

**ANNUAL FINANCIAL REPORT**  
**CHESTER COUNTY, TENNESSEE**

**FOR THE YEAR ENDED JUNE 30, 2017**



**DIVISION OF LOCAL GOVERNMENT AUDIT**



**ANNUAL FINANCIAL REPORT  
CHESTER COUNTY, TENNESSEE  
FOR THE YEAR ENDED JUNE 30, 2017**

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

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

***LEE ANN WEST, CPA, CGFM  
Audit Manager***

***VICKY BARBER, CFE  
MEREDITH JAGGARS  
TWYLA PRATT  
State Auditors***

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

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# ***Summary of Audit Findings***

Annual Financial Report  
Chester County, Tennessee  
For the Year Ended June 30, 2017

## ***Scope***

We have audited the basic financial statements of Chester County as of and for the year ended June 30, 2017.

## ***Results***

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

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

## ***Findings***

The following are summaries of the audit findings:

### **OFFICE OF COUNTY MAYOR**

- ◆ The Solid Waste and Recycling Department did not deposit some funds within three days of collection.

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### **OFFICE OF TRUSTEE**

- ◆ A certificate of deposit held for the Endowment Fund was not posted timely to the accounting records of the Office of Trustee.
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# INTRODUCTORY SECTION

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Chester County Officials  
June 30, 2017

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**Officials**

Dwain Seaton, County Mayor  
Jerry King, Road Supervisor  
Troy Kilzer II, Director of Schools  
Lance Beshires, Trustee  
Beverly Morton, Assessor of Property  
Stacy Smith, County Clerk  
Justin Emerson, Circuit and General Sessions Courts Clerk  
Keith Frye, Clerk and Master  
Judy Cranford, Register of Deeds  
Blair Weaver, Sheriff

**Board of County Commissioners**

Dwain Seaton, County Mayor, Chairman	Diane Jordan
Mike Alexander	Jerry Lowe
Terry Bell	Al McKinnon
Larry Blackstock	Joseph Melaro
Jackie Butler	Ann Moore
Russell Clayton	Robert Richardson
Tim Crowe	Chris Simmons
Jerry Emerson	Barry Smith
Johnny Garner	John Welch
Sandra Highers	

**Board of Education**

Bob Moore, Chairman  
Dwight Bingham  
Shane Connor  
Norris Frank  
Ronald Johnson  
Glenn Naylor

**Audit Committee**

John Allen Moore, Chairman  
Jerry Lowe  
Al McKinnon  
Barry Smith



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## FINANCIAL SECTION

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JUSTIN P. WILSON  
*Comptroller*

JASON E. MUMPOWER  
*Chief of Staff*

## 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, 2017, and the related notes to the financial statements, which collectively comprise the county's basic financial statements as listed in the table of contents.

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

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

### ***Auditor's Responsibility***

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

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

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

### ***Opinions***

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of Chester County, Tennessee, as of June 30, 2017, and the respective changes in financial position and the respective budgetary comparisons for the General, Solid Waste/Sanitation, and Highway/Public Works funds for the year then ended in accordance with accounting principles generally accepted in the United States of America.

### ***Other Matters***

#### *Required Supplementary Information*

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

Accounting principles generally accepted in the United States of America require that the schedule of changes in the county's net pension asset and related ratios, schedules of county and school contributions, schedules of school's proportionate share of the net pension assets, and schedule of funding progress - other postemployment benefits plans on pages 81-88 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 schedule of expenditures of federal awards is presented for purposes of additional analysis as required by *Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, and is also 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), miscellaneous schedules, and schedule of expenditures of federal awards 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), miscellaneous schedules, and schedule of expenditures of federal awards are fairly stated in all material respects in relation to the basic financial statements as a whole.

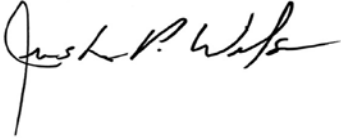
The introductory section has not been subjected to the auditing procedures applied in the audit of the basic financial statements, and accordingly, we do not express an opinion or provide any assurance on it.

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

In accordance with *Government Auditing Standards*, we have also issued our report dated December 14, 2017, on our consideration of Chester County's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of Chester

County's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Chester County's internal control over financial reporting and compliance.

Very truly yours,

A handwritten signature in black ink, appearing to read "Justin P. Wilson". The signature is fluid and cursive, with a prominent vertical stroke on the left side.

Justin P. Wilson  
Comptroller of the Treasury  
Nashville, Tennessee

December 14, 2017

JPW/kp

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# BASIC FINANCIAL STATEMENTS

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Exhibit A

Chester County, Tennessee  
Statement of Net Position  
June 30, 2017

	Primary Government Governmental Activities	Component Unit Chester County School Department
<u>ASSETS</u>		
Cash	\$ 1,346	\$ 0
Equity in Pooled Cash and Investments	4,766,367	7,019,762
Investments	253,934	0
Accounts Receivable	25,263	16,354
Due from Other Governments	324,070	498,194
Property Taxes Receivable	4,365,667	1,864,806
Allowance for Uncollectible Property Taxes	(171,220)	(73,138)
Net Pension Asset - Teacher Retirement Plan	0	15,224
Capital Assets:		
Assets Not Depreciated:		
Land	2,936,718	941,552
Assets Net of Accumulated Depreciation:		
Buildings and Improvements	7,896,605	9,730,439
Infrastructure	2,635,733	0
Other Capital Assets	1,986,643	1,470,487
Total Assets	<u>\$ 25,021,126</u>	<u>\$ 21,483,680</u>
<u>DEFERRED OUTFLOWS OF RESOURCES</u>		
Deferred Charge on Refunding	\$ 572,224	\$ 0
Pension Changes in Experience	0	70,621
Pension Changes in Investment Earnings	346,014	2,097,925
Pension Other Deferrals	0	315,031
Pension Contributions After Measurement Date	289,204	1,179,024
Total Deferred Outflows of Resources	<u>\$ 1,207,442</u>	<u>\$ 3,662,601</u>
<u>LIABILITIES</u>		
Accounts Payable	\$ 16,577	\$ 33,374
Payroll Deductions Payable	0	295,721
Accrued Interest Payable	20,458	0
Other Current Liabilities	438	0
Noncurrent Liabilities:		
Due Within One Year	471,245	0
Due in More Than One Year (net of unamortized premium on debt)	9,446,919	2,289,674
Total Liabilities	<u>\$ 9,955,637</u>	<u>\$ 2,618,769</u>

(Continued)

Exhibit A

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

	<u>Primary Government Governmental Activities</u>	<u>Component Units Chester County School Department</u>
<u>DEFERRED INFLOWS OF RESOURCES</u>		
Deferred Current Property Taxes	\$ 4,078,005	\$ 1,741,930
Pension Changes in Experience	310,845	2,225,370
Pension Other Deferrals	0	52,908
Total Deferred Inflows of Resources	<u>\$ 4,388,850</u>	<u>\$ 4,020,208</u>
<u>NET POSITION</u>		
Net Investment in Capital Assets	\$ 6,210,627	\$ 12,142,478
Restricted for:		
General Government	434	0
Administration of Justice	37,977	0
Public Safety	163,473	0
Public Health and Welfare	24,868	0
Social, Cultural, and Recreational Services	282,826	0
Highway/Public Works	709,138	0
Capital Outlay	0	634,865
Debt Service	680,867	0
Education	0	53,521
Operation of Non-instructional Services	0	256,496
Pensions	0	15,224
Unrestricted	<u>3,773,871</u>	<u>5,404,720</u>
Total Net Position	<u>\$ 11,884,081</u>	<u>\$ 18,507,304</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, 2017

Functions/Programs	Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Position	
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Primary	Component Unit
					Governmental Total Activities	Chester County School Department
Primary Government:						
Governmental Activities:						
General Government	\$ 1,008,564	\$ 83,111	\$ 39,640	\$ 0	\$ (885,813)	\$ 0
Finance	695,232	402,937	0	0	(292,295)	0
Administration of Justice	706,609	324,233	9,000	0	(373,376)	0
Public Safety	3,425,226	676,675	444,788	0	(2,303,763)	0
Public Health and Welfare	1,061,532	284,539	82,679	0	(694,314)	0
Social, Cultural, and Recreational Services	192,331	15,893	0	0	(176,438)	0
Agriculture and Natural Resources	74,622	0	0	0	(74,622)	0
Highways/Public Works	2,374,190	33,053	1,612,624	660,316	(68,197)	0
Interest on Long-term Debt	254,720	0	0	0	(254,720)	0
<b>Total Primary Government</b>	<b>\$ 9,793,026</b>	<b>\$ 1,820,441</b>	<b>\$ 2,188,731</b>	<b>\$ 660,316</b>	<b>\$ (5,123,538)</b>	<b>\$ 0</b>
Component Unit:						
Chester County School Department	\$ 22,634,880	\$ 402,961	\$ 2,889,070	\$ 0	\$ 0	\$ (19,342,849)
<b>Total Component Unit</b>	<b>\$ 22,634,880</b>	<b>\$ 402,961</b>	<b>\$ 2,889,070</b>	<b>\$ 0</b>	<b>\$ 0</b>	<b>\$ (19,342,849)</b>

(Continued)

Exhibit B

Chester County, Tennessee  
Statement of Activities (Cont.)

Functions/Programs	Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Position	
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Primary	Component Unit
					Governmental Total Activities	Chester County School Department
General Revenues:						
Taxes:						
Property Taxes Levied for General Purposes					\$ 4,094,279	\$ 1,926,090
Property Taxes Levied for Debt Service					47,825	0
Local Option Sales Taxes					209,480	1,321,445
Wheel Tax					813,494	0
Litigation Taxes					78,221	0
Business Tax					104,252	0
Wholesale Beer Tax					49,682	0
Other Local Taxes					16,550	1,562
Grants and Contributions Not Restricted to Specific Programs					660,897	17,411,717
Unrestricted Investment Income					41,115	39,715
Miscellaneous					174,279	89,019
Total General Revenues					<u>\$ 6,290,074</u>	<u>\$ 20,789,548</u>
Change in Net Position					\$ 1,166,536	\$ 1,446,699
Net Position, July 1, 2016					<u>10,717,545</u>	<u>17,060,605</u>
Net Position, June 30, 2017					<u>\$ 11,884,081</u>	<u>\$ 18,507,304</u>

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

Exhibit C-1

Chester County, Tennessee  
Balance Sheet  
Governmental Funds  
June 30, 2017

	Major Funds			Nonmajor Funds	Total Governmental Funds
	General	Solid Waste / Sanitation	Highway / Public Works	Other Govern- mental Funds	
<u>ASSETS</u>					
Cash	\$ 0	\$ 0	\$ 0	\$ 1,346	\$ 1,346
Equity in Pooled Cash and Investments	3,150,160	395,694	764,478	456,035	4,766,367
Investments	0	0	0	253,934	253,934
Accounts Receivable	481	24,773	9	0	25,263
Due from Other Governments	46,387	8,350	269,333	0	324,070
Due from Other Funds	43,769	0	0	0	43,769
Property Taxes Receivable	4,265,421	0	50,123	50,123	4,365,667
Allowance for Uncollectible Property Taxes	(167,288)	0	(1,966)	(1,966)	(171,220)
Total Assets	\$ 7,338,930	\$ 428,817	\$ 1,081,977	\$ 759,472	\$ 9,609,196
<u>LIABILITIES</u>					
Accounts Payable	\$ 15,615	\$ 962	\$ 0	\$ 0	\$ 16,577
Due to Other Funds	0	42,423	0	1,346	43,769
Other Current Liabilities	0	0	438	0	438
Total Liabilities	\$ 15,615	\$ 43,385	\$ 438	\$ 1,346	\$ 60,784
<u>DEFERRED INFLOWS OF RESOURCES</u>					
Deferred Current Property Taxes	\$ 3,984,365	\$ 0	\$ 46,820	\$ 46,820	\$ 4,078,005
Deferred Delinquent Property Taxes	101,599	0	1,194	1,194	103,987
Other Deferred/Unavailable Revenue	17,876	0	138,911	0	156,787
Total Deferred Inflows of Resources	\$ 4,103,840	\$ 0	\$ 186,925	\$ 48,014	\$ 4,338,779

(Continued)

Exhibit C-1

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	
<u>FUND BALANCES</u>					
Nonspendable:					
Endowments	\$ 0	\$ 0	\$ 0	\$ 282,826	\$ 282,826
Restricted:					
Restricted for General Government	434	0	0	0	434
Restricted for Administration of Justice	37,977	0	0	0	37,977
Restricted for Public Safety	27,793	0	0	135,680	163,473
Restricted for Public Health and Welfare	24,868	0	0	0	24,868
Restricted for Highways/Public Works	0	0	578,238	0	578,238
Restricted for Debt Service	0	0	0	127,907	127,907
Committed:					
Committed for General Government	238,258	0	0	0	238,258
Committed for Public Health and Welfare	0	385,432	0	0	385,432
Committed for Social, Cultural, and Recreational Services	0	0	0	134,926	134,926
Committed for Highways/Public Works	0	0	316,376	0	316,376
Committed for Capital Outlay	0	0	0	8,740	8,740
Committed for Debt Service	0	0	0	20,033	20,033
Unassigned	2,890,145	0	0	0	2,890,145
Total Fund Balances	<u>\$ 3,219,475</u>	<u>\$ 385,432</u>	<u>\$ 894,614</u>	<u>\$ 710,112</u>	<u>\$ 5,209,633</u>
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	<u>\$ 7,338,930</u>	<u>\$ 428,817</u>	<u>\$ 1,081,977</u>	<u>\$ 759,472</u>	<u>\$ 9,609,196</u>

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, 2017

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

Total fund balances - balance sheet - governmental funds (Exhibit C-1)		\$	5,209,633
(1) Capital assets used in governmental activities are not financial resources and therefore are not reported in the governmental funds.			
Add: land	\$	2,936,718	
Add: buildings and improvements net of accumulated depreciation		7,896,605	
Add: infrastructure net of accumulated depreciation		2,635,733	
Add: other capital assets net of accumulated depreciation		<u>1,986,643</u>	15,455,699
(2) Long-term liabilities are not due and payable in the current period and therefore are not reported in the governmental funds.			
Less: note payable	\$	(255,920)	
Less: bonds payable		(9,150,000)	
Less: capital leases payable		(51,891)	
Less: compensated absences payable		(9,205)	
Less: landfill closure/postclosure care costs		(157,327)	
Less: other postemployment benefits liability		(154,446)	
Less: accrued interest on bonds		(20,458)	
Add: deferred amount on refunding		572,224	
Less: other deferred revenue - premium on debt		(137,616)	
Less: net pension liability - agent plan		<u>(1,759)</u>	(9,366,398)
(3) Amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be amortized and recognized as components of pension expense in future years.			
Add: deferred outflows of resources related to pensions	\$	635,218	
Less: deferred inflows of resources related to pensions		<u>(310,845)</u>	324,373
(4) Other long-term assets are not available to pay for current-period expenditures and therefore are deferred in the governmental funds.			
			<u>260,774</u>
Net position of governmental activities (Exhibit A)		\$	<u><u>11,884,081</u></u>

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

Exhibit C-3

Chester County, Tennessee  
Statement of Revenues, Expenditures,  
and Changes in Fund Balances  
Governmental Funds  
For the Year Ended June 30, 2017

	Major Funds			Nonmajor	Total
	General	Solid Waste / Sanitation	Highway / Public Works	Other Govern- mental Funds	
<u>Revenues</u>					
Local Taxes	\$ 4,515,234	\$ 468,743	\$ 51,190	\$ 693,054	\$ 5,728,221
Licenses and Permits	0	15,018	0	0	15,018
Fines, Forfeitures, and Penalties	83,201	0	0	10,062	93,263
Charges for Current Services	72,350	101,979	0	21,183	195,512
Other Local Revenues	97,669	222,287	44,129	86,755	450,840
Fees Received From County Officials	699,886	0	0	0	699,886
State of Tennessee	532,086	275,079	2,244,059	77,462	3,128,686
Federal Government	45,330	0	0	0	45,330
Other Governments and Citizens Groups	564,327	0	0	8,440	572,767
Total Revenues	\$ 6,610,083	\$ 1,083,106	\$ 2,339,378	\$ 896,956	\$ 10,929,523
<u>Expenditures</u>					
Current:					
General Government	\$ 961,855	\$ 0	\$ 0	\$ 0	\$ 961,855
Finance	704,954	0	0	0	704,954
Administration of Justice	617,540	0	0	5,740	623,280
Public Safety	3,522,327	0	0	33,522	3,555,849
Public Health and Welfare	300,447	1,015,015	0	0	1,315,462
Social, Cultural, and Recreational Services	21,930	0	0	105,106	127,036
Agriculture and Natural Resources	51,030	0	0	0	51,030
Other Operations	175,634	715,779	0	846	892,259
Highways	0	0	2,549,936	0	2,549,936
Debt Service:					
Principal on Debt	29,631	0	0	410,080	439,711
Interest on Debt	3,241	0	0	254,203	257,444
Other Debt Service	0	0	0	10,369	10,369
Total Expenditures	\$ 6,388,589	\$ 1,730,794	\$ 2,549,936	\$ 819,866	\$ 11,489,185

(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	Solid Waste / Sanitation	Highway / Public Works	Other Govern- mental Funds	
Excess (Deficiency) of Revenues Over Expenditures	\$ 221,494	\$ (647,688)	\$ (210,558)	\$ 77,090	\$ (559,662)
<u>Other Financing Sources (Uses)</u>					
Notes Issued	\$ 0	\$ 0	\$ 316,000	\$ 0	\$ 316,000
Insurance Recovery	0	685,249	6,316	0	691,565
Transfers In	0	0	0	66,922	66,922
Transfers Out	0	0	(66,922)	0	(66,922)
Total Other Financing Sources (Uses)	\$ 0	\$ 685,249	\$ 255,394	\$ 66,922	\$ 1,007,565
Net Change in Fund Balances	\$ 221,494	\$ 37,561	\$ 44,836	\$ 144,012	\$ 447,903
Fund Balance, July 1, 2016	2,997,981	347,871	849,778	566,100	4,761,730
Fund Balance, June 30, 2017	\$ 3,219,475	\$ 385,432	\$ 894,614	\$ 710,112	\$ 5,209,633

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, 2017

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)		\$ 447,903
(1) Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of these assets is allocated over their useful lives and reported as depreciation expense. The difference between capital outlays and depreciation is itemized as follows:		
Add: capital assets purchased in the current period	\$ 1,535,254	
Less: current-year depreciation expense	<u>(783,675)</u>	751,579
(2) The net effect of various miscellaneous transactions involving capital assets (sales, trade-ins, and donations) is to decrease net position.		
Less: book value of capital assets disposed		(333,806)
(3) Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.		
Add: deferred delinquent property taxes and other deferred June 30, 2017	\$ 260,774	
Less: deferred delinquent property taxes and other deferred June 30, 2016	<u>(237,851)</u>	22,923
(4) The issuance of long-term debt (e.g., bonds, notes, leases) provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net position. Also, governmental funds report the effect of premiums, discounts, and similar items when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities. This amount is the net effect of these differences in the treatment of long-term debt and related items.		
Add: principal payments on bonds	\$ 350,000	
Add: principal payments on note	60,080	
Add: principal payments on capital leases	29,631	
Less: note proceeds	(316,000)	
Add: change in premium on debt issuances	7,116	
Less: change in deferred amount on refunding debt	<u>(44,102)</u>	86,725
(5) Some expenses reported in the statement of activities do not require the use of current financial resources and therefore are not reported as expenditures in the governmental funds.		
Change in accrued interest payable	\$ 2,724	
Change in compensated absences payable	(3,255)	
Change in other postemployment benefits liability	(22,730)	
Change in landfill closure/postclosure care costs	196	
Change in deferred outflows related to pensions	(15,115)	
Change in deferred inflows related to pensions	491,439	
Change in net pension liability	<u>(262,047)</u>	191,212
Change in net position of governmental activities (Exhibit B)		<u>\$ 1,166,536</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, 2017

	Actual	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
		Original	Final	
<u>Revenues</u>				
Local Taxes	\$ 4,515,234	\$ 4,678,190	\$ 4,678,190	\$ (162,956)
Fines, Forfeitures, and Penalties	83,201	64,400	64,400	18,801
Charges for Current Services	72,350	67,250	67,250	5,100
Other Local Revenues	98,069	12,300	50,370	47,699
Fees Received From County Officials	699,886	622,500	622,500	77,386
State of Tennessee	531,286	487,600	487,600	43,686
Federal Government	45,730	40,000	40,000	5,730
Other Governments and Citizens Groups	564,327	269,100	573,362	(9,035)
<b>Total Revenues</b>	<b>\$ 6,610,083</b>	<b>\$ 6,241,340</b>	<b>\$ 6,583,672</b>	<b>\$ 26,411</b>
<u>Expenditures</u>				
<u>General Government</u>				
County Commission	\$ 23,641	\$ 27,300	\$ 27,300	\$ 3,659
Board of Equalization	800	1,100	1,100	300
Budget and Finance Committee	1,615	2,425	2,425	810
County Mayor/Executive	143,096	145,682	146,222	3,126
County Attorney	11,675	20,000	20,000	8,325
Election Commission	197,723	199,585	203,523	5,800
Register of Deeds	135,528	146,856	146,856	11,328
County Buildings	388,084	375,984	400,693	12,609
Other Facilities	15,016	18,800	18,800	3,784
Other General Administration	44,677	44,300	54,697	10,020
<u>Finance</u>				
Accounting and Budgeting	99,734	111,068	114,958	15,224
Property Assessor's Office	195,355	200,205	201,847	6,492
Reappraisal Program	14,475	16,400	16,400	1,925
County Trustee's Office	174,906	190,350	191,075	16,169
County Clerk's Office	214,317	223,415	225,935	11,618
Other Finance	6,167	5,300	6,300	133
<u>Administration of Justice</u>				
Circuit Court	249,331	261,698	260,143	10,812
General Sessions Court	111,300	116,325	116,325	5,025
Chancery Court	214,022	219,398	220,616	6,594
Juvenile Court	42,887	38,117	43,192	305
<u>Public Safety</u>				
Sheriff's Department	1,590,213	1,706,802	1,674,570	84,357
Jail	1,346,936	1,381,806	1,414,806	67,870
Juvenile Services	64,075	72,124	67,049	2,974
Fire Prevention and Control	135,191	134,371	165,070	29,879
Civil Defense	59,635	66,817	67,277	7,642
Rescue Squad	6,700	6,700	6,700	0
Other Emergency Management	304,262	0	304,262	0
County Coroner/Medical Examiner	15,315	10,000	15,400	85
<u>Public Health and Welfare</u>				
Local Health Center	28,966	38,820	39,385	10,419
Ambulance/Emergency Medical Services	180,131	275,112	211,870	31,739
Alcohol and Drug Programs	0	3,000	3,000	3,000
Other Local Health Services	17,958	17,380	18,780	822

(Continued)

Exhibit C-5

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

	Actual	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
		Original	Final	
<u>Expenditures (Cont.)</u>				
<u>Public Health and Welfare (Cont.)</u>				
Regional Mental Health Center	\$ 0	\$ 10,000	\$ 10,000	\$ 10,000
General Welfare Assistance	10,684	15,500	21,700	11,016
Other Local Welfare Services	19,458	0	19,460	2
Sanitation Education/Information	43,250	43,225	46,805	3,555
<u>Social, Cultural, and Recreational Services</u>				
Senior Citizens Assistance	5,000	5,000	5,000	0
Other Social, Cultural, and Recreational	16,930	37,500	37,500	20,570
<u>Agriculture and Natural Resources</u>				
Agricultural Extension Service	28,974	42,145	42,145	13,171
Forest Service	0	2,000	2,000	2,000
Soil Conservation	14,556	16,865	16,865	2,309
Flood Control	7,500	7,500	7,500	0
<u>Other Operations</u>				
Tourism	525	0	525	0
Industrial Development	25,000	25,000	25,000	0
Veterans' Services	23,290	28,214	28,239	4,949
Employee Benefits	7,952	9,650	9,650	1,698
Miscellaneous	118,867	98,000	125,000	6,133
<u>Principal on Debt</u>				
General Government	29,631	0	29,631	0
<u>Interest on Debt</u>				
General Government	3,241	0	3,241	0
Total Expenditures	\$ 6,388,589	\$ 6,417,839	\$ 6,836,837	\$ 448,248
Excess (Deficiency) of Revenues				
Over Expenditures	\$ 221,494	\$ (176,499)	\$ (253,165)	\$ 474,659
Net Change in Fund Balance				
Fund Balance, July 1, 2016	\$ 2,997,981	\$ 1,582,383	\$ 1,582,383	\$ 1,415,598
Fund Balance, June 30, 2017				
	\$ 3,219,475	\$ 1,405,884	\$ 1,329,218	\$ 1,890,257

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

Exhibit C-6

Chester County, Tennessee  
Schedule of Revenues, Expenditures, and Changes  
in Fund Balance - Actual and Budget  
Solid Waste/Sanitation Fund  
For the Year Ended June 30, 2017

	Actual	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
		Original	Final	
<u>Revenues</u>				
Local Taxes	\$ 468,743	\$ 395,418	\$ 408,418	\$ 60,325
Licenses and Permits	15,018	19,626	19,626	(4,608)
Charges for Current Services	101,979	71,200	71,200	30,779
Other Local Revenues	222,287	210,000	210,000	12,287
State of Tennessee	275,079	326,500	367,700	(92,621)
Total Revenues	<u>\$ 1,083,106</u>	<u>\$ 1,022,744</u>	<u>\$ 1,076,944</u>	<u>\$ 6,162</u>
<u>Expenditures</u>				
<u>Public Health and Welfare</u>				
Convenience Centers	\$ 395,432	\$ 426,987	\$ 430,147	\$ 34,715
Recycling Center	238,990	251,340	290,520	51,530
Other Waste Disposal	376,163	370,100	403,800	27,637
Postclosure Care Costs	4,430	5,000	5,000	570
<u>Other Operations</u>				
Other Charges	3,500	13,000	5,500	2,000
Miscellaneous	712,279	7,000	774,137	61,858
Total Expenditures	<u>\$ 1,730,794</u>	<u>\$ 1,073,427</u>	<u>\$ 1,909,104</u>	<u>\$ 178,310</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>\$ (647,688)</u>	<u>\$ (50,683)</u>	<u>\$ (832,160)</u>	<u>\$ 184,472</u>
<u>Other Financing Sources (Uses)</u>				
Insurance Recovery	\$ 685,249	\$ 0	\$ 678,337	\$ 6,912
Total Other Financing Sources	<u>\$ 685,249</u>	<u>\$ 0</u>	<u>\$ 678,337</u>	<u>\$ 6,912</u>
Net Change in Fund Balance	\$ 37,561	\$ (50,683)	\$ (153,823)	\$ 191,384
Fund Balance, July 1, 2016	<u>347,871</u>	<u>362,183</u>	<u>362,183</u>	<u>(14,312)</u>
Fund Balance, June 30, 2017	<u>\$ 385,432</u>	<u>\$ 311,500</u>	<u>\$ 208,360</u>	<u>\$ 177,072</u>

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, 2017

	Actual	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
		Original	Final	
<u>Revenues</u>				
Local Taxes	\$ 51,190	\$ 48,144	\$ 48,144	\$ 3,046
Other Local Revenues	44,129	29,200	45,200	(1,071)
State of Tennessee	2,244,059	2,683,144	2,683,144	(439,085)
Total Revenues	<u>\$ 2,339,378</u>	<u>\$ 2,760,488</u>	<u>\$ 2,776,488</u>	<u>\$ (437,110)</u>
<u>Expenditures</u>				
<u>Highways</u>				
Administration	\$ 153,873	\$ 148,669	\$ 154,199	\$ 326
Highway and Bridge Maintenance	848,896	762,737	901,301	52,405
Operation and Maintenance of Equipment	206,088	238,396	227,186	21,098
Other Charges	85,335	85,000	86,720	1,385
Employee Benefits	260,663	273,000	273,000	12,337
Capital Outlay	995,081	1,354,000	1,551,396	556,315
<u>Principal on Debt</u>				
Highways and Streets	0	63,200	502	502
<u>Interest on Debt</u>				
Highways and Streets	0	4,224	0	0
Total Expenditures	<u>\$ 2,549,936</u>	<u>\$ 2,929,226</u>	<u>\$ 3,194,304</u>	<u>\$ 644,368</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>\$ (210,558)</u>	<u>\$ (168,738)</u>	<u>\$ (417,816)</u>	<u>\$ 207,258</u>
<u>Other Financing Sources (Uses)</u>				
Notes Issued	\$ 316,000	\$ 0	\$ 316,000	\$ 0
Insurance Recovery	6,316	1,000	1,000	5,316
Transfers Out	(66,922)	0	(66,922)	0
Total Other Financing Sources	<u>\$ 255,394</u>	<u>\$ 1,000</u>	<u>\$ 250,078</u>	<u>\$ 5,316</u>
Net Change in Fund Balance	\$ 44,836	\$ (167,738)	\$ (167,738)	\$ 212,574
Fund Balance, July 1, 2016	<u>849,778</u>	<u>694,781</u>	<u>694,781</u>	<u>154,997</u>
Fund Balance, June 30, 2017	<u><u>\$ 894,614</u></u>	<u><u>\$ 527,043</u></u>	<u><u>\$ 527,043</u></u>	<u><u>\$ 367,571</u></u>

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

Exhibit D

Chester County, Tennessee  
Statement of Fiduciary Assets and Liabilities  
Fiduciary Funds  
June 30, 2017

	<u>Agency Funds</u>
<u>ASSETS</u>	
Cash	\$ 420,253
Due from Other Governments	<u>203,891</u>
Total Assets	<u><u>\$ 624,144</u></u>
<u>LIABILITIES</u>	
Due to Other Taxing Units	\$ 203,891
Due to Litigants, Heirs, and Others	<u>420,253</u>
Total Liabilities	<u><u>\$ 624,144</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, 2017**

**I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

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

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

**A. Reporting Entity**

Chester County is a public municipal corporation governed by an elected 18-member board. As required by GAAP, these financial statements present Chester County (the primary government) and its component units. The financial statements of the Chester County Emergency Communications District, a component unit requiring discrete presentation, were excluded from this report due to materiality calculations; therefore, the effect of the omission did not affect independent auditor's opinion thereon. The component units discussed below are included in the county's reporting entity because of the significance of their operational or financial relationships with the county.

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

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

The Chester County Emergency Communications District provides a simplified means of securing emergency services through a uniform emergency number for the residents of Chester County, and the Chester County Commission appoints its governing body. The district is funded primarily through a service charge levied on telephone services. Before the issuance of most debt instruments, the district must obtain the county commission's approval. The financial statements of the Chester County Emergency Communications District were not material to the component units' opinion unit and therefore have been omitted from this report.

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

Administrative Office:

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

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

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

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

Chester County issues all debt for the discretely presented Chester County School Department. There were no debt issues contributed by the county to the School Department during the year ended June 30, 2017.



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

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

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

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

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

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

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

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

Chester County reports the following major governmental funds:

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

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

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

Additionally, Chester County reports the following fund types:

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

**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 endowments provide for scholarships to be awarded each year until the endowments are depleted.

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

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

**1. Deposits and Investments**

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

debt securities of certain federal government sponsored enterprises; and the county's own legally issued bonds or notes.

The county trustee maintains a cash and internal investment pool that is used by all funds and the discretely presented Chester County School Department. Each fund's portion of this pool is displayed on the balance sheets or statements of net position as Equity in Pooled Cash and Investments. Most income from these pooled investments is assigned to the primary government's Solid Waste/Sanitation Fund and the School Department's General Purpose School Fund. In addition, investments are held separately by the county's Endowment Fund. Chester County and the School Department have adopted a policy of reporting U.S. Treasury obligations, U.S. agency obligations, and repurchase agreements with maturities of one year or less when purchased on the balance sheet at amortized cost. Certificates of deposit are reported at cost. Investments in the State Treasurer's Investment Pool are reported at amortized cost using a stable net asset value. State statutes require the state treasurer to administer the pool under the same terms and conditions, including collateral requirements, as prescribed for other funds invested by the state treasurer. All other investments are reported at fair value.

## **2. Receivables and Payables**

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

Property taxes receivable are shown with an allowance for uncollectibles. The allowance for uncollectible property taxes is equal to 2.06 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 acquisition value at the date of donation.

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

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

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

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

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

In addition to liabilities, the Statement of Net Position will sometimes report a separate section for deferred inflows of resources. Deferred inflows of resources represent an acquisition of net position that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. The government has items that qualify for reporting in this category. Accordingly, the items are reported in the government-wide Statement of Net Position and the governmental funds balance sheet. These items are from the following sources: current and delinquent property taxes, pension changes in experience, pension changes in proportionate share of contributions, 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, landfill closure/postclosure care costs, and pension liabilities 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, 2017, Chester County had \$345,300 in outstanding debt for capital purposes for the discretely presented Chester County School Department. This debt is a liability of Chester County, but the capital assets acquired are reported in the financial statements of the School Department. Therefore, Chester County has incurred a liability significantly decreasing its unrestricted net position with no corresponding increase in the county’s capital assets.

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

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

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

Restricted Fund Balance – includes amounts that have constraints placed on the use of the resources that are either



(a) externally imposed by creditors, grantors, contributors or laws and regulations of other governments or (b) imposed by law through constitutional provisions or enabling legislation.

Committed Fund Balance – includes amounts that can only be used for specific purposes pursuant to constraints imposed by formal resolutions of the county commission, the county’s highest level of decision-making authority and the Board of Education, the School Department’s highest level of decision-making authority, and shall remain binding unless removed in the same manner.

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

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

**E. Pension Plans**

**Primary Government**

For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of Chester County’s participation in the Public Employee Retirement Plan of the Tennessee Consolidated Retirement System (TCRS), and additions to/deductions from Chester County’s fiduciary net position have been determined on the same basis as they are reported by the TCRS for the Public Employee Retirement Plan. For this purpose, benefits (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms of the Public Employee Retirement Plan of TCRS. Investments are reported at fair value.

**Discretely Presented Chester County School Department**

For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the Teacher Retirement Plan and the Teacher Legacy Pension Plan in the Tennessee

Consolidated Retirement System, and additions to/deductions from fiduciary net position have been determined on the same basis as they are reported by the TCRS. For this purpose, benefits (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms of the Teacher Retirement Plan and the Teacher Legacy Pension Plan. Investments are reported at fair value.

## **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.

#### **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, 2017, Chester County had the following investments carried at fair value within the fair value hierarchy established by generally accepted accounting principles. These investments were made in accordance with an agreement with a charitable foundation for an endowment to benefit the Chester County Public Library.

<u>Investment</u>	<u>Maturities</u>	<u>Fair Value</u>
Endowment Fund:		
Vanguard 500 Index Fund	On Demand	\$ 127,804
Fidelity International Index Fund	"	19,568
Vanguard Short-term Bond Index Fund	"	23,817
Vanguard Total Bond Fund	"	56,263
Vanguard Intermediate-term Corporate Bond Index Fund	"	<u>26,482</u>
Total		<u>\$ 253,934</u>

Investment by Fair Value Level	Fair Value 6-30-17	Quoted Prices in Active Markets for Identical Assets (Level 1)
Vanguard 500 Index Fund	\$ 127,804	\$ 127,804
Fidelity International Index Fund	19,568	19,568
Vanguard Short-term Bond Index Fund	23,817	23,817
Vanguard Total Bond Fund	56,263	56,263
Vanguard Intermediate-term Corporate Bond Index Fund	26,482	26,482
<b>Total</b>	<b>\$ 253,934</b>	<b>\$ 253,934</b>

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

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

**Credit Risk.** Credit risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligations. State statutes limit the ratings of certain investments as previously explained. Chester County has no investment policy that would further limit its investment choices. As of June 30, 2017, 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, 2017, was as follows:

**Primary Government**

**Governmental Activities:**

	Balance 7-1-16	Increases	Decreases	Balance 6-30-17
Capital Assets Not Depreciated:				
Land	\$ 2,926,204	\$ 10,514	\$ 0	\$ 2,936,718
Total Capital Assets Not Depreciated	\$ 2,926,204	\$ 10,514	\$ 0	\$ 2,936,718
Capital Assets Depreciated:				
Buildings and Improvements	\$ 12,166,353	\$ 424,948	\$ (306,689)	\$ 12,284,612
Infrastructure	3,586,512	432,609	0	4,019,121
Other Capital Assets	5,278,603	667,183	(204,486)	5,741,300
Total Capital Assets Depreciated	\$ 21,031,468	\$ 1,524,740	\$ (511,175)	\$ 22,045,033
Less Accumulated Depreciation For:				
Buildings and Improvements	\$ 4,092,101	\$ 362,417	\$ (66,511)	\$ 4,388,007
Infrastructure	1,228,449	154,939	0	1,383,388
Other Capital Assets	3,599,196	266,319	(110,858)	3,754,657
Total Accumulated Depreciation	\$ 8,919,746	\$ 783,675	\$ (177,369)	\$ 9,526,052
Total Capital Assets Depreciated, Net	\$ 12,111,722	\$ 741,065	\$ (333,806)	\$ 12,518,981
Governmental Activities Capital Assets, Net	\$ 15,037,926	\$ 751,579	\$ (333,806)	\$ 15,455,699

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

**Governmental Activities:**

General Government	\$ 33,637
Finance	3,441
Administration of Justice	69,612
Public Safety	317,012
Public Health and Welfare	123,127
Social, Cultural, and Recreational Services	35,790
Agriculture and Natural Resources	1,376
Highways	<u>199,680</u>

Total Depreciation Expense - Governmental Activities \$ 783,675

**Discretely Presented Chester County School Department**

**Governmental Activities:**

	Balance 7-1-16	Increases	Decreases	Balance 6-30-17
Capital Assets Not Depreciated:				
Land	\$ 501,552	\$ 440,000	\$ 0	\$ 941,552
Total Capital Assets Not Depreciated	<u>\$ 501,552</u>	<u>\$ 440,000</u>	<u>\$ 0</u>	<u>\$ 941,552</u>
Capital Assets Depreciated:				
Buildings and Improvements	\$ 19,913,073	\$ 140,055	\$ 0	\$ 20,053,128
Other Capital Assets	5,770,681	269,972	(324,656)	5,715,997
Total Capital Assets Depreciated	<u>\$ 25,683,754</u>	<u>\$ 410,027</u>	<u>\$ (324,656)</u>	<u>\$ 25,769,125</u>
Less Accumulated Depreciation For:				
Buildings and Improvements	\$ 9,884,710	\$ 437,979	\$ 0	\$ 10,322,689
Other Capital Assets	4,304,163	266,003	(324,656)	4,245,510
Total Accumulated Depreciation	<u>\$ 14,188,873</u>	<u>\$ 703,982</u>	<u>\$ (324,656)</u>	<u>\$ 14,568,199</u>
Total Capital Assets Depreciated, Net	<u>\$ 11,494,881</u>	<u>\$ (293,955)</u>	<u>\$ 0</u>	<u>\$ 11,200,926</u>
Governmental Activities Capital Assets, Net	<u><u>\$ 11,996,433</u></u>	<u><u>\$ 146,045</u></u>	<u><u>\$ 0</u></u>	<u><u>\$ 12,142,478</u></u>

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

**Governmental Activities:**

Instruction	\$ 389,537
Support Services	218,965
Operation of Non-instructional Services	<u>95,480</u>
 Total Depreciation Expense - Governmental Activities	 <u><u>\$ 703,982</u></u>

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

The composition of interfund balances as of June 30, 2017, was as follows:

**Due to/from Other Funds:**

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>
Primary Government:		
General	Solid Waste/Sanitation	\$ 42,423
"	Nonmajor governmental	1,346

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

**Interfund Transfers:**

Interfund transfers for the year ended June 30, 2017, consisted of the following amounts:

**Primary Government**

<u>Transfer Out</u>	<u>Transfer In</u>	<u>Purpose</u>
	Nonmajor Governmental Fund	
Highway/Public Works	\$ 66,922	Debt retirement



**Discretely Presented Chester County School Department**

Transfer Out	Transfer In	
	General Purpose School Fund	Purpose
Nonmajor governmental fund	\$ 12,573	Indirect costs

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

**D. Capital Leases**

On November 30, 2015, Chester County entered into a three-year lease-purchase agreement for two 2015 Dodge Chargers for the Sheriff's Department. The terms of the agreement require total lease payments of \$58,298 plus interest of 4.77 percent. Title to the vehicles transfers to Chester County at the end of the lease period. The lease payments are made from the General Fund.

On November 30, 2015, Chester County entered into a three-year lease-purchase agreement for a 2015 Dodge Durango for the Sheriff's Department. The terms of the agreement require total lease payments of \$33,791 plus interest of 4.76 percent. Title to the vehicle transfers to Chester County at the end of the lease period. The lease payments are made from the General Fund.

The assets acquired through capital leases are as follows:

<u>Assets</u>	<u>Governmental Activities</u>
Vehicles	\$ 92,089
Less: Accumulated Depreciation	<u>(23,468)</u>
Total Book Value	<u><u>\$ 68,621</u></u>

Future minimum lease payments and the net present value of these minimum lease payments as of June 30, 2017, were as follows:

Year Ending June 30	Governmental Funds
2018	\$ 32,872
2019	21,184
Total Minimum Lease Payments	<u>\$ 54,056</u>
Less: Amount Representing Interest	<u>(2,165)</u>
Present Value of Minimum Lease Payments	<u><u>\$ 51,891</u></u>

**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 notes and bonds outstanding were issued for original terms of up to 5 years for the note and 24 years for bonds. 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, 2017, will be retired from the General Debt Service Fund.

General obligation bonds, the capital outlay note, and capital leases outstanding as of June 30, 2017, for governmental activities are as follows:

Type	Interest Rate	Final Maturity	Original Amount of Issue	Balance 6-30-17
General Obligation Bonds	2.75 to 5.5%	5-1-28	\$ 9,660,000	\$ 430,000
General Obligation Bonds -Refunding	2 to 5	6-1-40	9,080,000	8,720,000
Capital Outlay Note	2.5	6-30-21	316,000	255,920
Capital Leases	4.76 to 4.77	3-10-19	92,089	51,891

The annual requirements to amortize all general obligation bonds and the note as of June 30, 2017, including interest payments, are presented in the following tables:

Year Ending June 30	Bonds		
	Principal	Interest	Total
2018	\$ 370,000	\$ 226,418	\$ 596,418
2019	390,000	211,843	601,843
2020	400,000	203,257	603,257
2021	405,000	194,413	599,413
2022	410,000	185,375	595,375
2023-2027	1,955,000	794,237	2,749,237
2028-2032	1,850,000	591,825	2,441,825
2033-2037	2,020,000	367,462	2,387,462
2038-2040	1,350,000	81,900	1,431,900
Total	\$ 9,150,000	\$ 2,856,730	\$ 12,006,730

Year Ending June 30	Note		
	Principal	Interest	Total
2018	\$ 61,600	\$ 5,695	\$ 67,295
2019	63,160	4,137	67,297
2020	64,760	2,540	67,300
2021	66,400	903	67,303
Total	\$ 255,920	\$ 13,275	\$ 269,195

There is \$147,940 available in the General Debt Service Fund to service long-term debt. Bonded debt per capita totaled \$534, based on the 2010 federal census. Total Debt per capita, including bonds, the note, capital leases, and unamortized debt premiums totaled \$560, based on the 2010 federal census.

#### Changes in Long-term Obligations

Long-term obligations activity for the year ended June 30, 2017, was as follows:

Governmental Activities:

	Bonds	Note	Capital Leases
	<hr/>		
Balance, July 1, 2016	\$ 9,500,000	\$ 0	\$ 81,522
Additions	0	316,000	0
Reductions	(350,000)	(60,080)	(29,631)
	<hr/>		
Balance, June 30, 2017	\$ 9,150,000	\$ 255,920	\$ 51,891
	<hr/>		
Balance Due Within One Year	\$ 370,000	\$ 61,600	\$ 31,073
	<hr/>		

	Compensated Absences	Landfill Closure/ Postclosure Care Costs	Other Postemployment Benefits
	<hr/>		
Balance, July 1, 2016	\$ 5,950	\$ 157,523	\$ 131,716
Additions	8,791	2,019	27,980
Reductions	(5,536)	(2,215)	(5,250)
	<hr/>		
Balance, June 30, 2017	\$ 9,205	\$ 157,327	\$ 154,446
	<hr/>		
Balance Due Within One Year	\$ 6,357	\$ 2,215	\$ 0
	<hr/>		

	Net Pension Liability - Agent Plan*
	<hr/>
Balance, July 1, 2016	\$ (260,288)
Additions	1,103,513
Reductions	(841,466)
	<hr/>
Balance, June 30, 2017	\$ 1,759
	<hr/>
Balance Due Within One Year	\$ 0
	<hr/>

\*At July 1, 2016, the agent plan had a net pension asset.

Analysis of Noncurrent Liabilities Presented on Exhibit A:

Total Noncurrent Liabilities, June 30, 2017	\$	9,780,548
Less: Balance Due Within One Year		(471,245)
Add: Unamortized Premium on Debt		<u>137,616</u>
Noncurrent Liabilities - Due in More Than One Year - Exhibit A	\$	<u><u>9,446,919</u></u>

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

Defeasance of Prior Debt

In the prior year, Chester County defeased certain outstanding general obligation bonds by placing the proceeds of new bonds into an irrevocable trust to provide for all future debt service payments on the old bonds. The trustee is empowered and required to pay all principal and interest on the defeased bonds as originally scheduled. Accordingly, the trust accounts and the defeased bonds are not included in the county's financial statements. At June 30, 2017, the following outstanding bonds are considered defeased:

	<u>Amount</u>
Jail and Vo-Tech School Bonds	\$ 7,920,000

**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, 2017, was as follows:

Governmental Activities:	Other Postemployment Benefits	Net Pension Liability - Agent Plan*
Balance, July 1, 2016	\$ 579,468	\$ (168,947)
Additions	87,337	820,385
Reductions	(21,527)	(650,112)
Balance, June 30, 2017	<u>\$ 645,278</u>	<u>\$ 1,326</u>
Balance Due Within One Year	<u>\$ 0</u>	<u>\$ 0</u>

Governmental Activities:	Net Pension Liability - Cost-sharing Plan
Balance, July 1, 2016	\$ 90,942
Additions	4,225,313
Reductions	(2,673,185)
Balance, June 30, 2017	<u>\$ 1,643,070</u>
Balance Due Within One Year	<u>\$ 0</u>

\*At July 1, 2016, the agent plan had a net pension asset.

Analysis of Noncurrent Liabilities Presented on Exhibit A:

Total Noncurrent Liabilities, June 30, 2017	\$ 2,289,674
Less: Balance Due Within One Year	<u>0</u>
Noncurrent Liabilities - Due in More Than One Year - Exhibit A	<u>\$ 2,289,674</u>

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

**F. 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, 2017, were \$47,296 and \$17,188, 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 School Department participated in a public entity risk pool to provide health insurance coverage for its employees until December 31, 2016. Effective January 1, 2017, the School Department purchased commercial insurance to provide health insurance coverage for employees.

**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. 74, *Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans*; Statement No. 77, *Tax Abatement Disclosures*; Statement No. 78, *Pensions Provided through Certain Multiple-Employer Defined Benefit Pension Plans*; Statement No. 80, *Blending Requirements for Certain Component Units*; and Statement No. 82, *Pension Issues an amendment of*

*GASB Statements No. 67, No. 68, and No. 73*, became effective for the year ended June 30, 2017.

GASB Statement No. 74, establishes accounting and reporting requirements for postemployment benefits other than pensions (other postemployment benefits or OPEB), which are included in the general purpose external financial reports of state and local governmental OPEB plans. This statement replaces GASB Statements No. 43 and No. 57. It also includes requirements for defined contribution OPEB plans that replace the requirements in Statements No. 25, No. 43, and No. 50. The scope of this statement includes OPEB plans, both defined benefit and defined contribution, administered through trusts meeting the necessary criteria as well as reporting assets accumulated through OPEB plans that are not administered through trusts that meet the specified criteria.

GASB Statement No. 77, establishes reporting requirements for tax abatements. This standard requires the disclosure of information about the nature and magnitude of tax abatement agreements entered into by state and local governments that reduce the government's tax revenues.

GASB Statement No. 78, amends Statement No. 68 to exclude certain pensions provided to employees of state or local governments through cost-sharing multiple-employer pension plans that are not state or local plans and meet specific other criteria. This statement establishes recognition, measurement, and reporting criteria for these plans.

GASB Statement No. 80, amends the blending requirements of paragraph 53 of Statement No. 14. This standard adds additional blending criterion, which requires blending of a component unit incorporated as a not-for-profit corporation in which the primary government is the sole corporate member.

GASB Statement No. 82 amends Statements No. 67, No. 68, and No. 73. This standard establishes covered payroll as the payroll on which contributions to a pension plan are based in the Required Supplementary Information. In addition, this standard clarifies that employer paid member contributions should be considered plan member contributions for purposes of applying Statement No. 67, and employee contributions for the purposes of applying Statement No. 68. This standard further states that an employer's expense and expenditures for employer paid member contributions should be recognized in the period for which the contribution is assessed and classified in the same manner that the employer classifies similar compensation other than pensions (for example, as salaries and wages or as fringe benefits).

### **C. Contingent Liabilities**

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



**D. 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 \$157,327 reported as postclosure care liability at June 30, 2017, represents 50 percent of the county's share based on what it would cost to perform all postclosure care in 2017. Actual costs may be higher due to inflation, changes in technology, or changes in regulations.

**E. 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.

**F. Retirement Commitments**

**Tennessee Consolidated Retirement System (TCRS)**

**Primary Government**

**General Information About the Pension Plan**

*Plan Description.* Employees of Chester County and non-certified employees of the discretely presented Chester County School Department are provided a defined benefit pension plan through the Public Employee Retirement Plan, an agent multiple-employer pension plan administered by the TCRS. The primary government employees comprised 57.01 percent and the non-certified employees of the discretely presented School Department comprised 42.99 percent of the plan based on contribution data. The TCRS was created

by state statute under *Tennessee Code Annotated (TCA)*, Title 8, Chapters 34-37. The TCRS Board of Trustees is responsible for the proper operation and administration of the TCRS. The Tennessee Treasury Department, an agency in the legislative branch of state government, administers the plans of the TCRS. The TCRS issues a publicly available financial report that can be obtained at [www.treasury.tn.gov/tcrs](http://www.treasury.tn.gov/tcrs).

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

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

*Employees Covered by Benefit Terms.* At the measurement date of June 30, 2016, the following employees were covered by the benefit terms:

Inactive Employees or Beneficiaries Currently	
Receiving Benefits	115
Inactive Employees Entitled to But Not Yet Receiving	
Benefits	227
Active Employees	256
 Total	 <hr/> <hr/> <u>598</u>

*Contributions.* Contributions for employees are established in the statutes governing the TCRS and may only be changed by the Tennessee General Assembly. Employees contribute five percent of salary. Chester County makes employer contributions at the rate set by the Board of Trustees as

determined by an actuarial valuation. For the year ended June 30, 2017, the employer contribution for Chester County was \$510,597 based on a rate of 7.33 percent of covered payroll. By law, employer contributions are required to be paid. The TCRS may intercept Chester County's state shared taxes if required employer contributions are not remitted. The employer's actuarially determined contributions (ADC) and member contributions are expected to finance the costs of benefits earned by members during the year, the cost of administration, as well as an amortized portion of any unfunded liability.

**Net Pension Liability (Asset)**

Chester County's net pension liability (asset) was measured as of June 30, 2016, and the total pension liability (asset) used to calculate net pension liability (asset) was determined by an actuarial valuation as of that date.

*Actuarial Assumptions.* The total pension liability as of the June 30, 2016, actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	3%
Salary Increases	Graded Salary Ranges from 8.97% to 3.71% Based on Age, Including Inflation, Averaging 4.25%
Investment Rate of Return	7.5%, Net of Pension Plan Investment Expenses, Including Inflation
Cost of Living Adjustment	2.5%

Mortality rates were based on actual experience from the June 30, 2012, actuarial experience study, adjusted for some of the expected future improvement in life expectancy.

The actuarial assumptions used in the June 30, 2016, actuarial valuation were based on the results of an actuarial experience study performed for the period July 1, 2008, through June 30, 2012. The demographic assumptions were adjusted to more closely reflect actual and expected future experience.

The long-term expected rate of return on pension plan investments was established by the TCRS Board of Trustees in conjunction with the June 30, 2012, actuarial experience study by considering the following three techniques: (1) the 25-year historical return of the TCRS at June 30, 2012, (2) the historical market returns of asset classes from 1926 to 2012 using the TCRS investment policy asset allocation, and (3) capital market projections that were utilized as a building-block method in which best-estimate ranges of expected future real rate of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. Four sources of capital market projections were blended and utilized in the third technique. The blended capital market projection established the

long-term expected rate of return by weighting the expected future real rate of return by the target asset allocation percentage and by adding inflation of three percent. The target allocation and best estimate of arithmetic real rates of return for each major asset class are summarized in the following table:

Asset Class	Percentage Long-term Expected Real Rate of Return	Percentage Target Allocations
U.S. Equity Developed Market	6.46 %	33 %
International Equity Emerging Market	6.26	17
International Equity Private Equity and Strategic Lending	6.40	5
U.S. Fixed Income	4.61	8
Real Estate	0.98	29
Short-term Securities	4.73	7
	0.00	1
Total		100 %

The long-term expected rate of return on pension plan investments was established by the TCRS Board of Trustees as 7.5 percent based on a blending of the three factors described above.

*Discount Rate.* The discount rate used to measure the total pension liability was 7.5 percent. The projection of cash flows used to determine the discount rate assumes that employee contributions will be made at the current rate and that contributions from Chester County will be made at the actuarially determined contribution rate pursuant to an actuarial valuation in accordance with the funding policy of the TCRS Board of Trustees and as required to be paid by state statute. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make projected future benefit payments of current active and inactive members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

**Changes in the Net Pension Liability (Asset)**

	Increase (Decrease)		
	Total	Plan	Net
	Pension Liability (a)	Fiduciary Net Position (b)	Pension Liability (a)-(b)
Balance, July 1, 2015	\$ 17,340,964	\$ 17,770,199	\$ (429,235)
Changes for the year:			
Service Cost	\$ 577,663	\$ 0	\$ 577,663
Interest	1,311,152	0	1,311,152
Differences Between Expected and Actual Experience	(166,884)	0	(166,884)
Contributions-Employer	0	500,157	(500,157)
Contributions-Employees	0	338,595	(338,595)
Net Investment Income	0	470,361	(470,361)
Benefit Payments, Including Refunds of Employee Contributions	(873,214)	(873,214)	0
Administrative Expense	0	(19,502)	19,502
Other Changes	0	0	0
Net Changes	<u>\$ 848,717</u>	<u>\$ 416,397</u>	<u>\$ 432,320</u>
Balance, June 30, 2016	<u>\$ 18,189,681</u>	<u>\$ 18,186,596</u>	<u>\$ 3,085</u>

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

		Total	Plan	Net
		Pension	Fiduciary	Pension
		Liability	Net	Liability
			Position	(Asset)
Primary Government	57.01%	\$ 10,369,937	\$ 10,368,178	\$ 1,759
School Department	42.99%	<u>7,819,744</u>	<u>7,818,418</u>	<u>1,326</u>
Total		<u>\$ 18,189,681</u>	<u>\$ 18,186,596</u>	<u>\$ 3,085</u>

*Sensitivity of the Net Pension Liability (Asset) to Changes in the Discount Rate.* The following presents the net pension liability (asset) of Chester County calculated using the discount rate of 7.5 percent, as well as what the net pension liability (asset) would be if it was calculated using a discount rate that is one percentage point lower (6.5%) or one percentage point higher (8.5%) than the current rate:

Chester County	1% Decrease 6.5%	Current Discount Rate 7.5%	1% Increase 8.5%
Net Pension Liability	\$ 2,387,033	\$ 3,085	\$ (1,959,940)

**Pension Expense and Deferred Outflows of Resources and Deferred Inflows of Resources to Pensions**

*Pension Expense.* For the year ended June 30, 2017, Chester County recognized pension expense of \$158,337.

*Deferred Outflows of Resources and Deferred Inflows of Resources.* For the year ended June 30, 2017, Chester County reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference Between Expected and Actual Experience	\$ 0	\$ 545,247
Net Difference Between Projected and Actual Earnings on Pension Plan Investments	606,936	0
Contributions Subsequent to the Measurement Date of June 30, 2016 (1)	510,597	N/A
Total	<u>\$ 1,117,533</u>	<u>\$ 545,247</u>

- The amount shown above for “Contributions Subsequent to the Measurement Date of June 30, 2016,” will be recognized as a reduction (increase) to net pension liability (asset) in the following measurement period.

Allocation of Agent Plan Deferred Outflows of Resources and  
Deferred Inflows of Resources

	Deferred Outflows of Resources	Deferred Inflows of Resources
Primary Government	\$ 635,218	\$ 310,845
School Department	<u>482,315</u>	<u>234,402</u>
Total	<u>\$ 1,117,533</u>	<u>\$ 545,247</u>

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

Year Ending June 30	Amount
2018	\$ (80,644)
2019	(80,644)
2020	189,007
2021	61,785
2022	(27,815)
Thereafter	0

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

**Discretely Presented Chester County School Department**

**Non-certified Employees**

**General Information About the Pension Plan**

*Plan Description.* As noted above under the primary government, employees of Chester County and non-certified employees of the discretely presented Chester County School Department are provided a defined benefit pension plan through the Public Employee Retirement Plan, an agent multiple-employer pension plan administered by the TCRS. The primary government employees comprised 57.01 percent and the non-certified employees of the discretely presented School Department comprised 42.99 percent of the plan based on contribution data.

## **Certified Employees**

### **Teacher Retirement Plan**

#### **General Information About the Pension Plan**

*Plan Description.* Teachers of the Chester County School Department with membership in the TCRS before July 1, 2014, are provided with pensions through the Teacher Legacy Pension Plan, a cost-sharing multiple-employer pension plan administered by the TCRS. The Teacher Legacy Pension Plan is closed to new membership. Teachers with membership in the TCRS after June 30, 2014, are provided with pensions through a legally separate plan referred to as the Teacher Retirement Plan, a cost-sharing multiple-employer pension plan administered by the TCRS. The TCRS was created by state statute under *Tennessee Code Annotated (TCA)*, Title 8, Chapters 34-37. The TCRS Board of Trustees is responsible for the proper operation and administration of all employer pension plans in the TCRS. The Tennessee Treasury Department, an agency in the legislative branch of state government, administers the plans of the TCRS. The TCRS issues a publicly available financial report that can be obtained at [www.treasury.tn.gov/tcrs](http://www.treasury.tn.gov/tcrs).

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



*Contributions.* Contributions for teachers are established in the statutes governing the TCRS and may only be changed by the Tennessee General Assembly or by automatic cost controls set out in law. Teachers contribute five percent of their salary to the plan. The Local Education Agencies (LEAs) make employer contributions at the rate set by the Board of Trustees as determined by an actuarial valuation. Per the statutory provisions governing TCRS, the employer contribution rate cannot be less than four percent, except in years when the maximum funded level, approved by the TCRS Board of Trustees, is reached. By law, employer contributions for the Teacher Retirement Plan are required to be paid. The TCRS may intercept the state shared taxes of the sponsoring governmental entity of the LEA if the required employer contributions are not remitted. Employer contributions for the year ended June 30, 2017, to the Teacher Retirement Plan were \$100,257, which is four percent of covered payroll. The employer rate, when combined with member contributions, is expected to finance the costs of benefits earned by members during the year, the cost of administration, as well as an amortized portion of any unfunded liability.

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

*Pension Liabilities (Assets).* At June 30, 2017, the Chester County School Department reported an asset of \$15,224 for its proportionate share of the net pension asset. The net pension asset was measured as of June 30, 2016, and the total pension liability used to calculate the net pension asset was determined by an actuarial valuation as of that date. The Chester County School Department's proportion of the net pension asset was based on the Chester County School Department's share of contributions to the pension plan relative to the contributions of all participating LEAs. At the measurement date of June 30, 2016, the Chester County School Department's proportion was .146241 percent. The revised proportion measured at June 30, 2015, was .079623 percent.

*Pension Expense.* For the year ended June 30, 2017, the Chester County School Department recognized pension expense of \$12,590.

*Deferred Outflows of Resources and Deferred Inflows of Resources.* For the year ended June 30, 2017, the Chester County School Department reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference Between Expected and Actual Experience	\$ 1,475	\$ 1,755
Net Difference Between Projected and Actual Earnings on Pension Plan Investments	2,493	0
Changes in Proportion of Net Pension Liability (Asset)	0	1,869
LEA's Contributions Subsequent to the Measurement Date of June 30, 2016	100,257	N/A
Total	<u>\$ 104,225</u>	<u>\$ 3,624</u>

The Chester County School Department's employer contributions of \$100,257, reported as pension related deferred outflows of resources subsequent to the measurement date, will be recognized as an increase of net pension liability (asset) in the year ending June 30, 2018. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year Ending June 30	Amount
2018	\$ 461
2019	461
2020	461
2021	342
2022	(192)
Thereafter	(1,189)

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

*Actuarial Assumptions.* The total pension liability in the June 30, 2016, actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	3%
Salary Increases	Graded Salary Ranges from 8.97% to 3.71% Based on Age, Including Inflation, Averaging 4.25%
Investment Rate of Return	7.5%, Net of Pension Plan Investment Expenses, Including Inflation
Cost of Living Adjustment	2.5%

Mortality rates are customized based on the June 30, 2012, actuarial experience study and some included adjustment for expected future improvement in life expectancy.

The actuarial assumptions used in the June 30, 2016, actuarial valuation were based on the results of an actuarial experience study performed for the period July 1, 2008, through June 30, 2012. The demographic assumptions were adjusted to more closely reflect actual and expected future experience.

The long-term expected rate of return on pension plan investments was established by the TCRS Board of Trustees in conjunction with the June 30, 2012, actuarial experience study by considering the following three techniques: (1) the 25-year historical return of the TCRS at June 30, 2012, (2) the historical market returns of asset classes from 1926 to 2012 using the TCRS investment policy asset allocation, and (3) capital market projections that were utilized as a building-block method in which best-estimate ranges of expected future real rate of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. Four sources of capital market projections were blended and utilized in the third technique. The blended capital market projection established the long-term expected rate of return by weighting the expected future real rate of return by the target asset allocation percentage and by adding inflation of three percent. The target allocation and best estimates of arithmetic real rates of return for each major asset class are summarized in the following table:

Asset Class	Percentage Long-term Expected Real Rate of Return	%	Percentage Target Allocations	%
U.S. Equity Developed Market	6.46	%	33	%
International Equity Emerging Market	6.26		17	
International Equity Private Equity and Strategic Lending	6.40		5	
U.S. Fixed Income Real Estate	4.61		8	
Real Estate	0.98		29	
Short-term Securities	4.73		7	
	0.00		1	
Total			100	%

The long-term expected rate of return on pension plan investments was established by the TCRS Board of Trustees as 7.5 percent based on a blending of the three factors described above.

*Discount Rate.* The discount rate used to measure the total pension liability was 7.5 percent. The projection of cash flows used to determine the discount rate assumes that employee contributions will be made at the current rate and that contributions from all the LEAs will be made at the actuarially determined contribution rate pursuant to an actuarial valuation in accordance with the funding policy of the TCRS Board of Trustees and as required to be paid by state statute. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make projected future benefit payments of current active and inactive members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

*Sensitivity of the Proportionate Share of Net Pension Liability (Asset) to Changes in the Discount Rate.* The following presents the Chester County School Department's proportionate share of the net pension liability (asset) calculated using the discount rate of 7.5 percent, as well as what the Chester County School Department's proportionate share of the net pension liability (asset) would be if it was calculated using a discount rate that is one percentage point lower (6.5%) or one percentage point higher (8.5%) than the current rate:

School Department's Proportionate Share of the Net Pension Liability (Asset)	1% Decrease 6.5%	Current Discount Rate 7.5%	1% Increase 8.5%
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Net Pension Liability	\$ 7,189	\$ (15,224)	\$ (31,738)
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*Pension Plan Fiduciary Net Position.* Detailed information about the pension plan's fiduciary net position is available in a separately issued TCRS financial report.

### **Teacher Legacy Pension Plan**

#### **General Information About the Pension Plan**

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

*Benefits Provided.* TCA, Title 8, Chapters 34-37 establish the benefit terms and can be amended only by the Tennessee General Assembly. Members of the Teacher Legacy Pension Plan are eligible to retire with an unreduced benefit at age 60 with five years of service credit or after 30 years of service credit regardless of age. Benefits are determined by a formula using the member's highest five consecutive year average compensation and the member's years of service credit. A reduced early retirement benefit is available to vested members at age 55. Members are vested with five years of service credit. Service related disability benefits are provided regardless of length of service. Five years of service is required for non-service related disability eligibility. The service related and non-service related disability benefits are determined in the same manner as a service retirement benefit but are reduced ten percent and include projected service credits. A variety of death benefits is available under various eligibility criteria. Member and beneficiary annuitants are entitled to an automatic cost of living adjustment (COLA) after retirement. A COLA is granted each July for annuitants retired prior to the second of July of the previous year. The COLA is based on the

change in the consumer price index (CPI) during the prior calendar year, capped at three percent, and applied to the current benefit. No COLA is granted if the change in the CPI is less than one-half percent. A one percent COLA is granted if the CPI change is between one-half and one percent. A member who leaves employment may withdraw their employee contributions, plus any accumulated interest. Under the Teacher Legacy Pension Plan, benefit terms and conditions, including COLAs can be adjusted on a prospective basis. Moreover, there are defined cost controls and unfunded liability controls that provide for the adjustment of benefit terms and conditions on an automatic basis.

*Contributions.* Contributions for teachers are established in the statutes governing the TCRS and may only be changed by the Tennessee General Assembly. Teachers contribute five percent of their salaries. The Local Education Agencies (LEAs) make employer contributions at the rate set by the Board of Trustees as determined by an actuarial valuation. By law, employer contributions for the Teacher Legacy Pension Plan are required to be paid. The TCRS may intercept the state shared taxes of the sponsoring governmental entity of the LEA if the required employer contributions are not remitted. Employer contributions by the Chester County School Department for the year ended June 30, 2017, to the Teacher Legacy Pension Plan were \$857,374, which is 9.04 percent of covered payroll. The employer rate, when combined with member contributions, is expected to finance the costs of benefits earned by members during the year, the cost of administration, as well as an amortized portion of any unfunded liability.

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

*Pension Liability (Assets).* At June 30, 2017, the Chester County School Department reported a liability of \$1,643,070 for its proportionate share of the net pension liability (asset). The net pension liability (asset) was measured as of June 30, 2016, and the total pension liability used to calculate the net pension liability (asset) was determined by an actuarial valuation as of that date. The Chester County School Department's proportion of the net pension liability (asset) was based on the Chester County School Department's long-term share of contributions to the pension plan relative to the contributions of all participating LEAs. At the measurement date of June 30, 2016, the Chester County School Department's proportion was .262914 percent. The proportion measured at June 30, 2015, was .222008 percent.

*Pension Expense.* For the year ended June 30, 2017, the Chester County School Department recognized pension expense of \$244,119.

*Deferred Outflows of Resources and Deferred Inflows of Resources.* For the year ended June 30, 2017, the Chester County School Department reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference Between Expected and Actual Experience	\$ 69,146	\$ 1,989,213
Net Difference Between Projected and Actual Earnings on Pension Plan Investments	1,834,510	0
Changes in Proportion of Net Pension Liability (Asset)	315,031	51,039
LEA's Contributions Subsequent to the Measurement Date of June 30, 2016	857,374	N/A
Total	<u>\$ 3,076,061</u>	<u>\$ 2,040,252</u>

The Chester County School Department's employer contributions of \$857,374 reported as pension related deferred outflows of resources subsequent to the measurement date, will be recognized as an increase in net pension asset in the year ending June 30, 2018. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year Ending June 30	Amount
2018	\$ (256,960)
2019	(256,960)
2020	623,053
2021	136,877
2022	(67,575)
Thereafter	0

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

*Actuarial Assumptions.* The total pension liability in the June 30, 2016, actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	3%
Salary Increases	Graded Salary Ranges from 8.97% to 3.71% Based on Age, Including Inflation, Averaging 4.25%
Investment Rate of Return	7.5%, Net of Pension Plan Investment Expenses, Including Inflation
Cost of Living Adjustment	2.5%

Mortality rates are customized based on the June 30, 2012, actuarial experience study and some included adjustments for expected future improvement in life expectancy.

The actuarial assumptions used in the June 30, 2015, actuarial valuation were based on the results of an actuarial experience study performed for the period July 1, 2008, through June 30, 2012. The demographic assumptions were adjusted to more closely reflect actual and expected future experience.

The long-term expected rate of return on pension plan investments was established by the TCRS Board of Trustees in conjunction with the June 30, 2012, actuarial experience study by considering the following three techniques: (1) the 25-year historical return of the TCRS at June 30, 2012, (2) the historical market returns of asset classes from 1926 to 2012 using the TCRS investment policy asset allocation, and (3) capital market projections that were utilized as a building-block method in which best-estimate ranges of expected future real rate of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. Four sources of capital market projections were blended and utilized in the third technique. The blended capital market projection established the long-term expected rate of return by weighting the expected future real rate of return by the target asset allocation percentage and by adding inflation of three percent. The target allocation and best estimates of arithmetic real rates of return for each major asset class are summarized in the following table:



Asset Class	Percentage Long-term Expected Real Rate of Return	%	Percentage Target Allocations	%
U.S. Equity Developed Market	6.46	%	33	%
International Equity Emerging Market	6.26		17	
International Equity Private Equity and Strategic Lending	6.40		5	
U.S. Fixed Income Real Estate	4.61		8	
	0.98		29	
	4.73		7	
Short-term Securities	0.00		1	
			100	%
Total			100	%

The long-term expected rate of return on pension plan investments was established by the TCRS Board of Trustees as 7.5 percent based on a blending of the three factors described above.

*Discount Rate.* The discount rate used to measure the total pension liability was 7.5 percent. The projection of cash flows used to determine the discount rate assumes that employee contributions will be made at the current rate and that contributions from all the LEAs will be made at the actuarially determined contribution rate pursuant to an actuarial valuation in accordance with the funding policy of the TCRS Board of Trustees and as required to be paid by state statute. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make projected future benefit payments of current active and inactive members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

*Sensitivity of the Proportionate Share of Net Pension Liability (Asset) to Changes in the Discount Rate.* The following presents the Chester County School Department's proportionate share of the net pension liability (asset) calculated using the discount rate of 7.5 percent, as well as what the Chester County School Department's proportionate share of the net pension liability (asset) would be if it was calculated using a discount rate that is one percentage point lower (6.5%) or one percentage point higher (8.5%) than the current rate:

School Department's Proportionate Share of the Net Pension Liability (Asset)	1% Decrease 6.5%	Current Discount Rate 7.5%	1% Increase 8.5%
--	---------------------	-------------------------------	---------------------

Net Pension Liability                    \$ 9,022,379    \$ 1,643,070    \$ (4,469,617)

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

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

**Primary Government**

Plan Description

Chester County participates in the state-administered Local Government Group Insurance Plan for healthcare benefits. For accounting purposes, the plan is an agent multiple-employer defined benefit OPEB plan. Benefits are established and amended by an insurance committee created by Section 8-27-207, *Tennessee Code Annotated (TCA)*. Prior to reaching the age of 65, all members have the option of choosing between the standard or partnership preferred provider organization 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/article/fa-acffin-cafr>.

Funding Policy

The premium requirements of plan members are established and may be amended by the insurance committee. The plan is 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 employer in the plan develops its own contribution policy in terms of subsidizing active employees or retired employees’ premiums since the committee is not prescriptive on that issue. During the year ended June 30, 2017, Chester County contributed \$5,250 for postemployment benefits.

Annual OPEB Cost and Net OPEB Obligation

	Local Government Group Plan
	<hr/>
ARC	\$ 28,000
Interest on the NOPEBO	4,939
Adjustment to the ARC	(4,959)
Annual OPEB cost	<hr/> \$ 27,980
Less: Amount of contribution	(5,250)
Increase/decrease in NOPEBO	<hr/> \$ 22,730
Net OPEB obligation, 7-1-16	<hr/> 131,716
	<hr/>
Net OPEB obligation, 6-30-17	<hr/> <hr/> \$ 154,446

Fiscal Year Ended	Plan	Annual OPEB Cost	Percentage of Annual OPEB Cost Contributed	Net OPEB Obligation at Year End
6-30-15	Local Government Group	\$ 14,103	43%	\$ 107,540
6-30-16	"	26,984	10	131,745
6-30-17	"	27,980	19	154,446

Funded Status and Funding Progress

The funded status of the plan as of July 1, 2015, was as follows:

	Local Government Group Plan
	<hr/>
Actuarial valuation date	7-1-15
Actuarial accrued liability (AAL)	\$ 203,000
Actuarial value of plan assets	\$ 0
Unfunded actuarial accrued liability (UAAL)	\$ 203,000
Actuarial value of assets as a % of the AAL	0%
Covered payroll (active plan members)	\$ 3,967,507
UAAL as a % of covered payroll	5%

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, 2015, actuarial valuation for the Local Government Group Plan, the projected unit credit actuarial cost method was used. The actuarial assumptions included a 3.75 percent investment rate of return (net of administrative expenses) and an annual health care cost trend rate of six percent in fiscal year 2017, and then be reduced by decrements to an ultimate rate of 4.645 percent by fiscal year 2050. The rate includes 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 35-year period beginning with July 1, 2007. Payroll is assumed to grow at a rate of three percent.

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

#### Plan Description

The Chester County School Department participated in the state-administered Local Education Group Insurance Plan for healthcare benefits until December 31, 2016. Effective January 1, 2017, the School Department established a stand-alone plan that includes pre-Medicare retirees. The commercial postemployment benefits plan is administered by Cigna and provides medical, dental, and vision benefits for retirees and their covered dependents. Benefits are established and amended by the Board of Education. For accounting purposes, the plan is a single-employer defined benefit OPEB plan.

#### Funding Policy

The premium requirements of plan members are established and may be amended by the Board of Education. The School Department develops its own contribution policy in terms of subsidizing active employees or retired employees' premiums. The School Department makes a contribution for

certified retirees who have 30 years of service or have reached age 60 with five years of service. The contribution percentage depends on the years of eligible service at retirement and varies from 25 percent to 45 percent. Non-certified employees do not receive a subsidy. All active employees who retire directly from the Chester County School Department and meet the eligibility criteria may participate. Surviving spouses of eligible retirees may also be eligible to continue coverage. The provided coverage continues until age 65. Dental and vision benefits are also available with the retiree paying 100 percent of the contribution. During the year ended June 30, 2017, the School Department contributed \$21,527 for postemployment benefits.

Annual OPEB Cost and Net OPEB Obligation

	<u>School Department</u>
ARC	\$ 87,421
Interest on the NOPEBO	21,730
Adjustment to the ARC	<u>(21,814)</u>
Annual OPEB cost	\$ 87,337
Less: Amount of contribution	<u>(21,527)</u>
Increase/decrease in NOPEBO	\$ 65,810
Net OPEB obligation, 7-1-16	<u>579,468</u>
 Net OPEB obligation, 6-30-17	 <u><u>\$ 645,278</u></u>

Fiscal Year Ended	Plan	Annual OPEB Cost	Percentage of Annual OPEB Cost Contributed	Net OPEB Obligation at Year End
6-30-15	School Department	\$ 96,506	67%	\$ 522,908
6-30-16	"	129,921	56	579,468
6-30-17	"	87,337	25	645,278

Funded Status and Funding Progress

The funded status of the plan as of June 30, 2017, was as follows:

	<u>School Department</u>
Actuarial valuation date	6-30-17
Actuarial accrued liability (AAL)	\$ 816,713
Actuarial value of plan assets	\$ 0
Unfunded actuarial accrued liability (UAAL)	\$ 816,713
Actuarial value of assets as a % of the AAL	0%
Covered payroll (active plan members)	\$ 14,723,819
UAAL as a % of covered payroll	6%

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

#### Actuarial Methods and Assumptions

Valuation results for the School Department's medical plan were calculated based upon plan provisions, as provided by the Chester County School Department, along with certain demographic and economic assumptions with guidance from GASB Statement No. 45. Demographic assumptions were provided by the School Department with no assumptions for future hires. GASB Statement No. 45 requires that the discount rate used to determine the retiree healthcare liabilities should be the estimated long-term yield on the investments that are expected to be used to finance the payment of benefits. Since the School Department does not pre-fund the retiree healthcare benefits, a discount rate of 3.75 percent has been used. The trend assumption is used to project the growth of the expected claims over the lifetime of the healthcare recipients. The trend assumption was developed utilizing the short-term rates for the School Department medical plan along with other secondary data regarding long-term health cost trends. The annual required contribution reflects a 30-year amortization of the unfunded actuarial accrued liability as a level percentage of covered payroll.

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

##### Office of County Mayor

Purchasing procedures for the Office of County Mayor are governed by the County Purchasing Law of 1983, Sections 5-14-201 through 5-14-206, *Tennessee Code Annotated (TCA)*. This act provides for all purchases

exceeding \$10,000, excluding emergency purchases, to be made based on competitive bids solicited through newspaper advertisement.

Office of Road Supervisor

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

Office of Director of Schools

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

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**REQUIRED SUPPLEMENTARY  
INFORMATION**

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Exhibit E-1

Chester County, Tennessee  
Schedule of Changes in Net Pension Liability (Asset) and Related Ratios Based on  
Participation in the Public Employee Pension Plan of TCRS  
Primary Government  
For the Fiscal Year Ending June 30

	2014	2015	2016
<b>Total Pension Liability</b>			
Service Cost	\$ 513,490	\$ 568,542	\$ 577,663
Interest	1,214,365	1,273,749	1,311,152
Differences Between Actual and Expected Experience	(152,533)	(494,864)	(166,884)
Benefit Payments, Including Refunds of Employee Contributions	(834,672)	(842,490)	(873,214)
Net Change in Total Pension Liability	\$ 740,650	\$ 504,937	\$ 848,717
Total Pension Liability, Beginning	16,095,377	16,836,027	17,340,964
<b>Total Pension Liability, Ending (a)</b>	<b>\$ 16,836,027</b>	<b>\$ 17,340,964</b>	<b>\$ 18,189,681</b>
<b>Plan Fiduciary Net Position</b>			
Contributions - Employer	\$ 483,656	\$ 492,541	\$ 500,157
Contributions - Employee	325,358	323,977	338,595
Net Investment Income	2,460,904	531,188	470,361
Benefit Payments, Including Refunds of Employee Contributions	(834,672)	(842,490)	(873,214)
Administrative Expense	(9,776)	(13,551)	(19,502)
Net Change in Plan Fiduciary Net Position	\$ 2,425,470	\$ 491,665	\$ 416,397
Plan Fiduciary Net Position, Beginning	14,853,064	17,278,534	17,770,199
<b>Plan Fiduciary Net Position, Ending (b)</b>	<b>\$ 17,278,534</b>	<b>\$ 17,770,199</b>	<b>\$ 18,186,596</b>
<b>Net Pension Liability (Asset), Ending (a - b)</b>	<b>\$ (442,507)</b>	<b>\$ (429,235)</b>	<b>\$ 3,085</b>
Plan Fiduciary Net Position as a Percentage of Total Pension Liability	102.63%	102.48%	99.98%
Covered Payroll	\$ 6,500,698	\$ 6,719,525	\$ 6,939,740
Net Pension Liability/Asset as a Percentage of Covered Payroll	6.81%	6.39%	(0.04)%

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

Note: data presented includes primary government and the non-certified employees of the discretely presented School Department.

Exhibit E-2

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

	2014	2015	2016	2017
Actuarially Determined Contribution	\$ 483,656	\$ 492,541	\$ 500,157	\$ 510,597
Less Contributions in Relation to the Actuarially Determined Contribution	(483,656)	(492,541)	(500,157)	(510,597)
Contribution Deficiency (Excess)	\$ 0	\$ 0	\$ 0	\$ 0
Covered Payroll	\$ 6,500,698	\$ 6,719,525	\$ 6,939,740	\$ 6,965,852
Contributions as a Percentage of Covered Payroll	7.44%	7.33%	7.21%	7.33%

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

Note: data presented includes primary government and the non-certified employees of the discretely presented School Department.

Exhibit E-3

Chester County, Tennessee  
Schedule of Contributions Based on Participation in the Teacher  
Retirement Plan of TCRS  
Discretely Presented Chester County School Department  
For the Fiscal Year Ended June 30

	2015	2016	2017
Contractually Required Contribution	\$ 6,757	\$ 25,739	\$ 100,257
Less Contributions in Relation to the Contractually Required Contribution	(6,757)	(25,739)	(100,257)
Contribution Deficiency (Excess)	\$ 0	\$ 0	\$ 0
Covered Payroll	\$ 168,921	\$ 643,463	\$ 2,506,425
Contributions as a Percentage of Covered Payroll	4.00%	4.00%	4.00%

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

Exhibit E-4

Chester County, Tennessee  
Schedule of Contributions Based on Participation in the Teacher  
Legacy Pension Plan of TCRS  
Discretely Presented Chester County School Department  
For the Fiscal Year Ended June 30

	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>
Contractually Required Contribution	\$ 794,579	\$ 751,302	\$ 857,958	\$ 857,374
Less Contributions in Relation to the Contractually Required Contribution	<u>(794,579)</u>	<u>(751,302)</u>	<u>(857,958)</u>	<u>(857,374)</u>
Contribution Deficiency (Excess)	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>
Covered Payroll	\$ 8,947,960	\$ 8,310,879	\$ 9,490,699	\$ 9,484,226
Contributions as a Percentage of Covered Payroll	8.88%	9.04%	9.04%	9.04%

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

Exhibit E-5

Chester County, Tennessee  
Schedule of Proportionate Share of the Net Pension Asset  
in the Teacher Retirement Plan of TCRS  
Discretely Presented Chester County School Department  
For the Fiscal Year Ended June 30 \*

	<u>2016</u>	<u>2017</u>
School Department's Proportion of the Net Pension Liability/Asset	0.079623%	0.146241%
School Department's Proportionate Share of the Net Pension Liability (Asset)	\$ (3,271)	\$ (15,224)
Covered Payroll	\$ 168,921	\$ 643,463
School Department's Proportionate Share of the Net Pension Liability (Asset) as a Percentage of its Covered Payroll	(1.94)%	(2.37)%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	127.46%	121.88%

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

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

Exhibit E-6

Chester County, Tennessee  
Schedule of Proportionate Share of the Net Pension Asset  
in the Teacher Legacy Pension Plan of TCRS  
Discretely Presented Chester County School Department  
For the Fiscal Year Ended June 30 \*

	2015	2016	2017
School Department's Proportion of the Net Pension Liability/Asset	0.227974%	0.222008%	0.262914%
School Department's Proportionate Share of the Net Pension Liability (Asset)	\$ (37,045)	\$ 90,942	1,643,070
Covered Payroll	\$ 8,947,966	\$ 8,310,879	9,490,699
School Department's Proportionate Share of the Net Pension Liability (Asset) as a Percentage of its Covered Payroll	(0.41) %	1.09 %	17.31 %
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	100.08%	99.81%	97.14%

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

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

Exhibit E-7

Chester County, Tennessee  
Schedule of Funding Progress – Other Postemployment Benefits Plans  
Primary Government and Discretely Presented Chester County School Department  
June 30, 2017

(Dollar amounts in thousands)

Plans	Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) 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	7-1-11	\$ 0	\$ 125	\$ 125	0 %	\$ 3,664	3 %
"	7-1-13	0	97	97	0	3,731	3
"	7-1-15	0	203	203	0	3,968	5
<u>DISCRETELY PRESENTED CHESTER COUNTY SCHOOL DEPARTMENT</u>							
Cigna Medical Plan	7-1-15	0	1,271	1,271	0	13,075	10
"	6-30-17	0	816	816	0	14,724	6

**CHESTER COUNTY, TENNESSEE**  
**NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION**  
**For the Year Ended June 30, 2017**

**TENNESSEE CONSOLIDATED RETIREMENT SYSTEM**

*Valuation Date:* Actuarially determined contribution rates for 2017 were calculated based on the July 1, 2015, actuarial valuation.

Methods and assumptions used to determine contribution rates:

Actuarial Cost Method	Frozen Initial Liability
Amortization Method	Level Dollar, Closed (Not to Exceed 20 Years)
Remaining Amortization Period	Varies by Year
Asset Valuation	10-Year Smoothed Within a 20% Corridor to Market Value
Inflation	3%
Salary Increases	Graded Salary Ranges from 8.97% to 3.71% Based on Age, Including Inflation
Investment Rate of Return	7.5%, Net of Investment Expense, Including Inflation
Retirement Age	Pattern of Retirement Determined by Experience Study
Mortality	Customized Table Based on Actual Experience Including an Adjustment for Some Anticipated Improvement
Cost of Living Adjustment	2.5%



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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 of deeds, and sheriff.

## Debt Service Fund

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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.

# 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, 2017

	Special Revenue Funds				Debt Service	Capital
	Public Library	Drug Control	Constitu - tional Officers - Fees	Total	Fund  General Debt Service	Projects Fund  General Capital Projects
<u>ASSETS</u>						
Cash	\$ 0	\$ 0	\$ 1,346	\$ 1,346	\$ 0	0
Equity in Pooled Cash and Investments	134,926	135,680	0	270,606	147,797	8,740
Investments	0	0	0	0	0	0
Property Taxes Receivable	0	0	0	0	50,123	0
Allowance for Uncollectible Property Taxes	0	0	0	0	(1,966)	0
<b>Total Assets</b>	<b>\$ 134,926</b>	<b>\$ 135,680</b>	<b>\$ 1,346</b>	<b>\$ 271,952</b>	<b>\$ 195,954</b>	<b>\$ 8,740</b>
<u>LIABILITIES</u>						
Due to Other Funds	\$ 0	\$ 0	\$ 1,346	\$ 1,346	\$ 0	0
<b>Total Liabilities</b>	<b>\$ 0</b>	<b>\$ 0</b>	<b>\$ 1,346</b>	<b>\$ 1,346</b>	<b>\$ 0</b>	<b>0</b>
<u>DEFERRED INFLOWS OF RESOURCES</u>						
Deferred Current Property Taxes	\$ 0	\$ 0	\$ 0	\$ 0	\$ 46,820	0
Deferred Delinquent Property Taxes	0	0	0	0	1,194	0
<b>Total Deferred Inflows of Resources</b>	<b>\$ 0</b>	<b>\$ 0</b>	<b>\$ 0</b>	<b>\$ 0</b>	<b>\$ 48,014</b>	<b>0</b>
<u>FUND BALANCES</u>						
Nonspendable:						
Endowments	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	0
Restricted:						
Restricted for Public Safety	0	135,680	0	135,680	0	0

(Continued)

Exhibit F-1

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

	Special Revenue Funds				Debt Service	Capital
	Public Library	Drug Control	Constitu - tional Officers - Fees	Total	Fund  General Debt Service	Fund  General Capital Projects
<u>FUND BALANCES (Cont.)</u>						
Restricted (Cont.):						
Restricted for Debt Service	\$ 0	\$ 0	\$ 0	\$ 0	\$ 127,907	\$ 0
Committed:						
Committed for Social, Cultural, and Recreational Services	134,926	0	0	134,926	0	0
Committed for Capital Outlay	0	0	0	0	0	8,740
Committed for Debt Service	0	0	0	0	20,033	0
Total Fund Balances	\$ 134,926	\$ 135,680	\$ 0	\$ 270,606	\$ 147,940	\$ 8,740
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	\$ 134,926	\$ 135,680	\$ 1,346	\$ 271,952	\$ 195,954	\$ 8,740

(Continued)

Exhibit F-1

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

	<u>Permanent Fund</u>	<u>Total Nonmajor Governmental Funds</u>
	<u>Endowment</u>	
<u>ASSETS</u>		
Cash	\$ 0	\$ 1,346
Equity in Pooled Cash and Investments	28,892	456,035
Investments	253,934	253,934
Property Taxes Receivable	0	50,123
Allowance for Uncollectible Property Taxes	0	(1,966)
	<hr/>	<hr/>
Total Assets	\$ 282,826	\$ 759,472
<u>LIABILITIES</u>		
Due to Other Funds	\$ 0	\$ 1,346
Total Liabilities	<hr/>	<hr/>
	\$ 0	\$ 1,346
<u>DEFERRED INFLOWS OF RESOURCES</u>		
Deferred Current Property Taxes	\$ 0	\$ 46,820
Deferred Delinquent Property Taxes	0	1,194
Total Deferred Inflows of Resources	<hr/>	<hr/>
	\$ 0	\$ 48,014
<u>FUND BALANCES</u>		
Nonspendable:		
Endowments	\$ 282,826	\$ 282,826
Restricted:		
Restricted for Public Safety	0	135,680

(Continued)

Exhibit F-1

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

FUND BALANCES (Cont.)

Restricted (Cont.):

    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

<u>Permanent Fund</u>	<u>Total Nonmajor Governmental Funds</u>
Endowment	
\$ 0	\$ 127,907
0	134,926
0	8,740
0	20,033
<u>\$ 282,826</u>	<u>\$ 710,112</u>
<u>\$ 282,826</u>	<u>\$ 759,472</u>

Exhibit F-2

Chester County, Tennessee  
Combining Statement of Revenues, Expenditures,  
and Changes in Fund Balances  
Nonmajor Governmental Funds  
For the Year Ended June 30, 2017

	Special Revenue Funds				Debt Service	Capital
	Public Library	Drug Control	Constitu - tional Officers - Fees	Total	Fund  General Debt Service	Projects Fund  General Capital Projects
<u>Revenues</u>						
Local Taxes	\$ 0	\$ 0	\$ 0	\$ 0	\$ 693,054	\$ 0
Fines, Forfeitures, and Penalties	0	10,062	0	10,062	0	0
Charges for Current Services	15,443	0	5,740	21,183	0	0
Other Local Revenues	9,496	34,409	0	43,905	0	0
State of Tennessee	75,000	0	0	75,000	2,462	0
Other Governments and Citizens Groups	8,440	0	0	8,440	0	0
<b>Total Revenues</b>	<b>\$ 108,379</b>	<b>\$ 44,471</b>	<b>\$ 5,740</b>	<b>\$ 158,590</b>	<b>\$ 695,516</b>	<b>\$ 0</b>
<u>Expenditures</u>						
Current:						
Administration of Justice	\$ 0	\$ 0	\$ 5,740	\$ 5,740	\$ 0	\$ 0
Public Safety	0	33,522	0	33,522	0	0
Social, Cultural, and Recreational Services	105,106	0	0	105,106	0	0
Other Operations	750	96	0	846	0	0
Debt Service:						
Principal on Debt	0	0	0	0	410,080	0
Interest on Debt	0	0	0	0	254,203	0
Other Debt Service	0	0	0	0	10,369	0
<b>Total Expenditures</b>	<b>\$ 105,856</b>	<b>\$ 33,618</b>	<b>\$ 5,740</b>	<b>\$ 145,214</b>	<b>\$ 674,652</b>	<b>\$ 0</b>
<b>Excess (Deficiency) of Revenues</b>						
Over Expenditures	\$ 2,523	\$ 10,853	\$ 0	\$ 13,376	\$ 20,864	\$ 0

(Continued)



Exhibit F-2

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

	Special Revenue Funds				Debt Service	Capital
	Public Library	Drug Control	Constitu - tional Officers - Fees	Total	Fund  General Debt Service	Projects Fund  General Capital Projects
<u>Other Financing Sources (Uses)</u>						
Transfers In	\$ 0	\$ 0	\$ 0	\$ 0	\$ 66,922	\$ 0
Total Other Financing Sources (Uses)	\$ 0	\$ 0	\$ 0	\$ 0	\$ 66,922	\$ 0
Net Change in Fund Balances	\$ 2,523	\$ 10,853	\$ 0	\$ 13,376	\$ 87,786	\$ 0
Fund Balance, July 1, 2016	132,403	124,827	0	257,230	60,154	8,740
Fund Balance, June 30, 2017	\$ 134,926	\$ 135,680	\$ 0	\$ 270,606	\$ 147,940	\$ 8,740

(Continued)

Exhibit F-2

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

	<u>Permanent Fund</u>	Total Nonmajor Governmental Funds
	Endowment	
<u>Revenues</u>		
Local Taxes	\$ 0	\$ 693,054
Fines, Forfeitures, and Penalties	0	10,062
Charges for Current Services	0	21,183
Other Local Revenues	42,850	86,755
State of Tennessee	0	77,462
Other Governments and Citizens Groups	0	8,440
Total Revenues	<u>\$ 42,850</u>	<u>\$ 896,956</u>
<u>Expenditures</u>		
Current:		
Administration of Justice	\$ 0	\$ 5,740
Public Safety	0	33,522
Social, Cultural, and Recreational Services	0	105,106
Other Operations	0	846
Debt Service:		
Principal on Debt	0	410,080
Interest on Debt	0	254,203
Other Debt Service	0	10,369
Total Expenditures	<u>\$ 0</u>	<u>\$ 819,866</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>\$ 42,850</u>	<u>\$ 77,090</u>

(Continued)

Exhibit F-2

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

	<u>Permanent Fund</u>	Total Nonmajor Governmental Funds
	Endowment	
<u>Other Financing Sources (Uses)</u>		
Transfers In	\$ 0	\$ 66,922
Total Other Financing Sources (Uses)	<u>\$ 0</u>	<u>\$ 66,922</u>
Net Change in Fund Balances	\$ 42,850	\$ 144,012
Fund Balance, July 1, 2016	<u>239,976</u>	<u>566,100</u>
Fund Balance, June 30, 2017	<u>\$ 282,826</u>	<u>\$ 710,112</u>

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, 2017

	Actual	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
		Original	Final	
<u>Revenues</u>				
Local Taxes	\$ 0	\$ 75,000	\$ 75,000	\$ (75,000)
Charges for Current Services	15,443	12,000	14,832	611
Other Local Revenues	9,496	2,500	9,967	(471)
State of Tennessee	75,000	0	0	75,000
Other Governments and Citizens Groups	8,440	1,100	8,100	340
Total Revenues	<u>\$ 108,379</u>	<u>\$ 90,600</u>	<u>\$ 107,899</u>	<u>\$ 480</u>
<u>Expenditures</u>				
<u>Social, Cultural, and Recreational Services</u>				
Libraries	\$ 105,106	\$ 95,600	\$ 118,652	\$ 13,546
<u>Other Operations</u>				
Miscellaneous	750	750	750	0
Total Expenditures	<u>\$ 105,856</u>	<u>\$ 96,350</u>	<u>\$ 119,402</u>	<u>\$ 13,546</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>\$ 2,523</u>	<u>\$ (5,750)</u>	<u>\$ (11,503)</u>	<u>\$ 14,026</u>
Net Change in Fund Balance	\$ 2,523	\$ (5,750)	\$ (11,503)	\$ 14,026
Fund Balance, July 1, 2016	<u>132,403</u>	<u>110,431</u>	<u>110,431</u>	<u>21,972</u>
Fund Balance, June 30, 2017	<u>\$ 134,926</u>	<u>\$ 104,681</u>	<u>\$ 98,928</u>	<u>\$ 35,998</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, 2017

	Actual	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
		Original	Final	
<u>Revenues</u>				
Fines, Forfeitures, and Penalties	\$ 10,062	\$ 14,350	\$ 14,350	\$ (4,288)
Other Local Revenues	34,409	4,000	29,000	5,409
Total Revenues	<u>\$ 44,471</u>	<u>\$ 18,350</u>	<u>\$ 43,350</u>	<u>\$ 1,121</u>
<u>Expenditures</u>				
<u>Public Safety</u>				
Drug Enforcement	\$ 33,522	\$ 46,725	\$ 71,725	\$ 38,203
<u>Other Operations</u>				
Miscellaneous	96	500	500	404
Total Expenditures	<u>\$ 33,618</u>	<u>\$ 47,225</u>	<u>\$ 72,225</u>	<u>\$ 38,607</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>\$ 10,853</u>	<u>\$ (28,875)</u>	<u>\$ (28,875)</u>	<u>\$ 39,728</u>
Net Change in Fund Balance	\$ 10,853	\$ (28,875)	\$ (28,875)	\$ 39,728
Fund Balance, July 1, 2016	<u>124,827</u>	<u>82,638</u>	<u>82,638</u>	<u>42,189</u>
Fund Balance, June 30, 2017	<u>\$ 135,680</u>	<u>\$ 53,763</u>	<u>\$ 53,763</u>	<u>\$ 81,917</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, 2017

	Actual	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
		Original	Final	
<u>Revenues</u>				
Local Taxes	\$ 693,054	\$ 647,750	\$ 647,750	\$ 45,304
Other Local Revenues	0	66,991	0	0
State of Tennessee	2,462	1,250	1,250	1,212
Total Revenues	\$ 695,516	\$ 715,991	\$ 649,000	\$ 46,516
<u>Expenditures</u>				
<u>Principal on Debt</u>				
General Government	\$ 410,080	\$ 410,081	\$ 410,101	\$ 21
<u>Interest on Debt</u>				
General Government	254,203	254,271	254,271	68
<u>Other Debt Service</u>				
General Government	10,369	8,500	10,370	1
Total Expenditures	\$ 674,652	\$ 672,852	\$ 674,742	\$ 90
Excess (Deficiency) of Revenues Over Expenditures	\$ 20,864	\$ 43,139	\$ (25,742)	\$ 46,606
<u>Other Financing Sources (Uses)</u>				
Transfers In	\$ 66,922	0	\$ 66,991	\$ (69)
Total Other Financing Sources	\$ 66,922	0	\$ 66,991	\$ (69)
Net Change in Fund Balance	\$ 87,786	\$ 43,139	\$ 41,249	\$ 46,537
Fund Balance, July 1, 2016	60,154	49,228	49,228	10,926
Fund Balance, June 30, 2017	\$ 147,940	\$ 92,367	\$ 90,477	\$ 57,463

# 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 of deeds, and sheriff. Such collections include amounts due the state, cities, other county funds, litigants, heirs, and others.

Exhibit G-1

Chester County, Tennessee  
Combining Statement of Fiduciary Assets and Liabilities  
Fiduciary Funds  
June 30, 2017

	<u>Agency Funds</u>		
	Cities - Sales Tax	Constitu- tional Officers - Agency	Total
<u>ASSETS</u>			
Cash	\$ 0	\$ 420,253	\$ 420,253
Due from Other Governments	203,891	0	203,891
Total Assets	<u>\$ 203,891</u>	<u>\$ 420,253</u>	<u>\$ 624,144</u>
<u>LIABILITIES</u>			
Due to Other Taxing Units	\$ 203,891	\$ 0	\$ 203,891
Due to Litigants, Heirs, and Others	0	420,253	420,253
Total Liabilities	<u>\$ 203,891</u>	<u>\$ 420,253</u>	<u>\$ 624,144</u>



Exhibit G-2

Chester County, Tennessee  
Combining Statement of Changes in Assets and  
Liabilities - All Agency Funds  
For the Year Ended June 30, 2017

	Beginning Balance	Additions	Deductions	Ending Balance
<u>Cities - Sales Tax Fund</u>				
<u>Assets</u>				
Equity in Pooled Cash and Investments	\$ 0	\$ 1,131,678	\$ 1,131,678	\$ 0
Due from Other Governments	150,400	203,891	150,400	203,891
Total Assets	\$ 150,400	\$ 1,335,569	\$ 1,282,078	\$ 203,891
<u>Liabilities</u>				
Due to Other Taxing Units	\$ 150,400	\$ 1,335,569	\$ 1,282,078	\$ 203,891
Total Liabilities	\$ 150,400	\$ 1,335,569	\$ 1,282,078	\$ 203,891
<u>Constitutional Officers - Agency Fund</u>				
<u>Assets</u>				
Cash	\$ 525,630	\$ 3,436,675	\$ 3,542,052	\$ 420,253
Total Assets	\$ 525,630	\$ 3,436,675	\$ 3,542,052	\$ 420,253
<u>Liabilities</u>				
Due to Litigants, Heirs, and Others	\$ 525,630	\$ 3,436,675	\$ 3,542,052	\$ 420,253
Total Liabilities	\$ 525,630	\$ 3,436,675	\$ 3,542,052	\$ 420,253
<u>Total - All Agency Funds</u>				
<u>Assets</u>				
Cash	\$ 525,630	\$ 3,436,675	\$ 3,542,052	\$ 420,253
Equity in Pooled Cash and Investments	0	1,131,678	1,131,678	0
Due from Other Governments	150,400	203,891	150,400	203,891
Total Assets	\$ 676,030	\$ 4,772,244	\$ 4,824,130	\$ 624,144
<u>Liabilities</u>				
Due to Other Taxing Units	\$ 150,400	\$ 1,335,569	\$ 1,282,078	\$ 203,891
Due to Litigants, Heirs, and Others	525,630	3,436,675	3,542,052	420,253
Total Liabilities	\$ 676,030	\$ 4,772,244	\$ 4,824,130	\$ 624,144

# 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 endowments provide for scholarships to be awarded annually until the endowments are depleted.

Exhibit H-1

Chester County, Tennessee  
Statement of Activities  
Discretely Presented Chester County School Department  
For the Year Ended June 30, 2017

Functions/Programs	Expenses	Program Revenues		Net (Expense)
		Charges for Services	Operating Grants and Contributions	Revenue and Changes in Net Position Total Governmental Activities
<b>Governmental Activities:</b>				
Instruction	\$ 13,572,687	\$ 35,810	\$ 1,533,792	\$ (12,003,085)
Support Services	7,358,384	36,138	272,253	(7,049,993)
Operation of Non-instructional Services	1,703,809	331,013	1,083,025	(289,771)
<b>Total Governmental Activities</b>	<b>\$ 22,634,880</b>	<b>\$ 402,961</b>	<b>\$ 2,889,070</b>	<b>\$ (19,342,849)</b>
<b>General Revenues:</b>				
<b>Taxes:</b>				
Property Taxes Levied for General Purposes				\$ 1,926,090
Local Option Sales Taxes				1,321,445
Other Local Taxes				1,562
Grants and Contributions Not Restricted to Specific Programs				17,411,717
Unrestricted Investment Income				39,715
Miscellaneous				89,019
<b>Total General Revenues</b>				<b>\$ 20,789,548</b>
<b>Change in Net Position</b>				<b>\$ 1,446,699</b>
Net Position, July 1, 2016				17,060,605
<b>Net Position, June 30, 2017</b>				<b>\$ 18,507,304</b>

Exhibit H-2

Chester County, Tennessee  
Balance Sheet - Governmental Funds  
Discretely Presented Chester County School Department  
June 30, 2017

	<u>Major Fund</u>	<u>Nonmajor Funds</u>	
	General Purpose School	Other Govern- mental Funds	Total Governmental Funds
<u>ASSETS</u>			
Equity in Pooled Cash and Investments	\$ 6,049,854	\$ 969,908	\$ 7,019,762
Accounts Receivable	16,354	0	16,354
Due from Other Governments	350,284	147,910	498,194
Property Taxes Receivable	1,864,806	0	1,864,806
Allowance for Uncollectible Property Taxes	(73,138)	0	(73,138)
Total Assets	<u>\$ 8,208,160</u>	<u>\$ 1,117,818</u>	<u>\$ 9,325,978</u>
<u>LIABILITIES</u>			
Accounts Payable	\$ 16,711	\$ 16,663	\$ 33,374
Payroll Deductions Payable	285,475	10,246	295,721
Total Liabilities	<u>\$ 302,186</u>	<u>\$ 26,909</u>	<u>\$ 329,095</u>
<u>DEFERRED INFLOWS OF RESOURCES</u>			
Deferred Current Property Taxes	\$ 1,741,930	\$ 0	\$ 1,741,930
Deferred Delinquent Property Taxes	44,418	0	44,418
Other Deferred/Unavailable Revenue	97,182	59,232	156,414
Total Deferred Inflows of Resources	<u>\$ 1,883,530</u>	<u>\$ 59,232</u>	<u>\$ 1,942,762</u>
<u>FUND BALANCES</u>			
Restricted:			
Restricted for Education	\$ 13,039	\$ 0	\$ 13,039
Restricted for Operation of Non-instructional Services	0	256,496	256,496
Restricted for Capital Outlay	0	616,115	616,115
Committed:			
Committed for Education	1,500,000	0	1,500,000
Assigned:			
Assigned for Education	0	159,066	159,066
Unassigned	4,509,405	0	4,509,405
Total Fund Balances	<u>\$ 6,022,444</u>	<u>\$ 1,031,677</u>	<u>\$ 7,054,121</u>
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	<u>\$ 8,208,160</u>	<u>\$ 1,117,818</u>	<u>\$ 9,325,978</u>

Exhibit H-3

Chester County, Tennessee  
Reconciliation of the Balance Sheet of Governmental Funds to the Statement of Net Position  
Discretely Presented Chester County School Department  
June 30, 2017

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

Total fund balances - balance sheet - governmental funds (Exhibit H-2)		\$	7,054,121
(1) Capital assets used in governmental activities are not financial resources and therefore are not reported in the governmental funds.			
Add: land	\$	941,552	
Add: buildings and improvements net of accumulated depreciation		9,730,439	
Add: other capital assets net of accumulated depreciation		<u>1,470,487</u>	12,142,478
(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	\$	(645,278)	
Less: net pension liability - agent plan		(1,326)	
Less: net pension liability - teacher legacy pension plan		<u>(1,643,070)</u>	(2,289,674)
(3) Amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be amortized and recognized as components of pension expense in future years.			
Add: deferred outflows of resources related to pensions	\$	3,662,601	
Less: deferred inflows of resources related to pensions		<u>(2,278,278)</u>	1,384,323
(4) Net pension assets are not current financial resources and are therefore not reported in the governmental funds.			
Add: net pension asset - teacher retirement plan			15,224
(5) Other long-term assets are not available to pay for current-period expenditures and therefore are deferred in the governmental funds.			<u>200,832</u>
Net position of governmental activities (Exhibit A)		\$	<u><u>18,507,304</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, 2017

	<u>Major Fund</u>	<u>Nonmajor</u> <u>Funds</u>	
	General Purpose School	Other Govern- mental Funds	Total Governmental Funds
<u>Revenues</u>			
Local Taxes	\$ 3,007,258	\$ 225,000	\$ 3,232,258
Licenses and Permits	998	0	998
Charges for Current Services	60,433	317,903	378,336
Other Local Revenues	120,669	33,901	154,570
State of Tennessee	17,040,170	14,015	17,054,185
Federal Government	7,046	3,165,924	3,172,970
Other Governments and Citizens Groups	30,941	0	30,941
Total Revenues	<u>\$ 20,267,515</u>	<u>\$ 3,756,743</u>	<u>\$ 24,024,258</u>
<u>Expenditures</u>			
Current:			
Instruction	\$ 11,707,433	\$ 1,925,580	\$ 13,633,013
Support Services	7,381,430	221,924	7,603,354
Operation of Non-Instructional Services	219,633	1,409,668	1,629,301
Capital Outlay	470,093	295,974	766,067
Total Expenditures	<u>\$ 19,778,589</u>	<u>\$ 3,853,146</u>	<u>\$ 23,631,735</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>\$ 488,926</u>	<u>\$ (96,403)</u>	<u>\$ 392,523</u>
<u>Other Financing Sources (Uses)</u>			
Insurance Recovery	\$ 87,322	\$ 0	\$ 87,322
Transfers In	12,573	0	12,573
Transfers Out	0	(12,573)	(12,573)
Total Other Financing Sources (Uses)	<u>\$ 99,895</u>	<u>\$ (12,573)</u>	<u>\$ 87,322</u>
Net Change in Fund Balances	\$ 588,821	\$ (108,976)	\$ 479,845
Fund Balance, July 1, 2016	<u>5,433,623</u>	<u>1,140,653</u>	<u>6,574,276</u>
Fund Balance, June 30, 2017	<u>\$ 6,022,444</u>	<u>\$ 1,031,677</u>	<u>\$ 7,054,121</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, 2017

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)		\$ 479,845
<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	\$ 850,027	
Less: current-year depreciation expense	<u>(703,982)</u>	146,045
<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, 2017	\$ 200,832	
Less: deferred delinquent property taxes and other deferred June 30, 2016	<u>(143,511)</u>	57,321
<p>(3) Some expenses reported in the statement of activities do not require the use of current financial resources and therefore are not reported as expenditures in the governmental funds.</p>		
Change in other postemployment benefits liability	\$ (65,810)	
Change in deferred outflows related to pensions	587,616	
Change in deferred inflows related to pensions	1,952,130	
Change in net pension liability - agent plan	(170,273)	
Change in net pension asset - teacher retirement plan	11,953	
Change in net pension liability - teacher legacy pension plan	<u>(1,552,128)</u>	<u>763,488</u>
Change in net position of governmental activities (Exhibit B)		<u>\$ 1,446,699</u>

Exhibit H-6

Chester County, Tennessee  
Combining Balance Sheet - Nonmajor Governmental Funds  
Discretely Presented Chester County School Department  
June 30, 2017

	<u>Special Revenue Funds</u>			<u>Capital</u>	<u>Total</u>
	<u>School</u>	<u>Central</u>	<u>Total</u>	<u>Projects</u>	
	<u>Federal</u>	<u>Cafeteria</u>		<u>Education</u>	<u>Nonmajor</u>
	<u>Projects</u>			<u>Capital</u>	<u>Governmental</u>
				<u>Projects</u>	<u>Funds</u>
<u>ASSETS</u>					
Equity in Pooled Cash and Investments	\$ 95,492	\$ 260,388	\$ 355,880	\$ 614,028	\$ 969,908
Due from Other Governments	110,410	0	110,410	37,500	147,910
Total Assets	\$ 205,902	\$ 260,388	\$ 466,290	\$ 651,528	\$ 1,117,818
<u>LIABILITIES</u>					
Accounts Payable	\$ 0	\$ 0	\$ 0	\$ 16,663	\$ 16,663
Payroll Deductions Payable	6,354	3,892	10,246	0	10,246
Total Liabilities	\$ 6,354	\$ 3,892	\$ 10,246	\$ 16,663	\$ 26,909
<u>DEFERRED INFLOWS OF RESOURCES</u>					
Other Deferred/Unavailable Revenue	\$ 40,482	\$ 0	\$ 40,482	\$ 18,750	\$ 59,232
Total Deferred Inflows of Resources	\$ 40,482	\$ 0	\$ 40,482	\$ 18,750	\$ 59,232
<u>FUND BALANCES</u>					
Restricted:					
Restricted for Operation of Non-instructional Services	\$ 0	\$ 256,496	\$ 256,496	\$ 0	\$ 256,496
Restricted for Capital Outlay	0	0	0	616,115	616,115
Assigned:					
Assigned for Education	159,066	0	159,066	0	159,066
Total Fund Balances	\$ 159,066	\$ 256,496	\$ 415,562	\$ 616,115	\$ 1,031,677
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	\$ 205,902	\$ 260,388	\$ 466,290	\$ 651,528	\$ 1,117,818



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, 2017

	Special Revenue Funds			Capital Projects Fund	Total Nonmajor Governmental Funds
	School Federal Projects	Central Cafeteria	Total	Education Capital Projects	
<u>Revenues</u>					
Local Taxes	\$ 0	\$ 0	\$ 0	\$ 225,000	\$ 225,000
Charges for Current Services	0	317,903	317,903	0	317,903
Other Local Revenues	0	33,901	33,901	0	33,901
State of Tennessee	0	14,015	14,015	0	14,015
Federal Government	2,098,125	1,067,799	3,165,924	0	3,165,924
Total Revenues	<u>\$ 2,098,125</u>	<u>\$ 1,433,618</u>	<u>\$ 3,531,743</u>	<u>\$ 225,000</u>	<u>\$ 3,756,743</u>
<u>Expenditures</u>					
Current:					
Instruction	\$ 1,925,580	\$ 0	\$ 1,925,580	\$ 0	\$ 1,925,580
Support Services	219,862	0	219,862	2,062	221,924
Operation of Non-Instructional Services	0	1,409,668	1,409,668	0	1,409,668
Capital Outlay	0	0	0	295,974	295,974
Total Expenditures	<u>\$ 2,145,442</u>	<u>\$ 1,409,668</u>	<u>\$ 3,555,110</u>	<u>\$ 298,036</u>	<u>\$ 3,853,146</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>\$ (47,317)</u>	<u>\$ 23,950</u>	<u>\$ (23,367)</u>	<u>\$ (73,036)</u>	<u>\$ (96,403)</u>
<u>Other Financing Sources (Uses)</u>					
Transfers Out	\$ (12,573)	\$ 0	\$ (12,573)	\$ 0	\$ (12,573)
Total Other Financing Sources (Uses)	<u>\$ (12,573)</u>	<u>\$ 0</u>	<u>\$ (12,573)</u>	<u>\$ 0</u>	<u>\$ (12,573)</u>

(Continued)

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 (Cont.)

	Special Revenue Funds			Capital Projects Fund	Total Nonmajor Governmental Funds
	School Federal Projects	Central Cafeteria	Total	Education Capital Projects	
Net Change in Fund Balances	\$ (59,890)	\$ 23,950	\$ (35,940)	\$ (73,036)	\$ (108,976)
Fund Balance, July 1, 2016	218,956	232,546	451,502	689,151	1,140,653
Fund Balance, June 30, 2017	\$ 159,066	\$ 256,496	\$ 415,562	\$ 616,115	\$ 1,031,677

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, 2017

	Actual (GAAP Basis)	Less: Encumbrances 7/1/2016	Actual Revenues/ Expenditures (Budgetary Basis)	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
				Original	Final	
<u>Revenues</u>						
Local Taxes	\$ 3,007,258	\$ 0	\$ 3,007,258	\$ 2,755,200	\$ 2,909,200	\$ 98,058
Licenses and Permits	998	0	998	1,000	1,000	(2)
Charges for Current Services	60,433	0	60,433	51,500	51,500	8,933
Other Local Revenues	120,669	0	120,669	83,500	168,099	(47,430)
State of Tennessee	17,040,170	0	17,040,170	16,645,587	16,711,143	329,027
Federal Government	7,046	0	7,046	10,000	10,000	(2,954)
Other Governments and Citizens Groups	30,941	0	30,941	0	0	30,941
<b>Total Revenues</b>	<b>\$ 20,267,515</b>	<b>\$ 0</b>	<b>\$ 20,267,515</b>	<b>\$ 19,546,787</b>	<b>\$ 19,850,942</b>	<b>\$ 416,573</b>
<u>Expenditures</u>						
<u>Instruction</u>						
Regular Instruction Program	\$ 9,493,306	\$ 0	\$ 9,493,306	\$ 9,255,853	\$ 9,671,873	\$ 178,567
Special Education Program	1,499,060	0	1,499,060	1,596,444	1,581,444	82,384
Career and Technical Education Program	626,457	0	626,457	662,532	662,532	36,075
Student Body Education Program	88,610	0	88,610	91,172	91,172	2,562
<u>Support Services</u>						
Attendance	30,200	0	30,200	31,343	31,343	1,143
Health Services	200,731	0	200,731	214,840	214,840	14,109
Other Student Support	381,701	0	381,701	391,160	391,160	9,459
Regular Instruction Program	770,528	0	770,528	835,964	835,964	65,436
Special Education Program	181,421	0	181,421	178,062	192,062	10,641
Career and Technical Education Program	1,092	0	1,092	2,000	2,000	908
Technology	579,788	0	579,788	760,268	695,268	115,480
Adult Programs	29,634	0	29,634	30,196	30,312	678
Other Programs	64,484	0	64,484	0	64,484	0

(Continued)

Exhibit H-8

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

	Actual (GAAP Basis)	Less: Encumbrances 7/1/2016	Actual Revenues/ Expenditures (Budgetary Basis)	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
				Original	Final	
<u>Expenditures (Cont.)</u>						
<u>Support Services (Cont.)</u>						
Board of Education	\$ 433,416	\$ 0	\$ 433,416	\$ 420,536	\$ 454,311	\$ 20,895
Director of Schools	177,186	(305)	176,881	192,576	192,576	15,695
Office of the Principal	1,343,780	0	1,343,780	1,374,959	1,394,959	51,179
Fiscal Services	181,318	0	181,318	183,932	183,932	2,614
Human Services/Personnel	67,848	0	67,848	77,285	77,285	9,437
Operation of Plant	1,397,867	0	1,397,867	1,437,281	1,437,281	39,414
Maintenance of Plant	495,911	(250)	495,661	471,869	539,869	44,208
Transportation	1,044,525	(770)	1,043,755	973,618	1,081,017	37,262
<u>Operation of Non-Instructional Services</u>						
Community Services	11,476	0	11,476	15,320	15,320	3,844
Early Childhood Education	208,157	0	208,157	208,067	209,023	866
<u>Capital Outlay</u>						
Regular Capital Outlay	470,093	(440,000)	30,093	160,000	510,200	480,107
Total Expenditures	\$ 19,778,589	\$ (441,325)	\$ 19,337,264	\$ 19,565,277	\$ 20,560,227	\$ 1,222,963
<u>Excess (Deficiency) of Revenues</u>						
Over Expenditures	\$ 488,926	\$ 441,325	\$ 930,251	\$ (18,490)	\$ (709,285)	\$ 1,639,536
<u>Other Financing Sources (Uses)</u>						
Insurance Recovery	\$ 87,322	\$ 0	\$ 87,322	\$ 10,000	\$ 10,000	\$ 77,322
Transfers In	12,573	0	12,573	10,000	10,000	2,573
Total Other Financing Sources	\$ 99,895	\$ 0	\$ 99,895	\$ 20,000	\$ 20,000	\$ 79,895

(Continued)

Exhibit H-8

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

	Actual (GAAP Basis)	Less: Encumbrances 7/1/2016	Actual Revenues/ Expenditures (Budgetary Basis)	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
				Original	Final	
Net Change in Fund Balance	\$ 588,821	\$ 441,325	\$ 1,030,146	\$ 1,510	\$ (689,285)	\$ 1,719,431
Fund Balance, July 1, 2016	5,433,623	(441,325)	4,992,298	4,910,899	4,910,899	81,399
Fund Balance, June 30, 2017	\$ 6,022,444	\$ 0	\$ 6,022,444	\$ 4,912,409	\$ 4,221,614	\$ 1,800,830

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, 2017

	Actual	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
		Original	Final	
<u>Revenues</u>				
Federal Government	\$ 2,098,125	\$ 2,317,058	\$ 2,571,943	\$ (473,818)
Total Revenues	\$ 2,098,125	\$ 2,317,058	\$ 2,571,943	\$ (473,818)
<u>Expenditures</u>				
<u>Instruction</u>				
Regular Instruction Program	\$ 1,326,671	\$ 1,413,187	\$ 1,582,515	\$ 255,844
Special Education Program	511,945	498,210	561,258	49,313
Career and Technical Education Program	86,964	84,158	96,215	9,251
<u>Support Services</u>				
Other Student Support	19,245	20,310	31,463	12,218
Regular Instruction Program	154,526	239,789	223,371	68,845
Special Education Program	5,147	8,217	18,265	13,118
Career and Technical Education Program	0	1,990	0	0
Transportation	40,944	43,383	46,833	5,889
Total Expenditures	\$ 2,145,442	\$ 2,309,244	\$ 2,559,920	\$ 414,478
Excess (Deficiency) of Revenues Over Expenditures	\$ (47,317)	\$ 7,814	\$ 12,023	\$ (59,340)
<u>Other Financing Sources (Uses)</u>				
Transfers Out	\$ (12,573)	\$ (7,814)	\$ (12,023)	\$ (550)
Total Other Financing Sources	\$ (12,573)	\$ (7,814)	\$ (12,023)	\$ (550)
Net Change in Fund Balance	\$ (59,890)	\$ 0	\$ 0	\$ (59,890)
Fund Balance, July 1, 2016	218,956	161,005	161,005	57,951
Fund Balance, June 30, 2017	\$ 159,066	\$ 161,005	\$ 161,005	\$ (1,939)

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, 2017

	Actual	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
		Original	Final	
<u>Revenues</u>				
Charges for Current Services	\$ 317,903	\$ 365,500	\$ 365,500	\$ (47,597)
Other Local Revenues	33,901	11,300	11,300	22,601
State of Tennessee	14,015	14,000	14,000	15
Federal Government	1,067,799	1,052,493	1,103,605	(35,806)
Total Revenues	<u>\$ 1,433,618</u>	<u>\$ 1,443,293</u>	<u>\$ 1,494,405</u>	<u>\$ (60,787)</u>
<u>Expenditures</u>				
<u>Operation of Non-Instructional Services</u>				
Food Service	\$ 1,409,668	\$ 1,443,293	\$ 1,494,405	\$ 84,737
Total Expenditures	<u>\$ 1,409,668</u>	<u>\$ 1,443,293</u>	<u>\$ 1,494,405</u>	<u>\$ 84,737</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>\$ 23,950</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 23,950</u>
Net Change in Fund Balance	\$ 23,950	\$ 0	\$ 0	\$ 23,950
Fund Balance, July 1, 2016	<u>232,546</u>	<u>251,722</u>	<u>251,722</u>	<u>(19,176)</u>
Fund Balance, June 30, 2017	<u>\$ 256,496</u>	<u>\$ 251,722</u>	<u>\$ 251,722</u>	<u>\$ 4,774</u>

Exhibit H-11

Chester County, Tennessee  
Statement of Fiduciary Net Position  
Discretely Presented Chester County School Department  
Fiduciary Fund  
June 30, 2017

	<u>Other Trust Fund</u> <u>Private Purpose Trust Fund</u>
<u>ASSETS</u>	
Equity in Pooled Cash and Investments	<u>\$ 140,757</u>
Total Assets	<u>\$ 140,757</u>
<u>NET POSITION</u>	
Funds Held in Trust for College Scholarships for Chester County Students	<u>\$ 140,757</u>
Total Net Position	<u><u>\$ 140,757</u></u>



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, 2017

	<u>Other Trust Fund Private Purpose Trust Fund</u>
<u>ADDITIONS</u>	
<u>Other Local Revenues</u>	
Investment Income	\$ 788
Total Additions	<u>\$ 788</u>
<u>DEDUCTIONS</u>	
<u>Miscellaneous</u>	
Other Charges	\$ 4,500
Total Deductions	<u>\$ 4,500</u>
Change in Net Position	\$ (3,712)
Net Position, July 1, 2016	<u>144,469</u>
Net Position, June 30, 2017	<u><u>\$ 140,757</u></u>

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## MISCELLANEOUS SCHEDULES

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Exhibit I-1

Chester County, Tennessee  
Schedule of Changes in Long-term Note, Capital Leases, and Bonds  
For the Year Ended June 30, 2017

Description of Indebtedness	Original Amount of Issue	Interest Rate	Date of Issue	Last Maturity Date	Outstanding 7-1-16	Issued During Period	Paid and/or Matured During Period	Outstanding 6-30-17
<b><u>NOTE PAYABLE</u></b>								
<b><u>Payable through General Debt Service Fund</u></b>								
Capital Outlay Notes, Series 2016	\$ 316,000	2.5%	7-18-16	6-30-21	\$ 0	\$ 316,000	\$ 60,080	\$ 255,920
Total Note Payable					\$ 0	\$ 316,000	\$ 60,080	\$ 255,920
<b><u>CAPITAL LEASES PAYABLE</u></b>								
<b><u>Payable through General Fund</u></b>								
Sheriff's Department - Two 2015 Dodge Chargers	58,298	4.77	11-30-15	1-10-19	\$ 50,490	\$ 0	\$ 18,812	\$ 31,678
Sheriff's Department 2015 Dodge Durango	33,791	4.76	11-30-15	3-10-19	31,032	0	10,819	20,213
Total Capital Leases Payable					\$ 81,522	\$ 0	\$ 29,631	\$ 51,891
<b><u>BONDS PAYABLE</u></b>								
<b><u>Payable through General Debt Service Fund</u></b>								
Jail and Vo-Tech School	9,300,000	3 to 5.5	6-30-08	6-1-18	\$ 365,000	\$ 0	\$ 175,000	\$ 190,000
Refunding Bonds, Series 2011	575,000	2.75 to 5	3-15-11	5-1-23	370,000	0	45,000	325,000
General Obligation Bonds, Series 2011	360,000	2.75 to 5	3-15-11	5-1-28	260,000	0	20,000	240,000
General Obligation Refunding Bonds, Series 2016	8,505,000	2 to 3	5-13-16	6-1-40	8,505,000	0	110,000	8,395,000
Total Bonds Payable					\$ 9,500,000	\$ 0	\$ 350,000	\$ 9,150,000

Exhibit I-2

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

Year Ending June 30	Note		
	Principal	Interest	Total
2018	\$ 61,600	\$ 5,695	\$ 67,295
2019	63,160	4,137	67,297
2020	64,760	2,540	67,300
2021	66,400	903	67,303
Total	\$ 255,920	\$ 13,275	\$ 269,195

Year Ending June 30	Capital Leases		
	Principal	Interest	Total
2018	\$ 31,073	\$ 1,799	\$ 32,872
2019	20,818	366	21,184
Total	\$ 51,891	\$ 2,165	\$ 54,056

Year Ending June 30	Bonds		
	Principal	Interest	Total
2018	\$ 370,000	\$ 226,418	\$ 596,418
2019	390,000	211,843	601,843
2020	400,000	203,257	603,257
2021	405,000	194,413	599,413
2022	410,000	185,375	595,375
2023	420,000	176,237	596,237
2024	370,000	166,438	536,438
2025	380,000	158,687	538,687
2026	390,000	150,588	540,588
2027	395,000	142,287	537,287
2028	400,000	133,888	533,888
2029	350,000	125,387	475,387
2030	360,000	118,388	478,388
2031	365,000	111,187	476,187
2032	375,000	102,975	477,975
2033	385,000	93,600	478,600
2034	395,000	83,975	478,975
2035	400,000	74,100	474,100
2036	415,000	63,600	478,600
2037	425,000	52,187	477,187
2038	435,000	40,500	475,500
2039	450,000	27,450	477,450
2040	465,000	13,950	478,950
Total	\$ 9,150,000	\$ 2,856,730	\$ 12,006,730

Exhibit I-3

Chester County, Tennessee  
Schedule of Investments  
June 30, 2017

Fund and Type	Amount
<u>Permanent Fund</u>	
<u>Endowment Fund</u>	
Vanguard 500 Index Fund	\$ 127,804
Fidelity International Index Fund	19,568
Vanguard Short-term Bond Index Fund	23,817
Vanguard Total Bond Fund	56,263
Vanguard Intermediate-term Corporate Bond Index Fund	<u>26,482</u>
 Total Investments	 <u>\$ 253,934</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, 2017

<u>From Fund</u>	<u>To Fund</u>	<u>Purpose</u>	<u>Amount</u>
<u>PRIMARY GOVERNMENT</u>			
Highway/Public Works	General Debt Service	Debt retirement	\$ <u>66,922</u>
Total Transfers Primary Government			\$ <u><u>66,922</u></u>
<u>DISCRETELY PRESENTED CHESTER COUNTY SCHOOL DEPARTMENT</u>			
School Federal Projects	General Purpose School	Indirect costs	\$ <u>12,573</u>
Total Transfers Discretely Presented Chester County School Department			\$ <u><u>12,573</u></u>

Exhibit I-5

Chester County, Tennessee  
Schedule of Salaries and Official Bonds of Principal Officials  
Primary Government and Discretely Presented Chester County School Department  
For the Year Ended June 30, 2017

Official	Authorization for Salary	Salary Paid During Period	Bond	Surety
County Mayor	Section 8-24-102, <i>TCA</i>	\$ 79,148	\$ 100,000	Cincinnati Insurance Company
Road Supervisor	Section 8-24-102, <i>TCA</i>	75,389 (1)	100,000	"
Director of Schools	State Board of Education and County Board of Education	100,000 (2)	100,000	State Farm Fire and Casualty Company
Trustee	Section 8-24-102, <i>TCA</i>	65,971 (3)	704,121	Cincinnati Insurance Company
Assessor of Property	Section 8-24-102, <i>TCA</i>	65,971 (3)	50,000	"
County Clerk	Section 8-24-102, <i>TCA</i>	65,221	100,000	"
Circuit and General Sessions Courts Clerk and Master	Section 8-24-102, <i>TCA</i>	65,221	100,000	"
Register of Deeds	and Chancery Court Judge	65,971 (3) (4)	125,000	State Automobile Mutual Insurance Company
Sheriff	Section 8-24-102, <i>TCA</i>	65,971 (3)	100,000	Cincinnati Insurance Company
	Section 8-24-102, <i>TCA</i>	71,743 (5)	100,000	"
Employee Blanket Bonds:				
	Public Employee Dishonesty - County Departments		400,000	Tennessee Risk Management Trust
	Public Employee Dishonesty - School Departments		400,000	"

- (1) Includes educational incentive pay of \$1,500.
- (2) Includes a chief executive officer training supplement of \$1,000.
- (3) Includes educational incentive pay of \$750.
- (4) Does not include special commissioner fees of \$4,365.
- (5) Does not include a law enforcement training supplement of \$600.

Exhibit I-6

Chester County, Tennessee  
Schedule of Detailed Revenues -  
All Governmental Fund Types  
For the Year Ended June 30, 2017

	Special Revenue Funds				
	General	Public Library	Solid Waste / Sanitation	Drug Control	Constitu - tional Officers - Fees
<u>Local Taxes</u>					
<u>County Property Taxes</u>					
Current Property Tax	\$ 3,862,962	\$ 0	\$ 0	\$ 0	\$ 0
Discount on Property Taxes	(39,686)	0	0	0	0
Trustee's Collections - Prior Year	126,074	0	0	0	0
Trustee's Collections - Bankruptcy	139	0	0	0	0
Circuit Clerk/Clerk and Master Collections - Prior Years	75,578	0	9,447	0	0
Interest and Penalty	24,548	0	0	0	0
Payments in-Lieu-of Taxes - T.V.A.	0	0	0	0	0
Payments in-Lieu-of Taxes - Other	14,202	0	201,067	0	0
<u>County Local Option Taxes</u>					
Local Option Sales Tax	163,949	0	39,001	0	0
Hotel/Motel Tax	0	0	13,022	0	0
Wheel Tax	187,729	0	0	0	0
Litigation Tax - General	51,398	0	0	0	0
Litigation Tax - Special Purpose	7,237	0	0	0	0
Litigation Tax - Jail, Workhouse, or Courthouse	0	0	0	0	0
Litigation Tax - Courthouse Security	124	0	0	0	0
Business Tax	0	0	104,252	0	0
Mixed Drink Tax	0	0	2,548	0	0
<u>Statutory Local Taxes</u>					
Bank Excise Tax	40,000	0	49,724	0	0
Wholesale Beer Tax	0	0	49,682	0	0
Interstate Telecommunications Tax	980	0	0	0	0
<b>Total Local Taxes</b>	<b>\$ 4,515,234</b>	<b>\$ 0</b>	<b>\$ 468,743</b>	<b>\$ 0</b>	<b>\$ 0</b>

(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	Constitu - tional Officers - Fees
<u>Licenses and Permits</u>					
<u>Licenses</u>					
Cable TV Franchise	\$ 0	\$ 0	\$ 15,018	\$ 0	\$ 0
Total Licenses and Permits	\$ 0	\$ 0	\$ 15,018	\$ 0	\$ 0
<u>Fines, Forfeitures, and Penalties</u>					
<u>Circuit Court</u>					
Fines	\$ 3,715	\$ 0	\$ 0	\$ 0	\$ 0
Officers Costs	5,231	0	0	0	0
Drug Control Fines	0	0	0	1,991	0
Drug Court Fees	0	0	0	332	0
Jail Fees	854	0	0	0	0
DUI Treatment Fines	142	0	0	0	0
Data Entry Fee - Circuit Court	613	0	0	0	0
Victims Assistance Assessments	1,433	0	0	0	0
<u>General Sessions Court</u>					
Fines	16,669	0	0	0	0
Fines for Littering	48	0	0	0	0
Officers Costs	20,275	0	0	0	0
Game and Fish Fines	102	0	0	0	0
Drug Control Fines	1,096	0	0	4,742	0
Drug Court Fees	2,389	0	0	0	0
Jail Fees	6,807	0	0	0	0
DUI Treatment Fines	1,995	0	0	0	0
Data Entry Fee - General Sessions Court	6,718	0	0	0	0
Courtroom Security Fee	2	0	0	0	0
Victims Assistance Assessments	8,866	0	0	0	0

(Continued)

Exhibit I-6

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

	Special Revenue Funds				
	General	Public Library	Solid Waste / Sanitation	Drug Control	Constitutional Officers - Fees
<u>Fines, Forfeitures, and Penalties (Cont.)</u>					
<u>Juvenile Court</u>					
Officers Costs	\$ 2,498	\$ 0	\$ 0	\$ 0	\$ 0
Data Entry Fee - Juvenile Court	536	0	0	0	0
<u>Chancery Court</u>					
Officers Costs	570	0	0	0	0
Data Entry Fee - Chancery Court	2,640	0	0	0	0
<u>Judicial District Drug Program</u>					
Courtroom Security Fee	2	0	0	0	0
<u>Other Fines, Forfeitures, and Penalties</u>					
Proceeds from Confiscated Property	0	0	0	2,997	0
<b>Total Fines, Forfeitures, and Penalties</b>	<b>\$ 83,201</b>	<b>\$ 0</b>	<b>\$ 0</b>	<b>\$ 10,062</b>	<b>\$ 0</b>
<u>Charges for Current Services</u>					
<u>General Service Charges</u>					
Convenience Waste Centers Collection Charge	\$ 0	\$ 0	\$ 99,519	\$ 0	\$ 0
Solid Waste Disposal Fee	0	0	2,460	0	0
<u>Fees</u>					
Library Fees	0	15,443	0	0	0
Greenbelt Late Application Fee	450	0	0	0	0
Telephone Commissions	57,610	0	0	0	0
Vending Machine Collections	158	0	0	0	0
Constitutional Officers' Fees and Commissions	0	0	0	0	5,740
Data Processing Fee - Register	5,172	0	0	0	0
Data Processing Fee - Sheriff	2,104	0	0	0	0
Sexual Offender Registration Fee - Sheriff	3,600	0	0	0	0
Subscription and Document Retrieval Fee - Chancery	3,256	0	0	0	0
<b>Total Charges for Current Services</b>	<b>\$ 72,350</b>	<b>\$ 15,443</b>	<b>\$ 101,979</b>	<b>\$ 0</b>	<b>\$ 5,740</b>

(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	Constitu - tional Officers - Fees
<u>Other Local Revenues</u>					
<u>Recurring Items</u>					
Investment Income	\$ 381	\$ 9,496	\$ 26,632	\$ 0	\$ 0
Lease/Rentals	7,047	0	0	0	0
Sale of Materials and Supplies	6,471	0	0	0	0
Net Increases/Decreases in Fair Value of Investments	0	0	0	0	0
Sale of Maps	1,050	0	0	0	0
Sale of Recycled Materials	0	0	175,513	0	0
Miscellaneous Refunds	78,313	0	20,142	0	0
<u>Nonrecurring Items</u>					
Sale of Property	4,407	0	0	8,510	0
<u>Other Local Revenues</u>					
Other Local Revenues	0	0	0	25,899	0
Total Other Local Revenues	<u>\$ 97,669</u>	<u>\$ 9,496</u>	<u>\$ 222,287</u>	<u>\$ 34,409</u>	<u>\$ 0</u>
<u>Fees Received From County Officials</u>					
<u>Fees In-Lieu-of Salary</u>					
County Clerk	\$ 184,994	\$ 0	\$ 0	\$ 0	\$ 0
Circuit Court Clerk	28,640	0	0	0	0
General Sessions Court Clerk	104,981	0	0	0	0
Clerk and Master	91,353	0	0	0	0
Register	62,921	0	0	0	0
Sheriff	10,104	0	0	0	0
Trustee	216,893	0	0	0	0
Total Fees Received From County Officials	<u>\$ 699,886</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>

(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	Constitu - tional Officers - Fees
<u>State of Tennessee</u>					
<u>General Government Grants</u>					
Juvenile Services Program	\$ 9,000	\$ 0	\$ 0	\$ 0	\$ 0
<u>Public Safety Grants</u>					
Law Enforcement Training Programs	8,400	0	0	0	0
<u>Health and Welfare Grants</u>					
Health Department Programs	17,067	0	0	0	0
<u>Public Works Grants</u>					
Bridge Program	0	0	0	0	0
State Aid Program	0	0	0	0	0
Litter Program	32,772	0	0	0	0
<u>Other State Revenues</u>					
Income Tax	0	0	8,428	0	0
Beer Tax	0	0	18,415	0	0
Alcoholic Beverage Tax	0	0	41,216	0	0
State Revenue Sharing - T.V.A.	0	75,000	198,018	0	0
Contracted Prisoner Boarding	400,969	0	0	0	0
Gasoline and Motor Fuel Tax	0	0	0	0	0
Petroleum Special Tax	0	0	0	0	0
Registrar's Salary Supplement	15,164	0	0	0	0
Other State Grants	7,335	0	0	0	0
Other State Revenues	41,379	0	9,002	0	0
Total State of Tennessee	<u>\$ 532,086</u>	<u>\$ 75,000</u>	<u>\$ 275,079</u>	<u>\$ 0</u>	<u>\$ 0</u>
<u>Federal Government</u>					
<u>Federal Through State</u>					
Civil Defense Reimbursement	\$ 45,330	\$ 0	\$ 0	\$ 0	\$ 0
Total Federal Government	<u>\$ 45,330</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>

(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	Constitu - tional Officers - Fees
<u>Other Governments and Citizens Groups</u>					
<u>Other Governments</u>					
Paving and Maintenance	\$ 1,000	\$ 0	\$ 0	\$ 0	0
Contributions	435	8,440	0	0	0
Contracted Services	201,130	0	0	0	0
<u>Other</u>					
Other	361,762	0	0	0	0
Total Other Governments and Citizens Groups	<u>\$ 564,327</u>	<u>\$ 8,440</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>0</u>
Total	<u>\$ 6,610,083</u>	<u>\$ 108,379</u>	<u>\$ 1,083,106</u>	<u>\$ 44,471</u>	<u>\$ 5,740</u>

(Continued)

Exhibit I-6

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

	Special Revenue Fund	Debt Service Fund	Permanent Fund	Total
	Highway / Public Works	General Debt Service	Endowment	
<u>Local Taxes</u>				
<u>County Property Taxes</u>				
Current Property Tax	\$ 45,390	\$ 45,381	\$ 0	\$ 3,953,733
Discount on Property Taxes	(467)	(467)	0	(40,620)
Trustee's Collections - Prior Year	1,461	1,246	0	128,781
Trustee's Collections - Bankruptcy	2	1	0	142
Circuit Clerk/Clerk and Master Collections - Prior Years	1,193	1,260	0	87,478
Interest and Penalty	288	239	0	25,075
Payments in-Lieu-of Taxes - T.V.A.	3,156	0	0	3,156
Payments in-Lieu-of Taxes - Other	167	167	0	215,603
<u>County Local Option Taxes</u>				
Local Option Sales Tax	0	0	0	202,950
Hotel/Motel Tax	0	0	0	13,022
Wheel Tax	0	625,765	0	813,494
Litigation Tax - General	0	0	0	51,398
Litigation Tax - Special Purpose	0	0	0	7,237
Litigation Tax - Jail, Workhouse, or Courthouse	0	19,462	0	19,462
Litigation Tax - Courthouse Security	0	0	0	124
Business Tax	0	0	0	104,252
Mixed Drink Tax	0	0	0	2,548
<u>Statutory Local Taxes</u>				
Bank Excise Tax	0	0	0	89,724
Wholesale Beer Tax	0	0	0	49,682
Interstate Telecommunications Tax	0	0	0	980
Total Local Taxes	\$ 51,190	\$ 693,054	\$ 0	\$ 5,728,221

(Continued)

Exhibit I-6

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

	Special Revenue Fund	Debt Service Fund	Permanent Fund	Total
	Highway / Public Works	General Debt Service	Endowment	
<u>Licenses and Permits</u>				
<u>Licenses</u>				
Cable TV Franchise	\$ 0	\$ 0	\$ 0	\$ 15,018
Total Licenses and Permits	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 15,018</u>
<u>Fines, Forfeitures, and Penalties</u>				
<u>Circuit Court</u>				
Fines	\$ 0	\$ 0	\$ 0	\$ 3,715
Officers Costs	0	0	0	5,231
Drug Control Fines	0	0	0	1,991
Drug Court Fees	0	0	0	332
Jail Fees	0	0	0	854
DUI Treatment Fines	0	0	0	142
Data Entry Fee - Circuit Court	0	0	0	613
Victims Assistance Assessments	0	0	0	1,433
<u>General Sessions Court</u>				
Fines	0	0	0	16,669
Fines for Littering	0	0	0	48
Officers Costs	0	0	0	20,275
Game and Fish Fines	0	0	0	102
Drug Control Fines	0	0	0	5,838
Drug Court Fees	0	0	0	2,389
Jail Fees	0	0	0	6,807
DUI Treatment Fines	0	0	0	1,995
Data Entry Fee - General Sessions Court	0	0	0	6,718
Courtroom Security Fee	0	0	0	2
Victims Assistance Assessments	0	0	0	8,866

(Continued)

Exhibit I-6

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

	Special Revenue Fund	Debt Service Fund	Permanent Fund	
	Highway / Public Works	General Debt Service	Endowment	Total
<u>Fines, Forfeitures, and Penalties (Cont.)</u>				
<u>Juvenile Court</u>				
Officers Costs	\$ 0	\$ 0	\$ 0	\$ 2,498
Data Entry Fee - Juvenile Court	0	0	0	536
<u>Chancery Court</u>				
Officers Costs	0	0	0	570
Data Entry Fee - Chancery Court	0	0	0	2,640
<u>Judicial District Drug Program</u>				
Courtroom Security Fee	0	0	0	2
<u>Other Fines, Forfeitures, and Penalties</u>				
Proceeds from Confiscated Property	0	0	0	2,997
Total Fines, Forfeitures, and Penalties	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 93,263</u>
<u>Charges for Current Services</u>				
<u>General Service Charges</u>				
Convenience Waste Centers Collection Charge	\$ 0	\$ 0	\$ 0	\$ 99,519
Solid Waste Disposal Fee	0	0	0	2,460
<u>Fees</u>				
Library Fees	0	0	0	15,443
Greenbelt Late Application Fee	0	0	0	450
Telephone Commissions	0	0	0	57,610
Vending Machine Collections	0	0	0	158
Constitutional Officers' Fees and Commissions	0	0	0	5,740
Data Processing Fee - Register	0	0	0	5,172
Data Processing Fee - Sheriff	0	0	0	2,104
Sexual Offender Registration Fee - Sheriff	0	0	0	3,600
Subscription and Document Retrieval Fee - Chancery	0	0	0	3,256
Total Charges for Current Services	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 195,512</u>

(Continued)



Exhibit I-6

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

	Special Revenue Fund	Debt Service Fund	Permanent Fund	Total
	Highway / Public Works	General Debt Service	Endowment	
<u>Other Local Revenues</u>				
<u>Recurring Items</u>				
Investment Income	\$ 4,606	\$ 0	\$ 0	\$ 41,115
Lease/Rentals	0	0	0	7,047
Sale of Materials and Supplies	1,267	0	0	7,738
Net Increases/Decreases in Fair Value of Investments	0	0	42,850	42,850
Sale of Maps	0	0	0	1,050
Sale of Recycled Materials	0	0	0	175,513
Miscellaneous Refunds	5,203	0	0	103,658
<u>Nonrecurring Items</u>				
Sale of Property	0	0	0	12,917
<u>Other Local Revenues</u>				
Other Local Revenues	33,053	0	0	58,952
Total Other Local Revenues	<u>\$ 44,129</u>	<u>\$ 0</u>	<u>\$ 42,850</u>	<u>\$ 450,840</u>
<u>Fees Received From County Officials</u>				
<u>Fees In-Lieu-of Salary</u>				
County Clerk	\$ 0	\$ 0	\$ 0	\$ 184,994
Circuit Court Clerk	0	0	0	28,640
General Sessions Court Clerk	0	0	0	104,981
Clerk and Master	0	0	0	91,353
Register	0	0	0	62,921
Sheriff	0	0	0	10,104
Trustee	0	0	0	216,893
Total Fees Received From County Officials	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 699,886</u>

(Continued)

Exhibit I-6

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

	Special Revenue Fund	Debt Service Fund	Permanent Fund	Total
	Highway / Public Works	General Debt Service	Endowment	
<u>State of Tennessee</u>				
<u>General Government Grants</u>				
Juvenile Services Program	\$ 0	\$ 0	\$ 0	\$ 9,000
<u>Public Safety Grants</u>				
Law Enforcement Training Programs	0	0	0	8,400
<u>Health and Welfare Grants</u>				
Health Department Programs	0	0	0	17,067
<u>Public Works Grants</u>				
Bridge Program	631,025	0	0	631,025
State Aid Program	29,291	0	0	29,291
Litter Program	0	0	0	32,772
<u>Other State Revenues</u>				
Income Tax	0	0	0	8,428
Beer Tax	0	0	0	18,415
Alcoholic Beverage Tax	0	0	0	41,216
State Revenue Sharing - T.V.A.	0	2,462	0	275,480
Contracted Prisoner Boarding	0	0	0	400,969
Gasoline and Motor Fuel Tax	1,571,382	0	0	1,571,382
Petroleum Special Tax	12,361	0	0	12,361
Registrar's Salary Supplement	0	0	0	15,164
Other State Grants	0	0	0	7,335
Other State Revenues	0	0	0	50,381
Total State of Tennessee	<u>\$ 2,244,059</u>	<u>\$ 2,462</u>	<u>\$ 0</u>	<u>\$ 3,128,686</u>
<u>Federal Government</u>				
<u>Federal Through State</u>				
Civil Defense Reimbursement	\$ 0	\$ 0	\$ 0	\$ 45,330
Total Federal Government	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 45,330</u>

(Continued)

Exhibit I-6

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

	Special Revenue Fund	Debt Service Fund	Permanent Fund	
	Highway / Public Works	General Debt Service	Endowment	Total
<u>Other Governments and Citizens Groups</u>				
<u>Other Governments</u>				
Paving and Maintenance	\$ 0	\$ 0	\$ 0	\$ 1,000
Contributions	0	0	0	8,875
Contracted Services	0	0	0	201,130
<u>Other</u>				
Other	0	0	0	361,762
Total Other Governments and Citizens Groups	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 572,767</u>
Total	<u>\$ 2,339,378</u>	<u>\$ 695,516</u>	<u>\$ 42,850</u>	<u>\$ 10,929,523</u>

Exhibit I-7

Chester County, Tennessee  
Schedule of Detailed Revenues -  
All Governmental Fund Types  
Discretely Presented Chester County School Department  
For the Year Ended June 30, 2017

	Special Revenue Funds			Capital Projects Fund	Total
	General Purpose School	School Federal Projects	Central Cafeteria	Education Capital Projects	
<u>Local Taxes</u>					
<u>County Property Taxes</u>					
Current Property Tax	\$ 1,671,351	\$ 0	\$ 0	\$ 0	\$ 1,671,351
Discount on Property Taxes	1	0	0	0	1
Trustee's Collections - Prior Year	55,047	0	0	0	55,047
Trustee's Collections - Bankruptcy	61	0	0	0	61
Circuit Clerk/Clerk and Master Collections - Prior Years	68,978	0	0	0	68,978
Interest and Penalty	10,745	0	0	0	10,745
Payments in-Lieu-of Taxes - T.V.A.	119,041	0	0	0	119,041
Payments in-Lieu-of Taxes - Other	6,209	0	0	0	6,209
<u>County Local Option Taxes</u>					
Local Option Sales Tax	1,074,263	0	0	225,000	1,299,263
<u>Statutory Local Taxes</u>					
Interstate Telecommunications Tax	1,562	0	0	0	1,562
<b>Total Local Taxes</b>	<b>\$ 3,007,258</b>	<b>\$ 0</b>	<b>\$ 0</b>	<b>\$ 225,000</b>	<b>\$ 3,232,258</b>
<u>Licenses and Permits</u>					
<u>Licenses</u>					
Marriage Licenses	\$ 998	\$ 0	\$ 0	\$ 0	\$ 998
<b>Total Licenses and Permits</b>	<b>\$ 998</b>	<b>\$ 0</b>	<b>\$ 0</b>	<b>\$ 0</b>	<b>\$ 998</b>
<u>Charges for Current Services</u>					
<u>Education Charges</u>					
Tuition - Regular Day Students	\$ 35,170	\$ 0	\$ 0	\$ 0	\$ 35,170
Tuition - Summer School	640	0	0	0	640
Lunch Payments - Children	0	0	219,441	0	219,441

(Continued)

Exhibit I-7

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

	<u>Special Revenue Funds</u>			<u>Capital</u> <u>Projects</u> <u>Fund</u>	<u>Total</u>
	<u>General</u> <u>Purpose</u> <u>School</u>	<u>School</u> <u>Federal</u> <u>Projects</u>	<u>Central</u> <u>Cafeteria</u>	<u>Education</u> <u>Capital</u> <u>Projects</u>	
<u>Charges for Current Services (Cont.)</u>					
<u>Education Charges (Cont.)</u>					
Lunch Payments - Adults	\$ 0	\$ 0	\$ 37,981	\$ 0	\$ 37,981
A la Carte Sales	0	0	60,481	0	60,481
Receipts from Individual Schools	14,913	0	0	0	14,913
Other Charges for Services	9,710	0	0	0	9,710
<b>Total Charges for Current Services</b>	<b>\$ 60,433</b>	<b>\$ 0</b>	<b>\$ 317,903</b>	<b>\$ 0</b>	<b>\$ 378,336</b>
<u>Other Local Revenues</u>					
<u>Recurring Items</u>					
Investment Income	\$ 39,715	\$ 0	\$ 1,211	\$ 0	\$ 40,926
Lease/Rentals	11,515	0	0	0	11,515
Miscellaneous Refunds	41,708	0	32,690	0	74,398
<u>Nonrecurring Items</u>					
Sale of Equipment	8,334	0	0	0	8,334
Damages Recovered from Individuals	6,287	0	0	0	6,287
<u>Other Local Revenues</u>					
Other Local Revenues	13,110	0	0	0	13,110
<b>Total Other Local Revenues</b>	<b>\$ 120,669</b>	<b>\$ 0</b>	<b>\$ 33,901</b>	<b>\$ 0</b>	<b>\$ 154,570</b>
<u>State of Tennessee</u>					
<u>General Government Grants</u>					
On-behalf Contributions for OPEB	\$ 64,484	\$ 0	\$ 0	\$ 0	\$ 64,484
<u>State Education Funds</u>					
Basic Education Program	16,279,061	0	0	0	16,279,061
Early Childhood Education	208,157	0	0	0	208,157

(Continued)

Exhibit I-7

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

	<u>Special Revenue Funds</u>			<u>Capital</u>	<u>Total</u>
	<u>General</u>	<u>School</u>	<u>Central</u>	<u>Projects</u>	
	<u>Purpose</u>	<u>Federal</u>	<u>Cafeteria</u>	<u>Education</u>	
	<u>School</u>	<u>Projects</u>		<u>Capital</u>	
				<u>Projects</u>	
<u>State of Tennessee (Cont.)</u>					
<u>State Education Funds (Cont.)</u>					
School Food Service	\$ 0	\$ 0	\$ 14,015	\$ 0	\$ 14,015
Driver Education	17,581	0	0	0	17,581
Other State Education Funds	231,748	0	0	0	231,748
Coordinated School Health	90,000	0	0	0	90,000
Internet Connectivity	7,579	0	0	0	7,579
Family Resource Centers	29,633	0	0	0	29,633
Career Ladder Program	85,256	0	0	0	85,256
<u>Other State Revenues</u>					
Other State Grants	9,661	0	0	0	9,661
Safe Schools	17,010	0	0	0	17,010
Total State of Tennessee	\$ 17,040,170	\$ 0	\$ 14,015	\$ 0	\$ 17,054,185
<u>Federal Government</u>					
<u>Federal Through State</u>					
USDA School Lunch Program	\$ 0	\$ 0	\$ 666,975	\$ 0	\$ 666,975
USDA - Commodities	0	0	161,216	0	161,216
Breakfast	0	0	234,584	0	234,584
USDA - Other	0	0	5,024	0	5,024
Vocational Education - Basic Grants to States	0	96,658	0	0	96,658
Title I Grants to Local Education Agencies	0	691,753	0	0	691,753
Special Education - Grants to States	0	541,304	0	0	541,304
Special Education Preschool Grants	7,046	10,687	0	0	17,733
Eisenhower Professional Development State Grants	0	109,565	0	0	109,565
Other Federal through State	0	648,158	0	0	648,158
Total Federal Government	\$ 7,046	\$ 2,098,125	\$ 1,067,799	\$ 0	\$ 3,172,970

(Continued)

Exhibit I-7

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

	<u>Special Revenue Funds</u>			<u>Capital Projects Fund</u>	
	<u>General Purpose School</u>	<u>School Federal Projects</u>	<u>Central Cafeteria</u>	<u>Education Capital Projects</u>	<u>Total</u>
<u>Other Governments and Citizens Groups</u>					
<u>Other</u>					
Other	\$ 30,941	\$ 0	\$ 0	\$ 0	\$ 30,941
Total Other Governments and Citizens Groups	\$ 30,941	\$ 0	\$ 0	\$ 0	\$ 30,941
 Total	 \$ 20,267,515	 \$ 2,098,125	 \$ 1,433,618	 \$ 225,000	 \$ 24,024,258

Exhibit I-8

Chester County, Tennessee  
Schedule of Detailed Expenditures -  
All Governmental Fund Types  
For the Year Ended June 30, 2017

General Fund

General Government

County Commission

Board and Committee Members Fees	\$	20,100	
Social Security		1,538	
Dues and Memberships		1,300	
Travel		703	
Total County Commission			\$ 23,641

Board of Equalization

Board and Committee Members Fees	\$	800	
Total Board of Equalization			800

Budget and Finance Committee

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

County Mayor/Executive

County Official/Administrative Officer	\$	79,148	
Secretary(ies)		26,976	
Social Security		7,990	
Pensions		7,779	
Medical Insurance		8,504	
Unemployment Compensation		64	
Communication		4,470	
Data Processing Services		1,600	
Dues and Memberships		1,853	
Printing, Stationery, and Forms		1,777	
Travel		1,614	
Office Supplies		1,321	
Total County Mayor/Executive			143,096

County Attorney

Legal Services	\$	11,675	
Total County Attorney			11,675

Election Commission

County Official/Administrative Officer	\$	58,699
Clerical Personnel		26,976
Longevity Pay		100
Election Commission		850
Election Workers		38,710
Social Security		6,182
Pensions		6,280
Medical Insurance		11,229
Unemployment Compensation		128
Communication		7,712
Data Processing Services		23,194
Dues and Memberships		850

(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.)

Maintenance and Repair Services - Equipment	\$	835	
Printing, Stationery, and Forms		826	
Travel		6,763	
Office Supplies		8,007	
Other Supplies and Materials		382	
Total Election Commission			\$ 197,723

Register of Deeds

County Official/Administrative Officer	\$	65,221	
Clerical Personnel		26,976	
Educational Incentive - Official/Admin Officer		750	
Longevity Pay		6,000	
Social Security		7,380	
Pensions		6,907	
Medical Insurance		10,662	
Unemployment Compensation		64	
Communication		489	
Data Processing Services		6,293	
Dues and Memberships		747	
Travel		1,396	
Data Processing Supplies		1,573	
Office Supplies		1,070	
Total Register of Deeds			135,528

County Buildings

Salary Supplements	\$	2,750	
Custodial Personnel		8,759	
Maintenance Personnel		72,275	
Longevity Pay		1,975	
Overtime Pay		12,890	
Social Security		7,335	
Pensions		6,243	
Medical Insurance		11,085	
Unemployment Compensation		202	
Communication		3,173	
Maintenance and Repair Services - Buildings		54,031	
Maintenance and Repair Services - Office Equipment		2,500	
Maintenance and Repair Services - Vehicles		1,221	
Pest Control		3,021	
Travel		2,434	
Custodial Supplies		11,984	
Electricity		58,103	
Gasoline		600	
Natural Gas		8,740	
Office Supplies		100	
Water and Sewer		3,851	
Building and Contents Insurance		48,812	
Other Capital Outlay		66,000	
Total County Buildings			388,084

(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	\$	3,049	
Maintenance and Repair Services - Buildings		958	
Pest Control		440	
Electricity		9,800	
Natural Gas		55	
Water and Sewer		714	
Total Other Facilities			\$ 15,016

Other General Administration

Contributions	\$	350	
Dues and Memberships		11,193	
Legal Notices, Recording, and Court Costs		6,794	
Postal Charges		20,027	
Duplicating Supplies		45	
Premiums on Corporate Surety Bonds		1,711	
Office Equipment		4,557	
Total Other General Administration			44,677

Finance

Accounting and Budgeting

Supervisor/Director	\$	26,984	
Clerical Personnel		26,976	
Part-time Personnel		435	
Educational Incentive - Other County Employees		3,000	
Longevity Pay		3,100	
Social Security		4,466	
Pensions		4,256	
Medical Insurance		6,719	
Unemployment Compensation		91	
Communication		2,565	
Data Processing Services		18,888	
Printing, Stationery, and Forms		508	
Travel		115	
Office Supplies		1,631	
Total Accounting and Budgeting			99,734

Property Assessor's Office

County Official/Administrative Officer	\$	65,221	
Clerical Personnel		54,645	
Educational Incentive - Official/Admin Officer		750	
Educational Incentive - Other County Employees		1,500	
Longevity Pay		550	
Social Security		8,998	
Pensions		8,786	
Medical Insurance		20,156	
Unemployment Compensation		128	
Audit Services		2,898	

(Continued)

Exhibit I-8

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

General Fund (Cont.)

Finance (Cont.)

Property Assessor's Office (Cont.)

Communication	\$	3,074	
Data Processing Services		25,001	
Dues and Memberships		1,300	
Printing, Stationery, and Forms		563	
Travel		1,279	
Office Supplies		506	
Total Property Assessor's Office	\$		195,355

Reappraisal Program

Clerical Personnel	\$	10,718	
Social Security		820	
Unemployment Compensation		86	
Travel		2,851	
Total Reappraisal Program			14,475

County Trustee's Office

County Official/Administrative Officer	\$	65,221	
Clerical Personnel		50,132	
Educational Incentive - Official/Admin Officer		750	
Educational Incentive - Other County Employees		1,500	
Longevity Pay		1,275	
Social Security		8,997	
Pensions		7,446	
Medical Insurance		11,085	
Unemployment Compensation		128	
Communication		2,901	
Data Processing Services		13,346	
Dues and Memberships		1,452	
Maintenance and Repair Services - Equipment		678	
Printing, Stationery, and Forms		4,579	
Travel		1,482	
Other Contracted Services		1,500	
Office Supplies		2,434	
Total County Trustee's Office			174,906

County Clerk's Office

County Official/Administrative Officer	\$	65,221	
Clerical Personnel		78,111	
Part-time Personnel		13,488	
Educational Incentive - Other County Employees		1,500	
Longevity Pay		1,988	
Social Security		11,923	
Pensions		9,125	
Medical Insurance		17,900	
Unemployment Compensation		304	
Communication		2,264	
Data Processing Services		8,664	

(Continued)

Exhibit I-8

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

General Fund (Cont.)

Finance (Cont.)

County Clerk's Office (Cont.)

Dues and Memberships	\$	814	
Legal Notices, Recording, and Court Costs		20	
Travel		1,236	
Office Supplies		1,759	
Total County Clerk's Office			\$ 214,317

Other Finance

Audit Services	\$	6,167	
Total Other Finance			6,167

Administration of Justice

Circuit Court

County Official/Administrative Officer	\$	65,221	
Clerical Personnel		80,928	
Part-time Personnel		28,111	
Educational Incentive - Other County Employees		4,500	
Longevity Pay		3,800	
Jury and Witness Expense		7,717	
Social Security		13,725	
Pensions		10,713	
Medical Insurance		15,391	
Unemployment Compensation		322	
Communication		237	
Data Processing Services		11,772	
Dues and Memberships		557	
Maintenance and Repair Services - Office Equipment		398	
Travel		1,344	
Food Supplies		308	
Office Supplies		2,840	
Office Equipment		1,447	
Total Circuit Court			249,331

General Sessions Court

Judge(s)	\$	89,610	
Social Security		6,855	
Pensions		6,568	
Medical Insurance		1,669	
Contracts with Private Agencies		5,414	
Dues and Memberships		275	
Travel		820	
Office Supplies		89	
Total General Sessions Court			111,300

Chancery Court

County Official/Administrative Officer	\$	65,221	
Clerical Personnel		80,928	
Educational Incentive - Official/Admin Officer		750	

(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.)

Educational Incentive - Other County Employees	\$	1,500	
Longevity Pay		2,462	
Social Security		11,232	
Pensions		10,713	
Medical Insurance		13,130	
Unemployment Compensation		192	
Communication		1,011	
Data Processing Services		14,144	
Dues and Memberships		887	
Legal Notices, Recording, and Court Costs		4,455	
Travel		1,717	
Office Supplies		3,032	
Office Equipment		2,648	
Total Chancery Court			\$ 214,022

Juvenile Court

Clerical Personnel	\$	31,433	
Longevity Pay		200	
Social Security		2,294	
Pensions		2,304	
Medical Insurance		6,565	
Unemployment Compensation		91	
Total Juvenile Court			42,887

Public Safety

Sheriff's Department

County Official/Administrative Officer	\$	71,743	
Assistant(s)		30,747	
Supervisor/Director		48,807	
Deputy(ies)		478,795	
Investigator(s)		89,474	
Salary Supplements		8,400	
Dispatchers/Radio Operators		255,922	
Secretary(ies)		30,747	
Part-time Personnel		4,368	
Longevity Pay		10,375	
Overtime Pay		27,485	
Other Salaries and Wages		21,367	
In-service Training		3,220	
Social Security		81,403	
Pensions		77,531	
Medical Insurance		135,200	
Unemployment Compensation		2,034	
Communication		27,403	
Contracts with Government Agencies		2,960	
Data Processing Services		2,872	
Dues and Memberships		5,780	

(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.)

Maintenance and Repair Services - Equipment	\$	4,552	
Maintenance and Repair Services - Vehicles		16,198	
Pest Control		531	
Towing Services		1,570	
Travel		10,726	
Other Contracted Services		6,558	
Custodial Supplies		1,875	
Gasoline		33,057	
Law Enforcement Supplies		3,287	
Office Supplies		5,997	
Tires and Tubes		2,886	
Uniforms		7,750	
Other Supplies and Materials		213	
Workers' Compensation Insurance		30,939	
In Service/Staff Development		3,077	
Other Charges		3,220	
Law Enforcement Equipment		85	
Motor Vehicles		39,659	
Office Equipment		1,400	
Total Sheriff's Department			\$ 1,590,213

Jail

Guards	\$	600,068	
Secretary(ies)		30,747	
Cafeteria Personnel		61,494	
Longevity Pay		5,325	
Overtime Pay		18,173	
In-service Training		7,700	
Social Security		51,939	
Pensions		50,522	
Medical Insurance		99,964	
Unemployment Compensation		1,519	
Communication		1,518	
Maintenance and Repair Services - Buildings		21,648	
Maintenance and Repair Services - Equipment		2,589	
Medical and Dental Services		145,921	
Travel		935	
Other Contracted Services		1,528	
Custodial Supplies		13,116	
Food Preparation Supplies		1,039	
Food Supplies		95,198	
Office Supplies		2,061	
Prisoners Clothing		1,182	
Uniforms		12,500	
Utilities		88,914	
Other Supplies and Materials		31,336	
Total Jail			1,346,936

(Continued)

Exhibit I-8

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

General Fund (Cont.)

Public Safety (Cont.)

Juvenile Services

Youth Service Officer(s)	\$	50,811	
Educational Incentive - Other County Employees		1,500	
Longevity Pay		200	
Social Security		4,017	
Pensions		3,724	
Unemployment Compensation		60	
Communication		1,858	
Contracts with Government Agencies		175	
Contracts with Other Public Agencies		350	
Travel		675	
Office Supplies		705	
Total Juvenile Services			\$ 64,075

Fire Prevention and Control

Supervisor/Director	\$	36,020	
Longevity Pay		1,125	
Social Security		2,842	
Pensions		2,640	
Unemployment Compensation		64	
Communication		4,603	
Maintenance and Repair Services - Buildings		404	
Maintenance and Repair Services - Equipment		7,662	
Maintenance and Repair Services - Vehicles		18,806	
Pest Control		271	
Towing Services		200	
Gasoline		4,431	
Office Supplies		900	
Uniforms		322	
Vehicle and Equipment Insurance		29,367	
Workers' Compensation Insurance		534	
Motor Vehicles		25,000	
Total Fire Prevention and Control			135,191

Civil Defense

Supervisor/Director	\$	36,659	
Longevity Pay		250	
Social Security		2,698	
Pensions		2,687	
Medical Insurance		6,613	
Unemployment Compensation		64	
Communication		3,291	
Dues and Memberships		85	
Maintenance and Repair Services - Vehicles		3,371	
Travel		1,353	
Gasoline		1,405	
Office Supplies		1,036	
Other Equipment		123	
Total Civil Defense			59,635

(Continued)

Exhibit I-8

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

General Fund (Cont.)

Public Safety (Cont.)

Rescue Squad

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

Other Emergency Management

Other Equipment	\$	304,262	
Total Other Emergency Management			304,262

County Coroner/Medical Examiner

Other Per Diem and Fees	\$	15,315	
Total County Coroner/Medical Examiner			15,315

Public Health and Welfare

Local Health Center

Communication	\$	2,033	
Contracts with Government Agencies		11,701	
Dues and Memberships		405	
Janitorial Services		4,510	
Maintenance and Repair Services - Buildings		1,007	
Pest Control		372	
Custodial Supplies		195	
Office Supplies		610	
Uniforms		64	
Utilities		8,069	
Total Local Health Center			28,966

Ambulance/Emergency Medical Services

Ambulance Services	\$	180,113	
Motor Vehicles		18	
Total Ambulance/Emergency Medical Services			180,131

Other Local Health Services

Part-time Personnel	\$	16,378	
Social Security		1,253	
Unemployment Compensation		98	
Travel		229	
Total Other Local Health Services			17,958

General Welfare Assistance

Contributions	\$	1,500	
Office Equipment		9,184	
Total General Welfare Assistance			10,684

Other Local Welfare Services

Office Equipment	\$	19,458	
Total Other Local Welfare Services			19,458

(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

Guards	\$	15,373	
Clerical Personnel		3,182	
Part-time Personnel		5,304	
Social Security		1,784	
Pensions		1,749	
Medical Insurance		2,184	
Unemployment Compensation		51	
Travel		1,301	
Other Charges		12,322	
Total Sanitation Education/Information			\$ 43,250

Social, Cultural, and Recreational Services

Senior Citizens Assistance

Contributions	\$	5,000	
Total Senior Citizens Assistance			5,000

Other Social, Cultural, and Recreational

Contributions	\$	16,930	
Total Other Social, Cultural, and Recreational			16,930

Agriculture and Natural Resources

Agricultural Extension Service

Salary Supplements	\$	20,531	
Extension Service Medicare		5,065	
Communication		2,242	
Office Supplies		1,136	
Total Agricultural Extension Service			28,974

Soil Conservation

Secretary(ies)	\$	12,387	
Social Security		948	
Unemployment Compensation		65	
Office Supplies		1,156	
Total Soil Conservation			14,556

Flood Control

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

Other Operations

Tourism

Contributions	\$	525	
Total Tourism			525

Industrial Development

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

(Continued)

Exhibit I-8

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

General Fund (Cont.)

Other Operations (Cont.)

Veterans' Services

County Official/Administrative Officer	\$	19,314	
Longevity Pay		200	
Social Security		1,493	
Unemployment Compensation		64	
Communication		977	
Office Supplies		1,242	
Total Veterans' Services			\$ 23,290

Employee Benefits

Life Insurance	\$	7,952	
Total Employee Benefits			7,952

Miscellaneous

Trustee's Commission	\$	88,063	
Other Charges		30,804	
Total Miscellaneous			118,867

Principal on Debt

General Government

Principal on Capital Leases	\$	29,631	
Total General Government			29,631

Interest on Debt

General Government

Interest on Capital Leases	\$	3,241	
Total General Government			3,241

Total General Fund \$ 6,388,589

Public Library Fund

Social, Cultural, and Recreational Services

Libraries

County Official/Administrative Officer	\$	26,976	
Part-time Personnel		24,449	
Longevity Pay		2,250	
Social Security		4,023	
Pensions		1,977	
Medical Insurance		4,465	
Unemployment Compensation		260	
Communication		2,002	
Dues and Memberships		1,226	
Janitorial Services		2,450	
Maintenance and Repair Services - Buildings		1,595	
Pest Control		531	
Custodial Supplies		50	
Electricity		7,068	
Library Books/Media		1,451	

(Continued)

Exhibit I-8

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

Public Library Fund (Cont.)

Social, Cultural, and Recreational Services (Cont.)

Libraries (Cont.)

Natural Gas	\$	594	
Office Supplies		4,915	
Water and Sewer		559	
Other Charges		250	
Data Processing Equipment		9,345	
Office Equipment		4,315	
Other Equipment		4,355	
Total Libraries			\$ 105,106

Other Operations

Miscellaneous

Trustee's Commission	\$	750	
Total Miscellaneous			750

Total Public Library Fund \$ 105,856

Solid Waste/Sanitation Fund

Public Health and Welfare

Convenience Centers

Supervisor/Director	\$	52,809	
Accountants/Bookkeepers		20,184	
Foremen		34,403	
Mechanic(s)		32,008	
Laborers		104,391	
Secretary(ies)		13,671	
Part-time Personnel		1,027	
Educational Incentive - Other County Employees		1,500	
Longevity Pay		3,488	
Overtime Pay		4,169	
In-service Training		2,500	
Social Security		20,288	
Pensions		11,697	
Medical Insurance		13,845	
Unemployment Compensation		1,063	
Communication		11,822	
Contracts with Government Agencies		1,387	
Dues and Memberships		569	
Maintenance and Repair Services - Buildings		13,280	
Maintenance and Repair Services - Equipment		13,306	
Maintenance and Repair Services - Vehicles		3,044	
Pest Control		372	
Postal Charges		100	
Travel		1,360	
Custodial Supplies		2,151	
Electricity		7,858	
Food Supplies		1,084	
Natural Gas		55	

(Continued)

Exhibit I-8

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

Solid Waste/Sanitation Fund (Cont.)

Public Health and Welfare (Cont.)

Convenience Centers (Cont.)

Office Supplies	\$	3,532	
Uniforms		4,630	
Water and Sewer		645	
Chemicals		1,448	
Other Charges		970	
Maintenance Equipment		9,584	
Solid Waste Equipment		1,192	
Total Convenience Centers			\$ 395,432

Recycling Center

Truck Drivers	\$	9,246	
Laborers		83,864	
Secretary(ies)		16,932	
Part-time Personnel		8,836	
Educational Incentive - Other County Employees		3,000	
Longevity Pay		1,675	
Overtime Pay		2,357	
Other Salaries and Wages		8,391	
Social Security		9,315	
Pensions		8,586	
Medical Insurance		17,953	
Unemployment Compensation		392	
Contracts with Government Agencies		27,033	
Maintenance and Repair Services - Buildings		6,098	
Maintenance and Repair Services - Equipment		11,447	
Maintenance and Repair Services - Vehicles		2,505	
Travel		590	
Electricity		2,728	
Food Supplies		6,357	
Instructional Supplies and Materials		1,342	
Propane Gas		2,378	
Wire		3,158	
Other Supplies and Materials		1,832	
Other Charges		1,485	
Plant Operation Equipment		1,490	
Total Recycling Center			238,990

Other Waste Disposal

Truck Drivers	\$	7,997	
Social Security		592	
Pensions		517	
Medical Insurance		1,051	
Unemployment Compensation		35	
Contracts with Government Agencies		157,805	
Contracts with Other Public Agencies		25,276	
Contracts with Private Agencies		56,650	
Maintenance and Repair Services - Equipment		6,932	

(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.)

Other Waste Disposal (Cont.)

Maintenance and Repair Services - Vehicles	\$	4,218	
Diesel Fuel		7,389	
Gasoline		7,979	
Tires and Tubes		6,928	
Solid Waste Equipment		32,876	
Other Construction		59,918	
Total Other Waste Disposal			\$ 376,163

Postclosure Care Costs

Landfill Closure/Postclosure Care Costs	\$	4,430	
Total Postclosure Care Costs			4,430

Other Operations

Other Charges

Permits	\$	3,500	
Total Other Charges			3,500

Miscellaneous

Trustee's Commission	\$	13,925	
Other Charges		1,550	
Building Improvements		378,964	
Plant Operation Equipment		317,840	
Total Miscellaneous			712,279

Total Solid Waste/Sanitation Fund \$ 1,730,794

Drug Control Fund

Public Safety

Drug Enforcement

Communication	\$	1,542	
Contributions		500	
Food Supplies		90	
Other Charges		1,706	
Law Enforcement Equipment		282	
Motor Vehicles		29,402	
Total Drug Enforcement			\$ 33,522

Other Operations

Miscellaneous

Trustee's Commission	\$	96	
Total Miscellaneous			96

Total Drug Control Fund 33,618

(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	\$ 5,740	
Total Chancery Court		\$ 5,740

Total Constitutional Officers - Fees Fund \$ 5,740

Highway/Public Works Fund

Highways

Administration

County Official/Administrative Officer	\$ 73,889	
Assistant(s)	35,880	
Accountants/Bookkeepers	10,014	
Educational Incentive - Official/Admin Officer	1,500	
Educational Incentive - Other County Employees	3,750	
Longevity Pay	250	
Contracts with Other Public Agencies	2,000	
Dues and Memberships	2,994	
Pest Control	320	
Postal Charges	250	
Travel	3,000	
Custodial Supplies	280	
Office Supplies	4,998	
Other Charges	14,748	
Total Administration		\$ 153,873

Highway and Bridge Maintenance

Foremen	\$ 32,563	
Equipment Operators	125,735	
Truck Drivers	134,114	
Laborers	104,509	
Longevity Pay	6,650	
Overtime Pay	5,014	
Other Salaries and Wages	1,000	
Other Contracted Services	9,456	
Asphalt - Liquid	219,054	
Concrete	500	
Crushed Stone	132,816	
Fertilizer, Lime, and Seed	494	
Pipe	31,775	
Road Signs	2,493	
Small Tools	356	
Wood Products	979	
Gravel and Chert	23,360	
Other Supplies and Materials	18,028	
Total Highway and Bridge Maintenance		848,896

Operation and Maintenance of Equipment

Mechanic(s)	\$ 59,002
Longevity Pay	400

(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.)

Overtime Pay	\$	651	
Maintenance and Repair Services - Equipment		22,828	
Diesel Fuel		40,511	
Equipment and Machinery Parts		49,994	
Garage Supplies		3,471	
Gasoline		14,217	
Lubricants		285	
Tires and Tubes		14,729	
Total Operation and Maintenance of Equipment			\$ 206,088

Other Charges

Communication	\$	5,453	
Laundry Service		3,248	
Electricity		7,905	
Natural Gas		2,614	
Water and Sewer		643	
Trustee's Commission		16,704	
Vehicle and Equipment Insurance		48,768	
Total Other Charges			85,335

Employee Benefits

In-service Training	\$	1,000	
Social Security		39,982	
Pensions		48,290	
Employee and Dependent Insurance		114,930	
Unemployment Compensation		4,792	
Uniforms		9,881	
Workers' Compensation Insurance		41,788	
Total Employee Benefits			260,663

Capital Outlay

Engineering Services	\$	11,749	
Bridge Construction		581,770	
Highway Equipment		315,561	
State Aid Projects		86,001	
Total Capital Outlay			995,081

Total Highway/Public Works Fund \$ 2,549,936

General Debt Service Fund

Principal on Debt

General Government

Principal on Bonds	\$	350,000	
Principal on Notes		60,080	
Total General Government			\$ 410,080

(Continued)

Exhibit I-8

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

<u>General Debt Service Fund (Cont.)</u>			
<u>Interest on Debt</u>			
<u>General Government</u>			
Interest on Bonds	\$	247,361	
Interest on Notes		<u>6,842</u>	
Total General Government			\$ 254,203
 <u>Other Debt Service</u>			
<u>General Government</u>			
Bank Charges	\$	2,959	
Trustee's Commission		<u>7,410</u>	
Total General Government			<u>10,369</u>
Total General Debt Service Fund			<u>\$ 674,652</u>
Total Governmental Funds - Primary Government			<u>\$ 11,489,185</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, 2017

General Purpose School Fund

Instruction

Regular Instruction Program

Teachers	\$ 6,854,410	
Career Ladder Program	28,749	
Career Ladder Extended Contracts	15,375	
Educational Assistants	172,944	
Certified Substitute Teachers	1,802	
Non-certified Substitute Teachers	136,517	
Social Security	411,214	
Pensions	655,120	
Life Insurance	2,331	
Medical Insurance	689,932	
Employer Medicare	98,424	
Other Fringe Benefits	900	
Contracts with Private Agencies	16,859	
Other Contracted Services	17,105	
Instructional Supplies and Materials	197,310	
Textbooks - Bound	153,596	
Regular Instruction Equipment	40,718	
Total Regular Instruction Program		\$ 9,493,306

Special Education Program

Teachers	\$ 651,324	
Career Ladder Program	2,000	
Educational Assistants	420,882	
Speech Pathologist	36,690	
Non-certified Substitute Teachers	65,771	
Social Security	67,876	
Pensions	101,489	
Life Insurance	211	
Medical Insurance	127,261	
Employer Medicare	15,879	
Evaluation and Testing	2,912	
Other Contracted Services	30	
Instructional Supplies and Materials	2,442	
Other Supplies and Materials	2,575	
Special Education Equipment	1,718	
Total Special Education Program		1,499,060

Career and Technical Education Program

Teachers	\$ 469,579
Career Ladder Program	3,000
Non-certified Substitute Teachers	11,716
Social Security	27,424
Pensions	43,685
Life Insurance	172
Medical Insurance	44,169
Employer Medicare	6,522

(Continued)

Exhibit I-9

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

General Purpose School Fund (Cont.)

Instruction (Cont.)

Career and Technical Education Program (Cont.)

Other Contracted Services	\$ 6,560	
Instructional Supplies and Materials	13,630	
Total Career and Technical Education Program		\$ 626,457

Student Body Education Program

Other Salaries and Wages	\$ 5,474	
Social Security	339	
Employer Medicare	79	
Other Charges	82,718	
Total Student Body Education Program		88,610

Support Services

Attendance

Supervisor/Director	\$ 26,003	
Social Security	1,569	
Pensions	2,290	
Employer Medicare	338	
Total Attendance		30,200

Health Services

Medical Personnel	\$ 85,582	
Other Salaries and Wages	61,217	
Social Security	8,592	
Pensions	11,469	
Life Insurance	20	
Medical Insurance	14,033	
Employer Medicare	2,009	
Communication	316	
Postal Charges	150	
Travel	3,832	
Other Contracted Services	2,800	
Drugs and Medical Supplies	3,327	
Other Supplies and Materials	7,384	
Total Health Services		200,731

Other Student Support

Guidance Personnel	\$ 261,757	
Social Security	15,718	
Pensions	23,099	
Life Insurance	74	
Medical Insurance	9,952	
Employer Medicare	3,676	
Contracts with Government Agencies	57,500	
Evaluation and Testing	8,022	
Travel	1,903	
Total Other Student Support		381,701

(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.)

Regular Instruction Program

Supervisor/Director	\$	158,078	
Career Ladder Program		5,500	
Librarians		145,510	
Clerical Personnel		25,860	
Other Salaries and Wages		174,199	
Social Security		30,334	
Pensions		45,781	
Life Insurance		156	
Medical Insurance		33,639	
Employer Medicare		7,094	
Travel		10,016	
Other Contracted Services		78,942	
Library Books/Media		31,257	
Other Supplies and Materials		5,054	
In Service/Staff Development		19,057	
Other Equipment		51	
Total Regular Instruction Program	\$		770,528

Special Education Program

Supervisor/Director	\$	34,332	
Career Ladder Program		500	
Psychological Personnel		50,156	
Social Security		4,814	
Pensions		6,825	
Medical Insurance		11,843	
Employer Medicare		1,126	
Travel		3,993	
Other Contracted Services		63,370	
Other Supplies and Materials		1,000	
In Service/Staff Development		3,462	
Total Special Education Program			181,421

Career and Technical Education Program

Travel	\$	1,092	
Total Career and Technical Education Program			1,092

Technology

Supervisor/Director	\$	70,212	
Career Ladder Program		1,000	
Other Salaries and Wages		104,844	
Social Security		9,288	
Pensions		12,408	
Medical Insurance		6,484	
Employer Medicare		2,501	
Maintenance and Repair Services - Equipment		300	
Internet Connectivity		35,252	

(Continued)

Exhibit I-9

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

General Purpose School Fund (Cont.)

Support Services (Cont.)

Technology (Cont.)

Travel	\$	1,802	
Other Contracted Services		206,846	
Cabling		642	
Software		10,461	
Other Supplies and Materials		39,703	
In Service/Staff Development		2,340	
Other Equipment		75,705	
Total Technology			\$ 579,788

Adult Programs

Other Salaries and Wages	\$	18,692	
Social Security		1,095	
Pensions		1,477	
Employer Medicare		256	
Travel		360	
Instructional Supplies and Materials		7,754	
Total Adult Programs			29,634

Other Programs

On-behalf Payments to OPEB	\$	64,484	
Total Other Programs			64,484

Board of Education

Other Salaries and Wages	\$	29,164	
Social Security		1,808	
Unemployment Compensation		12,593	
Employer Medicare		423	
Audit Services		10,500	
Dues and Memberships		8,762	
Legal Services		17,011	
Travel		8,730	
Other Contracted Services		48,080	
Liability Insurance		21,000	
Trustee's Commission		76,322	
Workers' Compensation Insurance		174,400	
Criminal Investigation of Applicants - TBI		3,855	
Other Charges		20,768	
Total Board of Education			433,416

Director of Schools

County Official/Administrative Officer	\$	99,000	
Career Ladder Program		1,000	
Clerical Personnel		30,120	
Social Security		7,693	
Pensions		11,248	
Life Insurance		20	

(Continued)

Exhibit I-9

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

General Purpose School Fund (Cont.)

Support Services (Cont.)

Director of Schools (Cont.)

Medical Insurance	\$	5,596	
Employer Medicare		1,799	
Other Fringe Benefits		1,800	
Communication		4,008	
Dues and Memberships		2,374	
Postal Charges		2,991	
Travel		3,315	
Other Contracted Services		1,070	
Office Supplies		3,385	
Other Charges		1,767	
Total Director of Schools			\$ 177,186

Office of the Principal

Principals	\$	426,431	
Career Ladder Program		4,000	
Assistant Principals		280,428	
Secretary(ies)		307,528	
Social Security		59,276	
Pensions		86,994	
Life Insurance		180	
Medical Insurance		98,864	
Employer Medicare		13,863	
Communication		18,626	
Travel		815	
In Service/Staff Development		3,949	
Other Charges		42,826	
Total Office of the Principal			1,343,780

Fiscal Services

Accountants/Bookkeepers	\$	128,006	
Other Salaries and Wages		1,162	
Social Security		7,740	
Pensions		9,383	
Medical Insurance		7,493	
Employer Medicare		1,819	
Travel		1,808	
Other Contracted Services		19,549	
Data Processing Supplies		2,478	
Office Supplies		1,274	
Other Charges		479	
Administration Equipment		127	
Total Fiscal Services			181,318

Human Services/Personnel

Supervisor/Director	\$	52,006	
Career Ladder Program		1,000	

(Continued)

Exhibit I-9

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

General Purpose School Fund (Cont.)

Support Services (Cont.)

Human Services/Personnel (Cont.)

Social Security	\$	3,220	
Pensions		4,852	
Life Insurance		20	
Medical Insurance		3,576	
Employer Medicare		782	
Travel		835	
In Service/Staff Development		1,557	
Total Human Services/Personnel			\$ 67,848

Operation of Plant

Supervisor/Director	\$	24,428	
Guards		26,680	
Custodial Personnel		362,032	
Other Salaries and Wages		355	
Social Security		23,794	
Pensions		27,264	
Medical Insurance		45,468	
Employer Medicare		5,657	
Travel		6,880	
Disposal Fees		10,497	
Other Contracted Services		15,299	
Custodial Supplies		137,757	
Electricity		544,811	
Natural Gas		48,929	
Water and Sewer		25,866	
Other Supplies and Materials		2,650	
Boiler Insurance		4,182	
Building and Contents Insurance		82,818	
Plant Operation Equipment		2,500	
Total Operation of Plant			1,397,867

Maintenance of Plant

Supervisor/Director	\$	24,428	
Maintenance Personnel		143,298	
Other Salaries and Wages		7,614	
Social Security		10,681	
Pensions		11,415	
Medical Insurance		8,628	
Employer Medicare		2,636	
Maintenance and Repair Services - Buildings		35,112	
Maintenance and Repair Services - Equipment		5,202	
Travel		822	
Other Contracted Services		99,162	
Other Supplies and Materials		137,413	
Maintenance Equipment		9,500	
Total Maintenance of Plant			495,911

(Continued)

Exhibit I-9

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

General Purpose School Fund (Cont.)

Support Services (Cont.)

Transportation

Supervisor/Director	\$	24,428	
Mechanic(s)		65,101	
Bus Drivers		356,309	
Other Salaries and Wages		24,689	
Non-certified Substitute Teachers		13,716	
Social Security		29,030	
Pensions		32,860	
Life Insurance		16	
Medical Insurance		18,378	
Employer Medicare		6,860	
Communication		498	
Maintenance and Repair Services - Vehicles		65,643	
Travel		3,207	
Other Contracted Services		39,748	
Gasoline		91,976	
Tires and Tubes		18,935	
Vehicle Parts		61,378	
Other Supplies and Materials		16,843	
Vehicle and Equipment Insurance		3,775	
Other Charges		937	
Transportation Equipment		170,198	
Total Transportation			\$ 1,044,525

Operation of Non-Instructional Services

Community Services

Other Salaries and Wages	\$	234	
Social Security		15	
Employer Medicare		3	
Other Charges		11,224	
Total Community Services			11,476

Early Childhood Education

Teachers	\$	81,130	
Educational Assistants		56,685	
Social Security		7,923	
Pensions		10,118	
Life Insurance		31	
Medical Insurance		15,446	
Employer Medicare		1,853	
Travel		4,034	
Other Contracted Services		3,740	
Food Supplies		1,335	
Instructional Supplies and Materials		25,862	
Total Early Childhood Education			208,157

(Continued)

Exhibit I-9

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

General Purpose School Fund (Cont.)

Capital Outlay

Regular Capital Outlay

Building Improvements	\$ 30,093	
Land	440,000	
Total Regular Capital Outlay		\$ 470,093

Total General Purpose School Fund \$ 19,778,589

School Federal Projects Fund

Instruction

Regular Instruction Program

Supervisor/Director	\$ 3,250	
Teachers	821,244	
Clerical Personnel	625	
Educational Assistants	210,140	
Social Security	55,817	
Pensions	55,843	
Medical Insurance	8,553	
Employer Medicare	14,650	
Other Contracted Services	35,630	
Instructional Supplies and Materials	22,354	
Other Supplies and Materials	5,219	
Regular Instruction Equipment	93,346	
Total Regular Instruction Program		\$ 1,326,671

Special Education Program

Teachers	\$ 104,800	
Clerical Personnel	25,610	
Educational Assistants	163,854	
Speech Pathologist	111,260	
Social Security	23,756	
Pensions	33,420	
Medical Insurance	36,381	
Employer Medicare	5,556	
Instructional Supplies and Materials	1,469	
Other Supplies and Materials	1,656	
Special Education Equipment	4,183	
Total Special Education Program		511,945

Career and Technical Education Program

Other Salaries and Wages	\$ 2,565	
Social Security	159	
Pensions	232	
Employer Medicare	37	
Instructional Supplies and Materials	1,616	
Other Supplies and Materials	1,824	
Vocational Instruction Equipment	80,531	
Total Career and Technical Education Program		86,964

(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

Other Student Support

Other Salaries and Wages	\$	5,945	
Social Security		369	
Pensions		537	
Employer Medicare		86	
Travel		7,017	
In Service/Staff Development		2,626	
Other Charges		2,665	
Total Other Student Support			\$ 19,245

Regular Instruction Program

Supervisor/Director	\$	15,000	
Clerical Personnel		12,500	
Other Salaries and Wages		84,091	
Social Security		6,886	
Pensions		9,388	
Employer Medicare		1,610	
Travel		15	
In Service/Staff Development		25,036	
Total Regular Instruction Program			154,526

Special Education Program

Other Supplies and Materials	\$	3,070	
In Service/Staff Development		2,077	
Total Special Education Program			5,147

Transportation

Bus Drivers	\$	35,720	
Social Security		2,213	
Pensions		2,493	
Employer Medicare		518	
Total Transportation			40,944

Total School Federal Projects Fund \$ 2,145,442

Central Cafeteria Fund

Operation of Non-Instructional Services

Food Service

Supervisor/Director	\$	33,384	
Accountants/Bookkeepers		22,841	
Clerical Personnel		2,587	
Cafeteria Personnel		377,471	
Other Salaries and Wages		34,183	
Social Security		27,222	
Pensions		31,407	
Medical Insurance		33,486	
Unemployment Compensation		199	

(Continued)

Exhibit I-9

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

Central Cafeteria Fund (Cont.)

Operation of Non-Instructional Services (Cont.)

Food Service (Cont.)

Employer Medicare	\$	6,366	
Communication		1,877	
Maintenance and Repair Services - Equipment		11,946	
Transportation - Other than Students		12,163	
Travel		777	
Other Contracted Services		23,511	
Food Supplies		534,407	
Office Supplies		4,177	
Uniforms		6,568	
Utilities		10,074	
USDA - Commodities		161,216	
Other Supplies and Materials		41,746	
In Service/Staff Development		3,747	
Other Charges		5,000	
Food Service Equipment		23,313	
Total Food Service			\$ 1,409,668

Total Central Cafeteria Fund \$ 1,409,668

Education Capital Projects Fund

Support Services

Board of Education

Trustee's Commission	\$	2,062	
Total Board of Education			\$ 2,062

Capital Outlay

Regular Capital Outlay

Architects	\$	24,416	
Building Construction		30,049	
Building Improvements		241,509	
Total Regular Capital Outlay			295,974

Total Education Capital Projects Fund 298,036

Total Governmental Funds - Chester County School Department \$ 23,631,735

Chester County, Tennessee  
Schedule of Detailed Receipts, Disbursements,  
and Changes in Cash Balance - City Agency Fund  
For the Year Ended June 30, 2017

	Cities - Sales Tax Fund
<hr/>	
<u>Cash Receipts</u>	
Local Option Sales Tax	\$ 1,131,678
Total Cash Receipts	<u>\$ 1,131,678</u>
 <u>Cash Disbursements</u>	
Remittance of Revenues Collected	\$ 1,120,361
Trustee's Commission	11,317
Total Cash Disbursements	<u>\$ 1,131,678</u>
 Excess of Cash Receipts Over (Under) Cash Disbursements	 \$ 0
Cash Balance, July 1, 2016	<u>0</u>
 Cash Balance, June 30, 2017	 <u><u>\$ 0</u></u>

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## SINGLE AUDIT SECTION

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JUSTIN P. WILSON  
*Comptroller*

JASON E. MUMPOWER  
*Chief of Staff*

**Independent Auditor's 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***

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, 2017, and the related notes to the financial statements, which collectively comprise Chester County's basic financial statements, and have issued our report thereon dated December 14, 2017.

**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 a deficiency in internal control, described in the accompanying Schedule of Findings and Questioned Costs that we consider to be a significant deficiency: 2017-002.

### **Compliance and Other Matters**

As part of obtaining reasonable assurance about whether Chester County's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed an instance of noncompliance or other matter that is required to be reported under *Government Auditing Standards* and is described in the accompanying Schedule of Findings and Questioned Costs as item 2017-001.

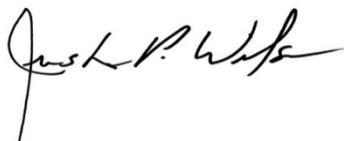
### **Chester County's Responses to Findings**

Chester County's responses to the findings identified in our audit are described in the accompanying Schedule of Findings and Questioned Costs. Chester County's responses were not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on them.

### **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

December 14, 2017

JPW/kp



JUSTIN P. WILSON  
*Comptroller*

JASON E. MUMPOWER  
*Chief of Staff*

**Independent Auditor's Report on Compliance for Each Major Program; Report on Internal Control Over Compliance; and Report on the Schedule of Expenditures of Federal Awards Required by the Uniform Guidance**

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

To the County Mayor and Board of County Commissioners:

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

We have audited Chester County's compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of Chester County's major federal programs for the year ended June 30, 2017. 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 the audit requirements of Title 2 U.S. *Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Those standards and the Uniform Guidance require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about Chester County's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

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

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

In our opinion, Chester County complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2017.

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

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

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

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

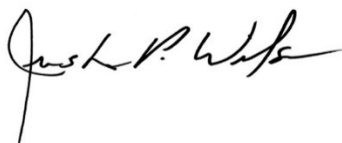
The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.



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

We have audited the financial statements of the governmental activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of Chester County, Tennessee, as of and for the year ended June 30, 2017, and the related notes to the financial statements, which collectively comprise Chester County's basic financial statements. We issued our report thereon dated December 14, 2017, which contained unmodified opinions on those financial statements. Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the basic financial statements. The accompanying Schedule of Expenditures of Federal Awards is presented for purposes of additional analysis as required by the Uniform Guidance and is not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the Schedule of Expenditures of Federal Awards is fairly stated in all material respects in relation to the basic financial statements as a whole.

Very truly yours,



Justin P. Wilson  
Comptroller of the Treasury  
Nashville, Tennessee

December 14, 2017

JPW/kp

Chester County, Tennessee, and the Chester County School Department  
Schedule of Expenditures of Federal Awards and State Grants (1) (2)  
For the Year Ended June 30, 2017

Federal/Pass-through Agency/State Grantor Program Title	Federal CFDA Number	Pass-through Entity Identifying Number	Expenditures
U.S. Department of Agriculture:			
Passed-through State Department of Agriculture:			
Child Nutrition Cluster (3):			
National School Lunch Program (Commodities - Noncash Assistance)	10.555	N/A	\$ 161,216 (5)
Passed-through State Department of Education:			
Child Nutrition Cluster (3):			
School Breakfast Program	10.553	N/A	234,584
National School Lunch Program	10.555	N/A	666,975 (5)
Summer Food Service Program for Children	10.559	N/A	5,024
Total U.S. Department of Agriculture			\$ 1,067,799
U.S. Department of Justice:			
Passed-through State Commission on Children and Youth:			
Juvenile Justice and Delinquency Prevention - Allocation to States	16.540	(4)	\$ 9,000
Total U.S. Department of Justice			\$ 9,000
U.S. Department of Education:			
Passed-through State Department of Education:			
Title I Grants to Local Educational Agencies	84.010	N/A	\$ 705,343
Special Education Cluster (3):			
Special Education - Grants to States	84.027	N/A	543,342
Special Education - Preschool Grants	84.173	N/A	17,733
Career and Technical Education - Basic Grants to States	84.048	(4)	96,658
Improving Teacher Quality State Grants	84.367	(4)	109,565
Teacher Incentive Fund	84.374	(4)	651,939
Total U.S. Department of Education			\$ 2,124,580
U.S. Department of Health and Human Services:			
Passed-through State Department of Human Services:			
Child Care and Development Block Grant	93.575	Z-06-027158-00	\$ 40,482
Total U.S. Department of Health and Human Services			\$ 40,482
U.S. Department of Homeland Security:			
Passed-through State Department of Military:			
Emergency Management Performance Grants	97.042	(4)	\$ 45,330
Total U.S. Department of Homeland Security			\$ 45,330
Total Expenditures of Federal Awards			\$ 3,287,191

(Continued)

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

Federal/Pass-through Agency/State Grantor Program Title	Federal CFDA Number	Contract Number	Expenditures
State Grants:			
Litter Program - State Department of Transportation	N/A	(4)	\$ 32,772
Family Resource Center - State Department of Education	N/A	(4)	29,633
Coordinated School Health - State Department of Education	N/A	(4)	90,000
Safe Schools - State Department of Education	N/A	(4)	17,010
Early Childhood Education - State Department of Education	N/A	(4)	208,157
Internet Connectivity Grant - State Department of Education	N/A	(4)	7,579
Read to be Ready Grant - State Department of Education	N/A	(4)	2,661
Teacher Leader Grant - State Department of Education	N/A	(4)	7,000
Three Star Grant - State Department of Economic and Community Development	N/A	(4)	7,335
Health Grant - State Department of Health	N/A	(4)	17,067
Total State Grants			\$ 419,214

CFDA = Catalog of Federal Domestic Assistance

N/A = Not Applicable

- (1) Presented in conformity with generally accepted accounting principles using the modified accrual basis of accounting.
- (2) Chester County elected not to use the 10% de minimus cost rate permitted in the Uniform Guidance.
- (3) Child Nutrition cluster totaled \$1,067,799; Special Education Cluster totaled \$561,075.
- (4) Information not available.
- (5) Total for CFDA No. 10.555 is \$828,191

Chester County, Tennessee  
Summary Schedule of Prior-year Findings  
For the Year Ended June 30, 2017

Government Auditing Standards require auditors to report the status of uncorrected findings from prior audits. In addition, OMB's Uniform Guidance requires auditees to report the status of all prior-year findings whether corrected or not. Presented below are financial statement findings along with their current status from the Annual Financial Report for Chester County, Tennessee, for the year ended June 30, 2017.

***Prior-year Financial Statement Findings***

Fiscal Year	Page Number	Finding Number	Title of Finding	CFDA Number	Current Status
<b><u>OFFICE OF COUNTY MAYOR</u></b>					
2016	178	2016-001	The Office had Deficiencies in Budget Operations	N/A	Corrected
<b><u>OFFICE OF ROAD SUPERVISOR</u></b>					
2016	180	2016-002	Duties were not Segregated Adequately	N/A	Corrected
<b><u>OFFICE OF TRUSTEE</u></b>					
2016	180	2016-003	The Trustee did not Require a Depository to Adequately Collateralize Funds	N/A	Corrected

***Prior-year Federal Awards Findings***

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

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**CHESTER COUNTY, TENNESSEE**  
**SCHEDULE OF FINDINGS AND QUESTIONED COSTS**  
**For the Year Ended June 30, 2017**

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

**Financial Statements:**

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

**Federal Awards:**

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

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

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

### **OFFICE OF COUNTY MAYOR**

#### **FINDING 2017-001**

#### **THE SOLID WASTE AND RECYCLING DEPARTMENT DID NOT DEPOSIT SOME FUNDS WITHIN THREE DAYS OF COLLECTION**

(Noncompliance Under *Government Auditing Standards*)

As part of our audit procedures for obtaining reasonable assurance that funds were deposited within three days of collection as required by Section 5-8-207, *Tennessee Code Annotated*, we judgmentally selected receipts for the months of March and May 2017 to trace to deposits. During this period, 41 of 115 receipts were held more than three days before being deposited to the office bank account. This deficiency was the result of a lack of management oversight. The delay in depositing funds weakens internal controls over collections and increases the risks of fraud and misappropriation.

#### **RECOMMENDATION**

All collections should be deposited within three days of collection as required by state statutes.

#### **MANAGEMENT'S RESPONSE – COUNTY MAYOR**

Management concurs with this finding. A plan has been provided by the Solid Waste and Recycling Department, which ensures all funds will be deposited within the time allotted.

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**OFFICE OF TRUSTEE**

**FINDING 2017-002**

**A CERTIFICATE OF DEPOSIT HELD FOR THE  
ENDOWMENT FUND WAS NOT POSTED TIMELY TO  
THE ACCOUNTING RECORDS OF THE OFFICE OF  
TRUSTEE**

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

During the year examined, auditors discovered that a \$28,892 certificate of deposit held for the Endowment Fund and posted to the accounting records on April 19, 2017, had been held by the trustee since November 6, 2012. The failure to reflect this account resulted in the understatement of the cash balance in the accounting records of the trustee and the fund since the trustee took possession of the certificate of deposit in 2012. Sound business practices dictate that accounting records accurately reflect all account transactions and balances.

We confirmed the balance and all financial activity of the certificate of deposit held at the bank for the Endowment Fund. As of June 30, 2017, the amount of this account has been properly presented in the financial statements of this report. This deficiency was the result of a lack of management oversight.

**RECOMMENDATION**

The trustee should post all financial activity to the accounting records in a timely manner.

**MANAGEMENT'S RESPONSE – TRUSTEE**

I concur. We have already corrected the issue and will make sure all funds are posted to the accounting records in a timely manner in the future.

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

There were no findings and questioned costs related to federal awards for the year ended June 30, 2017.



**Chester County, Tennessee**  
**Management's Corrective Action Plan**  
**For the Year Ended June 30, 2017**

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

Finding Number	Title of Finding	Corrective Action Plan Page Number
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**OFFICE OF COUNTY MAYOR**

2017-001	The Solid Waste and Recycling Department did not Deposit Some Funds within Three Days of Collection	186
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**OFFICE OF TRUSTEE**

2017-002	A Certificate of Deposit Held for the Endowment Fund was not Posted Timely to the Accounting Records of the Office of Trustee	187
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Dwain Seaton, Mayor

Chester County, Tennessee

Corrective Action Plan

Finding: Some funds were not deposited within three days of collection.

Response and Corrective Action Plan Prepared By:

Amber Greene  
Recycling Coordinator  
Chester County Solid Waste & Recycling Dept.

Person Responsible for Implementing the Corrective Action:

Amber Greene  
Recycling Coordinator  
Chester County Solid Waste & Recycling Dept.

Anticipated Completion Date of Corrective Action:

November 27, 2017

Repeat Finding:

NO

Reason Corrective Action was Not Taken in the Prior year:

Not a prior year finding.

Planned Corrective Action:

Deposits will be prepared every Monday and Wednesday of each week by Misti Pequignot (part-time assistant) and taken to the Trustee's office for receipting by Amber Greene (Recycling Coordinator). In the case of either being absent, Danny Benard (Solid Waste Director) will fill in. We are aware of the three-day deposit rule and this will be monitored closely so we are in compliance.

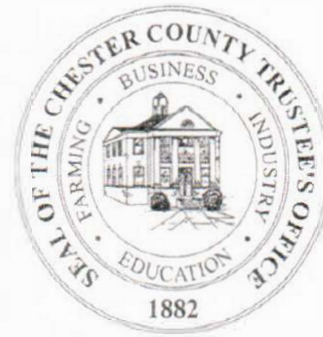
Signature: Amber Greene

Dwain Seaton, Co Mayor

Date: 11/27/17

11.27.2017

LANCE BESHIRE  
**CHESTER COUNTY TRUSTEE**  
POST OFFICE BOX 386 • HENDERSON, TENNESSEE 38340  
TELEPHONE: 731-989-3993



**Corrective Action Plan**

**FINDING:** A CERTIFICATE OF DEPOSIT HELD FOR THE ENDOWMENT FUND WAS NOT POSTED TIMELY TO THE ACCOUNTING RECORDS OF THE OFFICE OF TRUSTEE

**Response and Corrective Action Plan Prepared by:**  
Lance Beshires, Trustee

**Person Responsible for Implementing the Corrective Action:**  
Lance Beshires, Trustee

**Anticipated Completion Date of Corrective Action:**  
November 30, 2017

**Repeat Finding:**  
No

**Planned Corrective Action:**  
In the future, all financial activity within the Chester County Trustee's Office will be posted to our books in a timely manner.

Signature:   
Lance Beshires, Chester County Trustee

## **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.