



**ANNUAL FINANCIAL REPORT  
CHESTER COUNTY, TENNESSEE**



**FOR THE YEAR ENDED JUNE 30, 2012**



**ANNUAL FINANCIAL REPORT  
CHESTER COUNTY, TENNESSEE  
FOR THE YEAR ENDED JUNE 30, 2012**

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

***DIVISION OF LOCAL GOVERNMENT AUDIT  
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Director***

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Auditor 4***

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

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

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***Audit Highlights***  
Annual Financial Report  
Chester County, Tennessee  
For the Year Ended June 30, 2012

***Scope***

We have audited the basic financial statements of Chester County as of and for the year ended June 30, 2012.

***Results***

Our report on the aggregate discretely presented component units is qualified because the financial statements do not include a component unit whose financial statements were not available from other auditors at the date of this report. Our report on the governmental activities, each major fund, and the aggregate remaining fund information is unqualified.

Our audit resulted in six 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 COUNTY MAYOR**

- ◆ The office did not file a Report on Debt Obligation with the state Comptroller's Office.
- 

**OFFICE OF TRUSTEE**

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

**OFFICES OF TRUSTEE AND COUNTY CLERK**

- ◆ Usernames and passwords were shared by employees.
- 

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

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

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

- ◆ Duties were not segregated adequately.
- 

## **SOIL CONSERVATION OFFICE**

- ◆ An employee allegedly stole office funds.
- 

## **BEST PRACTICES**

The Division of Local Government 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, 2012

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

**INDEPENDENT AUDITOR'S REPORT**

September 10, 2012

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, 2012, 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, had not been made available by other auditors as of the date of this report. Accordingly, the aggregate discretely presented component units financial statements referred to above do not include amounts for the Chester County Emergency Communications District, 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 are not reasonably determinable.

In our opinion, except for the effects of not including the financial statements of the Chester County Emergency Communications District 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 of Chester County, Tennessee, as of June 30, 2012, and the results of operations of the aggregate discretely presented component units, 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, each major fund, and the aggregate remaining fund information of Chester County, Tennessee, as of June 30, 2012, 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 September 10, 2012, 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.

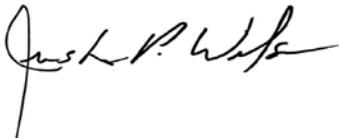
Management has omitted the management's discussion and analysis that accounting principles generally accepted in the United States of America require to be presented to supplement the basic financial statements. Such missing information, although not a part of the basic financial statements, is required 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 54 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 at the end.

Justin P. Wilson  
Comptroller of the Treasury

JPW/yu

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# BASIC FINANCIAL STATEMENTS

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Exhibit A

Chester County, Tennessee  
Statement of Net Assets  
June 30, 2012

	Primary Government Governmental Activities	Component Unit Chester County School Department
<u>ASSETS</u>		
Cash	\$ 2,722	\$ 0
Equity in Pooled Cash and Investments	2,320,469	4,245,444
Accounts Receivable	975	3,910
Due from Other Governments	531,734	318,405
Property Taxes Receivable	2,658,773	1,367,231
Allowance for Uncollectible Property Taxes	(113,182)	(58,201)
Deferred Charges - Debt Issuance Cost	262,004	0
Capital Assets:		
Assets Not Depreciated:		
Land	2,888,275	414,252
Assets Net of Accumulated Depreciation:		
Buildings and Improvements	9,875,803	9,175,981
Infrastructure	2,093,338	0
Other Capital Assets	1,755,651	1,833,672
Total Assets	<u>\$ 22,276,562</u>	<u>\$ 17,300,694</u>
<u>LIABILITIES</u>		
Accounts Payable	\$ 323	\$ 11,085
Payroll Deductions Payable	1,108	2,460
Accrued Interest Payable	54,849	0
Other Current Liabilities	6	0
Deferred Revenue - Current Property Taxes	2,383,938	1,225,902
Noncurrent Liabilities:		
Due Within One Year	883,704	0
Due in More Than One Year (net of deferred amount on refunding and unamortized premium on debt)	11,503,529	365,718
Total Liabilities	<u>\$ 14,827,457</u>	<u>\$ 1,605,165</u>

(Continued)

Exhibit A

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

	Primary Government <u>Governmental Activities</u>	Component Unit <u>Chester County School Department</u>
<u>NET ASSETS</u>		
Invested in Capital Assets, Net of Related Debt	\$ 6,493,221	\$ 0
Invested in Capital Assets	0	11,423,905
Restricted for:		
Public Library	258,097	0
Solid Waste/Sanitation	314,510	0
Drug Control	254,645	0
Highway/Public Works	540,659	0
Debt Service	451,497	0
Capital Projects	185,506	477,498
Federal Projects	0	57,152
Food Service	0	311,783
Other Purposes	41,988	14,529
Unrestricted	<u>(1,091,018)</u>	<u>3,410,662</u>
Total Net Assets	<u>\$ 7,449,105</u>	<u>\$ 15,695,529</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, 2012

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		Chester County School Department	
					Total Governmental Activities	Component		
Primary Government:								
Governmental Activities:								
General Government	\$ 695,060	\$ 72,834	\$ 17,564	\$ 0	\$ (604,662)	\$ 0	0	0
Finance	646,558	337,196	0	0	(309,362)	0	0	0
Administration of Justice	725,825	287,903	4,749	0	(433,173)	0	0	0
Public Safety	3,149,402	469,711	112,690	0	(2,567,001)	0	0	0
Public Health and Welfare	1,351,030	563,017	39,685	11,644	(736,684)	0	0	0
Social, Cultural, and Recreational Services	167,235	17,024	2,745	0	(147,466)	0	0	0
Agriculture and Natural Resources	77,019	0	47,226	0	(29,793)	0	0	0
Other Operations	217,563	0	0	0	(217,563)	0	0	0
Highways/Public Works	1,638,658	36,060	1,234,958	1,206,659	839,019	0	0	0
Interest on Long-term Debt	525,701	0	0	0	(525,701)	0	0	0
Other Debt Service	36,930	0	0	0	(36,930)	0	0	0
Total Primary Government	\$ 9,230,981	\$ 1,783,745	\$ 1,459,617	\$ 1,218,303	\$ (4,769,316)	\$ 0	0	0
Component Unit:								
Chester County School Department	\$ 20,272,507	\$ 502,148	\$ 2,843,783	\$ 0	\$ 0	\$ (16,926,576)	0	0
Total Component Unit	\$ 20,272,507	\$ 502,148	\$ 2,843,783	\$ 0	\$ 0	\$ (16,926,576)	0	0

(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
				Governmental Activities	Unit
General Revenues:					
Taxes:					
Property Taxes Levied for General Purposes				\$ 3,079,784	\$ 1,749,509
Property Taxes Levied for Debt Service				34,118	0
Local Option Sales Taxes				805,345	740,985
Wheel Tax				754,770	0
Litigation Taxes				50,706	0
Business Tax				79,434	0
Wholesale Beer Tax				53,617	0
Other Local Taxes				12,921	1,055
Grants and Contributions Not Restricted to Specific Programs				403,416	14,014,345
Unrestricted Investment Income				252,196	32,095
Miscellaneous				119,512	78,055
Total General Revenues				\$ 5,645,819	\$ 16,616,044
Change in Net Assets				\$ 876,503	\$ (310,532)
Net Assets, July 1, 2011				6,543,040	16,006,061
Prior-period Adjustment				29,562	0
Net Assets, June 30, 2012				\$ 7,449,105	\$ 15,695,529

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, 2012

	<u>Major Funds</u>		<u>Nonmajor Funds</u>	<u>Total</u>
	<u>General</u>	<u>Highway / Public Works</u>	<u>Other Govern- mental Funds</u>	<u>Govern- mental Funds</u>
<b><u>ASSETS</u></b>				
Cash	\$ 0	\$ 0	\$ 2,722	\$ 2,722
Equity in Pooled Cash and Investments	710,964	305,697	1,303,808	2,320,469
Accounts Receivable	950	15	10	975
Due from Other Governments	97,623	233,965	200,146	531,734
Due from Other Funds	2,722	0	0	2,722
Property Taxes Receivable	2,592,730	37,103	28,940	2,658,773
Allowance for Uncollectible Property Taxes	(110,370)	(1,580)	(1,232)	(113,182)
<b>Total Assets</b>	<b>\$ 3,294,619</b>	<b>\$ 575,200</b>	<b>\$ 1,534,394</b>	<b>\$ 5,404,213</b>
<b><u>LIABILITIES AND FUND BALANCES</u></b>				
<b><u>Liabilities</u></b>				
Accounts Payable	\$ 309	\$ 0	\$ 14	\$ 323
Payroll Deductions Payable	150	941	17	1,108
Due to Other Funds	0	0	2,722	2,722
Other Current Liabilities	0	6	0	6
Deferred Revenue - Current Property Taxes	2,324,722	33,267	25,949	2,383,938
Deferred Revenue - Delinquent Property Taxes	147,638	2,106	1,639	151,383
Other Deferred Revenues	22,272	110,040	77,000	209,312
<b>Total Liabilities</b>	<b>\$ 2,495,091</b>	<b>\$ 146,360</b>	<b>\$ 107,341</b>	<b>\$ 2,748,792</b>
<b><u>Fund Balances</u></b>				
<b>Restricted:</b>				
Restricted for General Government	\$ 10	\$ 0	\$ 0	\$ 10
Restricted for Administration of Justice	19,311	0	0	19,311
Restricted for Public Safety	9,734	0	254,645	264,379
Restricted for Public Health and Welfare	12,933	0	0	12,933
Restricted for Highways/Public Works	0	308,171	0	308,171
Restricted for Capital Outlay	0	0	157,311	157,311
Restricted for Debt Service	0	0	423,933	423,933
<b>Committed:</b>				
Committed for Public Health and Welfare	0	0	298,326	298,326
Committed for Social, Cultural, and Recreational Services	0	0	258,097	258,097
Committed for Highways/Public Works	0	120,669	0	120,669
Committed for Capital Outlay	0	0	28,195	28,195
Committed for Debt Service	0	0	6,546	6,546
Unassigned	757,540	0	0	757,540
<b>Total Fund Balances</b>	<b>\$ 799,528</b>	<b>\$ 428,840</b>	<b>\$ 1,427,053</b>	<b>\$ 2,655,421</b>
<b>Total Liabilities and Fund Balances</b>	<b>\$ 3,294,619</b>	<b>\$ 575,200</b>	<b>\$ 1,534,394</b>	<b>\$ 5,404,213</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, 2012

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)		\$ 2,655,421	
(1) Capital assets used in governmental activities are not financial resources and therefore are not reported in the governmental funds.			
Add: land	\$ 2,888,275		
Add: buildings and improvements net of accumulated depreciation	9,875,803		
Add: infrastructure net of accumulated depreciation	2,093,338		
Add: other capital assets net of accumulated depreciation	<u>1,755,651</u>	16,613,067	
(2) Long-term liabilities are not due and payable in the current period and therefore are not reported in the governmental funds.			
Less: bonds payable	\$ (11,905,000)		
Less: notes payable	(181,884)		
Less: capital leases payable	(4,559)		
Add: deferred charges - debt issuance costs	262,004		
Less: compensated absences payable	(327)		
Less: landfill closure/postclosure care costs	(154,418)		
Less: other postemployment benefits liability	(68,079)		
Less: accrued interest on bonds	(54,849)		
Add: deferred amount on refunding	13,412		
Less: other deferred revenue - premium on debt	<u>(86,378)</u>	(12,180,078)	
(3) Other long-term assets are not available to pay for current-period expenditures and therefore are deferred in the governmental funds.			<u>360,695</u>
Net assets of governmental activities (Exhibit A)			<u>\$ 7,449,105</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, 2012

	Major Funds		Nonmajor Funds	Total Governmental Funds
	General	Highway / Public Works	Other Govern- mental Funds	
<u>Revenues</u>				
Local Taxes	\$ 3,216,606	\$ 45,601	\$ 1,591,794	\$ 4,854,001
Licenses and Permits	12,143	0	0	12,143
Fines, Forfeitures, and Penalties	87,170	0	13,630	100,800
Charges for Current Services	48,359	0	112,545	160,904
Other Local Revenues	426,907	52,947	430,388	910,242
Fees Received from County Officials	553,407	0	0	553,407
State of Tennessee	432,827	2,636,405	330,987	3,400,219
Federal Government	154,516	38,621	0	193,137
Other Governments and Citizens Groups	191,254	0	50,236	241,490
Total Revenues	\$ 5,123,189	\$ 2,773,574	\$ 2,529,580	\$ 10,426,343
<u>Expenditures</u>				
Current:				
General Government	\$ 790,899	\$ 0	\$ 0	\$ 790,899
Finance	634,999	0	0	634,999
Administration of Justice	560,624	0	27,517	588,141
Public Safety	2,714,087	0	119,503	2,833,590
Public Health and Welfare	491,558	0	884,976	1,376,534
Social, Cultural, and Recreational Services	13,157	0	86,618	99,775
Agriculture and Natural Resources	68,422	0	0	68,422
Other Operations	216,563	0	4,753	221,316
Highways	0	3,208,436	0	3,208,436
Debt Service:				
Principal on Debt	0	18,459	790,523	808,982
Interest on Debt	0	4,873	533,721	538,594
Other Debt Service	0	343	13,761	14,104
Capital Projects	0	0	30,967	30,967
Total Expenditures	\$ 5,490,309	\$ 3,232,111	\$ 2,492,339	\$ 11,214,759
Excess (Deficiency) of Revenues Over Expenditures	\$ (367,120)	\$ (458,537)	\$ 37,241	\$ (788,416)
<u>Other Financing Sources (Uses)</u>				
Notes Issued	\$ 0	\$ 200,343	\$ 0	\$ 200,343
Insurance Recovery	50,569	0	0	50,569
Total Other Financing Sources (Uses)	\$ 50,569	\$ 200,343	\$ 0	\$ 250,912
Net Change in Fund Balances	\$ (316,551)	\$ (258,194)	\$ 37,241	\$ (537,504)
Fund Balance, July 1, 2011	1,116,079	687,034	1,360,250	3,163,363
Prior Period Adjustment	0	0	29,562	29,562
Fund Balance, June 30, 2012	\$ 799,528	\$ 428,840	\$ 1,427,053	\$ 2,655,421

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, 2012

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)		\$ (537,504)
(1) Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of these assets is allocated over their useful lives and reported as depreciation expense. The difference between capital outlays and depreciation is itemized as follows:		
Add: capital assets purchased in the current period	\$ 2,063,406	
Less: current-year depreciation expense	<u>(889,865)</u>	1,173,541
(2) The net effect of various miscellaneous transactions involving capital assets (sales, trade-ins, and donations) is to decrease net assets.		
Less: proceeds received from the disposal of capital assets		(18,459)
(3) Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.		
Add: deferred delinquent property taxes and other deferred June 30, 2012	\$ 360,695	
Less: deferred delinquent property taxes and other deferred June 30, 2011	<u>(690,679)</u>	(329,984)
(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.		
Less: note proceeds	\$ (200,343)	
Less: change in deferred debt issuance costs	(18,236)	
Add: change in premium on debt issuances	11,125	
Add: principal payments on bonds	780,000	
Add: principal payments on capital leases	10,523	
Add: principal payments on notes	18,459	
Less: change in deferred amount on refunding debt	<u>(4,590)</u>	596,938
(5) Some expenses reported in the statement of activities do not require the use of current financial resources and therefore are not reported as expenditures in the governmental funds.		
Change in accrued interest payable	\$ 12,893	
Change in compensated absences payable	290	
Change in other postemployment benefits liability	(18,950)	
Change in landfill closure/postclosure care costs	<u>(2,262)</u>	<u>(8,029)</u>
Change in net assets of governmental activities (Exhibit B)		<u>\$ 876,503</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, 2012

	<u>Agency Funds</u>
<u>ASSETS</u>	
Cash	\$ 150,357
Due from Other Governments	<u>138,000</u>
Total Assets	<u>\$ 288,357</u>
<u>LIABILITIES</u>	
Due to Other Taxing Units	\$ 138,000
Due to Litigants, Heirs, and Others	<u>150,357</u>
Total Liabilities	<u>\$ 288,357</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, 2012**

**I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

Chester County's financial statements are presented in accordance with generally accepted accounting principles (GAAP). The Governmental Accounting Standards Board (GASB) is responsible for establishing GAAP for state and local governments.

The following are the more significant accounting policies of Chester County:

**A. Reporting Entity**

Chester County is a public municipal corporation governed by an elected 18-member board. As required by GAAP, these financial statements present Chester County (the primary government) and its component units. The component units discussed below are included in the county's reporting entity because of the significance of their operational or financial relationships with the county.

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

The Chester County School Department operates the public school system in the county, and the voters of Chester County elect its board. The School Department is fiscally dependent on the county because it may not issue debt 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. There were no debt issues contributed by the county to the School Department during the year ended June 30, 2012.

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 fund:

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

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

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

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

**Private Purpose Trust Fund** – The Private Purpose Trust Fund is used to account for 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 Public Library 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 2.04 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</u>	
<u>County 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, 2012, Chester County had \$2,035,000 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, and shall remain binding unless removed in the same manner.

Assigned Fund Balance – includes amounts that are constrained by the county’s intent to be used for specific purposes, but are neither restricted nor committed (excluding stabilization arrangements). The county’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.

**7. Prior-period Adjustment**

During the prior year, the Chester County Public Library was in the process of closing its accounts and transferring monies to the county. Transactions of the county’s portion of the Public Library Fund were included in the prior-year audit report; however, financial statements for the remaining library transactions were not available at that time. Consequently, fund equity of the Public Library Fund was restated and increased \$29,562 as of July 1, 2011, for the balance of the remaining library 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 General Capital Projects Fund, which adopts project length budgets. All annual appropriations lapse at fiscal year end.

The county is required by state statute to adopt annual budgets. Annual budgets are prepared on the basis in which current available funds must be sufficient to meet current expenditures. Expenditures and encumbrances may not legally exceed

appropriations authorized by the County Commission and any authorized revisions. Unencumbered appropriations lapse at the end of each fiscal year.

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

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

#### **IV. DETAILED NOTES ON ALL FUNDS**

##### **A. Deposits and Investments**

Chester County and the Chester County School Department participate in an internal cash and investment pool through the Office of Trustee. The county trustee is the treasurer of the county and in this capacity is responsible for receiving, disbursing, and investing most county funds. Each fund's portion of this pool is displayed on the balance sheets or statements of net 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, 2012.

**B. Capital Assets**

Capital assets activity for the year ended June 30, 2012, was as follows:

**Governmental Activities:**

	Balance 7-1-11	Increases	Decreases	Balance 6-30-12
Capital Assets Not Depreciated:				
Land	\$ 2,888,275	\$ 0	\$ 0	\$ 2,888,275
Total Capital Assets Not Depreciated	<u>\$ 2,888,275</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 2,888,275</u>

**Governmental Activities (Cont.):**

	Balance 7-1-11	Increases	Decreases	Balance 6-30-12
Capital Assets Depreciated:				
Buildings and Improvements	\$ 14,109,709	\$ 112,413	\$ 0	\$ 14,222,122
Infrastructure	1,324,064	1,402,877	0	2,726,941
Other Capital Assets	4,533,943	548,116	95,143	4,986,916
<b>Total Capital Assets Depreciated</b>	<b>\$ 19,967,716</b>	<b>\$ 2,063,406</b>	<b>\$ 95,143</b>	<b>\$ 21,935,979</b>
Less Accumulated Depreciation For:				
Buildings and Improvements	\$ 3,920,416	\$ 425,903	\$ 0	\$ 4,346,319
Infrastructure	491,913	141,690	0	633,603
Other Capital Assets	2,985,677	322,272	76,684	3,231,265
<b>Total Accumulated Depreciation</b>	<b>\$ 7,398,006</b>	<b>\$ 889,865</b>	<b>\$ 76,684</b>	<b>\$ 8,211,187</b>
<b>Total Capital Assets Depreciated, Net</b>	<b>\$ 12,569,710</b>	<b>\$ 1,173,541</b>	<b>\$ 18,459</b>	<b>\$ 13,724,792</b>
<b>Governmental Activities Capital Assets, Net</b>	<b>\$ 15,457,985</b>	<b>\$ 1,173,541</b>	<b>\$ 18,459</b>	<b>\$ 16,613,067</b>

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	361,097
Public Health and Welfare	165,377
Social, Cultural, and Recreational Services	35,790
Agriculture and Natural Resources	1,376
Highways	<u>241,990</u>
<b>Total Depreciation Expense - Governmental Activities</b>	<b><u>\$ 889,865</u></b>

**Discretely Presented Chester County School Department**

**Governmental Activities:**

	Balance 7-1-11	Increases	Balance 6-30-12
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	\$ 16,263,370	\$ 1,198,721	\$ 17,462,091
Other Capital Assets	4,686,909	115,845	4,802,754
Total Capital Assets Depreciated	<u>\$ 20,950,279</u>	<u>\$ 1,314,566</u>	<u>\$ 22,264,845</u>
Less Accumulated Depreciation For:			
Buildings and Improvements	\$ 7,915,334	\$ 370,776	\$ 8,286,110
Other Capital Assets	2,567,093	401,989	2,969,082
Total Accumulated Depreciation	<u>\$ 10,482,427</u>	<u>\$ 772,765</u>	<u>\$ 11,255,192</u>
Total Capital Assets Depreciated, Net	<u>\$ 10,467,852</u>	<u>\$ 541,801</u>	<u>\$ 11,009,653</u>
Governmental Activities Capital Assets, Net	<u>\$ 10,882,104</u>	<u>\$ 541,801</u>	<u>\$ 11,423,905</u>

There were no decreases in capital assets to report during the year ended June 30, 2012. Depreciation expense was charged to functions of the discretely presented Chester County School Department as follows:

Instruction	\$ 545,451
Support Services	156,948
Operation of Non-Instructional Services	<u>70,366</u>
Total Depreciation Expense - Governmental Activities	<u>\$ 772,765</u>

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

The composition of interfund balances as of June 30, 2012, was as follows:

**Due to/from Other Funds:**

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>
Primary Government: General	Nonmajor governmental	\$ 2,722
Discretely Presented School Department: General Purpose School	Nonmajor governmental	25

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

**Interfund Transfers:**

Interfund transfers for the year ended June 30, 2012, consisted of the following amount:

**Discretely Presented Chester County School Department**

<u>Transfer Out</u>	<u>Transfer In</u>
	General Purpose School Fund
Nonmajor governmental fund	\$ 10,440

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.

**D. Capital Lease**

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 the capital lease are as follows:

<u>Asset</u>	<u>Governmental Activities</u>
Machinery and Equipment	\$ 60,000
Less: Accumulated Depreciation	<u>(23,333)</u>
Total Book Value	<u>\$ 36,667</u>

Future minimum lease payments and the net present value of the minimum lease payments as of June 30, 2012, were as follows:

<u>Year Ending June 30</u>	<u>Governmental Funds</u>
2013	\$ 4,619
Total Minimum Lease Payments	\$ 4,619
Less: Amount Representing Interest	<u>(60)</u>
Present Value of Minimum Lease Payments	<u>\$ 4,559</u>

**E. Long-term Debt**

**Primary Government**

**General Obligation Bonds and Notes**

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

General obligation bonds and capital outlay notes are direct obligations and pledge the full faith and credit of the government. General obligation bonds and capital outlay notes outstanding were issued for original terms of up to 32 years for bonds and up to four year for notes. Repayment terms are generally structured with increasing amounts of principal maturing as interest requirements decrease over the term of the debt. All bonds and notes included in long-term debt as of June 30, 2012, will be retired from the Solid Waste/Sanitation, Highway/Public Works, General Debt Service, and Education Debt Service funds.

General obligation bonds, capital outlay notes, and capital leases outstanding as of June 30, 2012, for governmental activities are as follows:

Type	Interest Rate	Final Maturity	Original Amount of Issue	Balance 6-30-12
General Obligation Bonds	2.75 to 5.5%	6-1-40	\$ 9,660,000	\$ 9,220,000
General Obligation Bonds - Refunding	2.75 to 5	5-1-23	4,790,000	2,685,000
Capital Outlay Note	5.5	1-12-16	200,343	181,884
Capital Lease	5.5	11-27-12	48,353	4,559

The annual requirements to amortize all general obligation bonds and notes outstanding as of June 30, 2012, including interest payments, are presented in the following tables:

Year Ending June 30	Bonds		
	Principal	Interest	Total
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
2018-2022	1,465,000	1,781,081	3,246,081
2023-2027	1,610,000	1,454,207	3,064,207
2028-2032	1,800,000	1,104,548	2,904,548
2033-2037	2,205,000	683,263	2,888,263
2038-2040	1,595,000	154,462	1,749,462
Total	\$ 11,905,000	\$ 7,378,189	\$ 19,283,189

Year Ending June 30	Note		
	Principal	Interest	Total
2013	\$ 47,460	\$ 8,537	\$ 55,997
2014	49,757	6,240	55,997
2015	52,604	3,393	55,997
2016	32,063	601	32,664
Total	\$ 181,884	\$ 18,771	\$ 200,655

There is \$430,479 available in the debt service funds to service long-term debt. Bonded debt per capita totaled \$695, based on the 2010 federal census. Debt per capita, including bonds, note, and capital lease totaled \$706, based on the 2010 federal census.

Changes in Long-term Liabilities

Long-term liability for the year ended June 30, 2012, was as follows:

Governmental Activities:

	Bonds	Note	Capital Lease
Balance, July 1, 2011	\$ 12,685,000	\$ 0	\$ 15,082
Additions	0	200,343	0
Deductions	(780,000)	(18,459)	(10,523)
Balance, June 30, 2012	<u>\$ 11,905,000</u>	<u>\$ 181,884</u>	<u>\$ 4,559</u>
Balance Due Within One Year	<u>\$ 830,000</u>	<u>\$ 47,460</u>	<u>\$ 4,559</u>

	Compensated Absences	Landfill Closure/ Postclosure Care Costs	Other Postemployment Benefits
Balance, July 1, 2011	\$ 617	\$ 152,156	\$ 49,129
Additions	10,444	3,619	22,879
Deductions	(10,734)	(1,357)	(3,929)
Balance, June 30, 2012	<u>\$ 327</u>	<u>\$ 154,418</u>	<u>\$ 68,079</u>
Balance Due Within One Year	<u>\$ 327</u>	<u>\$ 1,358</u>	<u>\$ 0</u>

Analysis of Noncurrent Liabilities Presented on Exhibit A:

Total Noncurrent Liabilities, June 30, 2012	\$ 12,314,267
Less: Balance Due Within One Year	(883,704)
Add: Unamortized Premium on Debt	86,378
Less: Deferred Amount on Refunding	<u>(13,412)</u>
Noncurrent Liabilities - Due in More Than One Year - Exhibit A	<u>\$ 11,503,529</u>

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

**Discretely Presented Chester County School Department**

**Changes in Long-term Liabilities**

Long-term liability activity for the discretely presented Chester County School Department for the year ended June 30, 2012, was as follows:

Governmental Activities:		Other Postemployment Benefits
Balance, July 1, 2011	\$	256,562
Additions		182,369
Deductions		(73,213)
Balance, June 30, 2012	\$	365,718
Balance Due Within One Year	\$	0

**F. Pledges of Future Revenues**

**Local Option Sales Tax Revenues Pledged**

In 1995, the citizens of Chester County voted to increase the local option sales tax rate from two and one-fourth to two and three-fourths percent. Chester County, the City of Henderson, and the Chester County School Department have pledged their additional sales tax collections generated from the one-half percent increase to repay \$7.5 million in general obligation bonds issued in June 1995 to finance the construction of new school buildings. The bonds are also guaranteed by the county in the event the additional sales tax revenues are insufficient to meet the debt service requirements on the bonds. Total principal and interest requirements for the bonds are \$2,182,047, payable semiannually through May 2016. For the current year, principal and interest paid and sales tax revenues generated by the increase were \$665,525, and \$662,770, respectively.

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

The State of Tennessee pays health insurance premiums for retired teachers on-behalf of the Chester County School Department. These payments are made by the state to the Local Education Group Insurance Plan and the Medicare Supplement Plan. Both of these plans are administered by the State of Tennessee and reported in the state's Comprehensive Annual Financial Report. Payments by the state to the Local Education Group Insurance Plan and the Medicare Supplement Plan for the year ended June 30, 2012, were \$35,615 and \$10,754, 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. Contingent Liabilities**

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

### **C. 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 \$154,418 reported as postclosure care liability at June 30, 2012, represents 50 percent of the county's share based on what it would cost to perform all postclosure care in 2012. Actual costs may be higher due to inflation, changes in technology, or changes in regulations.

### **D. Retirement Commitments**

Information for this footnote for the year ended June 30, 2012, was not available from the state Treasurer's Office in time for inclusion in this report; therefore, the information presented below is for the fiscal year ended June 30, 2011.

## **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.

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

Plan Description

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

Funding Policy

The premium requirements of the plan members are established and may be amended by the insurance committee. The plans are self-insured and financed on a pay-as-you-go basis with the risk shared equally among the participants. Claims liabilities of the plan are periodically computed using actuarial and statistical techniques to establish premium rates. The employers in each plan develop a contribution policy in terms of subsidizing active employees or retired employees' premiums since the committee is not prescriptive on that issue. The state does not provide a subsidy for local government participants; however, the state does provide a partial subsidy to Local Education Agency pre-65 teachers and a full subsidy based on years of service for post-65 teachers in the Medicare Supplement Plan. During the year ended June 30, 2012, Chester County and the discretely presented School Department contributed \$3,929 and \$73,213, respectively, for postemployment benefits.

Annual OPEB Cost and Net OPEB Obligation

	Local Education Group Plan	Local Government Group Plan
ARC	\$ 183,000	\$ 23,000
Interest on the NPO	10,262	1,965
Adjustment to the ARC	(10,893)	(2,086)
Annual OPEB cost	\$ 182,369	\$ 22,879
Less: Amount of contribution	(73,213)	(3,929)
Increase/decrease in NPO	\$ 109,156	\$ 18,950
Net OPEB obligation, 7-1-11	256,562	49,129
Net OPEB obligation, 6-30-12	\$ 365,718	\$ 68,079

Fiscal Year Ended	Plans	Annual OPEB Cost	Percentage of Annual OPEB Cost Contributed	Net OPEB Obligation at Year End
6-30-10	Local Education Group	\$ 132,353	61%	\$ 200,346
6-30-11	"	138,476	59	256,562
6-30-12	"	182,369	40	365,718
6-30-10	Local Government Group	24,033	27	31,527
6-30-11	"	25,075	30	49,129
6-30-12	"	22,879	17	68,079

Funded Status and Funding Progress

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

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

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

#### Actuarial Methods and Assumptions

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

In the July 1, 2011, actuarial valuation for the Local Education Group and the Local Government Group plans, the projected unit credit actuarial cost method was used and the actuarial assumptions included a four percent investment rate of return (net of administrative expenses) and an annual healthcare cost trend rate of 9.25 percent for fiscal year 2012. The trend will decrease to 8.75 percent in fiscal year 2013 and then be reduced by decrements to an ultimate rate of five percent by fiscal year 2021. Both rates include a 2.5 percent inflation assumption. The unfunded actuarial accrued liability is being amortized as a level percentage of payroll on a closed basis over a 30-year period beginning with June 30, 2008.

#### **F. 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, 2012

	Actual	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
		Original	Final	
<u>Revenues</u>				
Local Taxes	\$ 3,216,606	\$ 3,384,662	\$ 3,384,571	\$ (167,965)
Licenses and Permits	12,143	16,000	16,000	(3,857)
Fines, Forfeitures, and Penalties	87,170	83,335	83,335	3,835
Charges for Current Services	48,359	17,300	17,300	31,059
Other Local Revenues	426,907	692,650	827,458	(400,551)
Fees Received from County Officials	553,407	594,000	594,000	(40,593)
State of Tennessee	432,827	313,155	403,922	28,905
Federal Government	154,516	63,500	124,501	30,015
Other Governments and Citizens Groups	191,254	220,000	173,500	17,754
<b>Total Revenues</b>	<b>\$ 5,123,189</b>	<b>\$ 5,384,602</b>	<b>\$ 5,624,587</b>	<b>\$ (501,398)</b>
<u>Expenditures</u>				
<u>General Government</u>				
County Commission	\$ 26,530	\$ 25,800	\$ 27,150	\$ 620
Board of Equalization	500	1,100	1,100	600
Budget and Finance Committee	807	2,153	2,153	1,346
County Mayor/Executive	128,131	128,401	128,401	270
County Attorney	11,772	8,500	12,500	728
Election Commission	143,313	140,354	156,732	13,419
Register of Deeds	122,204	129,831	129,831	7,627
County Buildings	298,609	327,027	325,739	27,130
Other Facilities	16,697	18,200	18,200	1,503
Other General Administration	42,336	38,150	43,150	814
<u>Finance</u>				
Accounting and Budgeting	92,049	96,205	95,705	3,656
Property Assessor's Office	165,044	168,033	168,033	2,989
Reappraisal Program	13,651	15,086	15,086	1,435
County Trustee's Office	166,233	166,150	166,650	417
County Clerk's Office	192,883	196,464	196,324	3,441
Other Finance	5,139	5,000	5,140	1
<u>Administration of Justice</u>				
Circuit Court	239,831	242,333	248,955	9,124
General Sessions Court	107,826	105,321	108,080	254
Chancery Court	185,333	189,790	189,690	4,357
Juvenile Court	27,634	34,906	34,906	7,272
<u>Public Safety</u>				
Sheriff's Department	1,301,065	1,269,136	1,305,390	4,325
Drug Enforcement	123	0	124	1
Jail	1,151,394	1,086,726	1,161,602	10,208
Juvenile Services	63,443	66,603	66,214	2,771
Fire Prevention and Control	104,130	113,746	113,746	9,616
Civil Defense	80,498	60,271	82,462	1,964
Rescue Squad	6,700	6,700	6,700	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 Safety (Cont.)</u>				
County Coroner/Medical Examiner	\$ 6,734	\$ 7,000	\$ 17,000	\$ 10,266
<u>Public Health and Welfare</u>				
Local Health Center	35,722	39,520	38,820	3,098
Ambulance/Emergency Medical Services	235,438	240,113	240,113	4,675
Nursing Home	133,842	76,500	134,500	658
Alcohol and Drug Programs	0	2,000	2,000	2,000
Other Local Health Services	31,212	29,794	36,800	5,588
Regional Mental Health Center	21,190	21,500	21,500	310
Sanitation Education/Information	34,154	39,242	39,242	5,088
<u>Social, Cultural, and Recreational Services</u>				
Other Social, Cultural, and Recreational	13,157	30,111	30,111	16,954
<u>Agriculture and Natural Resources</u>				
Agriculture Extension Service	36,371	40,545	40,545	4,174
Soil Conservation	24,151	31,356	31,356	7,205
Flood Control	7,900	7,900	7,900	0
<u>Other Operations</u>				
Industrial Development	15,000	15,000	15,000	0
Veterans' Services	18,502	20,437	20,437	1,935
Employee Benefits	5,594	3,800	5,600	6
Miscellaneous	177,467	62,500	177,468	1
Total Expenditures	\$ 5,490,309	\$ 5,309,304	\$ 5,668,155	\$ 177,846
Excess (Deficiency) of Revenues				
Over Expenditures	\$ (367,120)	\$ 75,298	\$ (43,568)	\$ (323,552)
<u>Other Financing Sources (Uses)</u>				
Insurance Recovery	\$ 50,569	\$ 0	\$ 50,569	\$ 0
Total Other Financing Sources (Uses)	\$ 50,569	\$ 0	\$ 50,569	\$ 0
Net Change in Fund Balance				
Fund Balance, July 1, 2011	\$ 1,116,079	\$ 1,455,800	\$ 1,455,800	\$ (339,721)
Fund Balance, June 30, 2012	\$ 799,528	\$ 1,531,098	\$ 1,462,801	\$ (663,273)

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, 2012

	Actual (GAAP Basis)	Less: Encumbrances 7/1/2011	Actual Revenues/ Expenditures (Budgetary Basis)	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
				Original	Final	
<u>Revenues</u>						
Local Taxes	\$ 45,601	\$ 0	\$ 45,601	\$ 43,525	\$ 43,525	\$ 2,076
Other Local Revenues	52,947	0	52,947	41,075	40,730	12,217
State of Tennessee	2,636,405	0	2,636,405	2,197,792	2,623,922	12,483
Federal Government	38,621	0	38,621	0	0	38,621
<u>Total Revenues</u>	<u>\$ 2,773,574</u>	<u>\$ 0</u>	<u>\$ 2,773,574</u>	<u>\$ 2,282,392</u>	<u>\$ 2,708,177</u>	<u>\$ 65,397</u>
<u>Expenditures</u>						
<u>Highways</u>						
Administration	\$ 149,181	\$ 0	\$ 149,181	\$ 164,215	\$ 164,756	\$ 15,575
Highway and Bridge Maintenance	845,534	0	845,534	824,500	923,959	78,425
Operation and Maintenance of Equipment	306,486	0	306,486	325,000	324,998	18,512
Other Charges	73,849	0	73,849	83,000	83,000	9,151
Employee Benefits	244,568	0	244,568	257,750	257,750	13,182
Capital Outlay	1,588,818	(78,060)	1,510,758	1,427,927	1,930,382	419,624
<u>Principal on Debt</u>						
Highways and Streets	18,459	0	18,459	0	18,459	0
Interest on Debt						
Highways and Streets	4,873	0	4,873	0	4,873	0
Other Debt Service						
Highways and Streets	343	0	343	0	343	0
<u>Total Expenditures</u>	<u>\$ 3,232,111</u>	<u>\$ (78,060)</u>	<u>\$ 3,154,051</u>	<u>\$ 3,082,392</u>	<u>\$ 3,708,520</u>	<u>\$ 554,469</u>
Excess (Deficiency) of Revenues Over Expenditures	\$ (458,537)	\$ 78,060	\$ (380,477)	\$ (800,000)	\$ (1,000,343)	\$ 619,866

Exhibit E-2

Chester County, Tennessee  
Schedule of Revenues, Expenditures, and Changes  
in Fund Balance - Actual (Budgetary Basis) and Budget  
Highway/Public Works Fund (Cont.)

	Actual (GAAP Basis)	Less: Encumbrances 7/1/2011	Actual Revenues/ Expenditures (Budgetary Basis)	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
				Original	Final	
<u>Other Financing Sources (Uses)</u>						
Notes Issued	\$ 200,343 \$	0 \$	200,343 \$	0 \$	200,343 \$	0
Total Other Financing Sources (Uses)	\$ 200,343 \$	0 \$	200,343 \$	0 \$	200,343 \$	0
Net Change in Fund Balance Fund Balance, July 1, 2011	\$ (258,194) \$	78,060 \$ (78,060)	(180,134) \$ 608,974	(800,000) \$ 800,000	(800,000) \$ 800,000	619,866 (191,026)
Fund Balance, June 30, 2012	\$ 428,840 \$	0 \$	428,840 \$	0 \$	0 \$	428,840

Exhibit E-3

Chester County, Tennessee  
Schedule of Funding Progress – Pension Plan  
Primary Government and Discretely Presented Chester County School Department  
June 30, 2012

(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

\* - Information for July 1, 2011, was not available from the state Treasurer's Office in time for inclusion in this report; therefore, only two years 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, 2012

(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	7-1-09	\$ 0	\$ 157	\$ 157	0 %	\$ 2,640	6 %
"	7-1-10	0	170	170	0	2,695	6
"	7-1-11	0	125	125	0	3,664	3
<u>DISCRETELY PRESENTED CHESTER COUNTY SCHOOL DEPARTMENT</u>							
Local Education Group	7-1-09	0	1,123	1,123	0	8,294	14
"	7-1-10	0	1,170	1,170	0	11,112	11
"	7-1-11	0	1,556	1,556	0	11,970	13

**CHESTER COUNTY, TENNESSEE**  
**NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION**  
**For the Year Ended June 30, 2012**

**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.

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

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.

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, 2012

	Special Revenue Funds					Total
	Public Library	Solid Waste / Sanitation	Drug Control	Constitutional Officers - Fees		
\$	0	0	0	2,722		2,722
Equity in Pooled Cash and Investments	258,097	228,194	254,662	0		740,953
Accounts Receivable	0	0	0	0		0
Due from Other Governments	0	87,146	0	0		87,146
Property Taxes Receivable	0	0	0	0		0
Allowance for Uncollectible Property Taxes	0	0	0	0		0
<b>Total Assets</b>	<b>258,097</b>	<b>315,340</b>	<b>254,662</b>	<b>2,722</b>		<b>830,821</b>

ASSETS

Cash	0
Equity in Pooled Cash and Investments	258,097
Accounts Receivable	0
Due from Other Governments	87,146
Property Taxes Receivable	0
Allowance for Uncollectible Property Taxes	0
<b>Total Assets</b>	<b>830,821</b>

LIABILITIES AND FUND BALANCES

<u>Liabilities</u>	
Accounts Payable	14
Payroll Deductions Payable	17
Due to Other Funds	2,722
Deferred Revenue - Current Property Taxes	0
Deferred Revenue - Delinquent Property Taxes	0
Other Deferred Revenues	17,000
<b>Total Liabilities</b>	<b>17,014</b>
<u>Fund Balances</u>	
Restricted:	
Restricted for Public Safety	0
Restricted for Capital Outlay	254,645
Restricted for Debt Service	0
Committed:	
Committed for Public Health and Welfare	298,326
Committed for Social, Cultural, and Recreational	0
Committed for Capital Outlay	0
Committed for Debt Service	0
<b>Total Fund Balances</b>	<b>811,068</b>
<b>Total Liabilities and Fund Balances</b>	<b>830,821</b>

\$	0	14	0	0	0	14
0	0	0	17	0	0	17
0	0	0	0	2,722	0	2,722
0	0	0	0	0	0	0
0	0	0	0	0	0	0
0	17,000	0	0	0	0	17,000
<b>0</b>	<b>17,014</b>	<b>17</b>	<b>0</b>	<b>2,722</b>	<b>0</b>	<b>19,753</b>
\$	0	0	254,645	0	0	254,645
0	0	0	0	0	0	0
0	0	0	0	0	0	0
0	298,326	0	0	0	0	298,326
258,097	0	0	0	0	0	258,097
0	0	0	0	0	0	0
0	0	0	254,645	0	0	811,068
<b>0</b>	<b>298,326</b>	<b>0</b>	<b>254,645</b>	<b>0</b>	<b>0</b>	<b>811,068</b>
<b>258,097</b>	<b>315,340</b>	<b>17</b>	<b>254,662</b>	<b>2,722</b>	<b>0</b>	<b>830,821</b>

(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		
\$	0	0	0	0	0	2,722
Equity in Pooled Cash and Investments	49,562	327,787	377,349	185,506		1,303,808
Accounts Receivable	10	0	10	0		10
Due from Other Governments	0	113,000	113,000	0		200,146
Property Taxes Receivable	28,940	0	28,940	0		28,940
Allowance for Uncollectible Property Taxes	(1,232)	0	(1,232)	0		(1,232)
<b>Total Assets</b>	<b>77,280</b>	<b>440,787</b>	<b>518,067</b>	<b>185,506</b>	<b>0</b>	<b>1,534,394</b>

ASSETS

Cash	0	0	0	0	0	2,722
Equity in Pooled Cash and Investments	49,562	327,787	377,349	185,506		1,303,808
Accounts Receivable	10	0	10	0		10
Due from Other Governments	0	113,000	113,000	0		200,146
Property Taxes Receivable	28,940	0	28,940	0		28,940
Allowance for Uncollectible Property Taxes	(1,232)	0	(1,232)	0		(1,232)
<b>Total Assets</b>	<b>77,280</b>	<b>440,787</b>	<b>518,067</b>	<b>185,506</b>	<b>0</b>	<b>1,534,394</b>

LIABILITIES AND FUND BALANCES

<b>Liabilities</b>						
Accounts Payable	0	0	0	0	0	14
Payroll Deductions Payable	0	0	0	0	0	17
Due to Other Funds	0	0	0	0	0	2,722
Deferred Revenue - Current Property Taxes	25,949	0	25,949	0	0	25,949
Deferred Revenue - Delinquent Property Taxes	1,639	0	1,639	0	0	1,639
Other Deferred Revenues	0	60,000	60,000	0	0	77,000
<b>Total Liabilities</b>	<b>27,588</b>	<b>60,000</b>	<b>87,588</b>	<b>0</b>	<b>0</b>	<b>107,341</b>

Fund Balances

Restricted:						
Restricted for Public Safety	0	0	0	0	0	254,645
Restricted for Capital Outlay	0	0	0	157,311		157,311
Restricted for Debt Service	43,146	380,787	423,933	0		423,933
Committed:						
Committed for Public Health and Welfare	0	0	0	0	0	298,326
Committed for Social, Cultural, and Recreational	0	0	0	0	0	258,097
Committed for Capital Outlay	0	0	0	28,195		28,195
Committed for Debt Service	6,546	0	6,546	0	0	6,546
<b>Total Fund Balances</b>	<b>49,692</b>	<b>380,787</b>	<b>430,479</b>	<b>185,506</b>	<b>0</b>	<b>1,427,053</b>
<b>Total Liabilities and Fund Balances</b>	<b>77,280</b>	<b>440,787</b>	<b>518,067</b>	<b>185,506</b>	<b>0</b>	<b>1,534,394</b>

Chester County, Tennessee  
Combining Statement of Revenues, Expenditures,  
and Changes in Fund Balances  
Nonmajor Governmental Funds  
For the Year Ended June 30, 2012

	Special Revenue Funds					Total
	Public Library	Solid Waste / Sanitation	Drug Control	Constitutional Officers - Fees		
<u>Revenues</u>						
Local Taxes	0 \$	300,073 \$	0 \$	0 \$	0 \$	300,073
Fines, Forfeitures, and Penalties	0	0	13,630	0	0	13,630
Charges for Current Services	16,874	68,154	0	27,517	0	112,545
Other Local Revenues	223,229	204,042	3,117	0	0	430,388
State of Tennessee	73,707	255,120	0	0	0	328,827
Other Governments and Citizens Groups	236	0	0	0	0	236
Total Revenues	\$ 314,046 \$	\$ 827,389 \$	\$ 16,747 \$	\$ 27,517 \$	\$ 27,517 \$	\$ 1,185,699
<u>Expenditures</u>						
Current:						
Administration of Justice	0 \$	0 \$	0 \$	27,517 \$	0	27,517
Public Safety	0	0	119,503	0	0	119,503
Public Health and Welfare	0	884,976	0	0	0	884,976
Social, Cultural, and Recreational Services	86,618	0	0	0	0	86,618
Other Operations	0	4,615	138	0	0	4,753
Debt Service:						
Principal on Debt	0	35,523	0	0	0	35,523
Interest on Debt	0	7,496	0	0	0	7,496
Other Debt Service	0	0	0	0	0	0
Capital Projects	0	0	0	0	0	0
Total Expenditures	\$ 86,618 \$	\$ 932,610 \$	\$ 119,641 \$	\$ 27,517 \$	\$ 27,517 \$	\$ 1,166,386
Excess (Deficiency) of Revenues Over Expenditures	\$ 227,428 \$	\$ (105,221) \$	\$ (102,894) \$	\$ 0 \$	\$ 0 \$	\$ 19,313
Net Change in Fund Balances	\$ 227,428 \$	\$ (105,221) \$	\$ (102,894) \$	\$ 0 \$	\$ 0 \$	\$ 19,313
Fund Balance, July 1, 2011	1,107	403,547	357,539	0	0	762,193
Prior-period Adjustment	29,562	0	0	0	0	29,562
Fund Balance, June 30, 2012	\$ 258,097 \$	\$ 298,326 \$	\$ 254,645 \$	\$ 0 \$	\$ 0 \$	\$ 811,068

(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		
<u>Revenues</u>						
Local Taxes	\$ 628,951	\$ 662,770	\$ 1,291,721	\$ 0	\$ 0	\$ 1,591,794
Fines, Forfeitures, and Penalties	0	0	0	0	0	13,630
Charges for Current Services	0	0	0	0	0	112,545
Other Local Revenues	0	0	0	0	0	430,388
State of Tennessee	2,160	0	2,160	0	0	330,987
Other Governments and Citizens Groups	0	50,000	50,000	0	0	50,236
Total Revenues	\$ 631,111	\$ 712,770	\$ 1,343,881	\$ 0	\$ 0	\$ 2,529,580
<u>Expenditures</u>						
Current:						
Administration of Justice	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 27,517
Public Safety	0	0	0	0	0	119,503
Public Health and Welfare	0	0	0	0	0	884,976
Social, Cultural, and Recreational Services	0	0	0	0	0	86,618
Other Operations	0	0	0	0	0	4,753
Debt Service:						
Principal on Debt	180,000	575,000	755,000	0	0	790,523
Interest on Debt	435,700	90,525	526,225	0	0	533,721
Other Debt Service	6,484	7,277	13,761	0	0	13,761
Capital Projects	0	0	0	30,967	0	30,967
Total Expenditures	\$ 622,184	\$ 672,802	\$ 1,294,986	\$ 30,967	\$ 30,967	\$ 2,492,339
Excess (Deficiency) of Revenues Over Expenditures	\$ 8,927	\$ 39,968	\$ 48,895	\$ (30,967)	\$ 0	\$ 37,241
Net Change in Fund Balances	\$ 8,927	\$ 39,968	\$ 48,895	\$ (30,967)	\$ 0	\$ 37,241
Fund Balance, July 1, 2011	40,765	340,819	381,584	216,473	0	1,360,250
Prior-period Adjustment	0	0	0	0	0	29,562
Fund Balance, June 30, 2012	\$ 49,692	\$ 380,787	\$ 430,479	\$ 185,506	\$ 0	\$ 1,427,053

Exhibit F-3

Chester County, Tennessee  
Schedule of Revenues, Expenditures, and Changes  
in Fund Balance - Actual and Budget  
Public Library Fund  
For the Year Ended June 30, 2012

	Actual	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
		Original	Final	
<u>Revenues</u>				
Charges for Current Services	\$ 16,874	\$ 0	\$ 15,755	\$ 1,119
Other Local Revenues	223,229	74,680	162,140	61,089
State of Tennessee	73,707	0	74,680	(973)
Other Governments and Citizens Groups	236	0	0	236
Total Revenues	<u>\$ 314,046</u>	<u>\$ 74,680</u>	<u>\$ 252,575</u>	<u>\$ 61,471</u>
<u>Expenditures</u>				
<u>Social, Cultural, and Recreational Services</u>				
Libraries	\$ 86,618	\$ 73,096	\$ 87,696	\$ 1,078
Total Expenditures	<u>\$ 86,618</u>	<u>\$ 73,096</u>	<u>\$ 87,696</u>	<u>\$ 1,078</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>\$ 227,428</u>	<u>\$ 1,584</u>	<u>\$ 164,879</u>	<u>\$ 62,549</u>
Net Change in Fund Balance	\$ 227,428	\$ 1,584	\$ 164,879	\$ 62,549
Fund Balance, July 1, 2011	1,107	0	0	1,107
Prior-period Adjustment	29,562	0	29,562	0
Fund Balance, June 30, 2012	<u>\$ 258,097</u>	<u>\$ 1,584</u>	<u>\$ 194,441</u>	<u>\$ 63,656</u>

Exhibit F-4

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, 2012

	Actual	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
		Original	Final	
<u>Revenues</u>				
Local Taxes	\$ 300,073	\$ 285,000	\$ 285,000	\$ 15,073
Charges for Current Services	68,154	85,500	85,500	(17,346)
Other Local Revenues	204,042	165,000	225,000	(20,958)
State of Tennessee	255,120	175,000	371,644	(116,524)
Total Revenues	<u>\$ 827,389</u>	<u>\$ 710,500</u>	<u>\$ 967,144</u>	<u>\$ (139,755)</u>
<u>Expenditures</u>				
<u>Public Health and Welfare</u>				
Convenience Centers	\$ 335,728	\$ 368,782	\$ 368,782	\$ 33,054
Recycling Center	288,856	125,739	405,089	116,233
Other Waste Disposal	257,677	306,020	283,314	25,637
Postclosure Care Costs	2,715	5,000	5,000	2,285
<u>Other Operations</u>				
Other Charges	1,000	6,000	6,000	5,000
Miscellaneous	3,615	10,000	10,000	6,385
<u>Principal on Debt</u>				
General Government	35,523	35,523	35,523	0
<u>Interest on Debt</u>				
General Government	7,496	7,497	7,497	1
Total Expenditures	<u>\$ 932,610</u>	<u>\$ 864,561</u>	<u>\$ 1,121,205</u>	<u>\$ 188,595</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>\$ (105,221)</u>	<u>\$ (154,061)</u>	<u>\$ (154,061)</u>	<u>\$ 48,840</u>
Net Change in Fund Balance	\$ (105,221)	\$ (154,061)	\$ (154,061)	\$ 48,840
Fund Balance, July 1, 2011	<u>403,547</u>	<u>344,229</u>	<u>344,229</u>	<u>59,318</u>
Fund Balance, June 30, 2012	<u>\$ 298,326</u>	<u>\$ 190,168</u>	<u>\$ 190,168</u>	<u>\$ 108,158</u>

Exhibit F-5

Chester County, Tennessee  
Schedule of Revenues, Expenditures, and Changes  
in Fund Balance - Actual and Budget  
Drug Control Fund  
For the Year Ended June 30, 2012

	Actual	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
		Original	Final	
<u>Revenues</u>				
Fines, Forfeitures, and Penalties	\$ 13,630	\$ 7,200	\$ 7,200	\$ 6,430
Other Local Revenues	3,117	0	0	3,117
Total Revenues	\$ 16,747	\$ 7,200	\$ 7,200	\$ 9,547
<u>Expenditures</u>				
<u>Public Safety</u>				
Drug Enforcement	\$ 119,503	\$ 149,741	\$ 149,741	\$ 30,238
<u>Other Operations</u>				
Miscellaneous	138	400	400	262
Total Expenditures	\$ 119,641	\$ 150,141	\$ 150,141	\$ 30,500
Excess (Deficiency) of Revenues Over Expenditures	\$ (102,894)	\$ (142,941)	\$ (142,941)	\$ 40,047
Net Change in Fund Balance	\$ (102,894)	\$ (142,941)	\$ (142,941)	\$ 40,047
Fund Balance, July 1, 2011	357,539	454,743	454,743	(97,204)
Fund Balance, June 30, 2012	\$ 254,645	\$ 311,802	\$ 311,802	\$ (57,157)

Exhibit F-6

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, 2012

	Actual	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
		Original	Final	
<u>Revenues</u>				
Local Taxes	\$ 628,951	\$ 602,970	\$ 602,970	\$ 25,981
State of Tennessee	2,160	3,475	3,475	(1,315)
Total Revenues	<u>\$ 631,111</u>	<u>\$ 606,445</u>	<u>\$ 606,445</u>	<u>\$ 24,666</u>
<u>Expenditures</u>				
<u>Principal on Debt</u>				
General Government	\$ 180,000	\$ 180,000	\$ 180,000	\$ 0
<u>Interest on Debt</u>				
General Government	435,700	435,701	435,701	1
<u>Other Debt Service</u>				
General Government	6,484	7,000	7,000	516
Total Expenditures	<u>\$ 622,184</u>	<u>\$ 622,701</u>	<u>\$ 622,701</u>	<u>\$ 517</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>\$ 8,927</u>	<u>\$ (16,256)</u>	<u>\$ (16,256)</u>	<u>\$ 25,183</u>
Net Change in Fund Balance	\$ 8,927	(16,256)	(16,256)	25,183
Fund Balance, July 1, 2011	<u>40,765</u>	<u>44,651</u>	<u>44,651</u>	<u>(3,886)</u>
Fund Balance, June 30, 2012	<u>\$ 49,692</u>	<u>\$ 28,395</u>	<u>\$ 28,395</u>	<u>\$ 21,297</u>

Exhibit F-7

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, 2012

	Actual	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
		Original	Final	
<u>Revenues</u>				
Local Taxes	\$ 662,770	\$ 650,000	\$ 650,000	\$ 12,770
Other Governments and Citizens Groups	50,000	50,000	50,000	0
Total Revenues	<u>\$ 712,770</u>	<u>\$ 700,000</u>	<u>\$ 700,000</u>	<u>\$ 12,770</u>
<u>Expenditures</u>				
<u>Principal on Debt</u>				
Education	\$ 575,000	\$ 575,000	\$ 575,000	\$ 0
<u>Interest on Debt</u>				
Education	90,525	90,525	90,525	0
<u>Other Debt Service</u>				
Education	7,277	10,500	10,500	3,223
Total Expenditures	<u>\$ 672,802</u>	<u>\$ 676,025</u>	<u>\$ 676,025</u>	<u>\$ 3,223</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>\$ 39,968</u>	<u>\$ 23,975</u>	<u>\$ 23,975</u>	<u>\$ 15,993</u>
Net Change in Fund Balance	\$ 39,968	\$ 23,975	\$ 23,975	\$ 15,993
Fund Balance, July 1, 2011	<u>340,819</u>	<u>368,488</u>	<u>368,488</u>	<u>(27,669)</u>
Fund Balance, June 30, 2012	<u>\$ 380,787</u>	<u>\$ 392,463</u>	<u>\$ 392,463</u>	<u>\$ (11,676)</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, 2012

	<u>Agency Funds</u>		
	Cities - Sales Tax	Constitu- tional Officers - Agency	Total
<u>ASSETS</u>			
Cash	\$ 0	\$ 150,357	\$ 150,357
Due from Other Governments	138,000	0	138,000
Total Assets	<u>\$ 138,000</u>	<u>150,357</u>	<u>\$ 288,357</u>
<u>LIABILITIES</u>			
Due to Other Taxing Units	\$ 138,000	\$ 0	\$ 138,000
Due to Litigants, Heirs, and Others	0	150,357	150,357
Total Liabilities	<u>\$ 138,000</u>	<u>\$ 150,357</u>	<u>\$ 288,357</u>

Exhibit G-2

Chester County, Tennessee  
Combining Statement of Changes in Assets and  
Liabilities - All Agency Funds  
For the Year Ended June 30, 2012

	Beginning Balance	Additions	Deductions	Ending Balance
<u>Cities - Sales Tax Fund</u>				
<u>Assets</u>				
Equity in Pooled Cash and Investments	\$ 0	\$ 777,740	\$ 777,740	\$ 0
Due from Other Governments	138,338	138,000	138,338	138,000
Total Assets	\$ 138,338	\$ 915,740	\$ 916,078	\$ 138,000
<u>Liabilities</u>				
Due to Other Taxing Units	\$ 138,338	\$ 915,740	\$ 916,078	\$ 138,000
Total Liabilities	\$ 138,338	\$ 915,740	\$ 916,078	\$ 138,000
<u>Constitutional Officers - Agency Fund</u>				
<u>Assets</u>				
Cash	\$ 331,355	\$ 4,223,758	\$ 4,404,756	\$ 150,357
Total Assets	\$ 331,355	\$ 4,223,758	\$ 4,404,756	\$ 150,357
<u>Liabilities</u>				
Due to Litigants, Heirs, and Others	\$ 331,355	\$ 4,223,758	\$ 4,404,756	\$ 150,357
Total Liabilities	\$ 331,355	\$ 4,223,758	\$ 4,404,756	\$ 150,357
<u>Total - All Agency Funds</u>				
<u>Assets</u>				
Cash	\$ 331,355	\$ 4,223,758	\$ 4,404,756	\$ 150,357
Equity in Pooled Cash and Investments	0	777,740	777,740	0
Due from Other Governments	138,338	138,000	138,338	138,000
Total Assets	\$ 469,693	\$ 5,139,498	\$ 5,320,834	\$ 288,357
<u>Liabilities</u>				
Due to Other Taxing Units	\$ 138,338	\$ 915,740	\$ 916,078	\$ 138,000
Due to Litigants, Heirs, and Others	331,355	4,223,758	4,404,756	150,357
Total Liabilities	\$ 469,693	\$ 5,139,498	\$ 5,320,834	\$ 288,357

# 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, 2012

Functions/Programs	Expenses	Program Revenues		Net (Expense) Revenue and Changes in Net Assets
		Charges for Services	Operating Grants and Contributions	
Governmental Activities:				
Instruction	\$ 12,273,743	\$ 13,140	\$ 1,194,557	\$ (11,066,046)
Support Services	5,811,732	42,881	291,312	(5,477,539)
Operation of Non-Instructional Services	2,137,032	446,127	1,357,914	(332,991)
Other Debt Service	50,000	0	0	(50,000)
Total Governmental Activities	\$ 20,272,507	\$ 502,148	\$ 2,843,783	\$ (16,926,576)
General Revenues:				
Taxes:				
Property Taxes Levied for General Purposes				\$ 1,749,509
Local Option Sales Taxes				740,985
Other Local Taxes				1,055
Grants and Contributions Not Restricted to Specific Programs				14,014,345
Unrestricted Investment Income				32,095
Miscellaneous				78,055
Total General Revenues				\$ 16,616,044
Change in Net Assets				\$ (310,532)
Net Assets, July 1, 2011				16,006,061
Net Assets, June 30, 2012				\$ 15,695,529

Exhibit H-2

Chester County, Tennessee  
Balance Sheet - Governmental Funds  
Discretely Presented Chester County School Department  
June 30, 2012

	<u>Major Fund</u> General Purpose School	<u>Nonmajor Funds</u> Other Govern- mental Funds	Total Govern- mental Funds
<b><u>ASSETS</u></b>			
Equity in Pooled Cash and Investments	\$ 3,435,200	\$ 810,244	\$ 4,245,444
Accounts Receivable	3,910	0	3,910
Due from Other Governments	279,987	38,418	318,405
Due from Other Funds	25	0	25
Property Taxes Receivable	1,367,231	0	1,367,231
Allowance for Uncollectible Property Taxes	(58,201)	0	(58,201)
<b>Total Assets</b>	<b>\$ 5,028,152</b>	<b>\$ 848,662</b>	<b>\$ 5,876,814</b>
<b><u>LIABILITIES AND FUND BALANCES</u></b>			
<b><u>Liabilities</u></b>			
Accounts Payable	\$ 11,085	\$ 0	\$ 11,085
Payroll Deductions Payable	256	2,204	2,460
Due to Other Funds	0	25	25
Deferred Revenue - Current Property Taxes	1,225,902	0	1,225,902
Deferred Revenue - Delinquent Property Taxes	77,628	0	77,628
Other Deferred Revenues	68,000	0	68,000
<b>Total Liabilities</b>	<b>\$ 1,382,871</b>	<b>\$ 2,229</b>	<b>\$ 1,385,100</b>
<b><u>Fund Balances</u></b>			
<b>Restricted:</b>			
Restricted for Education	\$ 14,529	\$ 57,152	\$ 71,681
Restricted for Operation of Non-Instructional Services	0	311,783	311,783
Restricted for Capital Outlay	0	477,498	477,498
<b>Assigned:</b>			
Assigned for Education	7,321	0	7,321
Unassigned	3,623,431	0	3,623,431
<b>Total Fund Balances</b>	<b>\$ 3,645,281</b>	<b>\$ 846,433</b>	<b>\$ 4,491,714</b>
<b>Total Liabilities and Fund Balances</b>	<b>\$ 5,028,152</b>	<b>\$ 848,662</b>	<b>\$ 5,876,814</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, 2012

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)		\$ 4,491,714
(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	9,175,981	
Add: other capital assets net of accumulated depreciation	<u>1,833,672</u>	11,423,905
(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		(365,718)
(3) Other long-term assets are not available to pay for current-period expenditures and therefore are deferred in the governmental funds.		<u>145,628</u>
Net assets of governmental activities (Exhibit A)		<u><u>\$ 15,695,529</u></u>

Exhibit H-4

Chester County, Tennessee  
Statement of Revenues, Expenditures,  
and Changes in Fund Balances -  
Governmental Funds  
Discretely Presented Chester County School Department  
For the Year Ended June 30, 2012

	<u>Major Fund</u>	<u>Nonmajor</u> <u>Funds</u>	<u>Total</u> <u>Governmental</u> <u>Funds</u>
	General Purpose School	Other Govern- mental Funds	
<u>Revenues</u>			
Local Taxes	\$ 2,501,327	\$ 0	\$ 2,501,327
Licenses and Permits	1,150	0	1,150
Charges for Current Services	48,631	422,867	471,498
Other Local Revenues	85,998	54,859	140,857
State of Tennessee	13,965,435	14,671	13,980,106
Federal Government	45,470	2,875,242	2,920,712
Total Revenues	<u>\$ 16,648,011</u>	<u>\$ 3,367,639</u>	<u>\$ 20,015,650</u>
<u>Expenditures</u>			
Current:			
Instruction	\$ 9,833,491	\$ 1,540,267	\$ 11,373,758
Support Services	5,737,018	169,032	5,906,050
Operation of Non-Instructional Services	211,554	1,883,216	2,094,770
Capital Outlay	1,277,982	62,417	1,340,399
Debt Service:			
Other Debt Service	50,000	0	50,000
Total Expenditures	<u>\$ 17,110,045</u>	<u>\$ 3,654,932</u>	<u>\$ 20,764,977</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>\$ (462,034)</u>	<u>\$ (287,293)</u>	<u>\$ (749,327)</u>
<u>Other Financing Sources (Uses)</u>			
Insurance Recovery	\$ 59,825	\$ 0	\$ 59,825
Transfers In	10,440	0	10,440
Transfers Out	0	(10,440)	(10,440)
Total Other Financing Sources (Uses)	<u>\$ 70,265</u>	<u>\$ (10,440)</u>	<u>\$ 59,825</u>
Net Change in Fund Balances	\$ (391,769)	\$ (297,733)	\$ (689,502)
Fund Balance, July 1, 2011	<u>4,037,050</u>	<u>1,144,166</u>	<u>5,181,216</u>
Fund Balance, June 30, 2012	<u>\$ 3,645,281</u>	<u>\$ 846,433</u>	<u>\$ 4,491,714</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, 2012

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)		\$ (689,502)
(1) Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of these assets is allocated over their useful lives and reported as depreciation expense. The difference between capital outlays and depreciation is itemized as follows:		
Add: capital assets purchased in the current period	\$ 1,314,566	
Less: current-year depreciation expense	<u>(772,765)</u>	541,801
(2) Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.		
Add: deferred delinquent property taxes and other deferred June 30, 2012	\$ 145,628	
Less: deferred delinquent property taxes and other deferred June 30, 2011	<u>(199,303)</u>	(53,675)
(3) Some expenses reported in the statement of activities do not require the use of current financial resources and therefore are not reported as expenditures in the governmental funds.		
Change in other postemployment benefits liability		<u>(109,156)</u>
Change in net assets of governmental activities (Exhibit B)		<u>\$ (310,532)</u>

Chester County, Tennessee  
Combining Balance Sheet - Nonmajor Governmental Funds  
Discretely Presented Chester County School Department  
June 30, 2012

	Special Revenue Funds			Capital Projects Fund	Total Nonmajor Governmental Funds
	School Federal Projects		Central Cafeteria	Education Capital Projects	
			Total		
\$	20,963	\$ 311,783	\$ 332,746	\$ 477,498	\$ 810,244
	38,418	0	38,418	0	38,418
\$	59,381	\$ 311,783	\$ 371,164	\$ 477,498	\$ 848,662

ASSETS

Equity in Pooled Cash and Investments  
 Due from Other Governments

Total Assets

LIABILITIES AND FUND BALANCES

Liabilities

Payroll Deductions Payable  
 Due to Other Funds

Total Liabilities

Fund Balances

Restricted:

Restricted for Education  
 Restricted for Operation of Non-Instructional Services  
 Restricted for Capital Outlay

Total Fund Balances

Total Liabilities and Fund Balances

\$	2,204	\$ 0	\$ 2,204	\$ 0	\$ 2,204
	25	0	25	0	25
\$	2,229	\$ 0	\$ 2,229	\$ 0	\$ 2,229
\$	57,152	\$ 0	\$ 57,152	\$ 0	\$ 57,152
	0	311,783	311,783	0	311,783
	0	0	0	477,498	477,498
\$	57,152	\$ 311,783	\$ 368,935	\$ 477,498	\$ 846,433
\$	59,381	\$ 311,783	\$ 371,164	\$ 477,498	\$ 848,662

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, 2012

	<u>Special Revenue Funds</u>			<u>Capital</u>	<u>Total</u>
	<u>School</u>	<u>Central</u>	<u>Total</u>	<u>Projects</u>	
	<u>Federal</u>	<u>Cafeteria</u>		<u>Education</u>	<u>Nonmajor</u>
	<u>Projects</u>			<u>Capital</u>	<u>Governmental</u>
				<u>Projects</u>	<u>Funds</u>
<u>Revenues</u>					
Charges for Current Services	\$ 0	\$ 422,867	\$ 422,867	\$ 0	\$ 422,867
Other Local Revenues	0	54,859	54,859	0	54,859
State of Tennessee	0	14,671	14,671	0	14,671
Federal Government	1,531,999	1,343,243	2,875,242	0	2,875,242
Total Revenues	\$ 1,531,999	\$ 1,835,640	\$ 3,367,639	\$ 0	\$ 3,367,639
<u>Expenditures</u>					
Current:					
Instruction	\$ 1,540,267	\$ 0	\$ 1,540,267	\$ 0	\$ 1,540,267
Support Services	169,032	0	169,032	0	169,032
Operation of Non-Instructional Services	0	1,883,216	1,883,216	0	1,883,216
Capital Outlay	0	0	0	62,417	62,417
Total Expenditures	\$ 1,709,299	\$ 1,883,216	\$ 3,592,515	\$ 62,417	\$ 3,654,932
Excess (Deficiency) of Revenues					
Over Expenditures	\$ (177,300)	\$ (47,576)	\$ (224,876)	\$ (62,417)	\$ (287,293)
<u>Other Financing Sources (Uses)</u>					
Transfers Out	\$ (10,440)	\$ 0	\$ (10,440)	\$ 0	\$ (10,440)
Total Other Financing Sources (Uses)	\$ (10,440)	\$ 0	\$ (10,440)	\$ 0	\$ (10,440)
Net Change in Fund Balances	\$ (187,740)	\$ (47,576)	\$ (235,316)	\$ (62,417)	\$ (297,733)
Fund Balance, July 1, 2011	244,892	359,359	604,251	539,915	1,144,166
Fund Balance, June 30, 2012	\$ 57,152	\$ 311,783	\$ 368,935	\$ 477,498	\$ 846,433

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, 2012

	Actual (GAAP Basis)	Less: Encumbrances 7/1/2011	Add: Encumbrances 6/30/2012	Actual Revenues/ Expenditures (Budgetary Basis)	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
					Original	Final	
<u>Revenues</u>							
Local Taxes	\$ 2,501,327	\$ 0	\$ 0	\$ 2,501,327	\$ 2,504,000	\$ 2,504,000	\$ (2,673)
Licenses and Permits	1,150	0	0	1,150	1,000	1,000	150
Charges for Current Services	48,631	0	0	48,631	35,800	35,800	12,831
Other Local Revenues	85,998	0	0	85,998	89,800	89,800	(3,802)
State of Tennessee	13,965,435	0	0	13,965,435	13,894,100	14,010,336	(44,901)
Federal Government	45,470	0	0	45,470	62,500	62,500	(17,030)
<b>Total Revenues</b>	<b>\$ 16,648,011</b>	<b>\$ 0</b>	<b>\$ 0</b>	<b>\$ 16,648,011</b>	<b>\$ 16,587,200</b>	<b>\$ 16,703,436</b>	<b>\$ (55,425)</b>
<u>Expenditures</u>							
<u>Instruction</u>							
Regular Instruction Program	\$ 8,118,846	\$ (26,353)	\$ 4,898	\$ 8,097,391	\$ 8,288,100	\$ 8,332,100	\$ 234,709
Special Education Program	1,061,515	0	0	1,061,515	1,124,000	1,123,999	62,484
Vocational Education Program	575,857	0	0	575,857	587,100	587,100	11,243
Student Body Education Program	51,000	0	0	51,000	51,000	51,000	0
Adult Education Program	26,273	0	0	26,273	26,275	26,275	2
<u>Support Services</u>							
Attendance	63,029	0	0	63,029	64,920	64,920	1,891
Health Services	179,021	0	0	179,021	189,076	189,076	10,055
Other Student Support	259,599	0	0	259,599	277,330	294,430	34,831
Regular Instruction Program	707,500	0	0	707,500	743,860	743,860	36,360
Special Education Program	141,698	0	0	141,698	152,500	152,500	10,802
Vocational Education Program	0	0	0	0	4,000	4,000	4,000
Adult Programs	29,612	0	0	29,612	33,412	29,612	0
Other Programs	46,369	0	0	46,369	0	46,369	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 7/1/2011	Add: Encumbrances 6/30/2012	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	\$ 319,900	\$ 0	\$ 0	\$ 319,900	\$ 372,600	\$ 377,600	\$ 57,700
Director of Schools	160,356	0	0	160,356	170,500	170,500	10,144
Office of the Principal	1,122,285	0	0	1,122,285	1,182,300	1,182,300	60,015
Fiscal Services	93,952	0	0	93,952	101,200	101,200	7,248
Operation of Plant	1,300,776	0	0	1,300,776	1,464,400	1,464,400	163,624
Maintenance of Plant	446,799	0	2,423	449,222	476,200	574,900	125,678
Transportation	866,122	0	0	866,122	942,600	944,600	78,478
<u>Operation of Non-Instructional Services</u>							
Community Services	10,032	0	0	10,032	15,350	15,350	5,318
Early Childhood Education	201,522	(4,200)	0	197,322	200,000	205,567	8,245
<u>Capital Outlay</u>							
Regular Capital Outlay	1,277,982	(1,225,820)	0	52,162	75,000	75,000	22,838
Principal on Debt	0	0	0	0	41,000	0	0
Interest on Debt	0	0	0	0	9,000	0	0
<u>Other Debt Service</u>							
Education	50,000	0	0	50,000	0	50,000	0
Total Expenditures	\$ 17,110,045	\$ (1,256,373)	\$ 7,321	\$ 15,860,993	\$ 16,591,723	\$ 16,806,658	\$ 945,665
Excess (Deficiency) of Revenues Over Expenditures	\$ (462,034)	\$ 1,256,373	\$ (7,321)	\$ 787,018	\$ (4,523)	\$ (103,222)	\$ 890,240

(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:		Add: 6/30/2012	Actual Revenues/ Expenditures (Budgetary Basis)	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
		7/1/2011	Encumbrances 6/30/2012			Original	Final	
<u>Other Financing Sources (Uses)</u>								
Insurance Recovery	\$ 59,825	\$ 0	\$ 0	\$ 59,825	\$ 5,000	\$ 63,500	\$ (3,675)	
Transfers In	10,440	0	0	10,440	0	0	10,440	
Total Other Financing Sources (Uses)	\$ 70,265	\$ 0	\$ 0	\$ 70,265	\$ 5,000	\$ 63,500	\$ 6,765	
Net Change in Fund Balance	\$ (391,769)	\$ 1,256,373	\$ (7,321)	\$ 857,283	\$ 477	\$ (39,722)	\$ 897,005	
Fund Balance, July 1, 2011	4,037,050	(1,256,373)	0	2,780,677	39,722	39,722	2,740,955	
Fund Balance, June 30, 2012	\$ 3,645,281	\$ 0	\$ (7,321)	\$ 3,637,960	\$ 40,199	\$ 0	\$ 3,637,960	

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, 2012

	Actual (GAAP Basis)	Less: Encumbrances 7/1/2011	Actual Revenues/ Expenditures (Budgetary Basis)	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
				Original	Final	
<u>Revenues</u>						
Federal Government	\$ 1,531,999	0	\$ 1,531,999	\$ 1,962,887	\$ 2,094,436	\$ (562,437)
Total Revenues	\$ 1,531,999	0	\$ 1,531,999	\$ 1,962,887	\$ 2,094,436	\$ (562,437)
<u>Expenditures</u>						
<u>Instruction</u>						
Regular Instruction Program	\$ 1,045,673	0	\$ 1,045,673	\$ 1,319,827	\$ 1,464,496	\$ 418,823
Special Education Program	470,126	0	470,126	599,562	607,093	136,967
Vocational Education Program	24,468	0	24,468	18,278	24,468	0
<u>Support Services</u>						
Other Student Support	25,038	0	25,038	19,197	27,298	2,260
Regular Instruction Program	105,497	(5,499)	99,998	194,786	154,892	54,894
Special Education Program	1,844	0	1,844	1,844	1,844	0
Vocational Education Program	2,101	0	2,101	1,970	2,101	0
Transportation	34,552	0	34,552	41,663	38,977	4,425
Total Expenditures	\$ 1,709,299	\$ (5,499)	\$ 1,703,800	\$ 2,197,127	\$ 2,321,169	\$ 617,369
Excess (Deficiency) of Revenues Over Expenditures	\$ (177,300)	5,499	\$ (171,801)	\$ (234,240)	\$ (226,733)	\$ 54,932
<u>Other Financing Sources (Uses)</u>						
Transfers Out	\$ (10,440)	0	\$ (10,440)	\$ (2,930)	\$ (10,440)	\$ 0
Total Other Financing Sources (Uses)	\$ (10,440)	0	\$ (10,440)	\$ (2,930)	\$ (10,440)	\$ 0
Net Change in Fund Balance Fund Balance, July 1, 2011	\$ (187,740)	5,499	\$ (182,241)	\$ (237,170)	\$ (237,173)	\$ 54,932
	244,892	(5,499)	239,393	237,173	237,173	2,220
Fund Balance, June 30, 2012	\$ 57,152	0	\$ 57,152	\$ 3	\$ 0	\$ 57,152

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, 2012

	Actual	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
		Original	Final	
<u>Revenues</u>				
Charges for Current Services	\$ 422,867	\$ 425,000	\$ 425,000	\$ (2,133)
Other Local Revenues	54,859	41,000	41,000	13,859
State of Tennessee	14,671	15,000	15,000	(329)
Federal Government	1,343,243	1,152,500	1,248,719	94,524
Total Revenues	<u>\$ 1,835,640</u>	<u>\$ 1,633,500</u>	<u>\$ 1,729,719</u>	<u>\$ 105,921</u>
<u>Expenditures</u>				
<u>Operation of Non-Instructional Services</u>				
Food Service	\$ 1,883,216	\$ 1,629,900	\$ 1,935,319	\$ 52,103
Total Expenditures	<u>\$ 1,883,216</u>	<u>\$ 1,629,900</u>	<u>\$ 1,935,319</u>	<u>\$ 52,103</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>\$ (47,576)</u>	<u>\$ 3,600</u>	<u>\$ (205,600)</u>	<u>\$ 158,024</u>
Net Change in Fund Balance	\$ (47,576)	\$ 3,600	\$ (205,600)	\$ 158,024
Fund Balance, July 1, 2011	<u>359,359</u>	<u>205,600</u>	<u>205,600</u>	<u>153,759</u>
Fund Balance, June 30, 2012	<u>\$ 311,783</u>	<u>\$ 209,200</u>	<u>\$ 0</u>	<u>\$ 311,783</u>

Exhibit H-11

Chester County, Tennessee  
Statement of Fiduciary Net Assets  
Discretely Presented Chester County School Department  
Fiduciary Fund  
June 30, 2012

	Other Trust Fund
	<u>Private Purpose Trust Fund</u>
<u>ASSETS</u>	
Equity in Pooled Cash and Investments	\$ 100,419
Total Assets	<u>\$ 100,419</u>
<u>NET ASSETS</u>	
Funds Held in Trust for College Scholarships for Chester County Students	<u>\$ 100,419</u>
Total Net Assets	<u><u>\$ 100,419</u></u>

Exhibit H-12

Chester County, Tennessee  
Statement of Changes in Fiduciary Net Assets  
Discretely Presented Chester County School Department  
Fiduciary Fund  
For the Year Ended June 30, 2012

	Other Trust Fund
	<u>Private Purpose Trust Fund</u>
<u>ADDITIONS</u>	
<u>Other Local Revenues</u>	
Investment Income	\$ 805
Total Additions	<u>\$ 805</u>
<u>DEDUCTIONS</u>	
<u>Miscellaneous</u>	
Other Charges	\$ 1,000
Total Deductions	<u>\$ 1,000</u>
Change in Net Assets	\$ (195)
Net Assets, July 1, 2011	<u>100,614</u>
Net Assets, June 30, 2012	<u><u>\$ 100,419</u></u>

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## MISCELLANEOUS SCHEDULES

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Exhibit I-1

Chester County, Tennessee  
Schedule of Changes in Long-term Note, Capital Lease, and Bonds  
For the Year Ended June 30, 2012

Description of Indebtedness	Original Amount of Issue	Interest Rate	Date of Issue	Last Maturity Date	Outstanding 7-1-11	Issued During Period	Paid and/or	
							Matured During Period	Outstanding 6-30-12
<u>NOTE PAYABLE</u>								
Payable through Highway/Public Works Fund Excavator	\$ 200,343	5.5%	1-12-12	1-12-16	\$ 0	\$ 200,343	\$ 18,459	\$ 181,884
Total Note Payable					\$ 0	\$ 200,343	\$ 18,459	\$ 181,884
<u>CAPITAL LEASE PAYABLE</u>								
Payable through Solid Waste/Sanitation Fund Backhoe	48,353	5.5	11-27-07	11-27-12	\$ 15,082	\$ 0	\$ 10,523	\$ 4,559
Total Capital Lease Payable					\$ 15,082	\$ 0	\$ 10,523	\$ 4,559
<u>BONDS PAYABLE</u>								
Payable through Solid Waste/Sanitation Fund Refunding Bonds, Series 2011	140,000	4 to 5	3-15-11	5-1-16	\$ 140,000	\$ 0	\$ 25,000	\$ 115,000
Total Payable through Solid Waste/Sanitation Fund					\$ 140,000	\$ 0	\$ 25,000	\$ 115,000
<u>Payable through General Debt Service Fund</u>								
Jail and Vo-Tech School Refunding Bonds, Series 2011	9,300,000	3 to 5.5	6-30-08	6-1-40	\$ 9,000,000	\$ 0	\$ 120,000	\$ 8,880,000
General Obligation Bonds, Series 2011	575,000	2.75 to 5	3-15-11	5-1-23	575,000	0	40,000	535,000
Total Payable through General Debt Service Fund	360,000	2.75 to 5	3-15-11	5-1-28	360,000	0	20,000	340,000
					\$ 9,935,000	\$ 0	\$ 180,000	\$ 9,755,000
<u>Payable through Education Debt Service Fund</u>								
School Refunding Bond, Series 2008	3,695,000	3.23	9-30-08	4-1-15	\$ 2,230,000	\$ 0	\$ 520,000	\$ 1,710,000
School Refunding Bonds, Series 2011	380,000	4 to 5	3-15-11	5-1-16	380,000	0	55,000	325,000
Total Payable through Education Debt Service Fund					\$ 2,610,000	\$ 0	\$ 575,000	\$ 2,035,000
Total Bonds Payable					\$ 12,685,000	\$ 0	\$ 780,000	\$ 11,905,000

Exhibit I-2

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

Year Ending June 30	Note		Total
	Principal	Interest	
2013	\$ 47,460	\$ 8,537	\$ 55,997
2014	49,757	6,240	55,997
2015	52,604	3,393	55,997
2016	32,063	601	32,664
Total	\$ 181,884	\$ 18,771	\$ 200,655

Year Ending June 30	Capital Lease		Total
	Principal	Interest	
2013	\$ 4,559	\$ 60	\$ 4,619
Total	\$ 4,559	\$ 60	\$ 4,619

Year Ending June 30	Bonds		Total
	Principal	Interest	
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	\$ 11,905,000	\$ 7,378,189	\$ 19,283,189

Exhibit I-3

Chester County, Tennessee  
Schedule of Transfers  
Discretely Presented Chester County School Department  
For the Year Ended June 30, 2012

<u>From Fund</u>	<u>To Fund</u>	<u>Purpose</u>	<u>Amount</u>
School Federal Projects	General Purpose School	Indirect costs	\$ 10,440
Total Transfers Discretely Presented Chester County School Department			\$ 10,440

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, 2012

Official	Authorization for Salary	Salary Paid During Period	Bond	Surety
County Mayor	Section 8-24-102, TCA	\$ 70,511	\$ 50,000	State Automobile Mutual Insurance Company
Road Supervisor	Section 8-24-102, TCA	65,874	100,000 "	"
Director of Schools	State Board of Education and County Board of Education	84,886 (1)	150,000	Tennessee Risk Management Trust
Trustee	Section 8-24-102, TCA	57,751	675,200	State Automobile Mutual Insurance Company
Assessor of Property	Section 8-24-102, TCA	57,751	10,000 "	"
County Clerk	Section 8-24-102, TCA	57,751	50,000 "	"
Circuit and General Sessions Courts Clerk	Section 8-24-102, TCA	57,751	50,000 "	"
Clerk and Master	Section 8-24-102, TCA	57,751 (2)	65,000 "	"
Register	Section 8-24-102, TCA	57,751	25,000 "	"
Sheriff	Section 8-24-102, TCA	63,527 (3)	25,000 "	"
Employee Blanket Bonds:				
Public Employee Dishonesty - County Departments			150,000	Tennessee Risk Management Trust
Public Employee Dishonesty - School Departments			150,000 "	"

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

(2) Does not include special commissioner fees of \$27,517.

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

Exhibit I-5

Chester County, Tennessee  
 Schedule of Detailed Revenues -  
 All Governmental Fund Types  
 For the Year Ended June 30, 2012

	Special Revenue Funds						Debt Service Funds			Total
	General	Public Library	Solid Waste / Sanitation	Drug Control	Constitutional Officers - Fees	Highway / Public Works	General Debt Service	Education Debt Service		
<u>Local Taxes</u>										
<u>County Property Taxes</u>										
Current Property Tax	\$ 2,837,424	\$ 0	\$ 0	\$ 0	\$ 0	\$ 40,606	\$ 31,669	\$ 0	\$ 2,909,699	
Discount on Property Taxes	(27,904)	0	0	0	0	(401)	(306)	0	(28,611)	
Trustee's Collections - Prior Year	120,207	0	0	0	0	2,150	1,680	0	124,037	
Trustee's Collections - Bankruptcy	385	0	0	0	0	6	6	0	397	
Circuit/Clerk & Master Collections - Prior Years	45,016	0	5,627	0	0	750	750	0	52,143	
Interest and Penalty	20,633	0	0	0	0	362	280	0	21,275	
Payments in-Lieu-of-Taxes - T.V.A.	0	0	0	0	0	1,846	720	0	2,566	
<u>County Local Option Taxes</u>										
Local Option Sales Tax	6,427	0	131,463	0	0	0	0	662,770	800,660	
Hotel/Motel Tax	2,253	0	10,250	0	0	0	0	0	12,503	
Wheel Tax	174,178	0	0	0	0	0	580,592	0	754,770	
Litigation Tax - General	33,625	0	0	0	0	0	0	0	33,625	
Litigation Tax - Special Purpose	3,702	0	0	0	0	0	0	0	3,702	
Litigation Tax - Jail, Workhouse, or Courthouse	0	0	0	0	0	0	13,340	0	13,340	
Litigation Tax - Courtroom Security	39	0	0	0	0	0	0	0	39	
Business Tax	0	0	79,434	0	0	0	0	0	79,434	
<u>Statutory Local Taxes</u>										
Bank Excise Tax	0	0	19,682	0	0	282	220	0	20,184	
Wholesale Beer Tax	0	0	53,617	0	0	0	0	0	53,617	
Interstate Telecommunications Tax	621	0	0	0	0	0	0	0	621	
<b>Total Local Taxes</b>	<b>\$ 3,216,606</b>	<b>\$ 0</b>	<b>\$ 300,073</b>	<b>\$ 0</b>	<b>\$ 0</b>	<b>\$ 45,601</b>	<b>\$ 628,951</b>	<b>\$ 662,770</b>	<b>\$ 4,854,001</b>	
<u>Licenses and Permits</u>										
<u>Licenses</u>										
Cable TV Franchise	\$ 12,143	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 12,143	
<b>Total Licenses and Permits</b>	<b>\$ 12,143</b>	<b>\$ 0</b>	<b>\$ 0</b>	<b>\$ 0</b>	<b>\$ 0</b>	<b>\$ 0</b>	<b>\$ 0</b>	<b>\$ 0</b>	<b>\$ 12,143</b>	
<u>Fines, Forfeitures, and Penalties</u>										
<u>Circuit Court</u>										
Fines	\$ 5,297	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 5,297	

(Continued)

Exhibit I-5

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

	Special Revenue Funds										Debt Service Funds		
	General	Public Library	Solid Waste / Sanitation	Drug Control	Constitutional Officers - Fees	Highway / Public Works	General Debt Service	Education Debt Service	Total				
<u>Fines, Forfeitures, and Penalties (Cont.)</u>													
<u>Circuit Court (Cont.)</u>													
Officers Costs	\$ 1,901	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	1,901
Drug Control Fines	0	0	0	4,545	0	0	0	0	0	0	0	0	4,545
Drug Court Fees	465	0	0	0	0	0	0	0	0	0	0	0	465
Jail Fees	660	0	0	0	0	0	0	0	0	0	0	0	660
Data Entry Fee - Circuit Court	246	0	0	0	0	0	0	0	0	0	0	0	246
Victims Assistance Assessments	568	0	0	0	0	0	0	0	0	0	0	0	568
<u>General Sessions Court</u>													
Fines	27,525	0	0	0	0	0	0	0	0	0	0	0	27,525
Officers Costs	15,663	0	0	0	0	0	0	0	0	0	0	0	15,663
Game and Fish Fines	22	0	0	0	0	0	0	0	0	0	0	0	22
Drug Control Fines	0	0	0	3,523	0	0	0	0	0	0	0	0	3,523
Drug Court Fees	722	0	0	3,327	0	0	0	0	0	0	0	0	4,049
Jail Fees	9,435	0	0	0	0	0	0	0	0	0	0	0	9,435
DUI Treatment Fines	2,957	0	0	1,538	0	0	0	0	0	0	0	0	4,495
Data Entry Fee - General Sessions Court	2,187	0	0	0	0	0	0	0	0	0	0	0	2,187
Courtroom Security Fee	8	0	0	0	0	0	0	0	0	0	0	0	8
Victims Assistance Assessments	12,104	0	0	0	0	0	0	0	0	0	0	0	12,104
<u>Juvenile Court</u>													
Fines	71	0	0	0	0	0	0	0	0	0	0	0	71
Officers Costs	447	0	0	0	0	0	0	0	0	0	0	0	447
Data Entry Fee - Juvenile Court	137	0	0	0	0	0	0	0	0	0	0	0	137
<u>Chancery Court</u>													
Officers Costs	517	0	0	0	0	0	0	0	0	0	0	0	517
Data Entry Fee - Chancery Court	736	0	0	0	0	0	0	0	0	0	0	0	736
<u>Other Courts - In-county</u>													
Drug Control Fines	0	0	0	460	0	0	0	0	0	0	0	0	460
<u>Judicial District Drug Program</u>													
Courtroom Security Fee	2	0	0	0	0	0	0	0	0	0	0	0	2
<u>Other Fines, Forfeitures, and Penalties</u>													
Proceeds from Confiscated Property	0	0	0	137	0	0	0	0	0	0	0	0	137

(Continued)

Exhibit I-5

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

	Special Revenue Funds						Debt Service Funds		
	General	Public Library	Solid Waste / Sanitation	Drug Control	Constitutional Officers - Fees	Highway / Public Works	General Debt Service	Education Debt Service	Total
<u>Fines, Forfeitures, and Penalties (Cont.)</u>									
Other Fines, Forfeitures, and Penalties (Cont.)									
Other Fines, Forfeitures, and Penalties	\$ 5,500	\$ 0	\$ 0	\$ 100	\$ 0	\$ 0	\$ 0	\$ 0	\$ 5,600
Total Fines, Forfeitures, and Penalties	\$ 87,170	\$ 0	\$ 0	\$ 13,630	\$ 0	\$ 0	\$ 0	\$ 0	\$ 100,800
<u>Charges for Current Services</u>									
<u>General Service Charges</u>									
Convenience Waste Centers Collection Charge	\$ 0	\$ 0	\$ 68,154	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 68,154
<u>Fees</u>									
Copy Fees	206	0	0	0	0	0	0	0	206
Library Fees	0	16,874	0	0	0	0	0	0	16,874
Greenbelt Late Application Fee	150	0	0	0	0	0	0	0	150
Telephone Commissions	39,543	0	0	0	0	0	0	0	39,543
Vending Machine Collections	29	0	0	0	0	0	0	0	29
Constitutional Officers' Fees and Commissions	0	0	0	0	27,517	0	0	0	27,517
Data Processing Fee - Register	4,272	0	0	0	0	0	0	0	4,272
Data Processing Fee - Sheriff	1,775	0	0	0	0	0	0	0	1,775
Sexual Offender Registration Fees - Sheriff	2,384	0	0	0	0	0	0	0	2,384
Total Charges for Current Services	\$ 48,359	\$ 16,874	\$ 68,154	\$ 0	\$ 27,517	\$ 0	\$ 0	\$ 0	\$ 160,904
<u>Other Local Revenues</u>									
<u>Recurring Items</u>									
Investment Income	\$ 0	\$ 220,484	\$ 20,250	\$ 0	\$ 0	\$ 11,462	\$ 0	\$ 0	\$ 252,196
Lease/Rentals	312,863	0	0	0	0	0	0	0	312,863
Sale of Materials and Supplies	5,494	0	0	452	0	23,139	0	0	29,085
Sale of Gasoline	0	0	0	0	0	1,801	0	0	1,801
Sale of Maps	500	0	0	0	0	0	0	0	500
Sale of Recycled Materials	0	0	182,000	0	0	0	0	0	182,000
Miscellaneous Refunds	103,688	2,745	1,792	0	0	5,425	0	0	113,650
<u>Nonrecurring Items</u>									
Sale of Property	4,362	0	0	337	0	0	0	0	4,699

(Continued)

Exhibit I-5

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

	Special Revenue Funds					Debt Service Funds			Total
	General	Public Library	Solid Waste / Sanitation	Drug Control	Constitutional Officers - Fees	Highway / Public Works	General Debt Service	Education Debt Service	
<u>Other Local Revenues (Cont.)</u>									
Other Local Revenues	\$ 0	\$ 0	\$ 0	\$ 2,328	\$ 0	\$ 11,120	\$ 0	\$ 0	\$ 13,448
Total Other Local Revenues	\$ 426,907	\$ 223,229	\$ 204,042	\$ 3,117	\$ 0	\$ 52,947	\$ 0	\$ 0	\$ 910,242
<u>Fees Received from County Officials</u>									
<u>Fees in-Lieu-of Salary</u>									
County Clerk	\$ 158,120	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 158,120
Circuit Court Clerk	24,883	0	0	0	0	0	0	0	24,883
General Sessions Court Clerk	79,804	0	0	0	0	0	0	0	79,804
Clerk and Master	47,474	0	0	0	0	0	0	0	47,474
Juvenile Court Clerk	6,313	0	0	0	0	0	0	0	6,313
Register	50,425	0	0	0	0	0	0	0	50,425
Sheriff	7,518	0	0	0	0	0	0	0	7,518
Trustee	178,870	0	0	0	0	0	0	0	178,870
Total Fees Received from County Officials	\$ 553,407	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 553,407
<u>State of Tennessee</u>									
<u>General Government Grants</u>									
Juvenile Services Program	\$ 4,749	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 4,749
Solid Waste Grants	0	0	11,644	0	0	0	0	0	11,644
<u>Public Safety Grants</u>									
Law Enforcement Training Programs	7,800	0	0	0	0	0	0	0	7,800
Health and Welfare Grants	34,015	0	0	0	0	0	0	0	34,015
<u>Health Department Programs</u>									
<u>Public Works Grants</u>									
Bridge Program	0	0	0	0	0	280,529	0	0	280,529
State Aid Program	0	0	0	0	0	926,130	0	0	926,130
Litter Program	40,776	0	0	0	0	0	0	0	40,776
<u>Other State Revenues</u>									
Income Tax	8,970	0	0	0	0	0	0	0	8,970
Beer Tax	15,658	0	34,704	0	0	0	0	0	50,362

(Continued)

Exhibit I-5

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

	Special Revenue Funds					Debt Service Funds			Total
	General	Public Library	Solid Waste / Sanitation	Drug Control	Constitutional Officers - Fees	Highway / Public Works	General Debt Service	Education Debt Service	
<u>State of Tennessee (Cont.)</u>									
<u>Other State Revenues (Cont.)</u>									
Mixed Drink Tax	\$ 2,396	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 2,396
State Revenue Sharing - T. V.A.	64,509	73,707	140,510	0	0	1,846	2,160	0	282,732
Contracted Prisoner Boarding	223,170	0	0	0	0	0	0	0	223,170
Gasoline and Motor Fuel Tax	0	0	0	0	0	1,415,539	0	0	1,415,539
Petroleum Special Tax	0	0	0	0	0	12,361	0	0	12,361
Registrar's Salary Supplement	15,164	0	0	0	0	0	0	0	15,164
Other State Grants	2,973	0	68,262	0	0	0	0	0	71,235
Other State Revenues	12,647	0	0	0	0	0	0	0	12,647
<b>Total State of Tennessee</b>	<b>\$ 432,827</b>	<b>\$ 73,707</b>	<b>\$ 255,120</b>	<b>\$ 0</b>	<b>\$ 0</b>	<b>\$ 2,636,405</b>	<b>\$ 2,160</b>	<b>\$ 0</b>	<b>\$ 3,400,219</b>
<u>Federal Government</u>									
<u>Federal Through State</u>									
Civil Defense Reimbursement	\$ 39,848	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 39,848
Disaster Relief	0	0	0	0	0	38,621	0	0	38,621
Homeland Security Grants	65,042	0	0	0	0	0	0	0	65,042
Other Federal through State	47,226	0	0	0	0	0	0	0	47,226
<u>Direct Federal Revenue</u>									
Other Direct Federal Revenue	2,400	0	0	0	0	0	0	0	2,400
<b>Total Federal Government</b>	<b>\$ 154,516</b>	<b>\$ 0</b>	<b>\$ 0</b>	<b>\$ 0</b>	<b>\$ 0</b>	<b>\$ 38,621</b>	<b>\$ 0</b>	<b>\$ 0</b>	<b>\$ 193,137</b>
<u>Other Governments and Citizens Groups</u>									
<u>Other Governments</u>									
Paving and Maintenance Contributions	\$ 1,000	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 1,000
Contracted Services	0	67	0	0	0	0	0	50,000	50,067
Citizens Groups	190,254	0	0	0	0	0	0	0	190,254
Donations	0	169	0	0	0	0	0	0	169
<b>Total Other Governments and Citizens Groups</b>	<b>\$ 191,254</b>	<b>\$ 236</b>	<b>\$ 0</b>	<b>\$ 0</b>	<b>\$ 0</b>	<b>\$ 0</b>	<b>\$ 0</b>	<b>\$ 50,000</b>	<b>\$ 241,490</b>
<b>Total</b>	<b>\$ 5,123,189</b>	<b>\$ 314,046</b>	<b>\$ 827,389</b>	<b>\$ 16,747</b>	<b>\$ 27,517</b>	<b>\$ 2,773,574</b>	<b>\$ 631,111</b>	<b>\$ 712,770</b>	<b>\$ 10,426,343</b>

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, 2012

	General Purpose School	School Federal Projects	Central Cafeteria	Total
<u>Local Taxes</u>				
<u>County Property Taxes</u>				
Current Property Tax	\$ 1,481,566	\$ 0	\$ 0	\$ 1,481,566
Trustee's Collections - Prior Year	80,940	0	0	80,940
Trustee's Collections - Bankruptcy	253	0	0	253
Circuit/Clerk & Master Collections - Prior Years	36,763	0	0	36,763
Interest and Penalty	13,614	0	0	13,614
Payments in-Lieu-of Taxes - T.V.A.	136,071	0	0	136,071
<u>County Local Option Taxes</u>				
Local Option Sales Tax	740,686	0	0	740,686
<u>Statutory Local Taxes</u>				
Bank Excise Tax	10,379	0	0	10,379
Interstate Telecommunications Tax	1,055	0	0	1,055
Total Local Taxes	\$ 2,501,327	\$ 0	\$ 0	\$ 2,501,327
<u>Licenses and Permits</u>				
<u>Licenses</u>				
Marriage Licenses	\$ 1,150	\$ 0	\$ 0	\$ 1,150
Total Licenses and Permits	\$ 1,150	\$ 0	\$ 0	\$ 1,150
<u>Charges for Current Services</u>				
<u>Education Charges</u>				
Tuition - Regular Day Students	\$ 11,250	\$ 0	\$ 0	\$ 11,250
Tuition - Summer School	1,890	0	0	1,890
Lunch Payments - Children	0	0	245,586	245,586
Lunch Payments - Adults	0	0	41,817	41,817
Income from Breakfast	0	0	25,440	25,440
A la carte Sales	0	0	110,024	110,024
Receipts from Individual Schools	25,487	0	0	25,487
<u>Other Charges for Services</u>				
Other Charges for Services	10,004	0	0	10,004
Total Charges for Current Services	\$ 48,631	\$ 0	\$ 422,867	\$ 471,498
<u>Other Local Revenues</u>				
<u>Recurring Items</u>				
Investment Income	\$ 30,566	\$ 0	\$ 1,529	\$ 32,095
Lease/Rentals	7,390	0	0	7,390
Miscellaneous Refunds	23,023	0	53,330	76,353
<u>Nonrecurring Items</u>				
Damages Recovered from Individuals	1,702	0	0	1,702
Contributions and Gifts	57	0	0	57
<u>Other Local Revenues</u>				
Other Local Revenues	23,260	0	0	23,260
Total Other Local Revenues	\$ 85,998	\$ 0	\$ 54,859	\$ 140,857
<u>State of Tennessee</u>				
<u>General Government Grants</u>				
On-Behalf Contributions for OPEB	\$ 46,369	\$ 0	\$ 0	\$ 46,369
<u>State Education Funds</u>				
Basic Education Program	13,409,000	0	0	13,409,000

(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 (Cont.)</u>				
<u>State Education Funds (Cont.)</u>				
Early Childhood Education	\$ 216,549	\$ 0	\$ 0	\$ 216,549
School Food Service	0	0	14,671	14,671
Driver Education	9,460	0	0	9,460
Other State Education Funds	3,169	0	0	3,169
Coordinated School Health - ARRA	70,652	0	0	70,652
Family Resource Centers - ARRA	29,612	0	0	29,612
Statewide Student Management System (SSMS) - ARRA	6,945	0	0	6,945
Career Ladder Program	83,424	0	0	83,424
Career Ladder - Extended Contract	37,100	0	0	37,100
Career Ladder - Extended Contract - ARRA	37,100	0	0	37,100
<u>Other State Revenues</u>				
Other State Grants	955	0	0	955
Safe Schools - ARRA	15,100	0	0	15,100
Total State of Tennessee	\$ 13,965,435	\$ 0	\$ 14,671	\$ 13,980,106
<u>Federal Government</u>				
<u>Federal Through State</u>				
USDA School Lunch Program	\$ 0	\$ 0	\$ 652,182	\$ 652,182
USDA - Commodities	0	0	65,219	65,219
Breakfast	0	0	201,017	201,017
USDA - Other	0	0	393,825	393,825
USDA Food Service Equipment Grant - ARRA	0	0	31,000	31,000
Vocational Education - Basic Grants to States	0	42,703	0	42,703
Title I Grants to Local Education Agencies	0	416,386	0	416,386
Special Education - Grants to States	11,092	412,202	0	423,294
Special Education Preschool Grants	8,808	11,440	0	20,248
Eisenhower Professional Development State Grants	0	94,531	0	94,531
Job Training Partnership Act	25,000	0	0	25,000
Race-to-the-Top - ARRA	0	91,446	0	91,446
Other Federal through State	570	463,291	0	463,861
Total Federal Government	\$ 45,470	\$ 1,531,999	\$ 1,343,243	\$ 2,920,712
Total	\$ 16,648,011	\$ 1,531,999	\$ 1,835,640	\$ 20,015,650

Exhibit I-7

Chester County, Tennessee  
Schedule of Detailed Expenditures -  
All Governmental Fund Types  
For the Year Ended June 30, 2012

General Fund

General Government

County Commission

Board and Committee Members Fees	\$ 22,500	
Social Security	1,721	
Dues and Memberships	1,300	
Travel	1,009	
Total County Commission		\$ 26,530

Board of Equalization

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

Budget and Finance Committee

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

County Mayor/Executive

County Official/Administrative Officer	\$ 70,511	
Secretary(ies)	24,163	
Social Security	7,243	
State Retirement	7,053	
Medical Insurance	10,793	
Unemployment Compensation	90	
Communication	1,999	
Dues and Memberships	1,806	
Legal Notices, Recording, and Court Costs	20	
Printing, Stationery, and Forms	381	
Travel	2,071	
Office Supplies	2,001	
Total County Mayor/Executive		128,131

County Attorney

Legal Services	\$ 11,772	
Total County Attorney		11,772

Election Commission

County Official/Administrative Officer	\$ 51,976
Clerical Personnel	23,196
Election Commission	2,440
Election Workers	15,308
Social Security	6,091

(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.)

State Retirement	\$	5,578	
Medical Insurance		4,901	
Unemployment Compensation		227	
Communication		2,425	
Data Processing Services		16,823	
Dues and Memberships		600	
Legal Notices, Recording, and Court Costs		1,953	
Maintenance and Repair Services - Equipment		744	
Printing, Stationery, and Forms		1,390	
Travel		3,413	
Food Supplies		173	
Office Supplies		6,075	
Total Election Commission			\$ 143,313

Register of Deeds

County Official/Administrative Officer	\$	57,751	
Clerical Personnel		24,929	
Longevity Pay		1,700	
Social Security		6,455	
State Retirement		6,160	
Medical Insurance		11,544	
Unemployment Compensation		90	
Communication		1,261	
Data Processing Services		7,330	
Dues and Memberships		863	
Travel		378	
Data Processing Supplies		1,153	
Office Supplies		590	
Office Equipment		2,000	
Total Register of Deeds			122,204

County Buildings

Salary Supplements	\$	3,000	
Custodial Personnel		10,880	
Maintenance Personnel		65,599	
Longevity Pay		900	
Overtime Pay		18,268	
Social Security		7,546	
State Retirement		6,234	
Medical Insurance		6,021	

(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.)

Unemployment Compensation	\$	284	
Communication		1,205	
Maintenance and Repair Services - Buildings		31,399	
Maintenance and Repair Services - Office Equipment		815	
Pest Control		2,036	
Travel		2,895	
Custodial Supplies		15,377	
Electricity		58,809	
Gasoline		290	
Natural Gas		9,886	
Water and Sewer		6,161	
Building and Contents Insurance		40,126	
Liability Insurance		2,500	
Data Processing Equipment		8,378	
Total County Buildings			\$ 298,609

Other Facilities

Communication	\$	2,935	
Maintenance and Repair Services - Buildings		583	
Pest Control		360	
Electricity		11,199	
Water and Sewer		1,620	
Total Other Facilities			16,697

Other General Administration

Legal Notices, Recording, and Court Costs	\$	3,359	
Postal Charges		21,158	
Printing, Stationery, and Forms		1,533	
Periodicals		149	
Premiums on Corporate Surety Bonds		4,093	
Office Equipment		12,044	
Total Other General Administration			42,336

Finance

Accounting and Budgeting

Supervisor/Director	\$	24,929	
Clerical Personnel		24,929	
Part-time Personnel		3,913	
Educational Incentive - Other County Employees		3,000	
Longevity Pay		1,300	

(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.)

Social Security	\$	4,420	
State Retirement		4,096	
Medical Insurance		9,079	
Unemployment Compensation		130	
Communication		2,754	
Data Processing Services		9,575	
Dues and Memberships		75	
Printing, Stationery, and Forms		170	
Travel		1,979	
Office Supplies		1,700	
Total Accounting and Budgeting			\$ 92,049

Property Assessor's Office

County Official/Administrative Officer	\$	57,751	
Clerical Personnel		49,858	
Educational Incentive - Other County Employees		3,000	
Longevity Pay		350	
Social Security		8,488	
State Retirement		8,017	
Medical Insurance		17,694	
Unemployment Compensation		180	
Communication		4,922	
Data Processing Services		8,580	
Dues and Memberships		1,150	
Travel		669	
Office Supplies		1,446	
Office Equipment		2,939	
Total Property Assessor's Office			165,044

Reappraisal Program

Clerical Personnel	\$	10,942	
Social Security		837	
Unemployment Compensation		109	
Travel		1,763	
Total Reappraisal Program			13,651

County Trustee's Office

County Official/Administrative Officer	\$	57,751
Clerical Personnel		50,466
Educational Incentive - Other County Employees		3,000

(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 (Cont.)

Longevity Pay	\$	2,350	
Social Security		8,688	
State Retirement		8,420	
Medical Insurance		15,489	
Unemployment Compensation		180	
Communication		2,946	
Data Processing Services		13,164	
Dues and Memberships		683	
Maintenance and Repair Services - Equipment		134	
Travel		1,621	
Office Supplies		1,341	
Total County Trustee's Office			\$ 166,233

County Clerk's Office

County Official/Administrative Officer	\$	57,751	
Clerical Personnel		74,787	
Part-time Personnel		12,465	
Educational Incentive - Other County Employees		1,500	
Longevity Pay		1,075	
Social Security		11,290	
State Retirement		9,874	
Medical Insurance		13,413	
Unemployment Compensation		360	
Communication		2,539	
Data Processing Services		4,304	
Dues and Memberships		531	
Travel		966	
Office Supplies		2,028	
Total County Clerk's Office			192,883

Other Finance

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

Administration of Justice

Circuit Court

County Official/Administrative Officer	\$	57,751	
Clerical Personnel		74,787	
Part-time Personnel		30,237	
Educational Incentive - Other County Employees		5,250	

(Continued)

Exhibit I-7

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

General Fund (Cont.)

Administration of Justice (Cont.)

Circuit Court (Cont.)

Longevity Pay	\$	2,050	
Jury and Witness Expense		6,656	
Social Security		13,011	
State Retirement		9,874	
Medical Insurance		17,805	
Unemployment Compensation		493	
Communication		776	
Data Processing Services		10,004	
Dues and Memberships		848	
Travel		1,479	
Food Supplies		557	
Office Supplies		1,731	
Office Equipment		6,522	
Total Circuit Court			\$ 239,831

General Sessions Court

Judge(s)	\$	82,121	
Social Security		6,282	
State Retirement		6,118	
Medical Insurance		5,997	
Communication		2,689	
Dues and Memberships		530	
Travel		1,752	
Office Supplies		1,028	
Office Equipment		1,309	
Total General Sessions Court			107,826

Chancery Court

County Official/Administrative Officer	\$	57,751	
Clerical Personnel		77,310	
Longevity Pay		2,000	
Social Security		10,485	
State Retirement		10,062	
Medical Insurance		14,324	
Unemployment Compensation		408	
Data Processing Services		9,592	
Dues and Memberships		383	
Office Supplies		3,018	
Total Chancery Court			185,333

(Continued)

Exhibit I-7

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

General Fund (Cont.)

Administration of Justice (Cont.)

Juvenile Court

Clerical Personnel	\$	20,673	
Longevity Pay		500	
Social Security		1,605	
State Retirement		974	
Medical Insurance		3,777	
Unemployment Compensation		105	
Total Juvenile Court			\$ 27,634

Public Safety

Sheriff's Department

County Official/Administrative Officer	\$	63,527
Assistant(s)		26,000
Supervisor/Director		45,106
Deputy(ies)		371,868
Investigator(s)		41,266
Salary Supplements		6,500
Dispatchers/Radio Operators		246,043
Secretary(ies)		28,415
Part-time Personnel		4,404
Longevity Pay		6,500
Overtime Pay		38,039
Other Salaries and Wages		3,480
In-Service Training		2,600
Social Security		67,370
State Retirement		63,147
Medical Insurance		105,857
Unemployment Compensation		2,270
Communication		45,517
Contracts with Government Agencies		2,749
Contributions		500
Data Processing Services		216
Dues and Memberships		2,630
Maintenance and Repair Services - Equipment		2,640
Maintenance and Repair Services - Vehicles		9,729
Tow-in Services		570
Travel		13,082
Other Contracted Services		6,653
Custodial Supplies		2,471
Gasoline		46,823
Law Enforcement Supplies		2,909

(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.)

Office Supplies	\$ 6,629	
Tires and Tubes	1,952	
Uniforms	7,750	
Other Supplies and Materials	1,276	
Workers' Compensation Insurance	23,032	
Other Charges	35	
Office Equipment	1,510	
Total Sheriff's Department		\$ 1,301,065

Drug Enforcement

Maintenance and Repair Services - Equipment	\$ 123	
Total Drug Enforcement		123

Jail

Guards	\$ 546,103	
Secretary(ies)	22,896	
Cafeteria Personnel	43,680	
Longevity Pay	2,200	
Overtime Pay	29,364	
Other Salaries and Wages	225	
Social Security	49,302	
State Retirement	47,215	
Medical Insurance	99,720	
Unemployment Compensation	2,469	
Communication	505	
Maintenance and Repair Services - Buildings	14,049	
Medical and Dental Services	113,332	
Travel	354	
Other Contracted Services	229	
Custodial Supplies	9,832	
Food Preparation Supplies	1,292	
Food Supplies	73,414	
Office Supplies	451	
Prisoners Clothing	809	
Uniforms	11,500	
Utilities	78,626	
Other Supplies and Materials	3,516	
Office Equipment	311	
Total Jail		1,151,394

(Continued)

Exhibit I-7

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

General Fund (Cont.)

Public Safety (Cont.)

Juvenile Services

Deputy(ies)	\$	2,455	
Youth Service Officer(s)		44,284	
Longevity Pay		1,300	
Social Security		3,646	
State Retirement		3,454	
Medical Insurance		3,777	
Unemployment Compensation		158	
Communication		2,024	
Contracts with Government Agencies		231	
Contracts with Other Public Agencies		737	
Dues and Memberships		210	
Travel		686	
Office Supplies		481	
Total Juvenile Services			\$ 63,443

Fire Prevention and Control

Supervisor/Director	\$	33,288	
Longevity Pay		500	
In-Service Training		200	
Social Security		2,585	
State Retirement		2,480	
Unemployment Compensation		90	
Communication		4,827	
Dues and Memberships		600	
Maintenance and Repair Services - Buildings		2,063	
Maintenance and Repair Services - Equipment		5,000	
Maintenance and Repair Services - Vehicles		12,570	
Pest Control		348	
Tow-in Services		85	
Gasoline		6,339	
Office Supplies		935	
Tires and Tubes		344	
Uniforms		437	
Vehicle and Equipment Insurance		25,456	
Workers' Compensation Insurance		4,449	
Other Charges		1,534	
Total Fire Prevention and Control			104,130

Civil Defense

Supervisor/Director	\$	33,876	
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(Continued)

Exhibit I-7

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

General Fund (Cont.)

Public Safety (Cont.)

Civil Defense (Cont.)

Social Security	\$	2,592	
State Retirement		2,524	
Medical Insurance		5,868	
Unemployment Compensation		95	
Communication		4,302	
Data Processing Services		50	
Dues and Memberships		235	
Maintenance and Repair Services - Equipment		71	
Maintenance and Repair Services - Vehicles		1,307	
Travel		124	
Gasoline		2,168	
Office Supplies		1,442	
Office Equipment		3,659	
Other Equipment		22,185	
Total Civil Defense			\$ 80,498

Rescue Squad

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

County Coroner/Medical Examiner

Other Per Diem and Fees	\$	6,734	
Total County Coroner/Medical Examiner			6,734

Public Health and Welfare

Local Health Center

Communication	\$	2,456	
Contracts with Government Agencies		12,160	
Dues and Memberships		200	
Janitorial Services		4,351	
Maintenance and Repair Services - Buildings		3,776	
Pest Control		435	
Postal Charges		76	
Travel		99	
Custodial Supplies		626	
Drugs and Medical Supplies		1,898	
Office Supplies		1,298	
Utilities		8,347	
Total Local Health Center			35,722

(Continued)

Exhibit I-7

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

General Fund (Cont.)

Public Health and Welfare (Cont.)

Ambulance/Emergency Medical Services

Ambulance Services	\$ 165,113	
Motor Vehicles	70,325	
Total Ambulance/Emergency Medical Services		\$ 235,438

Nursing Home

Legal Services	\$ 57,842	
Maintenance and Repair Services - Buildings	72,150	
Maintenance and Repair Services - Equipment	3,850	
Total Nursing Home		133,842

Other Local Health Services

Clerical Personnel	\$ 21,334	
Part-time Personnel	665	
Social Security	1,683	
State Retirement	1,582	
Medical Insurance	5,772	
Unemployment Compensation	97	
Travel	79	
Total Other Local Health Services		31,212

Regional Mental Health Center

Contributions	\$ 21,190	
Total Regional Mental Health Center		21,190

Sanitation Education/Information

Guards	\$ 14,207	
Clerical Personnel	3,000	
Social Security	1,316	
State Retirement	1,282	
Unemployment Compensation	55	
Travel	1,187	
Gasoline	2,503	
Other Charges	9,254	
Other Equipment	1,350	
Total Sanitation Education/Information		34,154

Social, Cultural, and Recreational Services

Other Social, Cultural, and Recreational

Contributions	\$ 13,157	
Total Other Social, Cultural, and Recreational		13,157

(Continued)

Exhibit I-7

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

General Fund (Cont.)

Agriculture and Natural Resources

Agriculture Extension Service

Salary Supplements	\$	30,124	
Extension Service Medicare		4,647	
Communication		1,600	
Total Agriculture Extension Service			\$ 36,371

Soil Conservation

Assistant(s)	\$	13,156	
Social Security		1,006	
State Retirement		378	
Medical Insurance		7,199	
Unemployment Compensation		113	
Communication		1,076	
Office Supplies		1,223	
Total Soil Conservation			24,151

Flood Control

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

Other Operations

Industrial Development

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

Veterans' Services

County Official/Administrative Officer	\$	15,005	
Longevity Pay		75	
Social Security		1,154	
Unemployment Compensation		88	
Communication		1,373	
Travel		601	
Office Supplies		106	
Office Equipment		100	
Total Veterans' Services			18,502

Employee Benefits

Life Insurance	\$	5,594	
Total Employee Benefits			5,594

(Continued)

Exhibit I-7

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

General Fund (Cont.)

Other Operations (Cont.)

Miscellaneous

Trustee's Commission	\$ 70,876	
Other Charges	106,591	
Total Miscellaneous	<u>177,467</u>	<u>\$ 177,467</u>

Total General Fund \$ 5,490,309

Public Library Fund

Social, Cultural, and Recreational Services

Libraries

County Official/Administrative Officer	\$ 24,930	
Part-time Personnel	25,884	
Longevity Pay	1,200	
Social Security	3,979	
State Retirement	1,857	
Unemployment Compensation	349	
Communication	2,062	
Contributions	500	
Dues and Memberships	75	
Maintenance and Repair Services - Buildings	1,300	
Pest Control	455	
Postal Charges	2,112	
Travel	71	
Electricity	7,181	
Library Books/Media	3,544	
Natural Gas	503	
Office Supplies	2,557	
Water and Sewer	577	
Data Processing Equipment	3,745	
Heating and Air Conditioning Equipment	450	
Office Equipment	3,287	
Total Libraries	<u>86,618</u>	<u>\$ 86,618</u>

Total Public Library Fund 86,618

Solid Waste/Sanitation Fund

Public Health and Welfare

Convenience Centers

Supervisor/Director	\$ 48,934
Accountants/Bookkeepers	18,647
Foremen	30,430

(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.)

Mechanic(s)	\$	27,811	
Laborers		96,059	
Part-time Personnel		11,999	
Educational Incentive - Other County Employees		3,000	
Longevity Pay		2,775	
Overtime Pay		2,718	
Social Security		18,563	
State Retirement		10,505	
Medical Insurance		9,754	
Unemployment Compensation		1,287	
Communication		4,848	
Dues and Memberships		3,800	
Maintenance and Repair Services - Buildings		5,552	
Maintenance and Repair Services - Equipment		4,646	
Maintenance and Repair Services - Vehicles		3,513	
Postal Charges		45	
Travel		3,079	
Custodial Supplies		1,323	
Electricity		7,593	
Food Supplies		528	
Natural Gas		86	
Office Supplies		4,151	
Uniforms		408	
Water and Sewer		1,618	
Gravel and Chert		240	
Chemicals		1,424	
Other Charges		2,513	
Maintenance Equipment		7,601	
Solid Waste Equipment		278	
Total Convenience Centers			\$ 335,728

Recycling Center

Laborers	\$	53,930
Secretary(ies)		15,001
Part-time Personnel		4,355
Educational Incentive - Other County Employees		1,500
Longevity Pay		475
Overtime Pay		232
Other Salaries and Wages		834
Social Security		6,137

(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.)

State Retirement	\$	5,152	
Medical Insurance		3,696	
Unemployment Compensation		338	
Architects		400	
Contracts with Government Agencies		11,763	
Contributions		2,000	
Maintenance and Repair Services - Buildings		1,980	
Maintenance and Repair Services - Equipment		4,364	
Maintenance and Repair Services - Vehicles		1,215	
Electricity		1,704	
Food Supplies		4,927	
Propane Gas		1,903	
Wire		5,090	
Other Supplies and Materials		1,106	
Liability Insurance		1,000	
Other Charges		1,988	
Building Construction		114,538	
Motor Vehicles		6,418	
Plant Operation Equipment		25,157	
Solid Waste Equipment		11,653	
Total Recycling Center			\$ 288,856

Other Waste Disposal

Truck Drivers	\$	8,661	
Longevity Pay		500	
Overtime Pay		143	
Social Security		712	
Unemployment Compensation		88	
Contracts with Government Agencies		159,240	
Contracts with Private Agencies		57,377	
Maintenance and Repair Services - Equipment		3,626	
Maintenance and Repair Services - Vehicles		2,098	
Diesel Fuel		10,385	
Gasoline		11,212	
Tires and Tubes		3,635	
Total Other Waste Disposal			257,677

Postclosure Care Costs

Contracts with Government Agencies	\$	2,715	
Total Postclosure Care Costs			2,715

(Continued)

Exhibit I-7

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

Solid Waste/Sanitation Fund (Cont.)

Other Operations

Other Charges

Vehicle and Equipment Insurance	\$ 1,000	
Total Other Charges		\$ 1,000

Miscellaneous

Trustee's Commission	\$ 3,135	
Other Charges	480	
Total Miscellaneous		3,615

Principal on Debt

General Government

Principal on Bonds	\$ 25,000	
Principal on Capital Leases	10,523	
Total General Government		35,523

Interest on Debt

General Government

Interest on Bonds	\$ 6,936	
Interest on Capital Leases	560	
Total General Government		7,496

Total Solid Waste/Sanitation Fund \$ 932,610

Drug Control Fund

Public Safety

Drug Enforcement

Investigator(s)	\$ 44,564
Longevity Pay	750
Overtime Pay	986
Social Security	3,542
State Retirement	3,812
Medical Insurance	5,309
Unemployment Compensation	90
Communication	1,418
Contracts with Private Agencies	235
Contributions	250
Maintenance and Repair Services - Equipment	2,690
Maintenance and Repair Services - Vehicles	3,262
Travel	777
Tuition	345
Electricity	761

(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.)

Instructional Supplies and Materials	\$	362	
Law Enforcement Supplies		26,084	
Office Supplies		170	
Uniforms		500	
Motor Vehicles		23,596	
Total Drug Enforcement			\$ 119,503

Other Operations

Miscellaneous

Trustee's Commission	\$	138	
Total Miscellaneous			138

Total Drug Control Fund \$ 119,641

Constitutional Officers - Fees Fund

Administration of Justice

Chancery Court

Constitutional Officers' Operating Expenses	\$	27,517	
Total Chancery Court			\$ 27,517

Total Constitutional Officers - Fees Fund 27,517

Highway/Public Works Fund

Highways

Administration

County Official/Administrative Officer	\$	65,874	
Assistant(s)		31,855	
Accountants/Bookkeepers		22,604	
Longevity Pay		1,650	
Contracts with Other Public Agencies		3,000	
Dues and Memberships		7,869	
Legal Services		1,150	
Pest Control		352	
Postal Charges		271	
Travel		3,719	
Custodial Supplies		599	
Office Supplies		2,040	
Other Charges		8,198	
Total Administration			\$ 149,181

(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

Foremen	\$	39,530	
Equipment Operators		142,318	
Truck Drivers		171,511	
Laborers		110,925	
Other Salaries and Wages		1,000	
Other Contracted Services		24,053	
Asphalt - Liquid		222,335	
Concrete		1,494	
Crushed Stone		53,233	
Fertilizer, Lime, and Seed		557	
Pipe		22,777	
Road Signs		4,123	
Small Tools		2,231	
Wood Products		6,833	
Gravel and Chert		33,354	
Other Supplies and Materials		9,260	
Total Highway and Bridge Maintenance			\$ 845,534

Operation and Maintenance of Equipment

Mechanic(s)	\$	39,657	
Maintenance and Repair Services - Equipment		25,490	
Diesel Fuel		110,895	
Equipment and Machinery Parts		65,365	
Garage Supplies		5,861	
Gasoline		37,147	
Lubricants		2,215	
Propane Gas		7	
Tires and Tubes		19,849	
Total Operation and Maintenance of Equipment			306,486

Other Charges

Communication	\$	6,397	
Laundry Service		2,220	
Electricity		8,266	
Natural Gas		1,232	
Water and Sewer		679	
Trustee's Commission		15,359	
Vehicle and Equipment Insurance		39,696	
Total Other Charges			73,849

(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

In-Service Training	\$ 3,000	
Social Security	48,449	
State Retirement	42,667	
Employee and Dependent Insurance	114,475	
Unemployment Compensation	5,352	
Uniforms	8,214	
Workers' Compensation Insurance	22,411	
Total Employee Benefits		\$ 244,568

Capital Outlay

Engineering Services	\$ 4,594	
Bridge Construction	78,060	
Highway Equipment	410,268	
State Aid Projects	1,095,896	
Total Capital Outlay		1,588,818

Principal on Debt

Highways and Streets

Principal on Notes	\$ 18,459	
Total Highways and Streets		18,459

Interest on Debt

Highways and Streets

Interest on Notes	\$ 4,873	
Total Highways and Streets		4,873

Other Debt Service

Highways and Streets

Other Debt Issuance Charges	\$ 343	
Total Highways and Streets		343

Total Highway/Public Works Fund \$ 3,232,111

General Debt Service Fund

Principal on Debt

General Government

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

(Continued)

Exhibit I-7

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

General Debt Service Fund (Cont.)

Interest on Debt

General Government

Interest on Bonds	\$ 435,700	
Total General Government		\$ 435,700

Other Debt Service

General Government

Bank Charges	\$ 655	
Trustee's Commission	5,829	
Total General Government		<u>6,484</u>

Total General Debt Service Fund		\$ 622,184
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Education Debt Service Fund

Principal on Debt

Education

Principal on Bonds	\$ 575,000	
Total Education		\$ 575,000

Interest on Debt

Education

Interest on Bonds	\$ 90,525	
Total Education		90,525

Other Debt Service

Education

Bank Charges	\$ 640	
Trustee's Commission	6,637	
Total Education		<u>7,277</u>

Total Education Debt Service Fund		672,802
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General Capital Projects Fund

Capital Projects

Administration of Justice Projects

Architects	\$ 8,421	
Building Construction	1,495	
Furniture and Fixtures	486	
Site Development	20,565	
Total Administration of Justice Projects		<u>\$ 30,967</u>

Total General Capital Projects Fund		<u>30,967</u>
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Total Governmental Funds - Primary Government		<u>\$ 11,214,759</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, 2012

General Purpose School Fund

Instruction

Regular Instruction Program

Teachers	\$ 5,435,410	
Career Ladder Program	38,499	
Career Ladder Extended Contracts	34,788	
Educational Assistants	168,906	
Non-certified Substitute Teachers	103,714	
Social Security	333,301	
State Retirement	499,726	
Life Insurance	2,463	
Medical Insurance	641,949	
Employer Medicare	78,750	
Other Fringe Benefits	1,890	
Maintenance and Repair Services - Equipment	818	
Other Contracted Services	37,995	
Instructional Supplies and Materials	240,093	
Textbooks	219,885	
Other Supplies and Materials	312	
Other Charges	155	
Regular Instruction Equipment	280,192	
Total Regular Instruction Program		\$ 8,118,846

Special Education Program

Teachers	\$ 416,722	
Career Ladder Program	3,750	
Career Ladder Extended Contracts	1,000	
Educational Assistants	303,174	
Speech Pathologist	52,083	
Non-certified Substitute Teachers	50,962	
Social Security	50,028	
State Retirement	63,893	
Life Insurance	300	
Medical Insurance	34,643	
Employer Medicare	11,700	
Contracts with Private Agencies	67,268	
Other Contracted Services	4,000	
Instructional Supplies and Materials	280	
Other Supplies and Materials	116	
Special Education Equipment	1,596	
Total Special Education Program		1,061,515

(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	\$ 420,542	
Career Ladder Program	4,667	
Non-certified Substitute Teachers	7,827	
Social Security	24,645	
State Retirement	38,481	
Life Insurance	248	
Medical Insurance	64,493	
Employer Medicare	5,764	
Other Contracted Services	406	
Instructional Supplies and Materials	8,784	
Total Vocational Education Program		\$ 575,857

Student Body Education Program

Other Charges	\$ 51,000	
Total Student Body Education Program		51,000

Adult Education Program

Teachers	\$ 21,500	
Social Security	1,302	
State Retirement	1,946	
Employer Medicare	305	
Instructional Supplies and Materials	1,220	
Total Adult Education Program		26,273

Support Services

Attendance

Supervisor/Director	\$ 45,004	
Career Ladder Program	2,000	
Social Security	2,577	
State Retirement	4,254	
Life Insurance	20	
Medical Insurance	8,133	
Employer Medicare	603	
Travel	168	
Other Supplies and Materials	270	
Total Attendance		63,029

Health Services

Medical Personnel	\$ 75,131	
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(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.)

Other Salaries and Wages	\$ 56,172	
Social Security	7,945	
State Retirement	7,481	
Life Insurance	25	
Medical Insurance	4,082	
Employer Medicare	1,858	
Communication	900	
Postal Charges	100	
Travel	6,376	
Other Contracted Services	2,180	
Drugs and Medical Supplies	4,570	
Other Supplies and Materials	12,201	
Total Health Services		\$ 179,021

Other Student Support

Guidance Personnel	\$ 161,284	
Social Security	9,829	
State Retirement	14,596	
Life Insurance	120	
Medical Insurance	4,082	
Employer Medicare	2,299	
Contracts with Government Agencies	46,500	
Evaluation and Testing	17,768	
Travel	3,071	
Other Supplies and Materials	50	
Total Other Student Support		259,599

Regular Instruction Program

Supervisor/Director	\$ 204,170
Career Ladder Program	7,583
Librarians	171,672
Instructional Computer Personnel	81,426
Clerical Personnel	6,000
Social Security	26,171
State Retirement	38,810
Life Insurance	140
Medical Insurance	34,089
Employer Medicare	6,543
Consultants	5,000

(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.)

Travel	\$ 22,085	
Other Contracted Services	45,293	
Library Books/Media	40,987	
Other Supplies and Materials	8,531	
In Service/Staff Development	7,000	
Other Equipment	2,000	
Total Regular Instruction Program		\$ 707,500

Special Education Program

Supervisor/Director	\$ 64,055	
Career Ladder Program	1,000	
Psychological Personnel	45,516	
Social Security	6,381	
State Retirement	9,278	
Medical Insurance	6,758	
Employer Medicare	1,501	
Travel	4,853	
Other Supplies and Materials	718	
In Service/Staff Development	1,638	
Total Special Education Program		141,698

Adult Programs

Supervisor/Director	\$ 18,961	
Social Security	1,176	
State Retirement	1,413	
Employer Medicare	275	
Other Supplies and Materials	7,787	
Total Adult Programs		29,612

Other Programs

On-Behalf Payments to OPEB	\$ 46,369	
Total Other Programs		46,369

Board of Education

Other Salaries and Wages	\$ 4,700	
Social Security	291	
Unemployment Compensation	12,000	
Employer Medicare	68	
Audit Services	3,750	

(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 (Cont.)

Dues and Memberships	\$	4,741	
Legal Services		5,036	
Travel		4,811	
Other Contracted Services		47,100	
Liability Insurance		27,682	
Trustee's Commission		69,283	
Workers' Compensation Insurance		122,000	
Criminal Investigation of Applicants - TBI		4,440	
Other Charges		13,998	
Total Board of Education			\$ 319,900

Director of Schools

County Official/Administrative Officer	\$	83,886	
Career Ladder Program		1,000	
Clerical Personnel		27,496	
Social Security		6,900	
State Retirement		9,650	
Life Insurance		25	
Medical Insurance		4,200	
Employer Medicare		1,615	
Other Fringe Benefits		1,800	
Communication		4,960	
Dues and Memberships		2,096	
Postal Charges		2,986	
Travel		5,889	
Other Contracted Services		1,346	
Office Supplies		3,218	
Other Charges		643	
Administration Equipment		2,646	
Total Director of Schools			160,356

Office of the Principal

Principals	\$	348,567	
Career Ladder Program		7,333	
Assistant Principals		241,563	
Secretary(ies)		273,556	
Social Security		50,238	
State Retirement		73,434	
Life Insurance		258	

(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.)

Medical Insurance	\$ 62,635	
Employer Medicare	11,749	
Communication	17,779	
Travel	12,413	
Other Supplies and Materials	360	
In Service/Staff Development	1,000	
Other Charges	78	
Administration Equipment	21,322	
Total Office of the Principal		\$ 1,122,285

Fiscal Services

Accountants/Bookkeepers	\$ 71,922	
Social Security	4,008	
State Retirement	5,200	
Employer Medicare	996	
Data Processing Services	636	
Travel	362	
Other Contracted Services	8,381	
Data Processing Supplies	1,447	
Office Supplies	1,000	
Total Fiscal Services		93,952

Operation of Plant

Supervisor/Director	\$ 3,979	
Guards	24,821	
Custodial Personnel	354,444	
Other Salaries and Wages	3,072	
Social Security	23,071	
State Retirement	24,976	
Employer Medicare	5,396	
Travel	7,233	
Disposal Fees	9,354	
Other Contracted Services	15,973	
Custodial Supplies	142,572	
Electricity	494,211	
Natural Gas	58,856	
Water and Sewer	44,354	
Other Supplies and Materials	976	
Boiler Insurance	4,000	

(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.)

Building and Contents Insurance	\$ 83,000	
Plant Operation Equipment	488	
Total Operation of Plant		\$ 1,300,776

Maintenance of Plant

Maintenance Personnel	\$ 129,210	
Other Salaries and Wages	7,004	
Social Security	7,559	
State Retirement	6,576	
Employer Medicare	1,847	
Maintenance and Repair Services - Buildings	145,435	
Maintenance and Repair Services - Equipment	3,717	
Other Contracted Services	57,516	
Other Supplies and Materials	82,635	
Maintenance Equipment	5,300	
Total Maintenance of Plant		446,799

Transportation

Supervisor/Director	\$ 8,696	
Mechanic(s)	49,754	
Bus Drivers	328,473	
Other Salaries and Wages	6,044	
Social Security	23,843	
State Retirement	26,876	
Employer Medicare	5,663	
Communication	809	
Maintenance and Repair Services - Vehicles	25,680	
Travel	809	
Other Contracted Services	14,294	
Gasoline	185,000	
Tires and Tubes	18,248	
Vehicle Parts	42,016	
Other Supplies and Materials	22,000	
Vehicle and Equipment Insurance	24,307	
Other Charges	749	
Transportation Equipment	82,861	
Total Transportation		866,122

(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.)

Operation of Non-Instructional Services

Community Services

Other Salaries and Wages	\$ 5,104	
Social Security	150	
State Retirement	234	
Employer Medicare	35	
Other Charges	4,509	
Total Community Services		\$ 10,032

Early Childhood Education

Teachers	\$ 66,026	
Educational Assistants	40,318	
Social Security	6,598	
State Retirement	8,446	
Medical Insurance	6,488	
Employer Medicare	1,543	
Travel	6,149	
Other Contracted Services	10,260	
Instructional Supplies and Materials	50,627	
Other Equipment	5,067	
Total Early Childhood Education		201,522

Capital Outlay

Regular Capital Outlay

Building Construction	\$ 1,184,897	
Building Improvements	93,085	
Total Regular Capital Outlay		1,277,982

Other Debt Service

Education

Contributions	\$ 50,000	
Total Education		50,000

Total General Purpose School Fund \$ 17,110,045

School Federal Projects Fund

Instruction

Regular Instruction Program

Teachers	\$ 585,245
Educational Assistants	261,859
Social Security	45,844

(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.)

Instruction (Cont.)

Regular Instruction Program (Cont.)

State Retirement	\$	55,930	
Medical Insurance		16,983	
Employer Medicare		12,051	
Other Contracted Services		37,301	
Instructional Supplies and Materials		17,845	
Other Charges		869	
Regular Instruction Equipment		11,746	
Total Regular Instruction Program			\$ 1,045,673

Special Education Program

Teachers	\$	82,690	
Clerical Personnel		25,030	
Educational Assistants		227,626	
Speech Pathologist		47,246	
Social Security		23,129	
State Retirement		29,337	
Medical Insurance		11,108	
Employer Medicare		5,409	
Evaluation and Testing		3,505	
Instructional Supplies and Materials		9,218	
Special Education Equipment		5,828	
Total Special Education Program			470,126

Vocational Education Program

Other Supplies and Materials	\$	24,468	
Total Vocational Education Program			24,468

Support Services

Other Student Support

Bus Drivers	\$	400	
Other Salaries and Wages		2,200	
Social Security		161	
State Retirement		229	
Employer Medicare		38	
Travel		10,021	
Other Contracted Services		3,085	
Other Supplies and Materials		406	
Other Charges		8,498	
Total Other Student Support			25,038

(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	\$	54,478	
Secretary(ies)		16,817	
Social Security		4,314	
State Retirement		6,183	
Medical Insurance		4,217	
Employer Medicare		1,009	
Travel		9,595	
Other Supplies and Materials		1,832	
In Service/Staff Development		4,092	
Other Charges		1,789	
Regular Instruction Equipment		1,131	
Other Equipment		40	
Total Regular Instruction Program			\$ 105,497

Special Education Program

In Service/Staff Development	\$	1,844	
Total Special Education Program			1,844

Vocational Education Program

Supervisor/Director	\$	1,800	
Social Security		112	
State Retirement		163	
Employer Medicare		26	
Total Vocational Education Program			2,101

Transportation

Bus Drivers	\$	30,020	
Social Security		1,861	
State Retirement		2,236	
Employer Medicare		435	
Total Transportation			<u>34,552</u>

Total School Federal Projects Fund \$ 1,709,299

Central Cafeteria Fund

Operation of Non-Instructional Services

Food Service

Supervisor/Director	\$	27,937	
Accountants/Bookkeepers		22,880	

(Continued)

Exhibit I-8

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

Central Cafeteria Fund (Cont.)

Operation of Non-Instructional Services (Cont.)

Food Service (Cont.)

Clerical Personnel	\$	5,051	
Cafeteria Personnel		448,750	
Other Salaries and Wages		116,671	
Social Security		36,916	
State Retirement		38,929	
Unemployment Compensation		349	
Employer Medicare		8,722	
Communication		2,481	
Maintenance and Repair Services - Equipment		11,892	
Transportation - Other than Students		5,683	
Travel		13,297	
Other Contracted Services		17,342	
Food Supplies		894,512	
Office Supplies		4,602	
Uniforms		7,019	
Utilities		10,074	
USDA - Commodities		65,219	
Other Supplies and Materials		61,375	
In Service/Staff Development		4,244	
Other Charges		7,214	
Food Service Equipment		72,057	
Total Food Service			<u>\$ 1,883,216</u>

Total Central Cafeteria Fund \$ 1,883,216

Education Capital Projects Fund

Capital Outlay

Regular Capital Outlay

Building Improvements	\$	62,417	
Total Regular Capital Outlay			<u>\$ 62,417</u>

Total Education Capital Projects Fund 62,417

Total Governmental Funds - Chester County School Department \$ 20,764,977

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, 2012

	Cities - Sales Tax Fund
<hr/>	
<u>Cash Receipts</u>	
Local Option Sales Tax	\$ 777,740
Total Cash Receipts	<u>\$ 777,740</u>
 <u>Cash Disbursements</u>	
Remittance of Revenues Collected	\$ 769,963
Trustee's Commission	7,777
Total Cash Disbursements	<u>\$ 777,740</u>
 Excess of Cash Receipts Over (Under) Cash Disbursements	 \$ 0
Cash Balance, July 1, 2011	<u>0</u>
 Cash Balance, June 30, 2012	 <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 LOCAL GOVERNMENT AUDIT  
SUITE 1500  
JAMES K. POLK STATE OFFICE BUILDING  
NASHVILLE, TENNESSEE 37243-1402  
PHONE (615) 401-7841

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

September 10, 2012

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, 2012, which collectively comprise Chester County's basic financial statements and have issued our report thereon dated September 10, 2012. 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. 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

The management of Chester County is responsible for establishing and maintaining effective 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: 12.02, 12.03, 12.04, and 12.05. 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.

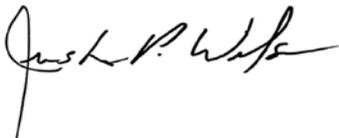
#### Compliance and Other Matters

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 instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards* and are described in the accompanying Schedule of Findings and Questioned Costs as items 12.01 and 12.06.

We also noted certain matters that we reported to management of Chester County in separate communications.

This report is intended solely for the information and use of management, the county mayor, road supervisor, director of schools, 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/yu



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

REPORT ON COMPLIANCE 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

Independent Auditor's Report

September 10, 2012

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

To the County Mayor and Board of County Commissioners:

Compliance

We have audited Chester County's compliance 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, 2012. 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, 2012.

#### 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 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.

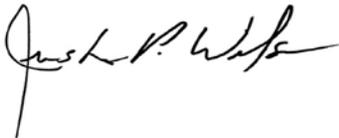
#### Schedule of Expenditures of Federal Awards

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, 2012, and have issued our report thereon dated September 10, 2012. 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 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, road supervisor, director of schools, 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 written in a cursive style with a large, prominent initial "J".

Justin P. Wilson  
Comptroller of the Treasury

JPW/yu

Chester County, Tennessee  
Schedule of Expenditures of Federal Awards and State Grants (1)  
For the Year Ended June 30, 2012

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	\$ 47,226
Passed-through State Department of Agriculture:			
National School Lunch Program (Commodities - Noncash Assistance)	10.555	N/A	65,219 (3)
Passed-through State Department of Education:			
Child Nutrition Cluster:			
School Breakfast Program	10.553	N/A	201,017
National School Lunch Program	10.555	N/A	652,182 (3)
Summer Food Service Program for Children	10.559	N/A	393,825
Child Nutrition Discretionary Grants Limited Availability	10.579	N/A	31,000
Total U.S. Department of Agriculture			\$ 1,390,469
U.S. Department of Justice:			
Passed-through State Commission on Children and Youth:			
Juvenile Justice and Delinquency Prevention - Allocation to States	16.540	(2)	\$ 4,749
Total U.S. Department of Justice			\$ 4,749
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			\$ 25,000
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	\$ 505,540
Title I Grants to Local Educational Agencies, Recovery Act	84.389	N/A	9,933
Special Education Cluster:			
Special Education - Grants to States	84.027	N/A	491,903
Special Education - Preschool Grants	84.173	N/A	20,237
Special Education Grants to States, Recovery Act	84.391	N/A	13,547
Special Education - Preschool Grants, Recovery Act	84.392	N/A	20
Career and Technical Education - Basic Grants to States	84.048	(2)	42,703
Educational Technology State Grants Cluster:			
Educational Technology State Grants	84.318	(2)	469
Educational Technology State Grants, Recovery Act	84.386	(2)	662
Improving Teacher Quality State Grants	84.367	(2)	118,852
State Fiscal Stabilization Fund (SFSF) - Race-to-the-Top Incentive Grants, Recovery Act	84.395	N/A	76,268
State Fiscal Stabilization Fund (SFSF) - Government Services, Recovery Act	84.397	(2)	159,409
Education Jobs Fund	84.410	N/A	459,504
Total U.S. Department of Education			\$ 1,899,047

(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 Homeland Security:				
Passed-through State Department of Military:				
Disaster Grants - Public Assistance (Presidentially Declared Disasters)	97.036	(2)	\$	38,621
Emergency Management Performance Grants	97.042	(2)		39,848
Homeland Security Grant Program	97.067	(2)		65,042
Total U.S. Department of Homeland Security			\$	<u>143,511</u>
Total Expenditures of Federal Awards				<u>\$ 3,462,776</u>
State Grants:				
Litter Program - State Department of Transportation	N/A	(2)	\$	40,776
Volunteer Fire Assistance Grant Program - State Department of Agriculture	N/A	(2)		2,973
ACT - Explore/Plan - State Department of Education	N/A	(2)		3,169
Early Childhood Education - State Department of Education	N/A	(2)		216,549
Art Student Ticket Subsidy - State Department of Education	N/A	(2)		955
Used Oil Grant - State Department of Environment and Conservation	N/A	(2)		11,644
Optional Waste Tire Grant - State Department of Environment and Conservation	N/A	(2)		6,766
Recycling Hub Building Grant - State Department of Environment and Conservation	N/A	(2)		61,496
Courtroom Security Grant - Administrative Office of the Courts	N/A	(2)		12,647
Department of Health Grant - State Department of Health and Human Services	N/A	(2)		34,015
Total State Grants				<u>\$ 390,990</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 \$717,401.

Chester County, Tennessee  
Schedule of Audit Findings Not Corrected  
June 30, 2012

*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, 2011, which have not been corrected.

**OFFICE OF TRUSTEE**

<u>Finding Number</u>	<u>Page Number</u>	<u>Subject</u>
11.01	151	The office did not implement adequate controls to protect its information resources

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

<u>Finding Number</u>	<u>Page Number</u>	<u>Subject</u>
11.02	151-152	Multiple employees operated from the same cash drawer

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

<u>Finding Number</u>	<u>Page Number</u>	<u>Subject</u>
11.03	152	Duties were not segregated adequately

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**CHESTER COUNTY, TENNESSEE**

**SCHEDULE OF FINDINGS AND QUESTIONED COSTS**

**For the Year Ended June 30, 2012**

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

1. Our report on the aggregate discretely presented component units is qualified. Our report on the governmental activities, each major fund, and the aggregate remaining fund information 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 Child Nutrition Cluster: School Breakfast Program, National School Lunch Program, and Summer Food Service Program for Children (CFDA Nos. 10.553, 10.555, and 10.559); the Title I 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); and 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) 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 COUNTY MAYOR**

**FINDING 12.01      THE OFFICE DID NOT FILE A REPORT ON DEBT OBLIGATION WITH THE STATE COMPTROLLER'S OFFICE**  
(Noncompliance Under *Government Auditing Standards*)

The office did not file a Report on Debt Obligation with the state Comptroller's Office for a \$200,343 capital outlay note that was issued January 12, 2012. Section 9-21-151, *Tennessee Code Annotated*, requires that within 45 days following the issuance of debt, a county must provide to the state Comptroller's Office certain information, such as a description of the purchase for which the debt is issued, a description of the debt obligation, and an itemized description of the cost of issuance. This deficiency was the result of a lack of management oversight.

### **RECOMMENDATION**

The office should file a Report on Debt Obligation with the state Comptroller's Office for each debt issuance.

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### **OFFICE OF TRUSTEE**

**FINDING 12.02      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. This deficiency was reported in the prior-year audit report; however, the deficiency was resolved during the current audit period.

### **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 AND COUNTY CLERK**

### **FINDING 12.03      **USERNAMES AND PASSWORDS WERE SHARED BY EMPLOYEES****

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

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

### **RECOMMENDATION**

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

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

### **FINDING 12.04      **MULTIPLE EMPLOYEES OPERATED FROM THE SAME CASH DRAWER****

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

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

### **RECOMMENDATION**

Officials should assign each employee their own cash drawer.

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

**FINDING 12.05**      **DUTIES WERE NOT SEGREGATED ADEQUATELY**  
(Internal Control – Significant Deficiency Under *Government Auditing Standards*)

Duties were not segregated adequately among officials and employees in the Offices of Road Supervisor, Director of Schools, and Register. 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.

---

## **SOIL CONSERVATION OFFICE**

**FINDING 12.06**      **AN EMPLOYEE ALLEGEDLY STOLE OFFICE FUNDS**  
(Noncompliance Under *Government Auditing Standards*)

An employee of the Soil Conservation Office allegedly stole office funds totaling approximately \$20,000. The state Comptroller's Division of Investigations is currently reviewing this matter and their findings, if any, will be reported in subsequent communications.

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### **BEST PRACTICES**

The Division of Local Government 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.

**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, 2012**

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