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# ANNUAL FINANCIAL REPORT CHESTER COUNTY, TENNESSEE



FOR THE YEAR ENDED JUNE 30, 2011



**ANNUAL FINANCIAL REPORT  
CHESTER COUNTY, TENNESSEE  
FOR THE YEAR ENDED JUNE 30, 2011**

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

***DIVISION OF COUNTY AUDIT  
JAMES R. ARNETTE  
Director***

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

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

***JUSTIN NEAL  
ELISHA CROWELL, CFE  
State Auditors***

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

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***Audit Highlights***  
Annual Financial Report  
Chester County, Tennessee  
For the Year Ended June 30, 2011

***Scope***

We have audited the basic financial statements of Chester County as of and for the year ended June 30, 2011.

***Results***

Our report on the aggregate discretely presented component units is qualified because the financial statements do not include one component unit whose financial statements were not available from other auditors at the date of this report. Also, our report on the aggregate remaining fund information is qualified because the financial statements do not include a significant portion of 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 three findings and recommendations, which we have reviewed with Chester County management. Detailed findings and recommendations are included in the Single Audit section of this report.

***Findings and Best Practices***

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

**OFFICE OF TRUSTEE**

- ◆ The office did not implement adequate controls to protect its information resources.

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**OFFICES OF TRUSTEE, COUNTY CLERK, CIRCUIT AND GENERAL SESSIONS COURTS CLERK, CLERK AND MASTER, AND REGISTER**

- ◆ Multiple employees operated from the same cash drawer in the Offices of Trustee, County Clerk, Circuit and General Sessions Courts Clerk, Clerk and Master, and Register.
-

**OFFICES OF COUNTY MAYOR, ROAD SUPERVISOR, DIRECTOR OF SCHOOLS, CIRCUIT AND GENERAL SESSIONS COURTS CLERK, CLERK AND MASTER, AND REGISTER**

- ◆ Duties were not segregated adequately.
- 

**BEST PRACTICES**

The Division of County Audit strongly believes that the items noted below are best practices that should be adopted by the governing body as a means of significantly improving accountability and the quality of services provided to the citizens of Chester County.

- Chester County should adopt a central system of accounting, budgeting, and purchasing.
- Chester County should establish an Audit Committee.

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# INTRODUCTORY SECTION

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# Chester County Officials

## June 30, 2011

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### **Officials**

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

### **Board of County Commissioners**

Dwain Seaton, County Mayor, Chairman	Jerry Lowe
Mike Alexander	Burl Malone
Larry Blackstock	Al McKinnon
Jackie Butler	Joseph Melaro
Russell Clayton	John Allen Moore
Tim Crowe	Robert Richardson
Jerry Emerson	Barry Smith
Sandra Highers	Tierra Thaxton
Barry Hutcherson	John Welch
Diane Jordan	

### **Board of Education**

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

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## **FINANCIAL SECTION**

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

**INDEPENDENT AUDITOR'S REPORT**

November 29, 2011

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, 2011, 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 a significant portion of 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 and the aggregate remaining fund information financial statements referred to above do not include amounts for the Chester County

Emergency Communications District and a significant portion of 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 the 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 a significant portion of the Chester County Library as discussed in the preceding paragraph, the financial statements referred to above present fairly, in all material respects, the financial position of the aggregate discretely presented component units and the aggregate remaining fund information of Chester County, Tennessee, as of June 30, 2011, and the results of operations of the aggregate discretely presented component units and the aggregate remaining fund information, for the year then ended, in conformity with accounting principles generally accepted in the United States of America.

Additionally, in our opinion, based on our audit, 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, 2011, 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 November 29, 2011, 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.

As described in Note V.B., Chester County has adopted the provisions of Governmental Accounting Standards Board Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions*, which became effective for the year ended June 30, 2011.

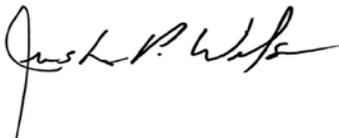
Management has omitted the management's discussion and analysis that accounting principles generally accepted in the United States of America require to be presented to supplement the basic financial statements. Such missing information, although not a part of the basic financial statements, is required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

Accounting principles generally accepted in the United States of America require that the budgetary comparison, pension, and other postemployment benefits information on pages 55 through 60 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of

financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise Chester County's financial statements as a whole. The introductory section, combining and individual nonmajor fund financial statements, budgetary comparison schedules of nonmajor governmental funds, combining and individual fund financial statements of the Chester County School Department (a discretely presented component unit), and miscellaneous schedules are presented for purposes of additional analysis and are not a required part of the financial statements. The combining and individual nonmajor fund financial statements, budgetary comparison schedules of nonmajor governmental funds, combining and individual fund financial statements of the Chester County School Department (a discretely presented component unit), and the miscellaneous schedules are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole. The introductory section has not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on it.

Very truly yours,

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

Justin P. Wilson  
Comptroller of the Treasury

JPW/sb

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# BASIC FINANCIAL STATEMENTS

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Exhibit A

Chester County, Tennessee  
Statement of Net Assets  
June 30, 2011

	<u>Primary Government Governmental Activities</u>	<u>Component Unit Chester County School Department</u>
<u>ASSETS</u>		
Cash	\$ 352	\$ 0
Equity in Pooled Cash and Investments	3,091,080	4,446,450
Accounts Receivable	121,345	6,450
Due from Other Governments	669,731	860,710
Property Taxes Receivable	2,602,264	1,363,470
Allowance for Uncollectible Property Taxes	(89,674)	(52,812)
Deferred Charges - Debt Issuance Cost	280,240	0
Capital Assets:		
Assets Not Depreciated:		
Land	2,888,275	414,252
Assets Net of Accumulated Depreciation:		
Buildings and Improvements	10,189,293	8,348,036
Infrastructure	832,151	0
Other Capital Assets	1,548,266	2,119,816
Total Assets	<u>\$ 22,133,323</u>	<u>\$ 17,506,372</u>
<u>LIABILITIES</u>		
Accounts Payable	\$ 1,750	\$ 11,409
Payroll Deductions Payable	4,240	4,061
Contracts Payable	146,221	0
Accrued Interest Payable	67,742	0
Other Current Liabilities	283	0
Deferred Revenue - Current Property Taxes	2,388,562	1,228,279
Noncurrent Liabilities:		
Due Within One Year	792,808	0
Due in More Than One Year (net of unamortized premium on debt)	12,188,677	256,562
Total Liabilities	<u>\$ 15,590,283</u>	<u>\$ 1,500,311</u>
<u>NET ASSETS</u>		
Invested in Capital Assets, Net of Related Debt	\$ 5,800,807	\$ 0
Invested in Capital Assets	0	10,882,104
Restricted for:		
Debt Service	394,503	0
Solid Waste/Sanitation	414,793	0
Highway/Public Works	1,035,495	0
Drug Control	357,539	0
Capital Projects	216,473	539,915
Federal Projects	0	244,892
Food Service	0	359,359
Other Purposes	38,179	6,473
Unrestricted	<u>(1,714,749)</u>	<u>3,973,318</u>
Total Net Assets	<u>\$ 6,543,040</u>	<u>\$ 16,006,061</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, 2011

Functions/Programs	Program Revenues					Net (Expense) Revenue and Changes in Net Assets		Component Unit
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Government			
					Total Governmental Activities	Chester County School Department		
Primary Government:								
Governmental Activities:								
General Government	\$ 738,104	\$ 68,195	\$ 75,598	\$ 0	\$ (594,311)	\$ 0	0	
Finance	654,755	341,513	0	0	(313,242)	0	0	
Administration of Justice	833,246	707,568	18,000	0	(107,678)	0	0	
Public Safety	3,537,829	321,971	327,475	0	(2,888,383)	0	0	
Public Health and Welfare	1,135,361	841,402	199,991	0	(93,968)	0	0	
Social, Cultural, and Recreational Services	151,449	1,157	0	0	(150,292)	0	0	
Agriculture and Natural Resources	95,393	0	21,178	0	(74,215)	0	0	
Other Operations	166,006	0	0	0	(166,006)	0	0	
Highways/Public Works	1,880,832	39,558	1,834,707	107,330	100,763	0	0	
Interest on Long-term Debt	574,699	0	0	0	(574,699)	0	0	
Other Debt Service	29,090	0	0	0	(29,090)	0	0	
Total Primary Government	\$ 9,796,764	\$ 2,321,364	\$ 2,476,949	\$ 107,330	\$ (4,891,121)	\$ 0	0	
Component Unit:								
Chester County School Department	\$ 19,979,882	\$ 478,216	\$ 3,143,894	\$ 21,474	\$ 0	\$ (16,336,298)		
Total Component Unit	\$ 19,979,882	\$ 478,216	\$ 3,143,894	\$ 21,474	\$ 0	\$ (16,336,298)		

(Continued)

Exhibit B

Chester County, Tennessee  
Statement of Activities (Cont.)

Functions/Programs	Program Revenues			Net (Expense) Revenue and Changes in Net Assets	
	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Primary	Component
				Government Total	Unit
Expenses	Contributions		Governmental Activities	Chester County School Department	
General Revenues:					
Taxes:					
Property Taxes Levied for General Purposes				\$ 2,389,950	\$ 1,773,658
Property Taxes Levied for Debt Service				33,328	0
Local Option Sales Taxes				802,826	731,515
Wheel Tax				755,511	0
Litigation Taxes				59,330	0
Business Tax				99,076	0
Wholesale Beer Tax				54,696	0
Other Local Taxes				8,716	1,085
Grants and Contributions Not Restricted to Specific Programs				360,846	14,282,575
Unrestricted Investment Earnings				39,450	38,665
Miscellaneous				32,430	84,439
Total General Revenues				\$ 4,636,159	\$ 16,911,937
Change in Net Assets				\$ (254,962)	\$ 575,639
Net Assets, July 1, 2010				6,798,002	15,430,422
Net Assets, June 30, 2011				\$ 6,543,040	\$ 16,006,061

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, 2011

	Major Funds		Nonmajor Funds	Total Govern- mental Funds
	General	Highway / Public Works	Other Govern- mental Funds	
<u>ASSETS</u>				
Cash	\$ 0	\$ 0	\$ 352	\$ 352
Equity in Pooled Cash and Investments	1,085,683	702,117	1,303,280	3,091,080
Accounts Receivable	121,327	10	8	121,345
Due from Other Governments	61,739	477,508	130,484	669,731
Due from Other Funds	352	0	730	1,082
Property Taxes Receivable	2,536,528	36,930	28,806	2,602,264
Allowance for Uncollectible Property Taxes	(87,157)	(1,414)	(1,103)	(89,674)
<b>Total Assets</b>	<b>\$ 3,718,472</b>	<b>\$ 1,215,151</b>	<b>\$ 1,462,557</b>	<b>\$ 6,396,180</b>
<u>LIABILITIES AND FUND BALANCES</u>				
<u>Liabilities</u>				
Accounts Payable	\$ 1,458	\$ 0	\$ 292	\$ 1,750
Payroll Deductions Payable	3,278	455	507	4,240
Contracts Payable	0	144,969	1,252	146,221
Due to Other Funds	730	0	352	1,082
Other Current Liabilities	0	283	0	283
Deferred Revenue - Current Property Taxes	2,329,231	33,332	25,999	2,388,562
Deferred Revenue - Delinquent Property Taxes	112,771	2,050	1,600	116,421
Other Deferred Revenues	154,925	347,028	72,305	574,258
<b>Total Liabilities</b>	<b>\$ 2,602,393</b>	<b>\$ 528,117</b>	<b>\$ 102,307</b>	<b>\$ 3,232,817</b>
<u>Fund Balances</u>				
Restricted:				
Restricted for General Government	\$ 2,315	\$ 0	\$ 0	\$ 2,315
Restricted for Administration of Justice	17,135	0	0	17,135
Restricted for Public Safety	6,129	0	357,539	363,668
Restricted for Public Health and Welfare	264,067	0	0	264,067
Restricted for Highways/Public Works	0	623,286	0	623,286
Restricted for Capital Outlay	0	0	188,278	188,278
Restricted for Debt Service	0	0	378,138	378,138
Committed:				
Committed for Public Health and Welfare	0	0	403,547	403,547
Committed for Social, Cultural, and Recreational Services	0	0	1,107	1,107
Committed for Highways/Public Works	0	63,748	0	63,748
Committed for Capital Outlay	0	0	28,195	28,195
Committed for Debt Service	0	0	3,446	3,446
Unassigned	826,433	0	0	826,433
<b>Total Fund Balances</b>	<b>\$ 1,116,079</b>	<b>\$ 687,034</b>	<b>\$ 1,360,250</b>	<b>\$ 3,163,363</b>
<b>Total Liabilities and Fund Balances</b>	<b>\$ 3,718,472</b>	<b>\$ 1,215,151</b>	<b>\$ 1,462,557</b>	<b>\$ 6,396,180</b>

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

Exhibit C-2

Chester County, Tennessee  
Reconciliation of the Balance Sheet of Governmental Funds to the Statement of Net Assets  
June 30, 2011

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)		\$ 3,163,363
(1) Capital assets used in governmental activities are not financial resources and therefore are not reported in the governmental funds.		
Add: land	\$ 2,888,275	
Add: buildings and improvements net of accumulated depreciation	10,189,293	
Add: infrastructure net of accumulated depreciation	832,151	
Add: other capital assets net of accumulated depreciation	<u>1,548,266</u>	15,457,985
(2) Long-term liabilities are not due and payable in the current period and therefore are not reported in the governmental funds.		
Less: bonds payable	\$ (12,685,000)	
Less: capital leases payable	(15,082)	
Add: deferred charges - debt issuance costs	280,240	
Less: compensated absences payable	(617)	
Less: landfill closure/postclosure care costs	(152,156)	
Less: other postemployment benefits liability	(49,129)	
Less: accrued interest on bonds	(67,742)	
Add: deferred amount on refunding	18,002	
Less: other deferred revenue - premium on debt	<u>(97,503)</u>	(12,768,987)
(3) Other long-term assets are not available to pay for current-period expenditures and therefore are deferred in the governmental funds.		<u>690,679</u>
Net assets of governmental activities (Exhibit A)		<u>\$ 6,543,040</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, 2011

	Major Funds		Nonmajor Funds	Total Governmental Funds
	General	Highway / Public Works	Other Govern- mental Funds	
<u>Revenues</u>				
Local Taxes	\$ 2,971,256	\$ 44,790	\$ 1,306,725	\$ 4,322,771
Licenses and Permits	8,012	0	0	8,012
Fines, Forfeitures, and Penalties	75,517	0	431,300	506,817
Charges for Current Services	16,136	0	109,471	125,607
Other Local Revenues	328,687	59,270	572,631	960,588
Fees Received from County Officials	565,261	0	0	565,261
State of Tennessee	288,674	1,446,275	47,110	1,782,059
Federal Government	333,121	154,059	4,020	491,200
Other Governments and Citizens Groups	235,715	0	50,000	285,715
<b>Total Revenues</b>	<b>\$ 4,822,379</b>	<b>\$ 1,704,394</b>	<b>\$ 2,521,257</b>	<b>\$ 9,048,030</b>
<u>Expenditures</u>				
Current:				
General Government	\$ 871,378	\$ 0	\$ 0	\$ 871,378
Finance	640,866	0	0	640,866
Administration of Justice	579,698	0	30,053	609,751
Public Safety	3,081,502	0	144,629	3,226,131
Public Health and Welfare	447,999	0	751,476	1,199,475
Social, Cultural, and Recreational Services	75,875	0	0	75,875
Agriculture and Natural Resources	84,752	0	0	84,752
Other Operations	166,006	0	6,068	172,074
Highways	0	1,842,270	0	1,842,270
Debt Service:				
Principal on Debt	0	0	641,961	641,961
Interest on Debt	0	0	514,019	514,019
Other Debt Service	8,768	0	50,399	59,167
Capital Projects	0	0	433,114	433,114
<b>Total Expenditures</b>	<b>\$ 5,956,844</b>	<b>\$ 1,842,270</b>	<b>\$ 2,571,719</b>	<b>\$ 10,370,833</b>
Excess (Deficiency) of Revenues				
Over Expenditures	\$ (1,134,465)	\$ (137,876)	\$ (50,462)	\$ (1,322,803)

(Continued)

Exhibit C-3

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

	<u>Major Funds</u>		<u>Nonmajor</u>	<u>Total</u>
	<u>General</u>	<u>Highway / Public Works</u>	<u>Funds</u> <u>Other</u> <u>Govern- mental</u> <u>Funds</u>	
<u>Other Financing Sources (Uses)</u>				
Bonds Issued	\$ 360,000	\$ 0	\$ 0	\$ 360,000
Refunding Debt Issued	0	0	1,095,000	1,095,000
Premiums on Debt Issued	6,268	0	57,095	63,363
Insurance Recovery	2,280	34,279	0	36,559
Payments to Refunded Debt Escrow Agent	0	0	(1,229,510)	(1,229,510)
Total Other Financing Sources (Uses)	<u>\$ 368,548</u>	<u>\$ 34,279</u>	<u>\$ (77,415)</u>	<u>\$ 325,412</u>
Net Change in Fund Balances	\$ (765,917)	\$ (103,597)	\$ (127,877)	\$ (997,391)
Fund Balance, July 1, 2010	<u>1,881,996</u>	<u>790,631</u>	<u>1,488,127</u>	<u>4,160,754</u>
Fund Balance, June 30, 2011	<u>\$ 1,116,079</u>	<u>\$ 687,034</u>	<u>\$ 1,360,250</u>	<u>\$ 3,163,363</u>

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, 2011

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)		\$ (997,391)
<p>(1) Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of these assets is allocated over their useful lives and reported as depreciation expense. The difference between capital outlays and depreciation is itemized as follows:</p>		
Add: capital assets purchased in the current period	\$ 762,288	
Less: current-year depreciation expense	<u>(795,071)</u>	(32,783)
<p>(2) The net effect of various miscellaneous transactions involving capital assets (sales, trade-ins, and donations) is to increase net assets.</p>		
Add: assets donated and capitalized	\$ 107,330	
Less: loss on disposal of capital assets	<u>(27,227)</u>	80,103
<p>(3) Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.</p>		
Add: deferred delinquent property taxes and other deferred June 30, 2011	\$ 690,679	
Less: deferred delinquent property taxes and other deferred June 30, 2010	<u>(308,472)</u>	382,207
<p>(4) The issuance of long-term debt (e.g., bonds, notes, other loans, leases) provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net 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.</p>		
Less: refunding bond proceeds	\$ (1,095,000)	
Less: bond proceeds	(360,000)	
Less: change in premium on debt issuances	(59,128)	
Add: change in deferred debt issuance costs	30,314	
Add: principal payments on bonds	605,000	
Add: principal payments on capital leases	9,961	
Add: principal payments on notes	27,000	
Add: payment to refunding agent	1,229,510	
Less: change in deferred amount on refunding debt	<u>(237)</u>	387,420
<p>(5) Some expenses reported in the statement of activities do not require the use of current financial resources and therefore are not reported as expenditures in the governmental funds.</p>		
Change in accrued interest payable	\$ (60,680)	
Change in compensated absences payable	3,601	
Change in other postemployment benefits liability	(17,602)	
Change in landfill closure/postclosure care costs	<u>163</u>	(74,518)
Change in net assets of governmental activities (Exhibit B)		<u>\$ (254,962)</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, 2011

	<u>Agency Funds</u>
<u>ASSETS</u>	
Cash	\$ 331,355
Due from Other Governments	<u>138,338</u>
Total Assets	<u>\$ 469,693</u>
<u>LIABILITIES</u>	
Due to Other Taxing Units	\$ 138,338
Due to Litigants, Heirs, and Others	<u>331,355</u>
Total Liabilities	<u>\$ 469,693</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, 2011**

**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, complete financial statements of the Chester County Library, a special revenue fund, were not available. During the year, the library was in the process of closing its accounts and transferring monies to the county. Transactions of the county's portion of the fund are included in this report; however, financial statements for the remaining library transactions were not available. The component units discussed below are included in the county's reporting entity because of the significance of their operational or financial relationships with the county.

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

The Chester County School Department operates the public school system in the county, and the voters of Chester County elect its board. The School Department is fiscally dependent on the county because it may not issue debt 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 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 in this report, 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 funds financial statements are reported using the economic resources measurement focus, except for agency funds, which have no measurement focus, and the accrual basis of accounting. Revenues are recognized when earned, and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows.

Chester County reports the following major governmental funds:

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

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

Additionally, Chester County reports the following fund types:

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

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

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

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

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

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

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

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

**Private Purpose Trust Fund** – The Private Purpose Trust Fund is used to account for 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.

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

**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; deposit accounts at state and federal chartered banks and savings and loan associations; repurchase agreements; the State Treasurer's Investment Pool; bonds of any state or political subdivision rated A or higher by any nationally recognized rating service; nonconvertible debt securities of certain federal government sponsored enterprises; and the county's own legally issued bonds or notes.

The county trustee maintains a cash and internal investment pool that is used by all funds and the discretely presented Chester County School Department. Each fund's portion of this pool is displayed on the balance sheets or statements of net assets as Equity in Pooled Cash and Investments. Most income from these pooled investments is assigned to the primary government's Solid Waste/Sanitation Fund and the School Department's General Purpose School Fund. Chester County and the School Department have adopted a policy of reporting U.S. Treasury obligations, U.S. agency obligations, and repurchase agreements with maturities of one year or less when purchased on the balance sheet at amortized cost. Certificates of deposit 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 receivables are shown with an allowance for uncollectibles. The allowance for uncollectible property taxes is equal to 1.85 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 and an estimated useful life of more than five years. Capital assets are defined by the discretely presented Chester County School Department as assets with an initial, individual cost of \$10,000 or more and an estimated useful life of more than seven years. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair market value at the date of donation.

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

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

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

<u>Assets</u>	<u>Years</u>
<u>Primary Government</u>	
Buildings and Improvements	30
Other Capital Assets	5 - 15
Infrastructure:	
Roads	10 - 20
Bridges	15 - 30
<u>Discretely Presented Chester County</u>	
<u>School Department</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, other postemployment benefits, and landfill closure/postclosure care costs, are recognized to the extent that the liabilities have matured (come due for payment) each period.

**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.

As of June 30, 2011, Chester County had \$2,610,000 in outstanding debt for capital purposes of the discretely presented Chester County School Department. This debt is a liability of Chester County, but the capital assets acquired are reported in the financial statements of the School Department. Therefore, Chester County has incurred a liability significantly decreasing its unrestricted net assets with no corresponding increase in the county's capital assets.

In the fund financial statements, governmental funds report fund balance in classifications that comprise a hierarchy based primarily on the extent to which the government is bound to honor constraints on

the specific purposes for which amounts in these funds can be spent. These classifications may consist of the following:

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

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

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

Assigned Fund Balance – includes amounts that are constrained by the county’s intent to be used for specific purposes, but are neither restricted nor committed (excluding stabilization arrangements). The county’s Budget Committee and the Board of Education are authorized bodies to make assignments.

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

**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 H-3 includes explanations of the nature of individual elements of items required to reconcile the balance sheet of governmental funds with the government-wide Statement of Net 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 of items 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 H-5 includes explanations of the nature of individual elements of items required to reconcile the net change in fund balances – total governmental funds with the change in net assets of governmental activities reported in the government-wide Statement of Activities.

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

### **Budgetary Information**

Annual budgets are adopted on a basis consistent with generally accepted accounting principles (GAAP) for all governmental funds except the Constitutional Officers – Fees Fund (special revenue fund), which is not budgeted, and the capital projects fund, which adopts project length budgets. Also, the Public Library Fund (special revenue fund) was not budgeted as it was in transition during the year while the library closed its accounts into the county's fund. All annual appropriations lapse at fiscal year end.

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

The budgetary level of control is at the major category level established by the County Uniform Chart of Accounts, as prescribed by the Comptroller of the Treasury of the State of Tennessee. Major categories are at the department level (examples of General Fund major categories: County Commission, Board of Equalization, Budget and Finance Committee, County Mayor, etc.). Management may make revisions within major categories, but only the County Commission may transfer

appropriations between major categories. During the year, several supplementary appropriations were necessary.

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

At June 30, 2011, Chester County and the Chester County School Department reported the following significant encumbrances:

Funds	Description	Amount
Primary Government		
Major Fund:		
Highway	Bridge Repairs	\$ 78,060
School Department:		
Major Fund:		
General Purpose School	School Construction	1,184,897

**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 reflected on the balance sheets or statements of net assets represents nonpooled amounts held separately by individual funds.

**Deposits**

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

covered by the pool are considered to be insured for purposes of credit risk disclosure.

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

**Investments**

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

The county had no pooled and nonpooled investments as of June 30, 2011.

**B. Capital Assets**

Capital assets activity for the year ended June 30, 2011, was as follows:

**Primary Government**

**Governmental Activities:**

	Balance 7-1-10	Increases	Decreases	Balance 6-30-11
Capital Assets Not Depreciated:				
Land	\$ 2,881,945	\$ 6,330	\$ 0	\$ 2,888,275
Total Capital Assets Not Depreciated	\$ 2,881,945	\$ 6,330	\$ 0	\$ 2,888,275

**Governmental Activities (Cont.):**

	Balance 7-1-10	Increases	Decreases	Balance 6-30-11
Capital Assets Depreciated:				
Buildings and				
Improvements	\$ 14,051,068	\$ 58,641	\$ 0	\$ 14,109,709
Infrastructure	1,216,656	107,408	0	1,324,064
Other Capital Assets	4,011,964	697,239	175,260	4,533,943
Total Capital Assets				
Depreciated	<u>\$ 19,279,688</u>	<u>\$ 863,288</u>	<u>\$ 175,260</u>	<u>\$ 19,967,716</u>
Less Accumulated				
Depreciation For:				
Buildings and				
Improvements	\$ 3,496,929	\$ 423,487	\$ 0	\$ 3,920,416
Infrastructure	391,924	99,989	0	491,913
Other Capital Assets	2,862,115	271,595	148,033	2,985,677
Total Accumulated				
Depreciation	<u>\$ 6,750,968</u>	<u>\$ 795,071</u>	<u>\$ 148,033</u>	<u>\$ 7,398,006</u>
Total Capital Assets				
Depreciated, Net	<u>\$ 12,528,720</u>	<u>\$ 68,217</u>	<u>\$ 27,227</u>	<u>\$ 12,569,710</u>
Governmental Activities				
Capital Assets, Net	<u>\$ 15,410,665</u>	<u>\$ 74,547</u>	<u>\$ 27,227</u>	<u>\$ 15,457,985</u>

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

**Governmental Activities:**

General Government	\$ 11,182
Finance	3,441
Administration of Justice	69,612
Public Safety	345,722
Public Health and Welfare	151,677
Social, Cultural, and Recreational Services	35,789
Agriculture and Natural Resources	1,376
Highways	<u>176,272</u>
Total Depreciation Expense - Governmental Activities	<u>\$ 795,071</u>

**Discretely Presented Chester County School Department**

**Governmental Activities:**

	Balance 7-1-10	Increases	Balance 6-30-11
Capital Assets Not Depreciated:			
Land	\$ 414,252	\$ 0	\$ 414,252
Total Capital Assets Not Depreciated	<u>\$ 414,252</u>	<u>\$ 0</u>	<u>\$ 414,252</u>
Capital Assets Depreciated:			
Buildings and Improvements	\$ 16,144,713	\$ 118,657	\$ 16,263,370
Other Capital Assets	4,482,037	204,872	4,686,909
Total Capital Assets Depreciated	<u>\$ 20,626,750</u>	<u>\$ 323,529</u>	<u>\$ 20,950,279</u>
Less Accumulated Depreciation For:			
Buildings and Improvements	\$ 7,569,322	\$ 346,012	\$ 7,915,334
Other Capital Assets	2,171,060	396,033	2,567,093
Total Accumulated Depreciation	<u>\$ 9,740,382</u>	<u>\$ 742,045</u>	<u>\$ 10,482,427</u>
Total Capital Assets Depreciated, Net	<u>\$ 10,886,368</u>	<u>\$ (418,516)</u>	<u>\$ 10,467,852</u>
Governmental Activities Capital Assets, Net	<u>\$ 11,300,620</u>	<u>\$ (418,516)</u>	<u>\$ 10,882,104</u>

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

Instruction	\$ 523,159
Support Services	154,351
Operation of Non-Instructional Services	<u>64,535</u>
Total Depreciation Expense - Governmental Activities	<u><u>\$ 742,045</u></u>

**C. Construction Commitments**

At June 30, 2011, the Highway Department had uncompleted construction contracts of approximately \$78,060 for bridge repairs. Funding has been received for these future expenditures.

At June 30, 2011, the discretely presented Chester County School Department had uncompleted construction contracts of approximately \$1,184,897 for the construction of additional classrooms at one of the schools. Funding has been received for these future expenditures.

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

The composition of interfund balances as of June 30, 2011, was as follows:

**Due to/from Other Funds:**

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>
Primary Government:		
General	Nonmajor governmental	\$ 352
Nonmajor governmental	General	730
Discretely Presented School Department:		
General Purpose School	School Federal Projects	3,237

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

The receivable in the discretely presented School Department's General Purpose School Fund totaling \$3,237 was in transit from the School Federal Projects Fund at June 30, 2011.

**Interfund Transfers:**

Interfund transfers for the year ended June 30, 2011, consisted of the following amount:

**Discretely Presented Chester County School Department**

Transfer Out	<u>Transfer In</u> General Purpose School Fund
School Federal Projects Fund	\$ 4,874

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. Capital Leases**

On November 27, 2007, Chester County entered into a five-year lease-purchase agreement for a backhoe. The terms of the agreement require total lease payments of \$48,353 plus interest of 5.5 percent. Title to the backhoe transfers to Chester County at the end of the lease period. The lease payments are made from the Solid Waste/Sanitation Fund.

The assets acquired through capital leases are as follows:

Asset	Governmental Activities
Machinery and Equipment	\$ 60,000
Less: Accumulated Depreciation	<u>(18,333)</u>
Total Book Value	<u><u>\$ 41,667</u></u>

Future minimum lease payments and the net present value of the minimum lease payments as of June 30, 2011, were as follows:

Year Ending June 30	Governmental Funds
2012	\$ 11,083
2013	<u>4,619</u>
Total Minimum Lease Payments	\$ <u>15,702</u>
Less: Amount Representing Interest	<u>(620)</u>
Present Value of Minimum Lease Payments	<u><u>\$ 15,082</u></u>

**F. 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 are direct obligations and pledge the full faith and credit of the government. General obligation bonds outstanding were issued for original terms of up to 32 years. Repayment terms are generally structured with increasing amounts of principal maturing as interest requirements decrease over the term of the debt. All bonds included in long-term debt as of June 30, 2011, will be retired from the Solid Waste/Sanitation, General Debt Service, and Education Debt Service funds.

General obligation bonds and capital leases outstanding as of June 30, 2011, for governmental activities are as follows:

Type	Interest Rate	Original Amount of Issue	Balance 6-30-11
General Obligation Bonds	2.75 to 5.5%	\$ 9,660,000	\$ 9,360,000
General Obligation Bonds - Refunding	2.75 to 5	4,790,000	3,325,000
Capital Leases	5.5	48,353	15,082

The annual requirements to amortize all general obligation bonds outstanding as of June 30, 2011, including interest payments, are presented in the following table:

Year Ending June 30	Bonds		
	Principal	Interest	Total
2012	\$ 780,000	\$ 533,161	\$ 1,313,161
2013	830,000	497,904	1,327,904
2014	880,000	468,028	1,348,028
2015	915,000	437,553	1,352,553
2016	365,000	405,872	770,872

Year Ending June 30	Bonds (Cont.)		
	Principal	Interest	Total
2017-2021	\$ 1,380,000	\$ 1,843,262	\$ 3,223,262
2022-2026	1,600,000	1,518,560	3,118,560
2027-2031	1,750,000	1,179,005	2,929,005
2032-2036	2,110,000	776,205	2,886,205
2037-2040	2,075,000	251,800	2,326,800
Total	<u>\$ 12,685,000</u>	<u>\$ 7,911,350</u>	<u>\$ 20,596,350</u>

There is \$381,584 available in the debt service funds to service long-term debt. Bonded debt per capita totaled \$740, based on the 2010 federal census. Debt per capita, including bonds and capital leases totaled \$741, based on the 2010 federal census.

#### Changes in Long-term Liabilities

Long-term liability for the year ended June 30, 2011, was as follows:

##### Governmental Activities:

	Bonds	Notes	Capital Leases
Balance, July 1, 2010	\$ 12,900,000	\$ 174,000	\$ 25,043
Additions	1,455,000	0	0
Deductions	(1,670,000)	(174,000)	(9,961)
Balance, June 30, 2011	<u>\$ 12,685,000</u>	<u>\$ 0</u>	<u>\$ 15,082</u>
Balance Due Within One Year	<u>\$ 780,000</u>	<u>\$ 0</u>	<u>\$ 10,523</u>

	Compensated Absences	Landfill Closure/ Postclosure Care Costs	Other Postemployment Benefits
Balance, July 1, 2010	\$ 4,218	\$ 152,319	\$ 31,527
Additions	10,189	1,506	25,075
Deductions	(13,790)	(1,669)	(7,473)
Balance, June 30, 2011	<u>\$ 617</u>	<u>\$ 152,156</u>	<u>\$ 49,129</u>
Balance Due Within One Year	<u>\$ 617</u>	<u>\$ 1,668</u>	<u>\$ 0</u>

Analysis of Noncurrent Liabilities Presented on Exhibit A:

Total Noncurrent Liabilities, June 30, 2011	\$ 12,901,984
Less: Balance Due Within One Year	(792,808)
Add: Unamortized Premium on Debt	97,503
Less: Deferred Amount on Refunding	<u>(18,002)</u>
Noncurrent Liabilities - Due in More Than One Year - Exhibit A	<u><u>\$ 12,188,677</u></u>

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

Advance Refunding

On March 15, 2011, Chester County advance refunded a capital outlay note and two general obligation bond issues with a separate general obligation bond issue. The county issued \$1,095,000 of general obligation refunding bonds to provide resources to purchase U.S. government securities that were placed in an irrevocable trust to generate resources for all future debt service payments of the refunded debt. As a result, the refunded bonds are considered defeased, and the liability has been removed from the county's long-term debt. As a result of the advance refunding, total debt service payments over the next 12 years will be reduced by \$54,308, and an economic gain (difference between the present value of the debt service payments of the refunded and refunding bonds) of \$48,365 was obtained.

**Discretely Presented Chester County School Department**

Changes in Long-term Liabilities

Long-term liability activity for the discretely presented Chester County School Department for the year ended June 30, 2011, was as follows:

Governmental Activities:	<u>Other Postemployment Benefits</u>
Balance, July 1, 2010	\$ 200,346
Additions	138,476
Deductions	<u>(82,260)</u>
Balance, June 30, 2011	<u><u>\$ 256,562</u></u>
Balance Due Within One Year	<u><u>\$ 0</u></u>

**G. Pledges of Future Revenues**

**Local Option Sales Tax Revenues Pledged**

In 1995, the citizens of Chester County voted to increase the local option sales tax rate from two and one-fourth to two and three-fourths percent. Chester County, the City of Henderson, and the Chester County School Department have pledged their additional sales tax collections generated from the one-half percent increase to repay \$7.5 million in general obligation bonds issued in June 1995 to finance the construction of new school buildings. The bonds are also guaranteed by the county in the event the additional sales tax revenues are insufficient to meet the debt service requirements on the bonds. Total principal and interest requirements for the bonds are \$2,847,571, payable semiannually through May 2016. For the current year, principal and interest paid and sales tax revenues generated by the increase were \$601,661, and \$658, 431, respectively.

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

The State of Tennessee pays health insurance premiums for retired teachers on-behalf of the Chester County School Department. These payments are made by the state to the Local Education Group Insurance Plan and the Medicare Supplement Plan. Both of these plans are administered by the State of Tennessee and reported in the state’s Comprehensive Annual Financial Report. Payments by the state to the Local Education Group Insurance Plan and the Medicare Supplement Plan for the year ended June 30, 2011, were \$17,906 and \$10,341, respectively. The School Department has recognized these on-behalf payments as revenues and expenditures in the General Purpose School Fund.

**V. OTHER INFORMATION**

**A. Risk Management**

**Primary Government**

**Employee Health Insurance**

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

losses by this fund. The state statute provides for the LGGIF to be self-sustaining through member premiums.

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

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

#### Discretely Presented Chester County School Department

##### Employee Health Insurance

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

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

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

#### **B. Accounting Change**

Provisions of Governmental Accounting Standards Board (GASB) Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions* became effective for the year ended June 30, 2011.

GASB Statement No. 54 establishes fund balance classifications that comprise a hierarchy based primarily on the extent to which a government is bound to observe constraints imposed upon the use of the resources reported in governmental funds. These classifications include nonspendable, restricted, committed, assigned, and unassigned and are based on the relative strength of the constraints that control how specific amounts can be

spent. Also, Statement No. 54 clarified the definitions of the General Fund and the special revenue, capital projects, debt service, and permanent fund types. Chester County and the Chester County School Department have implemented provisions of this statement in the financial statements of this report for their governmental funds.

**C. Contingent Liabilities**

The county is involved in several pending lawsuits. The county attorney and management estimate that the potential claims against the county not covered by insurance resulting from such litigation would not materially affect the county's financial statements.

**D. Changes in Administration**

On August 31, 2010, Troy Kilzer left the Office of County Mayor and was succeeded by Dwain Seaton, and Elbert Carnell left the Office of Road Supervisor and was succeeded by Jerry King. On September 30, 2010, John Pipkin left the Office of Director of Schools and was succeeded by Cherrie Pipkin.

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

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

State and federal laws and regulations require the city and county to place a final cover on their sanitary landfill site when it stops accepting waste and to perform certain maintenance and monitoring functions at the site for 30 years after closure. Although closure and postclosure care costs will be paid only near or after the date that the landfill stops accepting waste, the city and county report portions of these closure and postclosure care costs as an operating expense in each period based on landfill capacity used as of each balance sheet date. Chester County and the City of Henderson closed their sanitary landfill in 1997. Chester County and the City of Henderson each verbally agreed to pay 50 percent of the postclosure costs. The \$152,156 reported as postclosure care liability at June 30, 2011, represents 50 percent of the county's share based on what it would cost to perform all postclosure care in 2011. Actual costs may be higher due to inflation, changes in technology, or changes in regulations.

## **F. Retirement Commitments**

### **Plan Description**

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

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

### **Funding Policy**

Chester County requires employees to contribute five percent of their earnable compensation to the plan. The county is required to contribute at an actuarially determined rate; the rate for the fiscal year ended June 30, 2011, was 7.45 percent of annual covered payroll. The contribution requirement of plan members is set by state statute. The contribution requirement for the county is established and may be amended by the TCRS Board of Trustees.

### **Annual Pension Cost**

For the year ended June 30, 2011, the county's annual pension cost of \$486,064 to TCRS was equal to the county's required and actual contributions. The required contribution was determined as part of the July 1, 2009, 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 2.5 percent annually. The actuarial value of assets was determined using techniques that smooth the effect of short-term volatility in the market value of total investments over a ten-year period. The county's unfunded actuarial accrued liability is being amortized as a level dollar amount on a closed basis. The remaining amortization period at July 1, 2009, was 11 years. An actuarial valuation was performed as of July 1, 2009, which established contribution rates effective July 1, 2010.

### Trend Information

Fiscal Year Ended	Annual Pension Cost (APC)	Percentage of APC Contributed	Net Pension Obligation
6-30-11	\$486,064	100%	\$0
6-30-10	449,896	100	0
6-30-09	422,135	100	0

### Funded Status and Funding Progress

As of July 1, 2009, the most recent actuarial valuation date, the plan was 87.51 percent funded. The actuarial accrued liability for benefits was \$13 million, and the actuarial value of assets was \$11 million, resulting in an unfunded actuarial accrued liability (UAAL) of \$2 million. The covered payroll (annual payroll of active employees covered by the plan) was \$6 million, and the ratio of the UAAL to the covered payroll was 20.04 percent.

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

The annual required contribution was calculated using the aggregate actuarial cost method. Since the aggregate actuarial cost method does not identify or separately amortize unfunded actuarial liabilities, information about funded status and funding progress has been prepared using the entry age actuarial cost method for that purpose, and this information is intended to serve as a surrogate for the funded status and funding progress of the plan.

## 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. Cost of living adjustments (COLA) are provided to retirees each July based on the percentage change in the Consumer Price Index (CPI) during the previous calendar year. No COLA is granted if the CPI increases less than one-half percent. The annual COLA is capped at three percent.

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

### **Funding Policy**

Most teachers are required by state statute to contribute five percent of their salaries to the plan. The employer contribution rate for the School Department is established at an actuarially determined rate. The employer rate for the fiscal year ended June 30, 2011, was 9.05 percent of annual covered payroll. The employer contribution requirement for the School Department is established and may be amended by the TCRS Board of Trustees. The employer's contributions to TCRS for the years ended June 30, 2011, 2010, and 2009, were \$755,346, \$530,499, and \$516,837, respectively, equal to the required contributions for each year.

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

Plan Description

Chester County and the School Department participate in the state-administered Local Government Group Insurance Plan and the Local Education Group Insurance Plan for healthcare benefits. For accounting purposes, the plans are agent multiple-employer defined benefit OPEB plans. Benefits are established and amended by an insurance committee created by Section 8-27-207, *Tennessee Code Annotated (TCA)*, for local governments and Section 8-27-302, *TCA*, for local education employees. In previous fiscal years, prior to reaching the age of 65, all members had the option of choosing a preferred provider organization (PPO), point of service (POS), or health maintenance organization (HMO) plan for healthcare benefits. However, as of January 1, 2010, the insurance plan structure was changed and as a result all members now have the option of choosing between the standard or partnership preferred provider organization (PPO) plan for healthcare benefits. Subsequent to age 65, members who are also in the state's retirement system may participate in a state-administered Medicare Supplement Plan that does not include pharmacy. The plans are reported in the State of Tennessee Comprehensive Annual Financial Report (CAFR). The CAFR is available on the state's website at <http://tn.gov/finance/act/cafr.html>.

Funding Policy

The premium requirements of the plan members are established and may be amended by the insurance committee. The plans are self-insured and financed on a pay-as-you-go basis with the risk shared equally among the participants. Claims liabilities of the plan are periodically computed using actuarial and statistical techniques to establish premium rates. The employers in each plan develop a contribution policy in terms of subsidizing active employees or retired employees' premiums since the committee is not prescriptive on that issue. The state does not provide a subsidy for local government participants; however, the state does provide a partial subsidy to Local Education Agency pre-65 teachers and a full subsidy based on years of service for post-65 teachers in the Medicare Supplement Plan. During the year ended June 30, 2011, Chester County and the discretely presented Chester County School Department contributed \$7,473 and \$82,260, respectively, for postemployment benefits.

Annual OPEB Cost and Net OPEB Obligation

	Local Education Group Plan	Local Government Group Plan
ARC	\$ 138,000	\$ 25,000
Interest on the NPO	9,016	1,419
Adjustment to the ARC	(8,540)	(1,344)
Annual OPEB cost	\$ 138,476	\$ 25,075
Less: Amount of contribution	(82,260)	(7,473)
Increase/decrease in NPO	\$ 56,216	\$ 17,602
Net OPEB obligation, 7-1-10	200,346	31,527
Net OPEB obligation, 6-30-11	\$ 256,562	\$ 49,129

Fiscal Year Ended	Plan	Annual OPEB Cost	Percentage of Annual OPEB Cost Contributed	Net OPEB Obligation at Year End
6-30-09	Local Education Group	\$ 128,572	39%	\$ 148,849
6-30-10	"	132,353	61	200,346
6-30-11	"	138,476	59	256,562
6-30-09	Local Government Group	14,905	55	14,076
6-30-10	"	24,033	27	31,527
6-30-11	"	25,075	30	49,129

Funded Status and Funding Progress

The funded status of the plan as of July 1, 2010, was as follows:

	Local Education Group Plan	Local Government Group Plan
Actuarial valuation date	7-1-10	7-1-10
Actuarial accrued liability (AAL)	\$ 1,170,000	\$ 170,000
Actuarial value of plan assets	\$ 0	\$ 0
Unfunded actuarial accrued liability (UAAL)	\$ 1,170,000	\$ 170,000
Actuarial value of assets as a % of the AAL	0%	0%
Covered payroll (active plan members)	\$ 11,112,346	\$ 2,695,251
UAAL as a % of covered payroll	11%	6%

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

#### Actuarial Methods and Assumptions

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

In the July 1, 2010, actuarial valuation for the Local Education Plan, the projected unit credit actuarial cost method was used and the actuarial assumptions included a 4.5 percent investment rate of return (net of administrative expenses) and an annual healthcare cost trend rate of ten percent for fiscal year 2011. The trend will decrease to 9.5 percent in fiscal year 2012 and then will be reduced by decrements to an ultimate rate of five percent by fiscal year 2021. The annual healthcare cost trend rate for the Local Government Plan was ten percent for fiscal year 2011. The trend will decrease to 9.5 percent in fiscal year 2012 and then will be reduced by decrements to an ultimate rate of five percent by fiscal year 2021. Both rates include a three percent inflation assumption. The unfunded actuarial accrued liability is being amortized as a level percentage of payroll on a closed basis over a 30-year period beginning with June 30, 2008.

#### **H. Purchasing Laws**

##### Office of County Mayor

Purchasing procedures for the Office of County Mayor are governed by the County Purchasing Law of 1983, Sections 5-14-201 through 5-14-206, *Tennessee Code Annotated (TCA)*. This act provides for all purchases exceeding \$10,000, excluding emergency purchases, to be made based on competitive bids solicited through newspaper advertisement.

Office of Road Supervisor

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

Office of Director of Schools

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

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**REQUIRED SUPPLEMENTARY  
INFORMATION**

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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, 2011

	Actual	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
		Original	Final	
<u>Revenues</u>				
Local Taxes	\$ 2,971,256	\$ 2,781,900	\$ 2,781,900	\$ 189,356
Licenses and Permits	8,012	20,000	20,000	(11,988)
Fines, Forfeitures, and Penalties	75,517	80,900	80,900	(5,383)
Charges for Current Services	16,136	13,750	13,750	2,386
Other Local Revenues	328,687	430,650	500,684	(171,997)
Fees Received from County Officials	565,261	573,000	573,000	(7,739)
State of Tennessee	288,674	398,580	398,580	(109,906)
Federal Government	333,121	48,000	346,394	(13,273)
Other Governments and Citizens Groups	235,715	234,000	234,000	1,715
<b>Total Revenues</b>	<b>\$ 4,822,379</b>	<b>\$ 4,580,780</b>	<b>\$ 4,949,208</b>	<b>\$ (126,829)</b>
<u>Expenditures</u>				
<u>General Government</u>				
County Commission	\$ 20,241	\$ 25,800	\$ 25,800	\$ 5,559
Board of Equalization	550	1,615	1,615	1,065
Budget and Finance Committee	1,615	2,153	2,153	538
County Mayor/Executive	134,553	137,976	137,976	3,423
County Attorney	29,742	8,500	29,742	0
Election Commission	156,639	159,512	159,513	2,874
Register of Deeds	131,892	133,626	133,626	1,734
County Buildings	342,309	316,066	347,804	5,495
Other Facilities	16,985	18,200	23,790	6,805
Other General Administration	36,852	46,200	46,200	9,348
<u>Finance</u>				
Accounting and Budgeting	88,701	86,540	89,140	439
Property Assessor's Office	170,903	171,323	171,323	420
Reappraisal Program	11,175	15,078	15,078	3,903
County Trustee's Office	170,287	170,074	170,413	126
County Clerk's Office	195,138	203,187	202,848	7,710
Other Finance	4,662	5,000	5,000	338
<u>Administration of Justice</u>				
Circuit Court	255,368	387,795	257,412	2,044
General Sessions Court	103,601	108,278	108,278	4,677
Chancery Court	191,092	194,326	194,326	3,234
Juvenile Court	29,637	34,626	34,626	4,989
<u>Public Safety</u>				
Sheriff's Department	1,350,519	1,393,586	1,393,586	43,067
Jail	1,093,116	1,050,065	1,110,065	16,949
Juvenile Services	68,779	64,914	69,499	720
Fire Prevention and Control	464,384	112,274	467,794	3,410
Civil Defense	79,749	58,656	80,254	505
Rescue Squad	6,700	6,700	6,700	0
County Coroner/Medical Examiner	18,255	7,000	18,255	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</u>				
Local Health Center	\$ 45,522	\$ 63,347	\$ 63,347	\$ 17,825
Ambulance/Emergency Medical Services	236,067	245,113	240,528	4,461
Nursing Home	118,519	1,500	119,000	481
Alcohol and Drug Programs	0	2,000	2,000	2,000
Other Local Health Services	14,846	1,500	14,847	1
Regional Mental Health Center	10,000	23,000	10,000	0
Sanitation Education/Information	23,045	30,298	30,298	7,253
<u>Social, Cultural, and Recreational Services</u>				
Libraries	60,109	62,979	62,979	2,870
Other Social, Cultural, and Recreational	15,766	30,767	30,420	14,654
<u>Agriculture and Natural Resources</u>				
Agriculture Extension Service	40,712	40,545	40,721	9
Soil Conservation	36,140	46,406	46,230	10,090
Flood Control	7,900	7,900	7,900	0
<u>Other Operations</u>				
Industrial Development	15,000	15,000	15,000	0
Veterans' Services	20,572	20,637	20,637	65
Employee Benefits	5,196	3,800	5,196	0
Miscellaneous	125,238	61,500	208,965	83,727
<u>Other Debt Service</u>				
General Government	8,768	0	8,768	0
Total Expenditures	<u>\$ 5,956,844</u>	<u>\$ 5,575,362</u>	<u>\$ 6,229,652</u>	<u>\$ 272,808</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>\$ (1,134,465)</u>	<u>\$ (994,582)</u>	<u>\$ (1,280,444)</u>	<u>\$ 145,979</u>
<u>Other Financing Sources (Uses)</u>				
Bonds Issued	\$ 360,000	\$ 0	\$ 360,000	\$ 0
Premiums on Debt Issued	6,268	0	6,268	0
Insurance Recovery	2,280	0	0	2,280
Transfers In	0	262,680	262,680	(262,680)
Total Other Financing Sources (Uses)	<u>\$ 368,548</u>	<u>\$ 262,680</u>	<u>\$ 628,948</u>	<u>\$ (260,400)</u>
Net Change in Fund Balance	<u>\$ (765,917)</u>	<u>\$ (731,902)</u>	<u>\$ (651,496)</u>	<u>\$ (114,421)</u>
Fund Balance, July 1, 2010	<u>1,881,996</u>	<u>1,742,640</u>	<u>1,742,640</u>	<u>139,356</u>
Fund Balance, June 30, 2011	<u>\$ 1,116,079</u>	<u>\$ 1,010,738</u>	<u>\$ 1,091,144</u>	<u>\$ 24,935</u>

Exhibit E-2

Chester County, Tennessee  
Schedule of Revenues, Expenditures, and Changes  
in Fund Balance - Actual (Budgetary Basis) and Budget  
Highway/Public Works Fund  
For the Year Ended June 30, 2011

	Actual (GAAP Basis)	Add: Encumbrances 6/30/2011	Actual Revenues/ Expenditures (Budgetary Basis)	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
				Original	Final	
<u>Revenues</u>						
Local Taxes	\$ 44,790	\$ 0	\$ 44,790	\$ 42,410	\$ 42,410	\$ 2,380
Other Local Revenues	59,270	0	59,270	41,106	41,106	18,164
State of Tennessee	1,446,275	0	1,446,275	2,247,792	2,247,792	(801,517)
Federal Government	154,059	0	154,059	0	0	154,059
Total Revenues	\$ 1,704,394	\$ 0	\$ 1,704,394	\$ 2,331,308	\$ 2,331,308	\$ (626,914)
<u>Expenditures</u>						
<u>Highways</u>						
Administration	\$ 152,877	\$ 0	\$ 152,877	\$ 163,315	\$ 163,315	\$ 10,438
Highway and Bridge Maintenance	813,656	0	813,656	944,250	944,250	130,594
Operation and Maintenance of Equipment	320,275	0	320,275	272,500	341,500	21,225
Other Charges	74,139	0	74,139	74,700	74,700	561
Employee Benefits	214,106	0	214,106	242,000	242,000	27,894
Capital Outlay	267,217	78,060	345,277	1,334,543	1,265,543	920,266
Total Expenditures	\$ 1,842,270	\$ 78,060	\$ 1,920,330	\$ 3,031,308	\$ 3,031,308	\$ 1,110,978
Excess (Deficiency) of Revenues Over Expenditures	\$ (137,876)	\$ (78,060)	\$ (215,936)	\$ (700,000)	\$ (700,000)	\$ 484,064
<u>Other Financing Sources (Uses)</u>						
Insurance Recovery	\$ 34,279	\$ 0	\$ 34,279	\$ 0	\$ 0	\$ 34,279
Total Other Financing Sources (Uses)	\$ 34,279	\$ 0	\$ 34,279	\$ 0	\$ 0	\$ 34,279
Net Change in Fund Balance Fund Balance, July 1, 2010	\$ (103,597)	\$ (78,060)	\$ (181,657)	\$ (700,000)	\$ (700,000)	\$ 518,343
Fund Balance, July 1, 2010	790,631	0	790,631	700,000	700,000	90,631
Fund Balance, June 30, 2011	\$ 687,034	\$ (78,060)	\$ 608,974	\$ 0	\$ 0	\$ 608,974

Exhibit E-3

Chester County, Tennessee  
Schedule of Funding Progress – Pension Plan  
Primary Government and Discretely Presented Chester County School Department  
June 30, 2011

(Dollar amounts in thousands)

Actuarial Valuation Date	Actuarial Value of Plan Assets (a)	Actuarial Accrued Liability (AAL) Entry Age (b)	Unfunded AAL (UAAL) (b)-(a)	Funded Ratio (a/b)	Covered Payroll (c)	UAAL as a Percentage of Covered Payroll ((b-a)/c)
7-1-07	\$ 10,591	\$ 11,741	\$ 1,150	90.21 %	\$ 4,821	23.85 %
7-1-09	11,479	13,118	1,638	87.51	5,641	29.04

The Governmental Accounting Standards Board requires the plan to prepare the Schedule of Funding Progress using the frozen entry age actuarial cost method. The requirement to present the Schedule of Funding Progress using the frozen entry age actuarial cost method was a change made during the year of the 2007 actuarial valuation; therefore, only the two most recent valuations are presented.

Exhibit E-4

Chester County, Tennessee  
Schedule of Funding Progress – Other Postemployment Benefits Plans  
Primary Government and Discretely Presented Chester County School Department  
June 30, 2011

(Dollar amounts in thousands)

Plans	Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) (b)	Unfunded AAL (UAAL) (b)-(a)	Funded Ratio (a/b)	Covered Payroll (c)	UAAL as a Percentage of Covered Payroll ((b-a)/c)
<u>PRIMARY GOVERNMENT</u>							
Local Government Group	7-1-07	\$ 0	\$ 131	\$ 131	0 %	\$ 1,862	7 %
"	7-1-09	0	157	157	0	2,640	6
"	7-1-10	0	170	170	0	2,695	6
<u>DISCRETELY PRESENTED CHESTER COUNTY SCHOOL DEPARTMENT</u>							
Local Education Group	7-1-07	0	1,136	1,136	0	8,157	14
"	7-1-09	0	1,123	1,123	0	8,294	14
"	7-1-10	0	1,170	1,170	0	11,112	11

**CHESTER COUNTY, TENNESSEE**  
**NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION**  
**For the Year Ended June 30, 2011**

**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 County Uniform Chart of Accounts, as prescribed by the Comptroller of the Treasury of the State of Tennessee. Major categories are at the department level (examples of General Fund major categories: County Commission, Board of Equalization, Budget and Finance Committee, County Mayor, etc.). Management may make revisions within major categories, but only the 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.

At June 30, 2011, Chester County reported the following significant encumbrances in the Highway/Public Works Fund:

<u>Fund</u>	<u>Description</u>	<u>Amount</u>
Highway/Public Works	Bridge Repairs	\$ 78,060

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

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# Nonmajor Governmental Funds

## Special Revenue Funds

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

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Public Library Fund – Prior to this year, the Public Library Fund was used to account for transactions of the Chester County Public Library, which were audited by other auditors. During the current year, the library was in the process of closing its accounts and transferring its monies to the county trustee. Transactions of the county’s portion of the library fund are included in this report; however, financial statements for the remaining library fund’s transactions were not available from other auditors as of the date of this report.

Solid Waste/Sanitation Fund – The Solid Waste/Sanitation Fund is used to account for transactions involving solid waste collection.

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

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

## Debt Service Funds

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

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

## **Debt Service Funds (Cont.)**

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

## **Capital Projects Fund**

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

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

Chester County, Tennessee  
Combining Balance Sheet  
Nonmajor Governmental Funds  
June 30, 2011

	Special Revenue Funds				
	Public Library	Solid Waste / Sanitation	Drug Control	Constitutional Officers - Fees	Total
\$	0 \$	0 \$	0 \$	352 \$	352
Equity in Pooled Cash and Investments	1,107	398,852	358,046	0	758,005
Accounts Receivable	0	0	0	0	0
Due from Other Governments	0	15,503	0	0	15,503
Due from Other Funds	0	730	0	0	730
Property Taxes Receivable	0	0	0	0	0
Allowance for Uncollectible Property Taxes	0	0	0	0	0
Total Assets	\$ 1,107	\$ 415,085	\$ 358,046	\$ 352	\$ 774,590

ASSETS

Cash	0
Equity in Pooled Cash and Investments	1,107
Accounts Receivable	0
Due from Other Governments	15,503
Due from Other Funds	730
Property Taxes Receivable	0
Allowance for Uncollectible Property Taxes	0
Total Assets	\$ 774,590

LIABILITIES AND FUND BALANCES

Accounts Payable	0	292	0	0	292
Payroll Deductions Payable	0	0	507	0	507
Contracts Payable	0	0	0	0	0
Due to Other Funds	0	0	0	352	352
Deferred Revenue - Current Property Taxes	0	0	0	0	0
Deferred Revenue - Delinquent Property Taxes	0	0	0	0	0
Other Deferred Revenues	0	11,246	0	0	11,246
Total Liabilities	\$ 0	\$ 11,538	\$ 507	\$ 352	\$ 12,397
Fund Balances					
Restricted:					
Restricted for Public Safety	0	0	357,539	0	357,539
Restricted for Capital Outlay	0	0	0	0	0
Restricted for Debt Service	0	0	0	0	0

(Continued)

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

	Special Revenue Funds					Total
	Public Library	Solid Waste / Sanitation	Drug Control	Constitutional Officers - Fees		
\$	0	403,547	0	0	0	403,547
	1,107	0	0	0	0	1,107
	0	0	0	0	0	0
	0	0	0	0	0	0
<u>\$</u>	<u>1,107</u>	<u>403,547</u>	<u>357,539</u>	<u>0</u>	<u>0</u>	<u>762,193</u>
\$	1,107	415,085	358,046	352		774,590

LIABILITIES AND FUND BALANCES (CONT.)

Fund Balances (Cont.)

Committed:
Committed for Public Health and Welfare
Committed for Social, Cultural, and Recreational Services
Committed for Capital Outlay
Committed for Debt Service
Total Fund Balances
Total Liabilities and Fund Balances

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

	Debt Service Funds			Capital Projects Fund		Total Nonmajor Governmental Funds
	General Debt Service	Education Debt Service	Total	General Capital Projects		
\$	0	0	0	0	0	352
Equity in Pooled Cash and Investments	40,653	286,897	327,550	217,725		1,303,280
Accounts Receivable	8	0	8	0		8
Due from Other Governments	0	114,981	114,981	0		130,484
Due from Other Funds	0	0	0	0		730
Property Taxes Receivable	28,806	0	28,806	0		28,806
Allowance for Uncollectible Property Taxes	(1,103)	0	(1,103)	0		(1,103)
Total Assets	\$ 68,364	\$ 401,878	\$ 470,242	\$ 217,725	\$	1,462,557

ASSETS

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

LIABILITIES AND FUND BALANCES

<u>Liabilities</u>					
Accounts Payable	0	0	0	0	292
Payroll Deductions Payable	0	0	0	0	507
Contracts Payable	0	0	0	1,252	1,252
Due to Other Funds	0	0	0	0	352
Deferred Revenue - Current Property Taxes	25,999	0	25,999	0	25,999
Deferred Revenue - Delinquent Property Taxes	1,600	0	1,600	0	1,600
Other Deferred Revenues	0	61,059	61,059	0	72,305
Total Liabilities	\$ 27,599	\$ 61,059	\$ 88,658	\$ 1,252	\$ 102,307
<u>Fund Balances</u>					
Restricted:					
Restricted for Public Safety	0	0	0	0	357,539
Restricted for Capital Outlay	0	0	0	188,278	188,278
Restricted for Debt Service	37,319	340,819	378,138	0	378,138

(Continued)

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

	Debt Service Funds			Capital Projects Fund		Total Nonmajor Governmental Funds
	General Debt Service	Education Debt Service	Total	General Capital Projects	Fund	
\$	0	0	0	0	0	403,547
	0	0	0	0	0	1,107
	0	0	0	28,195	0	28,195
	3,446	0	3,446	0	0	3,446
\$	40,765	340,819	381,584	216,473	\$	1,360,250
\$	68,364	401,878	470,242	\$	217,725	\$ 1,462,557

LIABILITIES AND FUND BALANCES (CONT.)

Fund Balances (Cont.)

Committed:	
Committed for Public Health and Welfare	
Committed for Social, Cultural, and Recreational Services	
Committed for Capital Outlay	
Committed for Debt Service	
Total Fund Balances	
Total Liabilities and Fund Balances	

Exhibit F-2

Chester County, Tennessee  
Combining Statement of Revenues, Expenditures,  
and Changes in Fund Balances  
Nonmajor Governmental Funds  
For the Year Ended June 30, 2011

	Special Revenue Funds					Total
	Public Library	Solid Waste / Sanitation	Drug Control	Constitutional Officers - Fees		
<u>Revenues</u>						
Local Taxes	\$ 0	\$ 122,523	\$ 0	\$ 0	\$ 0	\$ 122,523
Fines, Forfeitures, and Penalties	0	0	431,300	0	0	431,300
Charges for Current Services	1,107	78,311	0	30,053	0	109,471
Other Local Revenues	0	542,351	2,085	0	0	544,436
State of Tennessee	0	45,502	0	0	0	45,502
Federal Government	0	4,020	0	0	0	4,020
Other Governments and Citizens Groups	0	0	0	0	0	0
Total Revenues	\$ 1,107	\$ 792,707	\$ 433,385	\$ 30,053	\$ 0	\$ 1,257,252
<u>Expenditures</u>						
Current:						
Administration of Justice	\$ 0	\$ 0	\$ 0	\$ 30,053	\$ 0	\$ 30,053
Public Safety	0	0	144,629	0	0	144,629
Public Health and Welfare	0	751,476	0	0	0	751,476
Other Operations	0	6,008	60	0	0	6,068
Debt Service:						
Principal on Debt	0	36,961	0	0	0	36,961
Interest on Debt	0	4,202	0	0	0	4,202
Other Debt Service	0	4,756	0	0	0	4,756
Capital Projects	0	0	0	0	0	0
Total Expenditures	\$ 0	\$ 803,403	\$ 144,689	\$ 30,053	\$ 0	\$ 978,145
Excess (Deficiency) of Revenues Over Expenditures	\$ 1,107	\$ (10,696)	\$ 288,696	\$ 0	\$ 0	\$ 279,107
<u>Other Financing Sources (Uses)</u>						
Refunding Debt Issued	\$ 0	\$ 140,000	\$ 0	\$ 0	\$ 0	\$ 140,000
Premiums on Debt Issued	0	11,091	0	0	0	11,091
Payments to Refunded Debt Escrow Agent	0	(148,503)	0	0	0	(148,503)
Total Other Financing Sources (Uses)	\$ 0	\$ 2,588	\$ 0	\$ 0	\$ 0	\$ 2,588
Net Change in Fund Balances	\$ 1,107	\$ (8,108)	\$ 288,696	\$ 0	\$ 0	\$ 281,695
Fund Balance, July 1, 2010	0	411,655	68,843	0	0	480,498
Fund Balance, June 30, 2011	\$ 1,107	\$ 403,547	\$ 357,539	\$ 0	\$ 0	\$ 762,193

(Continued)

Exhibit F-2

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

	Debt Service Funds			Capital Projects Fund		Total Nonmajor Governmental Funds
	General Debt Service	Education Debt Service	Total	General Capital Projects		
<b>Revenues</b>						
Local Taxes	\$ 525,771	\$ 658,431	\$ 1,184,202	\$ 0	\$ 0	\$ 1,306,725
Fines, Forfeitures, and Penalties	0	0	0	0	0	431,300
Charges for Current Services	0	0	0	0	0	109,471
Other Local Revenues	0	0	0	28,195	0	572,631
State of Tennessee	1,608	0	1,608	0	0	47,110
Federal Government	0	0	0	0	4,020	0
Other Governments and Citizens Groups	0	50,000	50,000	0	0	50,000
<b>Total Revenues</b>	<b>\$ 527,379</b>	<b>\$ 708,431</b>	<b>\$ 1,235,810</b>	<b>\$ 28,195</b>	<b>\$ 0</b>	<b>\$ 2,521,257</b>
<b>Expenditures</b>						
Current:						
Administration of Justice	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 30,053
Public Safety	0	0	0	0	0	144,629
Public Health and Welfare	0	0	0	0	0	751,476
Other Operations	0	0	0	0	0	6,068
Debt Service:						
Principal on Debt	100,000	505,000	605,000	0	0	641,961
Interest on Debt	413,156	96,661	509,817	0	0	514,019
Other Debt Service	26,121	19,522	45,643	0	0	50,399
Capital Projects	0	0	0	433,114	0	433,114
<b>Total Expenditures</b>	<b>\$ 539,277</b>	<b>\$ 621,183</b>	<b>\$ 1,160,460</b>	<b>\$ 433,114</b>	<b>\$ 0</b>	<b>\$ 2,571,719</b>
<b>Excess (Deficiency) of Revenues Over Expenditures</b>	<b>\$ (11,898)</b>	<b>\$ 87,248</b>	<b>\$ 75,350</b>	<b>\$ (404,919)</b>	<b>\$ 0</b>	<b>\$ (50,462)</b>
<b>Other Financing Sources (Uses)</b>						
Refunding Debt Issued	\$ 575,000	\$ 380,000	\$ 955,000	\$ 0	\$ 0	\$ 1,095,000
Premiums on Debt Issued	15,170	30,834	46,004	0	0	57,095
Payments to Refunded Debt Escrow Agent	(619,521)	(461,486)	(1,081,007)	0	0	(1,229,510)
<b>Total Other Financing Sources (Uses)</b>	<b>\$ (29,351)</b>	<b>\$ (50,652)</b>	<b>\$ (80,003)</b>	<b>\$ 0</b>	<b>\$ 0</b>	<b>\$ (77,415)</b>
<b>Net Change in Fund Balances</b>	<b>\$ (41,249)</b>	<b>\$ 36,596</b>	<b>\$ (4,653)</b>	<b>\$ (404,919)</b>	<b>\$ 0</b>	<b>\$ (127,877)</b>
<b>Fund Balance, July 1, 2010</b>	<b>82,014</b>	<b>304,223</b>	<b>386,237</b>	<b>621,392</b>	<b>1,488,127</b>	<b>1,488,127</b>
<b>Fund Balance, June 30, 2011</b>	<b>\$ 40,765</b>	<b>\$ 340,819</b>	<b>\$ 381,584</b>	<b>\$ 216,473</b>	<b>\$ 1,360,250</b>	<b>\$ 1,360,250</b>

Exhibit F-3

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, 2011

	Actual	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
		Original	Final	
<u>Revenues</u>				
Local Taxes	\$ 122,523	\$ 127,500	\$ 127,500	\$ (4,977)
Charges for Current Services	78,311	85,500	85,500	(7,189)
Other Local Revenues	542,351	510,000	510,000	32,351
State of Tennessee	45,502	41,200	41,200	4,302
Federal Government	4,020	0	0	4,020
<b>Total Revenues</b>	<b>\$ 792,707</b>	<b>\$ 764,200</b>	<b>\$ 764,200</b>	<b>\$ 28,507</b>
<u>Expenditures</u>				
<u>Public Health and Welfare</u>				
Convenience Centers	\$ 357,783	\$ 383,569	\$ 387,074	\$ 29,291
Recycling Center	115,398	117,851	129,346	13,948
Other Waste Disposal	274,958	288,680	288,680	13,722
Postclosure Care Costs	3,337	5,000	5,000	1,663
<u>Other Operations</u>				
Other Charges	0	6,000	6,000	6,000
Miscellaneous	6,008	10,000	10,000	3,992
<u>Principal on Debt</u>				
General Government	36,961	36,000	36,961	0
<u>Interest on Debt</u>				
General Government	4,202	7,792	4,663	461
<u>Other Debt Service</u>				
General Government	4,756	0	4,756	0
<b>Total Expenditures</b>	<b>\$ 803,403</b>	<b>\$ 854,892</b>	<b>\$ 872,480</b>	<b>\$ 69,077</b>
Excess (Deficiency) of Revenues Over Expenditures	\$ (10,696)	\$ (90,692)	\$ (108,280)	\$ 97,584
<u>Other Financing Sources (Uses)</u>				
Refunding Debt Issued	\$ 140,000	\$ 0	\$ 140,000	\$ 0
Premiums on Debt Issued	11,091	0	11,091	0
Payments to Refunded Debt Escrow Agent	(148,503)	0	(148,503)	0
<b>Total Other Financing Sources (Uses)</b>	<b>\$ 2,588</b>	<b>\$ 0</b>	<b>\$ 2,588</b>	<b>\$ 0</b>
Net Change in Fund Balance	\$ (8,108)	\$ (90,692)	\$ (105,692)	\$ 97,584
Fund Balance, July 1, 2010	411,655	458,905	458,905	(47,250)
<b>Fund Balance, June 30, 2011</b>	<b>\$ 403,547</b>	<b>\$ 368,213</b>	<b>\$ 353,213</b>	<b>\$ 50,334</b>

Exhibit F-4

Chester County, Tennessee  
Schedule of Revenues, Expenditures, and Changes  
in Fund Balance - Actual and Budget  
Drug Control Fund  
For the Year Ended June 30, 2011

	Actual	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
		Original	Final	
<u>Revenues</u>				
Fines, Forfeitures, and Penalties	\$ 431,300	\$ 21,275	\$ 444,030	\$ (12,730)
Other Local Revenues	2,085	1,950	1,950	135
Total Revenues	<u>\$ 433,385</u>	<u>\$ 23,225</u>	<u>\$ 445,980</u>	<u>\$ (12,595)</u>
<u>Expenditures</u>				
<u>Public Safety</u>				
Drug Enforcement	\$ 144,629	\$ 28,200	\$ 169,900	\$ 25,271
<u>Other Operations</u>				
Miscellaneous	60	500	500	440
Total Expenditures	<u>\$ 144,689</u>	<u>\$ 28,700</u>	<u>\$ 170,400</u>	<u>\$ 25,711</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>\$ 288,696</u>	<u>\$ (5,475)</u>	<u>\$ 275,580</u>	<u>\$ 13,116</u>
Net Change in Fund Balance	\$ 288,696	\$ (5,475)	\$ 275,580	\$ 13,116
Fund Balance, July 1, 2010	<u>68,843</u>	<u>57,307</u>	<u>57,307</u>	<u>11,536</u>
Fund Balance, June 30, 2011	<u><u>\$ 357,539</u></u>	<u><u>\$ 51,832</u></u>	<u><u>\$ 332,887</u></u>	<u><u>\$ 24,652</u></u>

Exhibit F-5

Chester County, Tennessee  
Schedule of Revenues, Expenditures, and Changes  
in Fund Balance - Actual and Budget  
General Debt Service Fund  
For the Year Ended June 30, 2011

	Actual	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
		Original	Final	
<u>Revenues</u>				
Local Taxes	\$ 525,771	\$ 528,820	\$ 528,820	\$ (3,049)
State of Tennessee	1,608	1,575	1,575	33
Total Revenues	<u>\$ 527,379</u>	<u>\$ 530,395</u>	<u>\$ 530,395</u>	<u>\$ (3,016)</u>
<u>Expenditures</u>				
<u>Principal on Debt</u>				
General Government	\$ 100,000	\$ 135,000	\$ 100,000	\$ 0
<u>Interest on Debt</u>				
General Government	413,156	425,758	413,156	0
<u>Other Debt Service</u>				
General Government	26,121	7,000	26,124	3
Total Expenditures	<u>\$ 539,277</u>	<u>\$ 567,758</u>	<u>\$ 539,280</u>	<u>\$ 3</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>\$ (11,898)</u>	<u>\$ (37,363)</u>	<u>\$ (8,885)</u>	<u>\$ (3,013)</u>
<u>Other Financing Sources (Uses)</u>				
Refunding Debt Issued	\$ 575,000	0	\$ 575,000	0
Premiums on Debt Issued	15,170	0	15,170	0
Payments to Refunded Debt Escrow Agent	(619,521)	0	(619,521)	0
Total Other Financing Sources (Uses)	<u>\$ (29,351)</u>	<u>\$ 0</u>	<u>\$ (29,351)</u>	<u>\$ 0</u>
Net Change in Fund Balance	\$ (41,249)	\$ (37,363)	\$ (38,236)	\$ (3,013)
Fund Balance, July 1, 2010	82,014	87,779	87,779	(5,765)
Fund Balance, June 30, 2011	<u>\$ 40,765</u>	<u>\$ 50,416</u>	<u>\$ 49,543</u>	<u>\$ (8,778)</u>

Exhibit F-6

Chester County, Tennessee  
Schedule of Revenues, Expenditures, and Changes  
in Fund Balance - Actual and Budget  
Education Debt Service Fund  
For the Year Ended June 30, 2011

	Actual	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
		Original	Final	
<u>Revenues</u>				
Local Taxes	\$ 658,431	\$ 650,000	\$ 650,000	\$ 8,431
Other Governments and Citizens Groups	50,000	0	50,000	0
Total Revenues	<u>\$ 708,431</u>	<u>\$ 650,000</u>	<u>\$ 700,000</u>	<u>\$ 8,431</u>
<u>Expenditures</u>				
<u>Principal on Debt</u>				
Education	\$ 505,000	\$ 560,000	\$ 505,000	\$ 0
<u>Interest on Debt</u>				
Education	96,661	105,510	96,925	264
<u>Other Debt Service</u>				
Education	19,522	10,500	23,433	3,911
Total Expenditures	<u>\$ 621,183</u>	<u>\$ 676,010</u>	<u>\$ 625,358</u>	<u>\$ 4,175</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>\$ 87,248</u>	<u>\$ (26,010)</u>	<u>\$ 74,642</u>	<u>\$ 12,606</u>
<u>Other Financing Sources (Uses)</u>				
Refunding Debt Issued	\$ 380,000	\$ 0	\$ 380,000	\$ 0
Premiums on Debt Issued	30,834	0	30,834	0
Op. Transfers from Component Units	0	50,000	0	0
Payments to Refunded Debt Escrow Agent	(461,486)	0	(461,486)	0
Total Other Financing Sources (Uses)	<u>\$ (50,652)</u>	<u>\$ 50,000</u>	<u>\$ (50,652)</u>	<u>\$ 0</u>
Net Change in Fund Balance	\$ 36,596	\$ 23,990	\$ 23,990	\$ 12,606
Fund Balance, July 1, 2010	<u>304,223</u>	<u>306,538</u>	<u>306,538</u>	<u>(2,315)</u>
Fund Balance, June 30, 2011	<u><u>\$ 340,819</u></u>	<u><u>\$ 330,528</u></u>	<u><u>\$ 330,528</u></u>	<u><u>\$ 10,291</u></u>

# Fiduciary Funds

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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.

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

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

Exhibit G-1

Chester County, Tennessee  
Combining Statement of Fiduciary Assets and Liabilities  
Fiduciary Funds  
June 30, 2011

	<u>Agency Funds</u>		
	Cities - Sales Tax	Constitu- tional Officers - Agency	Total
<u>ASSETS</u>			
Cash	\$ 0	\$ 331,355	\$ 331,355
Due from Other Governments	138,338	0	138,338
	<hr/>		
Total Assets	\$ 138,338	\$ 331,355	\$ 469,693
<u>LIABILITIES</u>			
Due to Other Taxing Units	\$ 138,338	\$ 0	\$ 138,338
Due to Litigants, Heirs, and Others	0	331,355	331,355
	<hr/>		
Total Liabilities	\$ 138,338	\$ 331,355	\$ 469,693
	<hr/>		

Exhibit G-2

Chester County, Tennessee  
Combining Statement of Changes in Assets and  
Liabilities - All Agency Funds  
For the Year Ended June 30, 2011

	Beginning Balance	Additions	Deductions	Ending Balance
<u>Cities - Sales Tax Fund</u>				
<u>Assets</u>				
Equity in Pooled Cash and Investments	\$ 0	\$ 760,400	\$ 760,400	\$ 0
Due from Other Governments	125,172	138,338	125,172	138,338
Total Assets	\$ 125,172	\$ 898,738	\$ 885,572	\$ 138,338
<u>Liabilities</u>				
Due to Other Taxing Units	\$ 125,172	\$ 898,738	\$ 885,572	\$ 138,338
Total Liabilities	\$ 125,172	\$ 898,738	\$ 885,572	\$ 138,338
<u>Constitutional Officers - Agency Fund</u>				
<u>Assets</u>				
Cash	\$ 276,645	\$ 3,616,846	\$ 3,562,136	\$ 331,355
Total Assets	\$ 276,645	\$ 3,616,846	\$ 3,562,136	\$ 331,355
<u>Liabilities</u>				
Due to Litigants, Heirs, and Others	\$ 276,645	\$ 3,616,846	\$ 3,562,136	\$ 331,355
Total Liabilities	\$ 276,645	\$ 3,616,846	\$ 3,562,136	\$ 331,355
<u>Total - All Agency Funds</u>				
<u>Assets</u>				
Cash	\$ 276,645	\$ 3,616,846	\$ 3,562,136	\$ 331,355
Equity in Pooled Cash and Investments	0	760,400	760,400	0
Due from Other Governments	125,172	138,338	125,172	138,338
Total Assets	\$ 401,817	\$ 4,515,584	\$ 4,447,708	\$ 469,693
<u>Liabilities</u>				
Due to Other Taxing Units	\$ 125,172	\$ 898,738	\$ 885,572	\$ 138,338
Due to Litigants, Heirs, and Others	276,645	3,616,846	3,562,136	331,355
Total Liabilities	\$ 401,817	\$ 4,515,584	\$ 4,447,708	\$ 469,693

# Chester County School Department

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

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

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

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

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

Private Purpose Trust Fund – The Private Purpose Trust Fund is used to account for 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 H-1

Chester County, Tennessee  
Statement of Activities  
Discretely Presented Chester County School Department  
For the Year Ended June 30, 2011

Functions/Programs	Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Assets Total Governmental Activities
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	
Governmental Activities:					
Instruction	\$ 12,143,444	\$ 10,128	\$ 1,572,102	\$ 21,474	\$ (10,539,740)
Support Services	5,852,126	35,837	269,751	0	(5,546,538)
Operation of Non-Instructional Services	1,934,312	432,251	1,302,041	0	(200,020)
Other Debt Service	50,000	0	0	0	(50,000)
<b>Total Governmental Activities</b>	<b>\$ 19,979,882</b>	<b>\$ 478,216</b>	<b>\$ 3,143,894</b>	<b>\$ 21,474</b>	<b>\$ (16,336,298)</b>
General Revenues:					
Taxes:					
Property Taxes Levied for General Purposes					\$ 1,773,658
Local Option Sales Taxes					731,515
Other Local Taxes					1,085
Grants and Contributions Not Restricted to Specific Programs					14,282,575
Unrestricted Investment Earnings					38,665
Miscellaneous					84,439
<b>Total General Revenues</b>					<b>\$ 16,911,937</b>
Change in Net Assets					\$ 575,639
Net Assets, July 1, 2010					15,430,422
<b>Net Assets, June 30, 2011</b>					<b>\$ 16,006,061</b>

Exhibit H-2

Chester County, Tennessee  
Balance Sheet - Governmental Funds  
Discretely Presented Chester County School Department  
June 30, 2011

	Major Funds		Nonmajor Funds	Total Governmental Funds
	General Purpose School	School Federal Projects	Other Governmental Funds	
<u>ASSETS</u>				
Equity in Pooled Cash and Investments	\$ 3,431,989	\$ 226,887	\$ 784,337	\$ 4,443,213
Accounts Receivable	6,402	0	48	6,450
Due from Other Governments	725,821	20,000	114,889	860,710
Due from Other Funds	3,237	0	0	3,237
Property Taxes Receivable	1,363,470	0	0	1,363,470
Allowance for Uncollectible Property Taxes	(52,812)	0	0	(52,812)
<b>Total Assets</b>	<b>\$ 5,478,107</b>	<b>\$ 246,887</b>	<b>\$ 899,274</b>	<b>\$ 6,624,268</b>
<u>LIABILITIES AND FUND BALANCES</u>				
<u>Liabilities</u>				
Accounts Payable	\$ 11,409	\$ 0	\$ 0	\$ 11,409
Payroll Deductions Payable	2,066	1,995	0	4,061
Deferred Revenue - Current Property Taxes	1,228,279	0	0	1,228,279
Deferred Revenue - Delinquent Property Taxes	77,326	0	0	77,326
Other Deferred Revenues	121,977	0	0	121,977
<b>Total Liabilities</b>	<b>\$ 1,441,057</b>	<b>\$ 1,995</b>	<b>\$ 0</b>	<b>\$ 1,443,052</b>
<u>Fund Balances</u>				
Restricted:				
Restricted for Education	\$ 6,473	\$ 244,892	\$ 0	\$ 251,365
Restricted for Operation of Non-Instructional Services	0	0	359,359	359,359
Restricted for Capital Outlay	0	0	539,915	539,915
Assigned:				
Assigned for Education	1,256,373	0	0	1,256,373
Unassigned	2,774,204	0	0	2,774,204
<b>Total Fund Balances</b>	<b>\$ 4,037,050</b>	<b>\$ 244,892</b>	<b>\$ 899,274</b>	<b>\$ 5,181,216</b>
<b>Total Liabilities and Fund Balances</b>	<b>\$ 5,478,107</b>	<b>\$ 246,887</b>	<b>\$ 899,274</b>	<b>\$ 6,624,268</b>

Exhibit H-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, 2011

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

Total fund balances - balance sheet - governmental funds (Exhibit H-2)		\$ 5,181,216
(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: buildings and improvements net of accumulated depreciation	8,348,036	
Add: other capital assets net of accumulated depreciation	<u>2,119,816</u>	10,882,104
(2) Long-term liabilities are not due and payable in the current period and therefore are not reported in the governmental funds.		
Less: other postemployment benefits liability		(256,562)
(3) Other long-term assets are not available to pay for current-period expenditures and therefore are deferred in the governmental funds.		
		<u>199,303</u>
Net assets of governmental activities (Exhibit A)		<u>\$ 16,006,061</u>

Exhibit H-4

Chester County, Tennessee  
Statement of Revenues, Expenditures,  
and Changes in Fund Balances -  
Governmental Funds  
Discretely Presented Chester County School Department  
For the Year Ended June 30, 2011

	<u>Major Funds</u>		<u>Nonmajor</u>	<u>Total</u>
	<u>General</u>	<u>School</u>	<u>Funds</u>	
			<u>Other</u>	
	<u>Purpose</u>	<u>Federal</u>	<u>Govern-</u>	<u>Governmental</u>
	<u>School</u>	<u>Projects</u>	<u>mental</u>	<u>Funds</u>
			<u>Funds</u>	<u>Funds</u>
<u>Revenues</u>				
Local Taxes	\$ 2,506,148	\$ 0	\$ 0	\$ 2,506,148
Licenses and Permits	1,045	0	0	1,045
Charges for Current Services	39,115	0	419,815	458,930
Other Local Revenues	101,175	0	42,215	143,390
State of Tennessee	13,773,447	0	15,039	13,788,486
Federal Government	56,467	2,250,879	1,287,002	3,594,348
Total Revenues	<u>\$ 16,477,397</u>	<u>\$ 2,250,879</u>	<u>\$ 1,764,071</u>	<u>\$ 20,492,347</u>
<u>Expenditures</u>				
Current:				
Instruction	\$ 9,696,440	\$ 1,625,348	\$ 0	\$ 11,321,788
Support Services	5,503,919	375,315	0	5,879,234
Operation of Non-Instructional Services	189,388	0	1,675,669	1,865,057
Capital Outlay	141,981	0	269,584	411,565
Debt Service:				
Other Debt Service	50,000	0	0	50,000
Total Expenditures	<u>\$ 15,581,728</u>	<u>\$ 2,000,663</u>	<u>\$ 1,945,253</u>	<u>\$ 19,527,644</u>
Excess (Deficiency) of Revenues				
Over Expenditures	<u>\$ 895,669</u>	<u>\$ 250,216</u>	<u>\$ (181,182)</u>	<u>\$ 964,703</u>
<u>Other Financing Sources (Uses)</u>				
Insurance Recovery	\$ 22,494	\$ 0	\$ 0	\$ 22,494
Transfers In	4,874	0	0	4,874
Transfers Out	0	(4,874)	0	(4,874)
Total Other Financing Sources (Uses)	<u>\$ 27,368</u>	<u>\$ (4,874)</u>	<u>\$ 0</u>	<u>\$ 22,494</u>
Net Change in Fund Balances	\$ 923,037	\$ 245,342	\$ (181,182)	\$ 987,197
Fund Balance, July 1, 2010	<u>3,114,013</u>	<u>(450)</u>	<u>1,080,456</u>	<u>4,194,019</u>
Fund Balance, June 30, 2011	<u>\$ 4,037,050</u>	<u>\$ 244,892</u>	<u>\$ 899,274</u>	<u>\$ 5,181,216</u>

Exhibit H-5

Chester County, Tennessee  
Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances  
of Governmental Funds to the Statement of Activities  
Discretely Presented Chester County School Department  
For the Year Ended June 30, 2011

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

Net change in fund balances - total governmental funds (Exhibit H-4)		\$ 987,197
<p>(1) Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of these assets is allocated over their useful lives and reported as depreciation expense. The difference between capital outlays and depreciation is itemized as follows:</p>		
Add: capital assets purchased in the current period	\$ 323,529	
Less: current-year depreciation expense	<u>(742,045)</u>	(418,516)
<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, 2011	\$ 199,303	
Less: deferred delinquent property taxes and other deferred June 30, 2010	<u>(136,129)</u>	63,174
<p>(3) Some expenses reported in the statement of activities do not require the use of current financial resources and therefore are not reported as expenditures in the governmental funds.</p>		
Change in other postemployment benefits liability		<u>(56,216)</u>
Change in net assets of governmental activities (Exhibit B)		<u>\$ 575,639</u>

Exhibit H-6

Chester County, Tennessee  
Combining Balance Sheet - Nonmajor Governmental Funds  
Discretely Presented Chester County School Department  
June 30, 2011

	Special Revenue Fund	Capital Projects Education Capital Projects	Total Nonmajor Governmental Funds
<u>ASSETS</u>			
Equity in Pooled Cash and Investments	\$ 244,422	\$ 539,915	\$ 784,337
Accounts Receivable	48	0	48
Due from Other Governments	114,889	0	114,889
Total Assets	<u>\$ 359,359</u>	<u>\$ 539,915</u>	<u>\$ 899,274</u>
<u>FUND BALANCES</u>			
Restricted:			
Restricted for Operation of Non-Instructional Services	\$ 359,359	\$ 0	\$ 359,359
Restricted for Capital Outlay	0	539,915	539,915
Total Fund Balances	<u>\$ 359,359</u>	<u>\$ 539,915</u>	<u>\$ 899,274</u>

Exhibit H-7

Chester County, Tennessee  
Combining Statement of Revenues, Expenditures,  
and Changes in Fund Balances -  
Nonmajor Governmental Funds  
Discretely Presented Chester County School Department  
For the Year Ended June 30, 2011

	Special Revenue Fund	Capital Projects Fund	Total Nonmajor Governmental Funds
	Central Cafeteria	Education Capital Projects	
<u>Revenues</u>			
Charges for Current Services	\$ 419,815	\$ 0	\$ 419,815
Other Local Revenues	42,215	0	42,215
State of Tennessee	15,039	0	15,039
Federal Government	1,287,002	0	1,287,002
Total Revenues	<u>\$ 1,764,071</u>	<u>\$ 0</u>	<u>\$ 1,764,071</u>
<u>Expenditures</u>			
Current:			
Operation of Non-Instructional Services	\$ 1,675,669	\$ 0	\$ 1,675,669
Capital Outlay	0	269,584	269,584
Total Expenditures	<u>\$ 1,675,669</u>	<u>\$ 269,584</u>	<u>\$ 1,945,253</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>\$ 88,402</u>	<u>\$ (269,584)</u>	<u>\$ (181,182)</u>
Net Change in Fund Balances	\$ 88,402	\$ (269,584)	\$ (181,182)
Fund Balance, July 1, 2010	<u>270,957</u>	<u>809,499</u>	<u>1,080,456</u>
Fund Balance, June 30, 2011	<u>\$ 359,359</u>	<u>\$ 539,915</u>	<u>\$ 899,274</u>

Exhibit H-8

Chester County, Tennessee  
Schedule of Revenues, Expenditures, and Changes  
in Fund Balance - Actual (Budgetary Basis) and Budget  
Discretely Presented Chester County School Department  
General Purpose School Fund  
For the Year Ended June 30, 2011

	Actual (GAAP Basis)	Less: Encumbrances 7/1/2010	Add: Encumbrances 6/30/2011	Actual Revenues/ Expenditures (Budgetary Basis)	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
					Original	Final	
<u>Revenues</u>							
Local Taxes	\$ 2,506,148	\$ 0	\$ 0	\$ 2,506,148	\$ 2,457,400	\$ 2,457,400	\$ 48,748
Licenses and Permits	1,045	0	0	1,045	1,000	1,000	45
Charges for Current Services	39,115	0	0	39,115	36,700	36,700	2,415
Other Local Revenues	101,175	0	0	101,175	97,000	97,000	4,175
State of Tennessee	13,773,447	0	0	13,773,447	13,657,792	13,741,524	31,923
Federal Government	56,467	0	0	56,467	70,877	94,073	(37,606)
Total Revenues	\$ 16,477,397	\$ 0	\$ 0	\$ 16,477,397	\$ 16,320,769	\$ 16,427,697	\$ 49,700
<u>Expenditures</u>							
<u>Instruction</u>							
Regular Instruction Program	\$ 7,994,900	\$ 0	\$ 26,353	\$ 8,021,253	\$ 8,204,657	\$ 8,257,593	\$ 236,340
Special Education Program	1,067,163	0	0	1,067,163	1,162,592	1,159,637	92,474
Vocational Education Program	561,159	0	0	561,159	581,800	581,300	20,141
Student Body Education Program	47,000	0	0	47,000	47,000	47,000	0
Adult Education Program	26,218	0	0	26,218	26,305	26,275	57
<u>Support Services</u>							
Attendance	61,645	0	0	61,645	63,150	63,120	1,475
Health Services	177,528	0	0	177,528	181,320	184,770	7,242
Other Student Support	318,836	0	0	318,836	364,630	364,330	45,494
Regular Instruction Program	542,692	(1,500)	0	541,192	643,960	639,810	98,618
Special Education Program	138,449	0	0	138,449	143,550	143,550	5,101
Vocational Education Program	209	0	0	209	4,000	4,000	3,791
Adult Programs	32,866	0	0	32,866	33,300	33,300	434
Other Programs	28,247	0	0	28,247	0	28,247	0

(Continued)

Exhibit H-8

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

	Actual (GAAP Basis)	Less: Encumbrances 7/1/2010	Add: Encumbrances 6/30/2011	Actual Revenues/ Expenditures (Budgetary Basis)	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
					Original	Final	
<u>Expenditures (Cont.)</u>							
<u>Support Services (Cont.)</u>							
Board of Education	\$ 319,632	\$ 0	\$ 0	\$ 319,632	\$ 345,150	\$ 360,610	\$ 40,978
Director of Schools	159,143	0	0	159,143	167,600	168,600	9,457
Office of the Principal	1,040,991	0	0	1,040,991	1,076,000	1,074,800	33,809
Fiscal Services	93,078	0	0	93,078	99,800	99,700	6,622
Operation of Plant	1,280,162	0	0	1,280,162	1,393,800	1,392,400	112,238
Maintenance of Plant	422,235	(15)	0	422,220	455,000	454,500	32,280
Transportation	888,206	0	0	888,206	905,900	979,600	91,394
<u>Operation of Non-Instructional Services</u>							
Community Services	9,641	0	0	9,641	12,910	12,910	3,269
Early Childhood Education	179,747	(2,400)	4,200	181,547	197,334	200,318	18,771
<u>Capital Outlay</u>							
Regular Capital Outlay	141,981	0	1,225,820	1,367,801	165,000	1,845,000	477,199
<u>Principal on Debt</u>							
Education	0	0	0	0	40,500	0	0
<u>Interest on Debt</u>							
Education	0	0	0	0	9,500	0	0
<u>Other Debt Service</u>							
Education	50,000	0	0	50,000	0	50,000	0
Total Expenditures	\$ 15,581,728	\$ (3,915)	\$ 1,256,373	\$ 16,834,186	\$ 16,324,758	\$ 18,171,370	\$ 1,337,184
Excess (Deficiency) of Revenues Over Expenditures	\$ 895,669	\$ 3,915	\$ (1,256,373)	\$ (356,789)	\$ (3,989)	\$ (1,743,673)	\$ 1,386,884

(Continued)

Exhibit H-8

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

	Actual (GAAP Basis)	Less: Encumbrances 7/1/2010	Add: Encumbrances 6/30/2011	Actual Revenues/ Expenditures (Budgetary Basis)	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
					Original	Final	
<u>Other Financing Sources (Uses)</u>							
Insurance Recovery	\$ 22,494	\$ 0	\$ 0	\$ 22,494	\$ 5,000	\$ 5,000	\$ 17,494
Transfers In	4,874	0	0	4,874	0	0	4,874
Total Other Financing Sources (Uses)	\$ 27,368	\$ 0	\$ 0	\$ 27,368	\$ 5,000	\$ 5,000	\$ 22,368
Net Change in Fund Balance	\$ 923,037	\$ 3,915	\$ (1,256,373)	\$ (329,421)	\$ 1,011	\$ (1,738,673)	\$ 1,409,252
Fund Balance, July 1, 2010	3,114,013	(3,915)	0	3,110,098	1,738,673	1,738,673	1,371,425
Fund Balance, June 30, 2011	\$ 4,037,050	\$ 0	\$ (1,256,373)	\$ 2,780,677	\$ 1,739,684	\$ 0	\$ 2,780,677

Exhibit H-9

Chester County, Tennessee  
Schedule of Revenues, Expenditures, and Changes  
in Fund Balance - Actual (Budgetary Basis) and Budget  
Discretely Presented Chester County School Department  
School Federal Projects Fund  
For the Year Ended June 30, 2011

	Actual (GAAP Basis)	Add: Encumbrances 6/30/2011	Actual Revenues/ Expenditures (Budgetary Basis)	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
				Original	Final	
<u>Revenues</u>						
Federal Government	\$ 2,250,879	\$ 0	\$ 2,250,879	\$ 2,990,190	\$ 2,941,622	\$ (690,743)
Total Revenues	\$ 2,250,879	\$ 0	\$ 2,250,879	\$ 2,990,190	\$ 2,941,622	\$ (690,743)
<u>Expenditures</u>						
<u>Instruction</u>						
Regular Instruction Program	\$ 858,294	\$ 0	\$ 858,294	\$ 1,632,538	\$ 1,586,417	\$ 728,123
Special Education Program	739,461	0	739,461	871,938	881,028	141,567
Vocational Education Program	27,593	0	27,593	22,447	27,593	0
<u>Support Services</u>						
Health Services	0	0	0	7,691	0	0
Other Student Support	14,040	0	14,040	19,197	14,040	0
Regular Instruction Program	306,773	5,499	312,272	374,164	371,588	59,316
Special Education Program	18,620	0	18,620	23,222	20,465	1,845
Vocational Education Program	2,187	0	2,187	2,187	2,187	0
Transportation	33,695	0	33,695	38,441	39,801	6,106
Total Expenditures	\$ 2,000,663	\$ 5,499	\$ 2,006,162	\$ 2,991,825	\$ 2,943,119	\$ 936,957
Excess (Deficiency) of Revenues Over Expenditures	\$ 250,216	\$ (5,499)	\$ 244,717	\$ (1,635)	\$ (1,497)	\$ 246,214
<u>Other Financing Sources (Uses)</u>						
Transfers Out	\$ (4,874)	\$ 0	\$ (4,874)	\$ (4,737)	\$ (4,874)	\$ 0
Total Other Financing Sources (Uses)	\$ (4,874)	\$ 0	\$ (4,874)	\$ (4,737)	\$ (4,874)	\$ 0
Net Change in Fund Balance Fund Balance, July 1, 2010	\$ 245,342	\$ (5,499)	\$ 239,843	\$ (6,372)	\$ (6,371)	\$ 246,214
	(450)	0	(450)	6,372	6,371	(6,821)
Fund Balance, June 30, 2011	\$ 244,892	\$ (5,499)	\$ 239,393	\$ 0	\$ 0	\$ 239,393

Exhibit H-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, 2011

	Actual	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
		Original	Final	
<u>Revenues</u>				
Charges for Current Services	\$ 419,815	\$ 462,200	\$ 462,200	\$ (42,385)
Other Local Revenues	42,215	47,750	47,750	(5,535)
State of Tennessee	15,039	14,700	14,700	339
Federal Government	1,287,002	824,750	1,150,335	136,667
Total Revenues	<u>\$ 1,764,071</u>	<u>\$ 1,349,400</u>	<u>\$ 1,674,985</u>	<u>\$ 89,086</u>
<u>Expenditures</u>				
<u>Operation of Non-Instructional Services</u>				
Food Service	\$ 1,675,669	\$ 1,425,350	\$ 1,750,935	\$ 75,266
Total Expenditures	<u>\$ 1,675,669</u>	<u>\$ 1,425,350</u>	<u>\$ 1,750,935</u>	<u>\$ 75,266</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>\$ 88,402</u>	<u>\$ (75,950)</u>	<u>\$ (75,950)</u>	<u>\$ 164,352</u>
Net Change in Fund Balance	\$ 88,402	\$ (75,950)	\$ (75,950)	\$ 164,352
Fund Balance, July 1, 2010	<u>270,957</u>	<u>75,950</u>	<u>75,950</u>	<u>195,007</u>
Fund Balance, June 30, 2011	<u>\$ 359,359</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 359,359</u>

Exhibit H-11

Chester County, Tennessee  
Statement of Fiduciary Net Assets  
Fiduciary Fund  
Discretely Presented Chester County School Department  
June 30, 2011

	<u>Other Trust Fund</u> <u>Private Purpose Trust Fund</u>
<u>ASSETS</u>	
Equity in Pooled Cash and Investments	\$ 100,614
Total Assets	<u>\$ 100,614</u>
<u>NET ASSETS</u>	
Funds Held in Trust for College Scholarships for Chester County Students	<u>\$ 100,614</u>
Total Net Assets	<u><u>\$ 100,614</u></u>

Exhibit H-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, 2011

	Other Trust Fund
	<u>Private Purpose Trust Fund</u>
<u>ADDITIONS</u>	
<u>Other Local Revenues</u>	
Investment Income	\$ 1,000
Total Additions	<u>\$ 1,000</u>
<u>DEDUCTIONS</u>	
<u>Miscellaneous</u>	
Other Charges	\$ 1,000
Total Deductions	<u>\$ 1,000</u>
Change in Net Assets	\$ 0
Net Assets, July 1, 2010	<u>100,614</u>
Net Assets, June 30, 2011	<u><u>\$ 100,614</u></u>

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## MISCELLANEOUS SCHEDULES

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Exhibit I-1

Chester County, Tennessee  
Schedule of Changes in Long-term Notes, Capital Leases, and Bonds  
For the Year Ended June 30, 2011

Description of Indebtedness	Original Amount of Issue	Interest Rate	Date of Issue	Last Maturity Date	Outstanding 7-1-10	Issued During Period	Paid and/or Matured During Period	Debt Refunded	Outstanding 6-30-11
<b>NOTES PAYABLE</b>									
<u>Payable through Solid Waste/Sanitation Fund</u>									
Recycling Building	\$ 200,000	3.54 %	12-23-08	3-15-11	\$ 174,000	\$ 0	\$ 27,000	\$ 147,000	\$ 0
Total Notes Payable					\$ 174,000	\$ 0	\$ 27,000	\$ 147,000	\$ 0
<b>CAPITAL LEASES PAYABLE</b>									
<u>Payable through Solid Waste/Sanitation Fund</u>									
Backhoe	48,353	5.5	11-27-07	11-27-12	\$ 25,043	\$ 0	\$ 9,961	\$ 0	\$ 15,082
Total Capital Leases Payable					\$ 25,043	\$ 0	\$ 9,961	\$ 0	\$ 15,082
<b>BONDS PAYABLE</b>									
<u>Payable through Solid Waste/Sanitation Fund</u>									
Refunding Bonds, Series 2011	140,000	4 to 5	3-15-11	5-1-16	\$ 0	\$ 140,000	\$ 0	\$ 0	\$ 140,000
Total Payable through Solid Waste/Sanitation Fund					\$ 0	\$ 140,000	\$ 0	\$ 0	\$ 140,000
<u>Payable through General Debt Service Fund</u>									
Courthouse Renovations	840,000	1.25 to 4.5	3-1-03	3-15-11	\$ 610,000	\$ 0	\$ 0	\$ 610,000	\$ 0
Jail and Vo-Tech School	9,300,000	3 to 5.5	6-30-08	6-1-40	9,100,000	0	100,000	0	9,000,000
Refunding Bonds, Series 2011	575,000	2.75 to 5	3-15-11	5-1-23	0	575,000	0	0	575,000
General Obligation Bonds, Series 2011	360,000	2.75 to 5	3-15-11	5-1-28	0	360,000	0	0	360,000
Total Payable through General Debt Service Fund					\$ 9,710,000	\$ 935,000	\$ 100,000	\$ 610,000	\$ 9,935,000
<u>Payable through Education Debt Service Fund</u>									
School Refunding	760,000	1.25 to 4	3-1-03	3-15-11	\$ 455,000	\$ 0	\$ 0	\$ 455,000	\$ 0
School Refunding Bond, Series 2008	3,695,000	3.23	9-30-08	4-1-15	2,735,000	0	505,000	0	2,230,000
School Refunding Bonds, Series 2011	380,000	4 to 5	3-15-11	5-1-16	0	380,000	0	0	380,000
Total Payable through Education Debt Service Fund					\$ 3,190,000	\$ 380,000	\$ 505,000	\$ 455,000	\$ 2,610,000
Total Bonds Payable					\$ 12,900,000	\$ 1,455,000	\$ 605,000	\$ 1,065,000	\$ 12,685,000

Exhibit I-2

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

Year Ending June 30	Capital Leases		
	Principal	Interest	Total
2012	\$ 10,523	\$ 560	\$ 11,083
2013	4,559	60	4,619
Total	\$ 15,082	\$ 620	\$ 15,702

Year Ending June 30	Bonds		
	Principal	Interest	Total
2012	\$ 780,000	\$ 533,161	\$ 1,313,161
2013	830,000	497,904	1,327,904
2014	880,000	468,028	1,348,028
2015	915,000	437,553	1,352,553
2016	365,000	405,872	770,872
2017	240,000	391,271	631,271
2018	260,000	382,484	642,484
2019	280,000	370,108	650,108
2020	295,000	356,372	651,372
2021	305,000	343,027	648,027
2022	325,000	329,090	654,090
2023	340,000	316,652	656,652
2024	295,000	303,253	598,253
2025	315,000	291,227	606,227
2026	325,000	278,338	603,338
2027	335,000	264,737	599,737
2028	350,000	250,718	600,718
2029	340,000	235,905	575,905
2030	355,000	221,455	576,455
2031	370,000	206,190	576,190
2032	385,000	190,280	575,280
2033	400,000	173,725	573,725
2034	425,000	156,325	581,325
2035	440,000	137,838	577,838
2036	460,000	118,037	578,037
2037	480,000	97,338	577,338
2038	500,000	75,137	575,137
2039	520,000	52,013	572,013
2040	575,000	27,312	602,312
Total	\$ 12,685,000	\$ 7,911,350	\$ 20,596,350

Exhibit I-3

Chester County, Tennessee  
Schedule of Transfers  
Discretely Presented Chester County School Department  
For the Year Ended June 30, 2011

<u>From Fund</u>	<u>To Fund</u>	<u>Purpose</u>	<u>Amount</u>
School Federal Projects	General Purpose School	Indirect costs	\$ 4,874
Total Transfers Discretely Presented Chester County School Department			<u>\$ 4,874</u>

Exhibit I-4

Chester County, Tennessee  
Schedule of Salaries and Official Bonds of Principal Officials  
Primary Government and Discretely Presented Chester County School Department  
For the Year Ended June 30, 2011

Official	Authorization for Salary	Salary Paid During Period	Bond	Surety
<b>County Mayor:</b>				
Troy Kilzer (7-1-10 through 8-31-10)	Section 8-24-102, TCA	\$ 14,752 (1)	\$ 50,000	State Automobile Mutual Insurance Company
Dwain Seaton (9-1-10 through 6-30-11)	Section 8-24-102, TCA	58,759	50,000 "	"
<b>Road Supervisor:</b>				
Elbert Carnell (7-1-10 through 8-31-10)	Section 8-24-102, TCA	10,979	100,000 "	"
Jerry King (9-1-10 through 6-30-11)	Section 8-24-102, TCA	54,895	100,000 "	"
<b>Director of Schools:</b>				
John Pipkin (7-1-10 through 9-30-10)	State Board of Education and County Board of Education	20,237	150,000	Tennessee Risk Management Trust
Cherrie Pipkin (10-1-10 through 6-30-11)	State Board of Education and County Board of Education	62,734 (2)	150,000 "	"
<b>Trustee</b>				
Assessor of Property	Section 8-24-102, TCA	60,751 (1)	675,200	State Automobile Mutual Insurance Company
County Clerk	Section 8-24-102, TCA	60,751 (1)	10,000 "	"
Circuit and General Sessions Courts Clerk	Section 8-24-102, TCA	57,751	50,000 "	"
Clerk and Master	Section 8-24-102, TCA	60,571 (1)	50,000 "	"
Register	Section 8-24-102, TCA	57,751 (3)	65,000 "	"
Sheriff	Section 8-24-102, TCA	60,751 (1)	25,000 "	"
	Section 8-24-102, TCA	64,127 (4)	25,000 "	"
<b>Employee Blanket Bonds:</b>				
Public Employee Dishonesty - County Departments			150,000	Tennessee Risk Management Trust
Public Employee Dishonesty - School Departments			150,000 "	"

- (1) Includes a certified public administrator supplement of \$3,000 as provided by Section 5-1-310, TCA.
- (2) Includes a chief executive officer training supplement of \$1,000 and a one time state bonus of \$350.
- (3) Does not include special commissioner fees of \$30,053.
- (4) Includes a law enforcement training supplement of \$600. Does not include a clothing allowance of \$500.

Chester County, Tennessee  
 Schedule of Detailed Revenues -  
 All Governmental Fund Types  
 For the Year Ended June 30, 2011

	Special Revenue Funds					
	General	Public Library	Solid Waste / Sanitation	Drug Control	Constitutional Officers - Fees	Highway / Public Works
<u>Local Taxes</u>						
<u>County Property Taxes</u>						
Current Property Tax	\$ 2,179,315	\$ 0	\$ 0	\$ 0	\$ 0	\$ 39,618
Discount on Property Taxes	(19,776)	0	0	0	0	(361)
Trustee's Collections - Prior Year	108,272	0	0	0	0	1,968
Trustee's Collections - Bankruptcy	937	0	0	0	0	15
Circuit/Clerk & Master Collections - Prior Years	46,582	0	5,968	0	0	795
Interest and Penalty	19,545	0	0	0	0	353
Payments in-Lieu-of Taxes - T.V.A.	108,933	0	0	0	0	1,984
Payments in-Lieu-of Taxes - Other	10,166	0	0	0	0	185
<u>County Local Option Taxes</u>						
Local Option Sales Tax	68,300	0	67,022	0	0	0
Hotel/Motel Tax	12,039	0	0	0	0	0
Wheel Tax	280,511	0	0	0	0	0
Litigation Tax - General	39,160	0	0	0	0	0
Litigation Tax - Special Purpose	4,725	0	0	0	0	0
Litigation Tax - Jail, Workhouse, or Courthouse	0	0	0	0	0	0
Litigation Tax - Courtroom Security	10	0	0	0	0	0
Business Tax	99,076	0	0	0	0	0
<u>Statutory Local Taxes</u>						
Bank Excise Tax	12,814	0	0	0	0	233
Wholesale Beer Tax	0	0	49,533	0	0	0
Interstate Telecommunications Tax	647	0	0	0	0	0
Total Local Taxes	\$ 2,971,256	\$ 0	\$ 122,523	\$ 0	\$ 0	\$ 44,790
<u>Licenses and Permits</u>						
<u>Licenses</u>						
Cable TV Franchise	\$ 8,012	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
Total Licenses and Permits	\$ 8,012	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0

(Continued)

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

	Special Revenue Funds						
	General	Public Library	Solid Waste / Sanitation	Drug Control	Constitutional Officers - Fees	Highway / Public Works	
<u>Fines, Forfeitures, and Penalties</u>							
<u>Circuit Court</u>							
Fines	\$ 7,913	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
Officers Costs	1,295	0	0	0	0	0	0
Drug Control Fines	0	0	0	3,008	0	0	0
Drug Court Fees	375	0	0	133	0	0	0
Jail Fees	513	0	0	0	0	0	0
DUI Treatment Fines	270	0	0	0	0	0	0
Data Entry Fee - Circuit Court	204	0	0	0	0	0	0
Victims Assistance Assessments	859	0	0	0	0	0	0
<u>General Sessions Court</u>							
Fines	17,420	0	0	0	0	0	0
Officers Costs	16,712	0	0	0	0	0	0
Game and Fish Fines	369	0	0	0	0	0	0
Drug Control Fines	0	0	0	1,955	0	0	0
Drug Court Fees	2,247	0	0	766	0	0	0
Jail Fees	7,697	0	0	0	0	0	0
DUI Treatment Fines	4,804	0	0	401	0	0	0
Data Entry Fee - General Sessions Court	2,457	0	0	0	0	0	0
Courtroom Security Fee	6	0	0	0	0	0	0
Victims Assistance Assessments	8,831	0	0	0	0	0	0
<u>Juvenile Court</u>							
Fines	161	0	0	0	0	0	0
Officers Costs	879	0	0	0	0	0	0
Data Entry Fee - Juvenile Court	130	0	0	0	0	0	0
<u>Chancery Court</u>							
Officers Costs	448	0	0	0	0	0	0
Data Entry Fee - Chancery Court	643	0	0	0	0	0	0
<u>Judicial District Drug Program</u>							
Drug Task Force Forfeitures and Seizures	0	0	0	423,837	0	0	0
Courtroom Security Fee	2	0	0	0	0	0	0

(Continued)

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

	Special Revenue Funds					
	General	Public Library	Solid Waste / Sanitation	Drug Control	Constitutional Officers - Fees	Highway / Public Works
<u>Fines, Forfeitures, and Penalties (Cont.)</u>						
<u>Other Fines, Forfeitures, and Penalties</u>						
Other Fines, Forfeitures, and Penalties	\$ 1,282	\$ 0	\$ 0	\$ 1,200	\$ 0	\$ 0
Total Fines, Forfeitures, and Penalties	\$ 75,517	\$ 0	\$ 0	\$ 431,300	\$ 0	\$ 0
<u>Charges for Current Services</u>						
<u>General Service Charges</u>						
Convenience Waste Centers Collection Charge	\$ 0	\$ 0	\$ 78,111	\$ 0	\$ 0	\$ 0
Solid Waste Disposal Fees	0	0	200	0	0	0
<u>Fees</u>						
Copy Fees	353	0	0	0	0	0
Library Fees	0	1,107	0	0	0	0
Greenbelt Late Application Fee	50	0	0	0	0	0
Telephone Commissions	5,733	0	0	0	0	0
Vending Machine Collections	567	0	0	0	0	0
Constitutional Officers' Fees and Commissions	0	0	0	0	30,053	0
Data Processing Fee - Register	4,804	0	0	0	0	0
Data Processing Fee - Sheriff	2,079	0	0	0	0	0
Sexual Offender Registration Fees - Sheriff	2,550	0	0	0	0	0
Total Charges for Current Services	\$ 16,136	\$ 1,107	\$ 78,311	\$ 0	\$ 30,053	\$ 0
<u>Other Local Revenues</u>						
<u>Recurring Items</u>						
Investment Income	\$ 20	\$ 0	\$ 25,179	\$ 0	\$ 0	\$ 14,251
Lease/Rentals	251,920	0	350,000	0	0	0
Sale of Materials and Supplies	7,981	0	0	0	0	7,701
Sale of Gasoline	0	0	0	0	0	333
Sale of Recycled Materials	0	0	161,171	0	0	0
Miscellaneous Refunds	8,332	0	6,001	0	0	5,461
Expenditure Credits	60,434	0	0	0	0	0
<u>Other Local Revenues</u>						
Other Local Revenues	\$ 0	\$ 0	\$ 0	\$ 2,085	\$ 0	\$ 31,524
Total Other Local Revenues	\$ 328,687	\$ 0	\$ 542,351	\$ 2,085	\$ 0	\$ 59,270

(Continued)

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

	Special Revenue Funds					
	General	Public Library	Solid Waste / Sanitation	Drug Control	Constitutional Officers - Fees	Highway / Public Works
<u>Fees Received from County Officials</u>						
<u>Fees in-Lieu-of Salary</u>						
County Clerk	\$ 159,306	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
Circuit Court Clerk	19,813	0	0	0	0	0
General Sessions Court Clerk	88,348	0	0	0	0	0
Clerk and Master	50,046	0	0	0	0	0
Juvenile Court Clerk	12,239	0	0	0	0	0
Register	47,398	0	0	0	0	0
Sheriff	6,357	0	0	0	0	0
Trustee	181,754	0	0	0	0	0
<b>Total Fees Received from County Officials</b>	<b>\$ 565,261</b>	<b>\$ 0</b>	<b>\$ 0</b>	<b>\$ 0</b>	<b>\$ 0</b>	<b>\$ 0</b>
<u>State of Tennessee</u>						
<u>General Government Grants</u>						
Juvenile Services Program	\$ 18,000	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
Public Safety Grants	7,200	0	0	0	0	0
Law Enforcement Training Programs	20,089	0	0	0	0	0
Health and Welfare Grants	21,651	0	0	0	0	0
Health Department Programs						
Public Works Grants						
Litter Program						
Other State Revenues						
Income Tax	0	0	0	0	0	92
Beer Tax	6,780	0	42,024	0	0	0
State Revenue Sharing - T.V.A.	108,933	0	0	0	0	1,984
Contracted Prisoner Boarding	66,885	0	0	0	0	0
Gasoline and Motor Fuel Tax	0	0	0	0	0	1,431,719
Petroleum Special Tax	0	0	0	0	0	12,480
Registrar's Salary Supplement	15,164	0	0	0	0	0
Other State Grants	11,325	0	3,478	0	0	0
Other State Revenues	12,647	0	0	0	0	0
<b>Total State of Tennessee</b>	<b>\$ 288,674</b>	<b>\$ 0</b>	<b>\$ 45,502</b>	<b>\$ 0</b>	<b>\$ 0</b>	<b>\$ 1,446,275</b>

(Continued)

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

	Special Revenue Funds					
	General	Public Library	Solid Waste / Sanitation	Drug Control	Constitutional Officers - Fees	Highway / Public Works
<u>Federal Government</u>						
<u>Federal Through State</u>						
Community Development	\$ 285,074	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
Civil Defense Reimbursement	26,869	0	0	0	0	0
Disaster Relief	0	0	4,020	0	0	154,059
Other Federal through State	21,178	0	0	0	0	0
<u>Total Federal Government</u>	<u>\$ 333,121</u>	<u>\$ 0</u>	<u>\$ 4,020</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 154,059</u>
<u>Other Governments and Citizens Groups</u>						
<u>Other Governments</u>						
Contributions	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
Contracted Services	235,715	0	0	0	0	0
<u>Total Other Governments and Citizens Groups</u>	<u>\$ 235,715</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>
<u>Total</u>	<u>\$ 4,822,379</u>	<u>\$ 1,107</u>	<u>\$ 792,707</u>	<u>\$ 433,385</u>	<u>\$ 30,053</u>	<u>\$ 1,704,394</u>

(Continued)

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

	Debt Service Funds			Capital Projects Fund		Total
	General Debt Service	Education Debt Service	0	0	0	
<u>Local Taxes</u>						
<u>County Property Taxes</u>						
Current Property Tax	\$ 30,900	\$ 0	\$ 0	\$ 0	\$ 2,249,833	
Discount on Property Taxes	(281)	0	0	0	(20,418)	
Trustee's Collections - Prior Year	1,785	0	0	0	112,025	
Trustee's Collections - Bankruptcy	9	0	0	0	961	
Circuit/Clerk & Master Collections - Prior Years	776	0	0	0	54,121	
Interest and Penalty	309	0	0	0	20,207	
Payments in-Lieu-of Taxes - T.V.A.	758	0	0	0	111,675	
Payments in-Lieu-of Taxes - Other	144	0	0	0	10,495	
<u>County Local Option Taxes</u>						
Local Option Sales Tax	758	658,431	0	0	794,511	
Hotel/Motel Tax	0	0	0	0	12,039	
Wheel Tax	475,000	0	0	0	755,511	
Litigation Tax - General	0	0	0	0	39,160	
Litigation Tax - Special Purpose	0	0	0	0	4,725	
Litigation Tax - Jail, Workhouse, or Courthouse	15,435	0	0	0	15,435	
Litigation Tax - Courtroom Security	0	0	0	0	10	
Business Tax	0	0	0	0	99,076	
<u>Statutory Local Taxes</u>						
Bank Excise Tax	178	0	0	0	13,225	
Wholesale Beer Tax	0	0	0	0	49,533	
Interstate Telecommunications Tax	0	0	0	0	647	
Total Local Taxes	\$ 525,771	\$ 658,431	\$ 0	\$ 0	\$ 4,322,771	
<u>Licenses and Permits</u>						
<u>Licenses</u>						
Cable TV Franchise	0	0	0	0	8,012	
Total Licenses and Permits	\$ 0	\$ 0	\$ 0	\$ 0	\$ 8,012	

(Continued)

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

	Debt Service Funds				Capital Projects Fund		Total
	General Debt Service	Education Debt Service	Capital Projects		Total		
			General	Capital			
<u>Fines, Forfeitures, and Penalties</u>							
<u>Circuit Court</u>							
Fines	\$	0	0	0	0	0	7,913
Officers Costs		0	0	0	0	0	1,295
Drug Control Fines		0	0	0	0	0	3,008
Drug Court Fees		0	0	0	0	0	508
Jail Fees		0	0	0	0	0	513
DUI Treatment Fines		0	0	0	0	0	270
Data Entry Fee - Circuit Court		0	0	0	0	0	204
Victims Assistance Assessments		0	0	0	0	0	859
<u>General Sessions Court</u>							
Fines		0	0	0	0	0	17,420
Officers Costs		0	0	0	0	0	16,712
Game and Fish Fines		0	0	0	0	0	369
Drug Control Fines		0	0	0	0	0	1,955
Drug Court Fees		0	0	0	0	0	3,013
Jail Fees		0	0	0	0	0	7,697
DUI Treatment Fines		0	0	0	0	0	5,205
Data Entry Fee - General Sessions Court		0	0	0	0	0	2,457
Courtroom Security Fee		0	0	0	0	0	6
Victims Assistance Assessments		0	0	0	0	0	8,831
<u>Juvenile Court</u>							
Fines		0	0	0	0	0	161
Officers Costs		0	0	0	0	0	879
Data Entry Fee - Juvenile Court		0	0	0	0	0	130
<u>Chancery Court</u>							
Officers Costs		0	0	0	0	0	448
Data Entry Fee - Chancery Court		0	0	0	0	0	643
<u>Judicial District Drug Program</u>							
Drug Task Force Forfeitures and Seizures		0	0	0	0	0	423,837
Courtroom Security Fee		0	0	0	0	0	2

(Continued)

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

	Debt Service Funds		Capital Projects Fund		Total
	General Debt Service	Education Debt Service	General Capital Projects		
<u>Fines, Forfeitures, and Penalties (Cont.)</u>					
<u>Other Fines, Forfeitures, and Penalties</u>					
Other Fines, Forfeitures, and Penalties	0 \$	0 \$	0 \$	0 \$	2,482
Total Fines, Forfeitures, and Penalties	0 \$	0 \$	0 \$	0 \$	506,817
<u>Charges for Current Services</u>					
<u>General Service Charges</u>					
Convenience Waste Centers Collection Charge	0 \$	0 \$	0 \$	0 \$	78,111
Solid Waste Disposal Fees	0	0	0	0	200
<u>Fees</u>					
Copy Fees	0	0	0	0	353
Library Fees	0	0	0	0	1,107
Greenbelt Late Application Fee	0	0	0	0	50
Telephone Commissions	0	0	0	0	5,733
Vending Machine Collections	0	0	0	0	567
Constitutional Officers' Fees and Commissions	0	0	0	0	30,053
Data Processing Fee - Register	0	0	0	0	4,804
Data Processing Fee - Sheriff	0	0	0	0	2,079
Sexual Offender Registration Fees - Sheriff	0	0	0	0	2,550
Total Charges for Current Services	0 \$	0 \$	0 \$	0 \$	125,607
<u>Other Local Revenues</u>					
<u>Recurring Items</u>					
Investment Income	0 \$	0 \$	0 \$	0 \$	39,450
Lease/Rentals	0	0	0	0	601,920
Sale of Materials and Supplies	0	0	0	0	15,682
Sale of Gasoline	0	0	0	0	333
Sale of Recycled Materials	0	0	0	0	161,171
Miscellaneous Refunds	0	0	28,195	0	47,989
Expenditure Credits	0	0	0	0	60,434
<u>Other Local Revenues</u>					
Other Local Revenues	0	0	0	0	33,609
Total Other Local Revenues	0 \$	0 \$	28,195 \$	0 \$	960,588

(Continued)

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

	Debt Service Funds			Capital Projects Fund		Total
	General Debt Service	Education Debt Service	0 \$	Capital Projects Fund		
				General Debt Service	Capital Projects	
<u>Fees Received from County Officials</u>						
<u>Fees in-Lieu-of Salary</u>						
County Clerk	0 \$	0 \$	0 \$	0 \$	0 \$	159,306
Circuit Court Clerk	0	0	0	0	0	19,813
General Sessions Court Clerk	0	0	0	0	0	88,348
Clerk and Master	0	0	0	0	0	50,046
Juvenile Court Clerk	0	0	0	0	0	12,239
Register	0	0	0	0	0	47,398
Sheriff	0	0	0	0	0	6,357
Trustee	0	0	0	0	0	181,754
<b>Total Fees Received from County Officials</b>	<b>0 \$</b>	<b>0 \$</b>	<b>0 \$</b>	<b>0 \$</b>	<b>0 \$</b>	<b>565,261</b>
<u>State of Tennessee</u>						
<u>General Government Grants</u>						
Juvenile Services Program	0 \$	0 \$	0 \$	0 \$	0 \$	18,000
Public Safety Grants						
Law Enforcement Training Programs	0	0	0	0	0	7,200
Health and Welfare Grants						
Health Department Programs	0	0	0	0	0	20,089
Public Works Grants						
Litter Program	0	0	0	0	0	21,651
<u>Other State Revenues</u>						
Income Tax	92	0	0	0	0	184
Beer Tax	0	0	0	0	0	48,804
State Revenue Sharing - T.V.A.	1,516	0	0	0	0	112,433
Contracted Prisoner Boarding	0	0	0	0	0	66,885
Gasoline and Motor Fuel Tax	0	0	0	0	0	1,431,719
Petroleum Special Tax	0	0	0	0	0	12,480
Registrar's Salary Supplement	0	0	0	0	0	15,164
Other State Grants	0	0	0	0	0	14,803
Other State Revenues	0	0	0	0	0	12,647
<b>Total State of Tennessee</b>	<b>1,608 \$</b>	<b>0 \$</b>	<b>0 \$</b>	<b>0 \$</b>	<b>0 \$</b>	<b>1,782,059</b>

(Continued)

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

	Debt Service Funds			Capital Projects Fund		Total
	General Debt Service	Education Debt Service	0 \$	General Capital Projects		
				0 \$	0 \$	
<u>Federal Government</u>						
<u>Federal Through State</u>						
Community Development	0 \$	0 \$	0 \$	0 \$	0 \$	285,074
Civil Defense Reimbursement	0	0	0	0	0	26,869
Disaster Relief	0	0	0	0	0	158,079
Other Federal through State	0	0	0	0	0	21,178
Total Federal Government	0 \$	0 \$	0 \$	0 \$	0 \$	491,200
<u>Other Governments and Citizens Groups</u>						
<u>Other Governments</u>						
Contributions	0 \$	50,000 \$	0 \$	0 \$	0 \$	50,000
Contracted Services	0	0	0	0	0	235,715
Total Other Governments and Citizens Groups	0 \$	50,000 \$	0 \$	0 \$	0 \$	285,715
Total	527,379 \$	708,431 \$	28,195 \$	9,048,030 \$		

Exhibit I-6

Chester County, Tennessee  
Schedule of Detailed Revenues -  
All Governmental Fund Types  
Discretely Presented Chester County School Department  
For the Year Ended June 30, 2011

	General Purpose School	School Federal Projects	Central Cafeteria	Total
<u>Local Taxes</u>				
<u>County Property Taxes</u>				
Current Property Tax	\$ 1,480,779	\$ 0	\$ 0	\$ 1,480,779
Trustee's Collections - Prior Year	78,216	0	0	78,216
Trustee's Collections - Bankruptcy	642	0	0	642
Circuit/Clerk & Master Collections - Prior Years	38,043	0	0	38,043
Interest and Penalty	13,399	0	0	13,399
Payments in-Lieu-of Taxes - T.V.A.	149,411	0	0	149,411
Payments in-Lieu-of Taxes - Other	6,971	0	0	6,971
<u>County Local Option Taxes</u>				
Local Option Sales Tax	728,814	0	0	728,814
<u>Statutory Local Taxes</u>				
Bank Excise Tax	8,788	0	0	8,788
Interstate Telecommunications Tax	1,085	0	0	1,085
Total Local Taxes	\$ 2,506,148	\$ 0	\$ 0	\$ 2,506,148
<u>Licenses and Permits</u>				
<u>Licenses</u>				
Marriage Licenses	\$ 1,045	\$ 0	\$ 0	\$ 1,045
Total Licenses and Permits	\$ 1,045	\$ 0	\$ 0	\$ 1,045
<u>Charges for Current Services</u>				
<u>Education Charges</u>				
Tuition - Regular Day Students	\$ 9,150	\$ 0	\$ 0	\$ 9,150
Tuition - Summer School	978	0	0	978
Lunch Payments - Children	0	0	231,460	231,460
Lunch Payments - Adults	0	0	39,298	39,298
Income from Breakfast	0	0	17,878	17,878
Special Milk Sales	0	0	13	13
A la carte Sales	0	0	131,166	131,166
Receipts from Individual Schools	19,881	0	0	19,881
<u>Other Charges for Services</u>				
Other Charges for Services	9,106	0	0	9,106
Total Charges for Current Services	\$ 39,115	\$ 0	\$ 419,815	\$ 458,930
<u>Other Local Revenues</u>				
<u>Recurring Items</u>				
Investment Income	\$ 37,002	\$ 0	\$ 1,663	\$ 38,665
Lease/Rentals	6,850	0	0	6,850
Miscellaneous Refunds	43,033	0	40,552	83,585
<u>Nonrecurring Items</u>				
Sale of Equipment	534	0	0	534
Damages Recovered from Individuals	320	0	0	320
Contributions and Gifts	1,000	0	0	1,000
<u>Other Local Revenues</u>				
Other Local Revenues	12,436	0	0	12,436
Total Other Local Revenues	\$ 101,175	\$ 0	\$ 42,215	\$ 143,390

(Continued)

Exhibit I-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</u>				
<u>General Government Grants</u>				
On-Behalf Contributions for OPEB	\$ 28,247	\$ 0	\$ 0	\$ 28,247
<u>State Education Funds</u>				
Basic Education Program	11,982,798	0	0	11,982,798
Basic Education Program - ARRA	1,250,202	0	0	1,250,202
Early Childhood Education	181,555	0	0	181,555
School Food Service	0	0	15,039	15,039
Energy Efficient School Initiative	21,474	0	0	21,474
Driver Education	11,100	0	0	11,100
Other State Education Funds	50,855	0	0	50,855
Coordinated School Health - ARRA	88,570	0	0	88,570
Family Resource Centers - ARRA	33,300	0	0	33,300
Statewide Student Management System (SSMS) - ARRA	6,813	0	0	6,813
Career Ladder Program	98,227	0	0	98,227
<u>Other State Revenues</u>				
Income Tax	3,906	0	0	3,906
Safe Schools - ARRA	16,400	0	0	16,400
Total State of Tennessee	<u>\$ 13,773,447</u>	<u>\$ 0</u>	<u>\$ 15,039</u>	<u>\$ 13,788,486</u>
<u>Federal Government</u>				
<u>Federal Through State</u>				
USDA School Lunch Program	\$ 0	\$ 0	\$ 576,560	\$ 576,560
USDA - Commodities	0	0	97,230	97,230
Breakfast	0	0	182,204	182,204
USDA - Other	0	0	431,008	431,008
Vocational Education - Basic Grants to States	0	43,821	0	43,821
Title I Grants to Local Education Agencies	0	782,605	0	782,605
Special Education - Grants to States	5,063	847,890	0	852,953
Special Education Preschool Grants	2,544	19,734	0	22,278
Eisenhower Professional Development State Grants	0	150,172	0	150,172
Job Training Partnership Act	25,000	0	0	25,000
Race to the Top - ARRA	0	159,457	0	159,457
Other Federal through State	23,860	247,200	0	271,060
Total Federal Government	<u>\$ 56,467</u>	<u>\$ 2,250,879</u>	<u>\$ 1,287,002</u>	<u>\$ 3,594,348</u>
Total	<u>\$ 16,477,397</u>	<u>\$ 2,250,879</u>	<u>\$ 1,764,071</u>	<u>\$ 20,492,347</u>

Exhibit I-7

Chester County, Tennessee  
Schedule of Detailed Expenditures -  
All Governmental Fund Types  
For the Year Ended June 30, 2011

General Fund

General Government

County Commission

Board and Committee Members Fees	\$	16,600	
Social Security		1,270	
Dues and Memberships		1,300	
Travel		1,071	
Total County Commission			\$ 20,241

Board of Equalization

Board and Committee Members Fees	\$	550	
Total Board of Equalization			550

Budget and Finance Committee

Board and Committee Members Fees	\$	1,500	
Social Security		115	
Total Budget and Finance Committee			1,615

County Mayor/Executive

County Official/Administrative Officer	\$	70,511	
Secretary(ies)		23,371	
Educational Incentive - Official/Admin Officer		3,000	
Educational Incentive - Other County Employees		3,000	
Longevity Pay		50	
Social Security		7,917	
State Retirement		7,090	
Medical Insurance		10,176	
Unemployment Compensation		190	
Communication		3,716	
Dues and Memberships		1,550	
Printing, Stationery, and Forms		223	
Travel		1,876	
Office Supplies		1,883	
Total County Mayor/Executive			134,553

County Attorney

Legal Services	\$	29,742	
Total County Attorney			29,742

Election Commission

County Official/Administrative Officer	\$	51,976	
Clerical Personnel		20,709	
Longevity Pay		450	

(Continued)

Exhibit I-7

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

General Fund (Cont.)

General Government (Cont.)

Election Commission (Cont.)

Election Commission	\$	2,700	
Election Workers		30,478	
Social Security		5,942	
State Retirement		5,239	
Medical Insurance		4,623	
Unemployment Compensation		246	
Communication		3,478	
Data Processing Services		15,155	
Dues and Memberships		1,444	
Legal Notices, Recording, and Court Costs		1,366	
Printing, Stationery, and Forms		3,389	
Travel		3,128	
Office Supplies		6,316	
Total Election Commission			\$ 156,639

Register of Deeds

County Official/Administrative Officer	\$	57,751	
Clerical Personnel		24,929	
Educational Incentive - Official/Admin Officer		3,000	
Longevity Pay		1,650	
Social Security		6,681	
State Retirement		6,158	
Medical Insurance		11,419	
Unemployment Compensation		108	
Communication		743	
Data Processing Services		4,459	
Dues and Memberships		968	
Travel		838	
Data Processing Supplies		1,193	
Office Supplies		1,457	
Office Equipment		10,538	
Total Register of Deeds			131,892

County Buildings

Salary Supplements	\$	3,000	
Custodial Personnel		12,037	
Maintenance Personnel		82,502	
Longevity Pay		775	
Overtime Pay		12,978	
Social Security		8,514	

(Continued)

Exhibit I-7

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

General Fund (Cont.)

General Government (Cont.)

County Buildings (Cont.)

State Retirement	\$	7,112	
Medical Insurance		5,500	
Unemployment Compensation		362	
Communication		4,699	
Maintenance and Repair Services - Buildings		41,569	
Maintenance and Repair Services - Equipment		130	
Maintenance and Repair Services - Office Equipment		3,689	
Pest Control		3,717	
Rentals		3,000	
Travel		3,070	
Custodial Supplies		12,859	
Electricity		74,363	
Gasoline		1,057	
Water and Sewer		19,071	
Building and Contents Insurance		40,204	
Building Improvements		2,101	
Total County Buildings			\$ 342,309

Other Facilities

Communication	\$	2,519	
Maintenance and Repair Services - Buildings		360	
Other Contracted Services		69	
Electricity		12,373	
Water and Sewer		1,664	
Total Other Facilities			16,985

Other General Administration

Contracts with Government Agencies	\$	6,800	
Legal Notices, Recording, and Court Costs		2,486	
Postal Charges		19,318	
Printing, Stationery, and Forms		981	
Duplicating Supplies		612	
Premiums on Corporate Surety Bonds		6,361	
Office Equipment		294	
Total Other General Administration			36,852

Finance

Accounting and Budgeting

Supervisor/Director	\$	24,929	
Clerical Personnel		24,929	

(Continued)

Exhibit I-7

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

General Fund (Cont.)

Finance (Cont.)

Accounting and Budgeting (Cont.)

Educational Incentive - Other County Employees	\$	6,000	
Longevity Pay		1,150	
Social Security		4,049	
State Retirement		3,943	
Medical Insurance		6,557	
Unemployment Compensation		257	
Communication		1,839	
Data Processing Services		11,075	
Dues and Memberships		70	
Printing, Stationery, and Forms		1,067	
Travel		1,351	
Office Supplies		1,485	
Total Accounting and Budgeting			\$ 88,701

Property Assessor's Office

County Official/Administrative Officer	\$	57,751	
Clerical Personnel		49,858	
Educational Incentive - Official/Admin Officer		3,000	
Educational Incentive - Other County Employees		6,000	
Longevity Pay		250	
Social Security		8,940	
State Retirement		8,015	
Medical Insurance		14,205	
Unemployment Compensation		216	
Audit Services		6,100	
Communication		4,188	
Data Processing Services		8,078	
Dues and Memberships		1,002	
Travel		1,251	
Office Supplies		2,049	
Total Property Assessor's Office			170,903

Reappraisal Program

Clerical Personnel	\$	8,269	
Social Security		633	
Unemployment Compensation		99	
Travel		2,174	
Total Reappraisal Program			11,175

(Continued)

Exhibit I-7

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

General Fund (Cont.)

Finance (Cont.)

County Trustee's Office

County Official/Administrative Officer	\$	57,751	
Clerical Personnel		49,859	
Educational Incentive - Official/Admin Officer		3,000	
Educational Incentive - Other County Employees		6,000	
Longevity Pay		1,750	
Social Security		9,015	
State Retirement		8,331	
Medical Insurance		14,189	
Unemployment Compensation		200	
Communication		2,706	
Data Processing Services		9,971	
Dues and Memberships		646	
Legal Notices, Recording, and Court Costs		125	
Travel		808	
Data Processing Supplies		3,252	
Office Supplies		2,684	
Total County Trustee's Office			\$ 170,287

County Clerk's Office

County Official/Administrative Officer	\$	57,751	
Clerical Personnel		74,787	
Part-time Personnel		12,724	
Educational Incentive - Other County Employees		3,000	
Longevity Pay		850	
Social Security		11,407	
State Retirement		9,872	
Medical Insurance		14,905	
Unemployment Compensation		470	
Communication		2,452	
Data Processing Services		3,973	
Dues and Memberships		483	
Travel		1,046	
Office Supplies		1,418	
Total County Clerk's Office			195,138

Other Finance

Contracts with Other Public Agencies	\$	4,662	
Total Other Finance			4,662

(Continued)

Exhibit I-7

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

General Fund (Cont.)

Administration of Justice

Circuit Court

County Official/Administrative Officer	\$	57,751	
Clerical Personnel		74,787	
Part-time Personnel		29,724	
Educational Incentive - Official/Admin Officer		3,000	
Educational Incentive - Other County Employees		10,500	
Longevity Pay		1,850	
Jury and Witness Expense		7,885	
Social Security		13,587	
State Retirement		9,872	
Medical Insurance		17,145	
Unemployment Compensation		523	
Communication		1,251	
Data Processing Services		9,621	
Dues and Memberships		448	
Maintenance and Repair Services - Office Equipment		1,515	
Travel		1,737	
Food Supplies		363	
Office Supplies		2,985	
Office Equipment		10,824	
Total Circuit Court			\$ 255,368

General Sessions Court

Judge(s)	\$	80,828	
Assistant(s)		1,000	
Social Security		6,260	
State Retirement		6,020	
Medical Insurance		5,758	
Communication		1,763	
Dues and Memberships		50	
Travel		330	
Office Supplies		1,592	
Total General Sessions Court			103,601

Chancery Court

County Official/Administrative Officer	\$	57,751
Clerical Personnel		74,787
Longevity Pay		1,900
Social Security		10,285
State Retirement		9,872
Medical Insurance		18,391

(Continued)

Exhibit I-7

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

General Fund (Cont.)

Administration of Justice (Cont.)

Chancery Court (Cont.)

Unemployment Compensation	\$	432	
Communication		558	
Data Processing Services		9,932	
Dues and Memberships		2,476	
Travel		21	
Office Supplies		4,687	
Total Chancery Court			\$ 191,092

Juvenile Court

Clerical Personnel	\$	21,809	
Part-time Personnel		1,528	
Longevity Pay		400	
Social Security		1,816	
State Retirement		1,624	
Medical Insurance		2,334	
Unemployment Compensation		126	
Total Juvenile Court			29,637

Public Safety

Sheriff's Department

County Official/Administrative Officer	\$	63,527	
Assistant(s)		25,033	
Supervisor/Director		45,106	
Deputy(ies)		319,982	
Investigator(s)		67,261	
Salary Supplements		7,200	
Dispatchers/Radio Operators		248,900	
Secretary(ies)		28,415	
Part-time Personnel		3,958	
School Resource Officer		37,595	
Educational Incentive - Other County Employees		3,000	
Longevity Pay		7,050	
Overtime Pay		43,910	
Other Salaries and Wages		6,207	
In-Service Training		4,400	
Social Security		71,401	
State Retirement		66,431	
Medical Insurance		122,018	
Unemployment Compensation		3,550	
Communication		23,261	

(Continued)

Exhibit I-7

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

General Fund (Cont.)

Public Safety (Cont.)

Sheriff's Department (Cont.)

Contracts with Government Agencies	\$	837	
Contributions		250	
Data Processing Services		6,337	
Dues and Memberships		2,005	
Maintenance and Repair Services - Equipment		4,901	
Maintenance and Repair Services - Vehicles		10,343	
Pest Control		50	
Tow-in Services		775	
Travel		10,109	
Other Contracted Services		5,190	
Gasoline		37,418	
Law Enforcement Supplies		4,880	
Office Supplies		6,421	
Tires and Tubes		1,540	
Uniforms		8,032	
Other Supplies and Materials		317	
Workers' Compensation Insurance		21,140	
Other Charges		3,329	
Law Enforcement Equipment		707	
Motor Vehicles		23,360	
Office Equipment		3,628	
Other Equipment		745	
Total Sheriff's Department			\$ 1,350,519

Jail

Guards	\$	526,569
Secretary(ies)		20,988
Cafeteria Personnel		37,763
Custodial Personnel		3,110
Longevity Pay		1,300
Overtime Pay		33,018
Other Salaries and Wages		250
Social Security		45,695
State Retirement		43,798
Medical Insurance		84,556
Unemployment Compensation		3,067
Communication		482
Maintenance and Repair Services - Buildings		4,198
Medical and Dental Services		127,859
Travel		1,662

(Continued)

Exhibit I-7

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

General Fund (Cont.)

Public Safety (Cont.)

Jail (Cont.)

Other Contracted Services	\$	198	
Custodial Supplies		7,809	
Food Preparation Supplies		183	
Food Supplies		49,609	
Office Supplies		2,069	
Prisoners Clothing		257	
Uniforms		11,067	
Utilities		85,478	
Other Supplies and Materials		<u>2,131</u>	
Total Jail			\$ 1,093,116

Juvenile Services

Youth Service Officer(s)	\$	45,586	
Longevity Pay		1,250	
Social Security		3,583	
State Retirement		3,395	
Medical Insurance		8,856	
Unemployment Compensation		108	
Communication		1,454	
Contracts with Other Public Agencies		1,859	
Travel		1,556	
Office Supplies		<u>1,132</u>	
Total Juvenile Services			68,779

Fire Prevention and Control

Supervisor/Director	\$	30,089	
Longevity Pay		450	
Social Security		2,336	
State Retirement		2,241	
Medical Insurance		5,715	
Unemployment Compensation		108	
Communication		3,973	
Contributions		2,000	
Maintenance and Repair Services - Buildings		7,541	
Maintenance and Repair Services - Equipment		4,631	
Maintenance and Repair Services - Office Equipment		545	
Maintenance and Repair Services - Vehicles		11,388	
Pest Control		90	
Tow-in Services		625	
Equipment and Machinery Parts		1,729	

(Continued)

Exhibit I-7

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

General Fund (Cont.)

Public Safety (Cont.)

Fire Prevention and Control (Cont.)

Gasoline	\$	7,374	
Office Supplies		2,151	
Periodicals		870	
Tires and Tubes		377	
Uniforms		650	
Vehicle and Equipment Insurance		24,013	
Workers' Compensation Insurance		7,753	
Other Charges		696	
Motor Vehicles		345,920	
Office Equipment		1,119	
Total Fire Prevention and Control			\$ 464,384

Civil Defense

Supervisor/Director	\$	36,699	
Longevity Pay		3,550	
Social Security		3,079	
State Retirement		2,734	
Medical Insurance		6,329	
Unemployment Compensation		210	
Communication		7,892	
Dues and Memberships		200	
Maintenance and Repair Services - Equipment		3,115	
Maintenance and Repair Services - Vehicles		152	
Travel		150	
Gasoline		1,974	
Office Supplies		1,416	
Other Charges		3,064	
Other Equipment		9,185	
Total Civil Defense			79,749

Rescue Squad

Contributions	\$	6,700	
Total Rescue Squad			6,700

County Coroner/Medical Examiner

Other Per Diem and Fees	\$	18,255	
Total County Coroner/Medical Examiner			18,255

(Continued)

Exhibit I-7

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

General Fund (Cont.)

Public Health and Welfare

Local Health Center

Clerical Personnel	\$	21,168	
Longevity Pay		50	
Social Security		1,623	
State Retirement		1,577	
Medical Insurance		4,657	
Unemployment Compensation		108	
Communication		2,192	
Contracts with Government Agencies		5,890	
Dues and Memberships		276	
Maintenance and Repair Services - Buildings		1,773	
Travel		58	
Other Contracted Services		189	
Custodial Supplies		2,721	
Drugs and Medical Supplies		1,270	
Office Supplies		1,970	
Total Local Health Center			\$ 45,522

Ambulance/Emergency Medical Services

Ambulance Services	\$	165,113	
Motor Vehicles		70,954	
Total Ambulance/Emergency Medical Services			236,067

Nursing Home

Maintenance and Repair Services - Equipment	\$	118,519	
Total Nursing Home			118,519

Other Local Health Services

Contributions	\$	14,846	
Total Other Local Health Services			14,846

Regional Mental Health Center

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

Sanitation Education/Information

Guards	\$	14,207	
Social Security		1,087	
State Retirement		1,058	
Unemployment Compensation		54	
Maintenance and Repair Services - Vehicles		35	

(Continued)

Exhibit I-7

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

General Fund (Cont.)

Public Health and Welfare (Cont.)

Sanitation Education/Information (Cont.)

Travel	\$	732	
Gasoline		1,298	
Other Charges		4,320	
Other Equipment		254	
Total Sanitation Education/Information			\$ 23,045

Social, Cultural, and Recreational Services

Libraries

County Official/Administrative Officer	\$	24,929	
Part-time Personnel		24,666	
Longevity Pay		1,075	
Social Security		3,872	
State Retirement		1,857	
Unemployment Compensation		403	
Communication		78	
Postal Charges		54	
Data Processing Equipment		3,175	
Total Libraries			60,109

Other Social, Cultural, and Recreational

Contributions	\$	15,766	
Total Other Social, Cultural, and Recreational			15,766

Agriculture and Natural Resources

Agriculture Extension Service

Salary Supplements	\$	32,122	
Extension Service Medicare		5,301	
Communication		2,125	
Office Supplies		1,164	
Total Agriculture Extension Service			40,712

Soil Conservation

Assistant(s)	\$	17,919	
Secretary(ies)		11,729	
Longevity Pay		250	
Social Security		2,287	
State Retirement		1,335	
Unemployment Compensation		180	
Communication		1,056	
Office Supplies		1,384	
Total Soil Conservation			36,140

(Continued)

Exhibit I-7

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

General Fund (Cont.)

Agriculture and Natural Resources (Cont.)

Flood Control

Contributions	\$ 7,900	
Total Flood Control	<u>7,900</u>	\$ 7,900

Other Operations

Industrial Development

Contributions	\$ 15,000	
Total Industrial Development	<u>15,000</u>	15,000

Veterans' Services

County Official/Administrative Officer	\$ 15,913	
Longevity Pay	50	
Social Security	1,221	
Unemployment Compensation	111	
Communication	1,420	
Travel	589	
Office Supplies	1,177	
Office Equipment	91	
Total Veterans' Services	<u>20,572</u>	20,572

Employee Benefits

Life Insurance	\$ 5,196	
Total Employee Benefits	<u>5,196</u>	5,196

Miscellaneous

Trustee's Commission	\$ 57,453	
Other Charges	67,785	
Total Miscellaneous	<u>125,238</u>	125,238

Other Debt Service

General Government

Underwriter's Discount	\$ 2,835	
Other Debt Issuance Charges	5,933	
Total General Government	<u>8,768</u>	8,768

Total General Fund		\$ 5,956,844
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Solid Waste/Sanitation Fund

Public Health and Welfare

Convenience Centers

Supervisor/Director	\$ 48,695	
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(Continued)

Exhibit I-7

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

Solid Waste/Sanitation Fund (Cont.)

Public Health and Welfare (Cont.)

Convenience Centers (Cont.)

Accountants/Bookkeepers	\$	18,647	
Foremen		38,955	
Mechanic(s)		29,308	
Laborers		94,364	
Part-time Personnel		10,314	
Educational Incentive - Other County Employees		3,000	
Longevity Pay		2,925	
Overtime Pay		3,096	
Social Security		18,843	
State Retirement		10,908	
Medical Insurance		7,495	
Unemployment Compensation		1,613	
Communication		5,712	
Dues and Memberships		4,066	
Maintenance and Repair Services - Buildings		5,946	
Maintenance and Repair Services - Equipment		2,786	
Maintenance and Repair Services - Vehicles		4,834	
Postal Charges		27	
Travel		3,141	
Custodial Supplies		1,644	
Electricity		7,413	
Food Supplies		153	
Office Supplies		3,363	
Uniforms		300	
Water and Sewer		1,088	
Chemicals		1,099	
Other Charges		1,390	
Building Construction		3,366	
Maintenance Equipment		99	
Solid Waste Equipment		23,193	
Total Convenience Centers			\$ 357,783

Recycling Center

Laborers	\$	51,648
Secretary(ies)		12,895
Part-time Personnel		4,000
Longevity Pay		325
Overtime Pay		140
Social Security		5,508
State Retirement		3,738

(Continued)

Exhibit I-7

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

Solid Waste/Sanitation Fund (Cont.)

Public Health and Welfare (Cont.)

Recycling Center (Cont.)

Medical Insurance	\$	1,484	
Unemployment Compensation		522	
Contracts with Other School Systems		1,000	
Contributions		3,515	
Maintenance and Repair Services - Buildings		1,868	
Maintenance and Repair Services - Equipment		2,146	
Maintenance and Repair Services - Vehicles		898	
Rentals		1,260	
Electricity		1,918	
Food Supplies		3,689	
Propane Gas		1,152	
Wire		5,089	
Other Supplies and Materials		6,069	
Other Charges		612	
Solid Waste Equipment		5,922	
Total Recycling Center			\$ 115,398

Other Waste Disposal

Truck Drivers	\$	14,197	
Longevity Pay		600	
Overtime Pay		716	
Social Security		1,187	
Unemployment Compensation		179	
Contracts with Government Agencies		165,136	
Contracts with Private Agencies		56,056	
Maintenance and Repair Services - Equipment		4,865	
Maintenance and Repair Services - Vehicles		4,775	
Tow-in Services		150	
Diesel Fuel		12,906	
Gasoline		11,437	
Propane Gas		405	
Tires and Tubes		2,349	
Total Other Waste Disposal			274,958

Postclosure Care Costs

Contracts with Government Agencies	\$	3,337	
Total Postclosure Care Costs			3,337

(Continued)

Exhibit I-7

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

Solid Waste/Sanitation Fund (Cont.)

Other Operations

Miscellaneous

Trustee's Commission	\$ 6,008	
Total Miscellaneous	<u>6,008</u>	\$ 6,008

Principal on Debt

General Government

Principal on Notes	\$ 27,000	
Principal on Capital Leases	<u>9,961</u>	
Total General Government		36,961

Interest on Debt

General Government

Interest on Notes	\$ 3,080	
Interest on Capital Leases	<u>1,122</u>	
Total General Government		4,202

Other Debt Service

General Government

Underwriter's Discount	\$ 1,103	
Other Debt Issuance Charges	<u>3,653</u>	
Total General Government		<u>4,756</u>

Total Solid Waste/Sanitation Fund		\$ 803,403
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Drug Control Fund

Public Safety

Drug Enforcement

Investigator(s)	\$ 18,568
Social Security	1,420
State Retirement	1,383
Unemployment Compensation	63
Communication	1,169
Contracts with Government Agencies	50,000
Contracts with Private Agencies	500
Confidential Drug Enforcement Payments	6,000
Evaluation and Testing	95
Maintenance and Repair Services - Equipment	1,966
Maintenance and Repair Services - Vehicles	12,873
Instructional Supplies and Materials	426
Law Enforcement Supplies	9,689
Office Supplies	52

(Continued)

Exhibit I-7

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

Drug Control Fund (Cont.)

Public Safety (Cont.)

Drug Enforcement (Cont.)

Vehicle Parts	\$	200	
Other Charges		1,088	
Law Enforcement Equipment		16,001	
Motor Vehicles		23,136	
Total Drug Enforcement			\$ 144,629

Other Operations

Miscellaneous

Trustee's Commission	\$	60	
Total Miscellaneous			60

Total Drug Control Fund \$ 144,689

Constitutional Officers - Fees Fund

Administration of Justice

Chancery Court

Constitutional Officers' Operating Expenses	\$	30,053	
Total Chancery Court			\$ 30,053

Total Constitutional Officers - Fees Fund 30,053

Highway/Public Works Fund

Highways

Administration

County Official/Administrative Officer	\$	65,874	
Accountants/Bookkeepers		57,192	
Longevity Pay		1,600	
Contracts with Other Public Agencies		3,000	
Dues and Memberships		2,424	
Pest Control		350	
Postal Charges		358	
Travel		5,837	
Custodial Supplies		489	
Office Supplies		8,119	
Other Charges		7,634	
Total Administration			\$ 152,877

Highway and Bridge Maintenance

Foremen	\$	80,986	
Equipment Operators		119,015	

(Continued)

Exhibit I-7

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

Highway/Public Works Fund (Cont.)

Highways (Cont.)

Highway and Bridge Maintenance (Cont.)

Truck Drivers	\$	114,721	
Laborers		133,375	
Other Contracted Services		18,450	
Asphalt - Liquid		175,250	
Concrete		996	
Crushed Stone		69,486	
Fertilizer, Lime, and Seed		1,071	
Pipe		48,918	
Road Signs		1,728	
Wood Products		2,577	
Gravel and Chert		39,030	
Other Supplies and Materials		8,013	
Other Charges		40	
Total Highway and Bridge Maintenance			\$ 813,656

Operation and Maintenance of Equipment

Mechanic(s)	\$	59,429	
Maintenance and Repair Services - Equipment		18,763	
Diesel Fuel		112,778	
Equipment and Machinery Parts		54,402	
Garage Supplies		13,195	
Gasoline		42,848	
Lubricants		2,170	
Tires and Tubes		16,690	
Total Operation and Maintenance of Equipment			320,275

Other Charges

Communication	\$	5,565	
Electricity		10,805	
Natural Gas		1,044	
Water and Sewer		789	
Trustee's Commission		15,798	
Vehicle and Equipment Insurance		40,138	
Total Other Charges			74,139

Employee Benefits

In-Service Training	\$	3,000	
Social Security		48,348	
State Retirement		40,837	
Employee and Dependent Insurance		95,875	

(Continued)

Exhibit I-7

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

Highway/Public Works Fund (Cont.)

Highways (Cont.)

Employee Benefits (Cont.)

Unemployment Compensation	\$ 5,750	
Workers' Compensation Insurance	20,296	
Total Employee Benefits		\$ 214,106

Capital Outlay

Engineering Services	\$ 20,893	
Bridge Construction	148,472	
Highway Equipment	97,852	
Total Capital Outlay		267,217

Total Highway/Public Works Fund \$ 1,842,270

General Debt Service Fund

Principal on Debt

General Government

Principal on Bonds	\$ 100,000	
Total General Government		\$ 100,000

Interest on Debt

General Government

Interest on Bonds	\$ 413,156	
Total General Government		413,156

Other Debt Service

General Government

Bank Charges	\$ 1,162	
Trustee's Commission	6,708	
Underwriter's Discount	4,528	
Other Debt Issuance Charges	13,723	
Total General Government		26,121

Total General Debt Service Fund 539,277

Education Debt Service Fund

Principal on Debt

Education

Principal on Bonds	\$ 505,000	
Total Education		\$ 505,000

(Continued)

Exhibit I-7

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

Education Debt Service Fund (Cont.)

Interest on Debt

Education

Interest on Bonds	\$ 96,661	
Total Education	<u>96,661</u>	\$ 96,661

Other Debt Service

Education

Trustee's Commission	\$ 6,589	
Underwriter's Discount	2,993	
Other Debt Issuance Charges	9,940	
Total Education	<u>19,522</u>	<u>19,522</u>

Total Education Debt Service Fund		\$ 621,183
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General Capital Projects Fund

Capital Projects

Administration of Justice Projects

Architects	\$ 52,762	
Building Construction	294,224	
Furniture and Fixtures	86,128	
Total Administration of Justice Projects	<u>433,114</u>	<u>\$ 433,114</u>

Total General Capital Projects Fund		<u>433,114</u>
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Total Governmental Funds - Primary Government		<u>\$ 10,370,833</u>
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Exhibit I-8

Chester County, Tennessee  
Schedule of Detailed Expenditures -  
All Governmental Fund Types  
Discretely Presented Chester County School Department  
For the Year Ended June 30, 2011

General Purpose School Fund

Instruction

Regular Instruction Program

Teachers	\$ 5,512,517	
Career Ladder Program	53,332	
Career Ladder Extended Contracts	35,000	
Educational Assistants	195,098	
Non-certified Substitute Teachers	130,810	
Social Security	339,649	
State Retirement	510,845	
Life Insurance	3,000	
Medical Insurance	624,468	
Employer Medicare	80,341	
Other Fringe Benefits	2,910	
Maintenance and Repair Services - Equipment	1,318	
Other Contracted Services	36,246	
Instructional Supplies and Materials	213,062	
Textbooks	83,054	
Other Supplies and Materials	405	
Other Charges	500	
Regular Instruction Equipment	172,345	
Total Regular Instruction Program		\$ 7,994,900

Special Education Program

Teachers	\$ 414,020	
Career Ladder Program	5,083	
Career Ladder Extended Contracts	1,000	
Educational Assistants	312,835	
Speech Pathologist	50,910	
Non-certified Substitute Teachers	40,027	
Social Security	50,199	
State Retirement	66,477	
Life Insurance	300	
Medical Insurance	43,986	
Employer Medicare	11,796	
Contracts with Private Agencies	54,000	
Other Contracted Services	5,627	
Instructional Supplies and Materials	9,000	
Other Supplies and Materials	1,903	
Total Special Education Program		1,067,163

(Continued)

Exhibit I-8

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

General Purpose School Fund (Cont.)

Instruction (Cont.)

Vocational Education Program

Teachers	\$	416,373	
Career Ladder Program		6,000	
Non-certified Substitute Teachers		5,625	
Social Security		24,129	
State Retirement		38,225	
Life Insurance		293	
Medical Insurance		54,549	
Employer Medicare		5,643	
Other Contracted Services		163	
Instructional Supplies and Materials		10,159	
Total Vocational Education Program			\$ 561,159

Student Body Education Program

Other Charges	\$	47,000	
Total Student Body Education Program			47,000

Adult Education Program

Teachers	\$	22,500	
Social Security		1,363	
State Retirement		2,036	
Employer Medicare		319	
Total Adult Education Program			26,218

Support Services

Attendance

Supervisor/Director	\$	44,000	
Career Ladder Program		2,000	
Social Security		2,534	
State Retirement		4,163	
Life Insurance		20	
Medical Insurance		7,856	
Employer Medicare		593	
Travel		234	
Other Supplies and Materials		245	
Total Attendance			61,645

Health Services

Medical Personnel	\$	68,379	
Other Salaries and Wages		54,521	

(Continued)

Exhibit I-8

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

General Purpose School Fund (Cont.)

Support Services (Cont.)

Health Services (Cont.)

Social Security	\$	7,456	
State Retirement		8,683	
Life Insurance		25	
Medical Insurance		4,028	
Employer Medicare		1,744	
Communication		900	
Postal Charges		15	
Travel		6,626	
Other Contracted Services		1,800	
Drugs and Medical Supplies		8,000	
Other Supplies and Materials		15,351	
Total Health Services			\$ 177,528

Other Student Support

Career Ladder Program	\$	1,000	
Guidance Personnel		201,159	
Social Security		12,312	
State Retirement		18,295	
Life Insurance		130	
Medical Insurance		5,210	
Employer Medicare		2,880	
Contracts with Government Agencies		46,500	
Evaluation and Testing		28,000	
Travel		1,800	
Other Contracted Services		1,550	
Total Other Student Support			318,836

Regular Instruction Program

Supervisor/Director	\$	94,073
Career Ladder Program		6,250
Librarians		169,538
Instructional Computer Personnel		84,073
Clerical Personnel		6,300
Other Salaries and Wages		2,662
Social Security		19,969
State Retirement		29,549
Life Insurance		115
Medical Insurance		34,119
Employer Medicare		4,983

(Continued)

Exhibit I-8

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

General Purpose School Fund (Cont.)

Support Services (Cont.)

Regular Instruction Program (Cont.)

Consultants	\$	100	
Travel		18,423	
Other Contracted Services		20,234	
Library Books/Media		41,211	
Other Supplies and Materials		2,254	
In Service/Staff Development		7,000	
Other Equipment		1,839	
Total Regular Instruction Program			\$ 542,692

Special Education Program

Supervisor/Director	\$	62,556	
Career Ladder Program		1,000	
Psychological Personnel		44,150	
Social Security		6,308	
State Retirement		9,041	
Medical Insurance		5,575	
Employer Medicare		1,475	
Travel		6,477	
Other Supplies and Materials		987	
In Service/Staff Development		880	
Total Special Education Program			138,449

Vocational Education Program

Travel	\$	209	
Total Vocational Education Program			209

Adult Programs

Supervisor/Director	\$	20,779	
Social Security		1,288	
State Retirement		1,548	
Employer Medicare		301	
Other Supplies and Materials		8,950	
Total Adult Programs			32,866

Other Programs

On-Behalf Payments to OPEB	\$	28,247	
Total Other Programs			28,247

(Continued)

Exhibit I-8

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

General Purpose School Fund (Cont.)

Support Services (Cont.)

Board of Education

Other Salaries and Wages	\$	5,850	
Social Security		363	
Unemployment Compensation		11,225	
Employer Medicare		85	
Audit Services		4,400	
Dues and Memberships		2,593	
Legal Services		70	
Travel		5,554	
Other Contracted Services		46,750	
Liability Insurance		25,429	
Trustee's Commission		81,533	
Workers' Compensation Insurance		118,000	
Criminal Investigation of Applicants - TBI		3,480	
Other Charges		14,300	
Total Board of Education			\$ 319,632

Director of Schools

County Official/Administrative Officer	\$	81,621	
Career Ladder Program		1,000	
Clerical Personnel		26,548	
Social Security		6,678	
State Retirement		9,455	
Life Insurance		29	
Medical Insurance		4,015	
Employer Medicare		1,562	
Other Fringe Benefits		1,715	
Communication		4,837	
Dues and Memberships		2,198	
Postal Charges		2,761	
Travel		7,280	
Other Contracted Services		2,693	
Office Supplies		4,921	
Other Charges		725	
Administration Equipment		1,105	
Total Director of Schools			159,143

Office of the Principal

Principals	\$	350,000
Career Ladder Program		4,666

(Continued)

Exhibit I-8

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

General Purpose School Fund (Cont.)

Support Services (Cont.)

Office of the Principal (Cont.)

Assistant Principals	\$	189,770	
Secretary(ies)		268,361	
Social Security		48,283	
State Retirement		69,265	
Life Insurance		258	
Medical Insurance		49,160	
Employer Medicare		11,292	
Communication		17,709	
Maintenance and Repair Services - Equipment		602	
Travel		12,395	
Other Supplies and Materials		242	
Other Charges		988	
Administration Equipment		18,000	
Total Office of the Principal			\$ 1,040,991

Fiscal Services

Accountants/Bookkeepers	\$	71,486	
Social Security		3,925	
State Retirement		5,122	
Employer Medicare		958	
Data Processing Services		673	
Travel		770	
Other Contracted Services		8,037	
Data Processing Supplies		1,292	
Office Supplies		815	
Total Fiscal Services			93,078

Operation of Plant

Supervisor/Director	\$	3,979	
Guards		23,773	
Custodial Personnel		337,935	
Other Salaries and Wages		6,080	
Social Security		22,277	
State Retirement		24,781	
Employer Medicare		5,210	
Travel		6,847	
Disposal Fees		10,442	
Other Contracted Services		23,873	
Custodial Supplies		136,503	

(Continued)

Exhibit I-8

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

General Purpose School Fund (Cont.)

Support Services (Cont.)

Operation of Plant (Cont.)

Electricity	\$	479,832	
Natural Gas		84,416	
Water and Sewer		30,000	
Other Supplies and Materials		2,668	
Boiler Insurance		4,000	
Building and Contents Insurance		75,000	
Plant Operation Equipment		2,546	
Total Operation of Plant			\$ 1,280,162

Maintenance of Plant

Maintenance Personnel	\$	154,093	
Other Salaries and Wages		5,652	
Social Security		9,292	
State Retirement		9,261	
Employer Medicare		2,316	
Maintenance and Repair Services - Buildings		54,666	
Maintenance and Repair Services - Equipment		7,128	
Other Contracted Services		76,215	
Other Supplies and Materials		98,954	
Maintenance Equipment		4,658	
Total Maintenance of Plant			422,235

Transportation

Supervisor/Director	\$	8,696	
Mechanic(s)		56,810	
Bus Drivers		331,921	
Other Salaries and Wages		3,815	
Social Security		24,048	
State Retirement		28,963	
Employer Medicare		5,735	
Communication		1,000	
Maintenance and Repair Services - Vehicles		24,239	
Travel		1,986	
Other Contracted Services		17,302	
Gasoline		137,640	
Tires and Tubes		19,267	
Vehicle Parts		44,288	
Other Supplies and Materials		13,439	
Vehicle and Equipment Insurance		22,327	

(Continued)

Exhibit I-8

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

General Purpose School Fund (Cont.)

Support Services (Cont.)

Transportation (Cont.)

Other Charges	\$ 575	
Transportation Equipment	146,155	
Total Transportation		\$ 888,206

Operation of Non-Instructional Services

Community Services

Other Salaries and Wages	\$ 5,252	
Social Security	207	
State Retirement	109	
Employer Medicare	48	
Other Charges	4,025	
Total Community Services		9,641

Early Childhood Education

Teachers	\$ 65,460	
Educational Assistants	30,770	
Social Security	5,884	
State Retirement	8,073	
Medical Insurance	4,028	
Employer Medicare	1,376	
Travel	4,780	
Other Contracted Services	9,110	
Instructional Supplies and Materials	38,083	
Other Equipment	12,183	
Total Early Childhood Education		179,747

Capital Outlay

Regular Capital Outlay

Architects	\$ 71,401	
Building Construction	1,297	
Building Improvements	69,283	
Total Regular Capital Outlay		141,981

Other Debt Service

Education

Contributions	\$ 50,000	
Total Education		50,000

Total General Purpose School Fund \$ 15,581,728

(Continued)

Exhibit I-8

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

School Federal Projects Fund

Instruction

Regular Instruction Program

Teachers	\$	482,975	
Educational Assistants		167,168	
Social Security		36,532	
State Retirement		40,534	
Medical Insurance		17,565	
Employer Medicare		9,309	
Other Contracted Services		20,741	
Instructional Supplies and Materials		13,513	
Other Charges		5,258	
Regular Instruction Equipment		64,699	
Total Regular Instruction Program			\$ 858,294

Special Education Program

Teachers	\$	80,576	
Clerical Personnel		24,200	
Educational Assistants		371,769	
Speech Pathologist		44,831	
Social Security		30,804	
State Retirement		40,445	
Medical Insurance		12,869	
Employer Medicare		7,204	
Contracts with Private Agencies		520	
Instructional Supplies and Materials		76,008	
Special Education Equipment		50,235	
Total Special Education Program			739,461

Vocational Education Program

Other Supplies and Materials	\$	27,593	
Total Vocational Education Program			27,593

Support Services

Other Student Support

Bus Drivers	\$	600	
Other Salaries and Wages		1,350	
Social Security		121	
State Retirement		165	
Employer Medicare		28	
Travel		10,433	
Other Contracted Services		1,343	
Total Other Student Support			14,040

(Continued)

Exhibit I-8

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

School Federal Projects Fund (Cont.)

Support Services (Cont.)

Regular Instruction Program

Supervisor/Director	\$	53,173	
Secretary(ies)		14,700	
Other Salaries and Wages		89,487	
Social Security		9,491	
State Retirement		13,965	
Medical Insurance		9,546	
Employer Medicare		2,220	
Travel		8,063	
Other Contracted Services		95,357	
Other Supplies and Materials		885	
In Service/Staff Development		9,446	
Other Charges		215	
Other Equipment		225	
Total Regular Instruction Program			\$ 306,773

Special Education Program

Other Salaries and Wages	\$	2,100	
Social Security		130	
State Retirement		190	
Employer Medicare		30	
Travel		500	
In Service/Staff Development		15,670	
Total Special Education Program			18,620

Vocational Education Program

Teachers	\$	1,875	
Social Security		115	
State Retirement		170	
Employer Medicare		27	
Total Vocational Education Program			2,187

Transportation

Bus Drivers	\$	29,420	
Social Security		1,656	
State Retirement		2,192	
Employer Medicare		427	
Total Transportation			33,695

Total School Federal Projects Fund \$ 2,000,663

(Continued)

Exhibit I-8

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

Central Cafeteria Fund

Operation of Non-Instructional Services

Food Service

Supervisor/Director	\$	27,837	
Accountants/Bookkeepers		18,560	
Clerical Personnel		5,051	
Cafeteria Personnel		428,846	
Other Salaries and Wages		81,326	
Social Security		33,198	
State Retirement		34,539	
Unemployment Compensation		706	
Employer Medicare		7,903	
Communication		2,523	
Maintenance and Repair Services - Equipment		13,976	
Transportation - Other than Students		10,381	
Travel		1,031	
Other Contracted Services		16,935	
Food Supplies		745,221	
Office Supplies		4,728	
Uniforms		6,678	
Utilities		10,074	
USDA - Commodities		97,230	
Other Supplies and Materials		51,652	
In Service/Staff Development		3,633	
Other Charges		4,953	
Food Service Equipment		68,688	
Total Food Service			\$ 1,675,669
Total Central Cafeteria Fund			\$ 1,675,669

Education Capital Projects Fund

Capital Outlay

Regular Capital Outlay

Building Improvements	\$	269,584	
Total Regular Capital Outlay			\$ 269,584
Total Education Capital Projects Fund			269,584

Total Governmental Funds - Chester County School Department \$ 19,527,644

Exhibit I-9

Chester County, Tennessee  
Schedule of Detailed Receipts, Disbursements,  
and Changes in Cash Balance - City Agency Fund  
For the Year Ended June 30, 2011

	Cities - Sales Tax Fund
<hr/>	
<u>Cash Receipts</u>	
Local Option Sales Tax	\$ 760,400
Total Cash Receipts	<u>\$ 760,400</u>
 <u>Cash Disbursements</u>	
Remittance of Revenues Collected	\$ 752,796
Trustee's Commission	7,604
Total Cash Disbursements	<u>\$ 760,400</u>
 Excess of Cash Receipts Over (Under) Cash Disbursements	 \$ 0
Cash Balance, July 1, 2010	<u>0</u>
 Cash Balance, June 30, 2011	 <u><u>\$ 0</u></u>

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## **SINGLE AUDIT SECTION**

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

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

November 29, 2011

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, 2011, which collectively comprise Chester County's basic financial statements and have issued our report thereon dated November 29, 2011. Our report on the aggregate discretely presented component units was qualified due to not including the financial statements of the Chester County Emergency Communications District, which were not available from other auditors as of the date of this report. Our report on the aggregate remaining fund information was qualified due to not including a significant portion of 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.

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

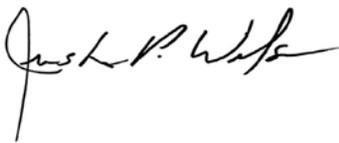
Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over financial reporting that might be deficiencies, significant deficiencies, or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined above. However, we identified certain deficiencies in internal control over financial reporting, described in the accompanying Schedule of Findings and Questioned Costs that we consider to be significant deficiencies in internal control over financial reporting: 11.01, 11.02, and 11.03. A significant deficiency is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

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

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,



Justin P. Wilson  
Comptroller of the Treasury

JPW/sb



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

REPORT ON COMPLIANCE WITH REQUIREMENTS  
THAT COULD HAVE A DIRECT AND MATERIAL EFFECT ON  
EACH MAJOR PROGRAM AND INTERNAL CONTROL OVER  
COMPLIANCE IN ACCORDANCE WITH OMB CIRCULAR A-133

November 29, 2011

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 could have a direct and material effect on each of its major federal programs for the year ended June 30, 2011. 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 could have a direct and material effect on each of its major federal programs for the year ended June 30, 2011.

#### 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 and to test and report on internal control over compliance in accordance with OMB Circular A-133, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of Chester County's internal control over compliance.

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

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be deficiencies, 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.

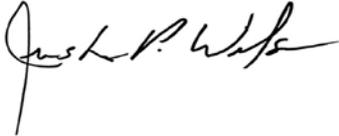
#### Schedule of Expenditures of Federal Awards

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, 2011, and have issued our report thereon dated November 29, 2011. Our report on the aggregate discretely presented component units was qualified due to not including the financial statements of the Chester County Emergency Communications District, which were not available from other auditors as of the date of this report. Our report on the aggregate remaining fund information was qualified due to not including a significant portion of the financial statements of the Chester County Public 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 as a whole. The Schedule of Expenditures of Federal Awards is presented for purposes of additional analysis as

required by OMB Circular A-133 and is not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements 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, appearing to read "Justin P. Wilson". The signature is fluid and cursive, with a prominent vertical stroke on the left side.

Justin P. Wilson  
Comptroller of the Treasury

JPW/sb

Chester County, Tennessee  
Schedule of Expenditures of Federal Awards and State Grants (1)  
For the Year Ended June 30, 2011

Federal/Pass-through Agency/State Grantor Program Title	Federal CFDA Number	Pass-through Entity Identifying Number	Expenditures
U.S. Department of Agriculture:			
Direct Program:			
Conservation Reserve Program	10.069	N/A	\$ 21,178
Passed-through State Department of Agriculture:			
National School Lunch Program (Commodities - Noncash Assistance)	10.555	N/A	97,230 (3)
Passed-through State Department of Education:			
Child Nutrition Cluster:			
School Breakfast Program	10.553	N/A	182,204
National School Lunch Program	10.555	N/A	576,560 (3)
Summer Food Service Program for Children	10.559	N/A	431,008
Total U.S. Department of Agriculture			<u>\$ 1,308,180</u>
U.S. Department of Housing and Urban Development:			
Passed-through State Department of Economic and Community Development:			
Community Development Block Grants/State's Program	14.228	GG-10-30939	\$ 285,074
Total U.S. Department of Housing and Urban Development			<u>\$ 285,074</u>
U.S. Department of Justice:			
Passed-through State Commission on Children and Youth:			
Juvenile Justice and Delinquency Prevention - Allocation to States	16.540	GG-10-29432	\$ 18,000
Direct Program:			
Edward Byrne Memorial Formula Grant Program	16.579	N/A	11,325
Total U.S. Department of Justice			<u>\$ 29,325</u>
U.S. Department of Labor:			
Passed-through Southwest Tennessee Human Resource Agency:			
WIA Youth Activities	17.259	(2)	\$ 25,000
Total U.S. Department of Labor			<u>\$ 25,000</u>
U.S. Department of Education:			
Passed-through State Department of Education:			
Title I Cluster:			
Title I Grants to Local Educational Agencies	84.010	N/A	\$ 486,690
Title I Grants to Local Educational Agencies, Recovery Act	84.389	N/A	159,008
Special Education Cluster:			
Special Education - Grants to States	84.027	N/A	483,089
Special Education - Preschool Grants	84.173	N/A	15,747
Special Education Grants to States, Recovery Act	84.391	N/A	292,450
Special Education - Preschool Grants, Recovery Act	84.392	N/A	8,098
Career and Technical Education - Basic Grants to States	84.048	(2)	43,821
Educational Technology State Grants	84.318	(2)	1,952
Improving Teacher Quality State Grants	84.367	(2)	115,636
State Fiscal Stabilization Fund Cluster:			
State Fiscal Stabilization Fund (SFSF) - Education State Grants, Recovery Act	84.394	(2)	1,250,202
State Fiscal Stabilization Fund (SFSF) - Government Services, Recovery Act	84.397	(2)	145,083
State Fiscal Stabilization Fund (SFSF) - Race-to-the-Top Incentive Grants, Recovery Act	84.395	N/A	159,457
Education Jobs Fund	84.410	N/A	247,197
Total U.S. Department of Education			<u>\$ 3,408,430</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	Pass-through Entity Identifying Number	Expenditures
U. S. Department of Health and Human Services: Passed-through State Department of Education: ARRA - Emergency Contingency Fund for Temporary Assistance for Needy Families (TANF) State Program	93.714	(2)	\$ 23,636
Total U. S. Department of Health and Human Services			<u>\$ 23,636</u>
U.S. Department of Homeland Security: Passed-through State Department of Military: Disaster Grants - Public Assistance (Presidentially Declared Disasters) Emergency Management Performance Grants	97.036 97.042	(2) (2)	\$ 158,079 26,869
Total U.S. Department of Homeland Security			<u>\$ 184,948</u>
Total Expenditures of Federal Awards			<u>\$ 5,264,593</u>
State Grants:		<u>Contract Number</u>	
Litter Program - State Department of Transportation	N/A	(2)	\$ 21,651
Energy Efficient Schools Initiative - State Department of Education	N/A	(2)	21,474
ACT - Explore/Plan - State Department of Education	N/A	(2)	3,182
Early Childhood Education - State Department of Education	N/A	(2)	181,555
LEAP Program - State Department of Education	N/A	(2)	43,166
Optional Waste Tire Grant - State Department of Environment and Conservation	N/A	(2)	3,478
Computer Grant - Administrative Office of the Courts	N/A	(2)	12,647
Department of Health Grant - State Department of Health and Human Services	N/A	GG1132109	<u>20,089</u>
Total State Grants			<u>\$ 307,242</u>

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

- (1) Presented in conformity with generally accepted accounting principles using the modified accrual basis of accounting.
- (2) Information not available.
- (3) Total for CFDA No. 10.555 is \$673,790.

Chester County, Tennessee  
Schedule of Audit Findings Not Corrected  
June 30, 2011

*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, 2010, which have not been corrected.

**OFFICE OF ROAD SUPERVISOR**

<u>Finding Number</u>	<u>Page Number</u>	<u>Subject</u>
10.02	143	Duties were not segregated adequately in the Office of Road Supervisor

**OFFICE OF TRUSTEE**

<u>Finding Number</u>	<u>Page Number</u>	<u>Subject</u>
10.05	144	The office did not implement adequate controls to protect its information resources

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**CHESTER COUNTY, TENNESSEE**

**SCHEDULE OF FINDINGS AND QUESTIONED COSTS**

**For the Year Ended June 30, 2011**

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**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 deficiencies were considered to be material weaknesses.
3. The audit disclosed no instances of noncompliance that are material to the financial statements of Chester County.
4. The audit disclosed no significant deficiencies in internal control over major programs.
5. An 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 Title I, Part A Cluster: Title I Grants to Local Educational Agencies, and Title I Grants to Local Educational Agencies, Recovery Act (CFDA Nos. 84.010 and 84.389); the Special Education Cluster: Special Education – Grants to States, Special Education – Preschool Grants, Special Education Grants to States, Recovery Act, and Special Education – Preschool Grants, Recovery Act (CFDA Nos. 84.027, 84.173, 84.391, and 84.392); the State Fiscal Stabilization Cluster: State Fiscal Stabilization Fund (SFSF) – Education State Grants, Recovery Act and State Fiscal Stabilization Fund (SFSF) – Government Services, Recovery Act (CFDA Nos. 84.394 and 84.397); State Fiscal Stabilization Fund (SFSF) – Race-to-the-Top Incentive Grants, Recovery Act (CFDA No. 84.395); and Education Jobs Fund (CFDA No. 84.410) were determined to be major programs.
8. A \$300,000 threshold was used to distinguish between Type A and Type B federal programs.
9. Chester County did not qualify as a low-risk auditee.

## **PART II, FINDINGS RELATING TO THE FINANCIAL STATEMENTS**

Findings and recommendations, as a result of our examination, are presented below. We reviewed these findings and recommendations with management to provide an opportunity for their response; however, management did not provide responses for inclusion in this report.

### **OFFICE OF TRUSTEE**

#### **FINDING 11.01      **THE OFFICE DID NOT IMPLEMENT ADEQUATE CONTROLS TO PROTECT ITS INFORMATION RESOURCES****

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

The office did not implement adequate controls to protect its information resources. This finding does not identify specific vulnerabilities that could allow someone to exploit the office's information system or misuse county funds. Disclosing those vulnerabilities could present a potential security risk by providing the readers with information that might be confidential pursuant to Section 10-7-504(i), *Tennessee Code Annotated*. Sound business practices dictate that proper controls be implemented. Without these controls, unauthorized system activity could occur.

#### **RECOMMENDATION**

The office should ensure that adequate controls over information systems and the resources associated with those systems are implemented.

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### **OFFICES OF TRUSTEE, COUNTY CLERK, CIRCUIT AND GENERAL SESSIONS COURTS CLERK, CLERK AND MASTER, AND REGISTER**

#### **FINDING 11.02      **MULTIPLE EMPLOYEES OPERATED FROM THE SAME CASH DRAWER IN THE OFFICES OF TRUSTEE, COUNTY CLERK, CIRCUIT AND GENERAL SESSIONS COURTS CLERK, CLERK AND MASTER, AND REGISTER****

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

Multiple employees operated from the same cash drawer in the Offices of Trustee, County Clerk, Circuit and General Sessions Courts Clerk, Clerk and Master, and Register. Good internal controls dictate that each employee have their own cash drawer, start the day with a standard fixed amount of cash, and remove all but the beginning amount at the end of the day. This amount should be verified to the employee's receipts at the end of each day. Failure to adhere to this control regimen greatly increases the risk that a cash shortage may not be detected in a timely manner. Furthermore, in the event of a cash shortage, officials would not be able to determine who was responsible for the shortage because

multiple employees were working from one cash drawer. This deficiency has been a management decision by the officials resulting in a loss of control over assets.

**RECOMMENDATION**

Officials should assign each employee their own cash drawer.

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**OFFICES OF COUNTY MAYOR, ROAD SUPERVISOR, DIRECTOR OF SCHOOLS, CIRCUIT AND GENERAL SESSIONS COURTS CLERK, CLERK AND MASTER, AND REGISTER**

**FINDING 11.03      **DUTIES WERE NOT SEGREGATED ADEQUATELY****

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

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

**RECOMMENDATION**

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

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**BEST PRACTICES**

The Division of County Audit strongly believes that the items noted below are best practices that should be considered by the governing body as a means of significantly improving accountability and the quality of services provided to the citizens of Chester County.

**ITEM 1. CHESTER COUNTY SHOULD ADOPT A CENTRAL SYSTEM OF ACCOUNTING, BUDGETING, AND PURCHASING**

Chester County does not have a central system of accounting, budgeting, and purchasing. Sound business practices dictate that establishing a central system would significantly improve internal controls over the accounting, budgeting, and purchasing processes. The absence of a central system of accounting, budgeting, and purchasing has been a management decision by the County Commission resulting in decentralization and some duplication of effort. We recommend the adoption of the County Financial Management System of 1981 or a private act, which would provide for a central system of accounting, budgeting, and purchasing covering all county departments.

**ITEM 2. CHESTER COUNTY SHOULD ESTABLISH AN AUDIT COMMITTEE**

Chester County does not have an Audit Committee. An Audit Committee can assist the County Commission by providing independent and objective reviews of the financial reporting process, internal controls, the audit function, and being responsible for monitoring management's plans to address various risks. County officials should establish an Audit Committee as a best practice.

**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, 2011**

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