

ANNUAL FINANCIAL REPORT

POLK COUNTY, TENNESSEE

FOR THE YEAR ENDED JUNE 30, 2015



DIVISION OF LOCAL GOVERNMENT AUDIT



ANNUAL FINANCIAL REPORT
POLK COUNTY, TENNESSEE
FOR THE YEAR ENDED JUNE 30, 2015

COMPTROLLER OF THE TREASURY
JUSTIN P. WILSON

DIVISION OF LOCAL GOVERNMENT AUDIT
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This financial report is available at www.comptroller.tn.gov

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Summary of Audit Findings

Annual Financial Report
Polk County, Tennessee
For the Year Ended June 30, 2015

Scope

We have audited the financial statements of Polk County as of and for the year ended June 30, 2015.

Results

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

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

Findings

The following are summaries of the audit findings:

OFFICES OF COUNTY EXECUTIVE, DIRECTOR OF ACCOUNTS AND BUDGETS, AND HIGHWAY SUPERINTENDENT

- ◆ The director of accounts and budgets did not maintain the accounting records for the Highway Department.
- ◆ Polk County has a material recurring audit finding.

OFFICE OF COUNTY CLERK

- ◆ The office did not deposit some funds within three days of collection.

OFFICE OF CIRCUIT AND GENERAL SESSIONS COURTS CLERK

- ◆ Bank statements were not accurately reconciled with the general ledger.
 - ◆ General Sessions Court had a cash overdraft at June 30, 2015.
-

**OFFICES OF COUNTY EXECUTIVE, HIGHWAY SUPERINTENDENT,
COUNTY CLERK, CIRCUIT AND GENERAL SESSIONS COURTS CLERK,
CLERK AND MASTER, REGISTER OF DEEDS, AND SHERIFF**

- ◆ Duties were not segregated adequately.

INTRODUCTORY SECTION

Polk County Officials

June 30, 2015

Officials

Hoyt Firestone, County Executive
Roy Gene Thomason, Highway Superintendent
James Jones, Director of Schools
Gina Hicks-Burchfiel, Trustee
Randy Yates, Assessor of Property
Angie Sanford, County Clerk
Connie Clark, Circuit and General Sessions Courts Clerk
Kimberly Ingram, Clerk and Master
Donna Bramlett, Register of Deeds
Steve Ross, Sheriff
Kelley Morgan, Director of Accounts and Budgets

Board of County Commissioners

Daren Waters, Chairman
Mark Bishop
Karen Braken
Greg Brooks
Mike Curbow

Daniel Deal
Sheena Gaddis
Wendell Lewis
John Pippenger

Board of Education

L.W. Smith, Chairman
Tracy Bishop
James Davis
Harmon Harden
Stan Howard

Jayson Lamb
Stephanie Loudermilk
Shawn Pritchett
Mark Williams

Audit Committee

Joe Waters, Chairman
Greg Barker
Mike Curbow

John Pippenger
Gary Silvers

FINANCIAL SECTION



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

Independent Auditor's Report

Polk County Executive and
Board of County Commissioners
Polk County, Tennessee

To the County Executive 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 Polk County, Tennessee, as of and for the year ended June 30, 2015, and the related notes to the financial statements, which collectively comprise the county's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We did not audit the financial statements of the Polk County Emergency Communications District, which represent 5.61 percent, 9.47 percent, and 2.71 percent, respectively, of the assets, net position, and revenues of the aggregate discretely presented component units. Those statements were audited by other auditors whose reports have been furnished to us, and our opinion, insofar as it relates to the amounts included for the Polk County Emergency Communications District, is based solely on the reports of the other auditors. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing*

Standards, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

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

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

Opinions

In our opinion, based on our audit and the report of other auditors, 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 Polk County, Tennessee, as of June 30, 2015, and the respective changes in financial position and the respective budgetary comparison for the General and Highway/Public Works funds for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Change in Accounting Principle

As described in Note V.B., Polk County has adopted the provisions of Governmental Accounting Standards Board (GASB) Statement No. 68, *Accounting and Financial Reporting for Pensions*; GASB Statement No. 69, *Government Combinations and Disposals of Government Operations*; and GASB Statement No. 71, *Pension Transition for Contributions Made Subsequent to the Measurement Date*. Our opinion is not modified with respect to these matters.

Emphasis of Matter

We draw attention to Note I.D.8. to the financial statements, which describes a restatement decreasing the beginning Governmental Activities net position by \$120,281 and the discretely presented Polk County School Department's net position by \$3,377,501 on the Government-wide Statement of Activities. These restatements were necessary because of the transitional requirements of GASB Statement No. 68, *Accounting and Financial Reporting for Pensions*. Our opinion is not modified with respect to these matters.

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 liability and related ratios, schedules of county and school contributions, schedule of school's proportionate share of the net pension liability, and schedule of funding progress - other postemployment benefit plans on pages 80 - 86 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 Polk County's basic financial statements. The introductory section, combining and individual nonmajor fund financial statements, budgetary comparison schedules of nonmajor governmental funds and the General Debt Service Fund, combining and individual fund financial statements of the Polk County School Department (a discretely presented component unit), and miscellaneous schedules are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The combining and individual nonmajor fund financial statements, budgetary comparison schedules of nonmajor governmental funds and the General Debt Service Fund, combining and individual fund financial statements of the Polk County School Department (a discretely presented component unit), and miscellaneous schedules are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures

in accordance with auditing standards generally accepted in the United States of America by us. In our opinion, based on our audit and the procedures performed as described above, the combining and individual nonmajor fund financial statements, budgetary comparison schedules of nonmajor governmental funds and the General Debt Service Fund, combining and individual fund financial statements of the Polk County School Department (a discretely presented component unit), and miscellaneous schedules are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

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

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated January 12, 2016, on our consideration of Polk County's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Polk County's internal control over financial reporting and compliance.

Very truly yours,



Justin P. Wilson
Comptroller of the Treasury
Nashville, Tennessee

January 12, 2016

JPW/yu

BASIC FINANCIAL STATEMENTS

Exhibit A

Polk County, Tennessee
Statement of Net Position
June 30, 2015

	Primary Governmental Activities	Component Units	
		Polk County School Department	Polk County Emergency Communications District
<u>ASSETS</u>			
Cash	\$ 0	\$ 85,566	\$ 609,425
Equity in Pooled Cash and Investments	7,404,217	2,628,647	0
Accounts Receivable	6,225	8,394	0
Due from Other Governments	679,026	985,851	0
Due from Component Units	250,732	0	0
Property Taxes Receivable	5,755,968	2,512,924	0
Allowance for Uncollectible Property Taxes	(604,643)	(263,973)	0
Prepaid Items	0	0	3,931
Accrued Interest Receivable	0	0	25
Net Pension Asset - Agent Plan	266,330	217,906	0
Net Pension Asset - Cost-sharing Plan	0	38,477	0
Capital Assets:			
Assets Not Depreciated:			
Land	0	1,500	0
Construction in Progress	59,633	0	106,106
Assets Net of Accumulated Depreciation:			
Buildings and Improvements	9,041,573	13,986,751	0
Infrastructure	5,735,421	0	0
Other Capital Assets	803,668	1,210,787	552,106
Total Assets	<u>\$ 29,398,150</u>	<u>\$ 21,412,830</u>	<u>\$ 1,271,593</u>
<u>DEFERRED OUTFLOWS OF RESOURCES</u>			
Pension Changes in Experience	\$ 0	\$ 93,413	\$ 0
Pension Contributions After Measurement Date	278,119	968,204	0
Total Deferred Outflows of Resources	<u>\$ 278,119</u>	<u>\$ 1,061,617</u>	<u>\$ 0</u>
<u>LIABILITIES</u>			
Accounts Payable	\$ 235,870	\$ 67,430	\$ 2,964
Accrued Payroll	0	283	0
Payroll Deductions Payable	35,725	617,402	0
Cash Overdraft	5,168	0	0
Retainage Payable	26,301	0	0
Due to Primary Government	0	250,732	0
Due to State of Tennessee	2,234	0	0
Accrued Interest Payable	114,034	0	0
Other Current Liabilities	13,608	0	0
Noncurrent Liabilities:			
Due Within One Year	1,397,646	0	0
Due in More Than One Year	14,603,057	3,587,825	0
Total Liabilities	<u>\$ 16,433,643</u>	<u>\$ 4,523,672</u>	<u>\$ 2,964</u>

(Continued)

Exhibit A

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

	Primary Government Governmental Activities	Component Units	
		Polk County School Department	Polk County Emergency Communications District
<u>DEFERRED INFLOWS OF RESOURCES</u>			
Deferred Current Property Taxes	\$ 4,987,744	\$ 2,177,536	\$ 0
Pension Changes in Experience	50,208	41,079	0
Pension Changes in Investment Earnings	321,199	3,433,090	0
Pension Other Deferrals	0	178,019	0
Total Deferred Inflows of Resources	<u>\$ 5,359,151</u>	<u>\$ 5,829,724</u>	<u>\$ 0</u>
<u>NET POSITION</u>			
Net Investment in Capital Assets	\$ 9,182,230	\$ 15,199,038	\$ 658,212
Restricted for:			
General Government	310,593	0	0
Finance	4,400	0	0
Administration of Justice	386,576	0	0
Public Safety	173,943	0	0
Public Health and Welfare	12,475	0	0
Highways/Public Works	1,140,768	0	0
Debt Service	1,298,021	0	0
Capital Outlay	1,600	0	0
Education	0	923,833	0
Other Purposes	266,330	0	0
Unrestricted	<u>(4,893,461)</u>	<u>(4,001,820)</u>	<u>610,417</u>
Total Net Position	<u>\$ 7,883,475</u>	<u>\$ 12,121,051</u>	<u>\$ 1,268,629</u>

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

Exhibit B

Polk County, Tennessee
Statement of Activities
For the Year Ended June 30, 2015

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 Government Total Governmental Activities	Component Units	
						Polk County School Department	Polk County Emergency Communications District
Primary Government:							
Governmental Activities:							
General Government	\$ 2,455,517	\$ 225,781	\$ 15,764	\$ 1,030,931	\$ (1,183,041)	\$ 0	\$ 0
Finance	597,734	410,841	7,374	0	(179,519)	0	0
Administration of Justice	593,732	450,813	0	0	(142,919)	0	0
Public Safety	3,748,353	1,302,810	81,751	0	(2,363,792)	0	0
Public Health and Welfare	1,575,538	0	190,492	0	(1,385,046)	0	0
Social, Cultural, and Recreational Services	71,705	1,290	24,596	0	(45,819)	0	0
Agriculture and Natural Resources	79,096	50	0	0	(79,046)	0	0
Highways/Public Works	2,379,046	307,484	1,734,522	77,397	(259,643)	0	0
Interest on Long-term Debt	736,073	0	0	0	(736,073)	0	0
Education	1,557,381	0	0	663,215	(894,166)	0	0
Total Primary Government	\$ 13,794,175	\$ 2,699,069	\$ 2,054,499	\$ 1,771,543	\$ (7,269,064)	\$ 0	\$ 0
Component Units:							
Polk County School Department	\$ 22,257,981	\$ 182,995	\$ 2,891,658	\$ 1,546,401	\$ 0	\$ (17,636,927)	\$ 0
Polk County Emergency Communications District	325,375	252,268	381,004	0	0	0	307,897
Total Component Units	\$ 22,583,356	\$ 435,263	\$ 3,272,662	\$ 1,546,401	\$ 0	\$ (17,636,927)	\$ 307,897

(Continued)

Exhibit B

Polk 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 Government Total Governmental Activities	Component Units	
						Polk County School Department	Polk County Emergency Communications District
General Revenues:							
Taxes:							
Property Taxes Levied for General Purposes					\$ 4,354,665	\$ 2,389,884	\$ 0
Property Taxes Levied for Debt Service					1,105,556	0	0
Hotel/Motel Tax					75,924	0	0
Local Amusement Tax					42,762	0	0
Local Option Sales Taxes					0	1,522,964	0
Litigation Tax - General					78,289	0	0
Litigation Tax - Jail, Workhouse, or Courthouse					39,691	0	0
Business Tax					49,038	21,409	0
Wholesale Beer Tax					258,731	0	0
Other Local Taxes					21,248	3,116	0
Grants and Contributions Not Restricted to Specific Programs					1,018,219	13,986,974	0
Unrestricted Investment Earnings					4,850	85	969
Miscellaneous					13,411	160,584	0
Pension Income					15,204	75,109	0
Total General Revenues					\$ 7,077,588	\$ 18,160,125	\$ 969
Change in Net Position					\$ (191,476)	\$ 523,198	\$ 308,866
Net Position, July 1, 2014					8,195,232	14,975,354	959,763
Restatement - See Note I. D. 8					(120,281)	(3,377,501)	0
Net Position, June 30, 2015					\$ 7,883,475	\$ 12,121,051	\$ 1,268,629

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

Exhibit C-1

Polk County, Tennessee
Balance Sheet
Governmental Funds
June 30, 2015

	Major Funds			Nonmajor Funds	Total Governmental Funds
	General	Highway / Public Works	General Debt Service	Other Govern- mental Funds	
<u>ASSETS</u>					
Equity in Pooled Cash and Investments	\$ 4,441,352	\$ 876,778	\$ 1,352,563	\$ 733,524	\$ 7,404,217
Accounts Receivable	6,075	0	0	150	6,225
Due from Other Governments	339,996	304,827	34,203	0	679,026
Due from Other Funds	65,835	7,054	0	11,181	84,070
Due from Component Units	0	2,667	0	0	2,667
Property Taxes Receivable	3,974,203	0	1,151,816	629,949	5,755,968
Allowance for Uncollectible Property Taxes	(417,475)	0	(120,994)	(66,174)	(604,643)
Total Assets	<u>\$ 8,409,986</u>	<u>\$ 1,191,326</u>	<u>\$ 2,417,588</u>	<u>\$ 1,308,630</u>	<u>\$ 13,327,530</u>
<u>LIABILITIES</u>					
Accounts Payable	\$ 165,784	\$ 27,133	\$ 0	\$ 42,953	\$ 235,870
Payroll Deductions Payable	25,741	9,984	0	0	35,725
Cash Overdraft	0	0	0	5,168	5,168
Retainage Payable	0	0	0	26,301	26,301
Due to Other Funds	18,235	0	0	65,835	84,070
Due to State of Tennessee	2,234	0	0	0	2,234
Due to Litigants, Heirs, and Others	0	0	0	6,163	6,163
Matured Interest on Bonds	0	0	7,445	0	7,445
Total Liabilities	<u>\$ 211,994</u>	<u>\$ 37,117</u>	<u>\$ 7,445</u>	<u>\$ 146,420</u>	<u>\$ 402,976</u>
<u>DEFERRED INFLOWS OF RESOURCES</u>					
Deferred Current Property Taxes	\$ 3,443,784	\$ 0	\$ 998,088	\$ 545,872	\$ 4,987,744
Deferred Delinquent Property Taxes	91,659	0	26,565	14,529	132,753

(Continued)

Exhibit C-1

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

	Major Funds			Nonmajor Funds	Total Governmental Funds
	General	Highway / Public Works	General Debt Service	Other Govern- mental Funds	
<u>DEFERRED INFLOWS OF RESOURCES (Cont.)</u>					
Other Deferred/Unavailable Revenue	\$ 56,080	\$ 154,674	\$ 11,000	\$ 0	\$ 221,754
Total Deferred Inflows of Resources	\$ 3,591,523	\$ 154,674	\$ 1,035,653	\$ 560,401	\$ 5,342,251
<u>FUND BALANCES</u>					
Restricted:					
Restricted for General Government	\$ 310,593	\$ 0	\$ 0	\$ 0	\$ 310,593
Restricted for Finance	4,400	0	0	0	4,400
Restricted for Administration of Justice	386,576	0	0	0	386,576
Restricted for Public Safety	17,452	0	0	156,491	173,943
Restricted for Public Health and Welfare	12,475	0	0	0	12,475
Restricted for Highways/Public Works	0	999,535	0	0	999,535
Restricted for Capital Outlay	0	0	0	1,600	1,600
Restricted for Debt Service	0	0	1,374,490	0	1,374,490
Committed:					
Committed for Public Health and Welfare	0	0	0	331,231	331,231
Committed for Capital Outlay	0	0	0	99,937	99,937
Assigned:					
Assigned for General Government	563	0	0	0	563
Assigned for Finance	750	0	0	0	750
Assigned for Administration of Justice	1,484	0	0	0	1,484
Assigned for Public Safety	102,369	0	0	0	102,369
Assigned for Public Health and Welfare	950	0	0	0	950
Assigned for Social, Cultural, and Recreational Services	235	0	0	0	235
Assigned for Capital Outlay	0	0	0	12,550	12,550
Unassigned	3,768,622	0	0	0	3,768,622
Total Fund Balances	\$ 4,606,469	\$ 999,535	\$ 1,374,490	\$ 601,809	\$ 7,582,303
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	\$ 8,409,986	\$ 1,191,326	\$ 2,417,588	\$ 1,308,630	\$ 13,327,530

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

Exhibit C-2

Polk County, Tennessee
Reconciliation of the Balance Sheet of Governmental
Funds to the Statement of Net Position
June 30, 2015

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

Total fund balances - balance sheet - governmental funds (Exhibit C-1)		\$	7,582,303
(1) Capital assets used in governmental activities are not financial resources and therefore are not reported in the governmental funds			
Add: construction in progress	\$	59,633	
Add: buildings and improvements net of accumulated depreciation		9,041,573	
Add: infrastructure net of accumulated depreciation		5,735,421	
Add: other capital assets net of accumulated depreciation		<u>803,668</u>	15,640,295
(2) Long-term liabilities are not due and payable in the current period and therefore are not reported in the governmental funds.			
Less: bonds payable	\$	(14,310,000)	
Less: other loan payable		(1,419,401)	
Less: capital lease payable		(248,065)	
Add: debt to be contributed by the School Department		248,065	
Less: compensated absences payable		(23,237)	
Less: accrued interest on bonds and capital lease		<u>(114,034)</u>	(15,866,672)
(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	\$	278,119	
Less: deferred inflows of resources related to pensions		<u>(371,407)</u>	(93,288)
(4) Net pension assets of the agent plan are not current financial resources and therefore are not reported in the governmental funds.			266,330
(5) Other long-term assets are not available to pay for current-period expenditures and therefore are deferred in the governmental funds.			<u>354,507</u>
Net position of governmental activities (Exhibit A)		\$	<u>7,883,475</u>

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

Exhibit C-3

Polk County, Tennessee
Statement of Revenues, Expenditures,
and Changes in Fund Balances
Governmental Funds
For the Year Ended June 30, 2015

	Major Funds			Nonmajor Funds	Total
	General	Highway / Public Works	General Debt Service	Other Govern- mental Funds	Governmental Funds
<u>Revenues</u>					
Local Taxes	\$ 4,601,620	\$ 0	\$ 1,223,073	\$ 530,092	\$ 6,354,785
Licenses and Permits	90,331	0	0	0	90,331
Fines, Forfeitures, and Penalties	139,289	0	0	58,900	198,189
Charges for Current Services	17,172	0	0	39,490	56,662
Other Local Revenues	191,405	324,376	4,850	24,410	545,041
Fees Received from County Officials	727,003	0	0	0	727,003
State of Tennessee	1,913,184	1,701,142	78,935	238,027	3,931,288
Federal Government	88,675	93,311	0	793,915	975,901
Other Governments and Citizens Groups	0	0	739,516	40,000	779,516
Total Revenues	\$ 7,768,679	\$ 2,118,829	\$ 2,046,374	\$ 1,724,834	\$ 13,658,716
<u>Expenditures</u>					
Current:					
General Government	\$ 968,523	\$ 0	\$ 0	\$ 265,426	\$ 1,233,949
Finance	635,973	0	0	0	635,973
Administration of Justice	627,139	0	0	1,020	628,159
Public Safety	3,831,831	0	0	99,547	3,931,378
Public Health and Welfare	1,054,869	0	0	531,281	1,586,150
Social, Cultural, and Recreational Services	72,390	0	0	0	72,390
Agriculture and Natural Resources	82,366	0	0	0	82,366
Other Operations	184,922	0	0	777,462	962,384
Highways	0	2,197,696	0	0	2,197,696
Debt Service:					
Principal on Debt	0	0	1,324,281	0	1,324,281
Interest on Debt	0	0	743,991	0	743,991
Other Debt Service	0	0	28,552	0	28,552

(Continued)

Exhibit C-3

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

	Major Funds			Nonmajor Funds	Total
	General	Highway / Public Works	General Debt Service	Other Govern- mental Funds	Governmental Funds
<u>Expenditures (Cont.)</u>					
Capital Projects	\$ 0	\$ 0	\$ 0	\$ 1,557,381	\$ 1,557,381
Total Expenditures	\$ 7,458,013	\$ 2,197,696	\$ 2,096,824	\$ 3,232,117	\$ 14,984,650
<u>Excess (Deficiency) of Revenues Over Expenditures</u>					
	\$ 310,666	\$ (78,867)	\$ (50,450)	\$ (1,507,283)	\$ (1,325,934)
<u>Other Financing Sources (Uses)</u>					
Other Loans Issued	\$ 0	\$ 0	\$ 0	\$ 1,557,381	\$ 1,557,381
Transfers In	56,000	0	0	342,955	398,955
Transfers Out	(342,955)	0	0	(56,000)	(398,955)
Total Other Financing Sources (Uses)	\$ (286,955)	\$ 0	\$ 0	\$ 1,844,336	\$ 1,557,381
<u>Net Change in Fund Balances</u>					
Fund Balance, July 1, 2014	\$ 4,582,758	\$ 1,078,402	\$ 1,424,940	\$ 264,756	\$ 7,350,856
<u>Fund Balance, June 30, 2015</u>					
	\$ 4,606,469	\$ 999,535	\$ 1,374,490	\$ 601,809	\$ 7,582,303

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

Exhibit C-4

Polk 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, 2015

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)		\$ 231,447	
<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	\$ 110,222		
Less: current-year depreciation expense	<u>(613,226)</u>	(503,004)	
<p>(2) Revenues in the statement of activities that do not provide current financial resources are not reported in the funds.</p>			
Add: deferred delinquent property taxes and other deferred June 30, 2015	\$ 354,507		
Less: deferred delinquent property taxes and other deferred June 30, 2014	<u>(333,487)</u>	21,020	
<p>(3) The issuance of long-term debt (e.g., bonds, notes, other loans, leases) provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net position. Also, governmental funds report the effect of premiums, discounts, and similar items when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities. This amount is the net effect of these differences in the treatment of long-term debt and related items:</p>			
Add: principal payments on bonds	\$ 1,110,000		
Add: principal payments on capital lease	76,301		
Add: principal payments on other loan	137,980		
Less: other loan proceeds	(1,557,381)		
Less: contributions from the School Department for capital lease	<u>(76,301)</u>	(309,401)	
<p>(4) Some expenses reported in the statement of activities do not require the use of current financial resources and therefore are not reported as expenditures in the governmental funds.</p>			
Change in accrued interest payable	\$ 7,918		
Change in net pension liability/asset	386,611		
Change in deferred outflows related to pensions	278,119		
Change in deferred inflows related to pensions	(371,407)		
Change in compensated absences payable	<u>67,221</u>	<u>368,462</u>	
Change in net position of governmental activities (Exhibit B)		<u>\$ (191,476)</u>	

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

Exhibit C-5

Polk County, Tennessee
Statement of Revenues, Expenditures, and Changes
in Fund Balance - Actual (Budgetary Basis) and Budget
General Fund
For the Year Ended June 30, 2015

	Actual (GAAP Basis)	Less: Encumbrances 7/1/2014	Add: Encumbrances 6/30/2015	Actual Revenues/ Expenditures (Budgetary Basis)	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
					Original	Final	
<u>Revenues</u>							
Local Taxes	\$ 4,601,620	\$ 0	\$ 0	\$ 4,601,620	\$ 4,326,529	\$ 4,326,529	\$ 275,091
Licenses and Permits	90,331	0	0	90,331	86,700	86,700	3,631
Fines, Forfeitures, and Penalties	139,289	0	0	139,289	124,260	124,260	15,029
Charges for Current Services	17,172	0	0	17,172	17,400	17,400	(228)
Other Local Revenues	191,405	0	0	191,405	66,450	108,079	83,326
Fees Received from County Officials	727,003	0	0	727,003	713,500	713,500	13,503
State of Tennessee	1,913,184	0	0	1,913,184	1,911,369	1,914,169	(985)
Federal Government	88,675	0	0	88,675	75,772	158,963	(70,288)
Total Revenues	\$ 7,768,679	\$ 0	\$ 0	\$ 7,768,679	\$ 7,321,980	\$ 7,449,600	\$ 319,079
<u>Expenditures</u>							
<u>General Government</u>							
County Commission	\$ 45,639	\$ 0	\$ 0	\$ 45,639	\$ 54,429	\$ 54,463	\$ 8,824
Board of Equalization	2,373	0	0	2,373	2,500	2,500	127
County Mayor/Executive	134,750	0	0	134,750	135,607	141,736	6,986
Election Commission	240,304	0	0	240,304	229,832	253,093	12,789
Register of Deeds	125,851	0	63	125,914	134,576	134,677	8,763
County Buildings	167,041	(600)	200	166,641	174,674	183,283	16,642
Other General Administration	252,565	(479)	300	252,386	250,174	276,719	24,333
<u>Finance</u>							
Accounting and Budgeting	50,194	0	0	50,194	50,373	51,135	941
Property Assessor's Office	196,937	(4,750)	250	192,437	211,938	216,424	23,987
County Trustee's Office	180,196	0	500	180,696	181,568	203,030	22,334
County Clerk's Office	208,646	(6,472)	0	202,174	232,509	235,004	32,830
<u>Administration of Justice</u>							
Circuit Court	227,157	(223)	0	226,934	215,546	236,108	9,174
General Sessions Court	111,372	0	0	111,372	112,483	111,738	366
Chancery Court	159,169	0	1,484	160,653	163,602	167,328	6,675
Juvenile Court	59,667	0	0	59,667	63,565	77,116	17,449
Probation Services	69,774	0	0	69,774	0	69,774	0

(Continued)

Exhibit C-5

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

	Actual (GAAP Basis)	Less: Encumbrances 7/1/2014	Add: Encumbrances 6/30/2015	Actual Revenues/ Expenditures (Budgetary Basis)	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
					Original	Final	
<u>Expenditures (Cont.)</u>							
<u>Public Safety</u>							
Sheriff's Department	\$ 1,389,138	\$ (10,300)	\$ 12,125	\$ 1,390,963	\$ 1,371,843	\$ 1,426,354	\$ 35,391
Correctional Incentive Program Improvements	2,212,716	(2,400)	40,946	2,251,262	2,105,213	2,287,004	35,742
Civil Defense	55,019	(6,800)	17,970	66,189	69,791	107,386	41,197
Rescue Squad	141,932	(10,837)	30,408	161,503	123,150	165,192	3,689
Other Emergency Management	33,026	(3,037)	920	30,909	13,259	31,939	1,030
<u>Public Health and Welfare</u>							
Local Health Center	50,414	0	0	50,414	70,964	70,964	20,550
Ambulance/Emergency Medical Services	720,000	0	0	720,000	720,000	720,000	0
Crippled Children Services	1,250	0	0	1,250	1,250	1,250	0
Other Local Health Services	85,516	0	0	85,516	86,570	86,936	1,420
Sanitation Education/Information	42,829	(801)	950	42,978	46,510	46,510	3,532
Other Public Health and Welfare	154,860	(10,930)	0	143,930	147,821	157,006	13,076
<u>Social, Cultural, and Recreational Services</u>							
Senior Citizens Assistance	19,466	0	0	19,466	19,166	19,470	4
Libraries	47,658	0	235	47,893	46,190	52,122	4,229
Other Social, Cultural, and Recreational	5,266	0	0	5,266	7,850	7,850	2,584
<u>Agriculture and Natural Resources</u>							
Agricultural Extension Service	63,495	(1,000)	0	62,495	63,298	63,291	796
Soil Conservation	18,871	0	0	18,871	18,871	18,871	0
<u>Other Operations</u>							
Other Economic and Community Development	22,615	0	0	22,615	21,640	24,640	2,025
Airport	2,771	0	0	2,771	3,000	3,000	229
Veterans' Services	20,313	0	0	20,313	19,929	20,724	411
Other Charges	104,361	0	0	104,361	109,227	109,227	4,866
Contributions to Other Agencies	34,862	0	0	34,862	42,000	42,000	7,138
Total Expenditures	\$ 7,458,013	\$ (58,629)	\$ 106,351	\$ 7,505,735	\$ 7,320,918	\$ 7,875,864	\$ 370,129
Excess (Deficiency) of Revenues							
Over Expenditures	\$ 310,666	\$ 58,629	\$ (106,351)	\$ 262,944	\$ 1,062	\$ (426,264)	\$ 689,208

(Continued)

Exhibit C-5

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

	Actual (GAAP Basis)	Less: Encumbrances 7/1/2014	Add: Encumbrances 6/30/2015	Actual Revenues/ Expenditures (Budgetary Basis)	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
					Original	Final	
<u>Other Financing Sources (Uses)</u>							
Transfers In	\$ 56,000	\$ 0	\$ 0	\$ 56,000	\$ 0	\$ 0	\$ 56,000
Transfers Out	(342,955)	0	0	(342,955)	0	(305,106)	(37,849)
Total Other Financing Sources	\$ (286,955)	\$ 0	\$ 0	\$ (286,955)	\$ 0	\$ (305,106)	\$ 18,151
Net Change in Fund Balance	\$ 23,711	\$ 58,629	\$ (106,351)	\$ (24,011)	\$ 1,062	\$ (731,370)	\$ 707,359
Fund Balance, July 1, 2014	4,582,758	(58,629)	0	4,524,129	4,466,701	4,466,701	57,428
Fund Balance, June 30, 2015	\$ 4,606,469	\$ 0	\$ (106,351)	\$ 4,500,118	\$ 4,467,763	\$ 3,735,331	\$ 764,787

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

Exhibit C-6

Polk County, Tennessee
Statement of Revenues, Expenditures, and Changes
in Fund Balance - Actual and Budget
Highway/Public Works Fund
For the Year Ended June 30, 2015

	Actual	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
		Original	Final	
<u>Revenues</u>				
Other Local Revenues	\$ 324,376	\$ 271,020	\$ 271,962	\$ 52,414
State of Tennessee	1,701,142	1,562,248	1,639,615	61,527
Federal Government	93,311	0	75,904	17,407
Total Revenues	<u>\$ 2,118,829</u>	<u>\$ 1,833,268</u>	<u>\$ 1,987,481</u>	<u>\$ 131,348</u>
<u>Expenditures</u>				
<u>Highways</u>				
Administration	\$ 177,964	\$ 195,438	\$ 197,949	\$ 19,985
Highway and Bridge Maintenance	1,175,460	1,092,000	1,451,020	275,560
Operation and Maintenance of Equipment	496,128	692,700	721,700	225,572
Other Charges	58,215	66,251	61,511	3,296
Employee Benefits	254,929	384,025	296,025	41,096
Capital Outlay	35,000	35,000	140,023	105,023
Total Expenditures	<u>\$ 2,197,696</u>	<u>\$ 2,465,414</u>	<u>\$ 2,868,228</u>	<u>\$ 670,532</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>\$ (78,867)</u>	<u>\$ (632,146)</u>	<u>\$ (880,747)</u>	<u>\$ 801,880</u>
Net Change in Fund Balance	\$ (78,867)	\$ (632,146)	\$ (880,747)	\$ 801,880
Fund Balance, July 1, 2014	<u>1,078,402</u>	<u>1,067,369</u>	<u>1,067,369</u>	<u>11,033</u>
Fund Balance, June 30, 2015	<u>\$ 999,535</u>	<u>\$ 435,223</u>	<u>\$ 186,622</u>	<u>\$ 812,913</u>

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

Exhibit D

Polk County, Tennessee
Statement of Fiduciary Assets and Liabilities
Fiduciary Funds
June 30, 2015

	<u>Agency Funds</u>
<u>ASSETS</u>	
Cash	\$ 673,115
Due from Other Governments	<u>71,560</u>
Total Assets	<u>\$ 744,675</u>
<u>LIABILITIES</u>	
Due to Other Taxing Units	\$ 71,560
Due to Litigants, Heirs, and Others	<u>673,115</u>
Total Liabilities	<u>\$ 744,675</u>

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

POLK COUNTY, TENNESSEE
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POLK COUNTY, TENNESSEE
NOTES TO THE FINANCIAL STATEMENTS
For the Year Ended June 30, 2015

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Polk 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 Polk County:

A. Reporting Entity

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

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

The Polk County School Department operates the public school system in the county, and the voters of Polk 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 Polk County Emergency Communications District provides a simplified means of securing emergency services through a uniform emergency number for the residents of Polk County, and the Polk 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 Polk 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 Polk County Emergency Communications District can be obtained from its administrative office at the following address:

Administrative Office:

Polk County Emergency
Communications District
P.O. Box 911
Ocoee, TN 37361

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 Polk 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 Polk 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.

Polk County issues all debt for the discretely presented Polk County School Department. Net debt issues totaling \$1,557,381 were contributed by the county to the School Department during the year ended June 30, 2015.

Separate financial statements are provided for governmental funds, the proprietary fund (internal service fund), and fiduciary funds. The discretely presented Polk County School Department's internal service fund is reported with the governmental activities in the government-wide financial statements, and 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 proprietary fund and 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 Polk 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 outflow of resources, liabilities, deferred inflow of resources, fund equity, revenues, and expenditures/expenses. Funds are organized into three major categories: governmental, proprietary, and fiduciary. An emphasis is placed on major funds within the governmental category. Polk County has no proprietary funds to report. The discretely presented Polk County School Department reports one proprietary fund, an internal service fund. The School Department has no enterprise 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 internal service fund and the fiduciary funds in total are reported in single columns by fund type.

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. Polk 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.

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

Polk County reports the following major governmental funds:

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

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

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

Additionally, Polk County reports the following fund types:

Capital Projects Funds – These funds are used to account for various capital projects within the county.

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 Polk 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 Polk County School Department reports the following major governmental funds:

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

Central Cafeteria Fund – This special revenue fund is used to account for the cafeteria operations in each of the schools. USDA School Lunch and Breakfast Programs and payments received for the sale of meals are the foundational revenues of this fund.

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

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

Internal Service Fund – The Self-Insurance Fund is used to account for the School Department employees’ self-insurance dental program. In prior years, school funds were placed into this fund for the payment of dental claims for employees who chose to participate in the program. However, due to the increased costs of the plan, operations ceased in October 2002, but a balance remains in the fund for future use.

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.

Proprietary funds distinguish operating revenues and expenses from nonoperating items. The discretely presented School Department has one proprietary fund, an internal service fund used to account for the employees’ dental insurance program. As previously noted, the employees’ dental insurance plan was discontinued in October 2002, due to the increased cost of the plan. The balance of \$41,012 at June 30, 2015, is being maintained in the Self-Insurance Fund for future use. The primary revenue received by the fund is interest earned. There were no expenses for the fund during the year.

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

1. Deposits and Investments

For purposes of the Statement of Cash Flows for the discretely presented Polk County School Department’s internal service fund, cash includes demand deposits.

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 Polk County School Department (excluding the School Department's Self-Insurance Fund). 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 General Debt Service Fund. Polk County and the School Department have adopted a policy of reporting U.S. Treasury obligations, U.S. agency obligations, and repurchase agreements with maturities of one year or less when purchased on the balance sheet at amortized cost. Certificates of deposit are reported at cost. Investments in the State Treasurer's Investment Pool are reported at fair value. The State Treasurer's Investment Pool is not registered with the Securities and Exchange Commission (SEC) as an investment company, but nevertheless has a policy that it will, and does, operate in a manner consistent with the SEC's Rule 2a7 of the Investment Company Act of 1940. Accordingly, the pool qualifies as a 2a7-like pool and is reported at the net asset value per share (which approximates fair value) even though it is calculated using the amortized cost method. State statutes require the state treasurer to administer the pool under the same terms and conditions, including collateral requirements, as prescribed for other funds invested by the state treasurer. All other investments are reported at fair value. No investments required to be reported at fair value were held at the balance sheet date.

2. Receivables and Payables

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

Property taxes receivable are shown with an allowance for uncollectibles. The allowance for uncollectible property taxes is equal to 5.72 percent of the 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.

Most payables are disaggregated on the face of the financial statements.

Retainage payable in the primary government's nonmajor governmental funds represents amounts withheld from payments made on construction contracts pending completion of the projects. These amounts are held by the county trustee as Equity in Pooled Cash and Investments in the nonmajor governmental funds.

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 government as assets with an initial, individual cost of \$5,000 or more and an estimated useful life of more than two years. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair market value at the date of donation.

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

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

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

<u>Assets</u>	<u>Years</u>
Buildings and Improvements	40
Other Capital Assets	5 - 30
Infrastructure:	
Roads and Bridges	20 - 50

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 and the governmental funds balance sheet. These items are for pension changes in experience and 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 investment earnings, 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

It is the policy of the county and the Highway Department to permit employees to accumulate earned but unused vacation and sick leave benefits. The county's policy allows employees to accumulate up to 15 days of vacation leave. The policy of the Highway Department allows employees to accumulate up to 70 hours of vacation leave at the end of the calendar year. There is no liability for unpaid accumulated sick leave since the county and the Highway Department do not have a policy to pay any amounts when employees separate from service with the government. All vacation pay is accrued when incurred in the government-wide financial statements for the county. 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 general policy of the discretely presented Polk County School Department does not allow for the accumulation of vacation days beyond fiscal year-end. Employees who work 11 months are granted one week of vacation a year, and 12-month employees are granted two weeks of vacation a year. All vacation pay is accrued when incurred in the government-wide financial statements for the School Department. 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. All professional personnel (teachers) of the School Department are allowed to accumulate unlimited sick leave days. The granting of sick leave has no guaranteed payment attached and therefore is not required to be accrued or recorded.

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 and other postemployment benefits, 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 and the proprietary fund type (School Department's internal service fund) in the fund financial statements, equity is classified as net position and may be 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.

On the government-wide Statement of Net Position (Exhibit A), the account Restricted for Other Purposes for the primary government consists of pension obligations.

As of June 30, 2015, Polk County had \$9,767,466 in outstanding debt for capital purposes for the discretely presented Polk County School Department. This debt is a liability of Polk County, but the capital assets acquired are reported in the financial statements of the School Department. Therefore, Polk 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 Finance Committee to make assignments for the general government. The Board of Education makes assignments for the School Department.

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

8. Restatement

In prior years, the government was not required to recognize a liability for its defined benefit pension plans. However, with the implementation of GASB Statement No. 68, government employers are required to recognize a net pension liability in their Statement of Net Position. Therefore, a restatement decreasing Polk County's and the Polk County School Department's beginning net position has been recognized on the Statement of Activities totaling \$120,281 and \$3,377,501, respectively.

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 Polk County's participation in the Public Employee Retirement Plan of the Tennessee Consolidated Retirement System (TCRS), and additions to/deductions from Polk 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 Polk 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 Polk County School Department

Exhibit I-3 includes explanations of the nature of individual elements of items required to reconcile the balance sheet of governmental funds with the government-wide Statement of Net 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 Polk County School Department

Exhibit I-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

A. Budgetary Information

Annual budgets are adopted on a basis consistent with generally accepted accounting principles (GAAP) for all governmental funds except the Constitutional Officers – Fees Fund (special revenue fund) which is not budgeted, and the capital projects 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, County Mayor/Executive, County Attorney, 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 GAAP basis is presented on the face of each budgetary schedule.

At June 30, 2015, Polk County and the Polk County School Department reported the following significant encumbrances:

Funds	Description	Amount
Primary Government:		
Major Fund:		
General	Various Fire Fighting Equipment and Supplies	\$ 42,105
"	Gasoline	11,500
"	Health Services for the Jail	39,500
Discretely Presented		
School Department:		
Major Fund:		
General Purpose School	Education Supplies	17,849
"	Playground Equipment and Construction	16,638
Nonmajor Fund:		
School Federal Projects	Education Equipment	18,701

B. Cash Shortage – Prior Years

An investigative report dated June 4, 2013, by the Comptroller's Division of Investigations, Financial and Compliance Unit reported a cash shortage of \$2,702.28 existed in the Office of Circuit and General Sessions Courts Clerk at December 31, 2012. This cash shortage resulted from a deputy clerk voiding receipts and eliminating applicable fees with no documentation to support the clearing of the fees. On July 22, 2013, the former deputy clerk pled guilty to felony theft over \$1,000, was sentenced to two years judicial diversion, and was ordered to pay court cost, restitution, and an investigative fee totaling \$7,112.46 with a minimum payment of \$300 per month. As of the date of this report all costs, restitution, and fees have been paid.

C. Cash Overdraft

The Constitutional Officers - Fees Fund had a cash overdraft of \$5,168 at June 30, 2015. This cash overdraft resulted from the issuance of checks exceeding cash on deposit in the General Sessions Court bank account. The cash overdraft was liquidated subsequent to June 30, 2015.

IV. DETAILED NOTES ON ALL FUNDS

A. Deposits and Investments

Polk County and the Polk County School Department (excluding the internal service fund) 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, depositing, 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 reflected on the balance sheets or statements of net position represents nonpooled amounts held separately by individual funds.

Deposits

Legal Provisions. All deposits with financial institutions must be secured by one of two methods. One method involves financial institutions that participate in the bank collateral pool administered by the state treasurer. Participating banks determine the aggregate balance of their public fund accounts for the State of Tennessee and its political subdivisions. The amount of collateral required to secure these public deposits must equal at least 105 percent of the average daily balance of public deposits held. Collateral securities required to be pledged by the participating banks to protect their public fund accounts are pledged to the state treasurer on behalf of the bank collateral pool. The securities pledged to protect these accounts are pledged in the aggregate rather than against each account. The members of the pool may be required by agreement to pay an assessment to cover any deficiency. Under this additional assessment agreement, public fund accounts covered by the pool are considered to be insured for the 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; deposit accounts at state and federal chartered banks and savings and loan associations; bonds of any state or political subdivision rated A or higher by any nationally recognized rating service; nonconvertible debt securities of certain federal government sponsored enterprises; and the county's own legally issued bonds or notes. These investments may not have a maturity greater than two years. The county may make investments with longer maturities if various restrictions set out in state law are followed. Counties are also authorized to make investments in the State Treasurer's Investment Pool and in repurchase agreements. Repurchase agreements must be approved by the state Comptroller's Office and executed in accordance with procedures established by the State Funding Board. Securities purchased under a repurchase agreement must be obligations of the U.S. government or obligations guaranteed by the U.S. government or any of its agencies. When repurchase agreements are executed, the purchase of the securities must be priced at least two percent below the fair value of the securities on the day of purchase. The county had no pooled or nonpooled investments as of June 30, 2015.

B. Capital Assets

Capital assets activity for the year ended June 30, 2015, was as follows:

Primary Government

Governmental Activities:

	Balance 7-1-14	Increases	Decreases	Balance 6-30-15
Capital Assets				
Not Depreciated:				
Construction in Progress	\$ 59,633	\$ 0	\$ 0	\$ 59,633
Total Capital Assets Not Depreciated	\$ 59,633	\$ 0	\$ 0	\$ 59,633
Capital Assets Depreciated:				
Buildings and Improvements	\$ 12,261,572	\$ 0	\$ 0	\$ 12,261,572
Infrastructure	10,790,647	0	0	10,790,647
Other Capital Assets	3,466,713	110,222	(127,798)	3,449,137
Total Capital Assets Depreciated	\$ 26,518,932	\$ 110,222	\$ (127,798)	\$ 26,501,356
Less Accumulated Depreciation For:				
Buildings and Improvements	\$ 2,966,171	\$ 253,828	\$ 0	\$ 3,219,999
Infrastructure	4,825,248	229,978	0	5,055,226
Other Capital Assets	2,643,847	129,420	(127,798)	2,645,469
Total Accumulated Depreciation	\$ 10,435,266	\$ 613,226	\$ (127,798)	\$ 10,920,694
Total Capital Assets Depreciated, Net	\$ 16,083,666	\$ (503,004)	\$ 0	\$ 15,580,662
Governmental Activities Capital Assets, Net	\$ 16,143,299	\$ (503,004)	\$ 0	\$ 15,640,295

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

Governmental Activities:

General Government	\$ 255,662
Finance	608
Public Safety	74,423
Highways	282,533
Total Depreciation Expense - Governmental Activities	<u>\$ 613,226</u>

Discretely Presented Polk County School Department

Governmental Activities:

	Balance 7-1-14	Increases	Balance 6-30-15
Capital Assets			
Not Depreciated:			
Land	\$ 1,500	\$	\$ 1,500
Total Capital Assets			
Not Depreciated	\$ 1,500	\$ 0	\$ 1,500
Capital Assets Depreciated:			
Buildings and			
Improvements	\$ 24,700,458	\$ 0	\$ 24,700,458
Other Capital Assets	2,801,297	45,500	2,846,797
Total Capital Assets			
Depreciated	\$ 27,501,755	\$ 45,500	\$ 27,547,255
Less Accumulated			
Depreciation For:			
Buildings and			
Improvements	\$ 10,235,515	\$ 478,192	\$ 10,713,707
Other Capital Assets	1,479,850	156,160	1,636,010
Total Accumulated			
Depreciation	\$ 11,715,365	\$ 634,352	\$ 12,349,717
Total Capital Assets			
Depreciated, Net	\$ 15,786,390	\$ (588,852)	\$ 15,197,538
Governmental Activities			
Capital Assets, Net	\$ 15,787,890	\$ (588,852)	\$ 15,199,038

There were no decreases in capital assets to report during the year ended June 30, 2015.

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

Governmental Activities:

Support Services	\$ 622,532
Operation of Non-instructional Services	<u>11,820</u>
Total Depreciation Expense -	
Governmental Activities	<u><u>\$ 634,352</u></u>

C. Interfund Receivables, Payables, and Transfers

The composition of interfund balances as of June 30, 2015, was as follows:

Due to/from Other Funds:

Receivable Fund	Payable Fund	Amount
Primary Government:		
General	Nonmajor governmental	\$ 65,835
Highway/Public Works	General	7,054
Nonmajor governmental	"	11,181
Discretely Presented School Department:		
General Purpose School	Nonmajor governmental	23,338
Nonmajor governmental	General Purpose School	8,224

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.

Due to/from Primary Government and Component Unit:

Receivable Fund	Payable Fund	Amount
Primary Government:		
Governmental Activities	Component Unit: School Department: Governmental Activities	\$ 248,065
Highway/Public Works	General Purpose School	2,667

The Due to Primary Government of \$248,065 consists of the balance of a capital lease issued by the county for the School Department. The School Department has agreed to contribute the funds annually to retire this lease. This long-term obligation is reflected in the governmental activities on the Statement of Net Position. The Due to Primary Government of \$2,667 is the amount the General Purpose School Fund owes the Highway/Public Works Fund at year-end to reimburse for gasoline usage.

Interfund Transfers:

Interfund transfers for the year ended June 30, 2015, consisted of the following amounts:

Primary Government

<u>Transfers Out</u>	<u>Transfers In</u>	
	General Fund	Nonmajor Governmental Fund
Nonmajor governmental fund	\$ 56,000	\$ 0
General Fund	0	342,955

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.

The county made a one-time transfer of \$300,000 from the General Fund to the Solid Waste/Sanitation Fund to provide cash flow for operations.

D. Capital Lease

On May 1, 2011, Polk County entered into a seven-year lease-purchase agreement for the School Department for school buses. The terms of the agreement require total lease payments of \$535,508, plus interest of 4.074 percent. Title to the buses transfers to the School Department at the end of the lease period. The General Purpose School Fund is making contributions for the lease payments to the primary government.

The assets acquired through the capital lease are as follows:

<u>Asset</u>	<u>Governmental Activities</u>
Machinery and Equipment	\$ 535,508
Less: Accumulated Depreciation	<u>(172,136)</u>
Total Book Value	<u>\$ 363,372</u>

Future minimum lease payments and the net present value of these minimum lease payments as of June 30, 2015, were as follows:

Year Ending June 30	Governmental Funds
2016	\$ 89,516
2017	89,516
2018	89,516
Total Minimum Lease Payments	\$ 268,548
Less: Amount Representing Interest	(20,483)
Present Value of Minimum Lease Payments	<u>\$ 248,065</u>

E. Long-term Obligations

Primary Government

General Obligation Bonds and Other Loans

Polk County issues general obligation bonds and other loans 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 loans.

General obligation bonds and other loans are direct obligations and pledge the full faith and credit of the government. General obligation bonds and other loans were issued for original terms of up to 18 years for bonds and up to 12 years for other loans. Repayment terms are generally structured with increasing amounts of principal maturing as interest requirements decrease over the term of the debt. All bonds and other loans included in long-term debt as of June 30, 2015, will be retired from the General Debt Service Fund.

General obligation bonds, other loans, and the capital lease outstanding as of June 30, 2015, for governmental activities are as follows:

Type	Interest Rate		Final Maturity	Original Amount of Issue	Balance 6-30-15
General Obligation Bonds -					
Refunding	4 to 5	%	4-30-25	\$ 22,100,000	\$ 14,310,000
Other Loan	Variable		5-25-26	1,557,381	1,419,401
Capital Lease	4.074		5-1-18	535,508	248,065

On September 4, 2014, Polk County entered into loan agreements with the City of Clarksville, Tennessee, Public Building Authority. This loan agreement provided for the authority to make \$1,840,980 available for loan to Polk County on an as-needed basis for various school roofing and renovation projects. Polk County had borrowed \$1,557,381 of this loan as of June 30, 2015. The loan is repayable at an interest rate that is a tax-exempt variable rate determined by

the remarketing agent daily or weekly, depending on the particular program. In addition, the county pays various other fees in connection with this loan. At June 30, 2015, the variable interest rate was 1.05 percent and other fees totaled approximately .23 percent of the outstanding loan principal. There is also a monthly trustee fee of \$125 and an annual administrative fee of \$100 associated with this loan.

The annual requirements to amortize the bonds and other loans outstanding as of June 30, 2015, including interest payments and other loan fees, are presented in the following table:

Year Ending June 30	Bonds		
	Principal	Interest	Total
2016	\$ 1,155,000	\$ 674,100	\$ 1,829,100
2017	1,200,000	627,900	1,827,900
2018	1,260,000	567,900	1,827,900
2019	1,320,000	504,900	1,824,900
2020	1,390,000	438,900	1,828,900
2021-2025	7,985,000	1,188,450	9,173,450
Total	<u>\$ 14,310,000</u>	<u>\$ 4,002,150</u>	<u>\$ 18,312,150</u>

Year Ending June 30	Other Loans			
	Principal	Interest	Fees	Total
2016	\$ 140,000	\$ 14,782	\$ 4,838	\$ 159,620
2017	143,000	13,310	4,515	160,825
2018	146,000	11,805	4,186	161,991
2019	149,000	10,270	3,850	163,120
2020	151,000	8,704	3,506	163,210
2021-2025	690,401	19,098	12,060	721,559
Total	<u>\$ 1,419,401</u>	<u>\$ 77,969</u>	<u>\$ 32,955</u>	<u>\$ 1,530,325</u>

There is \$1,374,490 available in the General Debt Service Fund to service long-term debt. Debt per capita, including bonds, other loan, and capital lease totaled \$950, based on the 2010 federal census.

The School Department is currently contributing funds to service some of the debt issued on its behalf by the primary government as noted in the table below. This debt is reflected in the government-wide financial statements as Due to the Primary Government in the financial statements of the School Department and as Due from Component Units in the financial statements of the primary government.

<u>Description of Indebtedness</u>	<u>Outstanding 6-30-15</u>
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Capital Lease

Contributions from the General Purpose School Fund

Buses	\$ 248,065
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Changes in Long-term Obligations

Long-term obligations activity for the year ended June 30, 2015, was as follows:

Governmental Activities:

	<u>Bonds</u>	<u>Capital Lease</u>
Balance, July 1, 2014	\$ 15,420,000	\$ 324,366
Reductions	<u>(1,110,000)</u>	<u>(76,301)</u>
Balance, June 30, 2015	<u>\$ 14,310,000</u>	<u>\$ 248,065</u>
Balance Due Within One Year	<u>\$ 1,155,000</u>	<u>\$ 79,409</u>

	<u>Other Loan</u>	<u>Compensated Absences</u>
Balance, July 1, 2014	\$ 0	\$ 90,458
Additions	1,557,381	65,500
Reductions	<u>(137,980)</u>	<u>(132,721)</u>
Balance, June 30, 2015	<u>\$ 1,419,401</u>	<u>\$ 23,237</u>
Balance Due Within One Year	<u>\$ 140,000</u>	<u>\$ 23,237</u>

Analysis of Noncurrent Liabilities Presented on Exhibit A:

Total Noncurrent Liabilities, June 30, 2015	\$ 16,000,703
Less: Balance Due Within One Year	<u>(1,397,646)</u>
Noncurrent Liabilities - Due in More Than One Year - Exhibit A	<u>\$ 14,603,057</u>

Compensated absences will be paid from the employing funds, primarily the General and Highway/Public Works funds.

Discretely Presented Polk County School Department

Changes in Long-term Obligations

Long-term obligations activity for the discretely presented Polk County School Department for the year ended June 30, 2015, was as follows:

Governmental Activities:	<u>Other Postemployment Benefits</u>
Balance, July 1, 2014	\$ 3,355,996
Additions	429,458
Reductions	<u>(197,629)</u>
Balance, June 30, 2015	<u>\$ 3,587,825</u>
Balance Due Within One Year	<u>\$ 0</u>

Analysis of Noncurrent Liabilities Presented on Exhibit A:

Total Noncurrent Liabilities, June 30, 2015	\$ 3,587,825
Less: Balance Due Within One Year	<u>0</u>
Noncurrent Liabilities - Due in More Than One Year - Exhibit A	<u>\$ 3,587,825</u>

Other postemployment benefits will be paid from the employing funds primarily the General Purpose School and School Federal Projects funds.

F. On-Behalf Payments

Primary Government

The State of Tennessee pays health insurance premiums for retired employees on-behalf of Polk County. These payments are made by the state to the Medicare Supplement Plan. This plan is administered by the State of Tennessee and reported in the state's Comprehensive Annual Financial Report. Payments by the state to the Medicare Supplement Plan for the year ended June 30, 2015, were \$600. The county has recognized these on-behalf payments as revenues and expenditures in the General Fund.

Discretely Presented Polk County School Department

The State of Tennessee pays health insurance premiums for retired teachers on-behalf of the Polk 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, 2015, were \$72,348 and \$27,388, 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

Polk County and the discretely presented Polk County 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. Polk County and the School Department pay an annual premium to the TN-RMT for its general liability, property, workers' compensation, and casualty insurance coverage. The creation of the TN-RMT provides for it to be self-sustaining through member premiums.

Polk County provides active employees health insurance coverage through a commercial insurance company. Retirees are not allowed to participate in the commercial insurance plan. Settled claims have not exceeded this commercial coverage in any of the past three fiscal years.

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

The School Department maintains the Self-Insurance Fund for risks associated with the employees' dental insurance plan. The Self-Insurance Fund is accounted for as an internal service fund where assets are set aside for claims settlements. The employees' dental insurance plan was discontinued in October 2002 due to increased costs of the plan. The balance of \$41,012 at June 30, 2015, is being maintained in the Self-Insurance Fund for future use.

B. Accounting Changes

Provisions of Governmental Accounting Standards Board (GASB) Statement No. 68, *Accounting and Financial Reporting for Pensions-an Amendment of GASB Statement No. 27*; Statement No. 69, *Government Combinations and Disposals of Government Operations*; and Statement No. 71, *Pension Transition for Contributions Made Subsequent to the Measurement Date-an*

Amendment of GASB Statement No. 68 became effective for the year ended June 30, 2015.

GASB Statement No. 68, replaces the requirements of Statements No. 27 and No. 50 as they relate to pensions that are provided through pension plans administered as trusts or equivalent arrangements that meet certain criteria. The requirements of Statements No. 27 and No. 50 remain applicable for pensions that are not covered by the scope of this statement. This statement establishes standards for measuring and recognizing liabilities, deferred outflows/inflows, and expenses/expenditures.

GASB Statement No. 69, establishes accounting and financial reporting standards related to government combinations and disposals of government operations such as mergers, acquisitions, and transfer of operations.

GASB Statement No. 71, addresses issues related to amounts of contributions made by a state or local government employer or nonemployer contributing entity to a defined benefit pension plan after the measurement date of the government's beginning net pension liability.

C. Contingent Liabilities

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

D. Financial Guarantee

In November 2008, the County Commission approved a line-of-credit to cover debt of the Copper Basin Medical Center in the event the hospital defaults on its loan payments. The line-of-credit is not to exceed \$1,400,000. The county is to guarantee 50 percent of the line-of-credit (\$700,000). The City of Copperhill and the City of Ducktown are to guarantee \$350,000 each.

E. Changes in Administration

On August 31, 2014, Patsy Jenkins left the Office of Trustee and was succeeded by Gina Hicks-Burchfiel and Bill Davis left the Office of Sheriff and was succeeded by Steve Ross.

F. Joint Venture

The Tenth Judicial District Drug Task Force (DTF) is a joint venture formed by an interlocal agreement between the district attorney general of the Tenth Judicial District and participating municipalities in the district. The Tenth Judicial District includes Bradley, McMinn, Monroe, and Polk counties. The purpose of the DTF is to provide multi-jurisdictional law enforcement to promote the investigation and prosecution of drug-related activities. Funds for

the operations of the DTF come primarily from federal grants, drug fines, and the forfeiture of drug-related assets to the DTF. The DTF is overseen by the district attorney general and is governed by a Board of Directors that includes the district attorney general, sheriffs, and police chiefs of participating law enforcement agencies within the judicial district. Polk County did not contribute to the DTF for the year ended June 30, 2015, and does not have any equity interest in this joint venture. Complete financial statements for the DTF can be obtained from its administrative office at the following address:

Administrative Office:

District Attorney General
Tenth Judicial District
130 Washington Avenue N.E., Suite 1
Athens, TN 37371

G. Jointly Governed Organizations

Polk County, in conjunction with Bradley, McMinn, and Monroe counties, participates in the Southeast Tennessee Community Corrections Program. The program's 20-member board comprises the county mayor/executive and sheriff of each of the four counties, the district attorney general, and one member from a nonprofit organization. The program provides alternative sentencing for selected nonviolent offenders and receives funding from the Tennessee Department of Correction. The counties that participate in the program do not have any ongoing financial interest or responsibility for the program.

The Tennessee Copper Company built the Copper Basin Medical Center before 1953 for its employees and the citizens of the community. The Tennessee Copper Company gave the medical center to the county. Private Act, 1953, Chapter 225, established the Copper Basin General Hospital District. The private act set up a seven-member board to manage the medical center. Polk County appoints three members; the cities of Ducktown and Copperhill each appoint two members. The district does not have the expertise to manage a hospital. Over time, they have signed several "Lease and Management" agreements with various private companies to manage the Copper Basin Medical Center. The district neither receives revenue nor pays any expenses; therefore, it has no financial statements.

H. Retirement Commitments

1. Tennessee Consolidated Retirement System (TCRS)

Primary Government

General Information About the Pension Plan

Plan Description. Employees of Polk County and non-certified employees of the discretely presented Polk 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 comprise 55 percent and the non-certified employees of the discretely present School Department comprise 45 percent of the plan based on census 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.

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.

Employees Covered by Benefit Terms. At the measurement date of June 30, 2014, the following employees were covered by the benefit terms:

Inactive Employees or Beneficiaries Currently Receiving Benefits	60
Inactive Employees Entitled to But Not Yet Receiving Benefits	132
Active Employees	180
Total	372

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. Polk 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, 2015, employer contributions for Polk County were \$407,778 based on a rate of 8.19 percent of pensionable payroll. By law, employer contributions are required to be paid. The TCRS may intercept Polk County's state shared taxes if required employer contributions are not remitted. The employer's actuarially determined contribution (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)

Polk County's net pension liability (asset) was measured as of June 30, 2014, 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, 2014, 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

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, 2014, 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 Polk 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 Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability (a)-(b)
Balance, July 1, 2013	\$ 8,463,291	\$ 7,875,677	\$ 587,614
Changes for the year:			
Service Cost	\$ 320,216	\$ 0	\$ 320,216
Interest	646,390	0	646,390
Differences Between Expected and Actual Experience	(109,544)	0	(109,544)
Contributions-Employer	0	368,920	(368,920)
Contributions-Employees	0	235,888	(235,888)
Net Investment Income	0	1,330,734	(1,330,734)
Benefit Payments, Including Refunds of Employee Contributions	(329,941)	(329,941)	0
Administrative Expense	0	(6,630)	6,630
Other Changes	0	0	0
Net Changes	\$ 527,121	\$ 1,598,971	\$ (1,071,850)
Balance, June 30, 2014	\$ 8,990,412	\$ 9,474,648	\$ (484,236)

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

		Total Pension Liability	Plan Fiduciary Net Position	Net Pension Liability (Asset)
Primary Government	55%	\$ 4,944,727	\$ 5,211,056	\$ (266,330)
School Department	45%	4,045,685	4,263,592	(217,906)
Total		<u>\$ 8,990,412</u>	<u>\$ 9,474,648</u>	<u>\$ (484,236)</u>

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

	1% Decrease	Current Discount Rate	1% Increase
<u>Polk County</u>	<u>6.5%</u>	<u>7.5%</u>	<u>8.5%</u>
Net Pension Liability	\$ 638,783	\$ (484,236)	\$ (1,424,716)

Pension Expense (Income) and Deferred Outflows of Resources and Deferred Inflows of Resources to Pensions

Pension income. For the year ended June 30, 2015, Polk County recognized pension income of \$27,644.

Deferred Outflows of Resources and Deferred Inflows of Resources. For the year ended June 30, 2015, Polk 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
Differences Between Expected and Actual Experience	\$ 0	\$ 91,287
Net Difference Between Projected and Actual Earnings on Pension Plan Investments	0	583,999
Contributions Subsequent to the Measurement Date of June 30, 2014 (1)	<u>407,778</u>	<u>N/A</u>
Total	<u>\$ 407,778</u>	<u>\$ 675,286</u>

(1) The amount shown above for “Contributions Subsequent to the Measurement Date of June 30, 2014,” 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	\$ 278,119	\$ 371,407
School Department	<u>129,659</u>	<u>303,879</u>
Total	<u>\$ 407,778</u>	<u>\$ 675,286</u>

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
2016	\$ (164,257)
2017	(164,257)
2018	(164,257)
2019	(164,257)
2020	(18,257)
Thereafter	0

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

Discretely Presented Polk County School Department

Non-certified Employees

General Information About the Pension Plan

Plan Description. As noted above under the primary government, employees of Polk County and non-certified employees of the discretely presented Polk 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 comprise 55 percent and the non-certified employees of the discretely present School Department comprise 45 percent of the plan based on census data.

Certified Employees

Teacher Retirement Plan

General Information About the Pension Plan

Plan Description. Teachers of the Polk 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 publically available financial report that can be obtained at 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 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. Members of the Teachers Retirement Plan are entitled to receive unreduced service retirement benefits, which are determined by a formula using the member's highest five consecutive year average compensation and the member's 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. 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. Teachers contribute five percent of salary. 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, 2015, to the Teacher Retirement Plan were \$10,864, which is four percent of pensionable 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. Since the measurement date is June 30, 2014, which is prior to the July 1, 2014, inception of the Teacher Retirement Plan, there is no net pension liability to report at June 30, 2015.

Pension Expense. Since the measurement date is June 30, 2014, the Polk County School Department did not recognize any pension expense at June 30, 2015.

Deferred Outflows of Resources and Deferred Inflows of Resources. For the year ending June 30, 2015, the Polk County School Department reported deferred outflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
LEAs Contributions Subsequent to the Measurement Date of June 30, 2014	\$ 10,864	N/A

The Polk County School Department’s employer contributions of \$10,864 reported as pension related deferred outflows of resources subsequent to the measurement date, will be recognized as a reduction of net pension liability in the year ending June 30, 2016.

Teacher Legacy Pension Plan

General Information About the Pension Plan

Plan Description. Teachers of the Polk 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 publically available financial report that can be obtained at 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.

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 salary. 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 Polk County School Department for the year ended June 30, 2015, to the Teacher Legacy Pension Plan were \$827,681, which is 9.04 percent of pensionable 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 Assets. At June 30, 2015, the Polk County School Department reported an asset of \$38,477 for its proportionate share of the net pension asset. The net pension asset was measured as of June 30, 2014, and the total pension liability used to calculate the net pension asset was determined by an actuarial valuation as of that date. The Polk County School Department's proportion of the net pension asset was based on the Polk County School Department's employer contributions to the pension plan during the year ended June 30, 2014, relative to the

contributions of all LEAs for the year ended June 30, 2014. At the June 30, 2014, measurement date, the Polk County School Department's proportion was .236791 percent. The proportion measured as of June 30, 2013, was .249411 percent.

Pension Income. For the year ended June 30, 2015, the Polk County School Department recognized a pension income of \$62,669.

Deferred Outflows of Resources and Deferred Inflows of Resources. For the year ending June 30, 2015, the Polk 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
Differences Between Expected and Actual Experience	\$ 93,413	\$ 0
Net Difference Between Projected and Actual Earnings on Pension Plan Investments	0	3,170,290
Changes in Proportion of Net Pension Liability (Assets)	0	178,019
LEA's Contributions Subsequent to the Measurement Date of June 30, 2014	<u>827,681</u>	<u>N/A</u>
Total	<u>\$ 921,094</u>	<u>\$ 3,348,309</u>

The Polk County School Department's employer contributions of \$827,681 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 ended June 30, 2016. 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
2016	\$ (806,673)
2017	(806,673)
2018	(806,673)
2019	(806,673)
2020	(14,101)
Thereafter	(14,101)

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, 2014, 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, 2014, 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
Short-term Securities	0.98	29
	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 four 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 assumed 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 Polk 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

Polk 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 percent) or one percentage point higher (8.5 percent) 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	\$ 6,489,641	\$ (38,477)	\$ (5,443,052)

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

2. Deferred Compensation

Teachers hired after July 1, 2014, by the discretely presented Polk County School Department are required to participate in a hybrid pension plan administered by the Tennessee Consolidated Retirement System. This hybrid pension plan requires that these teachers contribute five percent of their salaries into a deferred compensation plan managed by the hybrid plan pursuant to IRC Section 401(k). As part of their employment package, the Polk County School Department has assumed all costs of funding this program on-behalf of the plan participants. The Section 401(k) plan assets remain the property of the participating teachers and are not presented in the accompanying financial statements. IRC Section 401(k), establishes participation, contribution, and withdrawal provisions for the plans. During the year, the Polk County School Department contributed \$13,581 to the 401(k) portion of the hybrid pension plan on-behalf of the plan participants.

I. Other Postemployment Benefits (OPEB)

The Polk County School Department participates in the state-administered Local Education Group Insurance Plan and Medicare Supplement Plan for healthcare benefits. For accounting purposes, the plans are agent multiple-employer defined benefit OPEB plan. Benefits are established and amended by an insurance committee created by Section 8-27-302, *Tennessee Code Annotated (TCA)*, for local education employees, and Section 8-27-701, *TCA*, for the Medicare Supplement. 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/act/cafr.html>.

Funding Policy

The premium requirements of plan members are established and may be amended by the insurance committee. The plans are self-insured and financed on a pay-as-you-go basis with the risk shared equally among the participants. Claims liabilities of the plan are periodically computed using actuarial and statistical techniques to establish premium rates. The employers in each plan develop a contribution policy in terms of subsidizing active employees or retired employees' premiums since the committee is not prescriptive on that issue. The state does not provide a subsidy for local government participants; however, the state does provide a partial subsidy to Local Education Agency pre-65 teachers and a full subsidy based on years of service for post-65 teachers in the Medicare Supplement Plan. The School Department retirees' contributions vary depending on the insurance options they select, ranging from \$190 to \$1,144 per month for their insurance. During the year, expenditures totaling \$197,629 were recognized by the Polk County School Department for postemployment health care premiums.

Annual OPEB Cost and Net OPEB Obligation

	Local Education Group Plan	Schools - Medicare Supplement Plan
ARC	\$ 382,000	\$ 44,000
Interest on the NOPEBO	93,016	41,224
Adjustment to the ARC	(90,620)	(40,162)
Annual OPEB cost	\$ 384,396	\$ 45,062
Amount of contribution	(197,629)	0
Increase/decrease in NOPEBO	\$ 186,767	\$ 45,062
Net OPEB obligation, 7-1-14	2,325,397	1,030,599
Net OPEB obligation, 6-30-15	\$ 2,512,164	\$ 1,075,661

Fiscal Year Ended	Plans	Annual OPEB Cost	Percentage of Annual OPEB Cost Contributed	Net OPEB Obligation at Year End
6-30-13	Local Education Group	\$ 822,215	23%	\$ 2,171,026
6-30-14	"	371,237	58	2,325,397
6-30-15	"	384,396	51	2,512,164
6-30-13	Schools - Medicare Supplement	410,583	0	986,583
6-30-14	"	44,016	0	1,030,599
6-30-15	"	45,062	0	1,075,661

Funded Status and Funding Progress

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

	Local Education Group Plan	Schools - Medicare Supplement Plan
Actuarial valuation date	7-1-13	7-1-13
Actuarial accrued liability (AAL)	\$ 3,184,000	\$ 1,103,000
Actuarial value of plan assets	\$ 0	\$ 0
Unfunded actuarial accrued liability (UAAL)	\$ 3,184,000	\$ 1,103,000
Actuarial value of assets as a % of the AAL	0%	0%
Covered payroll (active plan members)	\$ 10,389,651	N/A
UAAL as a % of covered payroll	31%	N/A

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

Actuarial Methods and Assumptions

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

In the July 1, 2013 actuarial valuation for the Local Education Plan, the projected unit credit actuarial cost method was used, and the actuarial assumptions included a four percent investment rate of return (net of administrative expenses) and an annual health care cost trend rate of seven percent for fiscal year 2015. The trend rate will decrease to 6.5 percent in 2016, and then be reduced by decrements to an ultimate rate of 4.7 percent by fiscal year 2044. The annual health care cost trend rate for the Medicare Supplement Plan was six percent in fiscal year 2015 and then will be reduced by decrements to an ultimate rate of 4.2 percent by fiscal year 2044. Both rates include a 2.5 percent inflation assumption. The unfunded actuarial accrued liability is being amortized as a level percentage of payroll on a closed basis over a 30-year period beginning with July 1, 2007.

J. Termination Benefits

The Polk County School Department offers retiring employees that have 25 years or more of service in the Polk County school system a lump-sum payment equal to \$200 for each year of service in the Polk County school system or provides a portion of the employee's health care insurance until the employee reaches Medicare age. During the period, no retiring employees opted for the lump-sum payment; therefore, no expenditures were recognized for lump-sum payments in-lieu-of postemployment health care.

K. Office of Central Accounting, Budgeting, and Purchasing

Polk County operates under provisions of the Fiscal Control Acts of 1957. These acts provide for a central system of accounting, budgeting, and purchasing covering all funds administered by the county executive and the highway superintendent. Funds under the supervision of the county executive were maintained by the director of accounts and budgets. However, funds under the supervision of the highway superintendent were maintained by employees of the Highway Department.

L. Purchasing Laws

Office of County Executive

Purchasing procedures for the County Executive's Office are governed by provisions of the County Purchasing Law of 1957, Section 5-14-101, et seq., *Tennessee Code Annotated (TCA)*. This statute provides for a purchasing agent to make all purchases exceeding \$5,000 after soliciting sealed competitive bids through public advertisement.

Office of Highway Superintendent

Purchasing procedures for the Highway Department are governed by provisions of the County Purchasing Law of 1957, Section 5-14-101, et seq., *TCA*, and Section 54-7-113, *TCA* (Uniform Road Law). These statutes provide

for a purchasing agent to make all purchases exceeding \$10,000 after soliciting sealed competitive bids through public advertisement.

Office of Director of Schools

Purchasing procedures for the discretely presented Polk 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 to be solicited through newspaper advertisement on all purchases exceeding \$10,000.

VI. OTHER NOTES – DISCRETELY PRESENTED POLK COUNTY EMERGENCY COMMUNICATIONS DISTRICT

A. General Information

Public Chapter No. 867 of the 1984 Tennessee Public Acts (“The Emergency Communications District Law”) was enacted to establish local emergency telephone services; to provide for the funding of such services and such district; and to provide for the levying of a telephone service charge.

B. Summary of Significant Accounting Policies

Basis of Accounting

The district is a governmental unit, subject to accounting directives issued by the Governmental Accounting Standards Board (GASB), and anticipates recovering the cost of its services in a manner similar to a private business enterprise. Therefore the district uses the flow of economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Operating revenues are those that result from the activities of the district, including telephone service charges, expense reimbursements, and grants for operations. Revenue from other sources is considered non-operating.

Cash and Cash Equivalents

Cash and cash equivalents are highly liquid investments, which have original maturities of three months or less.

Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial

statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Capital Assets

Expenditures greater than \$1,000 for capital assets are recorded at historical cost. Capital assets are depreciated using the straight-line method. The costs of normal maintenance and repairs that do not add to the asset value or materially extend useful lives are not capitalized. When capital assets are disposed, the cost and applicable accumulated depreciation are removed from the respective accounts, and the resulting gain or loss is recorded in operations. Estimated useful lives, in years, for depreciable assets are as follows:

<u>Asset</u>	<u>Years</u>
Communication Equipment	5 - 20
Furniture and Fixtures	10
Office Equipment	5 - 10
Leasehold Improvements	10-20
Vehicles	5

Component Unit

The Polk County “911” Emergency Communications District is a component of Polk County, Tennessee. As such, Polk County exercises significant influence over the district by having control over the appointment of the district’s Board. The district must file a budget with Polk County and any bonds issued by the district are subject to approval by Polk County, Tennessee.

Budgets and Budgetary Accounting

The district's Board approves an annual budget based upon anticipated revenues and estimated operating expenses. In accordance with the level of control established by the Tennessee Comptroller of the Treasury, operating expenses may not exceed the amount budgeted in each line item. Budgeted expenses may be amended, as needed, to meet changing needs.

C. Cash on Deposit

The treasurer of the district is responsible for receiving, disbursing, depositing and investing the district’s funds. The district’s policy related to deposits and investment risk is to invest in certificates of deposit usually with a maturity of three years or less. The district’s policy is designed to maximize its earnings, while protecting the security and providing maximum liquidity, in accordance with all applicable state laws. All deposits with a bank or other financial institution shall be secured by collateral or in a collateral pool as allowed by state statutes. As of June 30, 2015, all deposits with financial institutions were secured by collateral. A schedule of cash and investments classified by category of credit risk at June 30, 2015, is as follows:

	Carrying Amount	Bank Balance
Cash, Insured by Federal Depository Insurance (FDIC)	\$ 301,577	\$ 302,237
Cash, Secured by Pledged Collateral	107,102	113,165
Certificates of Deposit, Secured by Pledged Collateral	200,746	200,746
Total	<u>\$ 609,425</u>	<u>\$ 616,148</u>

D. Capital Assets

The following is a schedule of changes to capital assets:

	Balance 7-1-14	Additions	Balance 6-30-15
Capital Assets not Being Depreciated:			
Construction in Progress	\$ 0	\$ 106,106	\$ 106,106
Capital Assets Being Depreciated:			
Communications Equipment	\$ 904,491	\$ 42,074	\$ 946,565
Furniture and Fixtures	18,002	0	18,002
Office Equipment	13,238	0	13,238
Leasehold Improvement	140,799	2,999	143,798
Vehicles	88,459	0	88,459
Capital Assets Being Depreciated	\$ 1,164,989	\$ 45,073	\$ 1,210,062
Less Accumulated Depreciation	(558,712)	(99,244)	(657,956)
Total Capital Assets Being Depreciated, net	<u>\$ 606,277</u>	<u>\$ (54,171)</u>	<u>\$ 552,106</u>
Total Capital Assets, net	<u>\$ 606,277</u>	<u>\$ 51,935</u>	<u>\$ 658,212</u>

Provision for depreciation totaled \$99,244 for the year ended June 30, 2015.

E. Risk Management – Claims and Insurance

Significant losses are covered by commercial insurance for property, liability, and employee dishonesty. There have been no significant reductions in insurance coverage and settlement amounts have not exceeded insurance coverage for the current or the three prior years.

F. Lease Commitments

The district has Special Use Permits with the U.S. Department of Agriculture, Forest Service, for the building and land in which the district office is located, and for the Oswald Dome Tower Site. The Special Use Permits authorize the

district to use the building, land, and tower site at no cost as long as the district maintains the building and taxes in compliance with the Operation and Maintenance Plan. The district also has a lease with an individual for use of the Turtletown, TN Duck's Nest Road Tower Site. The lease is for a 20 year period maturing in December 2034 and may be renewed for an additional 20 year term. The annual amount of the lease is the ad valorem tax assessed by Polk County, Tennessee.

G. Subsequent Events

Subsequent events were evaluated through the date the financial statements were available to be issued.

**REQUIRED SUPPLEMENTARY
INFORMATION**

Exhibit E-1

Polk 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 Ended June 30

	<u>2014</u>
Total Pension Liability (Asset)	
Service Cost	\$ 320,216
Interest	646,390
Changes in Benefit Terms	0
Differences Between Actual and Expected Experience	(109,544)
Changes in Assumptions	0
Benefit Payments, Including Refunds of Employee Contributions	<u>(329,941)</u>
Net Change in Total Pension Liability (Asset)	\$ 527,121
Total Pension Liability (Asset), Beginning	<u>8,463,291</u>
 Total Pension Liability (Asset), Ending (a)	 <u>\$ 8,990,412</u>
Plan Fiduciary Net Position	
Contributions - Employer	\$ 368,920
Contributions - Employee	235,888
Net Investment Income	1,330,734
Benefit Payments, Including Refunds of Employee Contributions	(329,941)
Administrative Expense	<u>(6,630)</u>
Net Change in Plan Fiduciary Net Position	\$ 1,598,971
Plan Fiduciary Net Position, Beginning	<u>7,875,677</u>
 Plan Fiduciary Net Position, Ending (b)	 <u>\$ 9,474,648</u>
 Net Pension Liability (Asset), Ending (a - b)	 <u><u>\$ (484,236)</u></u>
 Plan Fiduciary Net Position as a Percentage of Total Pension Liability	 105.39%
Covered Employee Payroll	\$ 4,741,904
Net Pension Liability (Asset) as a Percentage of Covered Employee Payroll	10.21%

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

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

Exhibit E-2

Polk 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

	<u>2014</u>	<u>2015</u>
Actuarially Determined Contribution	\$ 368,920	\$ 407,778
Less Contributions in Relation to the Actuarially Determined Contribution	<u>(368,920)</u>	<u>(407,778)</u>
Contribution Deficiency (Excess)	<u>\$ 0</u>	<u>\$ 0</u>
Covered Employee Payroll	\$ 4,741,904	\$ 4,976,700
Contributions as a Percentage of Covered Employee Payroll	7.78%	8.19%

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

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

Exhibit E-3

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

	<u>2015</u>
Actuarially Determined Contribution	\$ 6,790
Less Contributions in Relation to the Actuarially Determined Contribution	<u>(10,864)</u>
Contribution Deficiency (Excess)	<u><u>\$ (4,074)</u></u>
Covered Employee Payroll	\$ 253,268
Contributions as a Percentage of Covered Employee Payroll	4.29%

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

Exhibit E-4

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

	<u>2014</u>	<u>2015</u>
Actuarially Determined Contribution	\$ 825,308	\$ 827,681
Less Contributions in Relation to the Actuarially Determined Contribution	<u>(825,308)</u>	<u>(827,681)</u>
Contribution Deficiency (Excess)	<u>\$ 0</u>	<u>\$ 0</u>
Covered Employee Payroll	\$ 9,294,010	\$ 9,127,556
Contributions as a Percentage of Covered Employee Payroll	8.88%	9.07%

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

Exhibit E-5

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

	<u>2014</u>
School Department's Proportion of the Net Pension Asset	0.236791%
School Department's Proportionate Share of the Net Pension Asset	\$ 38,477
Covered Employee Payroll	\$ 9,294,010
School Department's Proportionate Share of the Net Pension Asset as a Percentage of its Covered Employee Payroll	0.41%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	100.08%

* 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

Polk County, Tennessee
Schedule of Funding Progress – Other Postemployment Benefits Plan
Discretely Presented Polk County School Department
June 30, 2015

(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)
Local Education Group	7-1-10	\$ 0	\$ 3,287	\$ 3,287	0 %	\$ 10,500	31 %
"	7-1-11	0	6,090	6,090	0	10,214	60
"	7-1-13	0	3,184	3,184	0	10,389	31
Medicare Supplement*	7-1-11	0	4,806	4,806	0	N/A	N/A
	7-1-13	0	1,103	1,103	0	N/A	N/A

* - Data only available for two years.

POLK COUNTY, TENNESSEE
NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION
For the Year Ended June 30, 2015

TENNESSEE CONSOLIDATED RETIREMENT SYSTEM

Valuation Date: Actuarially determined contribution rates for 2015 were calculated based on the July 1, 2013, 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	2 Years
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, averaging 4.25%
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

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

Nonmajor Governmental Funds

Special Revenue Funds

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.

Solid Waste/Sanitation Fund – The Solid Waste/Sanitation Fund is used to account for Polk County’s solid waste disposal.

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.

Capital Projects Funds

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.

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

Community Development/Industrial Park Fund – The Community Development/Industrial Park Fund is used to account for revenues for industrial park projects.

Education Capital Projects Fund – The Education Capital Projects Fund is used to account for debt issued by Polk County that is subsequently contributed to the discretely presented Polk County School Department for construction and renovation projects.

Ocoee Waterline Projects Fund – The Ocoee Waterline Projects Fund is used to account for installation of a waterline in Polk County. This fund was closed during the year.

Housing Rehabilitation Projects Fund – The Housing Rehabilitation Projects Fund is used to account for the rehabilitation of various homes in Polk County. This fund was closed during the year.

Other Capital Projects Fund – The Other Capital Projects Fund is used to account for the purchase of vehicles and equipment for the Sheriff's Department.

Exhibit F-1

Polk County, Tennessee
Combining Balance Sheet
Nonmajor Governmental Funds
June 30, 2015

	Special Revenue Funds				Capital Projects Funds	
	Solid Waste / Sanitation	Drug Control	Constitu - tional Officers - Fees	Total	General Capital Projects	Community Development/ Industrial Park
<u>ASSETS</u>						
Equity in Pooled Cash and Investments	\$ 370,810	\$ 156,491	\$ 0	\$ 527,301	\$ 93,736	\$ 91,523
Accounts Receivable	0	0	150	150	0	0
Due from Other Funds	0	0	11,181	11,181	0	0
Property Taxes Receivable	629,949	0	0	629,949	0	0
Allowance for Uncollectible Property Taxes	(66,174)	0	0	(66,174)	0	0
Total Assets	<u>\$ 934,585</u>	<u>\$ 156,491</u>	<u>\$ 11,331</u>	<u>\$ 1,102,407</u>	<u>\$ 93,736</u>	<u>\$ 91,523</u>
<u>LIABILITIES</u>						
Accounts Payable	\$ 42,953	\$ 0	\$ 0	\$ 42,953	\$ 0	\$ 0
Cash Overdraft	0	0	5,168	5,168	0	0
Retainage Payable	0	0	0	0	26,301	0
Due to Other Funds	0	0	0	0	65,835	0
Due to Litigants, Heirs, and Others	0	0	6,163	6,163	0	0
Total Liabilities	<u>\$ 42,953</u>	<u>\$ 0</u>	<u>\$ 11,331</u>	<u>\$ 54,284</u>	<u>\$ 92,136</u>	<u>\$ 0</u>
<u>DEFERRED INFLOWS OF RESOURCES</u>						
Deferred Current Property Taxes	\$ 545,872	\$ 0	\$ 0	\$ 545,872	\$ 0	\$ 0
Deferred Delinquent Property Taxes	14,529	0	0	14,529	0	0
Total Deferred Inflows of Resources	<u>\$ 560,401</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 560,401</u>	<u>\$ 0</u>	<u>\$ 0</u>

(Continued)

Exhibit F-1

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

	Special Revenue Funds				Capital Projects Funds	
	Solid Waste / Sanitation	Drug Control	Constitu - tional Officers - Fees	Total	General Capital Projects	Community Development/ Industrial Park
<u>FUND BALANCES</u>						
Restricted:						
Restricted for Public Safety	\$ 0	\$ 156,491	\$ 0	\$ 156,491	\$ 0	\$ 0
Restricted for Capital Outlay	0	0	0	0	1,600	0
Committed:						
Committed for Public Health and Welfare	331,231	0	0	331,231	0	0
Committed for Capital Outlay	0	0	0	0	0	91,523
Assigned:						
Assigned for Capital Outlay	0	0	0	0	0	0
Total Fund Balances	<u>\$ 331,231</u>	<u>\$ 156,491</u>	<u>\$ 0</u>	<u>\$ 487,722</u>	<u>\$ 1,600</u>	<u>\$ 91,523</u>
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	<u>\$ 934,585</u>	<u>\$ 156,491</u>	<u>\$ 11,331</u>	<u>\$ 1,102,407</u>	<u>\$ 93,736</u>	<u>\$ 91,523</u>

(Continued)

Exhibit F-1

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

	<u>Capital Projects Funds (Cont.)</u>		Total
	Other Capital Projects	Total	Nonmajor Governmental Funds
<u>ASSETS</u>			
Equity in Pooled Cash and Investments	\$ 20,964	\$ 206,223	\$ 733,524
Accounts Receivable	0	0	150
Due from Other Funds	0	0	11,181
Property Taxes Receivable	0	0	629,949
Allowance for Uncollectible Property Taxes	0	0	(66,174)
	<hr/>		
Total Assets	\$ 20,964	\$ 206,223	\$ 1,308,630
<u>LIABILITIES</u>			
Accounts Payable	\$ 0	\$ 0	\$ 42,953
Cash Overdraft	0	0	5,168
Retainage Payable	0	26,301	26,301
Due to Other Funds	0	65,835	65,835
Due to Litigants, Heirs, and Others	0	0	6,163
Total Liabilities	\$ 0	\$ 92,136	\$ 146,420
<u>DEFERRED INFLOWS OF RESOURCES</u>			
Deferred Current Property Taxes	\$ 0	\$ 0	\$ 545,872
Deferred Delinquent Property Taxes	0	0	14,529
Total Deferred Inflows of Resources	\$ 0	\$ 0	\$ 560,401

(Continued)

Exhibit F-1

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

FUND BALANCES

Restricted:

 Restricted for Public Safety
 Restricted for Capital Outlay

Committed:

 Committed for Public Health and Welfare
 Committed for Capital Outlay

Assigned:

 Assigned for Capital Outlay

Total Fund Balances

Total Liabilities, Deferred Inflows of Resources, and Fund Balances

<u>Capital Projects Funds (Cont.)</u>		Total	Total
Other Capital Projects	Total		Nonmajor Governmental Funds
\$ 0	\$ 0	\$ 156,491	
0	1,600	1,600	
0	0	331,231	
8,414	99,937	99,937	
12,550	12,550	12,550	
<u>\$ 20,964</u>	<u>\$ 114,087</u>	<u>\$ 601,809</u>	
<u>\$ 20,964</u>	<u>\$ 206,223</u>	<u>\$ 1,308,630</u>	

Exhibit F-2

Polk County, Tennessee
Combining Statement of Revenues, Expenditures,
and Changes in Fund Balances
Nonmajor Governmental Funds
For the Year Ended June 30, 2015

	Special Revenue Funds				Capital Projects Funds	
	Solid Waste / Sanitation	Drug Control	Constitu - tional Officers - Fees	Total	General Capital Projects	Community Development/ Industrial Park
<u>Revenues</u>						
Local Taxes	\$ 530,092	\$ 0	\$ 0	\$ 530,092	\$ 0	\$ 0
Fines, Forfeitures, and Penalties	0	58,900	0	58,900	0	0
Charges for Current Services	0	0	1,020	1,020	0	0
Other Local Revenues	0	10,197	0	10,197	279	0
State of Tennessee	0	0	0	0	238,027	0
Federal Government	0	0	0	0	462,721	0
Other Governments and Citizens Groups	0	0	0	0	0	0
Total Revenues	\$ 530,092	\$ 69,097	\$ 1,020	\$ 600,209	\$ 701,027	\$ 0
<u>Expenditures</u>						
Current:						
General Government	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
Administration of Justice	0	0	1,020	1,020	0	0
Public Safety	0	0	0	0	0	0
Public Health and Welfare	531,281	0	0	531,281	0	0
Other Operations	10,535	637	0	11,172	699,737	0
Capital Projects	0	0	0	0	0	0
Total Expenditures	\$ 541,816	\$ 637	\$ 1,020	\$ 543,473	\$ 699,737	\$ 0
Excess (Deficiency) of Revenues Over Expenditures	\$ (11,724)	\$ 68,460	\$ 0	\$ 56,736	\$ 1,290	\$ 0

(Continued)

Exhibit F-2

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

	Special Revenue Funds				Capital Projects Funds	
	Solid Waste / Sanitation	Drug Control	Constitu - tional Officers - Fees	Total	General Capital Projects	Community Development/ Industrial Park
<u>Other Financing Sources (Uses)</u>						
Other Loans Issued	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
Transfers In	342,955	0	0	342,955	0	0
Transfers Out	0	(56,000)	0	(56,000)	0	0
Total Other Financing Sources (Uses)	<u>\$ 342,955</u>	<u>\$ (56,000)</u>	<u>\$ 0</u>	<u>\$ 286,955</u>	<u>\$ 0</u>	<u>\$ 0</u>
Net Change in Fund Balances	\$ 331,231	\$ 12,460	\$ 0	\$ 343,691	\$ 1,290	\$ 0
Fund Balance, July 1, 2014	0	144,031	0	144,031	310	91,523
Fund Balance, June 30, 2015	<u>\$ 331,231</u>	<u>\$ 156,491</u>	<u>\$ 0</u>	<u>\$ 487,722</u>	<u>\$ 1,600</u>	<u>\$ 91,523</u>

(Continued)

Exhibit F-2

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

	Capital Projects Funds (Cont.)					Total Nonmajor Governmental Funds
	Education Capital Projects	Ocoee Waterline Projects	Housing Rehabilitation Projects	Other Capital Projects	Total	
<u>Revenues</u>						
Local Taxes	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	530,092
Fines, Forfeitures, and Penalties	0	0	0	0	0	58,900
Charges for Current Services	0	0	0	38,470	38,470	39,490
Other Local Revenues	0	0	0	13,934	14,213	24,410
State of Tennessee	0	0	0	0	238,027	238,027
Federal Government	0	265,426	65,768	0	793,915	793,915
Other Governments and Citizens Groups	0	0	0	40,000	40,000	40,000
Total Revenues	\$ 0	\$ 265,426	\$ 65,768	\$ 92,404	\$ 1,124,625	\$ 1,724,834
<u>Expenditures</u>						
Current:						
General Government	\$ 0	\$ 265,426	\$ 0	\$ 0	\$ 265,426	265,426
Administration of Justice	0	0	0	0	0	1,020
Public Safety	0	0	0	99,547	99,547	99,547
Public Health and Welfare	0	0	0	0	0	531,281
Other Operations	0	0	65,768	785	766,290	777,462
Capital Projects	1,557,381	0	0	0	1,557,381	1,557,381
Total Expenditures	\$ 1,557,381	\$ 265,426	\$ 65,768	\$ 100,332	\$ 2,688,644	\$ 3,232,117
Excess (Deficiency) of Revenues Over Expenditures	\$ (1,557,381)	\$ 0	\$ 0	\$ (7,928)	\$ (1,564,019)	\$ (1,507,283)

(Continued)

Exhibit F-2

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

	Capital Projects Funds (Cont.)					Total Nonmajor Governmental Funds
	Education Capital Projects	Ocoee Waterline Projects	Housing Rehabilitation Projects	Other Capital Projects	Total	
<u>Other Financing Sources (Uses)</u>						
Other Loans Issued	\$ 1,557,381	\$ 0	\$ 0	\$ 0	\$ 1,557,381	\$ 1,557,381
Transfers In	0	0	0	0	0	342,955
Transfers Out	0	0	0	0	0	(56,000)
Total Other Financing Sources (Uses)	<u>\$ 1,557,381</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 1,557,381</u>	<u>\$ 1,844,336</u>
Net Change in Fund Balances	\$ 0	\$ 0	\$ 0	\$ (7,928)	\$ (6,638)	\$ 337,053
Fund Balance, July 1, 2014	<u>0</u>	<u>0</u>	<u>0</u>	<u>28,892</u>	<u>120,725</u>	<u>264,756</u>
Fund Balance, June 30, 2015	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 20,964</u>	<u>\$ 114,087</u>	<u>\$ 601,809</u>

Exhibit F-3

Polk County, Tennessee
Schedule of Revenues, Expenditures, and Changes
in Fund Balance - Actual and Budget
Solid Waste/Sanitation Fund
For the Year Ended June 30, 2015

	Actual	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
		Original	Final	
<u>Revenues</u>				
Local Taxes	\$ 530,092	\$ 519,427	\$ 519,427	\$ 10,665
Total Revenues	\$ 530,092	\$ 519,427	\$ 519,427	\$ 10,665
<u>Expenditures</u>				
<u>Public Health and Welfare</u>				
Sanitation Management	\$ 531,281	\$ 515,436	\$ 531,286	\$ 5
<u>Other Operations</u>				
Other Charges	10,535	0	11,000	465
Total Expenditures	\$ 541,816	\$ 515,436	\$ 542,286	\$ 470
Excess (Deficiency) of Revenues Over Expenditures	\$ (11,724)	\$ 3,991	\$ (22,859)	\$ 11,135
<u>Other Financing Sources (Uses)</u>				
Transfers In	\$ 342,955	\$ 0	\$ 300,000	\$ 42,955
Total Other Financing Sources	\$ 342,955	\$ 0	\$ 300,000	\$ 42,955
Net Change in Fund Balance	\$ 331,231	\$ 3,991	\$ 277,141	\$ 54,090
Fund Balance, July 1, 2014	0	850	850	(850)
Fund Balance, June 30, 2015	\$ 331,231	\$ 4,841	\$ 277,991	\$ 53,240

Exhibit F-4

Polk County, Tennessee
Schedule of Revenues, Expenditures, and Changes
in Fund Balance - Actual and Budget
Drug Control Fund
For the Year Ended June 30, 2015

	Actual	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
		Original	Final	
<u>Revenues</u>				
Fines, Forfeitures, and Penalties	\$ 58,900	\$ 49,884	\$ 49,884	\$ 9,016
Other Local Revenues	10,197	0	0	10,197
Federal Government	0	400	400	(400)
Total Revenues	<u>\$ 69,097</u>	<u>\$ 50,284</u>	<u>\$ 50,284</u>	<u>\$ 18,813</u>
<u>Expenditures</u>				
<u>Public Safety</u>				
Drug Enforcement	\$ 0	\$ 84,000	\$ 9,000	\$ 9,000
<u>Other Operations</u>				
Other Charges	637	845	845	208
Total Expenditures	<u>\$ 637</u>	<u>\$ 84,845</u>	<u>\$ 9,845</u>	<u>\$ 9,208</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>\$ 68,460</u>	<u>\$ (34,561)</u>	<u>\$ 40,439</u>	<u>\$ 28,021</u>
<u>Other Financing Sources (Uses)</u>				
Transfers Out	\$ (56,000)	\$ 0	\$ (75,000)	\$ 19,000
Total Other Financing Sources	<u>\$ (56,000)</u>	<u>\$ 0</u>	<u>\$ (75,000)</u>	<u>\$ 19,000</u>
Net Change in Fund Balance	\$ 12,460	\$ (34,561)	\$ (34,561)	\$ 47,021
Fund Balance, July 1, 2014	<u>144,031</u>	<u>144,032</u>	<u>144,032</u>	<u>(1)</u>
Fund Balance, June 30, 2015	<u>\$ 156,491</u>	<u>\$ 109,471</u>	<u>\$ 109,471</u>	<u>\$ 47,020</u>

Major Governmental Fund

General Debt Service Fund

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

Exhibit G

Polk County, Tennessee
Schedule of Revenues, Expenditures, and Changes
in Fund Balance - Actual and Budget
General Debt Service Fund
For the Year Ended June 30, 2015

	Actual	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
		Original	Final	
<u>Revenues</u>				
Local Taxes	\$ 1,223,073	\$ 1,125,729	\$ 1,181,516	\$ 41,557
Other Local Revenues	4,850	6,000	6,000	(1,150)
State of Tennessee	78,935	130,000	74,213	4,722
Other Governments and Citizens Groups	739,516	650,000	739,516	0
Total Revenues	<u>\$ 2,046,374</u>	<u>\$ 1,911,729</u>	<u>\$ 2,001,245</u>	<u>\$ 45,129</u>
<u>Expenditures</u>				
<u>Principal on Debt</u>				
General Government	\$ 460,000	\$ 1,247,980	\$ 460,000	\$ 0
Education	864,281	0	864,281	0
<u>Interest on Debt</u>				
General Government	294,585	754,399	318,208	23,623
Education	449,406	0	449,406	0
<u>Other Debt Service</u>				
General Government	28,552	25,625	28,692	140
Total Expenditures	<u>\$ 2,096,824</u>	<u>\$ 2,028,004</u>	<u>\$ 2,120,587</u>	<u>\$ 23,763</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>\$ (50,450)</u>	<u>\$ (116,275)</u>	<u>\$ (119,342)</u>	<u>\$ 68,892</u>
Net Change in Fund Balance	\$ (50,450)	\$ (116,275)	\$ (119,342)	\$ 68,892
Fund Balance, July 1, 2014	<u>1,424,940</u>	<u>1,411,343</u>	<u>1,411,343</u>	<u>13,597</u>
Fund Balance, June 30, 2015	<u>\$ 1,374,490</u>	<u>\$ 1,295,068</u>	<u>\$ 1,292,001</u>	<u>\$ 82,489</u>

Fiduciary Funds

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

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

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

Exhibit H-1

Polk County, Tennessee
Combining Statement of Fiduciary Assets and Liabilities
Fiduciary Funds
June 30, 2015

	<u>Agency Funds</u>		
	Cities - Sales Tax	Constitu- tional Officers - Agency	Total
<u>ASSETS</u>			
Cash	\$ 0	\$ 673,115	\$ 673,115
Due from Other Governments	71,560	0	71,560
Total Assets	<u>\$ 71,560</u>	<u>\$ 673,115</u>	<u>\$ 744,675</u>
<u>LIABILITIES</u>			
Due to Other Taxing Units	\$ 71,560	\$ 0	\$ 71,560
Due to Litigants, Heirs, and Others	0	673,115	673,115
Total Liabilities	<u>\$ 71,560</u>	<u>\$ 673,115</u>	<u>\$ 744,675</u>

Exhibit H-2

Polk County, Tennessee
Combining Statement of Changes in Assets and Liabilities - All Agency Funds
For the Year Ended June 30, 2015

	Beginning Balance	Additions	Deductions	Ending Balance
<u>Cities - Sales Tax Fund</u>				
<u>Assets</u>				
Equity in Pooled Cash and Investments	\$ 0	\$ 385,060	\$ 385,060	\$ 0
Due from Other Governments	62,302	71,560	62,302	71,560
Total Assets	\$ 62,302	\$ 456,620	\$ 447,362	\$ 71,560
<u>Liabilities</u>				
Due to Other Taxing Units	\$ 62,302	\$ 456,620	\$ 447,362	\$ 71,560
Total Liabilities	\$ 62,302	\$ 456,620	\$ 447,362	\$ 71,560
<u>Constitutional Officers - Agency Fund</u>				
<u>Assets</u>				
Cash	\$ 658,509	\$ 3,953,282	\$ 3,938,676	\$ 673,115
Total Assets	\$ 658,509	\$ 3,953,282	\$ 3,938,676	\$ 673,115
<u>Liabilities</u>				
Due to Litigants, Heirs, and Others	\$ 658,509	\$ 3,953,282	\$ 3,938,676	\$ 673,115
Total Liabilities	\$ 658,509	\$ 3,953,282	\$ 3,938,676	\$ 673,115
<u>Totals - All Agency Funds</u>				
<u>Assets</u>				
Cash	\$ 658,509	\$ 3,953,282	\$ 3,938,676	\$ 673,115
Equity in Pooled Cash and Investments	0	385,060	385,060	0
Due from Other Governments	62,302	71,560	62,302	71,560
Total Assets	\$ 720,811	\$ 4,409,902	\$ 4,386,038	\$ 744,675
<u>Liabilities</u>				
Due to Other Taxing Units	\$ 62,302	\$ 456,620	\$ 447,362	\$ 71,560
Due to Litigants, Heirs, and Others	658,509	3,953,282	3,938,676	673,115
Total Liabilities	\$ 720,811	\$ 4,409,902	\$ 4,386,038	\$ 744,675

Polk County School Department

This section presents combining and individual fund financial statements for the Polk County School Department, a discretely presented component unit. The Polk County School Department uses a General Fund, two Special Revenue Funds, a Capital Projects Fund, and an Internal Service Fund.

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 renovation of the School Department.

Self-Insurance Fund – The Self-Insurance Fund is an internal service fund used to account for the School Department employees' self-insurance dental program. In prior years, school funds were placed into this fund for the payment of dental claims for employees who chose to participate in the program. However, due to the increased costs of the plan, operations ceased in October 2002, but a balance remains in the fund for future use.

Exhibit I-1

Polk County, Tennessee
Statement of Activities
Discretely Presented Polk County School Department
For the Year Ended June 30, 2015

Functions/Programs	Expenses	Program Revenues			Net (Expense)
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Revenue and Changes in Net Position
					Total
					Governmental
					Activities
Governmental Activities:					
Instruction	\$ 11,454,608	\$ 310	\$ 849,788	\$ 0	\$ (10,604,510)
Support Services	8,397,883	0	283,864	1,546,401	(6,567,618)
Operation of Non-instructional Services	2,405,490	182,685	1,758,006	0	(464,799)
Total Governmental Activities	\$ 22,257,981	\$ 182,995	\$ 2,891,658	\$ 1,546,401	\$ (17,636,927)
General Revenues:					
Taxes:					
Property Taxes Levied for General Purposes					\$ 2,389,884
Local Option Sales Taxes					1,522,964
Business Tax					21,409
Other Local Taxes					3,116
Grants and Contributions Not Restricted to Specific Programs					13,986,974
Unrestricted Investment Earnings					85
Miscellaneous					160,584
Pension Income					75,109
Total General Revenues					\$ 18,160,125
Change in Net Position					\$ 523,198
Net Position, July 1, 2014					14,975,354
Restatement - See Note I. D. 8					(3,377,501)
Net Position, June 30, 2015					\$ 12,121,051

Exhibit I-2

Polk County, Tennessee
Balance Sheet - Governmental Funds
Discretely Presented Polk County School Department
June 30, 2015

	<u>Major Funds</u>		<u>Nonmajor</u>	<u>Total</u>
	<u>General</u>	<u>Central</u>	<u>Funds</u>	
			<u>Other</u>	
	<u>Purpose</u>	<u>Cafeteria</u>	<u>Gov- ern- mental</u>	<u>Governmental</u>
	<u>School</u>		<u>Funds</u>	<u>Funds</u>
<u>ASSETS</u>				
Cash	\$ 0	\$ 44,554	\$ 0	\$ 44,554
Equity in Pooled Cash and Investments	2,246,880	229,978	151,789	2,628,647
Accounts Receivable	8,394	0	0	8,394
Due from Other Governments	629,880	232,219	123,752	985,851
Due from Other Funds	23,338	0	8,224	31,562
Property Taxes Receivable	2,512,924	0	0	2,512,924
Allowance for Uncollectible Property Taxes	(263,973)	0	0	(263,973)
Total Assets	\$ 5,157,443	\$ 506,751	\$ 283,765	\$ 5,947,959
<u>LIABILITIES</u>				
Accounts Payable	\$ 54,920	\$ 0	\$ 12,510	\$ 67,430
Accrued Payroll	283	0	0	283
Payroll Deductions Payable	604,444	0	12,958	617,402
Due to Other Funds	8,224	0	23,338	31,562
Due to Primary Government	2,667	0	0	2,667
Total Liabilities	\$ 670,538	\$ 0	\$ 48,806	\$ 719,344
<u>DEFERRED INFLOWS OF RESOURCES</u>				
Deferred Current Property Taxes	\$ 2,177,536	\$ 0	\$ 0	\$ 2,177,536
Deferred Delinquent Property Taxes	57,957	0	0	57,957
Other Deferred/Unavailable Revenue	176,638	0	0	176,638
Total Deferred Inflows of Resources	\$ 2,412,131	\$ 0	\$ 0	\$ 2,412,131

(Continued)

Exhibit I-2

Polk County, Tennessee
Balance Sheet - Governmental Funds
Discretely Presented Polk County School Department (Cont.)

	<u>Major Funds</u>		<u>Nonmajor</u>	<u>Total</u>
	<u>General</u>	<u>Central</u>	<u>Funds</u>	
			<u>Other</u>	
<u>Purpose</u>	<u>Cafeteria</u>	<u>Govern-</u>	<u>Governmental</u>	
<u>School</u>		<u>Funds</u>	<u>Funds</u>	
<u>FUND BALANCES</u>				
Restricted:				
Restricted for Education	\$ 9,490	\$ 506,751	\$ 110,197	\$ 626,438
Committed:				
Committed for Education	0	0	100,000	100,000
Assigned:				
Assigned for Education	34,562	0	24,762	59,324
Unassigned	2,030,722	0	0	2,030,722
Total Fund Balances	<u>\$ 2,074,774</u>	<u>\$ 506,751</u>	<u>\$ 234,959</u>	<u>\$ 2,816,484</u>
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	<u>\$ 5,157,443</u>	<u>\$ 506,751</u>	<u>\$ 283,765</u>	<u>\$ 5,947,959</u>

Exhibit I-3

Polk County, Tennessee
Reconciliation of the Balance Sheet of Governmental Funds to the Statement of Net Position
Discretely Presented Polk County School Department
June 30, 2015

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

Total fund balances - balance sheet - governmental funds (Exhibit I-2)		\$	2,816,484
(1) Capital assets used in governmental activities are not financial resources and therefore are not reported in the governmental funds.			
Add: land	\$	1,500	
Add: buildings and improvements net of accumulated depreciation		13,986,751	
Add: other capital assets net of accumulated depreciation		<u>1,210,787</u>	15,199,038
(2) Internal service funds are used by management to charge the cost of employee self-insurance benefits to individual funds. The assets and liabilities of the internal service fund are included in governmental activities in the statement of net position.			41,012
(3) Long-term liabilities are not due and payable in the current period and therefore are not reported in the governmental funds.			
Less: contributions due on the primary government debt for capital leases	\$	(248,065)	
Less: other postemployment benefits liability		<u>(3,587,825)</u>	(3,835,890)
(4) 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	\$	1,061,617	
Less: deferred inflows of resources related to pensions		<u>(3,652,188)</u>	(2,590,571)
(5) Net pension assets are not current financial resources and therefore are not reported in the governmental funds.			
Add: net pension assets - agent plan	\$	217,906	
Add: net pension assets - cost-sharing plan		<u>38,477</u>	256,383
(6) Other long-term assets are not available to pay for current-period expenditures and therefore are deferred in the governmental funds.			<u>234,595</u>
Net position of governmental activities (Exhibit A)			<u>\$ 12,121,051</u>

Exhibit I-4

Polk County, Tennessee
Statement of Revenues, Expenditures,
and Changes in Fund Balances -
Governmental Funds
Discretely Presented Polk County School Department
For the Year Ended June 30, 2015

	Major Funds		Nonmajor Funds	Total Governmental Funds
	General Purpose School	Central Cafeteria	Other Govern- mental Funds	
<u>Revenues</u>				
Local Taxes	\$ 4,005,062	\$ 0	\$ 0	\$ 4,005,062
Licenses and Permits	1,150	0	0	1,150
Fines, Forfeitures, and Penalties	238	0	0	238
Charges for Current Services	0	168,558	0	168,558
Other Local Revenues	173,875	930	22	174,827
State of Tennessee	14,024,127	13,746	0	14,037,873
Federal Government	258,703	1,096,869	1,394,997	2,750,569
Other Governments and Citizens Groups	0	0	1,546,401	1,546,401
Total Revenues	<u>\$ 18,463,155</u>	<u>\$ 1,280,103</u>	<u>\$ 2,941,420</u>	<u>\$ 22,684,678</u>
<u>Expenditures</u>				
Current:				
Instruction	\$ 10,359,210	\$ 0	\$ 957,624	\$ 11,316,834
Support Services	6,247,418	0	404,313	6,651,731
Operation of Non-instructional Services	951,231	1,441,089	0	2,392,320
Capital Outlay	0	0	1,470,916	1,470,916
Debt Service:				
Other Debt Service	650,000	0	0	650,000
Capital Projects	0	0	4	4
Total Expenditures	<u>\$ 18,207,859</u>	<u>\$ 1,441,089</u>	<u>\$ 2,832,857</u>	<u>\$ 22,481,805</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>\$ 255,296</u>	<u>\$ (160,986)</u>	<u>\$ 108,563</u>	<u>\$ 202,873</u>
Net Change in Fund Balances	\$ 255,296	\$ (160,986)	\$ 108,563	\$ 202,873
Fund Balance, July 1, 2014	1,819,478	667,737	126,396	2,613,611
Fund Balance, June 30, 2015	<u>\$ 2,074,774</u>	<u>\$ 506,751</u>	<u>\$ 234,959</u>	<u>\$ 2,816,484</u>

Exhibit I-5

Polk County, Tennessee
Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances
of Governmental Funds to the Statement of Activities
Discretely Presented Polk County School Department
For the Year Ended June 30, 2015

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

Net change in fund balances - total governmental funds (Exhibit I-4)		\$ 202,873
<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	\$ 45,500	
Less: current-year depreciation expense	<u>(634,352)</u>	(588,852)
<p>(2) Revenues in the statement of activities that do not provide current financial resources are not reported in the funds.</p>		
Add: deferred delinquent property taxes and other deferred June 30, 2015	\$ 234,595	
Less: deferred delinquent property taxes and other deferred June 30, 2014	<u>(213,244)</u>	21,351
<p>(3) The contributions of long-term debt (e.g., notes, bonds, leases) by the primary government provides current financial resources to governmental funds, while the contributions by the School Department of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net position.</p>		
Add: principal contributions on leases to primary government		76,301
<p>(4) Some expenses reported in the statement of activities do not require the use of current financial resources and therefore are not reported as expenditures in the governmental funds.</p>		
Change in other postemployment benefits liability	\$ (231,829)	
Change in net pension liability/asset	3,633,884	
Change in deferred outflows related to pensions	1,061,617	
Change in deferred inflows related to pensions	<u>(3,652,188)</u>	811,484
<p>(5) Internal service funds are used by management to charge the cost of employee self-insurance benefits to individual funds. The net revenue of certain activities of the internal service fund is reported with governmental activities in the statement of activities.</p>		
		<u>41</u>
Change in net position of governmental activities (Exhibit B)		<u>\$ 523,198</u>

Exhibit I-6

Polk County, Tennessee
Combining Balance Sheet - Nonmajor Governmental Funds
Discretely Presented Polk County School Department
June 30, 2015

	Special Revenue Fund	Capital Projects Fund	Total Nonmajor Governmental Funds
	School Federal Projects	Education Capital Projects	
<u>ASSETS</u>			
Equity in Pooled Cash and Investments	\$ 50,044	\$ 101,745	\$ 151,789
Due from Other Governments	123,752	0	123,752
Due from Other Funds	8,224	0	8,224
	<hr/>	<hr/>	<hr/>
Total Assets	\$ 182,020	\$ 101,745	\$ 283,765
<u>LIABILITIES</u>			
Accounts Payable	\$ 12,510	\$ 0	\$ 12,510
Payroll Deductions Payable	12,958	0	12,958
Due to Other Funds	23,338	0	23,338
Total Liabilities	<hr/>	<hr/>	<hr/>
	\$ 48,806	\$ 0	\$ 48,806
<u>FUND BALANCES</u>			
Restricted:			
Restricted for Education	\$ 8,452	\$ 101,745	\$ 110,197
Committed:			
Committed for Education	100,000	0	100,000
Assigned:			
Assigned for Education	24,762	0	24,762
Total Fund Balances	<hr/>	<hr/>	<hr/>
	\$ 133,214	\$ 101,745	\$ 234,959
Total Liabilities and Fund Balances	<hr/>	<hr/>	<hr/>
	\$ 182,020	\$ 101,745	\$ 283,765

Exhibit I-7

Polk County, Tennessee
Combining Statement of Revenues, Expenditures,
and Changes in Fund Balances -
Nonmajor Governmental Funds
Discretely Presented Polk County School Department
For the Year Ended June 30, 2015

	Special Revenue Fund <u>School Federal Projects</u>	Capital Projects Fund <u>Education Capital Projects</u>	Total Nonmajor Governmental Funds
<u>Revenues</u>			
Other Local Revenues	\$ 22	\$ 0	\$ 22
Federal Government	1,394,997	0	1,394,997
Other Governments and Citizens Groups	0	1,546,401	1,546,401
Total Revenues	<u>\$ 1,395,019</u>	<u>\$ 1,546,401</u>	<u>\$ 2,941,420</u>
<u>Expenditures</u>			
Current:			
Instruction	\$ 957,624	\$ 0	\$ 957,624
Support Services	404,313	0	404,313
Capital Outlay	0	1,470,916	1,470,916
Capital Projects	0	4	4
Total Expenditures	<u>\$ 1,361,937</u>	<u>\$ 1,470,920</u>	<u>\$ 2,832,857</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>\$ 33,082</u>	<u>\$ 75,481</u>	<u>\$ 108,563</u>
Net Change in Fund Balances	\$ 33,082	\$ 75,481	\$ 108,563
Fund Balance, July 1, 2014	100,132	26,264	126,396
Fund Balance, June 30, 2015	<u>\$ 133,214</u>	<u>\$ 101,745</u>	<u>\$ 234,959</u>

Exhibit I-8

Polk County, Tennessee
Schedule of Revenues, Expenditures, and Changes
in Fund Balance - Actual (Budgetary Basis) and Budget
Discretely Presented Polk County School Department
General Purpose School Fund
For the Year Ended June 30, 2015

	Actual (GAAP Basis)	Less: Encumbrances 7/1/2014	Add: Encumbrances 6/30/2015	Actual Revenues/ Expenditures (Budgetary Basis)	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
					Original	Final	
<u>Revenues</u>							
Local Taxes	\$ 4,005,062	\$ 0	\$ 0	\$ 4,005,062	\$ 3,977,594	\$ 3,977,594	\$ 27,468
Licenses and Permits	1,150	0	0	1,150	1,500	1,500	(350)
Fines, Forfeitures, and Penalties	238	0	0	238	200	200	38
Charges for Current Services	0	0	0	0	500	500	(500)
Other Local Revenues	173,875	0	0	173,875	140,530	270,585	(96,710)
State of Tennessee	14,024,127	0	0	14,024,127	13,025,360	13,924,821	99,306
Federal Government	258,703	0	0	258,703	257,000	397,000	(138,297)
Total Revenues	\$ 18,463,155	\$ 0	\$ 0	\$ 18,463,155	\$ 17,402,684	\$ 18,572,200	\$ (109,045)
<u>Expenditures</u>							
<u>Instruction</u>							
Regular Instruction Program	\$ 8,632,659	\$ 0	\$ 0	\$ 8,632,659	\$ 8,734,920	\$ 8,788,202	\$ 155,543
Alternative Instruction Program	96,526	0	0	96,526	104,537	97,483	957
Special Education Program	941,259	0	0	941,259	882,660	951,614	10,355
Vocational Education Program	688,766	0	0	688,766	723,777	703,698	14,932
<u>Support Services</u>							
Attendance	88,331	0	0	88,331	89,217	89,217	886
Health Services	192,363	0	0	192,363	92,059	198,124	5,761
Other Student Support	570,046	(44,421)	0	525,625	550,961	577,241	51,616
Regular Instruction Program	352,490	0	0	352,490	351,439	353,551	1,061
Special Education Program	230,679	0	0	230,679	228,184	232,884	2,205
Vocational Education Program	48,595	0	0	48,595	47,270	48,689	94
Other Programs	99,736	0	0	99,736	0	99,736	0
Board of Education	397,133	0	75	397,208	438,168	412,243	15,035
Director of Schools	306,831	(5,734)	0	301,097	304,999	312,799	11,702
Office of the Principal	1,160,774	0	0	1,160,774	1,157,051	1,177,112	16,338
Fiscal Services	166,117	0	0	166,117	169,758	168,408	2,291
Operation of Plant	1,423,475	(1,125)	0	1,422,350	1,561,681	1,499,750	77,400
Maintenance of Plant	162,625	0	0	162,625	146,833	165,117	2,492
Transportation	1,048,223	0	0	1,048,223	993,225	1,173,980	125,757

(Continued)

Exhibit I-8

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

	Actual (GAAP Basis)	Less: Encumbrances 7/1/2014	Add: Encumbrances 6/30/2015	Actual Revenues/ Expenditures (Budgetary Basis)	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
					Original	Final	
<u>Expenditures (Cont.)</u>							
<u>Operation of Non-Instructional Services</u>							
Food Service	\$ 85,161	\$ 0	\$ 0	\$ 85,161	\$ 89,562	\$ 86,520	\$ 1,359
Community Services	261,758	0	17,849	279,607	0	280,000	393
Early Childhood Education	604,312	(37,077)	16,638	583,873	86,383	593,914	10,041
<u>Other Debt Service</u>							
Education	650,000	0	0	650,000	650,000	650,000	0
Total Expenditures	\$ 18,207,859	\$ (88,357)	\$ 34,562	\$ 18,154,064	\$ 17,402,684	\$ 18,660,282	\$ 506,218
Excess (Deficiency) of Revenues							
Over Expenditures	\$ 255,296	\$ 88,357	\$ (34,562)	\$ 309,091	\$ 0	\$ (88,082)	\$ 397,173
Net Change in Fund Balance							
Fund Balance, July 1, 2014	\$ 1,819,478	(88,357)	0	1,731,121	1,760,604	1,760,604	(29,483)
Fund Balance, June 30, 2015	\$ 2,074,774	\$ 0	\$ (34,562)	\$ 2,040,212	\$ 1,760,604	\$ 1,672,522	\$ 367,690

Exhibit I-9

Polk County, Tennessee
Schedule of Revenues, Expenditures, and Changes
in Fund Balance - Actual (Budgetary Basis) and Budget
Discretely Presented Polk County School Department
School Federal Projects Fund
For the Year Ended June 30, 2015

	Actual (GAAP Basis)	Add: Encumbrances 6/30/2015	Actual Revenues/ Expenditures (Budgetary Basis)	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
				Original	Final	
<u>Revenues</u>						
Other Local Revenues	\$ 22	\$ 0	\$ 22	\$ 0	\$ 0	\$ 22
Federal Government	1,394,997	0	1,394,997	1,558,935	1,558,935	(163,938)
Total Revenues	\$ 1,395,019	\$ 0	\$ 1,395,019	\$ 1,558,935	\$ 1,558,935	\$ (163,916)
<u>Expenditures</u>						
<u>Instruction</u>						
Regular Instruction Program	\$ 451,285	\$ 12,772	\$ 464,057	\$ 506,812	\$ 506,792	\$ 42,735
Special Education Program	489,426	0	489,426	510,066	510,066	20,640
Vocational Education Program	16,913	11,745	28,658	28,268	28,668	10
<u>Support Services</u>						
Other Student Support	96,063	245	96,308	137,143	137,143	40,835
Regular Instruction Program	250,059	0	250,059	287,498	287,498	37,439
Special Education Program	55,375	0	55,375	58,231	58,231	2,856
Vocational Education Program	1,764	0	1,764	2,018	2,018	254
Transportation	1,052	0	1,052	0	1,084	32
Total Expenditures	\$ 1,361,937	\$ 24,762	\$ 1,386,699	\$ 1,530,036	\$ 1,531,500	\$ 144,801
Excess (Deficiency) of Revenues Over Expenditures	\$ 33,082	\$ (24,762)	\$ 8,320	\$ 28,899	\$ 27,435	\$ (19,115)
Net Change in Fund Balance	\$ 33,082	\$ (24,762)	\$ 8,320	\$ 28,899	\$ 27,435	\$ (19,115)
Fund Balance, July 1, 2014	100,132	0	100,132	41,481	41,481	58,651
Fund Balance, June 30, 2015	\$ 133,214	\$ (24,762)	\$ 108,452	\$ 70,380	\$ 68,916	\$ 39,536

Exhibit I-10

Polk County, Tennessee
Schedule of Revenues, Expenditures, and Changes
in Fund Balance - Actual and Budget
Discretely Presented Polk County School Department
Central Cafeteria Fund
For the Year Ended June 30, 2015

	Actual	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
		Original	Final	
<u>Revenues</u>				
Charges for Current Services	\$ 168,558	\$ 164,000	\$ 164,000	\$ 4,558
Other Local Revenues	930	1,560	1,560	(630)
State of Tennessee	13,746	18,000	18,000	(4,254)
Federal Government	1,096,869	1,119,000	1,203,538	(106,669)
Total Revenues	<u>\$ 1,280,103</u>	<u>\$ 1,302,560</u>	<u>\$ 1,387,098</u>	<u>\$ (106,995)</u>
<u>Expenditures</u>				
<u>Operation of Non-Instructional Services</u>				
Food Service	\$ 1,441,089	\$ 1,302,560	\$ 1,484,673	\$ 43,584
Total Expenditures	<u>\$ 1,441,089</u>	<u>\$ 1,302,560</u>	<u>\$ 1,484,673</u>	<u>\$ 43,584</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>\$ (160,986)</u>	<u>\$ 0</u>	<u>\$ (97,575)</u>	<u>\$ (63,411)</u>
Net Change in Fund Balance	\$ (160,986)	\$ 0	\$ (97,575)	\$ (63,411)
Fund Balance, July 1, 2014	<u>667,737</u>	<u>667,737</u>	<u>667,737</u>	<u>0</u>
Fund Balance, June 30, 2015	<u>\$ 506,751</u>	<u>\$ 667,737</u>	<u>\$ 570,162</u>	<u>\$ (63,411)</u>

Exhibit I-11

Polk County, Tennessee
Statement of Net Position
Discretely Presented Polk County School Department
Proprietary Fund
June 30, 2015

Governmental
 Activities -
 Internal
 Service Fund

 Self-
 Insurance
 Fund

ASSETS

Current Assets:

Cash	\$ 41,012
Total Assets	<u>\$ 41,012</u>

NET POSITION

Restricted	<u>\$ 41,012</u>
Total Net Position	<u><u>\$ 41,012</u></u>

Exhibit I-12

Polk County, Tennessee
Statement of Revenues, Expenses, and
Changes in Net Position
Discretely Presented Polk County School Department
Proprietary Fund
For the Year Ended June 30, 2015

	Governmental Activities - Internal Service Fund <hr/> Self- Insurance Fund <hr/>
<u>Nonoperating Revenues</u>	
Investment Income	\$ 41
Total Nonoperating Revenues	<hr/> \$ 41
Change in Net Position	\$ 41
Net Position, July 1, 2014	<hr/> 40,971
Net Position, June 30, 2015	<hr/> <hr/> \$ 41,012

Exhibit I-13

Polk County, Tennessee
Statement of Cash Flows
Discretely Presented Polk County School Department
Proprietary Fund
For the Year Ended June 30, 2015

	Governmental Activities - Internal Service Fund
	<u>Self- Insurance Fund</u>
<u>Cash Flows from Investing Activities</u>	
Interest on Investments	\$ 41
Net Cash Provided By (Used In) Investing Activities	<u>\$ 41</u>
Net Increase (Decrease) in Cash	\$ 41
Cash, July 1, 2014	<u>40,971</u>
Cash, June 30, 2015	<u><u>\$ 41,012</u></u>

MISCELLANEOUS SCHEDULES

Exhibit J-1

Polk County, Tennessee
Schedule of Changes in Long-term Bonds, Capital Leases, and Other Loans
For the Year Ended June 30, 2015

Description of Indebtedness	Original Amount of Issue	Interest Rate	Date of Issue	Last Maturity Date	Outstanding 7-1-14	Issued During Period	Paid and/or Matured During Period	Outstanding 6-30-15
<u>BONDS PAYABLE</u>								
<u>Payable through General Debt Service Fund</u>								
General Obligation Refunding Bond, Series 2007	\$ 22,100,000	4 to 5%	4-30-07	4-30-25	\$ 15,420,000	\$ 0	\$ 1,110,000	\$ 14,310,000
Total Bonds Payable					\$ 15,420,000	\$ 0	\$ 1,110,000	\$ 14,310,000
<u>CAPITAL LEASES PAYABLE</u>								
<u>Contributions Due by the School Department from the General Purpose School Fund to the General Debt Service Fund</u>								
School Buses	535,508	4.074	5-1-11	5-1-18	\$ 324,366	\$ 0	\$ 76,301	\$ 248,065
Total Capital Leases Payable					\$ 324,366	\$ 0	\$ 76,301	\$ 248,065
<u>OTHER LOANS PAYABLE</u>								
<u>Payable through General Debt Service Fund</u>								
School Roofs and Other Repairs	(1)	Variable	9-4-14	5-25-25	\$ 0	\$ 1,557,381	\$ 137,980	\$ 1,419,401
Total Other Loans Payable					\$ 0	\$ 1,557,381	\$ 137,980	\$ 1,419,401

(1) Total amount approved was \$1,840,980, of which \$283,599 remains available for draws as of June 30, 2015.

Exhibit J-2

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

Year Ending June 30	Bond		
	Principal	Interest	Total
2016	\$ 1,155,000	\$ 674,100	\$ 1,829,100
2017	1,200,000	627,900	1,827,900
2018	1,260,000	567,900	1,827,900
2019	1,320,000	504,900	1,824,900
2020	1,390,000	438,900	1,828,900
2021	1,465,000	369,400	1,834,400
2022	1,520,000	310,800	1,830,800
2023	1,585,000	250,000	1,835,000
2024	1,665,000	170,750	1,835,750
2025	1,750,000	87,500	1,837,500
Total	<u>\$ 14,310,000</u>	<u>\$ 4,002,150</u>	<u>\$ 18,312,150</u>

Year Ending June 30	Capital Lease		
	Principal	Interest	Total
2016	\$ 79,409	\$ 10,107	\$ 89,516
2017	82,645	6,871	89,516
2018	86,011	3,505	89,516
Total	<u>\$ 248,065</u>	<u>\$ 20,483</u>	<u>\$ 268,548</u>

Year Ending June 30	Other Loan			
	Principal	Interest	Fees	Total
2016	\$ 140,000	\$ 14,782	\$ 4,838	\$ 159,620
2017	143,000	13,310	4,515	160,825
2018	146,000	11,805	4,186	161,991
2019	149,000	10,270	3,850	163,120
2020	151,000	8,704	3,506	163,210
2021	154,000	7,115	3,159	164,274
2022	158,000	5,495	2,804	166,299
2023	161,000	3,833	2,440	167,273
2024	164,000	2,140	2,069	168,209
2025	53,401	515	1,588	55,504
Total	<u>\$ 1,419,401</u>	<u>\$ 77,969</u>	<u>\$ 32,955</u>	<u>\$ 1,530,325</u>

Exhibit J-3

Polk County, Tennessee
Schedule of Transfers
For the Year Ended June 30, 2015

<u>From Fund</u>	<u>To Fund</u>	<u>Purpose</u>	<u>Amount</u>
General	Solid Waste/Sanitation	Reimbursement	\$ 42,955
"	"	Operations	300,000
Drug Control	General	Reimbursement for salaries	<u>56,000</u>
Total Transfers			<u>\$ 398,955</u>

Exhibit J-4

Polk County, Tennessee
Schedule of Salaries and Official Bonds of Principal Officials
Primary Government and Discretely Presented Polk County School Department
For the Year Ended June 30, 2015

Official	Authorization for Salary	Salary Paid During Period	Bond	Surety
County Executive	Section 8-24-102, <i>TCA</i>	\$ 73,738	\$ 100,000	Western Surety Company
Highway Superintendent	Section 8-24-102, <i>TCA</i>	70,228	100,000	Travelers Casualty and Surety Company
Director of Schools	State Board of Education and Polk County Board of Education	101,204 (1)	(2)	
Director of Accounts and Budgets	County Commission	32,476	100,000	Western Surety Company
Trustee:				
Patsy Jenkins (July 1, 2014 through August 31, 2014)	Section 8-24-102, <i>TCA</i>	10,641	741,705	Travelers Casualty and Surety Company
Gina Hicks-Burchfiel (September 1, 2014 through June 30, 2015)	Section 8-24-102, <i>TCA</i>	53,202	759,555	Western Surety Company
Assessor of Property	Section 8-24-102, <i>TCA</i>	63,843	50,000	Travelers Casualty and Surety Company
County Clerk	Section 8-24-102, <i>TCA</i>	63,843	100,000	Western Surety Company
Circuit and General Sessions Courts Clerk	Section 8-24-102, <i>TCA</i>	63,843	100,000	"
Clerk and Master	Section 8-24-102, <i>TCA</i>	63,843 (3)	50,000	State Farm Fire and Casualty Company
Register of Deeds	Section 8-24-102, <i>TCA</i>	63,843	100,000	Western Surety Company
Sheriff:				
Bill Davis (July 1, 2014 through August 31, 2014)	Section 8-24-102, <i>TCA</i>	11,705	25,000	Travelers Casualty and Surety Company
Steve Ross (September 1, 2014 through June 30, 2015)	Section 8-24-102, <i>TCA</i>	58,523	100,000	Western Surety Company
Employee Blanket Bonds:				
Public Employee Dishonesty - School Department			150,000	Tennessee Risk Management Trust
Public Employee Dishonesty - County Departments			150,000	"

(1) Does not include \$4,217 for unused vacation days, career ladder program of \$900, and a negotiated annual allowance of \$9,000 for in-county travel.

(2) The director of schools is covered by the employee blanket bond.

(3) Does not include \$1,020 for special commissioner fees.

Exhibit J-5

Polk County, Tennessee
 Schedule of Detailed Revenues -
 All Governmental Fund Types
 For the Year Ended June 30, 2015

	Special Revenue Funds					Debt Service Fund
	General	Solid Waste / Sanitation	Drug Control	Constitu - tional Officers - Fees	Highway / Public Works	General Debt Service
<u>Local Taxes</u>						
<u>County Property Taxes</u>						
Current Property Tax	\$ 3,310,840	\$ 529,517	\$ 0	\$ 0	\$ 0	\$ 960,736
Trustee's Collections - Prior Year	203,497	0	0	0	0	50,908
Circuit/Clerk and Master Collections - Prior Years	303,272	0	0	0	0	91,140
Interest and Penalty	35,000	575	0	0	0	9,786
Payments in-Lieu-of Taxes - T.V.A.	61,902	0	0	0	0	15,486
Payments in-Lieu-of Taxes - Other	127,208	0	0	0	0	55,787
<u>County Local Option Taxes</u>						
Hotel/Motel Tax	53,200	0	0	0	0	22,724
Local Amusement Tax	42,762	0	0	0	0	0
Litigation Tax - General	78,289	0	0	0	0	0
Litigation Tax - Special Purpose	3,281	0	0	0	0	0
Litigation Tax - Jail, Workhouse, or Courthouse	39,691	0	0	0	0	0
Litigation Tax - Courthouse Security	1,912	0	0	0	0	0
Business Tax	39,225	0	0	0	0	9,813
<u>Statutory Local Taxes</u>						
Bank Excise Tax	26,755	0	0	0	0	6,693
Wholesale Beer Tax	258,731	0	0	0	0	0
Beer Privilege Tax	16,055	0	0	0	0	0
Total Local Taxes	<u>\$ 4,601,620</u>	<u>\$ 530,092</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 1,223,073</u>
<u>Licenses and Permits</u>						
<u>Licenses</u>						
Cable TV Franchise	\$ 78,070	\$ 0	\$ 0	\$ 0	\$ 0	0
<u>Permits</u>						
Beer Permits	712	0	0	0	0	0

(Continued)

Exhibit J-5

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

	Special Revenue Funds					Debt Service
	General	Solid Waste / Sanitation	Drug Control	Constitu - tional Officers - Fees	Highway / Public Works	General Debt Service
<u>Licenses and Permits (Cont.)</u>						
<u>Permits (Cont.)</u>						
Building Permits	\$ 2,600	\$ 0	\$ 0	\$ 0	\$ 0	0
Electrical Permits	8,949	0	0	0	0	0
Total Licenses and Permits	\$ 90,331	\$ 0	\$ 0	\$ 0	\$ 0	0
<u>Fines, Forfeitures, and Penalties</u>						
<u>Circuit Court</u>						
Fines	\$ 5,804	\$ 0	\$ 0	\$ 0	\$ 0	0
Officers Costs	4,281	0	0	0	0	0
Drug Control Fines	0	0	27,630	0	0	0
Drug Court Fees	1,639	0	0	0	0	0
Jail Fees	2,135	0	0	0	0	0
DUI Treatment Fines	285	0	0	0	0	0
Data Entry Fee - Circuit Court	756	0	0	0	0	0
<u>Criminal Court</u>						
Fines	66	0	0	0	0	0
<u>General Sessions Court</u>						
Fines	18,260	0	0	0	0	0
Officers Costs	24,273	0	0	0	0	0
Game and Fish Fines	317	0	0	0	0	0
Drug Control Fines	0	0	23,749	0	0	0
Drug Court Fees	7,848	0	0	0	0	0
Jail Fees	12,396	0	0	0	0	0
DUI Treatment Fines	5,842	0	0	0	0	0
Data Entry Fee - General Sessions Court	6,884	0	0	0	0	0
Courtroom Security Fee	39,684	0	0	0	0	0

(Continued)

Exhibit J-5

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

	Special Revenue Funds					Debt Service
	General	Solid Waste / Sanitation	Drug Control	Constitu - tional Officers - Fees	Highway / Public Works	General Debt Service
<u>Fines, Forfeitures, and Penalties (Cont.)</u>						
<u>Juvenile Court</u>						
Data Entry Fee - Juvenile Court	\$ 194	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
<u>Chancery Court</u>						
Officers Costs	213	0	0	0	0	0
Data Entry Fee - Chancery Court	3,562	0	0	0	0	0
<u>Judicial District Drug Program</u>						
Courtroom Security Fee	11	0	0	0	0	0
<u>Other Fines, Forfeitures, and Penalties</u>						
Proceeds from Confiscated Property	4,839	0	7,521	0	0	0
Total Fines, Forfeitures, and Penalties	\$ 139,289	\$ 0	\$ 58,900	\$ 0	\$ 0	\$ 0
<u>Charges for Current Services</u>						
<u>General Service Charges</u>						
Self-insurance Premiums/Contributions	\$ 33	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
<u>Fees</u>						
Recreation Fees	144	0	0	0	0	0
Copy Fees	3,023	0	0	0	0	0
Library Fees	1,146	0	0	0	0	0
Greenbelt Late Application Fee	50	0	0	0	0	0
Telephone Commissions	0	0	0	0	0	0
Special Commissioner Fees/Special Master Fees	0	0	0	1,020	0	0
Data Processing Fee - Register	5,076	0	0	0	0	0
Probation Fees	4,321	0	0	0	0	0
Data Processing Fee - Sheriff	1,469	0	0	0	0	0
Sexual Offender Registration Fee - Sheriff	900	0	0	0	0	0
Data Processing Fee - County Clerk	1,010	0	0	0	0	0
Total Charges for Current Services	\$ 17,172	\$ 0	\$ 0	\$ 1,020	\$ 0	\$ 0

(Continued)

Exhibit J-5

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

	Special Revenue Funds					Debt Service Fund
	General	Solid Waste / Sanitation	Drug Control	Constitutional Officers - Fees	Highway / Public Works	General Debt Service
<u>Other Local Revenues</u>						
<u>Recurring Items</u>						
Investment Income	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	4,850
Lease/Rentals	10,628	0	0	0	0	0
Commissary Sales	30,628	0	0	0	0	0
Sale of Gasoline	0	0	0	0	307,736	0
Sale of Recycled Materials	194	0	0	0	0	0
Cobra Insurance Payments	0	0	0	0	952	0
Miscellaneous Refunds	91,181	0	0	0	0	0
<u>Nonrecurring Items</u>						
Sale of Equipment	29,762	0	0	0	15,688	0
Sale of Property	7,500	0	10,197	0	0	0
Damages Recovered from Individuals	4,162	0	0	0	0	0
Contributions and Gifts	13,350	0	0	0	0	0
<u>Other Local Revenues</u>						
Other Local Revenues	4,000	0	0	0	0	0
Total Other Local Revenues	\$ 191,405	\$ 0	\$ 10,197	\$ 0	\$ 324,376	\$ 4,850
<u>Fees Received from County Officials</u>						
<u>Excess Fees</u>						
Register	\$ 7,021	\$ 0	\$ 0	\$ 0	\$ 0	0
<u>Fees in-Lieu-of Salary</u>						
County Clerk	155,765	0	0	0	0	0
Circuit Court Clerk	40,483	0	0	0	0	0
General Sessions Court Clerk	98,277	0	0	0	0	0
Clerk and Master	116,721	0	0	0	0	0
Register	52,884	0	0	0	0	0

(Continued)

Exhibit J-5

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

	Special Revenue Funds					Debt Service
	General	Solid Waste / Sanitation	Drug Control	Constitu - tional Officers - Fees	Highway / Public Works	General Debt Service
<u>Fees Received from County Officials (Cont.)</u>						
<u>Fees in-Lieu-of Salary (Cont.)</u>						
Sheriff	\$ 1,786	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
Trustee	254,066	0	0	0	0	0
Total Fees Received from County Officials	\$ 727,003	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
<u>State of Tennessee</u>						
<u>General Government Grants</u>						
Airport Maintenance Program	\$ 3,710	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
Child Restraint Program	4,248	0	0	0	0	0
Aging Programs	19,496	0	0	0	0	0
On-behalf Contributions for OPEB	600	0	0	0	0	0
<u>Public Safety Grants</u>						
Law Enforcement Training Programs	13,200	0	0	0	0	0
<u>Health and Welfare Grants</u>						
Health Department Programs	120,216	0	0	0	0	0
<u>Public Works Grants</u>						
State Aid Program	0	0	0	0	77,397	0
Litter Program	23,554	0	0	0	0	0
Other Public Works Grants	6,020	0	0	0	0	0
<u>Other State Revenues</u>						
Income Tax	92,751	0	0	0	0	23,203
Beer Tax	18,055	0	0	0	0	0
Vehicle Certificate of Title Fees	7,374	0	0	0	0	0
Alcoholic Beverage Tax	44,249	0	0	0	0	0
State Revenue Sharing - T.V.A.	445,774	0	0	0	0	55,732
Contracted Prisoner Boarding	1,092,388	0	0	0	0	0

(Continued)

Exhibit J-5

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

	Special Revenue Funds					Debt Service Fund
	General	Solid Waste / Sanitation	Drug Control	Constitutional Officers - Fees	Highway / Public Works	General Debt Service
<u>State of Tennessee (Cont.)</u>						
<u>Other State Revenues (Cont.)</u>						
Gasoline and Motor Fuel Tax	\$ 0	\$ 0	\$ 0	\$ 0	1,611,605	\$ 0
Petroleum Special Tax	0	0	0	0	12,140	0
Registrar's Salary Supplement	15,164	0	0	0	0	0
Other State Grants	5,100	0	0	0	0	0
Other State Revenues	1,285	0	0	0	0	0
Total State of Tennessee	\$ 1,913,184	\$ 0	\$ 0	\$ 0	1,701,142	\$ 78,935
<u>Federal Government</u>						
<u>Federal Through State</u>						
Homeland Security Grants	\$ 7,429	\$ 0	\$ 0	\$ 0	0	\$ 0
Other Federal through State	42,753	0	0	0	0	0
<u>Direct Federal Revenue</u>						
Forest Service	35,093	0	0	0	93,311	0
Other Direct Federal Revenue	3,400	0	0	0	0	0
Total Federal Government	\$ 88,675	\$ 0	\$ 0	\$ 0	93,311	\$ 0
<u>Other Governments and Citizens Groups</u>						
<u>Other Governments</u>						
Contributions	\$ 0	\$ 0	\$ 0	\$ 0	0	\$ 739,516
Contracted Services	0	0	0	0	0	0
Total Other Governments and Citizens Groups	\$ 0	\$ 0	\$ 0	\$ 0	0	\$ 739,516
Total	\$ 7,768,679	\$ 530,092	\$ 69,097	\$ 1,020	2,118,829	\$ 2,046,374

(Continued)

Exhibit J-5

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

	Capital Projects Funds				Total
	General Capital Projects	Ocoee Waterline Projects	Housing Rehabilitation Projects	Other Capital Projects	
<u>Local Taxes</u>					
<u>County Property Taxes</u>					
Current Property Tax	\$ 0	\$ 0	\$ 0	\$ 0	\$ 4,801,093
Trustee's Collections - Prior Year	0	0	0	0	254,405
Circuit/Clerk and Master Collections - Prior Years	0	0	0	0	394,412
Interest and Penalty	0	0	0	0	45,361
Payments in-Lieu-of Taxes - T.V.A.	0	0	0	0	77,388
Payments in-Lieu-of Taxes - Other	0	0	0	0	182,995
<u>County Local Option Taxes</u>					
Hotel/Motel Tax	0	0	0	0	75,924
Local Amusement Tax	0	0	0	0	42,762
Litigation Tax - General	0	0	0	0	78,289
Litigation Tax - Special Purpose	0	0	0	0	3,281
Litigation Tax - Jail, Workhouse, or Courthouse	0	0	0	0	39,691
Litigation Tax - Courthouse Security	0	0	0	0	1,912
Business Tax	0	0	0	0	49,038
<u>Statutory Local Taxes</u>					
Bank Excise Tax	0	0	0	0	33,448
Wholesale Beer Tax	0	0	0	0	258,731
Beer Privilege Tax	0	0	0	0	16,055
Total Local Taxes	\$ 0	\$ 0	\$ 0	\$ 0	\$ 6,354,785
<u>Licenses and Permits</u>					
<u>Licenses</u>					
Cable TV Franchise	\$ 0	\$ 0	\$ 0	\$ 0	\$ 78,070
<u>Permits</u>					
Beer Permits	0	0	0	0	712

(Continued)

Exhibit J-5

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

	Capital Projects Funds				Total
	General Capital Projects	Ocoee Waterline Projects	Housing Rehabilitation Projects	Other Capital Projects	
<u>Licenses and Permits (Cont.)</u>					
<u>Permits (Cont.)</u>					
Building Permits	\$ 0	\$ 0	\$ 0	\$ 0	\$ 2,600
Electrical Permits	0	0	0	0	8,949
Total Licenses and Permits	\$ 0	\$ 0	\$ 0	\$ 0	\$ 90,331
<u>Fines, Forfeitures, and Penalties</u>					
<u>Circuit Court</u>					
Fines	\$ 0	\$ 0	\$ 0	\$ 0	\$ 5,804
Officers Costs	0	0	0	0	4,281
Drug Control Fines	0	0	0	0	27,630
Drug Court Fees	0	0	0	0	1,639
Jail Fees	0	0	0	0	2,135
DUI Treatment Fines	0	0	0	0	285
Data Entry Fee - Circuit Court	0	0	0	0	756
<u>Criminal Court</u>					
Fines	0	0	0	0	66
<u>General Sessions Court</u>					
Fines	0	0	0	0	18,260
Officers Costs	0	0	0	0	24,273
Game and Fish Fines	0	0	0	0	317
Drug Control Fines	0	0	0	0	23,749
Drug Court Fees	0	0	0	0	7,848
Jail Fees	0	0	0	0	12,396
DUI Treatment Fines	0	0	0	0	5,842
Data Entry Fee - General Sessions Court	0	0	0	0	6,884
Courtroom Security Fee	0	0	0	0	39,684

(Continued)

Exhibit J-5

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

	Capital Projects Funds				Total
	General Capital Projects	Ocoee Waterline Projects	Housing Rehabilitation Projects	Other Capital Projects	
<u>Fines, Forfeitures, and Penalties (Cont.)</u>					
<u>Juvenile Court</u>					
Data Entry Fee - Juvenile Court	\$ 0	\$ 0	\$ 0	\$ 0	194
<u>Chancery Court</u>					
Officers Costs	0	0	0	0	213
Data Entry Fee - Chancery Court	0	0	0	0	3,562
<u>Judicial District Drug Program</u>					
Courtroom Security Fee	0	0	0	0	11
<u>Other Fines, Forfeitures, and Penalties</u>					
Proceeds from Confiscated Property	0	0	0	0	12,360
Total Fines, Forfeitures, and Penalties	\$ 0	\$ 0	\$ 0	\$ 0	198,189
<u>Charges for Current Services</u>					
<u>General Service Charges</u>					
Self-insurance Premiums/Contributions	\$ 0	\$ 0	\$ 0	\$ 0	33
<u>Fees</u>					
Recreation Fees	0	0	0	0	144
Copy Fees	0	0	0	0	3,023
Library Fees	0	0	0	0	1,146
Greenbelt Late Application Fee	0	0	0	0	50
Telephone Commissions	0	0	0	38,470	38,470
Special Commissioner Fees/Special Master Fees	0	0	0	0	1,020
Data Processing Fee - Register	0	0	0	0	5,076
Probation Fees	0	0	0	0	4,321
Data Processing Fee - Sheriff	0	0	0	0	1,469
Sexual Offender Registration Fee - Sheriff	0	0	0	0	900
Data Processing Fee - County Clerk	0	0	0	0	1,010
Total Charges for Current Services	\$ 0	\$ 0	\$ 0	38,470	56,662

(Continued)

Exhibit J-5

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

	Capital Projects Funds				Total
	General Capital Projects	Ocoee Waterline Projects	Housing Rehabilitation Projects	Other Capital Projects	
<u>Other Local Revenues</u>					
<u>Recurring Items</u>					
Investment Income	\$ 0	\$ 0	\$ 0	\$ 0	\$ 4,850
Lease/Rentals	0	0	0	0	10,628
Commissary Sales	0	0	0	13,934	44,562
Sale of Gasoline	0	0	0	0	307,736
Sale of Recycled Materials	0	0	0	0	194
Cobra Insurance Payments	0	0	0	0	952
Miscellaneous Refunds	0	0	0	0	91,181
<u>Nonrecurring Items</u>					
Sale of Equipment	0	0	0	0	45,450
Sale of Property	0	0	0	0	17,697
Damages Recovered from Individuals	0	0	0	0	4,162
Contributions and Gifts	279	0	0	0	13,629
<u>Other Local Revenues</u>					
Other Local Revenues	0	0	0	0	4,000
Total Other Local Revenues	\$ 279	\$ 0	\$ 0	\$ 13,934	\$ 545,041
<u>Fees Received from County Officials</u>					
<u>Excess Fees</u>					
Register	\$ 0	\$ 0	\$ 0	\$ 0	\$ 7,021
<u>Fees in-Lieu-of Salary</u>					
County Clerk	0	0	0	0	155,765
Circuit Court Clerk	0	0	0	0	40,483
General Sessions Court Clerk	0	0	0	0	98,277
Clerk and Master	0	0	0	0	116,721
Register	0	0	0	0	52,884

(Continued)

Exhibit J-5

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

	Capital Projects Funds				Total
	General Capital Projects	Ocoee Waterline Projects	Housing Rehabilitation Projects	Other Capital Projects	
<u>Fees Received from County Officials (Cont.)</u>					
<u>Fees in-Lieu-of Salary (Cont.)</u>					
Sheriff	\$ 0	\$ 0	\$ 0	\$ 0	\$ 1,786
Trustee	0	0	0	0	254,066
Total Fees Received from County Officials	\$ 0	\$ 0	\$ 0	\$ 0	\$ 727,003
<u>State of Tennessee</u>					
<u>General Government Grants</u>					
Airport Maintenance Program	\$ 1,011	\$ 0	\$ 0	\$ 0	\$ 4,721
Child Restraint Program	0	0	0	0	4,248
Aging Programs	0	0	0	0	19,496
On-behalf Contributions for OPEB	0	0	0	0	600
<u>Public Safety Grants</u>					
Law Enforcement Training Programs	0	0	0	0	13,200
<u>Health and Welfare Grants</u>					
Health Department Programs	0	0	0	0	120,216
<u>Public Works Grants</u>					
State Aid Program	0	0	0	0	77,397
Litter Program	0	0	0	0	23,554
Other Public Works Grants	0	0	0	0	6,020
<u>Other State Revenues</u>					
Income Tax	0	0	0	0	115,954
Beer Tax	0	0	0	0	18,055
Vehicle Certificate of Title Fees	0	0	0	0	7,374
Alcoholic Beverage Tax	0	0	0	0	44,249
State Revenue Sharing - T.V.A.	0	0	0	0	501,506
Contracted Prisoner Boarding	0	0	0	0	1,092,388

(Continued)

Exhibit J-5

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

	Capital Projects Funds				Total
	General Capital Projects	Ocoee Waterline Projects	Housing Rehabilitation Projects	Other Capital Projects	
<u>State of Tennessee (Cont.)</u>					
<u>Other State Revenues (Cont.)</u>					
Gasoline and Motor Fuel Tax	\$ 0	\$ 0	\$ 0	\$ 0	\$ 1,611,605
Petroleum Special Tax	0	0	0	0	12,140
Registrar's Salary Supplement	0	0	0	0	15,164
Other State Grants	202,029	0	0	0	207,129
Other State Revenues	34,987	0	0	0	36,272
Total State of Tennessee	\$ 238,027	\$ 0	\$ 0	\$ 0	\$ 3,931,288
<u>Federal Government</u>					
<u>Federal Through State</u>					
Homeland Security Grants	\$ 0	\$ 0	\$ 0	\$ 0	\$ 7,429
Other Federal through State	462,721	265,426	65,768	0	836,668
<u>Direct Federal Revenue</u>					
Forest Service	0	0	0	0	128,404
Other Direct Federal Revenue	0	0	0	0	3,400
Total Federal Government	\$ 462,721	\$ 265,426	\$ 65,768	\$ 0	\$ 975,901
<u>Other Governments and Citizens Groups</u>					
<u>Other Governments</u>					
Contributions	\$ 0	\$ 0	\$ 0	\$ 0	\$ 739,516
Contracted Services	0	0	0	40,000	40,000
Total Other Governments and Citizens Groups	\$ 0	\$ 0	\$ 0	\$ 40,000	\$ 779,516
Total	\$ 701,027	\$ 265,426	\$ 65,768	\$ 92,404	\$ 13,658,716

Exhibit J-6

Polk County, Tennessee
Schedule of Detailed Revenues -
All Governmental Fund Types
Discretely Presented Polk County School Department
For the Year Ended June 30, 2015

	General Purpose School	Special Revenue Funds School Federal Projects	Central Cafeteria	Capital Projects Fund Education Capital Projects	Total
<u>Local Taxes</u>					
<u>County Property Taxes</u>					
Current Property Tax	\$ 2,099,871	\$ 0	\$ 0	\$ 0	\$ 2,099,871
Trustee's Collections - Prior Year	96,503	0	0	0	96,503
Circuit/Clerk and Master Collections - Prior Years	188,633	0	0	0	188,633
Interest and Penalty	20,179	0	0	0	20,179
Payments in-Lieu-of Taxes - T.V.A.	33,786	0	0	0	33,786
Payments in-Lieu-of Taxes - Other	20,651	0	0	0	20,651
<u>County Local Option Taxes</u>					
Local Option Sales Tax	1,506,311	0	0	0	1,506,311
Business Tax	21,409	0	0	0	21,409
<u>Statutory Local Taxes</u>					
Bank Excise Tax	14,603	0	0	0	14,603
Interstate Telecommunications Tax	3,116	0	0	0	3,116
Total Local Taxes	\$ 4,005,062	\$ 0	\$ 0	\$ 0	\$ 4,005,062
<u>Licenses and Permits</u>					
<u>Licenses</u>					
Marriage Licenses	\$ 1,150	\$ 0	\$ 0	\$ 0	\$ 1,150
Total Licenses and Permits	\$ 1,150	\$ 0	\$ 0	\$ 0	\$ 1,150
<u>Fines, Forfeitures, and Penalties</u>					
<u>Juvenile Court</u>					
Fines	\$ 238	\$ 0	\$ 0	\$ 0	\$ 238
Total Fines, Forfeitures, and Penalties	\$ 238	\$ 0	\$ 0	\$ 0	\$ 238

(Continued)

Exhibit J-6

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

	General Purpose School	Special Revenue Funds		Capital Projects Fund	Total
		School Federal Projects	Central Cafeteria	Education Capital Projects	
<u>Charges for Current Services</u>					
<u>Education Charges</u>					
Lunch Payments - Children	\$ 0	\$ 0	\$ 65	\$ 0	\$ 65
Lunch Payments - Adults	0	0	76,441	0	76,441
Income from Breakfast	0	0	21,305	0	21,305
Special Milk Sales	0	0	2,326	0	2,326
A la carte Sales	0	0	68,421	0	68,421
Total Charges for Current Services	\$ 0	\$ 0	\$ 168,558	\$ 0	\$ 168,558
<u>Other Local Revenues</u>					
<u>Recurring Items</u>					
Investment Income	\$ 3	\$ 0	\$ 41	\$ 0	\$ 44
Lease/Rentals	13,000	0	0	0	13,000
Retirees' Insurance Payments	19,603	0	0	0	19,603
Miscellaneous Refunds	140,770	22	0	0	140,792
<u>Nonrecurring Items</u>					
Damages Recovered from Individuals	189	0	0	0	189
<u>Other Local Revenues</u>					
Other Local Revenues	310	0	889	0	1,199
Total Other Local Revenues	\$ 173,875	\$ 22	\$ 930	\$ 0	\$ 174,827
<u>State of Tennessee</u>					
<u>General Government Grants</u>					
On-behalf Contributions for OPEB	\$ 99,736	\$ 0	\$ 0	\$ 0	\$ 99,736
<u>State Education Funds</u>					
Basic Education Program	12,742,001	0	0	0	12,742,001

(Continued)

Exhibit J-6

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

	General Purpose School	Special Revenue Funds		Capital Projects Fund	Total
		School Federal Projects	Central Cafeteria	Education Capital Projects	
<u>State of Tennessee (Cont.)</u>					
<u>State Education Funds (Cont.)</u>					
Early Childhood Education	\$ 506,701	\$ 0	\$ 0	\$ 0	\$ 506,701
School Food Service	0	0	13,746	0	13,746
Driver Education	14,038	0	0	0	14,038
Other State Education Funds	289,415	0	0	0	289,415
Career Ladder Program	48,774	0	0	0	48,774
Career Ladder - Extended Contract	20,245	0	0	0	20,245
<u>Other State Revenues</u>					
Income Tax	50,623	0	0	0	50,623
State Revenue Sharing - T.V.A.	243,301	0	0	0	243,301
Other State Grants	9,293	0	0	0	9,293
Total State of Tennessee	\$ 14,024,127	\$ 0	\$ 13,746	\$ 0	\$ 14,037,873
<u>Federal Government</u>					
<u>Federal Through State</u>					
USDA School Lunch Program	\$ 0	\$ 0	\$ 739,879	\$ 0	\$ 739,879
USDA - Commodities	0	0	84,538	0	84,538
Breakfast	0	0	264,860	0	264,860
USDA - Other	0	0	7,592	0	7,592
Vocational Education - Basic Grants to States	0	40,382	0	0	40,382
Title I Grants to Local Education Agencies	0	641,807	0	0	641,807
Special Education - Grants to States	0	526,210	0	0	526,210
Special Education Preschool Grants	0	18,592	0	0	18,592
English Language Acquisition Grants	0	702	0	0	702
Rural Education	0	57,051	0	0	57,051

(Continued)

Exhibit J-6

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

	General Purpose School	Special Revenue Funds School Federal Projects	Central Cafeteria	Capital Projects Fund Education Capital Projects	Total
<u>Federal Government (Cont.)</u>					
<u>Federal Through State (Cont.)</u>					
Eisenhower Professional Development State Grants	\$ 0	\$ 110,253	\$ 0	\$ 0	\$ 110,253
Other Federal through State	139,387	0	0	0	139,387
<u>Direct Federal Revenue</u>					
Forest Service	119,316	0	0	0	119,316
Total Federal Government	<u>\$ 258,703</u>	<u>\$ 1,394,997</u>	<u>\$ 1,096,869</u>	<u>\$ 0</u>	<u>\$ 2,750,569</u>
<u>Other Governments and Citizens Groups</u>					
<u>Other Governments</u>					
Contributions	\$ 0	\$ 0	\$ 0	\$ 1,546,401	\$ 1,546,401
Total Other Governments and Citizens Groups	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 1,546,401</u>	<u>\$ 1,546,401</u>
Total	<u>\$ 18,463,155</u>	<u>\$ 1,395,019</u>	<u>\$ 1,280,103</u>	<u>\$ 1,546,401</u>	<u>\$ 22,684,678</u>

Exhibit J-7

Polk County, Tennessee
Schedule of Detailed Expenditures -
All Governmental Fund Types
For the Year Ended June 30, 2015

General Fund

General Government

County Commission

Board and Committee Members Fees	\$	18,845	
Social Security		1,430	
Pensions		61	
Employee and Dependent Insurance		24,671	
Unemployment Compensation		38	
Workers' Compensation Insurance		594	
Total County Commission	\$		45,639

Board of Equalization

Board and Committee Members Fees	\$	2,373	
Total Board of Equalization			2,373

County Mayor/Executive

County Official/Administrative Officer	\$	73,738	
Secretary(ies)		17,463	
Social Security		6,976	
Pensions		7,434	
Employee and Dependent Insurance		20,087	
Unemployment Compensation		224	
Travel		2,400	
Workers' Compensation Insurance		413	
Data Processing Equipment		6,015	
Total County Mayor/Executive			134,750

Election Commission

County Official/Administrative Officer	\$	57,459	
Clerical Personnel		18,470	
Election Commission		8,500	
Election Workers		38,174	
In-service Training		9,019	
Social Security		7,204	
Pensions		6,190	
Employee and Dependent Insurance		20,338	
Unemployment Compensation		426	
Communication		3,495	
Dues and Memberships		3,275	
Legal Notices, Recording, and Court Costs		1,903	
Maintenance and Repair Services - Equipment		985	
Printing, Stationery, and Forms		368	
Rentals		1,119	
Other Contracted Services		56,761	
Office Supplies		2,107	
Other Supplies and Materials		2,794	
Workers' Compensation Insurance		273	
Data Processing Equipment		756	
Furniture and Fixtures		688	
Total Election Commission			240,304

(Continued)

Exhibit J-7

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

General Fund (Cont.)

General Government (Cont.)

Register of Deeds

County Official/Administrative Officer	\$	63,843	
Clerical Personnel		21,845	
Social Security		6,555	
Pensions		6,985	
Employee and Dependent Insurance		18,432	
Unemployment Compensation		122	
Dues and Memberships		407	
Maintenance Agreements		5,166	
Printing, Stationery, and Forms		865	
Workers' Compensation Insurance		404	
Data Processing Equipment		1,227	
Total Register of Deeds			\$ 125,851

County Buildings

Custodial Personnel	\$	28,493	
Social Security		2,173	
Pensions		1,716	
Employee and Dependent Insurance		4,554	
Unemployment Compensation		228	
Maintenance and Repair Services - Buildings		17,825	
Custodial Supplies		4,181	
Utilities		106,502	
Workers' Compensation Insurance		1,369	
Total County Buildings			167,041

Other General Administration

Life Insurance	\$	3,763	
On-behalf Payments to OPEB		600	
Audit Services		11,919	
Communication		41,341	
Contributions		17,000	
Dues and Memberships		1,302	
Legal Services		41,038	
Legal Notices, Recording, and Court Costs		2,689	
Licenses		810	
Maintenance and Repair Services - Equipment		18,255	
Medical and Dental Services		34,751	
Pest Control		4,480	
Postal Charges		25,174	
Permits		775	
Other Contracted Services		30,050	
Office Supplies		4,881	
Other Supplies and Materials		2,463	
Building and Contents Insurance		6,310	
Liability Insurance		3,764	
Other Charges		1,200	
Total Other General Administration			252,565

(Continued)

Exhibit J-7

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

General Fund (Cont.)

Finance

Accounting and Budgeting

County Official/Administrative Officer	\$	32,476	
Assistant(s)		2,092	
In-service Training		566	
Social Security		2,643	
Pensions		2,648	
Unemployment Compensation		153	
Data Processing Services		8,699	
Travel		675	
Workers' Compensation Insurance		242	
Total Accounting and Budgeting			\$ 50,194

Property Assessor's Office

County Official/Administrative Officer	\$	63,843	
Assistant(s)		38,278	
Deputy(ies)		19,234	
Social Security		9,242	
Pensions		9,688	
Employee and Dependent Insurance		17,658	
Unemployment Compensation		473	
Data Processing Services		9,808	
Maintenance and Repair Services - Vehicles		5,472	
Travel		2,238	
Permits		7,574	
Other Contracted Services		7,925	
Office Supplies		993	
Other Supplies and Materials		1,001	
Workers' Compensation Insurance		510	
Data Processing Equipment		3,000	
Total Property Assessor's Office			196,937

County Trustee's Office

County Official/Administrative Officer	\$	63,843
Deputy(ies)		48,309
In-service Training		1,040
Social Security		7,815
Pensions		8,211
Employee and Dependent Insurance		19,715
Unemployment Compensation		603
Communication		740
Data Processing Services		8,731
Dues and Memberships		407
Legal Notices, Recording, and Court Costs		250
Printing, Stationery, and Forms		1,396
Rentals		443
Travel		1,789
Data Processing Supplies		278
Office Supplies		684

(Continued)

Exhibit J-7

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

General Fund (Cont.)

Finance (Cont.)

County Trustee's Office (Cont.)

Workers' Compensation Insurance	\$	486	
Data Processing Equipment		15,456	
Total County Trustee's Office			\$ 180,196

County Clerk's Office

County Official/Administrative Officer	\$	63,843	
Deputy(ies)		57,976	
Social Security		9,277	
Pensions		9,930	
Employee and Dependent Insurance		37,105	
Unemployment Compensation		382	
Communication		3,361	
Dues and Memberships		407	
Legal Notices, Recording, and Court Costs		240	
Maintenance Agreements		12,509	
Travel		1,854	
Office Supplies		7,667	
Workers' Compensation Insurance		520	
Data Processing Equipment		3,490	
Office Equipment		85	
Total County Clerk's Office			208,646

Administration of Justice

Circuit Court

County Official/Administrative Officer	\$	63,843	
Deputy(ies)		73,429	
Jury and Witness Expense		4,070	
Social Security		10,431	
Pensions		11,189	
Employee and Dependent Insurance		51,005	
Unemployment Compensation		588	
Maintenance Agreements		9,066	
Printing, Stationery, and Forms		968	
Other Supplies and Materials		1,992	
Workers' Compensation Insurance		576	
Total Circuit Court			227,157

General Sessions Court

Judge(s)	\$	89,618	
Social Security		6,841	
Pensions		7,305	
Employee and Dependent Insurance		4,375	
Dues and Memberships		70	
Building and Contents Insurance		1,328	
Liability Insurance		1,439	
Workers' Compensation Insurance		396	
Total General Sessions Court			111,372

(Continued)

Exhibit J-7

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

General Fund (Cont.)

Administration of Justice (Cont.)

Chancery Court

County Official/Administrative Officer	\$	63,843	
Deputy(ies)		38,153	
Social Security		7,747	
Pensions		8,302	
Employee and Dependent Insurance		25,691	
Unemployment Compensation		255	
Data Processing Services		7,725	
Dues and Memberships		407	
Legal Notices, Recording, and Court Costs		2,000	
Printing, Stationery, and Forms		1,142	
Workers' Compensation Insurance		444	
Data Processing Equipment		3,185	
Furniture and Fixtures		275	
Total Chancery Court			\$ 159,169

Juvenile Court

Assistant(s)	\$	13,395	
Youth Service Officer(s)		22,870	
Attendants		1,248	
In-service Training		35	
Social Security		2,768	
Pensions		2,980	
Employee and Dependent Insurance		12,588	
Unemployment Compensation		406	
Travel		1,989	
Other Supplies and Materials		1,104	
Workers' Compensation Insurance		284	
Total Juvenile Court			59,667

Probation Services

Other Contracted Services	\$	69,774	
Total Probation Services			69,774

Public Safety

Sheriff's Department

County Official/Administrative Officer	\$	70,228	
Deputy(ies)		374,928	
Investigator(s)		171,733	
Dispatchers/Radio Operators		40,687	
Clerical Personnel		12,929	
Overtime Pay		33,126	
Other Salaries and Wages		54,548	
In-service Training		1,392	
Social Security		57,590	
Pensions		61,692	
Employee and Dependent Insurance		175,218	
Unemployment Compensation		3,086	

(Continued)

Exhibit J-7

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

General Fund (Cont.)

Public Safety (Cont.)

Sheriff's Department (Cont.)

Communication	\$	725	
Dues and Memberships		400	
Maintenance Agreements		4,099	
Maintenance and Repair Services - Buildings		850	
Maintenance and Repair Services - Equipment		1,928	
Maintenance and Repair Services - Vehicles		32,706	
Printing, Stationery, and Forms		803	
Travel		2,112	
Gasoline		85,049	
Law Enforcement Supplies		46,646	
Office Supplies		1,435	
Tires and Tubes		10,636	
Uniforms		2,387	
Other Supplies and Materials		13,740	
Building and Contents Insurance		12,952	
Liability Insurance		64,542	
Vehicle and Equipment Insurance		18,266	
Workers' Compensation Insurance		29,769	
Data Processing Equipment		2,936	
Total Sheriff's Department	\$		1,389,138

Correctional Incentive Program Improvements

Supervisor/Director	\$	43,717	
Dispatchers/Radio Operators		163,129	
Guards		640,337	
Maintenance Personnel		26,728	
Overtime Pay		88,428	
In-service Training		1,615	
Social Security		73,080	
Pensions		72,348	
Employee and Dependent Insurance		283,945	
Unemployment Compensation		4,595	
Evaluation and Testing		960	
Maintenance Agreements		56,260	
Maintenance and Repair Services - Buildings		8,898	
Maintenance and Repair Services - Equipment		26,332	
Medical and Dental Services		273,252	
Postal Charges		294	
Printing, Stationery, and Forms		789	
Travel		1,270	
Custodial Supplies		22,004	
Food Supplies		158,134	
Prisoners Clothing		3,946	
Uniforms		3,026	
Utilities		189,740	
Other Supplies and Materials		25,378	
Workers' Compensation Insurance		43,282	
Furniture and Fixtures		1,229	
Total Correctional Incentive Program Improvements			2,212,716

(Continued)

Exhibit J-7

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

General Fund (Cont.)

Public Safety (Cont.)

Civil Defense

In-service Training	\$	150	
Communication		1,541	
Maintenance and Repair Services - Equipment		5,450	
Maintenance and Repair Services - Vehicles		1,010	
Gasoline		3,096	
Utilities		4,383	
Building and Contents Insurance		4,445	
Vehicle and Equipment Insurance		6,790	
Communication Equipment		838	
Other Equipment		27,316	
Total Civil Defense	\$		55,019

Rescue Squad

In-service Training	\$	3,373	
Dues and Memberships		250	
Maintenance Agreements		4,806	
Maintenance and Repair Services - Equipment		9,286	
Maintenance and Repair Services - Vehicles		19,527	
Medical and Dental Services		1,499	
Gasoline		12,449	
Instructional Supplies and Materials		1,811	
Office Supplies		1,067	
Utilities		13,855	
Other Supplies and Materials		6,369	
Building and Contents Insurance		6,198	
Vehicle and Equipment Insurance		13,161	
Other Equipment		48,281	
Total Rescue Squad			141,932

Other Emergency Management

County Official/Administrative Officer	\$	5,281	
Social Security		401	
Pensions		431	
Employee and Dependent Insurance		1,175	
Unemployment Compensation		22	
Communication		5,669	
Maintenance and Repair Services - Equipment		635	
Maintenance and Repair Services - Vehicles		290	
Gasoline		1,500	
Other Supplies and Materials		1,316	
Workers' Compensation Insurance		337	
Communication Equipment		15,969	
Total Other Emergency Management			33,026

Public Health and Welfare

Local Health Center

Contracts with Government Agencies	\$	44,000	
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(Continued)

Exhibit J-7

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

General Fund (Cont.)

Public Health and Welfare (Cont.)

Local Health Center (Cont.)

Other Supplies and Materials	\$	5,789	
Other Charges		625	
Total Local Health Center			\$ 50,414

Ambulance/Emergency Medical Services

Contracts with Private Agencies	\$	720,000	
Total Ambulance/Emergency Medical Services			720,000

Crippled Children Services

Contributions	\$	1,250	
Total Crippled Children Services			1,250

Other Local Health Services

Assistant(s)	\$	34,241	
Attendants		20,414	
Social Security		3,982	
Pensions		1,814	
Employee and Dependent Insurance		12,573	
Unemployment Compensation		625	
Travel		9,359	
Workers' Compensation Insurance		2,508	
Total Other Local Health Services			85,516

Sanitation Education/Information

Supervisor/Director	\$	24,488	
Social Security		1,861	
Pensions		1,996	
Employee and Dependent Insurance		3,553	
Unemployment Compensation		104	
Maintenance and Repair Services - Vehicles		977	
Gasoline		1,318	
Instructional Supplies and Materials		5,800	
Tires and Tubes		475	
Other Supplies and Materials		1,348	
Workers' Compensation Insurance		909	
Total Sanitation Education/Information			42,829

Other Public Health and Welfare

Assistant(s)	\$	68,533	
Social Security		5,243	
Pensions		4,817	
Employee and Dependent Insurance		12,417	
Unemployment Compensation		381	
Contracts with Private Agencies		42,951	
Travel		8,300	
Instructional Supplies and Materials		10,043	
Other Supplies and Materials		30	
Workers' Compensation Insurance		2,145	
Total Other Public Health and Welfare			154,860

(Continued)

Exhibit J-7

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

General Fund (Cont.)

Social, Cultural, and Recreational Services

Senior Citizens Assistance

Supervisor/Director	\$	17,785	
Social Security		1,361	
Unemployment Compensation		122	
Workers' Compensation Insurance		198	
Total Senior Citizens Assistance			\$ 19,466

Libraries

Assistant(s)	\$	27,535	
In-service Training		162	
Social Security		2,096	
Pensions		860	
Employee and Dependent Insurance		374	
Unemployment Compensation		306	
Custodial Supplies		960	
Library Books/Media		12,569	
Other Supplies and Materials		2,151	
Workers' Compensation Insurance		220	
Data Processing Equipment		425	
Total Libraries			47,658

Other Social, Cultural, and Recreational

Other Charges	\$	5,266	
Total Other Social, Cultural, and Recreational			5,266

Agriculture and Natural Resources

Agricultural Extension Service

County Official/Administrative Officer	\$	11,987	
Assistant(s)		6,587	
Supervisor/Director		20,108	
Secretary(ies)		5,659	
Social Security		2,426	
Pensions		4,436	
Unemployment Compensation		92	
Travel		2,000	
Other Supplies and Materials		10,200	
Total Agricultural Extension Service			63,495

Soil Conservation

Secretary(ies)	\$	15,912	
Social Security		1,217	
Dues and Memberships		407	
Instructional Supplies and Materials		548	
Office Supplies		687	
Premiums on Corporate Surety Bonds		100	
Total Soil Conservation			18,871

(Continued)

Exhibit J-7

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

General Fund (Cont.)

Other Operations

Other Economic and Community Development

Advertising	\$	3,000	
Contracts with Government Agencies		9,250	
Contracts with Other Public Agencies		5,365	
Contracts with Private Agencies		5,000	
Total Other Economic and Community Development	\$		22,615

Airport

Maintenance and Repair Services - Equipment	\$	2,771	
Total Airport			2,771

Veterans' Services

Supervisor/Director	\$	8,403	
Clerical Personnel		6,513	
Social Security		1,134	
Pensions		531	
Employee and Dependent Insurance		1	
Unemployment Compensation		163	
Travel		2,183	
Workers' Compensation Insurance		191	
Data Processing Equipment		1,194	
Total Veterans' Services			20,313

Other Charges

Trustee's Commission	\$	104,361	
Total Other Charges			104,361

Contributions to Other Agencies

Remittance of Revenue Collected	\$	34,862	
Total Contributions to Other Agencies			34,862

Total General Fund \$ 7,458,013

Solid Waste/Sanitation Fund

Public Health and Welfare

Sanitation Management

Contracts with Private Agencies	\$	531,281	
Total Sanitation Management	\$		531,281

Other Operations

Other Charges

Trustee's Commission	\$	10,535	
Total Other Charges			10,535

Total Solid Waste/Sanitation Fund 541,816

(Continued)

Exhibit J-7

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

Drug Control Fund

Other Operations

Other Charges

Trustee's Commission	\$	637	
Total Other Charges			\$ 637

Total Drug Control Fund			\$ 637
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Constitutional Officers - Fees Fund

Administration of Justice

Chancery Court

Special Commissioner Fees/Special Master Fees	\$	1,020	
Total Chancery Court			\$ 1,020

Total Constitutional Officers - Fees Fund			1,020
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Highway/Public Works Fund

Highways

Administration

County Official/Administrative Officer	\$	70,228	
Accountants/Bookkeepers		33,381	
Clerical Personnel		6,325	
Social Security		6,807	
Employee and Dependent Insurance		252	
Employer Medicare		1,592	
Communication		17,055	
Data Processing Services		7,937	
Dues and Memberships		2,677	
Legal Services		880	
Legal Notices, Recording, and Court Costs		39	
Postal Charges		736	
Travel		1,469	
Other Contracted Services		2,600	
Office Supplies		2,887	
Uniforms		23,099	
Total Administration			\$ 177,964

Highway and Bridge Maintenance

Foremen	\$	80,349	
Equipment Operators - Heavy		166,208	
Equipment Operators - Light		112,817	
Truck Drivers		63,171	
Laborers		83,505	
Overtime Pay		18,326	
Social Security		29,838	
Employee and Dependent Insurance		78,359	
Employer Medicare		6,978	
Contracts with Private Agencies		27,226	
Asphalt - Hot Mix		101,052	
Asphalt - Liquid		205,210	

(Continued)

Exhibit J-7

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

Highway/Public Works Fund (Cont.)

Highways (Cont.)

Highway and Bridge Maintenance (Cont.)

Crushed Stone	\$	177,467	
Pipe		7,511	
Road Signs		8,378	
Other Supplies and Materials		9,065	
Total Highway and Bridge Maintenance			\$ 1,175,460

Operation and Maintenance of Equipment

Mechanic(s)	\$	28,482	
Social Security		1,637	
Employee and Dependent Insurance		4,319	
Employer Medicare		383	
Maintenance and Repair Services - Equipment		9,663	
Rentals		6,500	
Travel		44	
Diesel Fuel		202,955	
Equipment and Machinery Parts		66,560	
Garage Supplies		19,075	
Gasoline		143,329	
Lubricants		5,351	
Tires and Tubes		7,830	
Total Operation and Maintenance of Equipment			496,128

Other Charges

Electricity	\$	7,537	
Water and Sewer		1,216	
Liability Insurance		3,200	
Trustee's Commission		16,251	
Vehicle and Equipment Insurance		30,011	
Total Other Charges			58,215

Employee Benefits

Pensions	\$	55,921	
Employee and Dependent Insurance		122,024	
Unemployment Compensation		1,986	
Workers' Compensation Insurance		72,103	
Building Improvements		2,895	
Total Employee Benefits			254,929

Capital Outlay

Motor Vehicles	\$	35,000	
Total Capital Outlay			35,000

Total Highway/Public Works Fund \$ 2,197,696

(Continued)

Exhibit J-7

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

General Debt Service Fund

Principal on Debt

General Government

Principal on Bonds	\$ 460,000	
Total General Government		\$ 460,000

Education

Principal on Bonds	\$ 650,000	
Principal on Capital Leases	76,301	
Principal on Other Loans	137,980	
Total Education		864,281

Interest on Debt

General Government

Interest on Bonds	\$ 294,585	
Total General Government		294,585

Education

Interest on Bonds	\$ 423,915	
Interest on Capital Leases	13,215	
Interest on Other Loans	12,276	
Total Education		449,406

Other Debt Service

General Government

Trustee's Commission	\$ 24,050	
Other Debt Service	4,502	
Total General Government		28,552

Total General Debt Service Fund		\$ 2,096,824
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General Capital Projects Fund

Other Operations

Airport

Airport Improvement	\$ 699,737	
Total Airport		\$ 699,737

Total General Capital Projects Fund		699,737
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Education Capital Projects Fund

Capital Projects

Education Capital Projects

Contributions	\$ 1,546,401	
Other Debt Issuance Charges	10,980	
Total Education Capital Projects		\$ 1,557,381

Total Education Capital Projects Fund		1,557,381
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(Continued)

Exhibit J-7

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

<u>Ocoee Waterline Projects Fund</u>			
<u>General Government</u>			
<u>Other General Administration</u>			
Contracts for Development Costs	\$	265,426	
Total Other General Administration			\$ 265,426
Total Ocoee Waterline Projects Fund			\$ 265,426
<u>Housing Rehabilitation Projects Fund</u>			
<u>Other Operations</u>			
<u>Housing and Urban Development</u>			
Other Contracted Services	\$	65,768	
Total Housing and Urban Development			\$ 65,768
Total Housing Rehabilitation Projects Fund			65,768
<u>Other Capital Projects Fund</u>			
<u>Public Safety</u>			
<u>Sheriff's Department</u>			
Motor Vehicles	\$	99,547	
Total Sheriff's Department			\$ 99,547
<u>Other Operations</u>			
<u>Other Charges</u>			
Trustee's Commission	\$	785	
Total Other Charges			785
Total Other Capital Projects Fund			100,332
Total Governmental Funds - Primary Government			\$ 14,984,650

Exhibit J-8

Polk County, Tennessee
Schedule of Detailed Expenditures -
All Governmental Fund Types
Discretely Presented Polk County School Department
For the Year Ended June 30, 2015

General Purpose School Fund

Instruction

Regular Instruction Program

Teachers	\$ 6,098,337	
Career Ladder Program	21,000	
Career Ladder Extended Contracts	8,805	
Homebound Teachers	19,796	
Educational Assistants	141,901	
Other Salaries and Wages	129,082	
Non-certified Substitute Teachers	81,785	
Social Security	375,253	
Pensions	570,534	
Life Insurance	4,935	
Medical Insurance	867,512	
Dental Insurance	59,397	
Unemployment Compensation	431	
Employer Medicare	89,177	
Instructional Supplies and Materials	63,810	
Textbooks	100,904	
Total Regular Instruction Program		\$ 8,632,659

Alternative Instruction Program

Teachers	\$ 54,000	
Career Ladder Program	1,000	
Educational Assistants	14,950	
Non-certified Substitute Teachers	385	
Social Security	3,752	
Pensions	6,198	
Life Insurance	48	
Medical Insurance	14,751	
Dental Insurance	455	
Employer Medicare	883	
Other Supplies and Materials	104	
Total Alternative Instruction Program		96,526

Special Education Program

Teachers	\$ 578,076	
Career Ladder Program	4,000	
Career Ladder Extended Contracts	407	
Homebound Teachers	7,760	
Educational Assistants	92,589	
Non-certified Substitute Teachers	11,852	
Social Security	40,245	
Pensions	60,421	
Life Insurance	426	
Medical Insurance	123,697	
Dental Insurance	5,912	
Unemployment Compensation	1,323	
Employer Medicare	9,516	
Instructional Supplies and Materials	5,035	
Total Special Education Program		941,259

(Continued)

Exhibit J-8

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

General Purpose School Fund (Cont.)

Instruction (Cont.)

Vocational Education Program

Teachers	\$	496,678	
Career Ladder Program		3,400	
Career Ladder Extended Contracts		2,214	
Non-certified Substitute Teachers		7,095	
Social Security		28,736	
Pensions		45,407	
Life Insurance		250	
Medical Insurance		73,088	
Dental Insurance		5,185	
Employer Medicare		6,733	
Other Contracted Services		3,033	
Instructional Supplies and Materials		16,947	
Total Vocational Education Program			\$ 688,766

Support Services

Attendance

Supervisor/Director	\$	67,941	
Career Ladder Program		1,000	
Social Security		4,179	
Pensions		6,232	
Life Insurance		24	
Medical Insurance		5,289	
Dental Insurance		455	
Employer Medicare		977	
Travel		2,234	
Total Attendance			88,331

Health Services

Supervisor/Director	\$	58,174	
Medical Personnel		61,707	
Other Salaries and Wages		14,070	
Social Security		3,802	
Pensions		4,921	
Life Insurance		72	
Medical Insurance		19,374	
Employer Medicare		1,733	
Travel		3,847	
Drugs and Medical Supplies		804	
Other Supplies and Materials		22,889	
In Service/Staff Development		970	
Total Health Services			192,363

Other Student Support

Career Ladder Program	\$	1,000	
Guidance Personnel		162,592	
Other Salaries and Wages		46,695	

(Continued)

Exhibit J-8

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

General Purpose School Fund (Cont.)

Support Services (Cont.)

Other Student Support (Cont.)

Non-certified Substitute Teachers	\$	10,465	
Social Security		13,191	
Pensions		16,562	
Life Insurance		82	
Medical Insurance		18,064	
Dental Insurance		1,546	
Employer Medicare		3,285	
Contracts with Government Agencies		75,000	
Evaluation and Testing		10,790	
Travel		2,867	
Other Contracted Services		6,095	
Riprap		62,971	
Library Books/Media		4,138	
Other Supplies and Materials		60,711	
In Service/Staff Development		11,003	
Regular Instruction Equipment		62,989	
Total Other Student Support	\$		570,046

Regular Instruction Program

Supervisor/Director	\$	37,151	
Career Ladder Program		3,000	
Career Ladder Extended Contracts		2,000	
Librarians		152,920	
Education Media Personnel		38,770	
Other Salaries and Wages		7,000	
Non-certified Substitute Teachers		852	
Social Security		13,997	
Pensions		20,327	
Life Insurance		180	
Medical Insurance		47,816	
Dental Insurance		1,592	
Employer Medicare		3,375	
Travel		7,645	
In Service/Staff Development		890	
Other Charges		14,975	
Total Regular Instruction Program			352,490

Special Education Program

Supervisor/Director	\$	75,790	
Career Ladder Program		2,000	
Psychological Personnel		54,000	
Other Salaries and Wages		41,169	
Social Security		10,011	
Pensions		15,635	
Life Insurance		72	
Medical Insurance		21,920	

(Continued)

Exhibit J-8

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

General Purpose School Fund (Cont.)

Support Services (Cont.)

Special Education Program (Cont.)

Dental Insurance	\$	1,364	
Employer Medicare		2,341	
Travel		5,695	
Other Contracted Services		682	
Total Special Education Program			\$ 230,679

Vocational Education Program

Supervisor/Director	\$	37,151	
Career Ladder Program		1,000	
Career Ladder Extended Contracts		1,000	
Social Security		2,352	
Pensions		3,539	
Life Insurance		12	
Medical Insurance		2,764	
Dental Insurance		227	
Employer Medicare		550	
Total Vocational Education Program			48,595

Other Programs

On-behalf Payments to OPEB	\$	99,736	
Total Other Programs			99,736

Board of Education

Secretary to Board	\$	1,100	
Other Salaries and Wages		1,200	
Board and Committee Members Fees		12,400	
Social Security		759	
Pensions		189	
Employer Medicare		213	
Other Fringe Benefits		85,000	
Audit Services		13,550	
Dues and Memberships		10,743	
Legal Services		1,908	
Travel		341	
Liability Insurance		38,921	
Premiums on Corporate Surety Bonds		1,996	
Trustee's Commission		93,698	
Workers' Compensation Insurance		134,986	
Other Charges		129	
Total Board of Education			397,133

Director of Schools

County Official/Administrative Officer	\$	101,204	
Career Ladder Program		900	
Secretary(ies)		27,625	
Other Salaries and Wages		4,217	

(Continued)

Exhibit J-8

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

General Purpose School Fund (Cont.)

Support Services (Cont.)

Director of Schools (Cont.)

Social Security	\$	8,851	
Pensions		12,555	
Life Insurance		48	
Medical Insurance		13,062	
Dental Insurance		455	
Employer Medicare		2,070	
Other Fringe Benefits		9,000	
Communication		91,322	
Postal Charges		3,466	
Travel		2,885	
Other Contracted Services		21,167	
Other Supplies and Materials		463	
In Service/Staff Development		1,807	
Administration Equipment		5,734	
Total Director of Schools			\$ 306,831

Office of the Principal

Principals	\$	436,821	
Career Ladder Program		2,000	
Accountants/Bookkeepers		95,226	
Assistant Principals		240,654	
Clerical Personnel		90,045	
Other Salaries and Wages		5,641	
Non-certified Substitute Teachers		1,320	
Social Security		51,653	
Pensions		71,648	
Life Insurance		528	
Medical Insurance		145,637	
Dental Insurance		3,820	
Employer Medicare		12,161	
Dues and Memberships		2,200	
Travel		1,420	
Total Office of the Principal			1,160,774

Fiscal Services

Supervisor/Director	\$	45,128	
Clerical Personnel		62,283	
Social Security		6,434	
Pensions		8,808	
Life Insurance		72	
Medical Insurance		20,396	
Employer Medicare		1,505	
Data Processing Services		18,428	
Office Supplies		3,063	
Total Fiscal Services			166,117

(Continued)

Exhibit J-8

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

General Purpose School Fund (Cont.)

Support Services (Cont.)

Operation of Plant

Supervisor/Director	\$	22,336	
Custodial Personnel		272,744	
Other Salaries and Wages		4,957	
Social Security		16,804	
Pensions		14,968	
Life Insurance		355	
Medical Insurance		102,544	
Employer Medicare		4,277	
Other Contracted Services		68,155	
Custodial Supplies		49,515	
Electricity		578,471	
Fuel Oil		47,523	
Natural Gas		17,518	
Water and Sewer		127,790	
Other Supplies and Materials		44,331	
Boiler Insurance		6,387	
Building and Contents Insurance		44,800	
Total Operation of Plant			\$ 1,423,475

Maintenance of Plant

Maintenance Personnel	\$	110,775	
Social Security		6,744	
Pensions		9,033	
Life Insurance		120	
Medical Insurance		32,841	
Employer Medicare		1,586	
Operating Lease Payments		1,526	
Total Maintenance of Plant			162,625

Transportation

Supervisor/Director	\$	18,123	
Mechanic(s)		62,662	
Bus Drivers		309,978	
Attendants		7,940	
Bonus Payments		8,700	
Other Salaries and Wages		39,527	
In-service Training		2,439	
Social Security		26,979	
Pensions		20,401	
Life Insurance		425	
Medical Insurance		33,394	
Unemployment Compensation		7,268	
Employer Medicare		6,481	
Medical and Dental Services		5,022	
Other Contracted Services		4,889	
Diesel Fuel		124,484	

(Continued)

Exhibit J-8

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

General Purpose School Fund (Cont.)

Support Services (Cont.)

Transportation (Cont.)

Gasoline	\$	21,006	
Lubricants		1,170	
Tires and Tubes		16,048	
Vehicle Parts		138,187	
Other Supplies and Materials		764	
Vehicle and Equipment Insurance		35,928	
In Service/Staff Development		721	
Other Charges		12,871	
Debt Service Contribution to Primary Government		89,516	
Transportation Equipment		53,300	
Total Transportation			\$ 1,048,223

Operation of Non-Instructional Services

Food Service

Supervisor/Director	\$	36,038	
Clerical Personnel		25,000	
Social Security		3,688	
Pensions		5,005	
Life Insurance		48	
Medical Insurance		13,457	
Employer Medicare		863	
Travel		1,062	
Total Food Service			85,161

Community Services

Other Salaries and Wages	\$	181,976	
Social Security		10,008	
Pensions		13,127	
Dental Insurance		455	
Employer Medicare		2,442	
Travel		9,375	
Other Supplies and Materials		37,163	
Other Charges		7,212	
Total Community Services			261,758

Early Childhood Education

Teachers	\$	263,514	
Educational Assistants		93,094	
Other Salaries and Wages		13,568	
Non-certified Substitute Teachers		6,820	
Social Security		21,555	
Pensions		30,513	
Life Insurance		291	
Medical Insurance		83,544	
Dental Insurance		2,820	
Employer Medicare		5,041	

(Continued)

Exhibit J-8

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

General Purpose School Fund (Cont.)

Operation of Non-Instructional Services (Cont.)

Early Childhood Education (Cont.)

Travel	\$	5,160	
Riprap		5,214	
Instructional Supplies and Materials		71,040	
Other Charges		2,138	
Total Early Childhood Education			\$ 604,312

Other Debt Service

Education

Other Debt Service	\$	650,000	
Total Education			650,000

Total General Purpose School Fund \$ 18,207,859

School Federal Projects Fund

Instruction

Regular Instruction Program

Educational Assistants	\$	109,921	
Non-certified Substitute Teachers		11,468	
Social Security		6,949	
Pensions		8,951	
Life Insurance		184	
Medical Insurance		52,587	
Employer Medicare		1,628	
Tuition		16,156	
Instructional Supplies and Materials		134,057	
Regular Instruction Equipment		109,384	
Total Regular Instruction Program			\$ 451,285

Special Education Program

Teachers	\$	54,061	
Educational Assistants		179,871	
Speech Pathologist		45,858	
Other Salaries and Wages		2,288	
Non-certified Substitute Teachers		2,695	
Social Security		17,966	
Pensions		19,117	
Life Insurance		283	
Medical Insurance		77,450	
Dental Insurance		455	
Employer Medicare		4,203	
Contracts with Private Agencies		28,183	
Other Contracted Services		29,668	
Instructional Supplies and Materials		10,687	
Other Supplies and Materials		560	
Other Charges		6	
Special Education Equipment		16,075	
Total Special Education Program			489,426

(Continued)

Exhibit J-8

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

School Federal Projects Fund (Cont.)

Instruction (Cont.)

Vocational Education Program

Instructional Supplies and Materials	\$	4,677	
Vocational Instruction Equipment		12,236	
Total Vocational Education Program			\$ 16,913

Support Services

Other Student Support

Other Salaries and Wages	\$	12,682	
Social Security		813	
Pensions		1,032	
Employer Medicare		190	
Travel		10,092	
Other Contracted Services		38,095	
Other Supplies and Materials		5,546	
In Service/Staff Development		23,688	
Other Equipment		3,925	
Total Other Student Support			96,063

Regular Instruction Program

Supervisor/Director	\$	152,159	
Clerical Personnel		13,812	
Social Security		9,494	
Pensions		14,888	
Life Insurance		60	
Medical Insurance		17,479	
Dental Insurance		910	
Employer Medicare		2,220	
Travel		2,969	
Other Supplies and Materials		4,770	
In Service/Staff Development		31,298	
Total Regular Instruction Program			250,059

Special Education Program

Clerical Personnel	\$	13,812	
Social Security		813	
Pensions		1,133	
Life Insurance		12	
Medical Insurance		3,364	
Employer Medicare		190	
Travel		9,144	
Other Contracted Services		18,026	
In Service/Staff Development		8,881	
Total Special Education Program			55,375

Vocational Education Program

Travel	\$	1,764	
Total Vocational Education Program			1,764

(Continued)

Exhibit J-8

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

School Federal Projects Fund (Cont.)

Support Services (Cont.)

Transportation

Bus Drivers	\$	420	
Social Security		26	
Employer Medicare		6	
Diesel Fuel		600	
Total Transportation			\$ 1,052

Total School Federal Projects Fund \$ 1,361,937

Central Cafeteria Fund

Operation of Non-Instructional Services

Food Service

Cafeteria Personnel	\$	426,125	
Social Security		26,224	
Life Insurance		647	
Medical Insurance		68,787	
Unemployment Compensation		1,221	
Employer Medicare		6,133	
Communication		3,021	
Maintenance and Repair Services - Equipment		28,588	
Other Contracted Services		24,550	
Food Supplies		609,487	
USDA - Commodities		84,538	
Other Supplies and Materials		47,661	
Refunds		193	
In Service/Staff Development		1,601	
Other Charges		107,290	
Food Service Equipment		5,023	
Total Food Service			\$ 1,441,089

Total Central Cafeteria Fund 1,441,089

Education Capital Projects Fund

Capital Outlay

Regular Capital Outlay

Building Improvements	\$	1,470,916	
Total Regular Capital Outlay			\$ 1,470,916

Capital Projects

Education Capital Projects

Other Charges	\$	4	
Total Education Capital Projects			4

Total Education Capital Projects Fund 1,470,920

Total Governmental Funds - Polk County School Department \$ 22,481,805

Exhibit J-9

Polk County, Tennessee
Schedule of Detailed Receipts, Disbursements,
and Changes in Cash Balance - City Agency Fund
For the Year Ended June 30, 2015

	<u>Cities -</u> <u>Sales Tax</u> <u>Fund</u>
<u>Cash Receipts</u>	
Local Option Sales Tax	\$ 385,060
Total Cash Receipts	<u>\$ 385,060</u>
<u>Cash Disbursements</u>	
Remittance of Revenues Collected	\$ 381,209
Trustee's Commission	3,851
Total Cash Disbursements	<u>\$ 385,060</u>
Excess of Cash Receipts Over (Under)	
Cash Disbursements	\$ 0
Cash Balance, July 1, 2013	<u>0</u>
Cash Balance, June 30, 2014	<u><u>\$ 0</u></u>

SINGLE AUDIT SECTION



STATE OF TENNESSEE
COMPTROLLER OF THE TREASURY
DEPARTMENT OF AUDIT
DIVISION OF LOCAL GOVERNMENT AUDIT
SUITE 1500
JAMES K. POLK STATE OFFICE BUILDING
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**Report on Internal Control Over Financial Reporting and on Compliance and
Other Matters Based on an Audit of Financial Statements Performed in
Accordance With *Government Auditing Standards***

Independent Auditor's Report

Polk County Executive and
Board of County Commissioners
Polk County, Tennessee

To the County Executive 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 Polk County, Tennessee, as of and for the year ended June 30, 2015, and the related notes to the financial statements, which collectively comprise Polk County's basic financial statements, and have issued our report thereon dated January 12, 2016. Our report includes a reference to other auditors who audited the financial statements of the Polk County Emergency Communications District as described in our report on Polk County's financial statements. This report does not include the results of the other auditors testing of internal control over financial reporting or compliance and other matters that are reported on separately by those auditors.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered Polk 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 Polk County's internal control. Accordingly, we do not express an opinion on the effectiveness of Polk County's internal control.

Our consideration of internal control was for the limited purpose described in the preceding paragraph 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. However, as described in the accompanying Schedule of Findings and Questioned Costs, we identified certain deficiencies in internal control that we consider to be a material weakness and significant deficiencies.

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. We consider the deficiency described in the accompanying Schedule of Findings and Questioned Costs to be a material weakness: 2015-002.

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. We consider the deficiencies described in the accompanying Schedule of Findings and Questioned Costs to be significant deficiencies: 2015-004, 2015-005, and 2015-006.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether Polk 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 instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards* and are described in the accompanying Schedule of Findings and Questioned Costs as items: 2015-001 and 2015-003.

Polk County's Response to Findings

Polk County's response to a finding identified in our audit is described in the accompanying Schedule of Findings and Questioned Costs. Polk County's response was not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on it.

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 results 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 Polk County's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Very truly yours,

A handwritten signature in black ink, appearing to read "Justin P. Wilson". The signature is written in a cursive style with a prominent vertical line extending downwards from the end.

Justin P. Wilson
Comptroller of the Treasury
Nashville, Tennessee

January 12, 2016

JPW/yu



STATE OF TENNESSEE
COMPTROLLER OF THE TREASURY
DEPARTMENT OF AUDIT
DIVISION OF LOCAL GOVERNMENT AUDIT
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Report on Compliance for Each Major Federal Program; Report on Internal Control Over Compliance; and Report on the Schedule of Expenditures of Federal Awards Required by OMB Circular A-133

Independent Auditor's Report

Polk County Executive and
Board of County Commissioners
Polk County, Tennessee

To the County Executive and Board of County Commissioners:

Report on Compliance for Each Major Federal Program

We have audited Polk 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 Polk County's major federal programs for the year ended June 30, 2015. Polk 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 Polk County's major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan

and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about Polk 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 Polk County's compliance.

Opinion on Each Major Federal Program

In our opinion, Polk 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, 2015.

Report on Internal Control Over Compliance

Management of Polk 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 Polk County's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with OMB Circular A-133, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of Polk County's internal control over compliance.

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

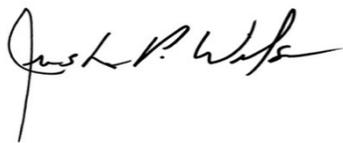
Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies. We did not identify any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

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

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

We have audited the financial statements of the governmental activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of Polk County, Tennessee, as of and for the year ended June 30, 2015, and the related notes to the financial statements, which collectively comprise Polk County's basic financial statements. We issued our report thereon dated January 12, 2016, which contained unmodified opinions on those financial statements. Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the basic financial statements. The accompanying Schedule of Expenditures of Federal Awards is presented for purposes of additional analysis as required by OMB Circular A-133 and is not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the 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

January 12, 2016

JPW/yu

Polk County, Tennessee
Schedule of Expenditures of Federal Awards and State Grants (1)
For the Year Ended June 30, 2015

Federal/Pass-through Agency/State Grantor Program Title	Federal CFDA Number	Passed-through Entity Identifying Number	Expenditures
U.S. Department of Agriculture:			
Direct Program:			
Collaborative Forest Restoration	10.679	48-070-626000792	\$ 3,000
Passed-through State Department of Agriculture:			
National School Lunch Program (Commodities - Noncash Assistance)	10.555	N/A	84,538 (3)
Passed-through State Department of Education:			
Child Nutrition Cluster:			
School Breakfast Program	10.553	N/A	264,860
National School Lunch Program	10.555	N/A	747,471 (3)
Total U.S. Department of Agriculture			<u>\$ 1,099,869</u>
U.S. Department of Housing and Urban Development:			
Passed-through State Department of Economic and Community Development:			
Community Development Block Grants/State's Program and Non-Entitlement Grants in Hawaii	14.228	GG-11-34912	\$ 265,426
Passed-through State Housing Development Agency:			
Home Investment Partnerships Program	14.239	HM-11-33	65,768
Total U.S. Department of Housing and Urban Development			<u>\$ 331,194</u>
U.S. Department of Interior:			
Direct Program:			
Payments in-Lieu-of Taxes	15.226	N/A	\$ 203,646
Total U.S. Department of Interior			<u>\$ 203,646</u>
U.S. Department of Transportation:			
Passed-through State Department of Transportation:			
Airport Improvement Program	20.106	70-555-0108-04	\$ 462,721
Alcohol Open Container Requirements	20.607	18X9205464TN14	5,000
Total U.S. Department of Transportation			<u>\$ 467,721</u>
U.S. Department of Education:			
Passed-through State Department of Education:			
Title I Grants to Local Educational Agencies	84.010	N/A	\$ 630,250
Special Education Cluster:			
Special Education - Grants to States	84.027	N/A	526,210
Special Education - Preschool Grants	84.173	N/A	18,592
Career and Technical Education - Basic Grants to States	84.048	N/A	28,769
Twenty-first Century Community Learning Centers	84.287	N/A	139,387
Rural Education	84.358	N/A	47,150
English Language Acquisition State Grants	84.365	N/A	702
Improving Teacher Quality State Grants	84.367	N/A	110,241
Total U.S. Department of Education			<u>\$ 1,501,301</u>
U.S. Department of Health and Human Services:			
Passed-through State Commission on Aging and Disability:			
Special Programs for the Aging - Title III, Part B - Grants for Supportive Services and Senior Centers	93.044	(2)	\$ 13,838
Special Programs for the Aging - Title III, Part C - Nutrition Services	93.045	(2)	22,045
National Family Caregiver Support, Title III, Part E	93.052	(2)	1,870
Total U.S. Department of Health and Human Services			<u>\$ 37,753</u>

(Continued)

Polk County, Tennessee
Schedule of Expenditures of Federal Awards and State Grants (1) (Cont.)

Federal/Pass-through Agency/State Grantor Program Title	Federal CFDA Number	Contract Number	Expenditures
U.S. Department of Homeland Security:			
Passed-through State Department of Military:			
Homeland Security Grant Program	97.067	34101-20515	\$ 7,429
Total U.S. Department of Homeland Security			<u>\$ 7,429</u>
Total Expenditures of Federal Awards			<u>\$ 3,648,913</u>
<u>State Grants</u>			
Library Grant - Secretary of State	N/A	(2)	\$ 5,100
Litter Program - State Department of Transportation	N/A	(2)	23,554
Local Health Services - State Department of Health	N/A	(2)	100,764
State Senior Center Program - Southeast Tennessee Development District	N/A	(2)	7,609
Airport Maintenance Grant - State Department of Transportation	N/A	(2)	4,721
Airport Improvement Program - State Department of Transportation	N/A	(4)	202,029
Options Program - Southeast Tennessee Development District	N/A	(2)	11,887
Child Safety Seat Grant - State Department of Health	N/A	(2)	4,248
Baby and Me - Tobacco Free Program - State Department of Health	N/A	(2)	19,452
Voluntary Pre-K for Tennessee - Lottery Commission	N/A	(2)	506,701
Lottery Education After School Programs - Lottery Commission	N/A	(2)	137,690
Safe Schools Act - State Department of Education	N/A	(2)	14,960
Coordinated School Health - State Department of Education	N/A	(2)	100,000
Family Resource Center - State Department of Education	N/A	(2)	29,517
ConnectTN - State Department of Education	N/A	(2)	7,248
Student Ticket Subsidy - State Arts Commission	N/A	(2)	<u>3,000</u>
Total State Grants			<u>\$ 1,178,480</u>

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

- (1) Presented in conformity with generally accepted accounting principles using the modified accrual basis of accounting.
(2) Information not available.
(3) Total for CFDA No. 10.555 is \$832,009.
(4) 70-555-0108-04: \$25,707; 70-555-0707-04: \$86,425; 70-555-0709-07: \$89,897.

Polk County, Tennessee
Schedule of Audit Findings Not Corrected
June 30, 2015

Government Auditing Standards require auditors to report the status of uncorrected findings from prior audits. Presented below are findings from the Annual Financial Report for Polk County, Tennessee, for the year ended June 30, 2014, which have not been corrected.

OFFICES OF COUNTY EXECUTIVE, DIRECTOR OF ACCOUNTS AND BUDGETS, AND HIGHWAY SUPERINTENDENT

<u>Finding Number</u>	<u>Page Number</u>	<u>Subject</u>
2014-001	152	The director of accounts and budgets did not maintain accounting records for the Highway Department
2014-002	152	Polk County has a material recurring audit finding

OFFICE OF COUNTY CLERK

<u>Finding Number</u>	<u>Page Number</u>	<u>Subject</u>
2014-006	155	Some collections were not deposited within three days of receipt

OFFICES OF COUNTY EXECUTIVE, HIGHWAY SUPERINTENDENT, COUNTY CLERK, CIRCUIT AND GENERAL SESSIONS COURTS CLERK, CLERK AND MASTER, REGISTER OF DEEDS, AND SHERIFF

<u>Finding Number</u>	<u>Page Number</u>	<u>Subject</u>
2014-008	156	Duties were not segregated adequately

POLK COUNTY, TENNESSEE

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

For the Year Ended June 30, 2015

PART I, SUMMARY OF AUDITOR'S RESULTS

1. Our report on the financial statements of Polk County is unmodified.
2. The audit of the financial statements of Polk County disclosed significant deficiencies in internal control. One of these conditions was considered to be a material weakness.
3. The audit disclosed one instance of noncompliance that is material to the financial statements of Polk County.
4. The audit reported no significant deficiencies in internal control over major programs.
5. An unmodified opinion was issued on compliance for major programs.
6. The audit revealed no findings that are required to be reported under Section 510(a) of OMB Circular A-133.
7. The Child Nutrition Cluster: School Breakfast Program and National School Lunch Program (CFDA Nos. 10.553 and 10.555), the Community Development Block Grants/State's Program and Non-Entitlement Grants in Hawaii (CFDA No. 14.228), and the Airport Improvement Program (CFDA No. 20.106), were determined to be major programs.
8. A \$300,000 threshold was used to distinguish between Type A and Type B federal programs.
9. Polk County did not qualify as a low-risk auditee.

PART II, FINDINGS RELATING TO THE FINANCIAL STATEMENTS

Findings and recommendations, as a result of our examination, are presented below. We reviewed these findings and recommendations with management to provide an opportunity for their response. The Circuit and General Sessions Courts Clerk response to a certain finding is paraphrased in this report. Other management officials did not provide responses for inclusion in this report.

OFFICES OF COUNTY EXECUTIVE, DIRECTOR OF ACCOUNTS AND BUDGETS, AND HIGHWAY SUPERINTENDENT

FINDING 2015-001 **THE DIRECTOR OF ACCOUNTS AND BUDGETS DID NOT MAINTAIN THE ACCOUNTING RECORDS FOR THE HIGHWAY DEPARTMENT**
(Material Noncompliance Under *Government Auditing Standards*)

Polk County operates under the Fiscal Control Acts of 1957, which require the director of accounts and budgets to maintain accounting records for funds administered by the county executive and the highway superintendent. However, the director of accounts and budgets did not maintain the accounting records for the Highway Department; instead, Highway Department personnel maintained its own accounting records. This deficiency can be attributed to the failure of management to correct the finding noted in prior-year audit reports.

RECOMMENDATION

The director of accounts and budgets should maintain the accounting records of the Highway Department as required by the Fiscal Control Acts of 1957.

FINDING 2015-002 **POLK COUNTY HAS A MATERIAL RECURRING AUDIT FINDING**
(Internal Control – Material Weakness Under *Government Auditing Standards*)

Polk County has a material audit finding that has been reported in its annual financial report for three or more consecutive years. This recurring material finding is listed below:

<u>Finding Numbers</u>	<u>Description</u>
2015-001, 2014-001, 2013-001	The director of accounts and budgets did not maintain the accounting records for the Highway Department

The recurring nature of the above-noted finding indicates that management is either unwilling or unable to address the deficiency. Polk County has established an Audit Committee to address financial and other reporting practices, internal control, compliance with laws and regulations, and ethics.

RECOMMENDATION

Polk County should work with its Audit Committee to correct the above-noted material weakness in internal control.

OFFICE OF COUNTY CLERK

FINDING 2015-003

THE OFFICE 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 the months of March and May 2015, to examine receipts and deposits. The office did not deposit some funds to the bank account within three days of collection in seven of 42 deposits made during these months. This deficiency exists because management failed to correct the finding noted in the prior-year audit report. The delay in depositing funds weakens internal controls over collections and increases the risks of fraud and misappropriation.

RECOMMENDATION

All funds should be deposited to the office bank account within three days of collection.

OFFICE OF CIRCUIT AND GENERAL SESSIONS COURTS CLERK

FINDING 2015-004

BANK STATEMENTS WERE NOT ACCURATELY RECONCILED WITH THE GENERAL LEDGER

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

Bank statements were not accurately reconciled with the general ledger in General Sessions Court for several months during the period. The clerk attempted to reconcile the bank statements for these months; however, errors were not corrected properly. Instead of identifying these errors, the clerk posted adjustments to the fee account to make the reconciliations agree with the general ledger. As a result, the fee account balance was overstated, which led the clerk to disburse fees to the county's General Fund totaling \$8,694 in excess of collections for the year ended June 30, 2015. This deficiency is the result of a lack of management oversight and is considered a significant deficiency that increases the

risk of fraud and abuse and the risk that errors will not be discovered and corrected in a timely manner.

RECOMMENDATION

The office should accurately reconcile bank statements with the general ledger monthly, and any errors should be identified and corrected promptly.

MANAGEMENT'S RESPONSE – CIRCUIT AND GENERAL SESSIONS COURTS CLERK

An unintentional error was made when the fee account balance was overstated and disbursements to the County General Fund were made in excess of collections for the year ending June 30, 2015. The results of a management oversight, or unintentional error, have been corrected and liquidated.

FINDING 2015-005

GENERAL SESSIONS COURT HAD A CASH OVERDRAFT AT JUNE 30, 2015

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

General Sessions Court had a cash overdraft of \$5,168 at June 30, 2015. Sound business practices dictate that disbursements be held within available funds. This cash overdraft resulted from the issuance of checks to the county's General Fund for fees exceeding cash on deposit. The cash overdraft was liquidated subsequent to June 30, 2015.

RECOMMENDATION

The office should not issue checks in excess of cash on deposit.

OFFICES OF COUNTY EXECUTIVE, HIGHWAY SUPERINTENDENT, COUNTY CLERK, CIRCUIT AND GENERAL SESSIONS COURTS CLERK, CLERK AND MASTER, REGISTER OF DEEDS, AND SHERIFF

FINDING 2015-006

DUTIES WERE NOT SEGREGATED ADEQUATELY

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

Duties were not segregated adequately among the officials and employees in the Offices of County Executive, Highway Superintendent, County Clerk, Circuit and General Sessions Courts Clerk, Clerk and Master, Register of Deeds, and Sheriff. Officials and employees responsible for maintaining accounting records were also involved in receipting, depositing, and/or disbursing funds. Sound business practices provide that management is responsible for designing internal controls to provide reasonable assurance of the reliability of financial reporting and of the effectiveness and efficiency of operations. This lack of segregation of duties is the result of management's decisions based on the availability of financial resources

and is a significant deficiency in internal controls that increases the risk of unauthorized transactions. Also, this deficiency can be attributed to the failure of management to correct the finding noted in the prior-year audit report.

RECOMMENDATION

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

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

There were no findings and questioned costs for federal awards.

BEST PRACTICE

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

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

POLK COUNTY SHOULD ADOPT A CENTRAL SYSTEM OF ACCOUNTING, BUDGETING, AND PURCHASING

Polk County does not have a central system of accounting, budgeting, and purchasing for all departments. Polk County operates under the provisions of the Fiscal Control Acts of 1957. These acts provide for a central system of accounting, budgeting, and purchasing covering all funds administered by the county executive and highway superintendent, but exclude the School Department. However, funds under the supervision of the highway superintendent were maintained by employees of the Highway Department. 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. The Division of Local Government Audit strongly believes that the adoption of a central system of accounting, budgeting, and purchasing is a best practice that would significantly improve accountability and the quality of services provided to the citizens of Polk County. Therefore, 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.

POLK COUNTY, TENNESSEE
AUDITEE REPORTING RESPONSIBILITIES
For the Year Ended June 30, 2015

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