



**ANNUAL FINANCIAL REPORT  
CHESTER COUNTY, TENNESSEE**



**FOR THE YEAR ENDED JUNE 30, 2014**



**ANNUAL FINANCIAL REPORT  
CHESTER COUNTY, TENNESSEE  
FOR THE YEAR ENDED JUNE 30, 2014**

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

***DIVISION OF LOCAL GOVERNMENT AUDIT  
JAMES R. ARNETTE  
Director***

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

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

***AMANDA MARCH, CFE  
KELSEY SCHWEITZER  
HAYLEY WILLIAMS  
ELISHA CROWELL, CISA, CFE  
State Auditors***

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

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## CHESTER COUNTY, TENNESSEE

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# ***Summary of Audit Findings***

Annual Financial Report  
Chester County, Tennessee  
For the Year Ended June 30, 2014

## ***Scope***

We have audited the basic financial statements of Chester County as of and for the year ended June 30, 2014.

## ***Results***

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

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

## ***Findings***

The following are summaries of the audit findings:

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

- ◆ Duties were not segregated adequately.
- 

### **OFFICE OF DIRECTOR OF SCHOOLS**

- ◆ Time sheets of some school cafeteria employees were not signed by a supervisor.
- 

### **OFFICES OF TRUSTEE AND COUNTY CLERK**

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

### **OFFICE OF COUNTY CLERK**

- ◆ Usernames and passwords were shared by employees.

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# INTRODUCTORY SECTION

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# Chester County Officials

## June 30, 2014

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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  
Eddie Bailey, Circuit and General Sessions Courts Clerk  
Keith Frye, Clerk and Master  
Judy Cranford, Register of Deeds  
Blair Weaver, Sheriff

### **Board of County Commissioners**

|                                      |                   |
|--------------------------------------|-------------------|
| Dwain Seaton, County Mayor, Chairman | Jerry Lowe        |
| Mike Alexander                       | Al McKinnon       |
| Larry Blackstock                     | Joseph Melaro     |
| Jackie Butler                        | John Allen Moore  |
| Russell Clayton                      | Anthony Naylor    |
| 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

### **Audit Committee**

Al McKinnon, Chairman  
Jerry Lowe  
John Allen Moore  
Barry Smith

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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  
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Independent Auditor's Report

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

To the County Mayor and Board of County Commissioners:

**Report on the Financial Statements**

We have audited the accompanying financial statements of the governmental activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of Chester County, Tennessee, as of and for the year ended June 30, 2014, and the related notes to the financial statements, which collectively comprise the county's basic financial statements as listed in the table of contents.

***Management's Responsibility for the Financial Statements***

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

***Auditor's Responsibility***

Our responsibility is to express opinions on these financial statements based on our audit. We did not audit the financial statements of the Chester County Emergency Communications District, which represent 5.78 percent, 6.53 percent, and 1.58 percent, respectively, of the assets, net position, and revenues of the aggregate discretely presented component units. Those statements were audited by other auditors whose report has been furnished to us, and our opinion, insofar as it relates to the amounts included for the Chester County Emergency Communications District, is based solely on the report of the other auditors. We conducted our audit in accordance with auditing standards generally

accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

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

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

### ***Opinions***

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of Chester County, Tennessee, as of June 30, 2014, and the respective changes in financial position and the respective budgetary comparisons for the General, Solid Waste/Sanitation, and Highway/Public Works funds for the year then ended in accordance with accounting principles generally accepted in the United States of America.

### ***Change in Accounting Principle***

As described in Note V.B., Chester County has adopted the provisions of Governmental Accounting Standards Board (GASB) Statement No. 67, Financial Reporting for Pension Plans and GASB Statement No. 70, Accounting and Reporting for Nonexchange Financial Guarantees, which have an effective date of June 30, 2014. Our opinion is not modified with respect to this matter.

### ***Emphasis of a Matter***

We draw attention to Note I.D.8. in the financial statements, which describes restatements to the beginning balances of the Public Library and Endowment funds totaling (\$223,839) and \$223,839, respectively. These restatements were necessary because a nonspendable endowment had been incorrectly reflected in the Public Library Fund in prior years. Our opinion is not modified with respect to this matter.

## ***Other Matters***

### *Required Supplementary Information*

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

Accounting principles generally accepted in the United States of America require that the schedules of funding progress – pension plan and other postemployment benefits plans on pages 69-71 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

### *Supplementary and Other Information*

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise Chester County's basic financial statements. The introductory section, combining and individual nonmajor fund financial statements, budgetary comparison schedules of nonmajor governmental funds, combining and individual fund financial statements of the Chester County School Department (a discretely presented component unit), and miscellaneous schedules are presented for purposes of additional analysis and are not a required part of the basic financial statements.

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

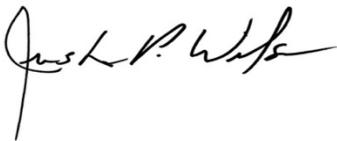
combining and individual nonmajor fund financial statements, budgetary comparison schedules of nonmajor governmental funds, combining and individual fund financial statements of the Chester County School Department (a discretely presented component unit), and miscellaneous schedules are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

The introductory section has not been subjected to the auditing procedures applied in the audit of the basic financial statements, and accordingly, we do not express an opinion or provide any assurance on it.

**Other Reporting Required by *Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report dated August 27, 2014, on our consideration of Chester County's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Chester County's internal control over financial reporting and compliance.

Very truly yours,



Justin P. Wilson  
Comptroller of the Treasury  
Nashville, Tennessee

August 27, 2014

JPW/sb

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# BASIC FINANCIAL STATEMENTS

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Exhibit A

Chester County, Tennessee  
Statement of Net Position  
June 30, 2014

|  | Primary<br>Government<br>Governmental<br>Activities | Component Units                           |  |
|--|---|---|--|
|  |   | Chester<br>County<br>School<br>Department | Emergency<br>Communica-<br>tions<br>District |
| <u>ASSETS</u>  |   |   |  |
| Cash   | \$ 1,132  | \$ 0                                      | \$ 868,570                                   |
| Equity in Pooled Cash and Investments                          | 3,414,800   | 3,949,621                                 | 0  |
| Investments  | 245,018   | 0   | 0  |
| Accounts Receivable  | 9,585   | 461                                       | 27,708                                       |
| Due from Other Governments                                     | 417,580   | 584,298                                   | 0  |
| Due from Primary Government                                    | 0   | 532                                       | 0  |
| Due from Component Units                                       | 34,030  | 0   | 0  |
| Property Taxes Receivable                                      | 4,190,003   | 1,790,090                                 | 0  |
| Allowance for Uncollectible Property Taxes                     | (149,010)   | (63,661)                                  | 0  |
| Prepaid Expenses   | 0   | 0   | 13,809                                       |
| Capital Assets:  |   |   |  |
| Assets Not Depreciated:  |   |   |  |
| Land   | 2,888,275   | 501,552                                   | 0  |
| Construction in Progress                                       | 0   | 130,000                                   | 0  |
| Assets Net of Accumulated Depreciation:                        |   |   |  |
| Buildings and Improvements                                     | 9,247,790   | 10,631,384                                | 0  |
| Infrastructure   | 1,779,068   | 0   | 0  |
| Other Capital Assets   | 1,492,388   | 1,593,479                                 | 262,207                                      |
| Total Assets   | <u>\$ 23,570,659</u>                                | <u>\$ 19,117,756</u>                      | <u>\$ 1,172,294</u>                          |
| <u>DEFERRED OUTFLOWS OF RESOURCES</u>                          |   |   |  |
| Deferred Charge on Refunding                                   | \$ 7,158  | \$ 0                                      | \$ 0   |
| Total Deferred Outflows of Resources                           | <u>\$ 7,158</u>                                     | <u>\$ 0</u>                               | <u>\$ 0</u>                                  |
| <u>LIABILITIES</u>   |   |   |  |
| Accounts Payable   | \$ 0  | \$ 236,925                                | \$ 3,235                                     |
| Payroll Deductions Payable                                     | 1,193   | 1,922                                     | 1,134  |
| Accrued Interest Payable                                       | 42,595  | 0   | 0  |
| Due to Primary Government                                      | 0   | 34,030                                    | 0  |
| Due to Component Unit  | 532   | 0   | 0  |
| Other Current Liabilities                                      | 390   | 0   | 0  |
| Noncurrent Liabilities:  |   |   |  |
| Due Within One Year  | 971,807   | 0   | 0  |
| Due in More Than One Year (net of unamortized premium on debt) | 9,631,153   | 491,077                                   | 1,959  |
| Total Liabilities  | <u>\$ 10,647,670</u>                                | <u>\$ 763,954</u>                         | <u>\$ 6,328</u>                              |

(Continued)

Exhibit A

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

|   | Primary<br>Government<br>Governmental<br>Activities | Component Units                           |  |
|---|---|---|--|
|   |   | Chester<br>County<br>School<br>Department | Emergency<br>Communica-<br>tions<br>District |
| <b><u>DEFERRED INFLOWS OF RESOURCES</u></b> |   |   |  |
| Deferred Current Property Taxes             | \$ 3,906,414  | \$ 1,668,932                              | \$ 0   |
| Total Deferred Inflows of Resources         | <u>\$ 3,906,414</u>                                 | <u>\$ 1,668,932</u>                       | <u>\$ 0</u>                                  |
| <b><u>NET POSITION</u></b>                  |   |   |  |
| Net Investment in Capital Assets            | \$ 5,849,609  | \$ 12,856,415                             | \$ 262,207                                   |
| Restricted for:                             |   |   |  |
| Administration of Justice                   | 28,573  | 0   | 0  |
| Public Safety                               | 144,259   | 0   | 0  |
| Public Health and Welfare                   | 15,916  | 0   | 0  |
| Social, Cultural, and Recreational Services | 245,018   | 0   | 0  |
| Highway/Public Works                        | 531,700   | 0   | 0  |
| Capital Outlay                              | 139,826   | 385,010                                   | 0  |
| Debt Service                                | 510,778   | 0   | 0  |
| Education                                   | 0   | 49,015                                    | 0  |
| Operation of Non-instructional Services     | 0   | 358,291                                   | 0  |
| Unrestricted                                | <u>1,558,054</u>                                    | <u>3,036,139</u>                          | <u>903,759</u>                               |
| Total Net Position                          | <u>\$ 9,023,733</u>                                 | <u>\$ 16,684,870</u>                      | <u>\$ 1,165,966</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, 2014

| Functions/Programs                          | Program Revenues     |                      |                                    |                                  | Net (Expense) Revenue and Changes in Net Position |                                  |                                   |               |
|---|----------------------|----------------------|------------------------------------|----------------------------------|---|----------------------------------|-----------------------------------|---------------|
|   | Expenses             | Charges for Services | Operating Grants and Contributions | Capital Grants and Contributions | Primary Government                                |                                  | Component Units                   |               |
|   |                      |                      |                                    |                                  | Total Governmental Activities                     | Chester County School Department | Emergency Communications District |               |
| <b>Primary Government:</b>                  |                      |                      |                                    |                                  |   |                                  |                                   |               |
| <b>Governmental Activities:</b>             |                      |                      |                                    |                                  |   |                                  |                                   |               |
| General Government                          | \$ 815,879           | \$ 81,804            | \$ 19,099                          | \$ 3,415                         | \$ (711,561)                                      | \$ 0                             | \$ 0                              | 0             |
| Finance                                     | 684,974              | 358,074              | 0                                  | 0                                | (326,900)   | 0                                | 0                                 | 0             |
| Administration of Justice                   | 691,131              | 267,030              | 9,000                              | 0                                | (415,101)   | 0                                | 0                                 | 0             |
| Public Safety                               | 3,235,721            | 715,168              | 51,315                             | 0                                | (2,469,238)                                       | 0                                | 0                                 | 0             |
| Public Health and Welfare                   | 1,443,173            | 423,742              | 201,476                            | 0                                | (817,955)   | 0                                | 0                                 | 0             |
| Social, Cultural, and Recreational Services | 240,153              | 9,667                | 0                                  | 0                                | (230,486)   | 0                                | 0                                 | 0             |
| Agriculture and Natural Resources           | 72,703               | 0                    | 0                                  | 0                                | (72,703)  | 0                                | 0                                 | 0             |
| Highways/Public Works                       | 1,632,589            | 13,303               | 1,366,663                          | 0                                | (252,623)   | 0                                | 0                                 | 0             |
| Interest on Long-term Debt                  | 468,136              | 0                    | 0                                  | 0                                | (468,136)   | 0                                | 0                                 | 0             |
| <b>Total Primary Government</b>             | <b>\$ 9,284,459</b>  | <b>\$ 1,868,788</b>  | <b>\$ 1,647,553</b>                | <b>\$ 3,415</b>                  | <b>\$ (5,764,703)</b>                             | <b>\$ 0</b>                      | <b>\$ 0</b>                       | <b>0</b>      |
| <b>Component Units:</b>                     |                      |                      |                                    |                                  |   |                                  |                                   |               |
| Chester County School Department            | \$ 20,890,675        | \$ 465,796           | \$ 2,918,158                       | \$ 10,539                        | \$ 0  | \$ (17,496,182)                  | \$ 0                              | 0             |
| Emergency Communications District           | 270,185              | 84,991               | 213,450                            | 40,429                           | 0   | 0                                | 0                                 | 68,685        |
| <b>Total Component Units</b>                | <b>\$ 21,160,860</b> | <b>\$ 550,787</b>    | <b>\$ 3,131,608</b>                | <b>\$ 50,968</b>                 | <b>\$ 0</b>                                       | <b>\$ (17,496,182)</b>           | <b>\$ 68,685</b>                  | <b>68,685</b> |

(Continued)

Exhibit B

Chester County, Tennessee  
Statement of Activities (Cont.)

| Functions/Programs   | Program Revenues           |   |   | Net (Expense) Revenue and Changes in Net Position |   |  |
|--|----------------------------|---|---|---|---|--|
|  | Charges<br>for<br>Services | Operating<br>Grants<br>and<br>Contributions | Capital<br>Grants<br>and<br>Contributions | Primary   |   | Emergency<br>Communica-<br>tions<br>District |
|  |                            |   |   | Governmental<br>Activities                        | Chester<br>County<br>School<br>Department |  |
| General Revenues:  |                            |   |   |   |   |  |
| Taxes:   |                            |   |   |   |   |  |
| Property Taxes Levied for General Purposes                   |                            |   |   | \$ 3,870,132                                      | \$ 1,787,468                              | \$ 0   |
| Property Taxes Levied for Debt Service                       |                            |   |   | 34,596  | 0   | 0  |
| Local Option Sales Taxes                                     |                            |   |   | 776,856   | 747,597                                   | 0  |
| Wheel Tax  |                            |   |   | 734,763   | 0   | 0  |
| Litigation Taxes   |                            |   |   | 58,032  | 0   | 0  |
| Business Tax   |                            |   |   | 84,883  | 0   | 0  |
| Wholesale Beer Tax   |                            |   |   | 29,689  | 0   | 0  |
| Other Local Taxes  |                            |   |   | 14,004  | 2,145                                     | 0  |
| Grants and Contributions Not Restricted to Specific Programs |                            |   |   | 653,703   | 15,624,718                                | 0  |
| Unrestricted Investment Income                               |                            |   |   | 52,690  | 37,013                                    | 5,415  |
| Miscellaneous  |                            |   |   | 56,786  | 80,840                                    | 3,275  |
| Total General Revenues                                       |                            |   |   | \$ 6,366,134                                      | \$ 18,279,781                             | \$ 8,690                                     |
| Change in Net Position                                       |                            |   |   | \$ 601,431  | \$ 783,599                                | \$ 77,375                                    |
| Net Position, July 1, 2013                                   |                            |   |   | 8,422,302   | 15,901,271                                | 1,088,591                                    |
| Net Position, June 30, 2014                                  |                            |   |   | \$ 9,023,733                                      | \$ 16,684,870                             | \$ 1,165,966                                 |

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, 2014

|  | Major Funds         |                          |                        | Nonmajor Funds      |                     | Total Governmental Funds |
|--|---------------------|--------------------------|------------------------|---------------------|---------------------|--------------------------|
|  | General             | Solid Waste / Sanitation | Highway / Public Works | Other               | Governmental Funds  |                          |
| Cash                                       | \$ 0                | \$ 0                     | \$ 0                   | \$ 0                | \$ 1,132            | \$ 1,132                 |
| Equity in Pooled Cash and Investments      | 1,818,227           | 295,800                  | 476,895                | 823,878             | 3,414,800           | 3,414,800                |
| Investments                                | 0                   | 0                        | 0                      | 245,018             | 245,018             | 245,018                  |
| Accounts Receivable                        | 229                 | 9,354                    | 0                      | 2                   | 9,585               | 9,585                    |
| Due from Other Governments                 | 83,304              | 1,206                    | 221,070                | 112,000             | 417,580             | 417,580                  |
| Due from Other Funds                       | 1,132               | 0                        | 0                      | 0                   | 1,132               | 1,132                    |
| Due from Component Units                   | 33,000              | 0                        | 1,030                  | 0                   | 34,030              | 34,030                   |
| Property Taxes Receivable                  | 4,105,530           | 0                        | 47,457                 | 37,016              | 4,190,003           | 4,190,003                |
| Allowance for Uncollectible Property Taxes | (146,006)           | 0                        | (1,688)                | (1,316)             | (149,010)           | (149,010)                |
| <b>Total Assets</b>                        | <b>\$ 5,895,416</b> | <b>\$ 306,360</b>        | <b>\$ 744,764</b>      | <b>\$ 1,217,730</b> | <b>\$ 8,164,270</b> | <b>\$ 8,164,270</b>      |

ASSETS

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

LIABILITIES

Payroll Deductions Payable  
Due to Other Funds  
Due to Component Units  
Other Current Liabilities  
Total Liabilities

DEFERRED INFLOWS OF RESOURCES

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

|              |        |            |           |              |              |
|--------------|--------|------------|-----------|--------------|--------------|
| \$ 0         | \$ 90  | \$ 1,103   | \$ 0      | \$ 0         | \$ 1,193     |
| 0            | 0      | 0          | 1,132     | 1,132        | 1,132        |
| 0            | 532    | 0          | 0         | 0            | 532          |
| 0            | 0      | 390        | 0         | 0            | 390          |
| \$ 0         | \$ 622 | \$ 1,493   | \$ 1,132  | \$ 3,247     | \$ 3,247     |
| \$ 3,827,658 | \$ 0   | \$ 44,245  | \$ 34,511 | \$ 3,906,414 | \$ 3,906,414 |
| 112,866      | 0      | 1,324      | 989       | 115,179      | 115,179      |
| 7,632        | 0      | 110,040    | 54,000    | 171,672      | 171,672      |
| \$ 3,948,156 | \$ 0   | \$ 155,609 | \$ 89,500 | \$ 4,193,265 | \$ 4,193,265 |

(Continued)

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

|           | Major Funds  |                          |                        | Nonmajor Funds |                    | Total Governmental Funds |
|-----------|--------------|--------------------------|------------------------|----------------|--------------------|--------------------------|
|           | General      | Solid Waste / Sanitation | Highway / Public Works | Other          | Governmental Funds |                          |
| \$        | 0 \$         | 0 \$                     | 0 \$                   | 245,018 \$     |                    | 245,018                  |
| 28,573    | 0            | 0                        | 0                      | 0              |                    | 28,573                   |
| 13,716    | 0            | 0                        | 0                      | 130,543        |                    | 144,259                  |
| 16,283    | 0            | 0                        | 0                      | 0              |                    | 16,283                   |
| 0         | 0            | 423,278                  | 0                      | 0              |                    | 423,278                  |
| 0         | 0            | 0                        | 0                      | 139,826        |                    | 139,826                  |
| 0         | 0            | 0                        | 0                      | 490,859        |                    | 490,859                  |
| 0         | 305,738      | 0                        | 0                      | 0              |                    | 305,738                  |
| 0         | 0            | 0                        | 0                      | 80,337         |                    | 80,337                   |
| 0         | 0            | 164,384                  | 0                      | 0              |                    | 164,384                  |
| 0         | 0            | 0                        | 0                      | 28,195         |                    | 28,195                   |
| 0         | 0            | 0                        | 0                      | 12,320         |                    | 12,320                   |
| 1,888,688 | 0            | 0                        | 0                      | 0              |                    | 1,888,688                |
| \$        | 1,947,260 \$ | 305,738 \$               | 587,662 \$             | 1,127,098 \$   |                    | 3,967,758                |
| \$        | 5,895,416 \$ | 306,360 \$               | 744,764 \$             | 1,217,730 \$   |                    | 8,164,270                |

FUND BALANCES

Nonspendable:  
 Endowments

Restricted:

- Restricted for Administration of Justice
- Restricted for Public Safety
- Restricted for Public Health and Welfare
- Restricted for Highways/Public Works
- Restricted for Capital Outlay
- Restricted for Debt Service

Committed:

- Committed for Public Health and Welfare
- Committed for Social, Cultural, and Recreational Services
- Committed for Highways/Public Works
- Committed for Capital Outlay
- Committed for Debt Service

Unassigned

Total Fund Balances

Total Liabilities, Deferred Inflows of Resources, and Fund Balances

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

Exhibit C-2

Chester County, Tennessee  
Reconciliation of the Balance Sheet of Governmental Funds to the Statement of Net Position  
June 30, 2014

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

|   |    |                  |                         |
|---|----|------------------|-------------------------|
| Total fund balances - balance sheet - governmental funds (Exhibit C-1)  |    | \$               | 3,967,758               |
| (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   |    | 9,247,790        |                         |
| Add: infrastructure net of accumulated depreciation   |    | 1,779,068        |                         |
| Add: other capital assets net of accumulated depreciation   |    | <u>1,492,388</u> | 15,407,521              |
| (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   | \$ | (10,195,000)     |                         |
| Less: note payable  |    | (84,667)         |                         |
| Less: compensated absences payable  |    | (2,942)          |                         |
| Less: landfill closure/postclosure care costs   |    | (156,699)        |                         |
| Less: other postemployment benefits liability   |    | (99,524)         |                         |
| Less: accrued interest on bonds   |    | (42,595)         |                         |
| Add: deferred amount on refunding   |    | 7,158            |                         |
| Less: other deferred revenue - premium on debt  |    | <u>(64,128)</u>  | (10,638,397)            |
| (3) Other long-term assets are not available to pay for current-period expenditures and therefore are deferred in the governmental funds. |    |                  | <u>286,851</u>          |
| Net position of governmental activities (Exhibit A)   |    | \$               | <u><u>9,023,733</u></u> |

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

Chester County, Tennessee  
Statement of Revenues, Expenditures,  
and Changes in Fund Balances  
Governmental Funds  
For the Year Ended June 30, 2014

|   | Major Funds  |                          |                        | Nonmajor Funds |                    | Total Governmental Funds |
|---|--------------|--------------------------|------------------------|----------------|--------------------|--------------------------|
|   | General      | Solid Waste / Sanitation | Highway / Public Works | Other          | Governmental Funds |                          |
| <u>Revenues</u>                             |              |                          |                        |                |                    |                          |
| Local Taxes                                 | \$ 4,401,632 | \$ 186,169               | \$ 49,027              | \$ 1,283,556   | \$ 5,920,384       |                          |
| Licenses and Permits                        | 0            | 18,471                   | 0                      | 0              | 18,471             |                          |
| Fines, Forfeitures, and Penalties           | 77,294       | 0                        | 0                      | 12,866         | 90,160             |                          |
| Charges for Current Services                | 69,421       | 89,150                   | 0                      | 10,047         | 168,618            |                          |
| Other Local Revenues                        | 57,514       | 339,683                  | 16,008                 | 45,434         | 458,639            |                          |
| Fees Received from County Officials         | 601,337      | 0                        | 0                      | 0              | 601,337            |                          |
| State of Tennessee                          | 537,545      | 374,054                  | 1,390,355              | 77,391         | 2,379,345          |                          |
| Federal Government                          | 45,515       | 0                        | 0                      | 350            | 45,865             |                          |
| Other Governments and Citizens Groups       | 250,154      | 0                        | 0                      | 67,880         | 318,034            |                          |
| Total Revenues                              | \$ 6,040,412 | \$ 1,007,527             | \$ 1,455,390           | \$ 1,497,524   | \$ 10,000,853      |                          |
| <u>Expenditures</u>                         |              |                          |                        |                |                    |                          |
| Current:                                    |              |                          |                        |                |                    |                          |
| General Government                          | \$ 791,287   | \$ 0                     | \$ 0                   | \$ 0           | \$ 791,287         |                          |
| Finance                                     | 672,477      | 0                        | 0                      | 0              | 672,477            |                          |
| Administration of Justice                   | 579,900      | 0                        | 0                      | 780            | 580,680            |                          |
| Public Safety                               | 2,825,556    | 0                        | 0                      | 133,319        | 2,958,875          |                          |
| Public Health and Welfare                   | 331,560      | 1,068,796                | 0                      | 0              | 1,400,356          |                          |
| Social, Cultural, and Recreational Services | 36,409       | 0                        | 0                      | 95,911         | 132,320            |                          |
| Agriculture and Natural Resources           | 63,809       | 0                        | 0                      | 0              | 63,809             |                          |
| Other Operations                            | 153,901      | 6,367                    | 0                      | 1,012          | 161,280            |                          |
| Highways                                    | 0            | 0                        | 1,395,823              | 0              | 1,395,823          |                          |
| Debt Service:                               |              |                          |                        |                |                    |                          |
| Principal on Debt                           | 0            | 30,000                   | 49,757                 | 850,000        | 929,757            |                          |
| Interest on Debt                            | 0            | 3,400                    | 6,240                  | 464,627        | 474,267            |                          |
| Other Debt Service                          | 0            | 0                        | 0                      | 14,585         | 14,585             |                          |

(Continued)

Exhibit C-3

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

|   | Major Funds     |                    |                        | Nonmajor Funds           |  | Total Governmental Funds |
|---|-----------------|--------------------|------------------------|--------------------------|--|--------------------------|
|   | General         | Waste / Sanitation | Highway / Public Works | Other Governmental Funds |  |                          |
| <u>Expenditures (Cont.)</u>                       |                 |                    |                        |                          |  |                          |
| Capital Projects                                  | \$ 0 \$         | 0 \$               | 0 \$                   | 225 \$                   |  | 225                      |
| Total Expenditures                                | \$ 5,454,899 \$ | 1,108,563 \$       | 1,451,820 \$           | 1,560,459 \$             |  | 9,575,741                |
| Excess (Deficiency) of Revenues Over Expenditures | \$ 585,513 \$   | (101,036) \$       | 3,570 \$               | (62,935) \$              |  | 425,112                  |
| <u>Other Financing Sources (Uses)</u>             |                 |                    |                        |                          |  |                          |
| Transfers In                                      | \$ 0 \$         | 147,500 \$         | 0 \$                   | 0 \$                     |  | 147,500                  |
| Transfers Out                                     | (147,500)       | 0                  | 0                      | 0                        |  | (147,500)                |
| Total Other Financing Sources (Uses)              | \$ (147,500) \$ | 147,500 \$         | 0 \$                   | 0 \$                     |  | 0                        |
| Net Change in Fund Balances                       | \$ 438,013 \$   | 46,464 \$          | 3,570 \$               | (62,935) \$              |  | 425,112                  |
| Fund Balance, July 1, 2013                        | 1,509,247       | 259,274            | 584,092                | 1,190,033                |  | 3,542,646                |
| Fund Balance, June 30, 2014                       | \$ 1,947,260 \$ | 305,738 \$         | 587,662 \$             | 1,127,098 \$             |  | 3,967,758                |

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, 2014

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)  |                  | \$ 425,112        |
| <p>(1) Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of these assets is allocated over their useful lives and reported as depreciation expense. The difference between capital outlays and depreciation is itemized as follows:</p>  |                  |                   |
| Add: capital assets purchased in the current period   | \$ 206,792       |                   |
| Less: current-year depreciation expense   | <u>(834,410)</u> | (627,618)         |
| <p>(2) Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.</p>   |                  |                   |
| Add: deferred delinquent property taxes and other deferred June 30, 2014  | \$ 286,851       |                   |
| Less: deferred delinquent property taxes and other deferred June 30, 2013   | <u>(412,939)</u> | (126,088)         |
| <p>(3) The issuance of long-term debt (e.g., bonds, notes) provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net position. Also, governmental funds report the effect of premiums, discounts, and similar items when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities. This amount is the net effect of these differences in the treatment of long-term debt and related items.</p> |                  |                   |
| Add: change in premium on debt issuances  | \$ 11,125        |                   |
| Add: principal payments on bonds  | 880,000          |                   |
| Add: principal payments on note   | 49,757           |                   |
| Less: change in deferred amount on refunding debt   | <u>(2,778)</u>   | 938,104           |
| <p>(4) Some expenses reported in the statement of activities do not require the use of current financial resources and therefore are not reported as expenditures in the governmental funds.</p>  |                  |                   |
| Change in accrued interest payable  | \$ 6,131         |                   |
| Change in compensated absences payable  | (642)            |                   |
| Change in other postemployment benefits liability   | (12,513)         |                   |
| Change in landfill closure/postclosure care costs   | <u>(1,055)</u>   | <u>(8,079)</u>    |
| Change in net position of governmental activities (Exhibit B)   |                  | <u>\$ 601,431</u> |

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

Exhibit C-5

Chester County, Tennessee  
Statement of Revenues, Expenditures, and Changes  
in Fund Balance - Actual and Budget  
General Fund  
For the Year Ended June 30, 2014

|                                       | Actual              | Budgeted Amounts    |                     | Variance with Final Budget - Positive (Negative) |
|---------------------------------------|---------------------|---------------------|---------------------|--|
|                                       |                     | Original            | Final               |  |
| <u>Revenues</u>                       |                     |                     |                     |  |
| Local Taxes                           | \$ 4,401,632        | \$ 4,296,550        | \$ 4,316,550        | \$ 85,082  |
| Fines, Forfeitures, and Penalties     | 77,294              | 80,560              | 80,560              | (3,266)  |
| Charges for Current Services          | 69,421              | 52,450              | 52,450              | 16,971   |
| Other Local Revenues                  | 57,514              | 47,500              | 47,500              | 10,014   |
| Fees Received from County Officials   | 601,337             | 586,000             | 586,000             | 15,337   |
| State of Tennessee                    | 537,545             | 308,580             | 401,234             | 136,311  |
| Federal Government                    | 45,515              | 43,000              | 43,000              | 2,515  |
| Other Governments and Citizens Groups | 250,154             | 233,500             | 233,500             | 16,654   |
| <b>Total Revenues</b>                 | <b>\$ 6,040,412</b> | <b>\$ 5,648,140</b> | <b>\$ 5,760,794</b> | <b>\$ 279,618</b>                                |
| <u>Expenditures</u>                   |                     |                     |                     |  |
| <u>General Government</u>             |                     |                     |                     |  |
| County Commission                     | \$ 18,513           | \$ 26,800           | \$ 26,800           | \$ 8,287   |
| Board of Equalization                 | 550                 | 1,100               | 1,100               | 550  |
| Budget and Finance Committee          | 1,399               | 2,425               | 2,425               | 1,026  |
| County Mayor/Executive                | 140,246             | 137,897             | 141,397             | 1,151  |
| County Attorney                       | 11,660              | 10,000              | 15,000              | 3,340  |
| Election Commission                   | 141,822             | 164,313             | 164,313             | 22,491   |
| Register of Deeds                     | 131,802             | 134,168             | 134,168             | 2,366  |
| County Buildings                      | 284,802             | 331,246             | 295,646             | 10,844   |
| Other Facilities                      | 18,578              | 20,600              | 20,600              | 2,022  |
| Other General Administration          | 41,915              | 40,250              | 48,950              | 7,035  |
| <u>Finance</u>                        |                     |                     |                     |  |
| Accounting and Budgeting              | 91,190              | 94,756              | 94,756              | 3,566  |
| Property Assessor's Office            | 175,153             | 181,538             | 181,538             | 6,385  |
| Reappraisal Program                   | 14,317              | 15,086              | 15,086              | 769  |
| County Trustee's Office               | 178,930             | 181,836             | 181,836             | 2,906  |
| County Clerk's Office                 | 207,748             | 205,235             | 210,235             | 2,487  |
| Other Finance                         | 5,139               | 5,300               | 5,300               | 161  |
| <u>Administration of Justice</u>      |                     |                     |                     |  |
| Circuit Court                         | 239,267             | 248,656             | 248,656             | 9,389  |
| General Sessions Court                | 114,662             | 109,174             | 115,174             | 512  |
| Chancery Court                        | 189,675             | 196,965             | 196,965             | 7,290  |
| Juvenile Court                        | 36,296              | 36,046              | 36,446              | 150  |
| <u>Public Safety</u>                  |                     |                     |                     |  |
| Sheriff's Department                  | 1,362,123           | 1,334,880           | 1,382,544           | 20,421   |
| Jail                                  | 1,202,967           | 1,186,984           | 1,216,984           | 14,017   |
| Juvenile Services                     | 68,493              | 67,280              | 70,780              | 2,287  |
| Fire Prevention and Control           | 108,293             | 118,916             | 132,246             | 23,953   |
| Civil Defense                         | 54,759              | 72,621              | 64,121              | 9,362  |
| Rescue Squad                          | 6,700               | 6,700               | 6,700               | 0  |
| County Coroner/Medical Examiner       | 22,221              | 18,000              | 23,000              | 779  |

(Continued)

Exhibit C-5

Chester County, Tennessee  
Statement of Revenues, Expenditures, and Changes  
in Fund Balance - Actual and Budget  
General Fund (Cont.)

|  | Actual       | Budgeted Amounts |              | Variance<br>with Final<br>Budget -<br>Positive<br>(Negative) |
|--|--------------|------------------|--------------|--|
|  |              | Original         | Final        |  |
| <u>Expenditures (Cont.)</u>                          |              |                  |              |  |
| <u>Public Health and Welfare</u>                     |              |                  |              |  |
| Local Health Center                                  | \$ 24,511    | \$ 271,652       | \$ 28,539    | \$ 4,028   |
| Ambulance/Emergency Medical Services                 | 165,113      | 0                | 245,113      | 80,000   |
| Alcohol and Drug Programs                            | 3,000        | 3,000            | 3,000        | 0  |
| Other Local Health Services                          | 54,535       | 49,173           | 55,773       | 1,238  |
| Regional Mental Health Center                        | 10,000       | 10,000           | 10,000       | 0  |
| General Welfare Assistance                           | 21,905       | 11,500           | 28,900       | 6,995  |
| Other Local Welfare Services                         | 1,631        | 0                | 2,000        | 369  |
| Sanitation Education/Information                     | 50,865       | 25,616           | 57,616       | 6,751  |
| <u>Social, Cultural, and Recreational Services</u>   |              |                  |              |  |
| Senior Citizens Assistance                           | 2,500        | 2,500            | 2,500        | 0  |
| Other Social, Cultural, and Recreational             | 33,909       | 44,251           | 44,251       | 10,342   |
| <u>Agriculture and Natural Resources</u>             |              |                  |              |  |
| Agriculture Extension Service                        | 39,906       | 40,545           | 40,545       | 639  |
| Soil Conservation                                    | 15,203       | 15,090           | 16,040       | 837  |
| Flood Control  | 8,700        | 7,900            | 8,700        | 0  |
| <u>Other Operations</u>                              |              |                  |              |  |
| Industrial Development                               | 15,000       | 15,000           | 15,000       | 0  |
| Veterans' Services                                   | 38,391       | 25,876           | 39,936       | 1,545  |
| Employee Benefits                                    | 6,514        | 5,600            | 7,600        | 1,086  |
| Miscellaneous  | 93,996       | 75,000           | 93,000       | (996)  |
| Total Expenditures                                   | \$ 5,454,899 | \$ 5,551,475     | \$ 5,731,279 | \$ 276,380   |
| Excess (Deficiency) of Revenues<br>Over Expenditures | \$ 585,513   | \$ 96,665        | \$ 29,515    | \$ 555,998   |
| <u>Other Financing Sources (Uses)</u>                |              |                  |              |  |
| Transfers Out  | \$ (147,500) | \$ 0             | \$ (147,500) | \$ 0   |
| Total Other Financing Sources                        | \$ (147,500) | \$ 0             | \$ (147,500) | \$ 0   |
| Net Change in Fund Balance                           | \$ 438,013   | \$ 96,665        | \$ (117,985) | \$ 555,998   |
| Fund Balance, July 1, 2013                           | 1,509,247    | 1,038,171        | 1,038,171    | 471,076  |
| Fund Balance, June 30, 2014                          | \$ 1,947,260 | \$ 1,134,836     | \$ 920,186   | \$ 1,027,074   |

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

Exhibit C-6

Chester County, Tennessee  
Statement of Revenues, Expenditures, and Changes  
in Fund Balance - Actual and Budget  
Solid Waste/Sanitation Fund  
For the Year Ended June 30, 2014

|  | Actual       | Budgeted Amounts |              | Variance<br>with Final<br>Budget -<br>Positive<br>(Negative) |
|--|--------------|------------------|--------------|--|
|  |              | Original         | Final        |  |
| <u>Revenues</u>                                      |              |                  |              |  |
| Local Taxes  | \$ 186,169   | \$ 165,000       | \$ 165,000   | \$ 21,169  |
| Licenses and Permits                                 | 18,471       | 16,000           | 16,000       | 2,471  |
| Charges for Current Services                         | 89,150       | 70,250           | 70,250       | 18,900   |
| Other Local Revenues                                 | 339,683      | 310,000          | 310,000      | 29,683   |
| State of Tennessee                                   | 374,054      | 380,000          | 380,000      | (5,946)  |
| Total Revenues                                       | \$ 1,007,527 | \$ 941,250       | \$ 941,250   | \$ 66,277  |
| <u>Expenditures</u>                                  |              |                  |              |  |
| <u>Public Health and Welfare</u>                     |              |                  |              |  |
| Convenience Centers                                  | \$ 486,246   | \$ 381,833       | \$ 510,833   | \$ 24,587  |
| Recycling Center                                     | 301,955      | 250,500          | 308,800      | 6,845  |
| Other Waste Disposal                                 | 278,073      | 303,450          | 303,450      | 25,377   |
| Postclosure Care Costs                               | 2,522        | 5,000            | 5,000        | 2,478  |
| <u>Other Operations</u>                              |              |                  |              |  |
| Other Charges  | 6,367        | 10,000           | 10,000       | 3,633  |
| <u>Principal on Debt</u>                             |              |                  |              |  |
| General Government                                   | 30,000       | 30,000           | 30,000       | 0  |
| <u>Interest on Debt</u>                              |              |                  |              |  |
| General Government                                   | 3,400        | 3,400            | 3,400        | 0  |
| Total Expenditures                                   | \$ 1,108,563 | \$ 984,183       | \$ 1,171,483 | \$ 62,920  |
| Excess (Deficiency) of Revenues<br>Over Expenditures | \$ (101,036) | \$ (42,933)      | \$ (230,233) | \$ 129,197   |
| <u>Other Financing Sources (Uses)</u>                |              |                  |              |  |
| Transfers In   | \$ 147,500   | \$ 0             | \$ 147,500   | \$ 0   |
| Total Other Financing Sources                        | \$ 147,500   | \$ 0             | \$ 147,500   | \$ 0   |
| Net Change in Fund Balance                           | \$ 46,464    | \$ (42,933)      | \$ (82,733)  | \$ 129,197   |
| Fund Balance, July 1, 2013                           | 259,274      | 200,758          | 200,758      | 58,516   |
| Fund Balance, June 30, 2014                          | \$ 305,738   | \$ 157,825       | \$ 118,025   | \$ 187,713   |

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

Exhibit C-7

Chester County, Tennessee  
Statement of Revenues, Expenditures, and Changes  
in Fund Balance - Actual and Budget  
Highway/Public Works Fund  
For the Year Ended June 30, 2014

|  | Actual              | Budgeted Amounts    |                     | Variance<br>with Final<br>Budget -<br>Positive<br>(Negative) |
|--|---------------------|---------------------|---------------------|--|
|  |                     | Original            | Final               |  |
| <u>Revenues</u>                                      |                     |                     |                     |  |
| Local Taxes  | \$ 49,027           | \$ 46,456           | \$ 46,456           | \$ 2,571   |
| Other Local Revenues                                 | 16,008              | 28,200              | 28,200              | (12,192)   |
| State of Tennessee                                   | 1,390,355           | 1,628,492           | 1,628,492           | (238,137)  |
| <b>Total Revenues</b>                                | <b>\$ 1,455,390</b> | <b>\$ 1,703,148</b> | <b>\$ 1,703,148</b> | <b>\$ (247,758)</b>  |
| <u>Expenditures</u>                                  |                     |                     |                     |  |
| <u>Highways</u>                                      |                     |                     |                     |  |
| Administration                                       | \$ 122,808          | \$ 136,750          | \$ 136,750          | \$ 13,942  |
| Highway and Bridge Maintenance                       | 653,527             | 583,600             | 662,037             | 8,510  |
| Operation and Maintenance of Equipment               | 281,032             | 265,000             | 283,857             | 2,825  |
| Other Charges  | 79,282              | 75,250              | 79,520              | 238  |
| Employee Benefits                                    | 259,174             | 251,500             | 259,500             | 326  |
| Capital Outlay                                       | 0                   | 369,836             | 260,271             | 260,271  |
| <u>Principal on Debt</u>                             |                     |                     |                     |  |
| Highways and Streets                                 | 49,757              | 49,757              | 49,757              | 0  |
| <u>Interest on Debt</u>                              |                     |                     |                     |  |
| Highways and Streets                                 | 6,240               | 6,240               | 6,240               | 0  |
| <b>Total Expenditures</b>                            | <b>\$ 1,451,820</b> | <b>\$ 1,737,933</b> | <b>\$ 1,737,932</b> | <b>\$ 286,112</b>  |
| Excess (Deficiency) of Revenues<br>Over Expenditures | \$ 3,570            | \$ (34,785)         | \$ (34,784)         | \$ 38,354  |
| Net Change in Fund Balance                           | \$ 3,570            | \$ (34,785)         | \$ (34,784)         | \$ 38,354  |
| Fund Balance, July 1, 2013                           | 584,092             | 559,400             | 559,400             | 24,692   |
| <b>Fund Balance, June 30, 2014</b>                   | <b>\$ 587,662</b>   | <b>\$ 524,615</b>   | <b>\$ 524,616</b>   | <b>\$ 63,046</b>   |

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, 2014

|                                     | <u>Agency<br/>Funds</u>  |
|-------------------------------------|--------------------------|
| <u>ASSETS</u>                       |                          |
| Cash                                | \$ 291,678               |
| Due from Other Governments          | <u>135,700</u>           |
| Total Assets                        | <u><u>\$ 427,378</u></u> |
| <u>LIABILITIES</u>                  |                          |
| Due to Other Taxing Units           | \$ 135,700               |
| Due to Litigants, Heirs, and Others | <u>291,678</u>           |
| Total Liabilities                   | <u><u>\$ 427,378</u></u> |

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

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**CHESTER COUNTY, TENNESSEE**  
**Index of Notes to the Financial Statements**

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**CHESTER COUNTY, TENNESSEE**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**For the Year Ended June 30, 2014**

**I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

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

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

**A. Reporting Entity**

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

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

The Chester County School Department operates the public school system in the county, and the voters of Chester County elect its board. The School Department is fiscally dependent on the county because it may not issue debt, and its budget and property tax levy are subject to the County Commission's approval. The School Department's taxes are levied under the taxing authority of the county and are included as part of the county's total tax levy.

The Chester County Emergency Communications District provides a simplified means of securing emergency services through a uniform emergency number for the residents of Chester County, and the Chester County Commission appoints its governing body. The district is funded primarily through a service charge levied on telephone services. Before the issuance of most debt instruments, the district must obtain the County Commission's approval.

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

the Chester County Emergency Communications District can be obtained from its administrative office at the following address:

Administrative Office:

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

**B. Government-wide and Fund Financial Statements**

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

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

Chester County issues all debt for the discretely presented Chester County School Department. There were no debt issues contributed by the county to the School Department during the year ended June 30, 2014.

Separate financial statements are provided for governmental funds and fiduciary funds. The fiduciary funds are excluded from the government-wide financial statements. Major individual governmental funds are reported as separate columns in the fund financial statements.

C. **Measurement Focus, Basis of Accounting, and Financial Statement Presentation**

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting, as are the fiduciary funds financial statements, except for agency funds, which have no measurement focus. Revenues are recorded when earned, and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

Fund financial statements of Chester County are organized into funds, each of which is considered to be a separate accounting entity. Each fund is accounted for by providing a separate set of self-balancing accounts that constitute its assets, deferred outflows of resources, liabilities, deferred inflows of resources, fund equity, revenues, and expenditures. Funds are organized into three major categories: governmental, proprietary, and fiduciary. An emphasis is placed on major funds within the governmental category. Chester County has no proprietary funds to report.

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

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

Property taxes for the period levied, in-lieu-of tax payments, sales taxes, interest, and miscellaneous taxes are all considered to be susceptible to accrual and have been recognized as revenues of the current period. Applicable business taxes, litigation taxes, state-shared excise taxes, fines, forfeitures, and penalties are not susceptible to accrual since they are not

measurable (reasonably estimable). All other revenue items are considered to be measurable and available only when the county receives cash.

Fiduciary funds financial statements are reported using the economic resources measurement focus, except for agency funds, which have no measurement focus, and the accrual basis of accounting. Revenues are recognized when earned, and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows.

Chester County reports the following major governmental funds:

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

**Solid Waste/Sanitation Fund** – This special revenue fund accounts for transactions relating to the disposal of Chester County’s solid waste. Local taxes and general service charges are the foundational revenues of this fund.

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

Additionally, Chester County reports the following fund types:

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

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

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

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

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

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

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

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

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

**Private Purpose Trust Fund** – The Private Purpose Trust Fund is used to account for endowments received by the School Department. Income generated from the corpus of one of the endowments is to be used to provide annual scholarships to one or more Chester County students chosen by a faculty committee at Chester County High School. The other endowment provides for scholarships to be awarded totaling \$2,500 per year until the endowment is depleted.

Amounts reported as program revenues include (1) charges to customers or applicants for goods, services, or privileges provided; (2) operating grants and contributions; and (3) capital grants and contributions. Internally dedicated resources are reported as general revenues rather than as program revenues. Likewise, general revenues include all taxes.

**D. Assets, Liabilities, Deferred Outflows/Inflows of Resources, and Net Position/Fund Balance**

**1. Deposits and Investments**

State statutes authorize the government to make direct investments in bonds, notes, or treasury bills of the U.S. government and obligations guaranteed by the U.S. government or any of its agencies; deposit accounts at state and federal chartered banks and savings and loan associations; repurchase agreements; the State Treasurer's Investment Pool; bonds of any state or political subdivision rated A or higher by any nationally recognized rating service; nonconvertible debt securities of certain federal government sponsored enterprises; and the county's own legally issued bonds or notes.

The county trustee maintains a cash and internal investment pool that is used by all funds and the discretely presented Chester County School Department. Each fund's portion of this pool is displayed on the balance sheets or statements of net position as Equity in Pooled Cash

and Investments. Most income from these pooled investments is assigned to the primary government's Solid Waste/Sanitation Fund and the School Department's General Purpose School Fund. In addition, investments are held separately by the county's Endowment Fund. Chester County and the School Department have adopted a policy of reporting U.S. Treasury obligations, U.S. agency obligations, and repurchase agreements with maturities of one year or less when purchased on the balance sheet at amortized cost. Certificates of deposit are reported at cost. Investments in the State Treasurer's Investment Pool are reported at fair value. The State Treasurer's Investment Pool is not registered with the Securities and Exchange Commission (SEC) as an investment company, but nevertheless has a policy that it will, and does, operate in a manner consistent with the SEC's Rule 2a7 of the Investment Company Act of 1940. Accordingly, the pool qualifies as a 2a7-like pool and is reported at the net asset value per share (which approximates fair value) even though it is calculated using the amortized cost method. State statutes require the state treasurer to administer the pool under the same terms and conditions, including collateral requirements, as prescribed for other funds invested by the state treasurer. All other investments are reported at fair value.

## **2. Receivables and Payables**

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

Property taxes receivable are shown with an allowance for uncollectibles. The allowance for uncollectible property taxes is equal to 1.89 percent of total taxes levied.

Property taxes receivable are recognized as of the date an enforceable legal claim to the taxable property arises. This date is January 1 and is referred to as the lien date. However, revenues from property taxes are recognized in the period for which the taxes are levied, which is the ensuing fiscal year. Since the receivable is recognized before the period of revenue recognition, the entire amount of the receivable, less an estimated allowance for uncollectible taxes, is reported as a deferred inflow of resources as of June 30.

Property taxes receivable are also reported as of June 30 for the taxes that are levied, collected, and reported as revenue during the current fiscal year. These property taxes receivable are presented on the balance sheet as a deferred inflow of resources to reflect amounts not available as of June 30. Property taxes collected within 30 days of year-end are considered available and accrued. The allowance for uncollectible taxes represents the estimated amount of the receivable that will be filed in court for collection. Delinquent taxes filed in court

for collection are not included in taxes receivable since they are neither measurable nor available.

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

**3. Capital Assets**

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

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

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

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

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

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

| <u>Assets (Cont.)</u>               | <u>Years</u> |
|-------------------------------------|--------------|
| <u>Discretely Presented Chester</u> |              |
| <u>County School Department</u>     |              |
| Buildings and Improvements          | 25 - 40      |
| Buses                               | 15           |
| Other Vehicles                      | 7            |
| Equipment                           | 7            |

**4. Deferred Outflows/Inflows of Resources**

In addition to assets, the Statement of Net Position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/expenditure) until then. The government only has one item that qualifies for reporting in this category. It is the deferred charge on refunding reported in the government-wide Statement of Net Position. A deferred charge on refunding results from the difference in the carrying value of refunded debt and its reacquisition price. This amount is deferred and amortized over the shorter of the life of the refunded or refunding debt.

In addition to liabilities, the Statement of Net Position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. The government has items that qualify for reporting in this category. Accordingly, the items are reported in the government-wide Statement of Net Position and the governmental funds balance sheet. These revenues are from the following sources: current and delinquent property taxes and various receivables for revenues, which do not meet the availability criteria in governmental funds. These amounts are deferred and recognized as an inflow of resources in the period that the amounts become available.

**5. Compensated Absences**

The policy of Chester County (with the exception of the Highway Department) does not provide for employees to receive compensation for unused accumulated vacation or sick leave days.

The policy of the Chester County Highway Department permits employees to accumulate an unlimited amount of earned but unused vacation benefits, which will be paid to employees upon separation

from service. A liability for vacation pay is reported in governmental funds only if amounts have matured, for example, as a result of employee resignations and retirements.

The School Department does not have a formal leave policy; however, the general policy does not provide for employees to receive compensation for unused accumulated vacation or sick leave days.

**6. Long-term Obligations**

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

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

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

**7. Net Position and Fund Balance**

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

- a. Net investment in capital assets – Consists of capital assets, including restricted capital assets, net of accumulated depreciation and reduced by the outstanding balances of any bonds, mortgages, notes, or other borrowings that are attributable to the acquisition, construction, or improvement of those assets.

- b. Restricted net position – Consists of net position with constraints placed on the use either by (1) external groups such as creditors, grantors, contributors, or laws or regulations of other governments or (2) law through constitutional provisions or enabling legislation.
- c. Unrestricted net position – All other net position that does not meet the definition of restricted or net investment in capital assets.

As of June 30, 2014, Chester County had \$775,000 in outstanding debt for capital purposes of the discretely presented Chester County School Department. This debt is a liability of Chester County, but the capital assets acquired are reported in the financial statements of the School Department. Therefore, Chester County has incurred a liability significantly decreasing its unrestricted net position with no corresponding increase in the county's capital assets.

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

In the fund financial statements, governmental funds report fund balance in classifications that comprise a hierarchy based primarily on the extent to which the government is bound to honor constraints on the specific purposes for which amounts in these funds can be spent. These classifications may consist of the following:

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

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

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

decision-making authority, and shall remain binding unless removed in the same manner.

Assigned Fund Balance – includes amounts that are constrained by the county’s intent to be used for specific purposes, but are neither restricted nor committed (excluding stabilization arrangements). The County Commission has by resolution authorized the county’s Budget Committee to make assignments for the general government. The Board of Education makes assignments for the School Department.

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

**8. Prior-period Adjustments**

The beginning fund balances of the Public Library and Endowment funds were restated (\$223,839) and \$223,839, respectively. These adjustments were necessary because a nonspendable endowment had been incorrectly reflected in the Public Library Fund in prior years.

**II. RECONCILIATION OF GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS**

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

**Primary Government**

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

**Discretely Presented Chester County School Department**

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

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

### **Primary Government**

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

### **Discretely Presented Chester County School Department**

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

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

### **Budgetary Information**

Annual budgets are adopted on a basis consistent with generally accepted accounting principles (GAAP) for all governmental funds except the Constitutional Officers – Fees Fund (special revenue fund) and the Endowment Fund (permanent fund), which are not budgeted, and the capital projects funds, which adopt project length budgets. All annual appropriations lapse at fiscal year end.

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

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

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

As of June 30, 2014, the Chester County School Department reported the following significant encumbrances:

| Fund                   | Description              | Amount     |
|------------------------|--------------------------|------------|
| Major Fund:            |                          |            |
| General Purpose School | School roofing projects  | \$ 137,770 |
| "                      | School wireless upgrades | 103,814    |

**IV. DETAILED NOTES ON ALL FUNDS**

**A. Deposits and Investments**

Chester County and the Chester County School Department participate in an internal cash and investment pool through the Office of Trustee. The county trustee is the treasurer of the county and in this capacity is responsible for receiving, disbursing, and investing most county funds. Each fund's portion of this pool is displayed on the balance sheets or statements of net position as Equity in Pooled Cash and Investments. Cash and investments reflected on the balance sheets or statements of net position represent nonpooled amounts held separately by individual funds.

**Deposits**

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

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

**Investments**

**Legal Provisions.** Counties are authorized to make direct investments in bonds, notes, or treasury bills of the U.S. government and obligations guaranteed by the U.S. government or any of its agencies; deposits at state

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

**Investment Balances.** As of June 30, 2014, Chester County had the following investments carried at fair value. These investments were made in accordance with an agreement with a charitable foundation for an endowment to benefit the Chester County Public Library.

| Investment   | Maturities | Fair Value            |
|--|------------|-----------------------|
| Endowment Fund:                                      |            |                       |
| Vanguard Institutional Index Fund                    | On Demand  | \$ 108,892            |
| Spartan International Index Fund                     | "          | 20,130                |
| PIMCO Total Return Fund                              | "          | 24,692                |
| Vanguard Short-term Bond Index Fund                  | "          | 36,538                |
| Vanguard Total Bond Fund                             | "          | 24,777                |
| Vanguard Intermediate-term Corporate Bond Index Fund | "          | 12,429                |
| Fidelity Institutional Money Market Fund             | "          | <u>17,560</u>         |
| <br>Total  |            | <br><u>\$ 245,018</u> |

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

**Credit Risk.** Credit risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligations. State statutes limit the ratings of certain investments as previously explained. Chester County has no investment policy that would further limit its investment choices. As of June 30, 2014, Chester County's investments were unrated. Chester County's investments are in private mutual funds that are not backed by the full faith and credit of the federal government and, therefore, the county could lose its investments if those enterprises fail.

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

**B. Capital Assets**

Capital assets activity for the year ended June 30, 2014, was as follows:

**Primary Government**

**Governmental Activities:**

|   | Balance<br>7-1-13    | Increases           | Decreases        | Balance<br>6-30-14   |
|---|----------------------|---------------------|------------------|----------------------|
| 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>  |
| Capital Assets Depreciated:                 |                      |                     |                  |                      |
| Buildings and Improvements                  | \$ 14,416,044        | \$ 25,641           | \$ 0             | \$ 14,441,685        |
| Infrastructure                              | 2,707,348            | 11,419              | 0                | 2,718,767            |
| Other Capital Assets                        | 5,094,164            | 169,732             | 22,290           | 5,241,606            |
| Total Capital Assets Depreciated            | <u>\$ 22,217,556</u> | <u>\$ 206,792</u>   | <u>\$ 22,290</u> | <u>\$ 22,402,058</u> |
| Less Accumulated Depreciation For:          |                      |                     |                  |                      |
| Buildings and Improvements                  | \$ 4,776,267         | \$ 417,628          | \$ 0             | \$ 5,193,895         |
| Infrastructure                              | 787,709              | 151,990             | 0                | 939,699              |
| Other Capital Assets                        | 3,506,716            | 264,792             | 22,290           | 3,749,218            |
| Total Accumulated Depreciation              | <u>\$ 9,070,692</u>  | <u>\$ 834,410</u>   | <u>\$ 22,290</u> | <u>\$ 9,882,812</u>  |
| Total Capital Assets Depreciated, Net       | <u>\$ 13,146,864</u> | <u>\$ (627,618)</u> | <u>\$ 0</u>      | <u>\$ 12,519,246</u> |
| Governmental Activities Capital Assets, Net | <u>\$ 16,035,139</u> | <u>\$ (627,618)</u> | <u>\$ 0</u>      | <u>\$ 15,407,521</u> |

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

**Governmental Activities:**

|  |                              |
|--|------------------------------|
| General Government                                       | \$ 12,099                    |
| Finance  | 3,441                        |
| Administration of Justice                                | 69,613                       |
| Public Safety  | 299,475                      |
| Public Health and Welfare                                | 165,073                      |
| Social, Cultural, and Recreational Services              | 35,790                       |
| Agriculture and Natural Resources                        | 1,376                        |
| Highways   | <u>247,543</u>               |
| <br>Total Depreciation Expense - Governmental Activities | <br><u><u>\$ 834,410</u></u> |

**Discretely Presented Chester County School Department**

**Governmental Activities:**

|   | Balance<br>7-1-13    | Increases           | Decreases         | Balance<br>6-30-14   |
|---|----------------------|---------------------|-------------------|----------------------|
| Capital Assets Not<br>Depreciated:      |                      |                     |                   |                      |
| Land                                    | \$ 414,252           | \$ 87,300           | \$ 0              | \$ 501,552           |
| Construction in Progress                | 203,170              | 130,000             | 203,170           | 130,000              |
| Total Capital Assets<br>Not Depreciated | <u>\$ 617,422</u>    | <u>\$ 217,300</u>   | <u>\$ 203,170</u> | <u>\$ 631,552</u>    |
| Capital Assets Depreciated:             |                      |                     |                   |                      |
| Buildings and<br>Improvements           | \$ 17,467,979        | \$ 2,174,609        | \$ 0              | \$ 19,642,588        |
| Other Capital Assets                    | 5,027,502            | 208,212             | 0                 | 5,235,714            |
| Total Capital Assets<br>Depreciated     | <u>\$ 22,495,481</u> | <u>\$ 2,382,821</u> | <u>\$ 0</u>       | <u>\$ 24,878,302</u> |
| Less Accumulated<br>Depreciation For:   |                      |                     |                   |                      |
| Buildings and<br>Improvements           | \$ 8,605,900         | \$ 405,304          | \$ 0              | \$ 9,011,204         |
| Other Capital Assets                    | 3,319,978            | 322,257             | 0                 | 3,642,235            |
| Total Accumulated<br>Depreciation       | <u>\$ 11,925,878</u> | <u>\$ 727,561</u>   | <u>\$ 0</u>       | <u>\$ 12,653,439</u> |

**Discretely Presented Chester County School Department (Cont.)**

**Governmental Activities (Cont.):**

|                         | Balance<br>7-1-13 | Increases    | Decreases  | Balance<br>6-30-14 |
|-------------------------|-------------------|--------------|------------|--------------------|
| Total Capital Assets    |                   |              |            |                    |
| Depreciated, Net        | \$ 10,569,603     | \$ 1,655,260 | \$ 0       | \$ 12,224,863      |
| Governmental Activities |                   |              |            |                    |
| Capital Assets, Net     | \$ 11,187,025     | \$ 1,872,560 | \$ 203,170 | \$ 12,856,415      |

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

**Governmental Activities:**

|   |                   |
|---|-------------------|
| Instruction   | \$ 477,543        |
| Support Services  | 169,466           |
| Operation of Non-Instructional Services                 | <u>80,552</u>     |
| Total Depreciation Expense -<br>Governmental Activities | <u>\$ 727,561</u> |

**C. Construction Commitments**

At June 30, 2014, the discretely presented General Purpose School Fund had uncompleted construction contracts of \$137,770 and \$103,814 for school roofing projects and wireless upgrades, respectively. Funding has been received for these future expenditures.

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

The composition of interfund balances as of June 30, 2014, was as follows:

**Due to/from Other Funds:**

| <u>Receivable Fund</u> | <u>Payable Fund</u>   | <u>Amount</u> |
|------------------------|-----------------------|---------------|
| Primary Government:    |                       |               |
| General                | Nonmajor governmental | \$ 1,132      |

This balance 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.

**Due to/from Primary Government and Component Units:**

| Receivable Fund        | Payable Fund           | Amount    |
|------------------------|------------------------|-----------|
| Primary Government:    | Component Unit:        |           |
| General                | School Department:     |           |
| Highway/Public Works   | General Purpose School | \$ 33,000 |
|                        | "                      | 1,030     |
| Component Unit:        |                        |           |
| School Department:     | Primary Government:    |           |
| General Purpose School | Solid Waste/Sanitation | 532       |

**Interfund Transfers:**

Interfund transfers for the year ended June 30, 2014, consisted of the following amounts:

**Primary Government**

| Transfer Out | Transfer In<br>Solid Waste/<br>Sanitation<br>Fund |
|--------------|---|
| General Fund | \$ 147,500  |

**Discretely Presented Chester County School Department**

| Transfer Out               | Transfer In<br>General<br>Purpose<br>School<br>Fund |
|----------------------------|---|
| Nonmajor governmental fund | \$ 6,143  |

Transfers are used to move revenues from the fund that statute or budget requires to collect them to the fund that statute or budget requires to expend them and to use unrestricted revenues collected in the General Fund to finance various programs accounted for in other funds in accordance with budgetary authorizations.

**E. Long-term Obligations**

**Primary Government**

**General Obligation Bonds and Notes**

Chester County issues general obligation bonds to provide funds for the acquisition and construction of major capital facilities for the primary government and the discretely presented School Department. In addition, general obligation bonds have been issued to refund other general obligation bonds. Capital outlay notes are also issued to fund capital facilities and other capital outlay purchases, such as equipment.

General obligation bonds and capital outlay notes are direct obligations and pledge the full faith and credit of the government. General obligation bonds and the capital outlay note outstanding were issued for original terms of up to 32 years for bonds and up to four years for the note. Repayment terms are generally structured with increasing amounts of principal maturing as interest requirements decrease over the term of the debt. All bonds and the note included in long-term debt as of June 30, 2014, will be retired from the Solid Waste/Sanitation, Highway/Public Works, General Debt Service, and Education Debt Service funds.

General obligation bonds and the capital outlay note outstanding as of June 30, 2014, for governmental activities are as follows:

| <u>Type</u>                          | <u>Interest Rate</u> | <u>Final Maturity</u> | <u>Original Amount of Issue</u> | <u>Balance 6-30-14</u> |
|--------------------------------------|----------------------|-----------------------|---------------------------------|------------------------|
| General Obligation Bonds             | 2.75 to 5.5%         | 6-1-40                | \$ 9,660,000                    | \$ 8,910,000           |
| General Obligation Bonds - Refunding | 2.75 to 5            | 5-1-23                | 4,790,000                       | 1,285,000              |
| Capital Outlay Note                  | 5.5                  | 1-12-16               | 200,343                         | 84,667                 |

The annual requirements to amortize all general obligation bonds and the note outstanding as of June 30, 2014, including interest payments, are presented in the following tables:

| Year Ending<br>June 30 | Bonds         |              |               |
|------------------------|---------------|--------------|---------------|
|                        | Principal     | Interest     | Total         |
| 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       |
| 2020-2024              | 1,560,000     | 1,648,394    | 3,208,394     |
| 2025-2029              | 1,665,000     | 1,320,925    | 2,985,925     |
| 2030-2034              | 1,935,000     | 947,975      | 2,882,975     |
| 2035-2039              | 2,400,000     | 480,363      | 2,880,363     |
| 2040                   | 575,000       | 27,312       | 602,312       |
| Total                  | \$ 10,195,000 | \$ 6,412,257 | \$ 16,607,257 |

| Year Ending<br>June 30 | Note      |          |           |
|------------------------|-----------|----------|-----------|
|                        | Principal | Interest | Total     |
| 2015                   | \$ 52,604 | \$ 3,393 | \$ 55,997 |
| 2016                   | 32,063    | 601      | 32,664    |
| Total                  | \$ 84,667 | \$ 3,994 | \$ 88,661 |

There is \$503,179 available in the debt service funds to service long-term debt. Debt per capita, including bonds and the note, totaled \$600 based on the 2010 federal census.

#### Changes in Long-term Obligations

Long-term obligations activity for the year ended June 30, 2014, was as follows:

#### Governmental Activities:

|                                | Compensated   |            |          |
|--------------------------------|---------------|------------|----------|
|                                | Bonds         | Note       | Absences |
| Balance, July 1, 2013          | \$ 11,075,000 | \$ 134,424 | \$ 2,300 |
| Additions                      | 0             | 0          | 8,947    |
| Reductions                     | (880,000)     | (49,757)   | (8,305)  |
| Balance, June 30, 2014         | \$ 10,195,000 | \$ 84,667  | \$ 2,942 |
| Balance Due<br>Within One Year | \$ 915,000    | \$ 52,604  | \$ 2,942 |

Governmental Activities (Cont.):

|                                | Landfill<br>Closure/<br>Postclosure<br>Care Costs | Other<br>Postemployment<br>Benefits |
|--------------------------------|---|-------------------------------------|
| Balance, July 1, 2013          | \$ 155,644  | \$ 87,011                           |
| Additions                      | 2,316   | 14,089                              |
| Reductions                     | (1,261)   | (1,576)                             |
| Balance, June 30, 2014         | <u>\$ 156,699</u>                                 | <u>\$ 99,524</u>                    |
| Balance Due<br>Within One Year | <u>\$ 1,261</u>                                   | <u>\$ 0</u>                         |

Analysis of Noncurrent Liabilities Presented on Exhibit A:

|   |                     |
|---|---------------------|
| Total Noncurrent Liabilities, June 30, 2014                       | \$ 10,538,832       |
| Less: Balance Due Within One Year                                 | (971,807)           |
| Add: Unamortized Premium on Debt                                  | <u>64,128</u>       |
| Noncurrent Liabilities - Due in<br>More Than One Year - Exhibit A | <u>\$ 9,631,153</u> |

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

**Discretely Presented Chester County School Department**

Changes in Long-term Obligations

Long-term obligations activity for the discretely presented Chester County School Department for the year ended June 30, 2014, was as follows:

| Governmental Activities:    | Other<br>Postemployment<br>Benefits |
|-----------------------------|-------------------------------------|
| Balance, July 1, 2013       | \$ 476,414                          |
| Additions                   | 93,491                              |
| Reductions                  | (78,828)                            |
| Balance, June 30, 2014      | <u>\$ 491,077</u>                   |
| Balance Due Within One Year | <u>\$ 0</u>                         |

**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 \$805,457, payable semiannually through May 2016. For the current year, principal and interest paid and sales tax revenues generated by the increase were \$687,706 and \$669,828, 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, 2014, were \$49,328 and \$13,450, respectively. The School Department has recognized these on-behalf payments as revenues and expenditures in the General Purpose School Fund.

**V. OTHER INFORMATION**

**A. Risk Management**

**Employee Health Insurance**

**Primary Government**

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

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

#### Discretely Presented Chester County School Department

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

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

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

### **B. Accounting Changes**

Provisions of Governmental Accounting Standards Board (GASB) Statement No. 67, *Financial Reporting for Pension Plans* and Statement No. 70, *Accounting and Financial Reporting for Nonexchange Financial Guarantees* became effective for the year ended June 30, 2014.

GASB Statement No. 67 replaces the requirements of Statements No. 25 and No. 50 related to pension plans that are administered through trusts or equivalent arrangements. The requirements of Statements No. 25 and No. 50 remain applicable to pension plans that are not administered through trusts or equivalent arrangements.

GASB Statement No. 70 relates to accounting and financial reporting by state and local governments that extend and receive nonexchange financial guarantees.

### **C. Subsequent Event**

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

**D. Contingent Liabilities**

The discretely presented Chester County School Department is involved in two pending lawsuits. Management estimates that any potential claims against the School Department resulting from such litigation would not materially affect its financial statements.

**E. Changes in Administration**

On January 31, 2014, Cornelia Hall left the Office of Clerk and Master and was succeeded by Keith Frye effective February 10, 2014. On February 7, 2014, Keith Frye left the Office of Circuit and General Sessions Courts Clerk and was succeeded by Eddie Bailey effective March 11, 2014.

**F. 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 \$156,699 reported as postclosure care liability at June 30, 2014, represents 50 percent of the county's share based on what it would cost to perform all postclosure care in 2014. Actual costs may be higher due to inflation, changes in technology, or changes in regulations.

**G. Jointly Governed Organization**

The West Tennessee Railroad Authority (WTRA) was created by Gibson County in conjunction with the counties of Chester, Madison, McNairy, Obion, and Weakley. The WTRA's board includes the mayors of Chester, Gibson, Madison, McNairy, Obion, and Weakley counties, and one at-large member from each of these areas. However, the counties do not have any ongoing financial interest or responsibility for the entity.

## H. Retirement Commitments

Information for this footnote for the year ended June 30, 2014, 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, 2013.

### **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, 2013, was 7.44 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, 2013, Chester County’s annual pension cost of \$472,968 to TCRS was equal to the county’s required and actual contributions. The required contribution was determined as part of the July 1, 2011, 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 three percent annual rate of inflation, (c) 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), (d) projected 3.5 percent annual increase in the Social Security wage base, and (e) projected postretirement 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, 2011, was three years. An actuarial valuation was performed as of July 1, 2011, which established contribution rates effective July 1, 2012.

**Trend Information**

| Fiscal Year Ended | Annual Pension Cost (APC) | Percentage of APC Contributed | Net Pension Obligation |
|-------------------|---------------------------|-------------------------------|------------------------|
| 6-30-13           | \$472,968                 | 100%                          | \$0                    |
| 6-30-12           | 477,878                   | 100                           | 0                      |
| 6-30-11           | 486,064                   | 100                           | 0                      |

**Funded Status and Funding Progress**

As of July 1, 2011, the most recent actuarial valuation date, the plan was 97.9 percent funded. The actuarial accrued liability for benefits was \$14.29 million, and the actuarial value of assets was \$13.99 million, resulting in an unfunded actuarial accrued liability (UAAL) of \$.3 million. The covered payroll (annual payroll of active employees covered by the plan) was \$5.91 million, and the ratio of the UAAL to the covered payroll was 5.08 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.

## **SCHOOL TEACHERS**

### **Plan Description**

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

The TCRS issues a publicly available financial report that includes financial statements and required supplementary information for the SETHEEPP. That report may be obtained by writing to the Tennessee Treasury Department, Consolidated Retirement System, 10th Floor, Andrew Jackson Building, Nashville, TN 37243-0230 or can be accessed at [www.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, 2013, was 8.88 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, 2013, 2012, and 2011, were \$783,704, \$760,821, and \$755,346, respectively, equal to the required contributions for each year.

## I. Other Postemployment Benefits (OPEB)

### Plan Description

Chester County and the School Department participate in the state-administered Local Government Group Insurance Plan and the Local Education Group Insurance Plan for healthcare benefits. For accounting purposes, the plans are agent multiple-employer defined benefit OPEB plans. Benefits are established and amended by an insurance committee created by Section 8-27-207, *Tennessee Code Annotated (TCA)*, for local governments and Section 8-27-302, *TCA*, for local education employees. 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, 2014, Chester County and the discretely presented School Department contributed \$1,576 and \$78,828, respectively, for postemployment benefits.

Annual OPEB Cost and Net OPEB Obligation

|                              | Local<br>Education<br>Group<br>Plan | Local<br>Government<br>Group<br>Plan |
|------------------------------|-------------------------------------|--------------------------------------|
| ARC                          | \$ 93,000                           | \$ 14,000                            |
| Interest on the NOPEBO       | 19,057                              | 3,480                                |
| Adjustment to the ARC        | (18,566)                            | (3,391)                              |
| Annual OPEB cost             | \$ 93,491                           | \$ 14,089                            |
| Less: Amount of contribution | (78,828)                            | (1,576)                              |
| Increase/decrease in NOPEBO  | \$ 14,663                           | \$ 12,513                            |
| Net OPEB obligation, 7-1-13  | 476,414                             | 87,011                               |
| Net OPEB obligation, 6-30-14 | \$ 491,077                          | \$ 99,524                            |

| Fiscal<br>Year<br>Ended | Plans                  | Annual<br>OPEB<br>Cost | Percentage<br>of Annual<br>OPEB Cost<br>Contributed | Net OPEB<br>Obligation<br>at Year End |
|-------------------------|------------------------|------------------------|---|---------------------------------------|
| 6-30-12                 | Local Education Group  | \$ 182,369             | 40%   | \$ 365,718                            |
| 6-30-13                 | "                      | 184,101                | 40  | 476,414                               |
| 6-30-14                 | "                      | 93,491                 | 84  | 491,077                               |
| 6-30-12                 | Local Government Group | 22,879                 | 17  | 68,079                                |
| 6-30-13                 | "                      | 22,832                 | 17  | 87,011                                |
| 6-30-14                 | "                      | 14,089                 | 11  | 99,524                                |

Funded Status and Funding Progress

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

|   | Local<br>Education<br>Group<br>Plan | Local<br>Government<br>Group<br>Plan |
|---|-------------------------------------|--------------------------------------|
| Actuarial valuation date                    | 7-1-13                              | 7-1-13                               |
| Actuarial accrued liability (AAL)           | \$ 894,000                          | \$ 97,000                            |
| Actuarial value of plan assets              | \$ 0                                | \$ 0                                 |
| Unfunded actuarial accrued liability (UAAL) | \$ 894,000                          | \$ 97,000                            |
| Actuarial value of assets as a % of the AAL | 0%                                  | 0%                                   |
| Covered payroll (active plan members)       | \$ 12,522,514                       | \$ 3,731,242                         |
| UAAL as a % of covered payroll              | 7%                                  | 3%                                   |

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

#### Actuarial Methods and Assumptions

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

In the July 1, 2013, actuarial valuation for the Local 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 7.5 percent for fiscal year 2014. The trend will decrease to seven percent in fiscal year 2015 and then be reduced by decrements to an ultimate rate of 4.7 percent by fiscal year 2044. Both rates include a 2.5 percent inflation assumption. The unfunded actuarial accrued liability is being amortized as a level percentage of payroll on a closed basis over a 30-year period beginning with July 1, 2007.

### **J. 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.

VI. **OTHER NOTES – DISCRETELY PRESENTED CHESTER COUNTY EMERGENCY COMMUNICATIONS DISTRICT**

A. **Significant Accounting Policies**

1. **Reporting Entity**

The Chester County Emergency Communications District was created under *Tennessee Code Annotated*, Section 7-86-109 et. seq., Emergency Communications District Law in November 1992.

The purpose of the district is to provide a simplified means of securing emergency services by telephone to those persons living in the county.

The district is considered a component unit of Chester County because the Board of Directors of the district is appointed by the County Commission. The County Commission must approve any debt issued by the district.

2. **Measurement Focus, Basis of Accounting, and Financial Statement Presentation**

The district is accounted for as a single enterprise fund as prescribed by the state. Enterprise funds are a type of proprietary fund, and as such, are reported in accordance with generally accepted accounting principles for proprietary funds as defined by the Governmental Accounting Standards Board. Proprietary fund types are reported using the economic resources measurement focus and the accrual basis of accounting. The aim of this measurement focus is to report all inflows, outflows, and the balances affecting or reflecting the entities net position. The accrual basis of accounting recognizes income as it is earned and expenses as they are incurred, whether or not cash is received or paid out at that time.

Operating revenues in proprietary funds are those revenues generated from the primary operations of the fund. All other revenues are reported as non-operating revenues. The state has defined grants and reimbursements from the Tennessee Emergency Communications Board to be non-operating revenues. Operating expenses are those

expenses that are essential to the primary operations of the fund. All other expenses are reported as non-operating expenses.

**3. Assets, Liabilities, and Net Position**

**a. Deposits and Investments**

Cash and cash equivalents are considered to be all demand deposits and other deposits with original maturities of three months or less.

State statutes allow investments in obligations of the U.S. Treasury, agencies, instrumentalities, and obligations guaranteed as to principal and interest of the United States or any of its agencies, repurchase agreements, the Tennessee Local Government Investment Pool, and certificates of deposit.

**b. Accounts Receivable and Credit Risk**

Accounts receivable represent amounts due from telephone companies less applicable commissions, and state Tennessee Emergency Communications Board funding.

**c. Capital Assets**

Capital assets are recorded at historical cost. Maintenance repairs and minor renewals are expensed as incurred. Interest costs incurred on financing during the construction or installation period of capital assets are capitalized as part of the cost of the assets. Any purchase of equipment, either for office or system use, purchased at a price in excess of \$10,000 and with an expected life span of at least five years shall be considered a capital asset and carried on the books as such.

Depreciation has been provided over the estimated useful lives of the capital assets by the straight-line method.

**d. Compensated Absences**

The district allows two weeks of vacation to salary employees per year. Salary employees receive full reimbursement for unused vacation upon leaving the employment of the district.

The district allows employees to accrue one day per month sick leave with accrual of no more than 36 days. Employees are not reimbursed for any portion of unused sick leave upon leaving the employment of the district. Therefore, no liability is reflected in the financial statements.

e. **Impact of Recently Issued Accounting Pronouncements**

In March 2102, the Governmental Accounting Standards Board (GASB) issued Statement No. 65 – *Items Previously Reported as Assets and Liabilities*. GASB Statement No. 65 establishes accounting and financial reporting standards that reclassify, as deferred outflows and inflows of resources, certain items that were previously reported as assets or liabilities. This statement is effective for financial periods beginning after December 15, 2012. As of June 30, 2014, the district had no items affected by the changes.

f. **Net Position Flow Assumption**

Sometimes the district will fund outlays for a particular purpose from both restricted (e.g., restricted bond or grant proceeds) and unrestricted resources. In order to calculate the amounts to report as restricted – net position and unrestricted – net position in the financial statements, a flow assumption must be made about the order in which the resources are considered to be applied. It is the district’s policy to consider restricted – net position to have been depleted before unrestricted – net position is applied.

g. **Net Position**

Net position is classified for reporting purposes as unrestricted and net investment in capital assets. There are currently no restrictions on net position.

**B. Stewardship, Compliance, and Accountability**

**Budgetary Compliance**

The district adopts a budget in accordance with the requirements of the Tennessee Emergency Communications Board and Section 7-86-120, *Tennessee Code Annotated*. This budget is adopted on a basis of accounting in accordance with generally accepted accounting principles. In addition, the district adopts a separate budget for capitalized expenditures. Expenditures are required to be within budgetary limits at the line-item level of control.

**C. Detailed Notes on Accounts**

**1. Deposits and Investments**

The district’s policies limit deposits and investments to those instruments allowed by applicable state laws and described below. State statute requires that all deposits with financial institutions must be collateralized by securities whose market value is equal to

105 percent of the value of uninsured deposits. The deposits must be collateralized by federal depository insurance or the Tennessee Bank Collateral Pool, by collateral held by the district's agent in the district's name, or by the Federal Reserve banks acting as third-party agents. State statutes also authorize the district to invest in bonds, notes, or treasury bills of the United States or any of its agencies, certificates of deposit at Tennessee state chartered banks and savings and loan associations and federally chartered banks and savings and loan associations, repurchase agreements utilizing obligations of the United States or its agencies as the underlying securities, and the state pooled investment fund. Statutes also require that securities underlying repurchase agreements must have a market value of at least equal to the amount of funds invested in the repurchase transaction. As of June 30, 2014, \$500,000 of the district's bank balance was covered by federal depository insurance, and the remaining bank balance of \$396,400, was covered by the Tennessee Bank Collateral Pool.

**2. Capital Assets**

Capital assets activity for the year was as follows:

|                        | Balance<br>7-1-13 | Increases        | Balance<br>6-30-14 |
|------------------------|-------------------|------------------|--------------------|
| Capital Assets         |                   |                  |                    |
| Depreciated:           |                   |                  |                    |
| Furniture and Fixtures | \$ 31,844         | \$ 0             | \$ 31,844          |
| Office Equipment       | 6,914             | 0                | 6,914              |
| Communications         |                   |                  |                    |
| Equipment              | 508,489           | 0                | 508,489            |
| Vehicles               | 17,900            | 28,069           | 45,969             |
| Total Capital Assets   |                   |                  |                    |
| Depreciated            | <u>\$ 565,147</u> | <u>\$ 28,069</u> | <u>\$ 593,216</u>  |

| Capital Assets (Cont.)                | Balance<br>7-1-13 | Increases   | Balance<br>6-30-14 |
|---------------------------------------|-------------------|-------------|--------------------|
| Less Accumulated<br>Depreciation For: |                   |             |                    |
| Furniture and Fixtures                | \$ 13,026         | \$ 3,041    | \$ 16,067          |
| Office Equipment                      | 5,222             | 716         | 5,938              |
| Communications<br>Equipment           | 220,147           | 70,021      | 290,168            |
| Vehicles                              | 17,900            | 936         | 18,836             |
| Total Accumulated<br>Depreciation     | \$ 256,295        | \$ 74,714   | \$ 331,009         |
| Total Capital<br>Assets, Net          | \$ 308,852        | \$ (46,645) | \$ 262,207         |

Depreciation is recognized over the estimated useful lives of the property and equipment of three to ten years using the straight-line method.

**D. Other Information**

**1. Funding Sources**

Funding for the district's operations is provided by monthly fees from service users in the county and by monthly fees from wireless cellular phone subscribers. Major and alternate local exchange carriers collect services fees from the county users and remit the funds to the district. The Tennessee Emergency Communications Board collects monthly service fees from wireless cellular phone subscribers and voice over internet protocol services and remits a set percentage to the district.

**2. Retirement Plan**

**Plan Description**

Employees of the district 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 the district 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, Tennessee 37243-0230 or can be accessed at <http://www.tn.gov/treasury/tcrs/PS/>.

### **Funding Policy**

The district requires employees to contribute five percent of earnable compensation. The district is required to contribute at an actuarially determined rate; the rate for the fiscal year ended June 30, 2014, was 3.21 percent of annual covered payroll. The contribution requirements of plan members are set by state statute. Contribution requirements for the district are established and may be amended by the TCRS Board of Trustees.

### **Annual Pension Cost**

For the year ended June 30, 2014, the district's annual pension cost of \$1,273 to TCRS was equal to the district's required and actual contributions. The required contribution was determined as part of the July 1, 2011, 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 three percent annual rate of inflation, (c) 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), (d) projected 3.5 percent annual increase in the Social Security wage base, and (e) 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 equities over a ten-year period. The district's unfunded actuarial accrued liability is being amortized as a level dollar amount on a closed basis. The remaining amortization period at

July 1, 2011, was zero years. An actuarial valuation was performed as of July 1, 2011, which established contribution rates effective July 1, 2012.

**Trend Information**

| Fiscal<br>Year<br>Ended | Annual<br>Pension<br>Cost (APC) | Percentage<br>of APC<br>Contributed | Net<br>Pension<br>Obligation |
|-------------------------|---------------------------------|-------------------------------------|------------------------------|
| 6-30-13                 | \$ 871                          | 100 %                               | \$ 0                         |
| 6-30-12                 | 1,015                           | 100                                 | 0                            |
| 6-30-11                 | 0                               | 100                                 | 0                            |

**Funded Status and Funding Progress**

As of July 1, 2011, the most recent actuarial valuation date, the plan was zero percent funded. The actuarial accrued liability for benefits was zero, and the actuarial value of assets was zero, resulting in an unfunded actuarial accrued liability (UAAL) of zero. The covered payroll (annual payroll of active employees covered by the plan) was zero, and the ratio of the UAAL to the covered payroll was zero 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.

**3. Risk Management**

The district is exposed to various risks of losses related to tort, theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. It is the policy of the district to purchase commercial insurance for the risks of general liability, vehicle liability, employee dishonesty, worker’s compensation and physical damage to its capital assets. Settled claims have not exceeded this commercial coverage in any of the past three years.

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**REQUIRED SUPPLEMENTARY  
INFORMATION**

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Exhibit E-1

Chester County, Tennessee  
Schedule of Funding Progress – Pension Plan  
Primary Government and Discretely Presented Chester County School Department  
June 30, 2014

(Dollar amounts in thousands)

| Actuarial<br>Valuation<br>Date | Actuarial<br>Value of<br>Plan<br>Assets<br>(a) | Actuarial<br>Accrued<br>Liability<br>(AAL)<br>Frozen<br>Entry Age<br>(b) | Unfunded<br>AAL<br>(UAAL)<br>(b)-(a) | Funded<br>Ratio<br>(a/b) | Covered<br>Payroll<br>(c) | UAAL as a<br>Percentage<br>of Covered<br>Payroll<br>((b-a)/c) |
|--------------------------------|--|--|--------------------------------------|--------------------------|---------------------------|---|
| 7-1-11                         | \$ 13,989                                      | \$ 14,290  | \$ 300                               | 97.90                    | % \$ 5,911                | 5.08 %  |
| 7-1-09                         | 11,479   | 11,824   | 344                                  | 97.09                    | 5,641                     | 6.10  |
| 7-1-07                         | 10,591   | 10,974   | 383                                  | 96.51                    | 4,821                     | 7.94  |

Information for this exhibit for the year ended June 30, 2014, was not available from the state Treasurer's Office in time for inclusion in this report; therefore, the information presented above is for the fiscal year ended June 30, 2013.

Exhibit E-2

Chester County, Tennessee  
Schedule of Funding Progress – Other Postemployment Benefits Plans  
Primary Government and Discretely Presented Chester County School Department  
June 30, 2014

(Dollar amounts in thousands)

| Plans  | Actuarial Valuation Date | Actuarial Value of Assets (a) | Actuarial Projected Unit Credit (b) | Unfunded AAL (UAAL) (b)-(a) | Funded Ratio (a/b) | Covered Payroll (c) | UAAL as a Percentage of Covered Payroll ((b-a)/c) |
|--|--------------------------|-------------------------------|-------------------------------------|-----------------------------|--------------------|---------------------|---|
| <u>PRIMARY GOVERNMENT</u>                                    |                          |                               |                                     |                             |                    |                     |   |
| Local Government Group                                       | 7-1-10                   | \$ 0                          | \$ 170                              | \$ 170                      | 0 %                | \$ 2,695            | 6 %   |
| "  | 7-1-11                   | 0                             | 125                                 | 125                         | 0                  | 3,664               | 3   |
| "  | 7-1-13                   | 0                             | 97                                  | 97                          | 0                  | 3,731               | 3   |
| <u>DISCRETELY PRESENTED CHESTER COUNTY SCHOOL DEPARTMENT</u> |                          |                               |                                     |                             |                    |                     |   |
| Local Education Group  | 7-1-10                   | 0                             | 1,170                               | 1,170                       | 0                  | 11,112              | 11  |
| "  | 7-1-11                   | 0                             | 1,556                               | 1,556                       | 0                  | 11,970              | 13  |
| "  | 7-1-13                   | 0                             | 894                                 | 894                         | 0                  | 12,523              | 7   |

**CHESTER COUNTY, TENNESSEE**  
**NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION**  
**For the Year Ended June 30, 2014**

NONE

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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.

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.

# Permanent Fund

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

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

Exhibit F-1

Chester County, Tennessee  
Combining Balance Sheet  
Nonmajor Governmental Funds  
June 30, 2014

|  | Special Revenue Funds |              |                                |            | Total   | Debt Service Funds |
|--|-----------------------|--------------|--------------------------------|------------|---------|--------------------|
|  | Public Library        | Drug Control | Constitutional Officers - Fees |            |         |                    |
| \$   | 0 \$                  | 0 \$         | 1,132 \$                       | 1,132 \$   | 0       |                    |
| Equity in Pooled Cash and Investments      | 80,337                | 130,543      | 0                              | 210,880    | 49,250  |                    |
| Investments                                | 0                     | 0            | 0                              | 0          | 0       |                    |
| Accounts Receivable                        | 0                     | 0            | 0                              | 0          | 2       |                    |
| Due from Other Governments                 | 0                     | 0            | 0                              | 0          | 0       |                    |
| Property Taxes Receivable                  | 0                     | 0            | 0                              | 0          | 37,016  |                    |
| Allowance for Uncollectible Property Taxes | 0                     | 0            | 0                              | 0          | (1,316) |                    |
| Total Assets                               | 80,337 \$             | 130,543 \$   | 1,132 \$                       | 212,012 \$ | 84,952  |                    |

ASSETS

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

LIABILITIES

|                                      |      |      |          |          |        |
|--------------------------------------|------|------|----------|----------|--------|
| Due to Other Funds                   | 0 \$ | 0 \$ | 1,132 \$ | 1,132 \$ | 0      |
| Total Liabilities                    | 0 \$ | 0 \$ | 1,132 \$ | 1,132 \$ | 0      |
| <u>DEFERRED INFLOWS OF RESOURCES</u> |      |      |          |          |        |
| Deferred Current Property Taxes      | 0 \$ | 0 \$ | 0 \$     | 0 \$     | 34,511 |
| Deferred Delinquent Property Taxes   | 0    | 0    | 0        | 0        | 989    |
| Other Deferred/Unavailable Revenue   | 0    | 0    | 0        | 0        | 0      |
| Total Deferred Inflows of Resources  | 0 \$ | 0 \$ | 0 \$     | 0 \$     | 35,500 |

(Continued)

Exhibit F-1

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

|   | Special Revenue Funds |              |                                |            | Total  | Debt Service Funds |
|---|-----------------------|--------------|--------------------------------|------------|--------|--------------------|
|   | Public Library        | Drug Control | Constitutional Officers - Fees |            |        |                    |
| \$  | 0 \$                  | 0 \$         | 0 \$                           | 0 \$       | 0 \$   | 0                  |
| Restricted for Public Safety  | 0                     | 130,543      | 0                              | 130,543    | 0      | 0                  |
| Restricted for Capital Outlay                                       | 0                     | 0            | 0                              | 0          | 0      | 0                  |
| Restricted for Debt Service   | 0                     | 0            | 0                              | 0          | 0      | 37,132             |
| Committed:  |                       |              |                                |            |        |                    |
| Committed for Social, Cultural, and Recreational Services           | 80,337                | 0            | 0                              | 80,337     | 0      | 0                  |
| Committed for Capital Outlay  | 0                     | 0            | 0                              | 0          | 0      | 0                  |
| Committed for Debt Service  | 0                     | 0            | 0                              | 0          | 0      | 12,320             |
| Total Fund Balances   | \$ 80,337 \$          | 130,543 \$   | 0 \$                           | 210,880 \$ | 49,452 |                    |
| Total Liabilities, Deferred Inflows of Resources, and Fund Balances | \$ 80,337 \$          | 130,543 \$   | 1,132 \$                       | 212,012 \$ | 84,952 |                    |

FUND BALANCES

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

Exhibit F-1

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

|    | <u>Debt Service Funds (Cont.)</u> |              |                                 | <u>Capital Projects Fund</u> |             | <u>Permanent Fund</u> | <u>Total Nonmajor Governmental Funds</u> |
|----|-----------------------------------|--------------|---------------------------------|------------------------------|-------------|-----------------------|--|
|    | <u>Education Debt Service</u>     | <u>Total</u> | <u>General Capital Projects</u> | <u>Endowment</u>             | <u>Fund</u> |                       |  |
| \$ | 0 \$                              | 0 \$         | 0 \$                            | 0 \$                         | 0 \$        | 0 \$                  | 1,132                                    |
|    | 395,727                           | 444,977      | 168,021                         | 0                            | 0           | 0                     | 823,878                                  |
|    | 0                                 | 0            | 0                               | 245,018                      | 0           | 0                     | 245,018                                  |
|    | 0                                 | 2            | 0                               | 0                            | 0           | 0                     | 2  |
|    | 112,000                           | 112,000      | 0                               | 0                            | 0           | 0                     | 112,000                                  |
|    | 0                                 | 37,016       | 0                               | 0                            | 0           | 0                     | 37,016                                   |
|    | 0                                 | (1,316)      | 0                               | 0                            | 0           | 0                     | (1,316)                                  |
| \$ | 507,727 \$                        | 592,679 \$   | 168,021 \$                      | 245,018 \$                   | 0 \$        | 0 \$                  | 1,217,730                                |

ASSETS

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

LIABILITIES

|                    |      |      |      |      |      |      |       |
|--------------------|------|------|------|------|------|------|-------|
| Due to Other Funds | 0 \$ | 0 \$ | 0 \$ | 0 \$ | 0 \$ | 0 \$ | 1,132 |
| Total Liabilities  | 0 \$ | 0 \$ | 0 \$ | 0 \$ | 0 \$ | 0 \$ | 1,132 |

DEFERRED INFLOWS OF RESOURCES

|                                     |           |           |      |      |      |      |        |
|-------------------------------------|-----------|-----------|------|------|------|------|--------|
| Deferred Current Property Taxes     | 0 \$      | 34,511 \$ | 0 \$ | 0 \$ | 0 \$ | 0 \$ | 34,511 |
| Deferred Delinquent Property Taxes  | 0         | 989       | 0    | 0    | 0    | 0    | 989    |
| Other Deferred/Unavailable Revenue  | 54,000    | 54,000    | 0    | 0    | 0    | 0    | 54,000 |
| Total Deferred Inflows of Resources | 54,000 \$ | 89,500 \$ | 0 \$ | 0 \$ | 0 \$ | 0 \$ | 89,500 |

(Continued)

Exhibit F-1

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

|    | Debt Service Funds (Cont.) |            |                          | Capital       | Permanent  | Total     |
|----|----------------------------|------------|--------------------------|---------------|------------|-----------|
|    | Education Debt Service     | Total      | General Capital Projects | Projects Fund | Fund       |           |
| \$ | 0 \$                       | 0 \$       | 0 \$                     | 0 \$          | 245,018 \$ | 245,018   |
|    | 0                          | 0          | 0                        | 0             | 0          | 130,543   |
|    | 0                          | 0          | 139,826                  | 0             | 0          | 139,826   |
|    | 453,727                    | 490,859    | 0                        | 0             | 0          | 490,859   |
|    | 0                          | 0          | 0                        | 0             | 0          | 80,337    |
|    | 0                          | 0          | 28,195                   | 0             | 0          | 28,195    |
|    | 0                          | 12,320     | 0                        | 0             | 0          | 12,320    |
| \$ | 453,727 \$                 | 503,179 \$ | 168,021 \$               | 245,018 \$    |            | 1,127,098 |
| \$ | 507,727 \$                 | 592,679 \$ | 168,021 \$               | 245,018 \$    |            | 1,217,730 |

FUND BALANCES

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

Total Liabilities, Deferred Inflows of Resources, and Fund Balances

Exhibit F-2

Chester County, Tennessee  
Combining Statement of Revenues, Expenditures,  
and Changes in Fund Balances  
Nonmajor Governmental Funds  
For the Year Ended June 30, 2014

|   | Special Revenue Funds |              |                                |        | Total      | Debt Service Funds |
|---|-----------------------|--------------|--------------------------------|--------|------------|--------------------|
|   | Public Library        | Drug Control | Constitutional Officers - Fees |        |            |                    |
| <u>Revenues</u>                             |                       |              |                                |        |            |                    |
| Local Taxes                                 | \$ 0 \$               | 0 \$         | 0 \$                           | 0 \$   | 0 \$       | 613,728            |
| Fines, Forfeitures, and Penalties           | 0                     | 12,866       | 0                              | 0      | 12,866     | 0                  |
| Charges for Current Services                | 9,267                 | 0            | 780                            | 0      | 10,047     | 0                  |
| Other Local Revenues                        | 6,126                 | 11,893       | 0                              | 0      | 18,019     | 0                  |
| State of Tennessee                          | 75,009                | 0            | 0                              | 0      | 75,009     | 2,382              |
| Federal Government                          | 350                   | 0            | 0                              | 0      | 350        | 0                  |
| Other Governments and Citizens Groups       | 17,880                | 0            | 0                              | 0      | 17,880     | 0                  |
| Total Revenues                              | \$ 108,632 \$         | 24,759 \$    | 780 \$                         | 780 \$ | 134,171 \$ | 616,110            |
| <u>Expenditures</u>                         |                       |              |                                |        |            |                    |
| Current:                                    |                       |              |                                |        |            |                    |
| Administration of Justice                   | \$ 0 \$               | 0 \$         | 780 \$                         | 780 \$ | 780 \$     | 0                  |
| Public Safety                               | 0                     | 133,319      | 0                              | 0      | 133,319    | 0                  |
| Social, Cultural, and Recreational Services | 89,675                | 0            | 0                              | 0      | 89,675     | 0                  |
| Other Operations                            | 893                   | 119          | 0                              | 0      | 1,012      | 0                  |
| Debt Service:                               |                       |              |                                |        |            |                    |
| Principal on Debt                           | 0                     | 0            | 0                              | 0      | 0          | 210,000            |
| Interest on Debt                            | 0                     | 0            | 0                              | 0      | 0          | 416,921            |
| Other Debt Service                          | 0                     | 0            | 0                              | 0      | 0          | 7,875              |
| Capital Projects                            | 0                     | 0            | 0                              | 0      | 0          | 0                  |
| Total Expenditures                          | \$ 90,568 \$          | 133,438 \$   | 780 \$                         | 780 \$ | 224,786 \$ | 634,796            |

(Continued)

Exhibit F-2

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

|  | Special Revenue Funds |                 |   |             | Total    | Debt Service<br>Funds |
|--|-----------------------|-----------------|---|-------------|----------|-----------------------|
|  | Public<br>Library     | Drug<br>Control | Constitu-<br>tional<br>Officers -<br>Fees |             |          |                       |
| Excess (Deficiency) of Revenues<br>Over Expenditures | \$ 18,064 \$          | (108,679) \$    | 0 \$                                      | (90,615) \$ | (18,686) |                       |
| Net Change in Fund Balances                          | \$ 18,064 \$          | (108,679) \$    | 0 \$                                      | (90,615) \$ | (18,686) |                       |
| Prior-period Adjustment                              | (223,839)             | 0               | 0   | (223,839)   | 0        |                       |
| Fund Balance, July 1, 2013                           | 286,112               | 239,222         | 0   | 525,334     | 68,138   |                       |
| Fund Balance, June 30, 2014                          | \$ 80,337 \$          | 130,543 \$      | 0 \$                                      | 210,880 \$  | 49,452   |                       |

Exhibit F-2

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

|   | <u>Debt Service Funds (Cont.)</u> |              | <u>Capital</u>       | <u>Permanent</u> | <u>Total</u>        |
|---|-----------------------------------|--------------|----------------------|------------------|---------------------|
|   | <u>Education</u>                  | <u>Total</u> | <u>Projects Fund</u> | <u>Fund</u>      |                     |
|   | <u>Debt</u>                       |              | <u>General</u>       | <u>Endowment</u> | <u>Nonmajor</u>     |
|   | <u>Service</u>                    |              | <u>Capital</u>       |                  | <u>Governmental</u> |
|   |                                   |              | <u>Projects</u>      |                  | <u>Funds</u>        |
|   |                                   |              | <u>Fund</u>          |                  |                     |
| <u>Revenues</u>                             |                                   |              |                      |                  |                     |
| Local Taxes                                 | \$ 669,828                        | \$ 1,283,556 | \$ 0                 | \$ 0             | 1,283,556           |
| Fines, Forfeitures, and Penalties           | 0                                 | 0            | 0                    | 0                | 12,866              |
| Charges for Current Services                | 0                                 | 0            | 0                    | 0                | 10,047              |
| Other Local Revenues                        | 0                                 | 0            | 0                    | 27,415           | 45,434              |
| State of Tennessee                          | 0                                 | 2,382        | 0                    | 0                | 77,391              |
| Federal Government                          | 0                                 | 0            | 0                    | 0                | 350                 |
| Other Governments and Citizens Groups       | 50,000                            | 50,000       | 0                    | 0                | 67,880              |
| Total Revenues                              | \$ 719,828                        | \$ 1,335,938 | \$ 0                 | \$ 27,415        | \$ 1,497,524        |
| <u>Expenditures</u>                         |                                   |              |                      |                  |                     |
| Current:                                    |                                   |              |                      |                  |                     |
| Administration of Justice                   | \$ 0                              | \$ 0         | \$ 0                 | \$ 0             | 780                 |
| Public Safety                               | 0                                 | 0            | 0                    | 0                | 133,319             |
| Social, Cultural, and Recreational Services | 0                                 | 0            | 0                    | 6,236            | 95,911              |
| Other Operations                            | 0                                 | 0            | 0                    | 0                | 1,012               |
| Debt Service:                               |                                   |              |                      |                  |                     |
| Principal on Debt                           | 640,000                           | 850,000      | 0                    | 0                | 850,000             |
| Interest on Debt                            | 47,706                            | 464,627      | 0                    | 0                | 464,627             |
| Other Debt Service                          | 6,710                             | 14,585       | 0                    | 0                | 14,585              |
| Capital Projects                            | 0                                 | 0            | 225                  | 0                | 225                 |
| Total Expenditures                          | \$ 694,416                        | \$ 1,329,212 | \$ 225               | \$ 6,236         | \$ 1,560,459        |

(Continued)

Exhibit F-2

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

|  | <u>Debt Service Funds (Cont.)</u> |              | <u>Capital</u>       | <u>Permanent</u> | <u>Total</u>        |
|--|-----------------------------------|--------------|----------------------|------------------|---------------------|
|  | <u>Education</u>                  | <u>Debt</u>  | <u>Projects Fund</u> | <u>Fund</u>      |                     |
|  | <u>Service</u>                    | <u>Total</u> | <u>General</u>       | <u>Endowment</u> | <u>Nonmajor</u>     |
|  |                                   |              | <u>Capital</u>       |                  | <u>Governmental</u> |
|  |                                   |              | <u>Projects</u>      |                  | <u>Funds</u>        |
| Excess (Deficiency) of Revenues<br>Over Expenditures | \$ 25,412 \$                      | 6,726 \$     | (225) \$             | 21,179 \$        | (62,935)            |
| Net Change in Fund Balances                          | \$ 25,412 \$                      | 6,726 \$     | (225) \$             | 21,179 \$        | (62,935)            |
| Prior-period Adjustment                              | 0                                 | 0            | 0                    | 223,839          | 0                   |
| Fund Balance, July 1, 2013                           | 428,315                           | 496,453      | 168,246              | 0                | 1,190,033           |
| Fund Balance, June 30, 2014                          | \$ 453,727 \$                     | 503,179 \$   | 168,021 \$           | 245,018 \$       | 1,127,098           |

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, 2014

|  | Actual            | Budgeted Amounts |                  | Variance with Final Budget - Positive (Negative) |
|--|-------------------|------------------|------------------|--|
|  |                   | Original         | Final            |  |
| <u>Revenues</u>                                    |                   |                  |                  |  |
| Charges for Current Services                       | \$ 9,267          | \$ 12,000        | \$ 12,000        | \$ (2,733)                                       |
| Other Local Revenues                               | 6,126             | 10,000           | 10,000           | (3,874)  |
| State of Tennessee                                 | 75,009            | 75,000           | 75,000           | 9  |
| Federal Government                                 | 350               | 0                | 0                | 350  |
| Other Governments and Citizens Groups              | 17,880            | 1,100            | 1,100            | 16,780   |
| Total Revenues                                     | <u>\$ 108,632</u> | <u>\$ 98,100</u> | <u>\$ 98,100</u> | <u>\$ 10,532</u>                                 |
| <u>Expenditures</u>                                |                   |                  |                  |  |
| <u>Social, Cultural, and Recreational Services</u> |                   |                  |                  |  |
| Libraries  | \$ 89,675         | \$ 76,231        | \$ 91,697        | \$ 2,022   |
| <u>Other Operations</u>                            |                   |                  |                  |  |
| Miscellaneous                                      | 893               | 0                | 900              | 7  |
| Total Expenditures                                 | <u>\$ 90,568</u>  | <u>\$ 76,231</u> | <u>\$ 92,597</u> | <u>\$ 2,029</u>                                  |
| Excess (Deficiency) of Revenues Over Expenditures  | <u>\$ 18,064</u>  | <u>\$ 21,869</u> | <u>\$ 5,503</u>  | <u>\$ 12,561</u>                                 |
| Net Change in Fund Balance                         | \$ 18,064         | \$ 21,869        | \$ 5,503         | \$ 12,561  |
| Prior-period Adjustment                            | (223,839)         | 0                | 0                | (223,839)  |
| Fund Balance, July 1, 2013                         | <u>286,112</u>    | <u>60,259</u>    | <u>60,259</u>    | <u>225,853</u>                                   |
| Fund Balance, June 30, 2014                        | <u>\$ 80,337</u>  | <u>\$ 82,128</u> | <u>\$ 65,762</u> | <u>\$ 14,575</u>                                 |

Exhibit F-4

Chester County, Tennessee  
Schedule of Revenues, Expenditures, and Changes  
in Fund Balance - Actual and Budget  
Drug Control Fund  
For the Year Ended June 30, 2014

|  | Actual              | Budgeted Amounts    |                     | Variance<br>with Final<br>Budget -<br>Positive<br>(Negative) |
|--|---------------------|---------------------|---------------------|--|
|  |                     | Original            | Final               |  |
| <u>Revenues</u>                                      |                     |                     |                     |  |
| Fines, Forfeitures, and Penalties                    | \$ 12,866           | \$ 12,000           | \$ 12,000           | \$ 866   |
| Other Local Revenues                                 | 11,893              | 0                   | 0                   | 11,893   |
| Total Revenues                                       | <u>\$ 24,759</u>    | <u>\$ 12,000</u>    | <u>\$ 12,000</u>    | <u>\$ 12,759</u>   |
| <u>Expenditures</u>                                  |                     |                     |                     |  |
| <u>Public Safety</u>                                 |                     |                     |                     |  |
| Drug Enforcement                                     | \$ 133,319          | \$ 157,101          | \$ 157,101          | \$ 23,782  |
| <u>Other Operations</u>                              |                     |                     |                     |  |
| Miscellaneous  | 119                 | 500                 | 500                 | 381  |
| Total Expenditures                                   | <u>\$ 133,438</u>   | <u>\$ 157,601</u>   | <u>\$ 157,601</u>   | <u>\$ 24,163</u>   |
| Excess (Deficiency) of Revenues<br>Over Expenditures | <u>\$ (108,679)</u> | <u>\$ (145,601)</u> | <u>\$ (145,601)</u> | <u>\$ 36,922</u>   |
| Net Change in Fund Balance                           | \$ (108,679)        | \$ (145,601)        | \$ (145,601)        | \$ 36,922  |
| Fund Balance, July 1, 2013                           | <u>239,222</u>      | <u>206,104</u>      | <u>206,104</u>      | <u>33,118</u>  |
| Fund Balance, June 30, 2014                          | <u>\$ 130,543</u>   | <u>\$ 60,503</u>    | <u>\$ 60,503</u>    | <u>\$ 70,040</u>   |

Exhibit F-5

Chester County, Tennessee  
Schedule of Revenues, Expenditures, and Changes  
in Fund Balance - Actual and Budget  
General Debt Service Fund  
For the Year Ended June 30, 2014

|   | Actual             | Budgeted Amounts  |                   | Variance with Final Budget - Positive (Negative) |
|---|--------------------|-------------------|-------------------|--|
|   |                    | Original          | Final             |  |
| <u>Revenues</u>                                   |                    |                   |                   |  |
| Local Taxes                                       | \$ 613,728         | \$ 636,550        | \$ 636,550        | \$ (22,822)                                      |
| State of Tennessee                                | 2,382              | 1,500             | 1,500             | 882  |
| Total Revenues                                    | <u>\$ 616,110</u>  | <u>\$ 638,050</u> | <u>\$ 638,050</u> | <u>\$ (21,940)</u>                               |
| <u>Expenditures</u>                               |                    |                   |                   |  |
| <u>Principal on Debt</u>                          |                    |                   |                   |  |
| General Government                                | \$ 210,000         | \$ 210,000        | \$ 210,000        | \$ 0   |
| <u>Interest on Debt</u>                           |                    |                   |                   |  |
| General Government                                | 416,921            | 417,922           | 417,922           | 1,001  |
| <u>Other Debt Service</u>                         |                    |                   |                   |  |
| General Government                                | 7,875              | 7,875             | 7,875             | 0  |
| Total Expenditures                                | <u>\$ 634,796</u>  | <u>\$ 635,797</u> | <u>\$ 635,797</u> | <u>\$ 1,001</u>                                  |
| Excess (Deficiency) of Revenues Over Expenditures | <u>\$ (18,686)</u> | <u>\$ 2,253</u>   | <u>\$ 2,253</u>   | <u>\$ (20,939)</u>                               |
| Net Change in Fund Balance                        | \$ (18,686)        | \$ 2,253          | \$ 2,253          | \$ (20,939)                                      |
| Fund Balance, July 1, 2013                        | 68,138             | 67,995            | 67,995            | 143  |
| Fund Balance, June 30, 2014                       | <u>\$ 49,452</u>   | <u>\$ 70,248</u>  | <u>\$ 70,248</u>  | <u>\$ (20,796)</u>                               |

Exhibit F-6

Chester County, Tennessee  
Schedule of Revenues, Expenditures, and Changes  
in Fund Balance - Actual and Budget  
Education Debt Service Fund  
For the Year Ended June 30, 2014

|   | Actual            | Budgeted Amounts   |                   | Variance with Final Budget - Positive (Negative) |
|---|-------------------|--------------------|-------------------|--|
|   |                   | Original           | Final             |  |
| <u>Revenues</u>                                   |                   |                    |                   |  |
| Local Taxes                                       | \$ 669,828        | \$ 650,000         | \$ 650,000        | \$ 19,828  |
| Other Governments and Citizens Groups             | 50,000            | 0                  | 50,000            | 0  |
| Total Revenues                                    | <u>\$ 719,828</u> | <u>\$ 650,000</u>  | <u>\$ 700,000</u> | <u>\$ 19,828</u>                                 |
| <u>Expenditures</u>                               |                   |                    |                   |  |
| <u>Principal on Debt</u>                          |                   |                    |                   |  |
| Education   | \$ 640,000        | \$ 640,000         | \$ 640,000        | \$ 0   |
| <u>Interest on Debt</u>                           |                   |                    |                   |  |
| Education   | 47,706            | 47,707             | 47,707            | 1  |
| <u>Other Debt Service</u>                         |                   |                    |                   |  |
| Education   | 6,710             | 9,500              | 9,500             | 2,790  |
| Total Expenditures                                | <u>\$ 694,416</u> | <u>\$ 697,207</u>  | <u>\$ 697,207</u> | <u>\$ 2,791</u>                                  |
| Excess (Deficiency) of Revenues Over Expenditures | <u>\$ 25,412</u>  | <u>\$ (47,207)</u> | <u>\$ 2,793</u>   | <u>\$ 22,619</u>                                 |
| <u>Other Financing Sources (Uses)</u>             |                   |                    |                   |  |
| Transfers In                                      | \$ 0              | \$ 50,000          | \$ 0              | \$ 0   |
| Total Other Financing Sources                     | <u>\$ 0</u>       | <u>\$ 50,000</u>   | <u>\$ 0</u>       | <u>\$ 0</u>                                      |
| Net Change in Fund Balance                        | \$ 25,412         | \$ 2,793           | \$ 2,793          | \$ 22,619  |
| Fund Balance, July 1, 2013                        | <u>428,315</u>    | <u>381,404</u>     | <u>381,404</u>    | <u>46,911</u>                                    |
| Fund Balance, June 30, 2014                       | <u>\$ 453,727</u> | <u>\$ 384,197</u>  | <u>\$ 384,197</u> | <u>\$ 69,530</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, 2014

|                                     | <u>Agency Funds</u>               |   |                   |
|-------------------------------------|-----------------------------------|---|-------------------|
|                                     | <u>Cities -<br/>Sales<br/>Tax</u> | <u>Constitu-<br/>tional<br/>Officers -<br/>Agency</u> | <u>Total</u>      |
| <u>ASSETS</u>                       |                                   |   |                   |
| Cash                                | \$ 0                              | \$ 291,678  | \$ 291,678        |
| Due from Other Governments          | 135,700                           | 0   | 135,700           |
| Total Assets                        | <u>\$ 135,700</u>                 | <u>\$ 291,678</u>                                     | <u>\$ 427,378</u> |
| <u>LIABILITIES</u>                  |                                   |   |                   |
| Due to Other Taxing Units           | \$ 135,700                        | \$ 0  | \$ 135,700        |
| Due to Litigants, Heirs, and Others | 0                                 | 291,678   | 291,678           |
| Total Liabilities                   | <u>\$ 135,700</u>                 | <u>\$ 291,678</u>                                     | <u>\$ 427,378</u> |

Exhibit G-2

Chester County, Tennessee  
Combining Statement of Changes in Assets and  
Liabilities - All Agency Funds  
For the Year Ended June 30, 2014

|  | Beginning<br>Balance | Additions    | Deductions   | Ending<br>Balance |
|--|----------------------|--------------|--------------|-------------------|
| <u>Cities - Sales Tax Fund</u>               |                      |              |              |                   |
| <u>Assets</u>                                |                      |              |              |                   |
| Equity in Pooled Cash and Investments        | \$ 0                 | \$ 797,606   | \$ 797,606   | \$ 0              |
| Due from Other Governments                   | 135,700              | 135,700      | 135,700      | 135,700           |
| Total Assets                                 | \$ 135,700           | \$ 933,306   | \$ 933,306   | \$ 135,700        |
| <u>Liabilities</u>                           |                      |              |              |                   |
| Due to Other Taxing Units                    | \$ 135,700           | \$ 933,306   | \$ 933,306   | \$ 135,700        |
| Total Liabilities                            | \$ 135,700           | \$ 933,306   | \$ 933,306   | \$ 135,700        |
| <u>Constitutional Officers - Agency Fund</u> |                      |              |              |                   |
| <u>Assets</u>                                |                      |              |              |                   |
| Cash   | \$ 198,316           | \$ 3,098,594 | \$ 3,005,232 | \$ 291,678        |
| Total Assets                                 | \$ 198,316           | \$ 3,098,594 | \$ 3,005,232 | \$ 291,678        |
| <u>Liabilities</u>                           |                      |              |              |                   |
| Due to Litigants, Heirs, and Others          | \$ 198,316           | \$ 3,098,594 | \$ 3,005,232 | \$ 291,678        |
| Total Liabilities                            | \$ 198,316           | \$ 3,098,594 | \$ 3,005,232 | \$ 291,678        |
| <u>Total - All Agency Funds</u>              |                      |              |              |                   |
| <u>Assets</u>                                |                      |              |              |                   |
| Cash   | \$ 198,316           | \$ 3,098,594 | \$ 3,005,232 | \$ 291,678        |
| Equity in Pooled Cash and Investments        | 0                    | 797,606      | 797,606      | 0                 |
| Due from Other Governments                   | 135,700              | 135,700      | 135,700      | 135,700           |
| Total Assets                                 | \$ 334,016           | \$ 4,031,900 | \$ 3,938,538 | \$ 427,378        |
| <u>Liabilities</u>                           |                      |              |              |                   |
| Due to Other Taxing Units                    | \$ 135,700           | \$ 933,306   | \$ 933,306   | \$ 135,700        |
| Due to Litigants, Heirs, and Others          | 198,316              | 3,098,594    | 3,005,232    | 291,678           |
| Total Liabilities                            | \$ 334,016           | \$ 4,031,900 | \$ 3,938,538 | \$ 427,378        |

# 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 endowments received by the School Department. Income generated from the corpus of one of the endowments is to be used to provide annual scholarships to one or more Chester County students chosen by a faculty committee at Chester County High School. The other endowment provides for scholarships to be awarded totaling \$2,500 per year until the endowment is depleted.

Exhibit H-1

Chester County, Tennessee  
Statement of Activities  
Discretely Presented Chester County School Department  
For the Year Ended June 30, 2014

| Functions/Programs   | Expenses             | Program Revenues           |   |   | Net (Expense)<br>Revenue and<br>Changes in<br>Net Position |
|--|----------------------|----------------------------|---|---|--|
|  |                      | Charges<br>for<br>Services | Operating<br>Grants<br>and<br>Contributions | Capital<br>Grants<br>and<br>Contributions |  |
| Governmental Activities:                                     |                      |                            |   |   |  |
| Instruction  | \$ 12,324,565        | \$ 24,268                  | \$ 785,116                                  | \$ 10,539                                 | \$ (11,504,642)  |
| Support Services   | 6,351,898            | 32,436                     | 631,213                                     | 0   | (5,688,249)  |
| Operation of Non-Instructional Services                      | 2,214,212            | 409,092                    | 1,501,829                                   | 0   | (303,291)  |
| <b>Total Governmental Activities</b>                         | <b>\$ 20,890,675</b> | <b>\$ 465,796</b>          | <b>\$ 2,918,158</b>                         | <b>\$ 10,539</b>                          | <b>\$ (17,496,182)</b>                                     |
| General Revenues:  |                      |                            |   |   |  |
| Taxes:   |                      |                            |   |   |  |
| Property Taxes Levied for General Purposes                   |                      |                            |   |   | \$ 1,787,468   |
| Local Option Sales Taxes                                     |                      |                            |   |   | 747,597  |
| Other Local Taxes  |                      |                            |   |   | 2,145  |
| Grants and Contributions Not Restricted to Specific Programs |                      |                            |   |   | 15,624,718   |
| Unrestricted Investment Income                               |                      |                            |   |   | 37,013   |
| Miscellaneous  |                      |                            |   |   | 80,840   |
| <b>Total General Revenues</b>                                |                      |                            |   |   | <b>\$ 18,279,781</b>                                       |
| Change in Net Position                                       |                      |                            |   |   | \$ 783,599   |
| Net Position, July 1, 2013                                   |                      |                            |   |   | 15,901,271   |
| Net Position, June 30, 2014                                  |                      |                            |   |   | <u>\$ 16,684,870</u>                                       |

Exhibit H-2

Chester County, Tennessee  
Balance Sheet - Governmental Funds  
Discretely Presented Chester County School Department  
June 30, 2014

|  | <u>Major Fund</u>            | <u>Nonmajor<br/>Funds</u>           |                                |
|--|------------------------------|-------------------------------------|--------------------------------|
|  | General<br>Purpose<br>School | Other<br>Govern-<br>mental<br>Funds | Total<br>Governmental<br>Funds |
| <b><u>ASSETS</u></b>   |                              |                                     |                                |
| Equity in Pooled Cash and Investments                                      | \$ 3,468,113                 | \$ 481,508                          | \$ 3,949,621                   |
| Accounts Receivable  | 270                          | 191                                 | 461                            |
| Due from Other Governments   | 276,048                      | 308,250                             | 584,298                        |
| Due from Primary Government  | 532                          | 0                                   | 532                            |
| Property Taxes Receivable  | 1,790,090                    | 0                                   | 1,790,090                      |
| Allowance for Uncollectible Property Taxes                                 | (63,661)                     | 0                                   | (63,661)                       |
| <b>Total Assets</b>  | <b>\$ 5,471,392</b>          | <b>\$ 789,949</b>                   | <b>\$ 6,261,341</b>            |
| <b><u>LIABILITIES</u></b>  |                              |                                     |                                |
| Accounts Payable   | \$ 236,925                   | \$ 0                                | \$ 236,925                     |
| Payroll Deductions Payable   | 1,922                        | 0                                   | 1,922                          |
| Due to Primary Government  | 34,030                       | 0                                   | 34,030                         |
| <b>Total Liabilities</b>   | <b>\$ 272,877</b>            | <b>\$ 0</b>                         | <b>\$ 272,877</b>              |
| <b><u>DEFERRED INFLOWS OF RESOURCES</u></b>                                |                              |                                     |                                |
| Deferred Current Property Taxes  | \$ 1,668,932                 | \$ 0                                | \$ 1,668,932                   |
| Deferred Delinquent Property Taxes   | 49,497                       | 0                                   | 49,497                         |
| Other Deferred/Unavailable Revenue   | 62,000                       | 0                                   | 62,000                         |
| <b>Total Deferred Inflows of Resources</b>                                 | <b>\$ 1,780,429</b>          | <b>\$ 0</b>                         | <b>\$ 1,780,429</b>            |
| <b><u>FUND BALANCES</u></b>  |                              |                                     |                                |
| Restricted:  |                              |                                     |                                |
| Restricted for Education   | \$ 2,367                     | \$ 46,648                           | \$ 49,015                      |
| Restricted for Operation of Non-instructional Services                     | 0                            | 358,291                             | 358,291                        |
| Restricted for Capital Outlay  | 0                            | 385,010                             | 385,010                        |
| Assigned:  |                              |                                     |                                |
| Assigned for Education   | 241,584                      | 0                                   | 241,584                        |
| Unassigned   | 3,174,135                    | 0                                   | 3,174,135                      |
| <b>Total Fund Balances</b>   | <b>\$ 3,418,086</b>          | <b>\$ 789,949</b>                   | <b>\$ 4,208,035</b>            |
| <b>Total Liabilities, Deferred Inflows of Resources, and Fund Balances</b> | <b>\$ 5,471,392</b>          | <b>\$ 789,949</b>                   | <b>\$ 6,261,341</b>            |

Exhibit H-3

Chester County, Tennessee  
Reconciliation of the Balance Sheet of Governmental Funds to the Statement of Net Position  
Discretely Presented Chester County School Department  
June 30, 2014

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

|   |    |                  |                          |
|---|----|------------------|--------------------------|
| Total fund balances - balance sheet - governmental funds (Exhibit H-2)  |    | \$               | 4,208,035                |
| (1) Capital assets used in governmental activities are not financial resources and therefore are not reported in the governmental funds.  |    |                  |                          |
| Add: land   | \$ | 501,552          |                          |
| Add: construction in progress   |    | 130,000          |                          |
| Add: buildings and improvements net of accumulated depreciation   |    | 10,631,384       |                          |
| Add: other capital assets net of accumulated depreciation   |    | <u>1,593,479</u> | 12,856,415               |
| (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   |    |                  | (491,077)                |
| (3) Other long-term assets are not available to pay for current-period expenditures and therefore are deferred in the governmental funds. |    |                  |                          |
|   |    |                  | <u>111,497</u>           |
| Net position of governmental activities (Exhibit A)   |    | \$               | <u><u>16,684,870</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, 2014

|  | <u>Major Fund</u>            | <u>Nonmajor</u><br><u>Funds</u>     |                                |
|--|------------------------------|-------------------------------------|--------------------------------|
|  | General<br>Purpose<br>School | Other<br>Govern-<br>mental<br>Funds | Total<br>Governmental<br>Funds |
| <u>Revenues</u>                                      |                              |                                     |                                |
| Local Taxes  | \$ 2,582,037                 | \$ 0                                | \$ 2,582,037                   |
| Licenses and Permits                                 | 1,045                        | 0                                   | 1,045                          |
| Charges for Current Services                         | 48,314                       | 396,138                             | 444,452                        |
| Other Local Revenues                                 | 87,508                       | 52,189                              | 139,697                        |
| State of Tennessee                                   | 15,289,509                   | 15,913                              | 15,305,422                     |
| Federal Government                                   | 2,451                        | 3,221,730                           | 3,224,181                      |
| Total Revenues                                       | <u>\$ 18,010,864</u>         | <u>\$ 3,685,970</u>                 | <u>\$ 21,696,834</u>           |
| <u>Expenditures</u>                                  |                              |                                     |                                |
| Current:   |                              |                                     |                                |
| Instruction  | \$ 10,276,100                | \$ 1,384,447                        | \$ 11,660,547                  |
| Support Services                                     | 6,164,368                    | 302,058                             | 6,466,426                      |
| Operation of Non-instructional Services              | 202,453                      | 1,959,027                           | 2,161,480                      |
| Capital Outlay                                       | 2,219,767                    | 0                                   | 2,219,767                      |
| Debt Service:  |                              |                                     |                                |
| Other Debt Service                                   | 50,000                       | 0                                   | 50,000                         |
| Total Expenditures                                   | <u>\$ 18,912,688</u>         | <u>\$ 3,645,532</u>                 | <u>\$ 22,558,220</u>           |
| Excess (Deficiency) of Revenues<br>Over Expenditures | <u>\$ (901,824)</u>          | <u>\$ 40,438</u>                    | <u>\$ (861,386)</u>            |
| <u>Other Financing Sources (Uses)</u>                |                              |                                     |                                |
| Insurance Recovery                                   | \$ 12,818                    | \$ 0                                | \$ 12,818                      |
| Transfers In   | 6,143                        | 0                                   | 6,143                          |
| Transfers Out  | 0                            | (6,143)                             | (6,143)                        |
| Total Other Financing Sources (Uses)                 | <u>\$ 18,961</u>             | <u>\$ (6,143)</u>                   | <u>\$ 12,818</u>               |
| Net Change in Fund Balances                          | \$ (882,863)                 | \$ 34,295                           | \$ (848,568)                   |
| Fund Balance, July 1, 2013                           | 4,300,949                    | 755,654                             | 5,056,603                      |
| Fund Balance, June 30, 2014                          | <u>\$ 3,418,086</u>          | <u>\$ 789,949</u>                   | <u>\$ 4,208,035</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, 2014

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)  |    | \$               | (848,568)       |
| (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   | \$ | 2,396,951        |                 |
| Less: current-year depreciation expense   |    | <u>(727,561)</u> | 1,669,390       |
| (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, 2014  | \$ | 111,497          |                 |
| Less: deferred delinquent property taxes and other deferred June 30, 2013   |    | <u>(134,057)</u> | (22,560)        |
| (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>(14,663)</u> |
| Change in net position of governmental activities (Exhibit B)   |    | \$               | <u>783,599</u>  |

Chester County, Tennessee  
Combining Balance Sheet - Nonmajor Governmental Funds  
Discretely Presented Chester County School Department  
June 30, 2014

Exhibit H-6

ASSETS

|                                       |    |           |            |            |            |  |  |  |         |
|---------------------------------------|----|-----------|------------|------------|------------|--|--|--|---------|
| Equity in Pooled Cash and Investments |    |           |            |            |            |  |  |  |         |
| Accounts Receivable                   |    |           |            |            |            |  |  |  |         |
| Due from Other Governments            |    |           |            |            |            |  |  |  |         |
| Total Assets                          | \$ | 46,648 \$ | 358,291 \$ | 404,939 \$ | 385,010 \$ |  |  |  | 789,949 |

FUND BALANCES

|  |    |           |            |            |            |  |  |  |         |
|--|----|-----------|------------|------------|------------|--|--|--|---------|
| Restricted:  |    |           |            |            |            |  |  |  |         |
| Restricted for Education                               | \$ | 46,648 \$ | 0 \$       | 46,648 \$  | 0 \$       |  |  |  | 46,648  |
| Restricted for Operation of Non-instructional Services |    | 0         | 358,291    | 358,291    | 0          |  |  |  | 358,291 |
| Restricted for Capital Outlay                          |    | 0         | 0          | 0          | 385,010    |  |  |  | 385,010 |
| Total Fund Balances                                    | \$ | 46,648 \$ | 358,291 \$ | 404,939 \$ | 385,010 \$ |  |  |  | 789,949 |

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, 2014

|  | Special Revenue Funds         |                      |              |                                  | Capital |           | Total<br>Nonmajor<br>Governmental<br>Funds |
|--|-------------------------------|----------------------|--------------|----------------------------------|---------|-----------|--|
|  | School<br>Federal<br>Projects | Central<br>Cafeteria | Total        | Projects Fund                    |         |           |  |
|  |                               |                      |              | Education<br>Capital<br>Projects |         |           |  |
| <u>Revenues</u>                                      |                               |                      |              |                                  |         |           |  |
| Charges for Current Services                         | \$ 0 \$                       | 396,138 \$           | 396,138 \$   | 0 \$                             | 0 \$    | 396,138   |  |
| Other Local Revenues                                 | 0                             | 52,189               | 52,189       | 0                                | 0       | 52,189    |  |
| State of Tennessee                                   | 0                             | 15,913               | 15,913       | 0                                | 0       | 15,913    |  |
| Federal Government                                   | 1,735,814                     | 1,485,916            | 3,221,730    | 0                                | 0       | 3,221,730 |  |
| Total Revenues                                       | \$ 1,735,814 \$               | 1,950,156 \$         | 3,685,970 \$ | 0 \$                             | 0 \$    | 3,685,970 |  |
| <u>Expenditures</u>                                  |                               |                      |              |                                  |         |           |  |
| Current:   |                               |                      |              |                                  |         |           |  |
| Instruction  | \$ 1,384,447 \$               | 0 \$                 | 1,384,447 \$ | 0 \$                             | 0 \$    | 1,384,447 |  |
| Support Services                                     | 302,058                       | 0                    | 302,058      | 0                                | 0       | 302,058   |  |
| Operation of Non-instructional Services              | 0                             | 1,959,027            | 1,959,027    | 0                                | 0       | 1,959,027 |  |
| Total Expenditures                                   | \$ 1,686,505 \$               | 1,959,027 \$         | 3,645,532 \$ | 0 \$                             | 0 \$    | 3,645,532 |  |
| Excess (Deficiency) of Revenues<br>Over Expenditures | \$ 49,309 \$                  | (8,871) \$           | 40,438 \$    | 0 \$                             | 0 \$    | 40,438    |  |
| <u>Other Financing Sources (Uses)</u>                |                               |                      |              |                                  |         |           |  |
| Transfers Out  | \$ (6,143) \$                 | 0 \$                 | (6,143) \$   | 0 \$                             | 0 \$    | (6,143)   |  |
| Total Other Financing Sources (Uses)                 | \$ (6,143) \$                 | 0 \$                 | (6,143) \$   | 0 \$                             | 0 \$    | (6,143)   |  |
| Net Change in Fund Balances                          | \$ 43,166 \$                  | (8,871) \$           | 34,295 \$    | 0 \$                             | 0 \$    | 34,295    |  |
| Fund Balance, July 1, 2013                           | 3,482                         | 367,162              | 370,644      | 385,010                          |         | 755,654   |  |
| Fund Balance, June 30, 2014                          | \$ 46,648 \$                  | 358,291 \$           | 404,939 \$   | 385,010 \$                       |         | 789,949   |  |

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, 2014

|                                | Actual<br>(GAAP<br>Basis) | Less:<br>Encumbrances<br>7/1/2013 | Add:<br>Encumbrances<br>6/30/2014 | Actual<br>Revenues/<br>Expenditures<br>(Budgetary<br>Basis) | Budgeted Amounts     |                      | Variance<br>with Final<br>Budget -<br>Positive<br>(Negative) |
|--------------------------------|---------------------------|-----------------------------------|-----------------------------------|---|----------------------|----------------------|--|
|                                |                           |                                   |                                   |   | Original             | Final                |  |
| <b>Revenues</b>                |                           |                                   |                                   |   |                      |                      |  |
| Local Taxes                    | \$ 2,582,037              | \$ 0                              | \$ 0                              | \$ 2,582,037  | \$ 2,567,121         | \$ 2,567,121         | \$ 14,916  |
| Licenses and Permits           | 1,045                     | 0                                 | 0                                 | 1,045   | 1,000                | 1,000                | 45   |
| Charges for Current Services   | 48,314                    | 0                                 | 0                                 | 48,314  | 42,500               | 42,500               | 5,814  |
| Other Local Revenues           | 87,508                    | 0                                 | 0                                 | 87,508  | 80,500               | 80,500               | 7,008  |
| State of Tennessee             | 15,289,509                | 0                                 | 0                                 | 15,289,509  | 14,928,630           | 15,226,233           | 63,276   |
| Federal Government             | 2,451                     | 0                                 | 0                                 | 2,451   | 10,000               | 12,450               | (9,999)  |
| <b>Total Revenues</b>          | <b>\$ 18,010,864</b>      | <b>\$ 0</b>                       | <b>\$ 0</b>                       | <b>\$ 18,010,864</b>  | <b>\$ 17,629,751</b> | <b>\$ 17,292,804</b> | <b>\$ 81,060</b>   |
| <b>Expenditures</b>            |                           |                                   |                                   |   |                      |                      |  |
| <b>Instruction</b>             |                           |                                   |                                   |   |                      |                      |  |
| Regular Instruction Program    | \$ 8,581,640              | \$ 0                              | \$ 0                              | \$ 8,581,640  | \$ 8,835,000         | \$ 8,920,000         | \$ 338,360   |
| Special Education Program      | 1,091,553                 | 0                                 | 0                                 | 1,091,553   | 1,184,800            | 1,184,800            | 93,247   |
| Vocational Education Program   | 548,466                   | 0                                 | 0                                 | 548,466   | 561,300              | 561,300              | 12,834   |
| Student Body Education Program | 54,441                    | 0                                 | 0                                 | 54,441  | 70,416               | 70,416               | 15,975   |
| <b>Support Services</b>        |                           |                                   |                                   |   |                      |                      |  |
| Attendance                     | 65,612                    | 0                                 | 0                                 | 65,612  | 67,370               | 67,370               | 1,758  |
| Health Services                | 170,297                   | 0                                 | 0                                 | 170,297   | 211,020              | 199,020              | 28,723   |
| Other Student Support          | 302,311                   | 0                                 | 0                                 | 302,311   | 332,050              | 332,050              | 29,739   |
| Regular Instruction Program    | 812,412                   | 0                                 | 103,814                           | 916,226   | 724,610              | 965,171              | 48,945   |
| Special Education Program      | 211,358                   | 0                                 | 0                                 | 211,358   | 226,200              | 228,650              | 17,292   |
| Vocational Education Program   | 1,352                     | 0                                 | 0                                 | 1,352   | 4,000                | 4,000                | 2,648  |
| Adult Programs                 | 29,610                    | 0                                 | 0                                 | 29,610  | 29,612               | 29,612               | 2  |
| Other Programs                 | 62,778                    | 0                                 | 0                                 | 62,778  | 0                    | 62,778               | 0  |
| Board of Education             | 341,181                   | 0                                 | 0                                 | 341,181   | 386,900              | 386,900              | 45,719   |
| Director of Schools            | 164,931                   | (108)                             | 0                                 | 164,823   | 180,789              | 180,789              | 15,966   |
| Office of the Principal        | 1,159,855                 | 0                                 | 0                                 | 1,159,855   | 1,248,600            | 1,251,370            | 91,515   |
| Fiscal Services                | 95,972                    | 0                                 | 0                                 | 95,972  | 109,300              | 109,300              | 13,328   |
| Operation of Plant             | 1,375,269                 | 0                                 | 0                                 | 1,375,269   | 1,495,100            | 1,525,100            | 149,831  |
| Maintenance of Plant           | 425,328                   | (437)                             | 7,770                             | 432,661   | 466,900              | 498,900              | 66,239   |
| Transportation                 | 946,102                   | 0                                 | 0                                 | 946,102   | 1,040,453            | 1,040,453            | 94,351   |

(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<br>(GAAP<br>Basis) | Less:<br>Encumbrances<br>7/1/2013 | Add:<br>Encumbrances<br>6/30/2014 | Actual<br>Revenues/<br>Expenditures<br>(Budgetary<br>Basis) | Budgeted Amounts |               | Variance<br>with Final<br>Budget -<br>Positive<br>(Negative) |
|--|---------------------------|-----------------------------------|-----------------------------------|---|------------------|---------------|--|
|  |                           |                                   |                                   |   | Original         | Final         |  |
| <u>Expenditures (Cont.)</u>                    |                           |                                   |                                   |   |                  |               |  |
| <u>Operation of Non-Instructional Services</u> |                           |                                   |                                   |   |                  |               |  |
| Community Services                             | \$ 8,900                  | \$ 0                              | \$ 0                              | \$ 8,900  | \$ 15,350        | \$ 15,350     | \$ 6,450   |
| Early Childhood Education                      | 193,553                   | 0                                 | 0                                 | 193,553   | 205,529          | 209,023       | 15,470   |
| <u>Capital Outlay</u>                          |                           |                                   |                                   |   |                  |               |  |
| Regular Capital Outlay                         | 2,219,767                 | (1,725,330)                       | 130,000                           | 624,437   | 189,000          | 754,000       | 129,563  |
| <u>Principal on Debt</u>                       |                           |                                   |                                   |   |                  |               |  |
| Education                                      | 0                         | 0                                 | 0                                 | 0   | 42,000           | 0             | 0  |
| Interest on Debt                               | 0                         | 0                                 | 0                                 | 0   | 8,000            | 0             | 0  |
| Education                                      | 0                         | 0                                 | 0                                 | 0   | 0                | 0             | 0  |
| Other Debt Service                             | 0                         | 0                                 | 0                                 | 0   | 0                | 0             | 0  |
| Education                                      | 50,000                    | 0                                 | 0                                 | 50,000  | 0                | 50,000        | 0  |
| Total Expenditures                             | \$ 18,912,688             | \$ (1,725,875)                    | \$ 241,584                        | \$ 17,428,397   | \$ 17,634,299    | \$ 18,646,352 | \$ 1,217,955   |
| <u>Excess (Deficiency) of Revenues</u>         |                           |                                   |                                   |   |                  |               |  |
| Over Expenditures                              | \$ (901,824)              | \$ 1,725,875                      | \$ (241,584)                      | \$ 582,467  | \$ (4,548)       | \$ (716,548)  | \$ 1,299,015   |
| <u>Other Financing Sources (Uses)</u>          |                           |                                   |                                   |   |                  |               |  |
| Insurance Recovery                             | \$ 12,818                 | \$ 0                              | \$ 0                              | \$ 12,818   | \$ 5,000         | \$ 5,000      | \$ 7,818   |
| Transfers In                                   | 6,143                     | 0                                 | 0                                 | 6,143   | 10,000           | 10,000        | (3,857)  |
| Total Other Financing Sources                  | \$ 18,961                 | \$ 0                              | \$ 0                              | \$ 18,961   | \$ 15,000        | \$ 15,000     | \$ 3,961   |
| Net Change in Fund Balance                     | \$ (882,863)              | \$ 1,725,875                      | \$ (241,584)                      | \$ 601,428  | \$ 10,452        | \$ (701,548)  | \$ 1,302,976   |
| Fund Balance, July 1, 2013                     | 4,300,949                 | (1,725,875)                       | 0                                 | 2,575,074   | 4,300,949        | 4,300,949     | (1,725,875)  |
| Fund Balance, June 30, 2014                    | \$ 3,418,086              | \$ 0                              | \$ (241,584)                      | \$ 3,176,502  | \$ 4,311,401     | \$ 3,599,401  | \$ (422,899)   |

Exhibit H-9

Chester County, Tennessee  
Schedule of Revenues, Expenditures, and Changes  
in Fund Balance - Actual and Budget  
Discretely Presented Chester County School Department  
School Federal Projects Fund  
For the Year Ended June 30, 2014

|  | Actual       | Budgeted Amounts |              | Variance<br>with Final<br>Budget -<br>Positive<br>(Negative) |
|--|--------------|------------------|--------------|--|
|  |              | Original         | Final        |  |
| <u>Revenues</u>                                      |              |                  |              |  |
| Federal Government                                   | \$ 1,735,814 | \$ 1,727,567     | \$ 2,157,550 | \$ (421,736)   |
| Total Revenues                                       | \$ 1,735,814 | \$ 1,727,567     | \$ 2,157,550 | \$ (421,736)   |
| <u>Expenditures</u>                                  |              |                  |              |  |
| <u>Instruction</u>                                   |              |                  |              |  |
| Regular Instruction Program                          | \$ 886,473   | \$ 902,396       | \$ 1,104,502 | \$ 218,029   |
| Special Education Program                            | 474,490      | 429,728          | 601,500      | 127,010  |
| Vocational Education Program                         | 23,484       | 24,265           | 23,484       | 0  |
| <u>Support Services</u>                              |              |                  |              |  |
| Health Services                                      | 1,516        | 967              | 3,017        | 1,501  |
| Other Student Support                                | 27,527       | 27,398           | 29,288       | 1,761  |
| Regular Instruction Program                          | 225,165      | 276,538          | 320,169      | 95,004   |
| Special Education Program                            | 4,182        | 9,000            | 20,126       | 15,944   |
| Vocational Education Program                         | 1,853        | 1,926            | 1,853        | 0  |
| Transportation                                       | 41,815       | 49,511           | 47,835       | 6,020  |
| Total Expenditures                                   | \$ 1,686,505 | \$ 1,721,729     | \$ 2,151,774 | \$ 465,269   |
| Excess (Deficiency) of Revenues<br>Over Expenditures | \$ 49,309    | \$ 5,838         | \$ 5,776     | \$ 43,533  |
| <u>Other Financing Sources (Uses)</u>                |              |                  |              |  |
| Transfers Out  | \$ (6,143)   | \$ (5,870)       | \$ (6,143)   | \$ 0   |
| Total Other Financing Sources                        | \$ (6,143)   | \$ (5,870)       | \$ (6,143)   | \$ 0   |
| Net Change in Fund Balance                           | \$ 43,166    | \$ (32)          | \$ (367)     | \$ 43,533  |
| Fund Balance, July 1, 2013                           | 3,482        | 3,482            | 3,482        | 0  |
| Fund Balance, June 30, 2014                          | \$ 46,648    | \$ 3,450         | \$ 3,115     | \$ 43,533  |

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, 2014

|  | Actual              | Budgeted Amounts    |                     | Variance<br>with Final<br>Budget -<br>Positive<br>(Negative) |
|--|---------------------|---------------------|---------------------|--|
|  |                     | Original            | Final               |  |
| <u>Revenues</u>                                      |                     |                     |                     |  |
| Charges for Current Services                         | \$ 396,138          | \$ 442,000          | \$ 442,000          | \$ (45,862)  |
| Other Local Revenues                                 | 52,189              | 51,650              | 51,650              | 539  |
| State of Tennessee                                   | 15,913              | 14,500              | 14,500              | 1,413  |
| Federal Government                                   | 1,485,916           | 1,400,450           | 1,492,009           | (6,093)  |
| Total Revenues                                       | <u>\$ 1,950,156</u> | <u>\$ 1,908,600</u> | <u>\$ 2,000,159</u> | <u>\$ (50,003)</u>   |
| <u>Expenditures</u>                                  |                     |                     |                     |  |
| <u>Operation of Non-Instructional Services</u>       |                     |                     |                     |  |
| Food Service   | \$ 1,959,027        | \$ 1,942,850        | \$ 2,067,409        | \$ 108,382   |
| Total Expenditures                                   | <u>\$ 1,959,027</u> | <u>\$ 1,942,850</u> | <u>\$ 2,067,409</u> | <u>\$ 108,382</u>  |
| Excess (Deficiency) of Revenues<br>Over Expenditures | <u>\$ (8,871)</u>   | <u>\$ (34,250)</u>  | <u>\$ (67,250)</u>  | <u>\$ 58,379</u>   |
| Net Change in Fund Balance                           | \$ (8,871)          | \$ (34,250)         | \$ (67,250)         | \$ 58,379  |
| Fund Balance, July 1, 2013                           | <u>367,162</u>      | <u>367,162</u>      | <u>367,162</u>      | <u>0</u>   |
| Fund Balance, June 30, 2014                          | <u>\$ 358,291</u>   | <u>\$ 332,912</u>   | <u>\$ 299,912</u>   | <u>\$ 58,379</u>   |

Exhibit H-11

Chester County, Tennessee  
Statement of Fiduciary Net Position  
Discretely Presented Chester County School Department  
Fiduciary Fund  
June 30, 2014

|   | Other<br>Trust<br>Fund              |
|---|-------------------------------------|
|   | Private<br>Purpose<br>Trust<br>Fund |
| <u>ASSETS</u>   |                                     |
| Equity in Pooled Cash and Investments                                       | \$ 145,808                          |
| Total Assets  | \$ 145,808                          |
| <u>NET POSITION</u>   |                                     |
| Funds Held in Trust for College Scholarships<br>for Chester County Students | \$ 145,808                          |
| Total Net Position  | \$ 145,808                          |

Exhibit H-12

Chester County, Tennessee  
Statement of Changes in Fiduciary Net Position  
Discretely Presented Chester County School Department  
Fiduciary Fund  
For the Year Ended June 30, 2014

|                             | <u>Other<br/>Trust<br/>Fund</u><br><u>Private<br/>Purpose<br/>Trust<br/>Fund</u> |
|-----------------------------|--|
| <u>ADDITIONS</u>            |  |
| <u>Other Local Revenues</u> |  |
| Investment Income           | \$ 1,089   |
| Total Additions             | <u>\$ 1,089</u>  |
| <u>DEDUCTIONS</u>           |  |
| <u>Miscellaneous</u>        |  |
| Other Charges               | \$ 3,200   |
| Total Deductions            | <u>\$ 3,200</u>  |
| Change in Net Position      | \$ (2,111)   |
| Net Position, July 1, 2013  | <u>147,919</u>   |
| Net Position, June 30, 2014 | <u><u>\$ 145,808</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 and Bonds  
For the Year Ended June 30, 2014

| Description of Indebtedness                        | Original<br>Amount<br>of Issue | Interest<br>Rate | Date<br>of<br>Issue | Last<br>Maturity<br>Date | Outstanding<br>7-1-13 | Paid and/or<br>Matured<br>During<br>Period | Outstanding<br>6-30-14 |
|--|--------------------------------|------------------|---------------------|--------------------------|-----------------------|--|------------------------|
| <u>NOTE PAYABLE</u>                                |                                |                  |                     |                          |                       |  |                        |
| <u>Payable through Highway/Public Works Fund</u>   |                                |                  |                     |                          |                       |  |                        |
| Excavator  | \$ 200,343                     | 5.5%             | 1-12-12             | 1-12-16                  | \$ 134,424            | \$ 49,757                                  | \$ 84,667              |
| Total Note Payable                                 |                                |                  |                     |                          | <u>\$ 134,424</u>     | <u>\$ 49,757</u>                           | <u>\$ 84,667</u>       |
| <u>BONDS PAYABLE</u>                               |                                |                  |                     |                          |                       |  |                        |
| <u>Payable through Solid Waste/Sanitation Fund</u> |                                |                  |                     |                          |                       |  |                        |
| Refunding Bonds, Series 2011                       | 140,000                        | 4 to 5           | 3-15-11             | 5-1-16                   | \$ 85,000             | \$ 30,000                                  | \$ 55,000              |
| Total Payable through Solid Waste/Sanitation Fund  |                                |                  |                     |                          | <u>\$ 85,000</u>      | <u>\$ 30,000</u>                           | <u>\$ 55,000</u>       |
| <u>Payable through General Debt Service Fund</u>   |                                |                  |                     |                          |                       |  |                        |
| Jail and Vo-Tech School                            | 9,300,000                      | 3 to 5.5         | 6-30-08             | 6-1-40                   | \$ 8,760,000          | \$ 150,000                                 | \$ 8,610,000           |
| Refunding Bonds, Series 2011                       | 575,000                        | 2.75 to 5        | 3-15-11             | 5-1-23                   | 495,000               | 40,000                                     | 455,000                |
| General Obligation Bonds, Series 2011              | 360,000                        | 2.75 to 5        | 3-15-11             | 5-1-28                   | 320,000               | 20,000                                     | 300,000                |
| Total Payable through General Debt Service Fund    |                                |                  |                     |                          | <u>\$ 9,575,000</u>   | <u>\$ 210,000</u>                          | <u>\$ 9,365,000</u>    |
| <u>Payable through Education Debt Service Fund</u> |                                |                  |                     |                          |                       |  |                        |
| School Refunding Bond, Series 2008                 | 3,695,000                      | 3.23             | 9-30-08             | 4-1-15                   | \$ 1,155,000          | \$ 565,000                                 | \$ 590,000             |
| School Refunding Bonds, Series 2011                | 380,000                        | 4 to 5           | 3-15-11             | 5-1-16                   | 260,000               | 75,000                                     | 185,000                |
| Total Payable through Education Debt Service Fund  |                                |                  |                     |                          | <u>\$ 1,415,000</u>   | <u>\$ 640,000</u>                          | <u>\$ 775,000</u>      |
| Total Bonds Payable                                |                                |                  |                     |                          | <u>\$ 11,075,000</u>  | <u>\$ 880,000</u>                          | <u>\$ 10,195,000</u>   |

Exhibit I-2

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

| Year<br>Ending<br>June 30 | Note      |          | Total     |
|---------------------------|-----------|----------|-----------|
|                           | Principal | Interest |           |
| 2015                      | \$ 52,604 | \$ 3,393 | \$ 55,997 |
| 2016                      | 32,063    | 601      | 32,664    |
| Total                     | \$ 84,667 | \$ 3,994 | \$ 88,661 |

| Year<br>Ending<br>June 30 | Bonds         |              | Total         |
|---------------------------|---------------|--------------|---------------|
|                           | Principal     | Interest     |               |
| 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                     | \$ 10,195,000 | \$ 6,412,257 | \$ 16,607,257 |

Exhibit I-3

Chester County, Tennessee  
Schedule of Investments  
June 30, 2014

| <u>Fund and Type</u>                                 | <u>Amount</u>                |
|--|------------------------------|
| <u>Permanent Fund</u>                                |                              |
| <u>Endowment Fund</u>                                |                              |
| Vanguard Institutional Index Fund                    | \$ 108,892                   |
| Spartan International Index Fund                     | 20,130                       |
| PIMCO Total Return Fund                              | 24,692                       |
| Vanguard Short-term Bond Index Fund                  | 36,538                       |
| Vanguard Total Bond Fund                             | 24,777                       |
| Vanguard Intermediate-term Corporate Bond Index Fund | 12,429                       |
| Fidelity Institutional Money Market Fund             | <u>17,560</u>                |
| <br>Total Investments                                | <br><u><u>\$ 245,018</u></u> |

Exhibit I-4

Chester County, Tennessee  
Schedule of Transfers  
Primary Government and Discretely Presented Chester County School Department  
For the Year Ended June 30, 2014

| <u>From Fund</u>  | <u>To Fund</u>         | <u>Purpose</u> | <u>Amount</u>     |
|---|------------------------|----------------|-------------------|
| <u>PRIMARY GOVERNMENT</u>   |                        |                |                   |
| General   | Solid Waste/Sanitation | Operations     | \$ 147,500        |
| Total Transfers Primary Government                                    |                        |                | <u>\$ 147,500</u> |
| <u>DISCRETELY PRESENTED CHESTER COUNTY SCHOOL DEPARTMENT</u>          |                        |                |                   |
| School Federal Projects   | General Purpose School | Indirect costs | \$ 6,143          |
| Total Transfers Discretely Presented Chester County School Department |                        |                | <u>\$ 6,143</u>   |

Exhibit I-5

Chester County, Tennessee  
Schedule of Salaries and Official Bonds of Principal Officials  
Primary Government and Discretely Presented Chester County School Department  
For the Year Ended June 30, 2014

| Official  | Authorization for Salary                               | Salary Paid During Period | Bond      | Surety                                    |
|---|--|---------------------------|-----------|---|
| County Mayor                                    | Section 8-24-102, TCA                                  | \$ 75,003                 | \$ 50,000 | State Automobile Mutual Insurance Company |
| Road Supervisor                                 | Section 8-24-102, TCA                                  | 70,014                    | 100,000   | "   |
| Director of Schools                             | State Board of Education and County Board of Education | 88,273 (1)                | 150,000   | Tennessee Risk Management Trust           |
| Trustee   | Section 8-24-102, TCA                                  | 61,631                    | 675,200   | State Automobile Mutual Insurance Company |
| Assessor of Property                            | Section 8-24-102, TCA                                  | 61,631                    | 50,000    | "   |
| County Clerk                                    | Section 8-24-102, TCA                                  | 61,631                    | 50,000    | "   |
| Circuit and General Sessions Courts Clerk:      |  |                           |           |   |
| Keith Frye (7-1-13 through 2-7-14)              | Section 8-24-102, TCA                                  | 37,235                    | 50,000    | "   |
| Eddie Bailey (3-11-14 through 6-30-14)          | Section 8-24-102, TCA                                  | 18,924                    | 50,000    | "   |
| Clerk and Master:                               |  |                           |           |   |
| Cornelia Hall (7-1-13 through 1-31-14)          | Section 8-24-102, TCA                                  | 35,952                    | 65,000    | "   |
| Keith Frye (2-10-14 through 6-30-14)            | Section 8-24-102, TCA and Chancery Court Judge         | 24,396 (2)                | 100,000   | "   |
| Register of Deeds                               | Section 8-24-102, TCA                                  | 61,631                    | 25,000    | "   |
| Sheriff   | Section 8-24-102, TCA                                  | 67,796 (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 \$780.

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

Exhibit I-6

Chester County, Tennessee  
 Schedule of Detailed Revenues -  
 All Governmental Fund Types  
 For the Year Ended June 30, 2014

|  | Special Revenue Funds |                |                          |              |                                |                        |
|--|-----------------------|----------------|--------------------------|--------------|--------------------------------|------------------------|
|  | General               | Public Library | Solid Waste / Sanitation | Drug Control | Constitutional Officers - Fees | Highway / Public Works |
| <u>Local Taxes</u>                               |                       |                |                          |              |                                |                        |
| <u>County Property Taxes</u>                     |                       |                |                          |              |                                |                        |
| Current Property Tax                             | \$ 3,635,614          | \$ 0           | \$ 0                     | \$ 0         | \$ 0                           | 42,047                 |
| Discount on Property Taxes                       | (37,879)              | 0              | 0                        | 0            | 0                              | (440)                  |
| Trustee's Collections - Prior Year               | 197,192               | 0              | 0                        | 0            | 0                              | 2,173                  |
| Circuit/Clerk & Master Collections - Prior Years | 47,433                | 0              | 5,929                    | 0            | 0                              | 717                    |
| Interest and Penalty                             | 32,548                | 0              | 0                        | 0            | 0                              | 371                    |
| Payments in-Lieu-of Taxes - T.V.A.               | 19,769                | 0              | 0                        | 0            | 0                              | 3,282                  |
| Payments in-Lieu-of Taxes - Other                | 173,519               | 0              | 0                        | 0            | 0                              | 287                    |
| <u>County Local Option Taxes</u>                 |                       |                |                          |              |                                |                        |
| Local Option Sales Tax                           | 117,186               | 0              | 0                        | 0            | 0                              | 0                      |
| Hotel/Motel Tax                                  | 0                     | 0              | 14,068                   | 0            | 0                              | 0                      |
| Wheel Tax  | 172,743               | 0              | 0                        | 0            | 0                              | 0                      |
| Litigation Tax - General                         | 37,767                | 0              | 0                        | 0            | 0                              | 0                      |
| Litigation Tax - Special Purpose                 | 4,365                 | 0              | 0                        | 0            | 0                              | 0                      |
| Litigation Tax - Jail, Workhouse, or Courthouse  | 0                     | 0              | 0                        | 0            | 0                              | 0                      |
| Litigation Tax - Courthouse Security             | 157                   | 0              | 0                        | 0            | 0                              | 0                      |
| Business Tax                                     | 0                     | 0              | 84,883                   | 0            | 0                              | 0                      |
| Mixed Drink Tax                                  | 0                     | 0              | 532                      | 0            | 0                              | 0                      |
| <u>Statutory Local Taxes</u>                     |                       |                |                          |              |                                |                        |
| Bank Excise Tax                                  | 0                     | 0              | 51,068                   | 0            | 0                              | 590                    |
| Wholesale Beer Tax                               | 0                     | 0              | 29,689                   | 0            | 0                              | 0                      |
| Interstate Telecommunications Tax                | 1,218                 | 0              | 0                        | 0            | 0                              | 0                      |
| Total Local Taxes                                | \$ 4,401,632          | \$ 0           | \$ 186,169               | \$ 0         | \$ 0                           | \$ 49,027              |

(Continued)

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

|  | Special Revenue Funds |                |                          |              |                                |                        |   |
|--|-----------------------|----------------|--------------------------|--------------|--------------------------------|------------------------|---|
|  | General               | Public Library | Solid Waste / Sanitation | Drug Control | Constitutional Officers - Fees | Highway / Public Works |   |
| <u>Licenses and Permits</u>              |                       |                |                          |              |                                |                        |   |
| <u>Licenses</u>                          |                       |                |                          |              |                                |                        |   |
| Cable TV Franchise                       | 0 \$                  | 0 \$           | 18,471 \$                | 0 \$         | 0 \$                           | 0 \$                   | 0 |
| Total Licenses and Permits               | 0 \$                  | 0 \$           | 18,471 \$                | 0 \$         | 0 \$                           | 0 \$                   | 0 |
| <u>Fines, Forfeitures, and Penalties</u> |                       |                |                          |              |                                |                        |   |
| <u>Circuit Court</u>                     |                       |                |                          |              |                                |                        |   |
| Fines                                    | 3,433 \$              | 0 \$           | 0 \$                     | 0 \$         | 0 \$                           | 0 \$                   | 0 |
| Officers Costs                           | 2,114                 | 0              | 0                        | 0            | 0                              | 0                      | 0 |
| Drug Control Fines                       | 0                     | 0              | 0                        | 3,834        | 0                              | 0                      | 0 |
| Drug Court Fees                          | 30                    | 0              | 0                        | 395          | 0                              | 0                      | 0 |
| Jail Fees                                | 811                   | 0              | 0                        | 0            | 0                              | 0                      | 0 |
| Data Entry Fee - Circuit Court           | 751                   | 0              | 0                        | 0            | 0                              | 0                      | 0 |
| Victims Assistance Assessments           | 1,524                 | 0              | 0                        | 0            | 0                              | 0                      | 0 |
| <u>General Sessions Court</u>            |                       |                |                          |              |                                |                        |   |
| Fines                                    | 14,713                | 0              | 0                        | 0            | 0                              | 0                      | 0 |
| Officers Costs                           | 16,380                | 0              | 0                        | 0            | 0                              | 0                      | 0 |
| Game and Fish Fines                      | 38                    | 0              | 0                        | 0            | 0                              | 0                      | 0 |
| Drug Control Fines                       | 2,020                 | 0              | 0                        | 4,265        | 0                              | 0                      | 0 |
| Drug Court Fees                          | 2,114                 | 0              | 0                        | 1,946        | 0                              | 0                      | 0 |
| Jail Fees                                | 8,223                 | 0              | 0                        | 0            | 0                              | 0                      | 0 |
| DUI Treatment Fines                      | 4,155                 | 0              | 0                        | 212          | 0                              | 0                      | 0 |
| Data Entry Fee - General Sessions Court  | 4,904                 | 0              | 0                        | 0            | 0                              | 0                      | 0 |
| Courtroom Security Fee                   | 13                    | 0              | 0                        | 0            | 0                              | 0                      | 0 |
| Victims Assistance Assessments           | 10,657                | 0              | 0                        | 0            | 0                              | 0                      | 0 |
| <u>Juvenile Court</u>                    |                       |                |                          |              |                                |                        |   |
| Fines                                    | 223                   | 0              | 0                        | 0            | 0                              | 0                      | 0 |

(Continued)

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

|  | Special Revenue Funds |                 |                          |                  |                                |                        |
|--|-----------------------|-----------------|--------------------------|------------------|--------------------------------|------------------------|
|  | General               | Public Library  | Solid Waste / Sanitation | Drug Control     | Constitutional Officers - Fees | Highway / Public Works |
| <u>Fines, Forfeitures, and Penalties (Cont.)</u> |                       |                 |                          |                  |                                |                        |
| <u>Juvenile Court (Cont.)</u>                    |                       |                 |                          |                  |                                |                        |
| Officers Costs                                   | 1,580 \$              | 0 \$            | 0 \$                     | 0 \$             | 0 \$                           | 0                      |
| Data Entry Fee - Juvenile Court                  | 1,262                 | 0               | 0                        | 0                | 0                              | 0                      |
| <u>Chancery Court</u>                            |                       |                 |                          |                  |                                |                        |
| Officers Costs                                   | 365                   | 0               | 0                        | 0                | 0                              | 0                      |
| Data Entry Fee - Chancery Court                  | 1,982                 | 0               | 0                        | 0                | 0                              | 0                      |
| <u>Judicial District Drug Program</u>            |                       |                 |                          |                  |                                |                        |
| Drug Task Force Forfeitures and Seizures         | 0                     | 0               | 0                        | 814              | 0                              | 0                      |
| Courtroom Security Fee                           | 2                     | 0               | 0                        | 0                | 0                              | 0                      |
| <u>Other Fines, Forfeitures, and Penalties</u>   |                       |                 |                          |                  |                                |                        |
| Other Fines, Forfeitures, and Penalties          | 0                     | 0               | 0                        | 1,400            | 0                              | 0                      |
| <b>Total Fines, Forfeitures, and Penalties</b>   | <b>77,294 \$</b>      | <b>0 \$</b>     | <b>0 \$</b>              | <b>12,866 \$</b> | <b>0 \$</b>                    | <b>0</b>               |
| <u>Charges for Current Services</u>              |                       |                 |                          |                  |                                |                        |
| <u>General Service Charges</u>                   |                       |                 |                          |                  |                                |                        |
| Convenience Waste Centers Collection Charge      | 0 \$                  | 0 \$            | 88,612 \$                | 0 \$             | 0 \$                           | 0                      |
| Solid Waste Disposal Fees                        | 0                     | 0               | 538                      | 0                | 0                              | 0                      |
| <u>Fees</u>                                      |                       |                 |                          |                  |                                |                        |
| Copy Fees  | 128                   | 0               | 0                        | 0                | 0                              | 0                      |
| Library Fees                                     | 0                     | 9,267           | 0                        | 0                | 0                              | 0                      |
| Greenbelt Late Application Fee                   | 400                   | 0               | 0                        | 0                | 0                              | 0                      |
| Telephone Commissions                            | 59,160                | 0               | 0                        | 0                | 0                              | 0                      |
| Constitutional Officers' Fees and Commissions    | 0                     | 0               | 0                        | 0                | 780                            | 0                      |
| Data Processing Fee - Register                   | 5,190                 | 0               | 0                        | 0                | 0                              | 0                      |
| Data Processing Fee - Sheriff                    | 1,843                 | 0               | 0                        | 0                | 0                              | 0                      |
| Sexual Offender Registration Fees - Sheriff      | 2,700                 | 0               | 0                        | 0                | 0                              | 0                      |
| <b>Total Charges for Current Services</b>        | <b>69,421 \$</b>      | <b>9,267 \$</b> | <b>89,150 \$</b>         | <b>0 \$</b>      | <b>780 \$</b>                  | <b>0</b>               |

(Continued)

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

|  | Special Revenue Funds |                 |                          |                  |                                |                        |
|--|-----------------------|-----------------|--------------------------|------------------|--------------------------------|------------------------|
|  | General               | Public Library  | Solid Waste / Sanitation | Drug Control     | Constitutional Officers - Fees | Highway / Public Works |
| <u>Other Local Revenues</u>                      |                       |                 |                          |                  |                                |                        |
| <u>Recurring Items</u>                           |                       |                 |                          |                  |                                |                        |
| Investment Income                                | \$ 357                | \$ 2,123        | \$ 20,090                | \$ 0             | \$ 0                           | \$ 2,705               |
| Lease/Rentals                                    | 21,150                | 0               | 107,413                  | 0                | 0                              | 0                      |
| Sale of Materials and Supplies                   | 0                     | 0               | 0                        | 0                | 0                              | 4,290                  |
| Sale of Gasoline                                 | 0                     | 0               | 0                        | 0                | 0                              | 609                    |
| Sale of Maps                                     | 500                   | 0               | 0                        | 0                | 0                              | 0                      |
| Sale of Recycled Materials                       | 0                     | 0               | 206,029                  | 0                | 0                              | 0                      |
| Miscellaneous Refunds                            | 35,507                | 4,003           | 6,151                    | 0                | 0                              | 0                      |
| <u>Nonrecurring Items</u>                        |                       |                 |                          |                  |                                |                        |
| Sale of Property                                 | 0                     | 0               | 0                        | 8,885            | 0                              | 0                      |
| <u>Other Local Revenues</u>                      |                       |                 |                          |                  |                                |                        |
| Other Local Revenues                             | 0                     | 0               | 0                        | 3,008            | 0                              | 8,404                  |
| <b>Total Other Local Revenues</b>                | <b>\$ 57,514</b>      | <b>\$ 6,126</b> | <b>\$ 339,683</b>        | <b>\$ 11,893</b> | <b>\$ 0</b>                    | <b>\$ 16,008</b>       |
| <u>Fees Received from County Officials</u>       |                       |                 |                          |                  |                                |                        |
| <u>Fees in-Lieu-of Salary</u>                    |                       |                 |                          |                  |                                |                        |
| County Clerk                                     | \$ 157,668            | \$ 0            | \$ 0                     | \$ 0             | \$ 0                           | \$ 0                   |
| Circuit Court Clerk                              | 24,838                | 0               | 0                        | 0                | 0                              | 0                      |
| General Sessions Court Clerk                     | 87,981                | 0               | 0                        | 0                | 0                              | 0                      |
| Clerk and Master                                 | 64,519                | 0               | 0                        | 0                | 0                              | 0                      |
| Register   | 57,655                | 0               | 0                        | 0                | 0                              | 0                      |
| Sheriff  | 8,398                 | 0               | 0                        | 0                | 0                              | 0                      |
| Trustee  | 200,278               | 0               | 0                        | 0                | 0                              | 0                      |
| <b>Total Fees Received from County Officials</b> | <b>\$ 601,337</b>     | <b>\$ 0</b>     | <b>\$ 0</b>              | <b>\$ 0</b>      | <b>\$ 0</b>                    | <b>\$ 0</b>            |

(Continued)

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

|                                   | Special Revenue Funds |                |                          |              |                                |                        |
|-----------------------------------|-----------------------|----------------|--------------------------|--------------|--------------------------------|------------------------|
|                                   | General               | Public Library | Solid Waste / Sanitation | Drug Control | Constitutional Officers - Fees | Highway / Public Works |
| <u>State of Tennessee</u>         |                       |                |                          |              |                                |                        |
| <u>General Government Grants</u>  |                       |                |                          |              |                                |                        |
| Juvenile Services Program         | \$ 9,000              | \$ 0           | \$ 0                     | \$ 0         | \$ 0                           | \$ 0                   |
| Solid Waste Grants                | 0                     | 0              | 7,456                    | 0            | 0                              | 0                      |
| Other General Government Grants   | 3,415                 | 0              | 0                        | 0            | 0                              | 0                      |
| <u>Public Safety Grants</u>       |                       |                |                          |              |                                |                        |
| Law Enforcement Training Programs | 7,800                 | 0              | 0                        | 0            | 0                              | 0                      |
| <u>Health and Welfare Grants</u>  |                       |                |                          |              |                                |                        |
| Health Department Programs        | 36,422                | 0              | 0                        | 0            | 0                              | 0                      |
| Other Health and Welfare Grants   | 17,654                | 0              | 0                        | 0            | 0                              | 0                      |
| <u>Public Works Grants</u>        |                       |                |                          |              |                                |                        |
| Litter Program                    | 33,986                | 0              | 17,410                   | 0            | 0                              | 0                      |
| <u>Other State Revenues</u>       |                       |                |                          |              |                                |                        |
| Beer Tax                          | 0                     | 0              | 71,478                   | 0            | 0                              | 0                      |
| State Revenue Sharing - T.V.A.    | 0                     | 75,000         | 189,162                  | 0            | 0                              | 0                      |
| Contracted Prisoner Boarding      | 414,104               | 0              | 0                        | 0            | 0                              | 0                      |
| Gasoline and Motor Fuel Tax       | 0                     | 0              | 0                        | 0            | 0                              | 1,380,054              |
| Petroleum Special Tax             | 0                     | 0              | 0                        | 0            | 0                              | 10,301                 |
| Registrar's Salary Supplement     | 15,164                | 0              | 0                        | 0            | 0                              | 0                      |
| Other State Grants                | 0                     | 9              | 88,548                   | 0            | 0                              | 0                      |
| Total State of Tennessee          | \$ 537,545            | \$ 75,009      | \$ 374,054               | \$ 0         | \$ 0                           | \$ 1,390,355           |
| <u>Federal Government</u>         |                       |                |                          |              |                                |                        |
| <u>Federal Through State</u>      |                       |                |                          |              |                                |                        |
| Civil Defense Reimbursement       | \$ 43,515             | \$ 0           | \$ 0                     | \$ 0         | \$ 0                           | \$ 0                   |
| <u>Direct Federal Revenue</u>     |                       |                |                          |              |                                |                        |
| Other Direct Federal Revenue      | 2,000                 | 350            | 0                        | 0            | 0                              | 0                      |
| Total Federal Government          | \$ 45,515             | \$ 350         | \$ 0                     | \$ 0         | \$ 0                           | \$ 0                   |

(Continued)

Exhibit I-6

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

|  | Special Revenue Funds |                |                          |              |                                |                        |
|--|-----------------------|----------------|--------------------------|--------------|--------------------------------|------------------------|
|  | General               | Public Library | Solid Waste / Sanitation | Drug Control | Constitutional Officers - Fees | Highway / Public Works |
| <u>Other Governments and Citizens Groups</u>       |                       |                |                          |              |                                |                        |
| <u>Other Governments</u>                           |                       |                |                          |              |                                |                        |
| Paving and Maintenance                             | \$ 1,000              | \$ 0           | \$ 0                     | \$ 0         | \$ 0                           | \$ 0                   |
| Contributions                                      | 0                     | 16,304         | 0                        | 0            | 0                              | 0                      |
| Contracted Services                                | 202,654               | 0              | 0                        | 0            | 0                              | 0                      |
| <u>Citizens Groups</u>                             |                       |                |                          |              |                                |                        |
| Donations  | 0                     | 1,576          | 0                        | 0            | 0                              | 0                      |
| <u>Other</u>                                       |                       |                |                          |              |                                |                        |
| Other  | 46,500                | 0              | 0                        | 0            | 0                              | 0                      |
| <u>Total Other Governments and Citizens Groups</u> | \$ 250,154            | \$ 17,880      | \$ 0                     | \$ 0         | \$ 0                           | \$ 0                   |
| Total  | \$ 6,040,412          | \$ 108,632     | \$ 1,007,527             | \$ 24,759    | \$ 780                         | \$ 1,455,390           |

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

|  | Debt Service Funds   |                        |           | Permanent Fund |  |  |
|--|----------------------|------------------------|-----------|----------------|--|--|
|  | General Debt Service | Education Debt Service | Endowment | Total          |  |  |
| <u>Local Taxes</u>                               |                      |                        |           |                |  |  |
| <u>County Property Taxes</u>                     |                      |                        |           |                |  |  |
| Current Property Tax                             | \$ 32,796            | \$ 0                   | \$ 0      | \$ 3,710,457   |  |  |
| Discount on Property Taxes                       | (342)                | 0                      | 0         | (38,661)       |  |  |
| Trustee's Collections - Prior Year               | 1,568                | 0                      | 0         | 200,933        |  |  |
| Circuit/Clerk & Master Collections - Prior Years | 778                  | 0                      | 0         | 54,857         |  |  |
| Interest and Penalty                             | 303                  | 0                      | 0         | 33,222         |  |  |
| Payments in-Lieu-of Taxes - T.V.A.               | 178                  | 0                      | 0         | 23,229         |  |  |
| Payments in-Lieu-of Taxes - Other                | 224                  | 0                      | 0         | 174,030        |  |  |
| <u>County Local Option Taxes</u>                 |                      |                        |           |                |  |  |
| Local Option Sales Tax                           | 0                    | 669,828                | 0         | 787,014        |  |  |
| Hotel/Motel Tax                                  | 0                    | 0                      | 0         | 14,068         |  |  |
| Wheel Tax  | 562,020              | 0                      | 0         | 734,763        |  |  |
| Litigation Tax - General                         | 0                    | 0                      | 0         | 37,767         |  |  |
| Litigation Tax - Special Purpose                 | 0                    | 0                      | 0         | 4,365          |  |  |
| Litigation Tax - Jail, Workhouse, or Courthouse  | 15,743               | 0                      | 0         | 15,743         |  |  |
| Litigation Tax - Courthouse Security             | 0                    | 0                      | 0         | 157            |  |  |
| Business Tax                                     | 0                    | 0                      | 0         | 84,883         |  |  |
| Mixed Drink Tax                                  | 0                    | 0                      | 0         | 532            |  |  |
| <u>Statutory Local Taxes</u>                     |                      |                        |           |                |  |  |
| Bank Excise Tax                                  | 460                  | 0                      | 0         | 52,118         |  |  |
| Wholesale Beer Tax                               | 0                    | 0                      | 0         | 29,689         |  |  |
| Interstate Telecommunications Tax                | 0                    | 0                      | 0         | 1,218          |  |  |
| Total Local Taxes                                | \$ 613,728           | \$ 669,828             | \$ 0      | \$ 5,920,384   |  |  |

(Continued)

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

|  | <u>Debt Service Funds</u> |                  |                | <u>Permanent</u> |
|--|---------------------------|------------------|----------------|------------------|
|  | <u>General</u>            | <u>Education</u> | <u>Debt</u>    | <u>Fund</u>      |
|  | <u>Service</u>            | <u>Service</u>   | <u>Service</u> | <u>Endowment</u> |
|  |                           |                  |                | <u>Total</u>     |
| <u>Licenses and Permits</u>              |                           |                  |                |                  |
| <u>Licenses</u>                          |                           |                  |                |                  |
| Cable TV Franchise                       | 0 \$                      | 0 \$             | 0 \$           | 0 \$             |
| Total Licenses and Permits               | 0 \$                      | 0 \$             | 0 \$           | 0 \$             |
| <u>Fines, Forfeitures, and Penalties</u> |                           |                  |                |                  |
| <u>Circuit Court</u>                     |                           |                  |                |                  |
| Fines                                    | 0 \$                      | 0 \$             | 0 \$           | 0 \$             |
| Officers Costs                           | 0                         | 0                | 0              | 0                |
| Drug Control Fines                       | 0                         | 0                | 0              | 0                |
| Drug Court Fees                          | 0                         | 0                | 0              | 0                |
| Jail Fees                                | 0                         | 0                | 0              | 0                |
| Data Entry Fee - Circuit Court           | 0                         | 0                | 0              | 0                |
| Victims Assistance Assessments           | 0                         | 0                | 0              | 0                |
| <u>General Sessions Court</u>            |                           |                  |                |                  |
| Fines                                    | 0                         | 0                | 0              | 0                |
| Officers Costs                           | 0                         | 0                | 0              | 0                |
| Game and Fish Fines                      | 0                         | 0                | 0              | 0                |
| Drug Control Fines                       | 0                         | 0                | 0              | 0                |
| Drug Court Fees                          | 0                         | 0                | 0              | 0                |
| Jail Fees                                | 0                         | 0                | 0              | 0                |
| DUI Treatment Fines                      | 0                         | 0                | 0              | 0                |
| Data Entry Fee - General Sessions Court  | 0                         | 0                | 0              | 0                |
| Courtroom Security Fee                   | 0                         | 0                | 0              | 0                |
| Victims Assistance Assessments           | 0                         | 0                | 0              | 0                |
| <u>Juvenile Court</u>                    |                           |                  |                |                  |
| Fines                                    | 0                         | 0                | 0              | 0                |
|  |                           |                  |                | 223              |
|  |                           |                  |                | 18,471           |
|  |                           |                  |                | 18,471           |

(Continued)

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

|  | <u>Debt Service Funds</u>                       |   |                  | <u>Permanent</u> |
|--|---|---|------------------|------------------|
|  | <u>General</u><br><u>Debt</u><br><u>Service</u> | <u>Education</u><br><u>Debt</u><br><u>Service</u> | <u>Endowment</u> | <u>Fund</u>      |
|  |   |   |                  | <u>Total</u>     |
| <u>Fines, Forfeitures, and Penalties (Cont.)</u> |   |   |                  |                  |
| <u>Juvenile Court (Cont.)</u>                    |   |   |                  |                  |
| Officers Costs                                   | \$ 0  | \$ 0  | \$ 0             | 1,580            |
| Data Entry Fee - Juvenile Court                  | 0   | 0   | 0                | 1,262            |
| <u>Chancery Court</u>                            |   |   |                  |                  |
| Officers Costs                                   | 0   | 0   | 0                | 365              |
| Data Entry Fee - Chancery Court                  | 0   | 0   | 0                | 1,982            |
| <u>Judicial District Drug Program</u>            |   |   |                  |                  |
| Drug Task Force Forfeitures and Seizures         | 0   | 0   | 0                | 814              |
| Courtroom Security Fee                           | 0   | 0   | 0                | 2                |
| <u>Other Fines, Forfeitures, and Penalties</u>   |   |   |                  |                  |
| Other Fines, Forfeitures, and Penalties          | 0   | 0   | 0                | 1,400            |
| <b>Total Fines, Forfeitures, and Penalties</b>   | <b>\$ 0</b>                                     | <b>\$ 0</b>                                       | <b>\$ 0</b>      | <b>90,160</b>    |
| <u>Charges for Current Services</u>              |   |   |                  |                  |
| <u>General Service Charges</u>                   |   |   |                  |                  |
| Convenience Waste Centers Collection Charge      | \$ 0  | \$ 0  | \$ 0             | 88,612           |
| Solid Waste Disposal Fees                        | 0   | 0   | 0                | 538              |
| <u>Fees</u>                                      |   |   |                  |                  |
| Copy Fees  | 0   | 0   | 0                | 128              |
| Library Fees                                     | 0   | 0   | 0                | 9,267            |
| Greenbelt Late Application Fee                   | 0   | 0   | 0                | 400              |
| Telephone Commissions                            | 0   | 0   | 0                | 59,160           |
| Constitutional Officers' Fees and Commissions    | 0   | 0   | 0                | 780              |
| Data Processing Fee - Register                   | 0   | 0   | 0                | 5,190            |
| Data Processing Fee - Sheriff                    | 0   | 0   | 0                | 1,843            |
| Sexual Offender Registration Fees - Sheriff      | 0   | 0   | 0                | 2,700            |
| <b>Total Charges for Current Services</b>        | <b>\$ 0</b>                                     | <b>\$ 0</b>                                       | <b>\$ 0</b>      | <b>168,618</b>   |

(Continued)

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

|  | <u>Debt Service Funds</u> |                  |                | <u>Permanent</u> |
|--|---------------------------|------------------|----------------|------------------|
|  | <u>General</u>            | <u>Education</u> | <u>Debt</u>    | <u>Fund</u>      |
|  | <u>Service</u>            | <u>Service</u>   | <u>Service</u> | <u>Endowment</u> |
|  |                           |                  |                | <u>Total</u>     |
| <u>Other Local Revenues</u>                      |                           |                  |                |                  |
| <u>Recurring Items</u>                           |                           |                  |                |                  |
| Investment Income                                | \$ 0                      | \$ 0             | \$ 27,415      | \$ 52,690        |
| Lease/Rentals                                    | 0                         | 0                | 0              | 128,563          |
| Sale of Materials and Supplies                   | 0                         | 0                | 0              | 4,290            |
| Sale of Gasoline                                 | 0                         | 0                | 0              | 609              |
| Sale of Maps                                     | 0                         | 0                | 0              | 500              |
| Sale of Recycled Materials                       | 0                         | 0                | 0              | 206,029          |
| Miscellaneous Refunds                            | 0                         | 0                | 0              | 45,661           |
| <u>Nonrecurring Items</u>                        |                           |                  |                |                  |
| Sale of Property                                 | 0                         | 0                | 0              | 8,885            |
| <u>Other Local Revenues</u>                      |                           |                  |                |                  |
| Other Local Revenues                             | 0                         | 0                | 0              | 11,412           |
| <u>Total Other Local Revenues</u>                | <u>0</u>                  | <u>0</u>         | <u>27,415</u>  | <u>458,639</u>   |
|  | \$                        | \$               | \$             | \$               |
| <u>Fees Received from County Officials</u>       |                           |                  |                |                  |
| <u>Fees in-Lieu-of Salary</u>                    |                           |                  |                |                  |
| County Clerk                                     | 0                         | 0                | 0              | 157,668          |
| Circuit Court Clerk                              | 0                         | 0                | 0              | 24,838           |
| General Sessions Court Clerk                     | 0                         | 0                | 0              | 87,981           |
| Clerk and Master                                 | 0                         | 0                | 0              | 64,519           |
| Register   | 0                         | 0                | 0              | 57,655           |
| Sheriff  | 0                         | 0                | 0              | 8,398            |
| Trustee  | 0                         | 0                | 0              | 200,278          |
| <u>Total Fees Received from County Officials</u> | <u>0</u>                  | <u>0</u>         | <u>0</u>       | <u>601,337</u>   |
|  | \$                        | \$               | \$             | \$               |

(Continued)

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

|                                   | <u>Debt Service Funds</u> |                  |                | <u>Permanent</u> |
|-----------------------------------|---------------------------|------------------|----------------|------------------|
|                                   | <u>General</u>            | <u>Education</u> | <u>Debt</u>    | <u>Fund</u>      |
|                                   | <u>Service</u>            | <u>Service</u>   | <u>Service</u> | <u>Endowment</u> |
|                                   |                           |                  |                | <u>Total</u>     |
| <u>State of Tennessee</u>         |                           |                  |                |                  |
| <u>General Government Grants</u>  |                           |                  |                |                  |
| Juvenile Services Program         | \$ 0                      | \$ 0             | \$ 0           | 9,000            |
| Solid Waste Grants                | 0                         | 0                | 0              | 7,456            |
| Other General Government Grants   | 0                         | 0                | 0              | 3,415            |
| <u>Public Safety Grants</u>       |                           |                  |                |                  |
| Law Enforcement Training Programs | 0                         | 0                | 0              | 7,800            |
| <u>Health and Welfare Grants</u>  |                           |                  |                |                  |
| Health Department Programs        | 0                         | 0                | 0              | 36,422           |
| Other Health and Welfare Grants   | 0                         | 0                | 0              | 17,654           |
| <u>Public Works Grants</u>        |                           |                  |                |                  |
| Litter Program                    | 0                         | 0                | 0              | 51,396           |
| <u>Other State Revenues</u>       |                           |                  |                |                  |
| Beer Tax                          | 0                         | 0                | 0              | 71,478           |
| State Revenue Sharing - T.V.A.    | 2,382                     | 0                | 0              | 266,544          |
| Contracted Prisoner Boarding      | 0                         | 0                | 0              | 414,104          |
| Gasoline and Motor Fuel Tax       | 0                         | 0                | 0              | 1,380,054        |
| Petroleum Special Tax             | 0                         | 0                | 0              | 10,301           |
| Registrar's Salary Supplement     | 0                         | 0                | 0              | 15,164           |
| Other State Grants                | 0                         | 0                | 0              | 88,557           |
| Total State of Tennessee          | \$ 2,382                  | \$ 0             | \$ 0           | 2,379,345        |
| <u>Federal Government</u>         |                           |                  |                |                  |
| <u>Federal Through State</u>      |                           |                  |                |                  |
| Civil Defense Reimbursement       | \$ 0                      | \$ 0             | \$ 0           | 43,515           |
| <u>Direct Federal Revenue</u>     |                           |                  |                |                  |
| Other Direct Federal Revenue      | 0                         | 0                | 0              | 2,350            |
| Total Federal Government          | \$ 0                      | \$ 0             | \$ 0           | 45,865           |

(Continued)

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

|  | <u>Debt Service Funds</u> |                  |                | <u>Permanent</u>  |
|--|---------------------------|------------------|----------------|-------------------|
|  | <u>General</u>            | <u>Education</u> | <u>Debt</u>    | <u>Fund</u>       |
|  | <u>Service</u>            | <u>Debt</u>      | <u>Service</u> | <u>Endowment</u>  |
|  |                           |                  |                | <u>Total</u>      |
| <u>Other Governments and Citizens Groups</u>       |                           |                  |                |                   |
| <u>Other Governments</u>                           |                           |                  |                |                   |
| Paving and Maintenance                             | \$ 0                      | \$ 0             | \$ 0           | \$ 1,000          |
| Contributions                                      | 0                         | 50,000           | 0              | 66,304            |
| Contracted Services                                | 0                         | 0                | 0              | 202,654           |
| <u>Citizens Groups</u>                             |                           |                  |                |                   |
| Donations  | 0                         | 0                | 0              | 1,576             |
| <u>Other</u>                                       |                           |                  |                |                   |
| Other  | 0                         | 0                | 0              | 46,500            |
| <u>Total Other Governments and Citizens Groups</u> | <u>\$ 0</u>               | <u>\$ 50,000</u> | <u>\$ 0</u>    | <u>\$ 318,034</u> |
| Total  | \$ 616,110                | \$ 719,828       | \$ 27,415      | \$ 10,000,853     |

Chester County, Tennessee  
Schedule of Detailed Revenues -  
All Governmental Fund Types  
Discretely Presented Chester County School Department  
For the Year Ended June 30, 2014

|  | General Purpose School | Special Revenue Funds   |                   |      | Total     |
|--|------------------------|-------------------------|-------------------|------|-----------|
|  |                        | School Federal Projects | Central Cafeteria |      |           |
| <u>Local Taxes</u>                               |                        |                         |                   |      |           |
| <u>County Property Taxes</u>                     |                        |                         |                   |      |           |
| Current Property Tax                             | \$ 1,569,395           | \$ 0                    | \$ 0              | \$ 0 | 1,569,395 |
| Trustee's Collections - Prior Year               | 80,435                 | 0                       | 0                 | 0    | 80,435    |
| Circuit/Clerk & Master Collections - Prior Years | 38,736                 | 0                       | 0                 | 0    | 38,736    |
| Interest and Penalty                             | 14,002                 | 0                       | 0                 | 0    | 14,002    |
| Payments in-Lieu-of Taxes - T.V.A.               | 95,004                 | 0                       | 0                 | 0    | 95,004    |
| Payments in-Lieu-of Taxes - Other                | 10,828                 | 0                       | 0                 | 0    | 10,828    |
| <u>County Local Option Taxes</u>                 |                        |                         |                   |      |           |
| Local Option Sales Tax                           | 749,225                | 0                       | 0                 | 0    | 749,225   |
| Mixed Drink Tax                                  | 532                    | 0                       | 0                 | 0    | 532       |
| <u>Statutory Local Taxes</u>                     |                        |                         |                   |      |           |
| Bank Excise Tax                                  | 22,267                 | 0                       | 0                 | 0    | 22,267    |
| Interstate Telecommunications Tax                | 1,613                  | 0                       | 0                 | 0    | 1,613     |
| Total Local Taxes                                | \$ 2,582,037           | \$ 0                    | \$ 0              | \$ 0 | 2,582,037 |
| <u>Licenses and Permits</u>                      |                        |                         |                   |      |           |
| <u>Licenses</u>                                  |                        |                         |                   |      |           |
| Marriage Licenses                                | 1,045                  | 0                       | 0                 | 0    | 1,045     |
| Total Licenses and Permits                       | \$ 1,045               | \$ 0                    | \$ 0              | \$ 0 | 1,045     |
| <u>Charges for Current Services</u>              |                        |                         |                   |      |           |
| <u>Education Charges</u>                         |                        |                         |                   |      |           |
| Tuition - Regular Day Students                   | 23,173                 | 0                       | 0                 | 0    | 23,173    |
| Tuition - Summer School                          | 1,095                  | 0                       | 0                 | 0    | 1,095     |
| Lunch Payments - Children                        | 0                      | 0                       | 207,997           | 0    | 207,997   |

(Continued)

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

|   | Special Revenue Funds  |                         |                   |  | Total   |
|---|------------------------|-------------------------|-------------------|--|---------|
|   | General Purpose School | School Federal Projects | Central Cafeteria |  |         |
| <u>Charges for Current Services (Cont.)</u> |                        |                         |                   |  |         |
| <u>Education Charges (Cont.)</u>            |                        |                         |                   |  |         |
| Lunch Payments - Adults                     | \$ 0 \$                | 0 \$                    | 36,405 \$         |  | 36,405  |
| Income from Breakfast                       | 0                      | 0                       | 16,272            |  | 16,272  |
| A la carte Sales                            | 0                      | 0                       | 135,464           |  | 135,464 |
| Receipts from Individual Schools            | 17,456                 | 0                       | 0                 |  | 17,456  |
| <u>Other Charges for Services</u>           |                        |                         |                   |  |         |
| Other Charges for Services                  | 6,590                  | 0                       | 0                 |  | 6,590   |
| Total Charges for Current Services          | \$ 48,314 \$           | 0 \$                    | 396,138 \$        |  | 444,452 |
| <u>Other Local Revenues</u>                 |                        |                         |                   |  |         |
| <u>Recurring Items</u>                      |                        |                         |                   |  |         |
| Investment Income                           | \$ 34,502 \$           | 0 \$                    | 2,511 \$          |  | 37,013  |
| Lease/Rentals                               | 8,390                  | 0                       | 0                 |  | 8,390   |
| Miscellaneous Refunds                       | 29,949                 | 0                       | 49,678            |  | 79,627  |
| <u>Nonrecurring Items</u>                   |                        |                         |                   |  |         |
| Damages Recovered from Individuals          | 1,213                  | 0                       | 0                 |  | 1,213   |
| Contributions and Gifts                     | 500                    | 0                       | 0                 |  | 500     |
| <u>Other Local Revenues</u>                 |                        |                         |                   |  |         |
| Other Local Revenues                        | 12,954                 | 0                       | 0                 |  | 12,954  |
| Total Other Local Revenues                  | \$ 87,508 \$           | 0 \$                    | 52,189 \$         |  | 139,697 |
| <u>State of Tennessee</u>                   |                        |                         |                   |  |         |
| <u>General Government Grants</u>            |                        |                         |                   |  |         |
| On-behalf Contributions for OPEB            | \$ 62,778 \$           | 0 \$                    | 0 \$              |  | 62,778  |

(Continued)

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

|   | Special Revenue Funds  |                         |                   |             | Total                |
|---|------------------------|-------------------------|-------------------|-------------|----------------------|
|   | General Purpose School | School Federal Projects | Central Cafeteria |             |                      |
| <u>State of Tennessee (Cont.)</u>             |                        |                         |                   |             |                      |
| <u>State Education Funds</u>                  |                        |                         |                   |             |                      |
| Basic Education Program                       | \$ 14,531,000          | \$ 0                    | \$ 0              | \$ 0        | 14,531,000           |
| Early Childhood Education                     | 193,553                | 0                       | 0                 | 0           | 193,553              |
| School Food Service                           | 0                      | 0                       | 15,913            | 0           | 15,913               |
| Energy Efficient School Initiative            | 10,539                 | 0                       | 0                 | 0           | 10,539               |
| Driver Education                              | 16,255                 | 0                       | 0                 | 0           | 16,255               |
| Other State Education Funds                   | 146,323                | 0                       | 0                 | 0           | 146,323              |
| Career Ladder Program                         | 64,710                 | 0                       | 0                 | 0           | 64,710               |
| Career Ladder - Extended Contract             | 18,520                 | 0                       | 0                 | 0           | 18,520               |
| <u>Other State Revenues</u>                   |                        |                         |                   |             |                      |
| Other State Grants                            | 5,270                  | 0                       | 0                 | 0           | 5,270                |
| Other State Revenues                          | 240,561                | 0                       | 0                 | 0           | 240,561              |
| Total State of Tennessee                      | <u>\$ 15,289,509</u>   | <u>\$ 0</u>             | <u>\$ 15,913</u>  | <u>\$ 0</u> | <u>\$ 15,305,422</u> |
| <u>Federal Government</u>                     |                        |                         |                   |             |                      |
| <u>Federal Through State</u>                  |                        |                         |                   |             |                      |
| USDA School Lunch Program                     | \$ 0                   | \$ 0                    | \$ 662,534        | \$ 0        | 662,534              |
| USDA - Commodities                            | 0                      | 0                       | 91,559            | 0           | 91,559               |
| Breakfast                                     | 0                      | 0                       | 195,980           | 0           | 195,980              |
| USDA - Other                                  | 0                      | 0                       | 535,843           | 0           | 535,843              |
| Vocational Education - Basic Grants to States | 0                      | 37,068                  | 0                 | 0           | 37,068               |
| Title I Grants to Local Education Agencies    | 0                      | 876,353                 | 0                 | 0           | 876,353              |
| Special Education - Grants to States          | 2,451                  | 507,580                 | 0                 | 0           | 510,031              |
| Special Education Preschool Grants            | 0                      | 9,981                   | 0                 | 0           | 9,981                |
| English Language Acquisition Grants           | 0                      | 11,194                  | 0                 | 0           | 11,194               |

(Continued)

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

|  | Special Revenue Funds   |                         |                     |                   | Total   |
|--|-------------------------|-------------------------|---------------------|-------------------|---------|
|  | General Purpose School  | School Federal Projects | Central Cafeteria   | Total             |         |
| Federal Government (Cont.)                       |                         |                         |                     |                   |         |
| <u>Federal Through State (Cont.)</u>             |                         |                         |                     |                   |         |
| Eisenhower Professional Development State Grants | \$ 0 \$                 | 112,102 \$              | 0 \$                | 0 \$              | 112,102 |
| Race-to-the-Top - ARRA                           | 0                       | 130,124                 | 0                   | 0                 | 130,124 |
| Other Federal through State                      | 0                       | 51,412                  | 0                   | 0                 | 51,412  |
| Total Federal Government                         | <u>\$ 2,451 \$</u>      | <u>1,735,814 \$</u>     | <u>1,485,916 \$</u> | <u>3,224,181</u>  |         |
| Total  | <u>\$ 18,010,864 \$</u> | <u>1,735,814 \$</u>     | <u>1,950,156 \$</u> | <u>21,696,834</u> |         |

Exhibit I-8

Chester County, Tennessee  
Schedule of Detailed Expenditures -  
All Governmental Fund Types  
For the Year Ended June 30, 2014

General Fund

General Government

County Commission

|                                  |    |        |           |
|----------------------------------|----|--------|-----------|
| Board and Committee Members Fees | \$ | 14,900 |           |
| Social Security                  |    | 1,140  |           |
| Dues and Memberships             |    | 1,300  |           |
| Travel                           |    | 1,173  |           |
| Total County Commission          |    |        | \$ 18,513 |

Board of Equalization

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

Budget and Finance Committee

|                                    |    |       |       |
|------------------------------------|----|-------|-------|
| Board and Committee Members Fees   | \$ | 1,300 |       |
| Social Security                    |    | 99    |       |
| Total Budget and Finance Committee |    |       | 1,399 |

County Mayor/Executive

|   |    |        |         |
|---|----|--------|---------|
| County Official/Administrative Officer    | \$ | 75,003 |         |
| Secretary(ies)                            |    | 25,928 |         |
| Social Security                           |    | 7,474  |         |
| State Retirement                          |    | 7,509  |         |
| Medical Insurance                         |    | 12,981 |         |
| Unemployment Compensation                 |    | 108    |         |
| Communication                             |    | 6,599  |         |
| Data Processing Services                  |    | 922    |         |
| Dues and Memberships                      |    | 1,377  |         |
| Legal Notices, Recording, and Court Costs |    | 99     |         |
| Printing, Stationery, and Forms           |    | 545    |         |
| Travel                                    |    | 420    |         |
| Office Supplies                           |    | 1,281  |         |
| Total County Mayor/Executive              |    |        | 140,246 |

County Attorney

|                       |    |        |        |
|-----------------------|----|--------|--------|
| Legal Services        | \$ | 11,660 |        |
| Total County Attorney |    |        | 11,660 |

Election Commission

|  |    |        |  |
|--|----|--------|--|
| County Official/Administrative Officer | \$ | 55,468 |  |
| Clerical Personnel                     |    | 24,400 |  |
| Longevity Pay                          |    | 100    |  |
| Election Commission                    |    | 950    |  |
| Election Workers                       |    | 4,970  |  |
| Social Security                        |    | 6,056  |  |
| State Retirement                       |    | 5,942  |  |
| Medical Insurance                      |    | 6,426  |  |
| Unemployment Compensation              |    | 245    |  |
| Communication                          |    | 2,376  |  |
| Data Processing Services               |    | 14,622 |  |

(Continued)

Exhibit I-8

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

General Fund (Cont.)

General Government (Cont.)

Election Commission (Cont.)

|   |    |       |            |
|---|----|-------|------------|
| Dues and Memberships                        | \$ | 1,953 |            |
| Maintenance and Repair Services - Equipment |    | 660   |            |
| Printing, Stationery, and Forms             |    | 2,240 |            |
| Travel                                      |    | 3,661 |            |
| Office Supplies                             |    | 5,959 |            |
| Office Equipment                            |    | 5,794 |            |
| Total Election Commission                   |    |       | \$ 141,822 |

Register of Deeds

|  |    |        |         |
|--|----|--------|---------|
| County Official/Administrative Officer | \$ | 61,631 |         |
| Clerical Personnel                     |    | 27,908 |         |
| Longevity Pay                          |    | 1,800  |         |
| Social Security                        |    | 6,744  |         |
| State Retirement                       |    | 6,662  |         |
| Medical Insurance                      |    | 12,721 |         |
| Unemployment Compensation              |    | 108    |         |
| Communication                          |    | 823    |         |
| Data Processing Services               |    | 9,185  |         |
| Dues and Memberships                   |    | 582    |         |
| Travel                                 |    | 1,423  |         |
| Data Processing Supplies               |    | 1,666  |         |
| Office Supplies                        |    | 549    |         |
| Total Register of Deeds                |    |        | 131,802 |

County Buildings

|  |    |        |         |
|--|----|--------|---------|
| Salary Supplements                                 | \$ | 3,375  |         |
| Custodial Personnel                                |    | 8,533  |         |
| Maintenance Personnel                              |    | 68,733 |         |
| Longevity Pay                                      |    | 1,125  |         |
| Overtime Pay                                       |    | 14,213 |         |
| Social Security                                    |    | 7,178  |         |
| State Retirement                                   |    | 6,140  |         |
| Medical Insurance                                  |    | 8,431  |         |
| Unemployment Compensation                          |    | 326    |         |
| Communication                                      |    | 4,318  |         |
| Maintenance and Repair Services - Buildings        |    | 34,980 |         |
| Maintenance and Repair Services - Office Equipment |    | 33     |         |
| Pest Control                                       |    | 2,329  |         |
| Travel   |    | 2,439  |         |
| Custodial Supplies                                 |    | 11,976 |         |
| Electricity  |    | 51,367 |         |
| Gasoline   |    | 180    |         |
| Natural Gas  |    | 9,827  |         |
| Water and Sewer                                    |    | 4,318  |         |
| Building and Contents Insurance                    |    | 44,708 |         |
| Liability Insurance                                |    | 273    |         |
| Total County Buildings                             |    |        | 284,802 |

(Continued)

Exhibit I-8

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

General Fund (Cont.)

General Government (Cont.)

Other Facilities

|   |    |        |           |
|---|----|--------|-----------|
| Communication                               | \$ | 3,519  |           |
| Maintenance and Repair Services - Buildings |    | 442    |           |
| Pest Control                                |    | 480    |           |
| Electricity                                 |    | 13,371 |           |
| Water and Sewer                             |    | 766    |           |
| Total Other Facilities                      |    |        | \$ 18,578 |

Other General Administration

|   |    |        |        |
|---|----|--------|--------|
| Legal Notices, Recording, and Court Costs | \$ | 195    |        |
| Postal Charges                            |    | 28,635 |        |
| Printing, Stationery, and Forms           |    | 3,464  |        |
| Periodicals                               |    | 45     |        |
| Premiums on Corporate Surety Bonds        |    | 6,069  |        |
| Office Equipment                          |    | 3,507  |        |
| Total Other General Administration        |    |        | 41,915 |

Finance

Accounting and Budgeting

|  |    |        |        |
|--|----|--------|--------|
| Supervisor/Director                            | \$ | 25,928 |        |
| Clerical Personnel                             |    | 25,928 |        |
| Part-time Personnel                            |    | 2,011  |        |
| Educational Incentive - Other County Employees |    | 3,000  |        |
| Longevity Pay                                  |    | 1,500  |        |
| Social Security                                |    | 4,340  |        |
| State Retirement                               |    | 4,205  |        |
| Medical Insurance                              |    | 6,510  |        |
| Unemployment Compensation                      |    | 150    |        |
| Communication                                  |    | 2,724  |        |
| Data Processing Services                       |    | 10,092 |        |
| Dues and Memberships                           |    | 25     |        |
| Travel   |    | 2,087  |        |
| Office Supplies                                |    | 2,690  |        |
| Total Accounting and Budgeting                 |    |        | 91,190 |

Property Assessor's Office

|  |    |        |  |
|--|----|--------|--|
| County Official/Administrative Officer         | \$ | 61,631 |  |
| Clerical Personnel                             |    | 52,414 |  |
| Educational Incentive - Other County Employees |    | 3,000  |  |
| Longevity Pay                                  |    | 550    |  |
| Social Security                                |    | 8,731  |  |
| State Retirement                               |    | 8,485  |  |
| Medical Insurance                              |    | 16,955 |  |
| Unemployment Compensation                      |    | 213    |  |
| Audit Services                                 |    | 5,106  |  |
| Communication                                  |    | 4,784  |  |
| Data Processing Services                       |    | 7,718  |  |
| Dues and Memberships                           |    | 1,590  |  |

(Continued)

Exhibit I-8

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

General Fund (Cont.)

Finance (Cont.)

Property Assessor's Office (Cont.)

|   |    |       |            |
|---|----|-------|------------|
| Legal Notices, Recording, and Court Costs | \$ | 490   |            |
| Printing, Stationery, and Forms           |    | 156   |            |
| Travel                                    |    | 1,396 |            |
| Office Supplies                           |    | 1,134 |            |
| Office Equipment                          |    | 800   |            |
| Total Property Assessor's Office          |    |       | \$ 175,153 |

Reappraisal Program

|                           |    |        |        |
|---------------------------|----|--------|--------|
| Clerical Personnel        | \$ | 10,475 |        |
| Social Security           |    | 801    |        |
| Unemployment Compensation |    | 126    |        |
| Travel                    |    | 2,915  |        |
| Total Reappraisal Program |    |        | 14,317 |

County Trustee's Office

|  |    |        |         |
|--|----|--------|---------|
| County Official/Administrative Officer         | \$ | 61,631 |         |
| Clerical Personnel                             |    | 51,892 |         |
| Educational Incentive - Other County Employees |    | 3,000  |         |
| Longevity Pay                                  |    | 2,550  |         |
| Social Security                                |    | 8,882  |         |
| State Retirement                               |    | 7,623  |         |
| Medical Insurance                              |    | 11,846 |         |
| Unemployment Compensation                      |    | 268    |         |
| Communication                                  |    | 3,110  |         |
| Data Processing Services                       |    | 12,069 |         |
| Dues and Memberships                           |    | 1,055  |         |
| Maintenance and Repair Services - Equipment    |    | 5,828  |         |
| Printing, Stationery, and Forms                |    | 5,729  |         |
| Travel   |    | 1,217  |         |
| Data Processing Supplies                       |    | 254    |         |
| Office Supplies                                |    | 1,976  |         |
| Total County Trustee's Office                  |    |        | 178,930 |

County Clerk's Office

|  |    |        |         |
|--|----|--------|---------|
| County Official/Administrative Officer         | \$ | 61,631 |         |
| Clerical Personnel                             |    | 77,784 |         |
| Part-time Personnel                            |    | 12,964 |         |
| Educational Incentive - Other County Employees |    | 1,500  |         |
| Longevity Pay                                  |    | 1,475  |         |
| Social Security                                |    | 11,605 |         |
| State Retirement                               |    | 10,373 |         |
| Medical Insurance                              |    | 14,598 |         |
| Unemployment Compensation                      |    | 435    |         |
| Communication                                  |    | 3,658  |         |
| Data Processing Services                       |    | 7,554  |         |
| Dues and Memberships                           |    | 507    |         |
| Travel   |    | 1,230  |         |
| Office Supplies                                |    | 2,434  |         |
| Total County Clerk's Office                    |    |        | 207,748 |

(Continued)

Exhibit I-8

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

General Fund (Cont.)

Finance (Cont.)

Other Finance

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

Administration of Justice

Circuit Court

|  |           |         |
|--|-----------|---------|
| County Official/Administrative Officer             | \$ 56,159 |         |
| Clerical Personnel                                 | 78,024    |         |
| Part-time Personnel                                | 27,021    |         |
| Educational Incentive - Other County Employees     | 6,000     |         |
| Longevity Pay                                      | 2,300     |         |
| Jury and Witness Expense                           | 7,783     |         |
| Social Security                                    | 12,321    |         |
| State Retirement                                   | 10,461    |         |
| Medical Insurance                                  | 18,241    |         |
| Unemployment Compensation                          | 430       |         |
| Communication                                      | 1,310     |         |
| Data Processing Services                           | 10,078    |         |
| Dues and Memberships                               | 757       |         |
| Maintenance and Repair Services - Office Equipment | 682       |         |
| Travel   | 1,196     |         |
| Food Supplies                                      | 258       |         |
| Office Supplies                                    | 4,089     |         |
| Office Equipment                                   | 2,157     |         |
| Total Circuit Court                                |           | 239,267 |

General Sessions Court

|                                    |           |         |
|------------------------------------|-----------|---------|
| Judge(s)                           | \$ 86,032 |         |
| Social Security                    | 6,457     |         |
| State Retirement                   | 6,401     |         |
| Medical Insurance                  | 6,517     |         |
| Communication                      | 788       |         |
| Contracts with Government Agencies | 800       |         |
| Contracts with Private Agencies    | 5,851     |         |
| Dues and Memberships               | 120       |         |
| Travel                             | 868       |         |
| Office Supplies                    | 828       |         |
| Total General Sessions Court       |           | 114,662 |

Chancery Court

|  |           |
|--|-----------|
| County Official/Administrative Officer | \$ 60,348 |
| Clerical Personnel                     | 75,282    |
| Longevity Pay                          | 1,250     |
| Social Security                        | 9,726     |
| State Retirement                       | 9,614     |
| Medical Insurance                      | 13,662    |
| Unemployment Compensation              | 386       |
| Communication                          | 431       |

(Continued)

Exhibit I-8

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

General Fund (Cont.)

Administration of Justice (Cont.)

Chancery Court (Cont.)

|   |    |        |            |
|---|----|--------|------------|
| Data Processing Services                  | \$ | 12,796 |            |
| Dues and Memberships                      |    | 472    |            |
| Legal Notices, Recording, and Court Costs |    | 570    |            |
| Travel                                    |    | 847    |            |
| Office Supplies                           |    | 3,514  |            |
| Office Equipment                          |    | 777    |            |
| Total Chancery Court                      |    |        | \$ 189,675 |

Juvenile Court

|                           |    |        |        |
|---------------------------|----|--------|--------|
| Clerical Personnel        | \$ | 25,928 |        |
| Longevity Pay             |    | 100    |        |
| Social Security           |    | 1,905  |        |
| State Retirement          |    | 1,929  |        |
| Medical Insurance         |    | 6,326  |        |
| Unemployment Compensation |    | 108    |        |
| Total Juvenile Court      |    |        | 36,296 |

Public Safety

Sheriff's Department

|   |    |         |  |
|---|----|---------|--|
| County Official/Administrative Officer      | \$ | 67,796  |  |
| Assistant(s)                                |    | 29,120  |  |
| Supervisor/Director                         |    | 46,911  |  |
| Deputy(ies)                                 |    | 377,161 |  |
| Investigator(s)                             |    | 42,917  |  |
| Salary Supplements                          |    | 5,300   |  |
| Dispatchers/Radio Operators                 |    | 256,601 |  |
| Secretary(ies)                              |    | 42,516  |  |
| Part-time Personnel                         |    | 4,368   |  |
| Longevity Pay                               |    | 7,800   |  |
| Overtime Pay                                |    | 54,469  |  |
| Other Salaries and Wages                    |    | 3,811   |  |
| In-Service Training                         |    | 4,131   |  |
| Social Security                             |    | 68,689  |  |
| State Retirement                            |    | 66,537  |  |
| Medical Insurance                           |    | 119,885 |  |
| Unemployment Compensation                   |    | 2,793   |  |
| Communication                               |    | 30,599  |  |
| Contracts with Government Agencies          |    | 2,447   |  |
| Contributions                               |    | 500     |  |
| Data Processing Services                    |    | 2,340   |  |
| Dues and Memberships                        |    | 1,820   |  |
| Maintenance and Repair Services - Equipment |    | 1,634   |  |
| Maintenance and Repair Services - Vehicles  |    | 12,955  |  |
| Pest Control                                |    | 600     |  |
| Towing Services                             |    | 1,045   |  |
| Travel                                      |    | 12,494  |  |
| Other Contracted Services                   |    | 3,284   |  |

(Continued)

Exhibit I-8

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

General Fund (Cont.)

Public Safety (Cont.)

Sheriff's Department (Cont.)

|                                 |          |              |
|---------------------------------|----------|--------------|
| Custodial Supplies              | \$ 1,016 |              |
| Gasoline                        | 38,090   |              |
| Law Enforcement Supplies        | 3,359    |              |
| Office Supplies                 | 7,668    |              |
| Tires and Tubes                 | 2,808    |              |
| Uniforms                        | 7,500    |              |
| Other Supplies and Materials    | 3,899    |              |
| Workers' Compensation Insurance | 27,190   |              |
| Other Charges                   | 70       |              |
| Total Sheriff's Department      |          | \$ 1,362,123 |

Jail

|   |            |           |
|---|------------|-----------|
| Guards                                      | \$ 584,287 |           |
| Secretary(ies)                              | 12,964     |           |
| Cafeteria Personnel                         | 45,429     |           |
| Longevity Pay                               | 3,250      |           |
| Overtime Pay                                | 21,500     |           |
| In-Service Training                         | 100        |           |
| Social Security                             | 50,004     |           |
| State Retirement                            | 49,456     |           |
| Medical Insurance                           | 96,937     |           |
| Unemployment Compensation                   | 2,667      |           |
| Communication                               | 3,449      |           |
| Maintenance and Repair Services - Buildings | 16,799     |           |
| Maintenance and Repair Services - Equipment | 230        |           |
| Medical and Dental Services                 | 82,581     |           |
| Travel                                      | 1,528      |           |
| Other Contracted Services                   | 3,148      |           |
| Custodial Supplies                          | 12,287     |           |
| Food Preparation Supplies                   | 282        |           |
| Food Supplies                               | 83,520     |           |
| Office Supplies                             | 573        |           |
| Prisoners Clothing                          | 936        |           |
| Uniforms                                    | 10,500     |           |
| Utilities                                   | 91,676     |           |
| Other Supplies and Materials                | 28,864     |           |
| Total Jail                                  |            | 1,202,967 |

Juvenile Services

|                           |           |        |
|---------------------------|-----------|--------|
| Youth Service Officer(s)  | \$ 53,179 |        |
| Longevity Pay             | 50        |        |
| Social Security           | 4,072     |        |
| State Retirement          | 3,956     |        |
| Unemployment Compensation | 99        |        |
| Communication             | 3,223     |        |
| Travel                    | 123       |        |
| Office Supplies           | 3,791     |        |
| Total Juvenile Services   |           | 68,493 |

(Continued)

Exhibit I-8

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

General Fund (Cont.)

Public Safety (Cont.)

Fire Prevention and Control

|   |    |        |            |
|---|----|--------|------------|
| Supervisor/Director                         | \$ | 34,620 |            |
| Longevity Pay                               |    | 600    |            |
| Social Security                             |    | 2,694  |            |
| State Retirement                            |    | 2,576  |            |
| Unemployment Compensation                   |    | 108    |            |
| Communication                               |    | 2,911  |            |
| Maintenance and Repair Services - Equipment |    | 5,166  |            |
| Maintenance and Repair Services - Vehicles  |    | 13,163 |            |
| Pest Control                                |    | 543    |            |
| Gasoline                                    |    | 5,901  |            |
| Office Supplies                             |    | 348    |            |
| Tires and Tubes                             |    | 15     |            |
| Uniforms                                    |    | 350    |            |
| Vehicle and Equipment Insurance             |    | 26,717 |            |
| Workers' Compensation Insurance             |    | 3,574  |            |
| Other Charges                               |    | 390    |            |
| Motor Vehicles                              |    | 250    |            |
| Other Equipment                             |    | 8,367  |            |
| Total Fire Prevention and Control           |    |        | \$ 108,293 |

Civil Defense

|   |    |        |        |
|---|----|--------|--------|
| Supervisor/Director                         | \$ | 35,235 |        |
| Longevity Pay                               |    | 100    |        |
| Social Security                             |    | 2,579  |        |
| State Retirement                            |    | 2,622  |        |
| Medical Insurance                           |    | 6,487  |        |
| Unemployment Compensation                   |    | 108    |        |
| Communication                               |    | 2,342  |        |
| Dues and Memberships                        |    | 315    |        |
| Maintenance and Repair Services - Equipment |    | 138    |        |
| Maintenance and Repair Services - Vehicles  |    | 838    |        |
| Travel                                      |    | 256    |        |
| Gasoline                                    |    | 1,683  |        |
| Office Supplies                             |    | 1,998  |        |
| Utilities                                   |    | 58     |        |
| Total Civil Defense                         |    |        | 54,759 |

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               | \$ | 22,221 |        |
| Total County Coroner/Medical Examiner |    |        | 22,221 |

(Continued)

Exhibit I-8

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

General Fund (Cont.)

Public Health and Welfare

Local Health Center

|   |    |       |           |
|---|----|-------|-----------|
| Communication                               | \$ | 3,475 |           |
| Dues and Memberships                        |    | 200   |           |
| Janitorial Services                         |    | 4,715 |           |
| Maintenance and Repair Services - Buildings |    | 2,999 |           |
| Pest Control                                |    | 365   |           |
| Postal Charges                              |    | 80    |           |
| Custodial Supplies                          |    | 890   |           |
| Drugs and Medical Supplies                  |    | 1,534 |           |
| Office Supplies                             |    | 1,728 |           |
| Utilities                                   |    | 8,126 |           |
| Water and Sewer                             |    | 399   |           |
| Total Local Health Center                   |    |       | \$ 24,511 |

Ambulance/Emergency Medical Services

|  |    |         |         |
|--|----|---------|---------|
| Ambulance Services                         | \$ | 165,113 |         |
| Total Ambulance/Emergency Medical Services |    |         | 165,113 |

Alcohol and Drug Programs

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

Other Local Health Services

|                                    |    |        |        |
|------------------------------------|----|--------|--------|
| Clerical Personnel                 | \$ | 22,824 |        |
| Part-time Personnel                |    | 10,314 |        |
| Social Security                    |    | 2,409  |        |
| State Retirement                   |    | 1,698  |        |
| Medical Insurance                  |    | 6,306  |        |
| Unemployment Compensation          |    | 285    |        |
| Contracts with Government Agencies |    | 10,301 |        |
| Travel                             |    | 398    |        |
| Total Other Local Health Services  |    |        | 54,535 |

Regional Mental Health Center

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

General Welfare Assistance

|                                  |    |        |        |
|----------------------------------|----|--------|--------|
| Contributions                    | \$ | 14,836 |        |
| Office Equipment                 |    | 7,069  |        |
| Total General Welfare Assistance |    |        | 21,905 |

Other Local Welfare Services

|                                    |    |       |       |
|------------------------------------|----|-------|-------|
| Office Equipment                   | \$ | 1,631 |       |
| Total Other Local Welfare Services |    |       | 1,631 |

Sanitation Education/Information

|        |    |        |  |
|--------|----|--------|--|
| Guards | \$ | 14,776 |  |
|--------|----|--------|--|

(Continued)

Exhibit I-8

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

General Fund (Cont.)

Public Health and Welfare (Cont.)

Sanitation Education/Information (Cont.)

|  |    |        |           |
|--|----|--------|-----------|
| Clerical Personnel                     | \$ | 3,120  |           |
| Part-time Personnel                    |    | 3,683  |           |
| Overtime Pay                           |    | 25     |           |
| Social Security                        |    | 1,614  |           |
| State Retirement                       |    | 1,607  |           |
| Medical Insurance                      |    | 2,017  |           |
| Unemployment Compensation              |    | 86     |           |
| Travel                                 |    | 2,448  |           |
| Gasoline                               |    | 3,378  |           |
| Office Supplies                        |    | 501    |           |
| Other Charges                          |    | 11,314 |           |
| Other Equipment                        |    | 6,296  |           |
| Total Sanitation Education/Information |    |        | \$ 50,865 |

Social, Cultural, and Recreational Services

Senior Citizens Assistance

|                                  |    |       |       |
|----------------------------------|----|-------|-------|
| Contributions                    | \$ | 2,500 |       |
| Total Senior Citizens Assistance |    |       | 2,500 |

Other Social, Cultural, and Recreational

|  |    |        |        |
|--|----|--------|--------|
| Contributions                                  | \$ | 33,909 |        |
| Total Other Social, Cultural, and Recreational |    |        | 33,909 |

Agriculture and Natural Resources

Agriculture Extension Service

|  |    |        |        |
|--|----|--------|--------|
| Salary Supplements                                 | \$ | 28,737 |        |
| Extension Service Medicare                         |    | 6,809  |        |
| Communication                                      |    | 1,701  |        |
| Maintenance and Repair Services - Office Equipment |    | 2,281  |        |
| Office Supplies                                    |    | 378    |        |
| Total Agriculture Extension Service                |    |        | 39,906 |

Soil Conservation

|                           |    |        |        |
|---------------------------|----|--------|--------|
| Secretary(ies)            | \$ | 12,160 |        |
| Social Security           |    | 930    |        |
| Unemployment Compensation |    | 52     |        |
| Communication             |    | 1,136  |        |
| Office Supplies           |    | 925    |        |
| Total Soil Conservation   |    |        | 15,203 |

Flood Control

|                     |    |       |       |
|---------------------|----|-------|-------|
| Contributions       | \$ | 8,700 |       |
| Total Flood Control |    |       | 8,700 |

Other Operations

Industrial Development

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

(Continued)

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

General Fund (Cont.)

Other Operations (Cont.)

Veterans' Services

|  |    |        |           |
|--|----|--------|-----------|
| County Official/Administrative Officer | \$ | 18,827 |           |
| Longevity Pay                          |    | 150    |           |
| Social Security                        |    | 1,452  |           |
| Unemployment Compensation              |    | 128    |           |
| Communication                          |    | 1,633  |           |
| Contributions                          |    | 14,060 |           |
| Data Processing Services               |    | 670    |           |
| Travel                                 |    | 866    |           |
| Office Supplies                        |    | 605    |           |
| Total Veterans' Services               |    |        | \$ 38,391 |

Employee Benefits

|                         |    |       |       |
|-------------------------|----|-------|-------|
| Life Insurance          | \$ | 6,514 |       |
| Total Employee Benefits |    |       | 6,514 |

Miscellaneous

|                      |    |        |        |
|----------------------|----|--------|--------|
| Trustee's Commission | \$ | 86,117 |        |
| Other Charges        |    | 7,879  |        |
| Total Miscellaneous  |    |        | 93,996 |

Total General Fund \$ 5,454,899

Public Library Fund

Social, Cultural, and Recreational Services

Libraries

|   |    |        |           |
|---|----|--------|-----------|
| County Official/Administrative Officer      | \$ | 25,928 |           |
| Part-time Personnel                         |    | 30,923 |           |
| Longevity Pay                               |    | 1,425  |           |
| Social Security                             |    | 4,458  |           |
| State Retirement                            |    | 1,929  |           |
| Unemployment Compensation                   |    | 479    |           |
| Communication                               |    | 1,548  |           |
| Dues and Memberships                        |    | 145    |           |
| Janitorial Services                         |    | 800    |           |
| Maintenance and Repair Services - Buildings |    | 790    |           |
| Pest Control                                |    | 459    |           |
| Postal Charges                              |    | 205    |           |
| Electricity                                 |    | 7,797  |           |
| Library Books/Media                         |    | 3,450  |           |
| Natural Gas                                 |    | 1,333  |           |
| Office Supplies                             |    | 4,508  |           |
| Water and Sewer                             |    | 585    |           |
| Other Equipment                             |    | 2,913  |           |
| Total Libraries                             |    |        | \$ 89,675 |

(Continued)

Exhibit I-8

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

Public Library Fund (Cont.)

Other Operations

Miscellaneous

Trustee's Commission

\$ 893

Total Miscellaneous

\$ 893

Total Public Library Fund

\$ 90,568

Solid Waste/Sanitation Fund

Public Health and Welfare

Convenience Centers

Supervisor/Director

\$ 50,650

Accountants/Bookkeepers

19,400

Foremen

32,323

Mechanic(s)

29,850

Laborers

95,404

Part-time Personnel

12,479

Educational Incentive - Other County Employees

1,500

Longevity Pay

3,475

Overtime Pay

2,793

In-Service Training

1,500

Social Security

18,787

State Retirement

11,040

Medical Insurance

11,155

Unemployment Compensation

1,658

Communication

7,137

Dues and Memberships

3,795

Maintenance and Repair Services - Buildings

9,989

Maintenance and Repair Services - Equipment

13,731

Maintenance and Repair Services - Vehicles

5,470

Pest Control

372

Postal Charges

71

Travel

2,228

Custodial Supplies

2,245

Electricity

8,136

Food Supplies

141

Natural Gas

212

Office Supplies

4,806

Uniforms

359

Water and Sewer

1,056

Gravel and Chert

2,633

Chemicals

720

Other Charges

1,747

Building Construction

13,796

Data Processing Equipment

213

Maintenance Equipment

627

Motor Vehicles

218

Solid Waste Equipment

114,530

Total Convenience Centers

\$ 486,246

(Continued)

Exhibit I-8

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

Solid Waste/Sanitation Fund (Cont.)

Public Health and Welfare (Cont.)

Recycling Center

|  |    |        |            |
|--|----|--------|------------|
| Truck Drivers                                  | \$ | 10,543 |            |
| Laborers                                       |    | 60,188 |            |
| Secretary(ies)                                 |    | 15,601 |            |
| Part-time Personnel                            |    | 7,200  |            |
| Educational Incentive - Other County Employees |    | 1,500  |            |
| Longevity Pay                                  |    | 775    |            |
| Overtime Pay                                   |    | 417    |            |
| Other Salaries and Wages                       |    | 8,150  |            |
| Social Security                                |    | 7,531  |            |
| State Retirement                               |    | 5,398  |            |
| Medical Insurance                              |    | 8,927  |            |
| Unemployment Compensation                      |    | 543    |            |
| Contracts with Government Agencies             |    | 65,171 |            |
| Maintenance and Repair Services - Buildings    |    | 6,787  |            |
| Maintenance and Repair Services - Equipment    |    | 9,525  |            |
| Maintenance and Repair Services - Vehicles     |    | 2,688  |            |
| Electricity                                    |    | 2,502  |            |
| Food Supplies                                  |    | 8,658  |            |
| Propane Gas                                    |    | 2,400  |            |
| Wire   |    | 4,874  |            |
| Other Supplies and Materials                   |    | 59     |            |
| Other Charges                                  |    | 7      |            |
| Building Construction                          |    | 25,641 |            |
| Motor Vehicles                                 |    | 6,135  |            |
| Solid Waste Equipment                          |    | 40,735 |            |
| Total Recycling Center                         |    |        | \$ 301,955 |

Other Waste Disposal

|   |    |         |         |
|---|----|---------|---------|
| Truck Drivers                               | \$ | 12,657  |         |
| Overtime Pay                                |    | 239     |         |
| Social Security                             |    | 976     |         |
| State Retirement                            |    | 354     |         |
| Medical Insurance                           |    | 527     |         |
| Unemployment Compensation                   |    | 153     |         |
| Contracts with Government Agencies          |    | 143,645 |         |
| Contracts with Other Public Agencies        |    | 8,296   |         |
| Contracts with Private Agencies             |    | 58,216  |         |
| Maintenance and Repair Services - Equipment |    | 20,009  |         |
| Maintenance and Repair Services - Vehicles  |    | 4,793   |         |
| Towing Services                             |    | 800     |         |
| Diesel Fuel                                 |    | 11,384  |         |
| Equipment and Machinery Parts               |    | 1,090   |         |
| Gasoline                                    |    | 11,293  |         |
| Tires and Tubes                             |    | 3,641   |         |
| Total Other Waste Disposal                  |    |         | 278,073 |

(Continued)

Exhibit I-8

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

Solid Waste/Sanitation Fund (Cont.)

Public Health and Welfare (Cont.)

Postclosure Care Costs

|                                    |          |          |
|------------------------------------|----------|----------|
| Contracts with Government Agencies | \$ 2,522 |          |
| Total Postclosure Care Costs       |          | \$ 2,522 |

Other Operations

Other Charges

|                      |          |       |
|----------------------|----------|-------|
| Trustee's Commission | \$ 6,280 |       |
| Other Charges        | 87       |       |
| Total Other Charges  |          | 6,367 |

Principal on Debt

General Government

|                          |           |        |
|--------------------------|-----------|--------|
| Principal on Bonds       | \$ 30,000 |        |
| Total General Government |           | 30,000 |

Interest on Debt

General Government

|                          |          |       |
|--------------------------|----------|-------|
| Interest on Bonds        | \$ 3,400 |       |
| Total General Government |          | 3,400 |

Total Solid Waste/Sanitation Fund \$ 1,108,563

Drug Control Fund

Public Safety

Drug Enforcement

|  |           |            |
|--|-----------|------------|
| Investigator(s)                            | \$ 46,347 |            |
| Longevity Pay                              | 850       |            |
| Overtime Pay                               | 3,185     |            |
| Social Security                            | 3,731     |            |
| State Retirement                           | 3,640     |            |
| Medical Insurance                          | 6,554     |            |
| Unemployment Compensation                  | 108       |            |
| Communication                              | 1,291     |            |
| Contributions                              | 500       |            |
| Confidential Drug Enforcement Payments     | 3,000     |            |
| Maintenance and Repair Services - Vehicles | 4,232     |            |
| Travel                                     | 866       |            |
| Tuition                                    | 225       |            |
| Instructional Supplies and Materials       | 3,150     |            |
| Law Enforcement Supplies                   | 22        |            |
| Uniforms                                   | 500       |            |
| Law Enforcement Equipment                  | 2,095     |            |
| Motor Vehicles                             | 53,023    |            |
| Total Drug Enforcement                     |           | \$ 133,319 |

Other Operations

Miscellaneous

|                      |        |     |
|----------------------|--------|-----|
| Trustee's Commission | \$ 119 |     |
| Total Miscellaneous  |        | 119 |

Total Drug Control Fund 133,438

(Continued)

Exhibit I-8

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

Constitutional Officers - Fees Fund

Administration of Justice

Chancery Court

|   |        |        |
|---|--------|--------|
| Constitutional Officers' Operating Expenses | \$ 780 |        |
| Total Chancery Court                        |        | \$ 780 |

Total Constitutional Officers - Fees Fund \$ 780

Highway/Public Works Fund

Highways

Administration

|  |           |            |
|--|-----------|------------|
| County Official/Administrative Officer | \$ 70,014 |            |
| Assistant(s)                           | 33,440    |            |
| Contracts with Other Public Agencies   | 2,000     |            |
| Dues and Memberships                   | 2,967     |            |
| Pest Control                           | 330       |            |
| Postal Charges                         | 288       |            |
| Travel                                 | 1,624     |            |
| Custodial Supplies                     | 197       |            |
| Office Supplies                        | 5,076     |            |
| Other Charges                          | 6,872     |            |
| Total Administration                   |           | \$ 122,808 |

Highway and Bridge Maintenance

|                                      |         |         |
|--------------------------------------|---------|---------|
| Accountants/Bookkeepers              | \$ 300  |         |
| Foremen                              | 62,097  |         |
| Equipment Operators                  | 142,027 |         |
| Truck Drivers                        | 147,532 |         |
| Laborers                             | 86,576  |         |
| Other Salaries and Wages             | 1,000   |         |
| Other Contracted Services            | 3,850   |         |
| Asphalt - Liquid                     | 94,305  |         |
| Concrete                             | 57      |         |
| Crushed Stone                        | 50,203  |         |
| Fertilizer, Lime, and Seed           | 672     |         |
| Pipe                                 | 7,458   |         |
| Road Signs                           | 1,706   |         |
| Small Tools                          | 298     |         |
| Wood Products                        | 9,808   |         |
| Gravel and Chert                     | 27,931  |         |
| Other Supplies and Materials         | 17,707  |         |
| Total Highway and Bridge Maintenance |         | 653,527 |

Operation and Maintenance of Equipment

|   |        |  |
|---|--------|--|
| Accountants/Bookkeepers                     | \$ 150 |  |
| Mechanic(s)                                 | 68,519 |  |
| Maintenance and Repair Services - Equipment | 16,305 |  |
| Diesel Fuel                                 | 95,739 |  |
| Equipment and Machinery Parts               | 39,921 |  |
| Garage Supplies                             | 5,803  |  |

(Continued)

Exhibit I-8

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

Highway/Public Works Fund (Cont.)

Highways (Cont.)

Operation and Maintenance of Equipment (Cont.)

|  |    |        |            |
|--|----|--------|------------|
| Gasoline                                     | \$ | 34,132 |            |
| Lubricants                                   |    | 1,252  |            |
| Tires and Tubes                              |    | 19,211 |            |
| Total Operation and Maintenance of Equipment |    |        | \$ 281,032 |

Other Charges

|                                 |    |        |        |
|---------------------------------|----|--------|--------|
| Communication                   | \$ | 5,201  |        |
| Laundry Service                 |    | 2,758  |        |
| Electricity                     |    | 7,856  |        |
| Natural Gas                     |    | 2,214  |        |
| Water and Sewer                 |    | 1,276  |        |
| Trustee's Commission            |    | 15,269 |        |
| Vehicle and Equipment Insurance |    | 44,708 |        |
| Total Other Charges             |    |        | 79,282 |

Employee Benefits

|                                  |    |         |         |
|----------------------------------|----|---------|---------|
| Social Security                  | \$ | 46,425  |         |
| State Retirement                 |    | 42,458  |         |
| Employee and Dependent Insurance |    | 120,349 |         |
| Unemployment Compensation        |    | 4,821   |         |
| Uniforms                         |    | 9,568   |         |
| Workers' Compensation Insurance  |    | 35,553  |         |
| Total Employee Benefits          |    |         | 259,174 |

Principal on Debt

Highways and Streets

|                            |    |        |        |
|----------------------------|----|--------|--------|
| Principal on Notes         | \$ | 49,757 |        |
| Total Highways and Streets |    |        | 49,757 |

Interest on Debt

Highways and Streets

|                            |    |       |       |
|----------------------------|----|-------|-------|
| Interest on Notes          | \$ | 6,240 |       |
| Total Highways and Streets |    |       | 6,240 |

Total Highway/Public Works Fund \$ 1,451,820

General Debt Service Fund

Principal on Debt

General Government

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

Interest on Debt

General Government

|                          |    |         |         |
|--------------------------|----|---------|---------|
| Interest on Bonds        | \$ | 416,921 |         |
| Total General Government |    |         | 416,921 |

(Continued)

Exhibit I-8

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

|  |    |                |                            |
|--|----|----------------|----------------------------|
| <u>General Debt Service Fund (Cont.)</u>           |    |                |                            |
| <u>Other Debt Service</u>                          |    |                |                            |
| <u>General Government</u>                          |    |                |                            |
| Bank Charges                                       | \$ | 1,384          |                            |
| Trustee's Commission                               |    | <u>6,491</u>   |                            |
| Total General Government                           |    |                | <u>\$ 7,875</u>            |
| Total General Debt Service Fund                    |    |                | \$ 634,796                 |
| <u>Education Debt Service Fund</u>                 |    |                |                            |
| <u>Principal on Debt</u>                           |    |                |                            |
| <u>Education</u>                                   |    |                |                            |
| Principal on Bonds                                 | \$ | <u>640,000</u> |                            |
| Total Education                                    |    |                | \$ 640,000                 |
| <u>Interest on Debt</u>                            |    |                |                            |
| <u>Education</u>                                   |    |                |                            |
| Interest on Bonds                                  | \$ | <u>47,706</u>  |                            |
| Total Education                                    |    |                | 47,706                     |
| <u>Other Debt Service</u>                          |    |                |                            |
| <u>Education</u>                                   |    |                |                            |
| Trustee's Commission                               | \$ | <u>6,710</u>   |                            |
| Total Education                                    |    |                | <u>6,710</u>               |
| Total Education Debt Service Fund                  |    |                | 694,416                    |
| <u>General Capital Projects Fund</u>               |    |                |                            |
| <u>Capital Projects</u>                            |    |                |                            |
| <u>Administration of Justice Projects</u>          |    |                |                            |
| Architects   | \$ | <u>225</u>     |                            |
| Total Administration of Justice Projects           |    |                | <u>\$ 225</u>              |
| Total General Capital Projects Fund                |    |                | 225                        |
| <u>Endowment Fund</u>                              |    |                |                            |
| <u>Social, Cultural, and Recreational Services</u> |    |                |                            |
| <u>Libraries</u>                                   |    |                |                            |
| Contributions                                      | \$ | <u>6,236</u>   |                            |
| Total Libraries                                    |    |                | <u>\$ 6,236</u>            |
| Total Endowment Fund                               |    |                | <u>6,236</u>               |
| Total Governmental Funds - Primary Government      |    |                | <u><u>\$ 9,575,741</u></u> |

Exhibit I-9

Chester County, Tennessee  
Schedule of Detailed Expenditures -  
All Governmental Fund Types  
Discretely Presented Chester County School Department  
For the Year Ended June 30, 2014

General Purpose School Fund

Instruction

Regular Instruction Program

|   |              |              |
|---|--------------|--------------|
| Teachers                                    | \$ 6,141,387 |              |
| Career Ladder Program                       | 30,000       |              |
| Career Ladder Extended Contracts            | 23,121       |              |
| Educational Assistants                      | 137,829      |              |
| Non-certified Substitute Teachers           | 96,877       |              |
| Social Security                             | 358,778      |              |
| State Retirement                            | 541,625      |              |
| Life Insurance                              | 3,000        |              |
| Medical Insurance                           | 640,518      |              |
| Employer Medicare                           | 86,286       |              |
| Other Fringe Benefits                       | 900          |              |
| Contracts with Private Agencies             | 37,997       |              |
| Maintenance and Repair Services - Equipment | 108          |              |
| Other Contracted Services                   | 63,408       |              |
| Instructional Supplies and Materials        | 162,198      |              |
| Textbooks                                   | 158,899      |              |
| Regular Instruction Equipment               | 98,709       |              |
| Total Regular Instruction Program           |              | \$ 8,581,640 |

Special Education Program

|                                      |            |           |
|--------------------------------------|------------|-----------|
| Teachers                             | \$ 421,132 |           |
| Career Ladder Program                | 3,000      |           |
| Career Ladder Extended Contracts     | 1,000      |           |
| Educational Assistants               | 305,101    |           |
| Speech Pathologist                   | 105,467    |           |
| Non-certified Substitute Teachers    | 42,249     |           |
| Social Security                      | 51,976     |           |
| State Retirement                     | 69,724     |           |
| Life Insurance                       | 300        |           |
| Medical Insurance                    | 56,783     |           |
| Employer Medicare                    | 12,156     |           |
| Evaluation and Testing               | 5,903      |           |
| Other Contracted Services            | 4,000      |           |
| Instructional Supplies and Materials | 7,762      |           |
| Other Supplies and Materials         | 1,000      |           |
| Special Education Equipment          | 4,000      |           |
| Total Special Education Program      |            | 1,091,553 |

Vocational Education Program

|                                   |            |
|-----------------------------------|------------|
| Teachers                          | \$ 400,000 |
| Career Ladder Program             | 5,000      |
| Non-certified Substitute Teachers | 5,332      |
| Social Security                   | 22,750     |
| State Retirement                  | 36,324     |
| Life Insurance                    | 300        |
| Medical Insurance                 | 60,625     |

(Continued)

Exhibit I-9

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

General Purpose School Fund (Cont.)

Instruction (Cont.)

Vocational Education Program (Cont.)

|                                      |    |        |         |
|--------------------------------------|----|--------|---------|
| Employer Medicare                    | \$ | 5,322  |         |
| Other Contracted Services            |    | 1,648  |         |
| Instructional Supplies and Materials |    | 11,165 |         |
| Total Vocational Education Program   | \$ |        | 548,466 |

Student Body Education Program

|                                      |    |        |        |
|--------------------------------------|----|--------|--------|
| Other Salaries and Wages             | \$ | 3,160  |        |
| Social Security                      |    | 196    |        |
| State Retirement                     |    | 39     |        |
| Employer Medicare                    |    | 46     |        |
| Other Charges                        |    | 51,000 |        |
| Total Student Body Education Program |    |        | 54,441 |

Support Services

Attendance

|                       |    |        |        |
|-----------------------|----|--------|--------|
| Supervisor/Director   | \$ | 46,821 |        |
| Career Ladder Program |    | 2,000  |        |
| Social Security       |    | 2,625  |        |
| State Retirement      |    | 4,335  |        |
| Life Insurance        |    | 20     |        |
| Medical Insurance     |    | 8,974  |        |
| Employer Medicare     |    | 614    |        |
| Travel                |    | 223    |        |
| Total Attendance      |    |        | 65,612 |

Health Services

|                              |    |        |         |
|------------------------------|----|--------|---------|
| Medical Personnel            | \$ | 72,754 |         |
| Other Salaries and Wages     |    | 60,319 |         |
| Social Security              |    | 7,974  |         |
| State Retirement             |    | 6,645  |         |
| Life Insurance               |    | 25     |         |
| Medical Insurance            |    | 5,354  |         |
| Employer Medicare            |    | 1,865  |         |
| Communication                |    | 900    |         |
| Postal Charges               |    | 92     |         |
| Travel                       |    | 3,991  |         |
| Other Contracted Services    |    | 750    |         |
| Drugs and Medical Supplies   |    | 1,997  |         |
| Other Supplies and Materials |    | 7,631  |         |
| Total Health Services        |    |        | 170,297 |

Other Student Support

|                    |    |         |  |
|--------------------|----|---------|--|
| Guidance Personnel | \$ | 208,311 |  |
| Social Security    |    | 12,688  |  |
| State Retirement   |    | 18,023  |  |
| Life Insurance     |    | 150     |  |

(Continued)

Exhibit I-9

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

General Purpose School Fund (Cont.)

Support Services (Cont.)

Other Student Support (Cont.)

|                                    |    |        |            |
|------------------------------------|----|--------|------------|
| Medical Insurance                  | \$ | 4,300  |            |
| Employer Medicare                  |    | 2,967  |            |
| Contracts with Government Agencies |    | 46,500 |            |
| Evaluation and Testing             |    | 6,826  |            |
| Travel                             |    | 2,546  |            |
| Total Other Student Support        |    |        | \$ 302,311 |

Regular Instruction Program

|                                   |    |         |         |
|-----------------------------------|----|---------|---------|
| Supervisor/Director               | \$ | 180,183 |         |
| Career Ladder Program             |    | 6,999   |         |
| Librarians                        |    | 177,673 |         |
| Instructional Computer Personnel  |    | 105,231 |         |
| Clerical Personnel                |    | 7,150   |         |
| Social Security                   |    | 25,342  |         |
| State Retirement                  |    | 37,320  |         |
| Life Insurance                    |    | 160     |         |
| Medical Insurance                 |    | 32,774  |         |
| Employer Medicare                 |    | 6,497   |         |
| Consultants                       |    | 3,500   |         |
| Travel                            |    | 22,944  |         |
| Other Contracted Services         |    | 156,964 |         |
| Library Books/Media               |    | 35,628  |         |
| Other Supplies and Materials      |    | 6,727   |         |
| In Service/Staff Development      |    | 7,000   |         |
| Other Equipment                   |    | 320     |         |
| Total Regular Instruction Program |    |         | 812,412 |

Special Education Program

|                                 |    |        |         |
|---------------------------------|----|--------|---------|
| Supervisor/Director             | \$ | 66,450 |         |
| Career Ladder Program           |    | 1,000  |         |
| Psychological Personnel         |    | 47,430 |         |
| Social Security                 |    | 6,421  |         |
| State Retirement                |    | 9,518  |         |
| Medical Insurance               |    | 13,126 |         |
| Employer Medicare               |    | 1,502  |         |
| Travel                          |    | 8,327  |         |
| Other Contracted Services       |    | 53,530 |         |
| Other Supplies and Materials    |    | 701    |         |
| In Service/Staff Development    |    | 3,353  |         |
| Total Special Education Program |    |        | 211,358 |

Vocational Education Program

|                                    |    |       |       |
|------------------------------------|----|-------|-------|
| Travel                             | \$ | 1,352 |       |
| Total Vocational Education Program |    |       | 1,352 |

(Continued)

Exhibit I-9

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

General Purpose School Fund (Cont.)

Support Services (Cont.)

Adult Programs

|                              |    |        |           |
|------------------------------|----|--------|-----------|
| Supervisor/Director          | \$ | 19,061 |           |
| Social Security              |    | 1,182  |           |
| State Retirement             |    | 1,418  |           |
| Employer Medicare            |    | 276    |           |
| Other Supplies and Materials |    | 7,673  |           |
| Total Adult Programs         |    |        | \$ 29,610 |

Other Programs

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

Board of Education

|  |    |         |         |
|--|----|---------|---------|
| Other Salaries and Wages                   | \$ | 7,700   |         |
| Social Security                            |    | 477     |         |
| Unemployment Compensation                  |    | 15,508  |         |
| Employer Medicare                          |    | 112     |         |
| Audit Services                             |    | 7,325   |         |
| Dues and Memberships                       |    | 8,152   |         |
| Legal Services                             |    | 1,419   |         |
| Travel                                     |    | 4,383   |         |
| Other Contracted Services                  |    | 48,080  |         |
| Liability Insurance                        |    | 33,638  |         |
| Trustee's Commission                       |    | 70,423  |         |
| Workers' Compensation Insurance            |    | 124,000 |         |
| Criminal Investigation of Applicants - TBI |    | 2,562   |         |
| Other Charges                              |    | 17,402  |         |
| Total Board of Education                   |    |         | 341,181 |

Director of Schools

|  |    |        |         |
|--|----|--------|---------|
| County Official/Administrative Officer | \$ | 87,273 |         |
| Career Ladder Program                  |    | 1,000  |         |
| Clerical Personnel                     |    | 28,100 |         |
| Social Security                        |    | 7,088  |         |
| State Retirement                       |    | 9,929  |         |
| Life Insurance                         |    | 50     |         |
| Medical Insurance                      |    | 4,405  |         |
| Employer Medicare                      |    | 1,658  |         |
| Other Fringe Benefits                  |    | 1,800  |         |
| Communication                          |    | 5,175  |         |
| Dues and Memberships                   |    | 2,129  |         |
| Postal Charges                         |    | 2,430  |         |
| Travel                                 |    | 2,024  |         |
| Other Contracted Services              |    | 4,496  |         |
| Office Supplies                        |    | 3,267  |         |
| Other Charges                          |    | 107    |         |
| Administration Equipment               |    | 4,000  |         |
| Total Director of Schools              |    |        | 164,931 |

(Continued)

Exhibit I-9

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

General Purpose School Fund (Cont.)

Support Services (Cont.)

Office of the Principal

|   |    |         |              |
|---|----|---------|--------------|
| Principals                                  | \$ | 371,143 |              |
| Career Ladder Program                       |    | 5,000   |              |
| Assistant Principals                        |    | 259,237 |              |
| Secretary(ies)                              |    | 297,347 |              |
| Social Security                             |    | 54,639  |              |
| State Retirement                            |    | 78,299  |              |
| Life Insurance                              |    | 256     |              |
| Medical Insurance                           |    | 48,311  |              |
| Employer Medicare                           |    | 12,778  |              |
| Communication                               |    | 17,247  |              |
| Maintenance and Repair Services - Equipment |    | 316     |              |
| Travel                                      |    | 9,298   |              |
| Other Supplies and Materials                |    | 535     |              |
| In Service/Staff Development                |    | 500     |              |
| Other Charges                               |    | 2,190   |              |
| Administration Equipment                    |    | 2,759   |              |
| Total Office of the Principal               |    |         | \$ 1,159,855 |

Fiscal Services

|                           |    |        |        |
|---------------------------|----|--------|--------|
| Accountants/Bookkeepers   | \$ | 72,403 |        |
| Social Security           |    | 4,162  |        |
| State Retirement          |    | 5,200  |        |
| Medical Insurance         |    | 952    |        |
| Employer Medicare         |    | 972    |        |
| Data Processing Services  |    | 620    |        |
| Travel                    |    | 291    |        |
| Other Contracted Services |    | 9,223  |        |
| Data Processing Supplies  |    | 1,331  |        |
| Office Supplies           |    | 818    |        |
| Total Fiscal Services     |    |        | 95,972 |

Operation of Plant

|                           |    |         |  |
|---------------------------|----|---------|--|
| Supervisor/Director       | \$ | 3,979   |  |
| Guards                    |    | 23,760  |  |
| Custodial Personnel       |    | 337,425 |  |
| Other Salaries and Wages  |    | 1,786   |  |
| Social Security           |    | 21,918  |  |
| State Retirement          |    | 24,923  |  |
| Medical Insurance         |    | 4,985   |  |
| Employer Medicare         |    | 5,126   |  |
| Travel                    |    | 6,816   |  |
| Disposal Fees             |    | 10,793  |  |
| Other Contracted Services |    | 24,876  |  |
| Custodial Supplies        |    | 144,874 |  |
| Electricity               |    | 538,904 |  |
| Natural Gas               |    | 106,401 |  |

(Continued)

Exhibit I-9

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

General Purpose School Fund (Cont.)

Support Services (Cont.)

Operation of Plant (Cont.)

|                                 |    |        |              |
|---------------------------------|----|--------|--------------|
| Water and Sewer                 | \$ | 26,839 |              |
| Other Supplies and Materials    |    | 2,902  |              |
| Boiler Insurance                |    | 4,000  |              |
| Building and Contents Insurance |    | 83,000 |              |
| Plant Operation Equipment       |    | 1,962  |              |
| Total Operation of Plant        |    |        | \$ 1,375,269 |

Maintenance of Plant

|   |    |         |         |
|---|----|---------|---------|
| Maintenance Personnel                       | \$ | 139,556 |         |
| Other Salaries and Wages                    |    | 5,046   |         |
| Social Security                             |    | 8,965   |         |
| State Retirement                            |    | 7,735   |         |
| Employer Medicare                           |    | 2,097   |         |
| Maintenance and Repair Services - Buildings |    | 44,816  |         |
| Maintenance and Repair Services - Equipment |    | 7,191   |         |
| Other Contracted Services                   |    | 99,890  |         |
| Other Supplies and Materials                |    | 93,783  |         |
| Maintenance Equipment                       |    | 16,249  |         |
| Total Maintenance of Plant                  |    |         | 425,328 |

Transportation

|  |    |         |         |
|--|----|---------|---------|
| Supervisor/Director                        | \$ | 8,696   |         |
| Mechanic(s)                                |    | 53,487  |         |
| Bus Drivers                                |    | 320,090 |         |
| Other Salaries and Wages                   |    | 14,837  |         |
| Social Security                            |    | 23,081  |         |
| State Retirement                           |    | 24,804  |         |
| Employer Medicare                          |    | 5,740   |         |
| Communication                              |    | 803     |         |
| Maintenance and Repair Services - Vehicles |    | 26,027  |         |
| Travel                                     |    | 162     |         |
| Other Contracted Services                  |    | 10,841  |         |
| Gasoline                                   |    | 169,923 |         |
| Tires and Tubes                            |    | 19,826  |         |
| Vehicle Parts                              |    | 43,327  |         |
| Other Supplies and Materials               |    | 21,112  |         |
| Vehicle and Equipment Insurance            |    | 27,566  |         |
| Other Charges                              |    | 348     |         |
| Transportation Equipment                   |    | 175,432 |         |
| Total Transportation                       |    |         | 946,102 |

Operation of Non-Instructional Services

Community Services

|                          |    |       |  |
|--------------------------|----|-------|--|
| Other Salaries and Wages | \$ | 2,822 |  |
| Social Security          |    | 110   |  |
| State Retirement         |    | 21    |  |

(Continued)

Exhibit I-9

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

General Purpose School Fund (Cont.)

Operation of Non-Instructional Services (Cont.)

Community Services (Cont.)

|                          |    |       |          |
|--------------------------|----|-------|----------|
| Employer Medicare        | \$ | 30    |          |
| Other Charges            |    | 5,917 |          |
| Total Community Services |    |       | \$ 8,900 |

Early Childhood Education

|                                      |    |        |         |
|--------------------------------------|----|--------|---------|
| Teachers                             | \$ | 69,552 |         |
| Educational Assistants               |    | 40,419 |         |
| Social Security                      |    | 5,687  |         |
| State Retirement                     |    | 7,584  |         |
| Medical Insurance                    |    | 6,834  |         |
| Employer Medicare                    |    | 1,511  |         |
| Travel                               |    | 5,053  |         |
| Other Contracted Services            |    | 14,316 |         |
| Instructional Supplies and Materials |    | 40,877 |         |
| Other Equipment                      |    | 1,720  |         |
| Total Early Childhood Education      |    |        | 193,553 |

Capital Outlay

Regular Capital Outlay

|                              |    |           |           |
|------------------------------|----|-----------|-----------|
| Architects                   | \$ | 21,781    |           |
| Legal Services               |    | 597       |           |
| Building Construction        |    | 1,638,739 |           |
| Building Improvements        |    | 471,350   |           |
| Land                         |    | 87,300    |           |
| Total Regular Capital Outlay |    |           | 2,219,767 |

Other Debt Service

Education

|                 |    |        |        |
|-----------------|----|--------|--------|
| Contributions   | \$ | 50,000 |        |
| Total Education |    |        | 50,000 |

Total General Purpose School Fund \$ 18,912,688

School Federal Projects Fund

Instruction

Regular Instruction Program

|                                      |    |         |            |
|--------------------------------------|----|---------|------------|
| Teachers                             | \$ | 492,396 |            |
| Educational Assistants               |    | 184,884 |            |
| Other Salaries and Wages             |    | 1,020   |            |
| Social Security                      |    | 34,101  |            |
| State Retirement                     |    | 31,700  |            |
| Medical Insurance                    |    | 100     |            |
| Employer Medicare                    |    | 9,720   |            |
| Other Contracted Services            |    | 33,331  |            |
| Instructional Supplies and Materials |    | 39,962  |            |
| Regular Instruction Equipment        |    | 59,259  |            |
| Total Regular Instruction Program    |    |         | \$ 886,473 |

(Continued)

Exhibit I-9

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

School Federal Projects Fund (Cont.)

Instruction (Cont.)

Special Education Program

|                                      |    |         |         |
|--------------------------------------|----|---------|---------|
| Teachers                             | \$ | 85,795  |         |
| Clerical Personnel                   |    | 24,750  |         |
| Educational Assistants               |    | 259,392 |         |
| Non-certified Substitute Teachers    |    | 8,938   |         |
| Social Security                      |    | 22,045  |         |
| State Retirement                     |    | 28,457  |         |
| Medical Insurance                    |    | 13,884  |         |
| Employer Medicare                    |    | 5,225   |         |
| Instructional Supplies and Materials |    | 5,701   |         |
| Special Education Equipment          |    | 20,303  |         |
| Total Special Education Program      | \$ |         | 474,490 |

Vocational Education Program

|                                      |    |        |        |
|--------------------------------------|----|--------|--------|
| Other Salaries and Wages             | \$ | 1,850  |        |
| Social Security                      |    | 115    |        |
| State Retirement                     |    | 164    |        |
| Employer Medicare                    |    | 27     |        |
| Instructional Supplies and Materials |    | 251    |        |
| Vocational Instruction Equipment     |    | 21,077 |        |
| Total Vocational Education Program   |    |        | 23,484 |

Support Services

Health Services

|                       |    |       |       |
|-----------------------|----|-------|-------|
| Travel                | \$ | 1,516 |       |
| Total Health Services |    |       | 1,516 |

Other Student Support

|                                     |    |       |        |
|-------------------------------------|----|-------|--------|
| Bus Drivers                         | \$ | 1,375 |        |
| Other Salaries and Wages            |    | 1,000 |        |
| Social Security                     |    | 147   |        |
| State Retirement                    |    | 211   |        |
| Employer Medicare                   |    | 34    |        |
| Contracts with Other School Systems |    | 9,056 |        |
| Travel                              |    | 8,733 |        |
| Other Supplies and Materials        |    | 300   |        |
| Other Charges                       |    | 6,671 |        |
| Total Other Student Support         |    |       | 27,527 |

Regular Instruction Program

|                          |    |        |  |
|--------------------------|----|--------|--|
| Supervisor/Director      | \$ | 52,777 |  |
| Secretary(ies)           |    | 14,000 |  |
| Clerical Personnel       |    | 1,323  |  |
| Other Salaries and Wages |    | 99,736 |  |
| Social Security          |    | 10,144 |  |
| State Retirement         |    | 14,679 |  |
| Employer Medicare        |    | 2,372  |  |

(Continued)

Exhibit I-9

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

School Federal Projects Fund (Cont.)

Support Services (Cont.)

Regular Instruction Program (Cont.)

|                                   |    |        |            |
|-----------------------------------|----|--------|------------|
| Communication                     | \$ | 10,230 |            |
| Travel                            |    | 3,460  |            |
| Other Contracted Services         |    | 7,000  |            |
| Other Supplies and Materials      |    | 2,290  |            |
| In Service/Staff Development      |    | 5,107  |            |
| Other Equipment                   |    | 2,047  |            |
| Total Regular Instruction Program |    |        | \$ 225,165 |

Special Education Program

|                                 |    |       |       |
|---------------------------------|----|-------|-------|
| In Service/Staff Development    | \$ | 4,182 |       |
| Total Special Education Program |    |       | 4,182 |

Vocational Education Program

|                                    |    |       |       |
|------------------------------------|----|-------|-------|
| Supervisor/Director                | \$ | 1,590 |       |
| Social Security                    |    | 99    |       |
| State Retirement                   |    | 141   |       |
| Employer Medicare                  |    | 23    |       |
| Total Vocational Education Program |    |       | 1,853 |

Transportation

|                      |    |        |        |
|----------------------|----|--------|--------|
| Bus Drivers          | \$ | 36,500 |        |
| Social Security      |    | 2,175  |        |
| State Retirement     |    | 2,611  |        |
| Employer Medicare    |    | 529    |        |
| Total Transportation |    |        | 41,815 |

Total School Federal Projects Fund \$ 1,686,505

Central Cafeteria Fund

Operation of Non-Instructional Services

Food Service

|   |    |         |
|---|----|---------|
| Supervisor/Director                         | \$ | 32,641  |
| Accountants/Bookkeepers                     |    | 21,847  |
| Clerical Personnel                          |    | 2,590   |
| Cafeteria Personnel                         |    | 441,071 |
| Other Salaries and Wages                    |    | 138,757 |
| Social Security                             |    | 38,400  |
| State Retirement                            |    | 38,107  |
| Unemployment Compensation                   |    | 403     |
| Employer Medicare                           |    | 8,980   |
| Communication                               |    | 2,467   |
| Maintenance and Repair Services - Equipment |    | 24,155  |
| Transportation - Other than Students        |    | 10,813  |
| Travel                                      |    | 11,980  |
| Other Contracted Services                   |    | 19,524  |
| Food Supplies                               |    | 909,110 |

(Continued)

Exhibit I-9

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

|   |    |                             |
|---|----|-----------------------------|
| <u>Central Cafeteria Fund (Cont.)</u>                       |    |                             |
| <u>Operation of Non-Instructional Services (Cont.)</u>      |    |                             |
| <u>Food Service (Cont.)</u>                                 |    |                             |
| Office Supplies   | \$ | 4,413                       |
| Uniforms  |    | 6,004                       |
| Utilities   |    | 10,913                      |
| USDA - Commodities  |    | 91,559                      |
| Other Supplies and Materials                                |    | 97,320                      |
| In Service/Staff Development                                |    | 3,630                       |
| Other Charges   |    | 6,448                       |
| Food Service Equipment                                      |    | <u>37,895</u>               |
| Total Food Service  |    | \$ <u>1,959,027</u>         |
| Total Central Cafeteria Fund                                |    | \$ <u>1,959,027</u>         |
| Total Governmental Funds - Chester County School Department |    | \$ <u><u>22,558,220</u></u> |

Exhibit I-10

Chester County, Tennessee  
Schedule of Detailed Receipts, Disbursements,  
and Changes in Cash Balance - City Agency Fund  
For the Year Ended June 30, 2014

|  | Cities -<br>Sales Tax<br>Fund |
|--|-------------------------------|
| <hr/>  |                               |
| <u>Cash Receipts</u>   |                               |
| Local Option Sales Tax   | \$ 797,606                    |
| Total Cash Receipts  | <u>\$ 797,606</u>             |
| <br><u>Cash Disbursements</u>                                  |                               |
| Remittance of Revenues Collected                               | \$ 789,630                    |
| Trustee's Commission   | 7,976                         |
| Total Cash Disbursements                                       | <u>\$ 797,606</u>             |
| <br>Excess of Cash Receipts Over<br>(Under) Cash Disbursements | <br>\$ 0                      |
| Cash Balance, July 1, 2013                                     | <u>0</u>                      |
| <br>Cash Balance, June 30, 2014                                | <br><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***

Independent Auditor's Report

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

To the County Mayor and Board of County Commissioners:

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of Chester County, Tennessee, as of and for the year ended June 30, 2014, and the related notes to the financial statements, which collectively comprise Chester County's basic financial statements, and have issued our report thereon dated August 27, 2014.

**Internal Control Over Financial Reporting**

In planning and performing our audit of the financial statements, we considered Chester County's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of Chester County's internal control. Accordingly, we do not express an opinion on the effectiveness of Chester County's internal control.

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

a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. We did identify certain deficiencies in internal control, described in the accompanying Schedule of Findings and Questioned Costs that we consider to be significant deficiencies: 2014-001, 2014-002, 2014-003, and 2014-004.

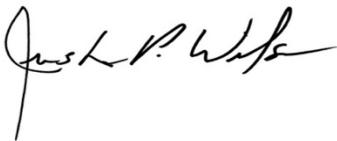
### **Compliance and Other Matters**

As part of obtaining reasonable assurance about whether Chester County's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

### **Purpose of this Report**

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

Very truly yours,



Justin P. Wilson  
Comptroller of the Treasury  
Nashville, Tennessee

August 27, 2014

JPW/sb



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

**Report on Compliance for Each Major Federal Program; Report on Internal Control Over Compliance; and Report on the Schedule of Expenditures of Federal Awards Required by OMB Circular A-133**

Independent Auditor's Report

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

To the County Mayor and Board of County Commissioners:

**Report on Compliance for Each Major Federal Program**

We have audited Chester County's compliance with the types of compliance requirements described in the *OMB Circular A-133 Compliance Supplement* that could have a direct and material effect on each of Chester County's major federal programs for the year ended June 30, 2014. Chester County's major federal programs are identified in the summary of auditor's results section of the accompanying Schedule of Findings and Questioned Costs.

***Management's Responsibility***

Management is responsible for compliance with the requirements of laws, regulations, contracts, and grants applicable to its federal programs.

***Auditor's Responsibility***

Our responsibility is to express an opinion on compliance for each of Chester County's major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan

and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about Chester County's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each major federal program. However, our audit does not provide a legal determination of Chester County's compliance.

### ***Opinion on Each Major Federal Program***

In our opinion, Chester County complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2014.

### **Report on Internal Control Over Compliance**

Management of Chester County is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered Chester County's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with OMB Circular A-133, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of Chester County's internal control over compliance.

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

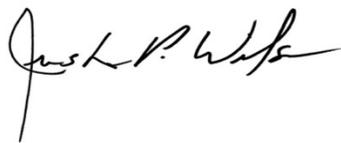
Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of OMB Circular A-133. Accordingly, this report is not suitable for any other purpose.

**Report on Schedule of Expenditures of Federal Awards Required by OMB Circular A-133**

We have audited the financial statements of the governmental activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of Chester County, Tennessee, as of and for the year ended June 30, 2014, and the related notes to the financial statements, which collectively comprise Chester County's basic financial statements. We issued our report thereon dated August 27, 2014, which contained unmodified opinions on those financial statements. Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the basic financial statements. The accompanying Schedule of Expenditures of Federal Awards is presented for purposes of additional analysis as required by OMB Circular A-133 and is not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the Schedule of Expenditures of Federal Awards is fairly stated in all material respects in relation to the basic financial statements as a whole.

Very truly yours,



Justin P. Wilson  
Comptroller of the Treasury  
Nashville, Tennessee

August 27, 2014

JPW/sb

Chester County, Tennessee  
Schedule of Expenditures of Federal Awards and State Grants (1)  
For the Year Ended June 30, 2014

| Federal/Pass-through Agency/State Grantor Program Title                                    | Federal<br>CFDA<br>Number | Pass-through<br>Entity<br>Identifying<br>Number | Expenditures        |
|--|---------------------------|---|---------------------|
| U.S. Department of Agriculture:  |                           |   |                     |
| Passed-through State Department of Agriculture:  |                           |   |                     |
| National School Lunch Program (Commodities - Noncash Assistance)                           | 10.555                    | N/A   | \$ 91,559 (3)       |
| Passed-through State Department of Education:  |                           |   |                     |
| Child Nutrition Cluster:   |                           |   |                     |
| School Breakfast Program   | 10.553                    | N/A   | 195,980             |
| National School Lunch Program  | 10.555                    | N/A   | 662,534 (3)         |
| Summer Food Service Program for Children   | 10.559                    | N/A   | 535,843             |
| Total U.S. Department of Agriculture   |                           |   | <u>\$ 1,485,916</u> |
| U.S. Department of Justice:  |                           |   |                     |
| Passed-through State Commission on Children and Youth:                                     |                           |   |                     |
| Juvenile Justice and Delinquency Prevention - Allocation to States                         | 16.540                    | 31601-23358                                     | \$ 9,000            |
| Total U.S. Department of Justice   |                           |   | <u>\$ 9,000</u>     |
| Institute of Museum and Library Services:  |                           |   |                     |
| Passed-through Tennessee Secretary of State:   |                           |   |                     |
| Grants to States   | 45.310                    | (2)   | \$ 9                |
| Total Institute of Museum and Library Services   |                           |   | <u>\$ 9</u>         |
| U.S. Department of Education:  |                           |   |                     |
| Passed-through State Department of Education:  |                           |   |                     |
| Title I Grants to Local Educational Agencies   | 84.010                    | N/A   | \$ 840,758          |
| Special Education Cluster:   |                           |   |                     |
| Special Education - Grants to States   | 84.027                    | N/A   | 504,916             |
| Special Education - Preschool Grants   | 84.173                    | N/A   | 9,981               |
| Career and Technical Education - Basic Grants to States                                    | 84.048                    | (2)   | 37,068              |
| English Language Acquisition State Grants  | 84.365                    | (2)   | 11,194              |
| Improving Teacher Quality State Grants   | 84.367                    | (2)   | 110,530             |
| Teacher Incentive Fund   | 84.374                    | (2)   | 51,142              |
| State Fiscal Stabilization Fund (SFSF) - Race-to-the-Top Incentive Grants,<br>Recovery Act | 84.395                    | N/A   | 129,511             |
| Total U.S. Department of Education   |                           |   | <u>\$ 1,695,100</u> |
| U.S. Election Assistance Commission:   |                           |   |                     |
| Passed-through Tennessee Secretary of State:   |                           |   |                     |
| Help America Vote Act Requirements Payments  | 90.401                    | (2)   | \$ 3,415            |
| Total U.S. Election Assistance Commission  |                           |   | <u>\$ 3,415</u>     |
| U.S. Department of Homeland Security:  |                           |   |                     |
| Passed-through State Department of Military:   |                           |   |                     |
| Emergency Management Performance Grants  | 97.042                    | (2)   | \$ 43,515           |
| Total U.S. Department of Homeland Security   |                           |   | <u>\$ 43,515</u>    |
| Total Expenditures of Federal Awards   |                           |   | <u>\$ 3,236,955</u> |

(Continued)

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

| Federal/Pass-through Agency/State Grantor Program Title                         | Federal<br>CFDA<br>Number | Contract<br>Number | Expenditures      |
|---|---------------------------|--------------------|-------------------|
| State Grants:   |                           |                    |                   |
| Litter Program - State Department of Transportation                             | N/A                       | DG1435835          | \$ 51,396         |
| Family Resource Center - State Department of Education                          | N/A                       | (2)                | 29,612            |
| Coordinated School Health - State Department of Education                       | N/A                       | (2)                | 88,018            |
| Energy Efficient School Initiative - State Department of Education              | N/A                       | (2)                | 10,539            |
| Statewide Student Management System - State Department of Education             | N/A                       | (2)                | 7,173             |
| Safe Schools - State Department of Education                                    | N/A                       | (2)                | 17,700            |
| ACT/Explore - State Department of Education                                     | N/A                       | (2)                | 3,820             |
| Early Childhood Education - State Department of Education                       | N/A                       | (2)                | 193,553           |
| Art Student Ticket Subsidy - State Department of Education                      | N/A                       | (2)                | 2,770             |
| Waste Tire Grant - State Department of Environment and Conservation             | N/A                       | (2)                | 2,646             |
| Used Oil Grant - State Department of Environment and Conservation               | N/A                       | (2)                | 7,456             |
| Recycling Hub Building Grant - State Department of Environment and Conservation | N/A                       | (2)                | 85,902            |
| Health Grant - State Department of Health                                       | N/A                       | GG1437616          | <u>36,422</u>     |
| Total State Grants  |                           |                    | <u>\$ 537,007</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 \$754,093.

Chester County, Tennessee  
Schedule of Audit Findings Not Corrected  
June 30, 2014

*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, 2013, which have not been corrected.

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

| Finding Number | Page Number | Subject                               |
|----------------|-------------|---------------------------------------|
| 2013-002       | 145         | Duties were not segregated adequately |

**OFFICES OF TRUSTEE AND COUNTY CLERK**

| Finding Number | Page Number | Subject   |
|----------------|-------------|---|
| 2013-006       | 147         | Multiple employees operated from the same cash drawer |

**OFFICE OF COUNTY CLERK**

| Finding Number | Page Number | Subject  |
|----------------|-------------|--|
| 2013-007       | 148         | Usernames and passwords were shared by employees |

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**CHESTER COUNTY, TENNESSEE**

**SCHEDULE OF FINDINGS AND QUESTIONED COSTS**

**For the Year Ended June 30, 2014**

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

1. Our report on the financial statements of Chester County is unmodified.
2. The audit of the financial statements of Chester County disclosed significant deficiencies in internal control. None of these deficiencies was considered to be a material weakness.
3. The audit disclosed no instances of noncompliance that are material to the financial statements of Chester County.
4. The audit disclosed no significant deficiencies in internal control over major programs.
5. An unmodified opinion was issued on compliance for major programs.
6. The audit revealed no findings that are required to be reported under Section 510(a) of OMB Circular A-133.
7. The Child Nutrition Cluster: School Breakfast Program, National School Lunch Program, and Summer Food Service Program for Children (CFDA Nos. 10.553, 10.555, and 10.559) and the Special Education Cluster: Special Education – Grants to States and Special Education – Preschool Grants (CFDA Nos. 84.027 and 84.173) 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.

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

#### **FINDING 2014-001**

#### **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 and Director of Schools. Officials and employees responsible for maintaining accounting records were also involved in receipting, depositing, posting, and/or disbursing funds. Accounting standards provide that internal controls be designed to give reasonable assurance of the reliability of financial reporting and of the effectiveness and efficiency of operations. This lack of segregation of duties is the result of management's decisions based on the availability of financial resources and is a significant deficiency in internal controls that increases the risk of unauthorized transactions. Also, this deficiency is the result of management's failure to correct the finding noted in the prior-year audit report.

#### **RECOMMENDATION**

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

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### **OFFICE OF DIRECTOR OF SCHOOLS**

#### **FINDING 2014-002**

#### **TIME SHEETS OF SOME SCHOOL CAFETERIA EMPLOYEES WERE NOT SIGNED BY A SUPERVISOR**

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

In some instances, supervisors at the individual school cafeterias did not sign employees' time sheets as evidence of review and approval. As part of our audit procedures for obtaining reasonable assurance that the Central Cafeteria Fund's payroll was properly documented and approved, we judgmentally selected 15 payroll disbursements to trace to time sheets and other supporting documentation. Supervisors had not signed the employees' time sheets in five of the 15 disbursements tested. Sound business practices dictate that payroll time sheets should be properly reviewed and approved. This deficiency is due to a lack of management oversight. If supervisors do not review and approve time sheets, risks increase that improper payments could result.

## RECOMMENDATION

Supervisors should sign employees' time sheets as evidence of review and approval.

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## OFFICES OF TRUSTEE AND COUNTY CLERK

### FINDING 2014-003

### **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 and County Clerk. Good internal controls dictate that each employee have their own cash drawer, start the day with a standard fixed amount of cash and remove all but the beginning amount at the end of the day. This amount should be verified to the employee's receipts at the end of each day. Failure to adhere to this control regimen greatly increases the risk that a cash shortage may not be detected in a timely manner. Furthermore, in the event of a cash shortage, officials would not be able to determine who was responsible for the shortage because multiple employees were working from one cash drawer. This deficiency has been a management decision by the officials resulting in a loss of control over assets. 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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## OFFICE OF COUNTY CLERK

### FINDING 2014-004

### **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 shared user accounts. 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 and management's failure to correct the finding noted in the prior-year audit report.

## 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 among employees.

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

There were no findings and questioned costs for federal awards.

## **BEST PRACTICE**

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

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

### **CHESTER COUNTY SHOULD ADOPT A CENTRAL SYSTEM OF ACCOUNTING, BUDGETING, AND PURCHASING**

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

**CHESTER COUNTY, TENNESSEE**  
**AUDITEE REPORTING RESPONSIBILITIES**  
**For the Year Ended June 30, 2014**

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