality State Grants	84.367	N/A	139,552
Total U.S. Department of Education			<u>\$ 1,279,324</u>
U.S. Department of Health and Human Services:			
Passed-through Southwest Human Resource Agency:			
Temporary Assistance for Needy Families	93.558	Z0703420700	\$ 17,381
Total U.S. Department of Health and Human Services			<u>\$ 17,381</u>
U.S. Department of Homeland Security:			
Passed-through State Department of the Military:			
Homeland Security Grant Program	97.067	(3)	46,343
Total U.S. Department of Homeland Security			<u>\$ 46,343</u>
Total Expenditures of Federal Awards			<u>\$ 2,055,795</u>

(Continued)

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

Federal/Pass-through Agency/State Grantor Program Title	Federal CFDA Number	Contract Number	Expenditures
State Grants:			
State Reappraisal Program - Comptroller of the Treasury	N/A	(2)	\$ 5,532
Litter Program - State Department of Transportation	N/A	Z0703378000	29,459
Department of Health Grant - State Department of Health and Human Services	N/A	(2)	2,244
Optional Waste Tire Grant - State Department of Environment and Conservation	N/A	(2)	8,806
Forestry Grant - State Department of Agriculture	N/A	(2)	2,848
Election Officials Training - State Secretary of State	N/A	(2)	3,165
Safe Schools Act 2003 - State Department of Education	N/A	(2)	14,367
Family Resource Center - State Department of Education	N/A	(2)	34,427
Early Childhood Education - State Department of Education	N/A	(2)	88,564
LEAP Program - State Department of Education	N/A	(2)	30,620
English as a Second Language - State Department of Education	N/A	(2)	<u>2,569</u>
Total State Grants			<u>\$ 222,601</u>

CFDA = Catalog of Federal Domestic Assistance
N/A = Not Applicable

- (1) Presented in conformity with generally accepted accounting principles using the modified accrual basis of accounting.
- (2) Information not available.
- (3) Z072059400: \$8,092; Z0603283100: \$2,833; Z0502514100: \$35,418

Chester County, Tennessee
Schedule of Audit Findings Not Corrected
June 30, 2007

Government Auditing Standards require auditors to report the status of uncorrected findings from prior audits. Presented below are findings from the Annual Financial Report for Chester County, Tennessee, for the year ended June 30, 2006, which have not been corrected.

OFFICE OF COUNTY MAYOR

Finding Number	Page Number	Subject
06.01	140	The office did not always issue purchase orders

OFFICE OF ROAD SUPERVISOR

Finding Number	Page Number	Subject
06.03	141	The office did not always issue purchase orders

OTHER FINDING

Finding Number	Page Number	Subject
06.04	141	A central system of accounting, budgeting, and purchasing had not been adopted

CHESTER COUNTY, TENNESSEE

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

For the Year Ended June 30, 2007

PART I, SUMMARY OF AUDITOR'S RESULTS

1. Our report on the aggregate discretely presented component units and the aggregate remaining fund information is qualified. Our report on the governmental activities and each major fund is unqualified.
2. The audit of the financial statements of Chester County disclosed significant deficiencies in internal control. None of these conditions was considered to be a material weakness.
3. The audit disclosed no instances of noncompliance that were material to the financial statements of Chester County.
4. The audit disclosed no significant deficiencies in internal control over major programs.
5. An unqualified opinion was issued on compliance for major programs.
6. The audit revealed no findings that are required to be reported under Section 510(a) of OMB Circular A-133.
7. The Child Nutrition Cluster: School Breakfast Program and National School Lunch Program (CFDA Nos. 10.553 and 10.555) and Title I Grants to Local Educational Agencies (CFDA No. 84.010) were determined to be major programs.
8. A threshold of \$300,000 was used to distinguish between Type A and Type B federal programs.
9. Chester County did not qualify as a low-risk auditee.

PART II, FINDINGS RELATING TO THE FINANCIAL STATEMENTS

Findings and recommendations, as a result of our examination, are presented below. We reviewed these findings and recommendations with management to provide an opportunity for their response. Management did not offer written responses to the findings and recommendations. Officials did offer oral responses to certain findings and recommendations; however, these oral responses have not been included in this report.

OFFICE OF COUNTY MAYOR

FINDING 07.01 **THE OFFICE DID NOT ISSUE PURCHASE ORDERS IN SOME REQUIRED INSTANCES**
(Internal Control – Significant Deficiency Under Government Auditing Standards)

Purchase orders were not issued in some required instances. Purchase orders are necessary to control who has purchasing authority for the office and to document purchasing commitments.

RECOMMENDATION

The office should improve purchasing procedures by issuing purchase orders for all applicable purchases.

OFFICE OF ROAD SUPERVISOR

FINDING 07.02 **THE PAYROLL CLERK FORGED THE ROAD SUPERVISOR'S SIGNATURE ON TWO CHECKS**
(Noncompliance Under Government Auditing Standards)

On August 9, 2007, the payroll clerk for the Highway Department, who is also the spouse of the road supervisor, fraudulently issued two checks to herself totaling \$4,150 by forging the signature of the road supervisor on the checks. Checks issued by the Highway Department are required to have the signatures of both the road supervisor and the county mayor. These two checks only reflected the forged signature of the road supervisor. One of the checks (\$900) was a regular payroll check. However, the payroll was not payable until August 15, 2007. Therefore, the payroll check was issued six days prior to the date it was payable. The second check was for \$3,250 and purportedly represented payment for an educational incentive (\$3,000) and longevity pay (\$250). To qualify for the educational incentive, the payroll clerk would have needed to complete 16 hours of training in the County Officials' Certificate Training Program; however, as of August 9, 2007, she had only completed two hours of the required training and was not due the educational incentive. Longevity checks for the Highway Department are typically issued in November. The payroll clerk attempted to cash the checks on August 10, 2007, but was unsuccessful because bank personnel questioned the authenticity of the road supervisor's signature and the absence of the county mayor's signature. Bank personnel notified the road supervisor of their suspicions, and the road supervisor terminated the payroll clerk's employment with

the Highway Department on August 10, 2007. We have discussed this finding with the district attorney general.

FINDING 07.03 THE OFFICE HAD DEFICIENCIES IN PURCHASING PROCEDURES
(Internal Control – Significant Deficiency Under Government Auditing Standards)

The office did not issue purchase orders for some applicable purchases. Purchase orders are necessary to control who has authority to make purchases and to document purchasing commitments. Also, our examination disclosed that dollar amounts of purchases were not listed on some purchase orders. The dollar amounts of items on purchase orders are necessary to quantify purchasing commitments.

RECOMMENDATION

Purchase orders should be issued for all applicable purchases and should include the estimated dollar amount of the purchase.

OTHER FINDING AND RECOMMENDATION

FINDING 07.04 A CENTRAL SYSTEM OF ACCOUNTING, BUDGETING, AND PURCHASING HAD NOT BEEN ADOPTED
(Internal Control – Control Deficiency Under Government Auditing Standards)

County officials had not adopted a central system of accounting, budgeting, and purchasing. Establishing a central system would significantly improve internal controls over the accounting, budgeting, and purchasing processes.

RECOMMENDATION

County officials should consider adopting the County Financial Management System of 1981 or a private act, which would provide for a central system of accounting, budgeting, and purchasing covering all county departments.

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

There were no findings and questioned costs for federal awards.

CHESTER COUNTY, TENNESSEE
AUDITEE REPORTING RESPONSIBILITIES
For the Year Ended June 30, 2007

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